

Edgar Filing: CULP INC - Form 11-K

CULP INC
Form 11-K
June 28, 2002

FORM 11K

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

ANNUAL REPORT

Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2001

COMMISSION FILE NO. 0-12781

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

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN

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

CULP, INC.
101 SOUTH MAIN STREET
P.O. BOX 2686
HIGH POINT, NORTH CAROLINA 27261-2686

There were no material changes in the Plan or the Investment Policy of the Plan. Culp, Inc. has made no profit sharing contributions during the past five years. The approximate number of employees participating in the Plan at December 31, 2001 was 2,300. The Retirement Committee administers the Plan, and its members are Franklin N. Saxon, Kenneth M. Ludwig and Robert G. Culp, III, all employees of Culp, Inc.

Financial Statements and Exhibits.

(a) Financial Statements. A list of all financial statements filed as part of this report, beginning on page 1, is set forth below:

Financial Statement -----	Page of Report -----
Independent Auditors' Report	1
Statements of Net Assets Available for Plan Benefits	2
Statements of Changes in Net Assets Available for Plan Benefits	3
Notes to Financial Statements	4

(b) Exhibits. No exhibits are filed with this annual report.

Edgar Filing: CULP INC - Form 11-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN

By: Culp, Inc. Plan Administrator

By: The Culp, Inc. Retirement Committee

Date: June 28, 2002

Robert G. Culp, III

Franklin N. Saxon

Kenneth M. Ludwig

Page 1
INDEPENDENT AUDITORS' REPORT

To the Retirement Committee of the
Culp, Inc. Employees' Retirement Builder Plan
High Point, North Carolina

We have audited the accompanying statements of net assets available for plan benefits of the Culp, Inc. Employees' Retirement Builder Plan as of December 31, 2001 and 2000 and the related statements of changes in net assets available for plan benefits for each of the years in the three year period ended December 31, 2001. These financial statements are the responsibility of the Plan Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Edgar Filing: CULP INC - Form 11-K

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Culp, Inc. Employees' Retirement Builder Plan as of December 31, 2001 and 2000 and the changes in its net assets available for plan benefits for each of the years in the three year period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule presented on page 8 includes information which is presented for the purpose of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dixon Odom PLLC

May 13, 2002

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2001 and 2000

ASSETS	2001	2000
	-----	-----
Investments, at fair value	\$30,855,428	\$ 31,602,248
	-----	-----
Receivables		
Employer contributions	167,193	190,920
Employee contributions	258,219	299,463
	-----	-----
	425,412	490,383
	-----	-----
Cash	3,649	-
	-----	-----
TOTAL ASSETS	31,284,489	32,092,631
LIABILITIES		
Accounts payable	687	924
	-----	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$31,283,802	\$ 32,091,707
	=====	=====

See accompanying notes.

Page 2

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
 Years Ended December 31, 2001, 2000 and 1999

	2001	2000	1999

ADDITIONS TO NET ASSETS ATTRIBUTED TO			
Investment income (loss)			
Net income from investment in common trust funds	\$ 736,876	\$ 744,413	\$ 550,632
Net income (loss) from investment in registered investment company funds	(2,153,575)	(901,894)	2,211,280
Appreciation (depreciation) in fair value of Culp, Inc. stock fund	1,052,504	(2,273,253)	(781,232)
Interest income from participant loan fund	-	85	232
Increase in cash surrender value of life insurance	-	-	51,789
	-----	-----	-----
	(364,195)	(2,430,649)	2,032,701
Contributions			
Employer	2,030,704	2,380,830	2,398,858
Employee	3,192,956	3,758,942	3,719,681
Direct rollovers	15,758	82,835	99,327
	-----	-----	-----
TOTAL ADDITIONS	4,875,223	3,791,958	8,250,567
	-----	-----	-----
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO			
Benefits paid to participants	5,499,417	3,179,149	2,777,904
Insurance expense	6,134	8,133	-
Trustee fees	133,067	65,048	53,553
Administrative fees	44,510	98,794	98,931
	-----	-----	-----
TOTAL DEDUCTIONS	5,683,128	3,351,124	2,930,388
	-----	-----	-----
NET INCREASE (DECREASE)	(807,905)	440,834	5,320,179
NET ASSETS AVAILABLE FOR PLAN BENEFITS			
Beginning of year	32,091,707	31,650,873	26,330,694

Edgar Filing: CULP INC - Form 11-K

END OF YEAR \$31,283,802 \$32,091,707 \$31,650,873
=====

See accompanying notes.

Page 3

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2001, 2000 and 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Valuation of Investments and Income Recognition

Investments in common trust funds are stated at fair value based on the values of the respective instruments held by each fund as determined by the quoted market prices on the last day of the plan year. Investments in common stocks are stated at fair value as determined by the quoted market prices on the last day of the plan year. Shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held.

Purchases and sales of investments are reported on a trade date basis. Income from investments is reported as earned on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits

Benefits are recorded when paid.

NOTE B - DESCRIPTION OF PLAN

The following description of the Culp, Inc. Employees' Retirement Builder Plan (the "Plan") provides only general information. Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all full-time employees of Culp, Inc. (the "Company") and its subsidiaries who have one year of service and are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2001, 2000 and 1999

NOTE B - DESCRIPTION OF PLAN (Continued)

Contributions

The Plan was established in 1982 as a profit-sharing plan to which contributions determined by the Board of Directors of Culp, Inc. could be made on a discretionary basis. No profit-sharing contributions were made during 2001, 2000 or 1999.

In January 1999, the Plan was amended to include safe harbor provisions. Participants may contribute from 2% to 15% of their annual compensation as 401(k) contributions. The Company made matching contributions equal to 100% of the participant's contribution up to the first 3% of annual compensation plus 50% of the next 2% of compensation. Participants may elect to have contributions invested in 1% increments in a value fund, a stable investment fund, a Culp, Inc. stock fund, an equity growth fund, an insurance fund or a balanced fund. Contributions are subject to certain limitations. Effective August 31, 2001, participants may no longer invest in life insurance policies.

Participant Accounts

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

Vesting

Participants are immediately vested in their profit-sharing accounts and their 401(k) contributions, including the matching contributions from the Company and actual earnings thereon.

Payment of Benefits

On termination of service, death, disability or retirement, a participant may elect to receive either a lump-sum distribution or monthly or annual installments over a term not to exceed the lesser of fifteen years or life expectancy of the participant and the designated beneficiary. Life insurance purchased through the Plan may be either converted to cash or transferred to the participant.

Participant Loans

Effective August 1, 1998, Culp, Inc. amended the Plan to allow existing loan balances from Artee Industries, Inc. to enter the Plan. No new loans may be established under this amendment. As of December 31, 1999, there was one loan outstanding with a balance of \$1,827. The loan was repaid in 2000.

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2001, 2000 and 1999

NOTE C - INVESTMENTS

The following table presents the fair value of investments at December 31, 2001 and 2000. Investments that represent 5% or more of the Plan's net assets are separately identified.

	2001	2000
	-----	-----
Investments at fair value as determined by quoted market price:		
Common trust funds:		
First Union Stable Investment Fund	\$14,087,230	\$ 12,543,801
Registered investment company funds:		
Evergreen Select Balanced Fund	5,121,896	6,887,310
Evergreen Stock Selector Fund	4,970,339	7,237,316
American Century Equity Growth Fund	4,082,390	3,722,283
Culp, Inc. common stock	2,551,283	1,155,651
Insurance policies	42,290	55,887
	-----	-----
	\$30,855,428	\$ 31,602,248
	=====	=====

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

	2001	2000	1999
	-----	-----	-----
Common trust funds:			
First Union Stable Investment Fund	\$ 736,876	\$ 744,413	\$ 550,632
Registered investment company funds:			
Evergreen Select Balanced Fund	(703,325)	97,901	799,936
Evergreen Stock Selector Fund	(964,354)	(582,474)	1,177,045
American Century Equity Growth Fund	(485,896)	(417,321)	234,299
Culp, Inc. common stock	1,052,504	(2,273,253)	(781,232)
	-----	-----	-----
	\$(364,195)	\$(2,430,734)	\$1,980,680
	=====	=====	=====

NOTE D - PLAN TERMINATION

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

CULP, INC. EMPLOYEES' RETIREMENT BUILDER PLAN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2001, 2000 and 1999

NOTE E - INCOME TAX STATUS

Edgar Filing: CULP INC - Form 11-K

The Plan obtained its last determination letter on June 15, 1995, in which the Internal Revenue Service stated that the Plan, as then designed, constituted a qualified trust under Section 401(a) of the Internal Revenue Code and is therefore exempt from federal income taxes under provisions of Section 501. The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is designed and currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

NOTE F - RELATED PARTY TRANSACTIONS

Certain plan investments are shares of mutual funds managed by First Union National Bank. First Union National Bank is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest.