

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
---	---	--

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>S&ME, INC. EMPLOYEE STOCK OWNERSHIP PLAN</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>01/01/1995</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/1995</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/1995</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>S&ME, INC.</u> <u>3201 SPRING FOREST ROAD</u> <u>RALEIGH, NC 27616</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>56-0791580</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>919-872-2660</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541330</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>56-0791580</u>	2c Plan Sponsor's telephone number <u>919-872-2660</u>	2d Business code (see instructions) <u>541330</u>	
2b Employer Identification Number (EIN) <u>56-0791580</u>					
2c Plan Sponsor's telephone number <u>919-872-2660</u>					
2d Business code (see instructions) <u>541330</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. Signature of plan administrator	10/05/2015 Date	BRUCE ALTSTAETTER Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/05/2015 Date	BRUCE ALTSTAETTER 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) <u>BATCHELOR, TILLERY & ROBERTS, LLP</u> <u>3605 GLENWOOD AVENUE, SUITE 350</u> <u>RALEIGH, NC 27612</u>			Preparer's telephone number (optional) <u>919-787-8212</u>

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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 1075
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) 793
a(2) Total number of active participants at the end of the plan year	6a(2) 847
b Retired or separated participants receiving benefits	6b 110
c Other retired or separated participants entitled to future benefits.....	6c 174
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 1131
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 5
f Total. Add lines 6d and 6e	6f 1136
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 1136
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 30
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: 2E 2O	
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) ☒ 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) ☒ 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) ☒ 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) ☒ 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)

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 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.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>S&ME, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>		B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>S&ME, INC.</u>		D Employer Identification Number (EIN) <u>56-0791580</u>

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)	2050000	2300000
(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)	830774	1126276
(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)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	30838113	37438913
(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	33718887	40865189

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		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	33718887	40865189
---	-----------	----------	----------

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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2300000	
(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)		2300000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1869	
(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)		1869

(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)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(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)	6600800	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		6600800

		(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		8902669

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1756367	
(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)		1756367
f Corrective distributions (see instructions).....	2f		
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)		
(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		1756367

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		7146302
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: **BATCHELOR, TILLERY & ROBERTS, LLP**

(2) EIN: **56-1750124**

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.)	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		2500000
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 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>S&ME, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>S&ME, INC.</u>	D Employer Identification Number (EIN) <u>56-0791580</u>

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): <u>56-1987717</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)
----------------	--

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	<u>0</u>	
b Enter the amount contributed by the employer to the plan for this plan year.....	6b	<u>0</u>	
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	0

- 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): _____

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
ANN H. TILLERY
FRANKLIN T. ROBERTS
WM. JAMES BLACK, JR.
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

Independent Auditors' Report

The Plan Administrator and Participants
S&ME, Inc. Employee Stock Ownership Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of S&ME, Inc. Employee Stock Ownership 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 our audits. We conducted our audits in accordance with 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 of 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 auditors' 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 auditors consider internal control relevant to the Plan'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 Plan'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 the 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 available for plan benefits of S&ME, Inc. Employee Stock Ownership Plan as of December 31, 2014 and 2013, and the changes in its net assets available for plan benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) 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 Disclosure 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.

Batchelor, Tillery & Roberts, LLP

October 6, 2015

ATTACHMENT TO IRS FORM 5500 - SCHEDULE H - LINE 4(i)
SCHEDULE OF ASSETS HELD AT YEAR-END
DECEMBER 31, 2014

PLAN SPONSOR: S&ME, INC.
EIN: 56-0791580

PLAN NAME: S&ME, INC. EMPLOYEE STOCK OWNERSHIP PLAN
PLAN NUMBER: 002

Identity of issuer, borrower, lessee or similar party	Description of investment including maturity date, rate of interest, collateral, par, or <u>maturity value</u>	<u>Cost</u>	Fair market <u>Value</u>
* S&ME, Inc.	S&ME, Inc. Company common stock, \$1.00 par value, 206,275 shares @ \$181.50/share	\$ 14,553,322	37,438,913
Bank of America, N.A.	Checking account	<u>1,126,276</u>	<u>1,126,276</u>
		\$ <u>15,679,598</u>	<u>38,565,189</u>

* Denotes party-in-interest.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Financial Statements and Schedule

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
ANN H. TILLERY
FRANKLIN T. ROBERTS
WM. JAMES BLACK, JR.
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

Independent Auditors' Report

The Plan Administrator and Participants
S&ME, Inc. Employee Stock Ownership Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of S&ME, Inc. Employee Stock Ownership 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 our audits. We conducted our audits in accordance with 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 of 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 auditors' 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 auditors consider internal control relevant to the Plan'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 Plan'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 the 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 available for plan benefits of S&ME, Inc. Employee Stock Ownership Plan as of December 31, 2014 and 2013, and the changes in its net assets available for plan benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) 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 Disclosure 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.

Batchelor, Tillery & Roberts, LLP

October 6, 2015

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Investment in common stock of plan sponsor, at fair value	\$ 37,438,913	30,838,113
Cash	1,126,276	830,774
Employer contribution receivable	<u>2,300,000</u>	<u>2,050,000</u>
Net assets available for plan benefits	\$ <u>40,865,189</u>	<u>33,718,887</u>

See accompanying notes to financial statements.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Statements of Changes in Net Assets Available for Plan Benefits

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Additions to net assets attributed to:		
Employer contribution	\$ 2,300,000	2,050,000
Investment return:		
Net appreciation in fair value of investment	6,600,800	4,022,363
Interest income	<u>1,869</u>	<u>1,579</u>
Total additions	8,902,669	6,073,942
Deductions from net assets attributed to -		
benefits paid to participants	<u>1,756,367</u>	<u>1,594,916</u>
Increase in net assets	7,146,302	4,479,026
Net assets available for plan benefits:		
Beginning of year	<u>33,718,887</u>	<u>29,239,861</u>
End of year	\$ <u>40,865,189</u>	<u>33,718,887</u>

See accompanying notes to financial statements.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2014 and 2013

(1) Description of Plan

The following description of the S&ME, Inc. Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement and related amendments for a complete description of the Plan's provisions.

(a) General

The Plan, a defined contribution plan, was established by S&ME, Inc. (the "Company") effective January 1, 1995 and was most recently amended effective January 1, 2013. The Plan has appointed as trustees the employee members of the Board of Directors of S&ME, Inc., (the "Trustees"), who are responsible for investment of the assets of the Plan, and has appointed the Company to be the Plan administrator (the "Administrator"). The Plan is designed to comply with the Internal Revenue Code of 1986 (the "IRC"), as amended, and is subject to the Employee Retirement Income Security Act of 1974 ("ERISA").

The purpose of the Plan is to enable eligible employees to acquire a proprietary interest in the capital stock of the Company. The Plan is for the exclusive benefit of the eligible employees and their beneficiaries.

(b) Eligibility

Effective January 1, 2010, the Plan was amended to change eligibility requirements to attainment of age twenty-one and completion of six months of service. Employees become participants of the Plan on the first day of each quarter coinciding with or following the date the employee meets the eligibility requirements. An employee may, subject to approval by the Company, elect not to participate in the Plan.

(c) Contributions

Contributions to the Plan are made solely at the discretion of the Company. Participants do not make contributions to the Plan. Company contributions can be made in the form of cash, Company stock or other property, as determined by the Company. Company contributions are limited by the maximum amount allowable as a deduction under the provisions of IRC Section 404; however, this amount may be exceeded in order to provide for top heavy minimum allocations.

(d) Participant Accounts

Each participant's account is credited with an allocation of the Company's contribution, forfeitures and Plan earnings (losses) annually, as of the anniversary date of the Plan. Company contributions are allocated to participant accounts based upon the proportion of each participant's compensation for the year to the total compensation of all participants for such year. Forfeitures, if any, will be treated as additional discretionary contributions for the Plan year in which the forfeiture occurs. Plan earnings (losses) are allocated each anniversary date prior to contributions and forfeitures, based upon the proportion of each participant's and former participant's nonsegregated accounts to the total of all accounts.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements, Continued

December 31, 2014 and 2013

(1) Description of Plan, Continued

(e) Vesting

Participants vest in their account balance based upon the number of years of continuous service. Vesting occurs at a rate of twenty percent per year beginning after the second year. Participant accounts become fully vested after six years of continuous service.

(f) Payment of Benefits

Upon termination of employment, retirement, death or disability, a participant generally receives annual payments over a five-year period. Participant account balances that are less than \$1,000 are distributed by the Company following termination of employment. As of December 31, 2014, the sum of annual payments to be made over the next five years to participants who have elected to withdraw from the Plan totals approximately \$2,600,000.

The Plan provides retirement benefits for participants who reach normal retirement age, which is defined as the later of the date the participant attains age 55 or the fifth anniversary of Plan participation.

(g) 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 stock into investments which are more diversified. Participants who have completed ten years of service as a participant and attained age 55 may elect a distribution of 25% of the value of the Company stock allocated to their account during the following six years. On the sixth year after the initial election, participants may elect a distribution of an additional 25%. Participants who elect to diversify receive a cash distribution that may be transferred to another qualified plan.

(h) Investments

The Plan is designed to invest primarily in Company stock. The Administrator may direct the Trustees to invest funds in cash or cash equivalents or other property. Company stock is valued at estimated fair market value as of December 31, 2014 and 2013.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and present the net assets available for plan benefits and changes in those net assets.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements, Continued

December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

(b) Investments

The common shares of the Company are reported at estimated fair value as of December 31, 2014 and 2013. Estimated fair value is determined using an annual independent appraisal.

The Plan presents in the statements of changes in net assets available for plan benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

(c) Benefits

Benefits are recorded when paid.

(d) Administrative Costs

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Other administrative costs are paid by the Plan and reimbursed by the Company at the Company's discretion. In 2014 and 2013, the Company paid administrative expenses on behalf of the Plan totaling \$36,800 and \$33,245, respectively.

(e) Forfeited Accounts

Forfeitures of nonvested account balances are reallocated to participant accounts in the same manner as Company contributions (see note 1(d)). During 2014 and 2013, forfeitures allocated to participant accounts totaled \$113,284 and \$192,223, respectively.

(f) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions (primarily related to the valuation of the Company common stock) that affect the reported amounts of net assets available for plan benefits and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in the net assets available for plan benefits during the reporting period. Actual results could differ from those estimates.

(g) Party-in-Interest

The Plan invests primarily in Company stock managed by the Trustees. The income of the Plan is derived principally from this investment and from contributions by the Company; therefore, these transactions qualify as party-in-interest transactions that are allowable under ERISA.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements, Continued

December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies, Continued

(h) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements establishes a three level hierarchy which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and the Level 3 inputs are unobservable and have the lowest priority.

The following is a description of the valuation techniques used by the Plan to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

Level 3 Fair Value Measurements

The fair value of the common stock of the plan sponsor is determined using an annual independent appraisal based on a market valuation approach, including a discount to reflect a factor for the minority interest and the lack of liquidity of the Company's stock. Plan management accumulates data for the appraiser from the audited financial statements of the Company. The appraiser prepares a preliminary report which plan management, along with the ESOP Trustees, reviews in detail, discusses and approves.

(3) Investments

The investment in common stock of the plan sponsor represents five percent or more of total assets and is stated below:

<u>Number of</u> <u>shares</u>	<u>Description</u>	<u>Fair market</u> <u>value</u>
	<u>2014</u>	
<u>206,275</u>	S&ME, Inc. Company Common Stock	\$ <u>37,438,913</u>
	<u>2013</u>	
<u>206,275</u>	S&ME, Inc. Company Common Stock	\$ <u>30,838,113</u>

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements, Continued

December 31, 2014 and 2013

(4) Fair Value Measurements

The Plan's investment in common stock of the Company is reported at fair value in the accompanying statements of net assets available for plan benefits. The following table provides further details of the changes in the Level 3 fair value measurement for the Company stock during 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 30,838,113	26,653,250
Purchases (1,250 shares at \$130/share in 2013)	-	162,500
Net unrealized gains included in changes in net assets available for plan benefits	<u>6,600,800</u>	<u>4,022,363</u>
Balance, end of year	\$ <u>37,438,913</u>	<u>30,838,113</u>

(5) Federal Income Taxes

The Internal Revenue Service has determined and informed the Company by letter dated September 16, 2013, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its exempt status and does not believe the financial statements include any uncertain tax positions. Tax years ended December 31, 2011 through December 31, 2014 remain open for examination by taxing authorities as of the date of this report.

(6) Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

(7) Risks and Uncertainties

Financial instruments, which potentially subject the Plan to concentration of credit risk, consist of investment in Company stock and cash in banks. 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 statement of net assets available for plan benefits.

Cash is held in a bank, and under expanded coverage available to employee benefit plan accounts, is fully insured by the Federal Deposit Insurance Corporation (FDIC).

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements, Continued

December 31, 2014 and 2013

(8) Subsequent Events

The date to which events occurring after December 31, 2014, the date of the most recent statement of net assets available for plan benefits, have been evaluated for possible adjustment to the financial statements or disclosure is October 6, 2015, the date the financial statements were available to be issued.

S&ME, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Schedule of Assets (Held at End of Year)

December 31, 2014

Identity of issuer, borrower, lessee or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	<u>Cost</u>	Fair market <u>value</u>
* S&ME, Inc.	S&ME, Inc. Company common stock, \$1.00 par value, 206,275 shares @ \$181.50/share	\$ 14,553,322	37,438,913
Bank of America, N.A.	Checking account	<u>1,126,276</u>	<u>1,126,276</u>
		\$ <u>15,679,598</u>	<u>38,565,189</u>

* Denotes party-in-interest.