

<p style="text-align: center;">Form 5500</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p> <hr/> <p style="text-align: center; font-size: x-small;">Pension Benefit Guaranty Corporation</p>	<p>Annual Return/Report of Employee Benefit Plan</p> <p style="font-size: x-small;">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 6057(b) and 6058(a) of the Internal Revenue Code (the Code).</p> <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	<p style="font-size: x-small;">OMB Nos. 1210-0110 1210-0089</p> <hr/> <p style="font-size: 24pt; font-weight: bold; text-align: center;">2023</p> <hr/> <p style="text-align: center; font-weight: bold;">This Form is Open to Public Inspection</p>
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Part I Annual Report Identification Information
 For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/28/2023

A This return/report is for: a multiemployer plan a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)

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)

E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.

Part II Basic Plan Information—enter all requested information

<p>1a Name of plan <u>STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN</u></p>	<p>1b Three-digit plan number (PN) ▶ <u>003</u></p>
<p>2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>STARK CARPET CORP.</u></p> <p><u>979 THIRD AVE., 11TH FLOOR</u> <u>NEW YORK, NY 10022</u></p>	<p>1c Effective date of plan <u>01/01/2007</u></p> <p>2b Employer Identification Number (EIN) <u>13-1548109</u></p> <p>2c Plan Sponsor's telephone number <u>212-752-9000</u></p> <p>2d Business code (see instructions) <u>424990</u></p>

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.	10/10/2024	RUBY JOSEPH
	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

3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	3b Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN	
	4d PN	
5 Total number of participants at the beginning of the plan year	5	924
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 a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6a(1)	479
	6a(2)	0
	6b	0
	6c	0
	6d	0
	6e	0
	6f	0
	6g(1)	924
	6g(2)	0
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:
20

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) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> 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) <input checked="" type="checkbox"/> R (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> H (Financial Information)
(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> I (Financial Information – Small Plan)
(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input type="checkbox"/> A (Insurance Information) – Number Attached _____
(4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached _____	(4) <input type="checkbox"/> C (Service Provider Information)
(5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)	(5) <input type="checkbox"/> D (DFE/Participating Plan Information)
	(6) <input type="checkbox"/> 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 2023 Form M-1 annual report. If the plan was not required to file the 2023 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)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2023

This Form is Open to Public Inspection

For calendar plan year 2023 or fiscal plan year beginning **01/01/2023** and ending **12/28/2023**

A Name of plan STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 STARK CARPET CORP.	D Employer Identification Number (EIN) 13-1548109

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets	(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions	1b(1)	
(2) Participant contributions	1b(2)	
(3) Other	1b(3)	
c General investments:		
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	
(2) U.S. Government securities	1c(2)	
(3) Corporate debt instruments (other than employer securities):		
(A) Preferred	1c(3)(A)	
(B) All other	1c(3)(B)	
(4) Corporate stocks (other than employer securities):		
(A) Preferred	1c(4)(A)	
(B) Common	1c(4)(B)	
(5) Partnership/joint venture interests	1c(5)	
(6) Real estate (other than employer real property)	1c(6)	
(7) Loans (other than to participants)	1c(7)	
(8) Participant loans	1c(8)	
(9) Value of interest in common/collective trusts	1c(9)	
(10) Value of interest in pooled separate accounts	1c(10)	
(11) Value of interest in master trust investment accounts	1c(11)	
(12) Value of interest in 103-12 investment entities	1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	
(15) Other	1c(15)	

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	5020024	0
(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	5020024	0
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	5020024	0

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends:			
(A) Preferred stock	2b(2)(A)		
(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)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(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		

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5020024	
(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)		5020024
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Recordkeeping fees.....	2i(3)		
(4) IQPA audit fees.....	2i(4)		
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		
j Total expenses. Add all expense amounts in column (b) and enter total	2j		5020024

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-5020024
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) Unmodified (2) Qualified (3) Disclaimer (4) Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) DOL Regulation 2520.103-8 (2) DOL Regulation 2520.103-12(d) (3) neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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

(1) Name: EISNERAMPER LLP

(2) EIN: 87-1363769

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) This form is filed for a CCT, PSA, DCG 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. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		X	
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	
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	
e Was this plan covered by a fidelity bond?	X		500000
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	
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	
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	
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	
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		
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		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		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.		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? Yes No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year 0.

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 Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) Yes No Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (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>	Retirement Plan Information This schedule is required to be filed under sections 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.	<small>OMB No. 1210-0110</small> 2023 This Form is Open to Public Inspection.
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For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/28/2023

A Name of plan <u>STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>STARK CARPET CORP.</u>	D Employer Identification Number (EIN) <u>13-1548109</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	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 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)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> 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.	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
11 a Does the ESOP hold any preferred stock?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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.)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (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 deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment)	14a	
b The plan year immediately preceding the current plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b	
c The second preceding plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	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) and (b):

a Enter the percentage of plan assets held as:
 Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
 High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
 0-5 years 5-10 years 10-15 years 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? Yes No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:
 Yes.
 No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.
 No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.
 No. Other. Provide explanation.....

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? Yes No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).
 Design-based safe harbor method
 "Prior year" ADP test
 "Current year" ADP test
 N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ___/___/____ (MM/DD/YYYY) and the Opinion Letter serial number _____.

**STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN**

FINANCIAL STATEMENTS

**DECEMBER 28, 2023 (in liquidation) and December 31, 2022 (ongoing)
(with supplemental information)**

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator, Participants, and Beneficiaries
of the Stark Carpet Corp. Employee Stock Ownership Plan

Opinion

We have audited the financial statements of Stark Carpet Corp. Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), which comprise the statements of net assets available for benefits as of December 28, 2023 (in liquidation) and December 31, 2022 (ongoing), the related statement of changes in net assets available for benefits for the final period January 1, 2023 through December 28, 2023 (in liquidation), and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 28, 2023 (in liquidation) and December 31, 2022 (ongoing), and the changes in net assets available for benefits for the final period January 1, 2023 through December 28, 2023 (in liquidation), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Plan Termination and Liquidation Basis of Accounting

As further discussed in Note J to the financial statements, the Board of Directors of Stark Carpet Corp., the Plan Sponsor, elected to terminate the Plan effective November 30, 2023, and management determined liquidation is imminent. As a result, the Plan has changed its basis of accounting from the ongoing basis of accounting used in presenting the 2022 financial statements to the liquidation basis of accounting used in presenting the 2023 financial statements. As of the effective date of Plan termination, all Plan participants became fully vested. The Plan Sponsor distributed all Plan assets as of December 28, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of reportable transactions for the final period January 1, 2023 through December 28, 2023 (in liquidation) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of 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 audits 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 GAAS.



In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including the form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
October 10, 2024



STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Statements of Net Assets Available for Benefits

	December 28, 2023 (in liquidation)	December 31, 2022 (ongoing)
ASSETS		
Investment in Stark Carpet Corp. preferred stock, at fair value	<u>\$ -</u>	<u>\$ 5,020,024</u>
Total assets	<u>-</u>	<u>5,020,024</u>
Net assets available for benefits	<u><u>\$ -</u></u>	<u><u>\$ 5,020,024</u></u>

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

**Statement of Changes in Net Assets Available for Benefits (in liquidation)
Final Period January 1, 2023 through December 28, 2023**

Deductions:	
Benefits paid to participants	<u>\$ (5,020,024)</u>
Total deductions	<u>(5,020,024)</u>
Net decrease	(5,020,024)
Net assets available for benefits - beginning of year	<u>5,020,024</u>
Net assets available for benefits - end of year	<u><u>\$ -</u></u>

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE A - PLAN DESCRIPTION

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

[1] General:

Stark Carpet Corp. (the "Company" or "Plan Sponsor") established the Stark Carpet Corp. Employee Stock Ownership Plan effective as of January 1, 2007, and most recently amended effective November 30, 2023, as described below. The Plan operated as a leveraged employee stock ownership plan ("ESOP"), and was designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the "Code" or "IRC"), and was subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan was administered by a Plan Committee (the "Committee") appointed by the Company's Board of Directors. The Board of Directors of the Company appointed Great Banc Trust Co. as the Plan's Trustee.

Pursuant to an amendment executed December 1, 2023, the Plan was terminated effective November 30, 2023. As of the effective date of Plan termination, all employer contributions ceased and Plan participants became fully vested. On December 28, 2023, all assets of the Plan were distributed to participants. There was no other activity during the period January 1, 2023 through December 28, 2023.

In February 2009, the Plan purchased 33,000 Class B preferred shares of the Company, using the proceeds of notes payable from the Company. The ESOP stock was nonvoting and was entitled to receive a cumulative preferential annual dividend of \$78.79 per share computed as 10% of the purchase price for eight years. The Class B ESOP shares were convertible into the Company's common shares and had a liquidation preference of \$630.32 per share in the aggregate, less the amount of dividends received at the time of liquidation. The notes were repaid by Company contributions and dividends to the trust fund. At December 31st each year, an appropriate percentage of stock was allocated to eligible employees' accounts, in accordance with applicable regulations under the Code. Effective with the 2017 Plan year, the ESOP loans were completely paid off and all remaining suspense account shares were released and allocated to plan participants. Also effective with the 2017 Plan year, the Company was no longer required to pay dividends to the Plan, but was permitted to do so at their discretion.

During 2017, the Plan Sponsor contributed its fabric and wall covering divisions to a joint venture, Stark Scalandre Fabric LLC ("Stark Scalandre"). Certain employees of the Plan Sponsor became employees of Stark Scalandre, at which point they were no longer active participants in the Plan and could no longer receive allocations of shares. However, for the sole purpose of vesting and determining who was eligible to receive certain types of distributions, periods of active employment with Stark Scalandre were treated as periods of active employment with the Plan Sponsor.

Effective February 25, 2020, the Plan was amended to allow accelerated payments for participants who terminated employment and incurred a significant financial hardship. Accelerated payments were made if, and only to the extent that, the participant incurred a financial hardship, the participant did not have adequate other resources to pay for such hardship, and the participant applied to the Committee for relief. The total amount of accelerated payments that could be made to all participants for any 12-month period could not exceed \$500,000.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE A - PLAN DESCRIPTION (CONTINUED)

[2] Eligibility:

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

As of December 28, 2023 and December 31, 2022, participating employers included the Company, its wholly-owned subsidiary, Stark International, Inc., and a company related by common ownership, Prestige Mills, Inc.

[3] Contributions:

Employer contributions were discretionary and were generally allocated in proportion to participant compensation. Employee contributions were not permitted.

[4] Vesting:

Participants' allocated accounts vested at a rate of 20% per year, beginning after two years of service. A participant was 100% vested after six years of service.

[5] Payment of benefits:

Distributions on account of death, disability, or retirement were made in a lump sum in the Plan year following the event, unless the participant or beneficiary elected a later distribution date. Normal retirement age was 65. Distributions for other separations from service commenced in the fifth Plan year following the separation from service. The amount to be distributed was based upon the immediately preceding valuation date. Distributions were made in cash or, if a trustee elected, in the form of Company Class B preferred shares plus cash for any fractional portion of preferred shares. Under the provisions of the Plan, the Company was obligated to repurchase participant shares, which were distributed under the terms of the Plan.

Under the provisions of the Plan, the Company was obligated to repurchase participant shares that were allocated under the terms of the Plan from participants withdrawing from the Plan (subject to certain provisions). On December 28, 2023, the Company paid \$5,020,024 directly to participants to repurchase and redeem all remaining 14,231.91 shares based on prices determined from an independent appraisal performed with a valuation date of December 31, 2022.

[6] Forfeitures:

Plan forfeitures were allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation, as defined, for the Plan year. There were no shares forfeited for the period from January 1, 2023 through December 28, 2023.

[7] Voting rights:

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

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE A - PLAN DESCRIPTION (CONTINUED)

[8] Participant accounts:

The Plan was a defined contribution plan under which a separate individual account was established for each participant. Each participant's account was credited with an allocation of shares of the Company's preferred stock from the forfeitures of terminated participants' nonvested accounts. Only those participants who were eligible employees of the Company as of the last day of the Plan year received an allocation. Allocations were based on a participant's eligible compensation, relative to total eligible compensation.

[9] Put option:

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

[10] Diversification:

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of accounting:

As a result of the Plan termination effective November 30, 2023, for the period from January 1, 2023 through December 28, 2023, the financial statements were prepared under the liquidation basis of accounting. Under the liquidation basis of accounting, assets are measured to reflect the estimated amount of cash expected to be collected in settling or disposing of the assets during the liquidation process, and liabilities are measured using the accrual basis of accounting and would include any expected costs of the disposal of assets and other costs expected to be incurred during the liquidation process. Adoption of the liquidation basis of accounting had no effect on the valuation of the Plan's assets and liabilities. The financial statement as of December 31, 2022 is prepared on the accrual method of accounting.

[2] Subsequent events:

The Plan has evaluated subsequent events through October 10, 2024, the date the financial statements were available to be issued.

[3] Investment valuation and income recognition:

The shares of Company preferred stock were reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for discussion of fair value measurements.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Payment of benefits:

Benefits were recorded when paid.

[5] Plan expenses:

Substantially all expenses incurred in connection with the administration of the Plan were paid by the Company. Expenses that were paid by the Company are excluded from these financial statements.

[6] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and when applicable, disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates

NOTE C - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodology used for assets measured at fair value. The Plan had no assets as of December 28, 2023. There have been no changes in the methodology used at December 31, 2022.

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

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 (ongoing):

	<u>Level 3</u>	<u>Total</u>
Investment in Company Class B preferred stock	\$ 5,020,024	\$ 5,020,024

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investment assets for the period from January 1, 2023 through December 28, 2023:

<u>Period from January 1, 2023 through December 28, 2023</u>	
<u>Investment in Sponsor Company Class B Preferred Stock</u>	
Balance - beginning	\$ 5,020,024
Unrealized appreciation in estimated fair value	-
Distributions to participants (14,231.92 shares)	<u>(5,020,024)</u>
Balance - end	<u>\$ -</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ -</u>

The Plan's policy was to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the period ended December 28, 2023, there were no transfers into or out of Level 3.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The fair value of the Company's preferred stock held by the Plan was valued at fair value based upon an independent appraisal as of December 31st for each Plan year. This appraisal was based upon a combination of the market and income valuation techniques. There were no changes in the methodologies used at December 31, 2022.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

As of December 31, 2022

Instrument	Fair Value	Principle Valuation Technique	Unobservable Inputs
Stark Carpet Corp. Class B ESOP Convertible Preferred Stock	\$5,020,024	Income	Net cash flow EBITDA Weighted average cost of capital
		Market	Public comparables Valuation multiples Discount for lack of marketability

The valuation process involved the selection of an appraiser under contract for a term of three years with the right to cancel such contract at any time. Plan management accumulated the data for the appraiser from historical and projected financial information of the Company. The appraiser prepared a report of estimated per share value that a participant would receive upon distribution. Great Banc Trust Co., plan management, and the trustees reviewed the report in detail, discussed, and approved.

The preceding methods described could have produced a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believed its valuation methods were appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could have resulted in a different fair value measurement at the reporting date.

NOTE D - ADMINISTRATION OF PLAN ASSETS

At December 31, 2022, the Plan's assets, which consisted of the Company's Class B preferred shares, were held by the Trustee of the Plan. There were no Plan assets at December 28, 2023.

The Company's contributions were held and managed by the Trustee, who invested cash received and made distributions to participants.

Certain administrative functions were performed by officers or employees of the Company and participating employers. No such officer or employee received compensation from the Plan. There were no administrative expenses paid to such officers or employees by the Plan for the period January 1, 2023 through December 28, 2023.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE E - INVESTMENT

At December 31, 2022, the Plan's investment in the Company's Class B preferred shares was as follows:

	December 31, 2022	
	Allocated	Unallocated
Number of shares	14,231.92	-
Cost	\$ 11,105,162	\$ -
Estimated fair value	\$ 5,020,024	\$ -

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

NOTE F - COMPANY DIVIDENDS

The Company did not declare or pay dividends during the period January 1, 2023 through December 28, 2023.

NOTE G - TAX STATUS

The Internal Revenue Service ("IRS") had determined and informed the Company by a letter dated September 1, 2015, that the Plan was designed in accordance with applicable sections of the IRC and, therefore, the related trust was exempt from income taxes. The Plan had been amended since receiving the determination letter. However, the Plan administrator believed that the Plan was designed and operated in compliance with the applicable requirements of the IRC and, therefore, believed that the Plan was qualified, and the related trust was tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 28, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine examinations by taxing jurisdictions; however, there are currently no examinations for any tax periods in progress.

NOTE H - RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invested in Company stock and its investments were managed by Great Banc Trust Co., the Plan's Trustee. These were related party and party-in-interest transactions. As described in Note B[5], the Company paid all Plan expenses.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE I - RISKS AND UNCERTAINTIES

The Plan investments consisted of the Company's Class B preferred shares, which were exposed to various risks, such as interest rate, market and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in the preferred stock and to uncertainties inherent in estimates and assumptions, it was at least reasonably possible that changes in the value of the preferred stock could have materially affected the amounts reported in the statements of net assets available for benefits.

NOTE J - PLAN TERMINATION

The Plan was terminated effective November 30, 2023, and all Plan assets were distributed to the participants during December 2023. In accordance with Plan provisions, the participants became 100% vested in the value of their accounts upon the termination, and accounts were distributed in shares of the Company's Class B preferred shares, subject to a requirement that they be sold to the Company immediately upon distribution.

SUPPLEMENTAL INFORMATION

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Employer Identification No. 13-1548109, Plan No. 003
 Schedule H of Form 5500
 Schedule of Reportable Transactions (In Liquidation)
 For the Final Period January 1, 2023 through December 28, 2023

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Stark Carpet Corp.	Class B preferred stock	N/A	<u>\$ 5,020,024</u>	N/A	<u>\$ -</u>	<u>\$ 5,020,024</u>	<u>\$ 5,020,024</u>	<u>\$ -</u>

**STARK CARPET CORP.
EMPLOYEE STOCK OWNERSHIP PLAN**

FINANCIAL STATEMENTS

**DECEMBER 28, 2023 (in liquidation) and December 31, 2022 (ongoing)
(with supplemental information)**

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator, Participants, and Beneficiaries
of the Stark Carpet Corp. Employee Stock Ownership Plan

Opinion

We have audited the financial statements of Stark Carpet Corp. Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), which comprise the statements of net assets available for benefits as of December 28, 2023 (in liquidation) and December 31, 2022 (ongoing), the related statement of changes in net assets available for benefits for the final period January 1, 2023 through December 28, 2023 (in liquidation), and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 28, 2023 (in liquidation) and December 31, 2022 (ongoing), and the changes in net assets available for benefits for the final period January 1, 2023 through December 28, 2023 (in liquidation), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Plan Termination and Liquidation Basis of Accounting

As further discussed in Note J to the financial statements, the Board of Directors of Stark Carpet Corp., the Plan Sponsor, elected to terminate the Plan effective November 30, 2023, and management determined liquidation is imminent. As a result, the Plan has changed its basis of accounting from the ongoing basis of accounting used in presenting the 2022 financial statements to the liquidation basis of accounting used in presenting the 2023 financial statements. As of the effective date of Plan termination, all Plan participants became fully vested. The Plan Sponsor distributed all Plan assets as of December 28, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of reportable transactions for the final period January 1, 2023 through December 28, 2023 (in liquidation) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of 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 audits 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 GAAS.



In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including the form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
October 10, 2024



STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Statements of Net Assets Available for Benefits

	December 28, 2023 (in liquidation)	December 31, 2022 (ongoing)
ASSETS		
Investment in Stark Carpet Corp. preferred stock, at fair value	<u>\$ -</u>	<u>\$ 5,020,024</u>
Total assets	<u>-</u>	<u>5,020,024</u>
Net assets available for benefits	<u><u>\$ -</u></u>	<u><u>\$ 5,020,024</u></u>

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

**Statement of Changes in Net Assets Available for Benefits (in liquidation)
Final Period January 1, 2023 through December 28, 2023**

Deductions:	
Benefits paid to participants	<u>\$ (5,020,024)</u>
Total deductions	<u>(5,020,024)</u>
Net decrease	(5,020,024)
Net assets available for benefits - beginning of year	<u>5,020,024</u>
Net assets available for benefits - end of year	<u><u>\$ -</u></u>

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE A - PLAN DESCRIPTION

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

[1] General:

Stark Carpet Corp. (the "Company" or "Plan Sponsor") established the Stark Carpet Corp. Employee Stock Ownership Plan effective as of January 1, 2007, and most recently amended effective November 30, 2023, as described below. The Plan operated as a leveraged employee stock ownership plan ("ESOP"), and was designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the "Code" or "IRC"), and was subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan was administered by a Plan Committee (the "Committee") appointed by the Company's Board of Directors. The Board of Directors of the Company appointed Great Banc Trust Co. as the Plan's Trustee.

Pursuant to an amendment executed December 1, 2023, the Plan was terminated effective November 30, 2023. As of the effective date of Plan termination, all employer contributions ceased and Plan participants became fully vested. On December 28, 2023, all assets of the Plan were distributed to participants. There was no other activity during the period January 1, 2023 through December 28, 2023.

In February 2009, the Plan purchased 33,000 Class B preferred shares of the Company, using the proceeds of notes payable from the Company. The ESOP stock was nonvoting and was entitled to receive a cumulative preferential annual dividend of \$78.79 per share computed as 10% of the purchase price for eight years. The Class B ESOP shares were convertible into the Company's common shares and had a liquidation preference of \$630.32 per share in the aggregate, less the amount of dividends received at the time of liquidation. The notes were repaid by Company contributions and dividends to the trust fund. At December 31st each year, an appropriate percentage of stock was allocated to eligible employees' accounts, in accordance with applicable regulations under the Code. Effective with the 2017 Plan year, the ESOP loans were completely paid off and all remaining suspense account shares were released and allocated to plan participants. Also effective with the 2017 Plan year, the Company was no longer required to pay dividends to the Plan, but was permitted to do so at their discretion.

During 2017, the Plan Sponsor contributed its fabric and wall covering divisions to a joint venture, Stark Scalandre Fabric LLC ("Stark Scalandre"). Certain employees of the Plan Sponsor became employees of Stark Scalandre, at which point they were no longer active participants in the Plan and could no longer receive allocations of shares. However, for the sole purpose of vesting and determining who was eligible to receive certain types of distributions, periods of active employment with Stark Scalandre were treated as periods of active employment with the Plan Sponsor.

Effective February 25, 2020, the Plan was amended to allow accelerated payments for participants who terminated employment and incurred a significant financial hardship. Accelerated payments were made if, and only to the extent that, the participant incurred a financial hardship, the participant did not have adequate other resources to pay for such hardship, and the participant applied to the Committee for relief. The total amount of accelerated payments that could be made to all participants for any 12-month period could not exceed \$500,000.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE A - PLAN DESCRIPTION (CONTINUED)

[2] Eligibility:

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

As of December 28, 2023 and December 31, 2022, participating employers included the Company, its wholly-owned subsidiary, Stark International, Inc., and a company related by common ownership, Prestige Mills, Inc.

[3] Contributions:

Employer contributions were discretionary and were generally allocated in proportion to participant compensation. Employee contributions were not permitted.

[4] Vesting:

Participants' allocated accounts vested at a rate of 20% per year, beginning after two years of service. A participant was 100% vested after six years of service.

[5] Payment of benefits:

Distributions on account of death, disability, or retirement were made in a lump sum in the Plan year following the event, unless the participant or beneficiary elected a later distribution date. Normal retirement age was 65. Distributions for other separations from service commenced in the fifth Plan year following the separation from service. The amount to be distributed was based upon the immediately preceding valuation date. Distributions were made in cash or, if a trustee elected, in the form of Company Class B preferred shares plus cash for any fractional portion of preferred shares. Under the provisions of the Plan, the Company was obligated to repurchase participant shares, which were distributed under the terms of the Plan.

Under the provisions of the Plan, the Company was obligated to repurchase participant shares that were allocated under the terms of the Plan from participants withdrawing from the Plan (subject to certain provisions). On December 28, 2023, the Company paid \$5,020,024 directly to participants to repurchase and redeem all remaining 14,231.91 shares based on prices determined from an independent appraisal performed with a valuation date of December 31, 2022.

[6] Forfeitures:

Plan forfeitures were allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation, as defined, for the Plan year. There were no shares forfeited for the period from January 1, 2023 through December 28, 2023.

[7] Voting rights:

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

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE A - PLAN DESCRIPTION (CONTINUED)

[8] Participant accounts:

The Plan was a defined contribution plan under which a separate individual account was established for each participant. Each participant's account was credited with an allocation of shares of the Company's preferred stock from the forfeitures of terminated participants' nonvested accounts. Only those participants who were eligible employees of the Company as of the last day of the Plan year received an allocation. Allocations were based on a participant's eligible compensation, relative to total eligible compensation.

[9] Put option:

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

[10] Diversification:

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of accounting:

As a result of the Plan termination effective November 30, 2023, for the period from January 1, 2023 through December 28, 2023, the financial statements were prepared under the liquidation basis of accounting. Under the liquidation basis of accounting, assets are measured to reflect the estimated amount of cash expected to be collected in settling or disposing of the assets during the liquidation process, and liabilities are measured using the accrual basis of accounting and would include any expected costs of the disposal of assets and other costs expected to be incurred during the liquidation process. Adoption of the liquidation basis of accounting had no effect on the valuation of the Plan's assets and liabilities. The financial statement as of December 31, 2022 is prepared on the accrual method of accounting.

[2] Subsequent events:

The Plan has evaluated subsequent events through October 10, 2024, the date the financial statements were available to be issued.

[3] Investment valuation and income recognition:

The shares of Company preferred stock were reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for discussion of fair value measurements.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Payment of benefits:

Benefits were recorded when paid.

[5] Plan expenses:

Substantially all expenses incurred in connection with the administration of the Plan were paid by the Company. Expenses that were paid by the Company are excluded from these financial statements.

[6] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and when applicable, disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates

NOTE C - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodology used for assets measured at fair value. The Plan had no assets as of December 28, 2023. There have been no changes in the methodology used at December 31, 2022.

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

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 (ongoing):

	<u>Level 3</u>	<u>Total</u>
Investment in Company Class B preferred stock	\$ 5,020,024	\$ 5,020,024

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investment assets for the period from January 1, 2023 through December 28, 2023:

<u>Period from January 1, 2023 through December 28, 2023</u>	
<u>Investment in Sponsor Company Class B Preferred Stock</u>	
Balance - beginning	\$ 5,020,024
Unrealized appreciation in estimated fair value	-
Distributions to participants (14,231.92 shares)	<u>(5,020,024)</u>
Balance - end	<u>\$ -</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ -</u>

The Plan's policy was to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the period ended December 28, 2023, there were no transfers into or out of Level 3.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The fair value of the Company's preferred stock held by the Plan was valued at fair value based upon an independent appraisal as of December 31st for each Plan year. This appraisal was based upon a combination of the market and income valuation techniques. There were no changes in the methodologies used at December 31, 2022.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

As of December 31, 2022

Instrument	Fair Value	Principle Valuation Technique	Unobservable Inputs
Stark Carpet Corp. Class B ESOP Convertible Preferred Stock	\$5,020,024	Income	Net cash flow EBITDA Weighted average cost of capital
		Market	Public comparables Valuation multiples Discount for lack of marketability

The valuation process involved the selection of an appraiser under contract for a term of three years with the right to cancel such contract at any time. Plan management accumulated the data for the appraiser from historical and projected financial information of the Company. The appraiser prepared a report of estimated per share value that a participant would receive upon distribution. Great Banc Trust Co., plan management, and the trustees reviewed the report in detail, discussed, and approved.

The preceding methods described could have produced a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believed its valuation methods were appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could have resulted in a different fair value measurement at the reporting date.

NOTE D - ADMINISTRATION OF PLAN ASSETS

At December 31, 2022, the Plan's assets, which consisted of the Company's Class B preferred shares, were held by the Trustee of the Plan. There were no Plan assets at December 28, 2023.

The Company's contributions were held and managed by the Trustee, who invested cash received and made distributions to participants.

Certain administrative functions were performed by officers or employees of the Company and participating employers. No such officer or employee received compensation from the Plan. There were no administrative expenses paid to such officers or employees by the Plan for the period January 1, 2023 through December 28, 2023.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

**Notes to Financial Statements
December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)**

NOTE E - INVESTMENT

At December 31, 2022, the Plan’s investment in the Company’s Class B preferred shares was as follows:

	<u>December 31, 2022</u>	
	<u>Allocated</u>	<u>Unallocated</u>
Number of shares	14,231.92	-
Cost	\$ 11,105,162	\$ -
Estimated fair value	\$ 5,020,024	\$ -

The investment in the Company’s preferred shares was not participant-directed.

NOTE F - COMPANY DIVIDENDS

The Company did not declare or pay dividends during the period January 1, 2023 through December 28, 2023.

NOTE G - TAX STATUS

The Internal Revenue Service (“IRS”) had determined and informed the Company by a letter dated September 1, 2015, that the Plan was designed in accordance with applicable sections of the IRC and, therefore, the related trust was exempt from income taxes. The Plan had been amended since receiving the determination letter. However, the Plan administrator believed that the Plan was designed and operated in compliance with the applicable requirements of the IRC and, therefore, believed that the Plan was qualified, and the related trust was tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 28, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine examinations by taxing jurisdictions; however, there are currently no examinations for any tax periods in progress.

NOTE H - RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invested in Company stock and its investments were managed by Great Banc Trust Co., the Plan’s Trustee. These were related party and party-in-interest transactions. As described in Note B[5], the Company paid all Plan expenses.

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 28, 2023 (in liquidation) and December 31, 2022 (ongoing)

NOTE I - RISKS AND UNCERTAINTIES

The Plan investments consisted of the Company's Class B preferred shares, which were exposed to various risks, such as interest rate, market and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in the preferred stock and to uncertainties inherent in estimates and assumptions, it was at least reasonably possible that changes in the value of the preferred stock could have materially affected the amounts reported in the statements of net assets available for benefits.

NOTE J - PLAN TERMINATION

The Plan was terminated effective November 30, 2023, and all Plan assets were distributed to the participants during December 2023. In accordance with Plan provisions, the participants became 100% vested in the value of their accounts upon the termination, and accounts were distributed in shares of the Company's Class B preferred shares, subject to a requirement that they be sold to the Company immediately upon distribution.

SUPPLEMENTAL INFORMATION

STARK CARPET CORP. EMPLOYEE STOCK OWNERSHIP PLAN

Employer Identification No. 13-1548109, Plan No. 003
 Schedule H of Form 5500
 Schedule of Reportable Transactions (In Liquidation)
 For the Final Period January 1, 2023 through December 28, 2023

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Stark Carpet Corp.	Class B preferred stock	N/A	<u>\$ 5,020,024</u>	N/A	<u>\$ -</u>	<u>\$ 5,020,024</u>	<u>\$ 5,020,024</u>	<u>\$ -</u>