

KNOLL INC  
Form 11-K  
June 30, 2008  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-12907

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

**KNOLL RETIREMENT SAVINGS PLAN**

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

**1235 Water Street**

**East Greenville, PA 18041**

**Table of Contents**

**Knoll Retirement Savings Plan**

Financial Statements and Supplementary Schedule

Years ended December 31, 2007 and 2006

**Contents**

<u>Report of Independent Registered Public Accounting Firm</u>	3
<u>Audited Financial Statements</u>	
<u>Statements of Net Assets Available for Benefits</u>	4
<u>Statements of Changes in Net Assets Available for Benefits</u>	5
<u>Notes to Financial Statements</u>	6
<u>Supplementary Schedule</u>	
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	15
<u>Signatures</u>	17
Exhibit 23.1 - Consent of Beard Miller Company LLP, Independent Registered Public Accounting Firm	

**Table of Contents**

Report of Independent Registered Public Accounting Firm

Knoll Retirement Plans Administration Committee

Knoll Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of The Knoll Retirement Savings Plan (the Plan ) as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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 our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended, 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 supplementary schedule of assets (held at end of year) as of December 31, 2007 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplementary schedule is the responsibility of the Plan s management. The supplementary schedule has been subjected to the auditing procedures applied in the audit 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.

/s/ Beard Miller Company LLP

Beard Miller Company LLP

Reading, Pennsylvania

June 19, 2008

**Table of Contents**

**Knoll Retirement Savings Plan**

Statements of Net Assets Available for Benefits

	December 31	
	2007	2006
<b>Assets</b>		
Investments, at fair value	\$ 232,616,896	\$ 220,760,482
Employer contribution receivable	616,460	576,159
Net assets available for benefits at fair value	233,233,356	221,336,641
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	1,091,179	1,147,148
Net assets available for benefits	\$ 234,324,535	\$ 222,483,789

*See notes to financial statements.*

**Table of Contents****Knoll Retirement Savings Plan**

## Statements of Changes in Net Assets Available for Benefits

	Year ended December 31	
	2007	2006
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 15,297,989	\$ 10,501,144
Net (depreciation) appreciation in fair value of investments	(2,425,678)	11,990,105
	<b>12,872,311</b>	22,491,249
Contributions:		
Participants	11,186,809	10,873,223
Rollovers	1,103,310	421,026
Employer	3,485,418	3,366,135
	<b>15,775,537</b>	14,660,384
<b>Total additions</b>	<b>28,647,848</b>	37,151,633
<b>Deductions</b>		
Benefits paid to participants	16,801,589	18,046,288
Administrative expenses	5,513	170
<b>Total deductions</b>	<b>16,807,102</b>	18,046,458
Net increase	<b>11,840,746</b>	19,105,175
Net assets available for benefits:		
Beginning of year	222,483,789	203,378,614
End of year	<b>\$ 234,324,535</b>	\$ 222,483,789

*See notes to financial statements.*

**Table of Contents**

**Knoll Retirement Savings Plan**

Notes to Financial Statements

December 31, 2007 and 2006

**1. Description of Plan**

The following description of the Knoll Retirement Savings 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. Copies are available from the Knoll Retirement Plans Administration Committee.

**General**

The Plan is a defined contribution plan covering all U.S. employees of Knoll, Inc. (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective June 29, 2007 the Plan was amended to provide for Roth and Roth Catch-Up contributions by participants. These contributions are also available for hardship and age 59 1/2 withdrawals.

On October 1, 2007 Edelman Leather was acquired by Knoll and became a participating Employer of the Plan. Employees who continued in employment became immediately eligible to participate in the Plan including recognition of their prior service with Edelman Leather.

**Contributions**

Participants can elect to contribute up to 50% of their compensation, as defined, on a pretax basis, after-tax basis, Roth basis, or a combination subject to Internal Revenue Service limitations. Participants who are over the age of 50 can elect to make catch-up contributions, subject to Internal Revenue Code limitations. Additionally, participants may contribute amounts representing distributions from other qualified plans.

The Company matches 40% up to the first 6% of participant contributions (the fixed match) for those participants who are U.S. employees not covered by a collective bargaining agreement. For participants who are U.S. employees covered by a collective bargaining agreement, the Company matches 50% up to the first 6% of participant contributions (the fixed match). The fixed Company match is made to the participants pretax contributions first, then applied to the participants after-tax contributions, if the pretax contributions are less than 6% of pay. In addition, the Company may make discretionary contributions based on the Company's financial performance (the performance-based match) to U.S. non-bargaining participants who (a) are employed on the last day of the Plan year for which the discretionary contribution is made, (b) retire during the Plan year, or (c) die or become disabled during the Plan year. Like the fixed match, the performance-based match is applied up to the first 6% of participant contributions. The Company made performance-based match contributions of approximately \$612,000 and \$576,000 for the years ended December 31, 2007 and 2006, respectively. U.S. employees covered by a collective bargaining agreement are not eligible for performance-based match contributions.

**Table of Contents**

**Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**1. Description of Plan (continued)**

**Contributions (continued)**

Upon enrollment, a participant may direct contributions in 1% increments to any of the Plan's fund options, with the exception of the Knoll Restricted Stock Fund (through November 30, 2006). Certain employer discretionary contributions were invested in the Knoll Restricted Stock Fund. Such discretionary contributions were not able to be redirected to any of the Plan's other funds. Effective December 1, 2006, all restrictions were lifted from the Knoll Restricted Stock Fund and the fund was merged into the Knoll Common Stock Fund. Participants may change their investment options daily.

In no event shall a participant be permitted to make any investment in the Knoll Common Stock Fund if immediately following such investment, the value of the participant's interest in the Knoll Common Stock Fund exceeds 10% of the value of the participant's total account balance.

**Participant Accounts**

Each participant's account is credited with the participant's contributions, the Company's matching and discretionary contributions, and an allocation of Plan earnings (including unrealized appreciation or depreciation of Plan assets). Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions to the Plan. The benefit to which a participant is entitled is the vested portion of the participant's account balance.

**Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company contributions plus actual earnings thereon is based on years of service. Under a graded vesting schedule, a participant is 100% vested after five years of credited service.

**Participant Loans**

Participants may borrow from their vested account balance a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or one-half of their vested account balance, whichever is less. Principal and interest must be repaid over a period not to exceed four-and-a-half years, unless the loan is used for a residential purchase. Interest rates are established based on the prime rate provided by the Plan's trustee on the last business day of the calendar quarter preceding or coinciding with the loan request, plus 2%. All loans are collateralized by the participants' vested account balance in the Plan and are repaid through payroll deductions.



**Table of Contents**

**Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**1. Description of Plan (continued)**

**Administrative Costs**

The Plan's administrative costs, other than those related to the management of investments and transaction fees, which totaled \$5,513 and \$170 for December 31, 2007 and 2006, respectively, are paid by the Company. Expenses related to the management of investments are allocated to each participant's account. Allocations are based on participant earnings or account balances, as defined in the Plan Agreement.

**Forfeited Accounts**

As of December 31, 2007 and 2006 forfeited employer matching non-vested accounts amounted to \$60,364 and \$53,282 respectively. Forfeitures of employer matching non-vested accounts are used to reduce the employer's matching 401(k) contribution. During the years ended December 31, 2007 and 2006, forfeitures applied against employer contributions amounted to \$66,335 and \$50,252 respectively.

**Payment of Benefits**

On termination of service, a participant will receive a lump-sum amount if the total of their vested account balance does not exceed \$1,000. If the vested account balance exceeds \$1,000, the assets will generally continue to be held in the Plan until the participant's normal or early retirement date. Terminated participants may elect to receive their vested account balance at any time. Upon death, permanent disability, or retirement, a participant or beneficiary may elect to receive a lump-sum payment or annual installments over a specified period that does not exceed the longest of: ten years, the participant's life expectancy, or the beneficiary's life expectancy.

---

**Table of Contents**

**Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**1. Description of Plan (continued)**

**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. In the event of Plan termination, participants will become 100% vested in their accounts.

**2. Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Basis of Accounting**

The financial statements of the Plan are prepared on the accrual basis of accounting.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is a relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. The FSP was applied retroactively to the prior period presented on the Statement of Net Assets Available for Benefits as of December 31, 2006. The effect of adopting the FSP had no impact on net assets which have been historically presented at contract value.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. The shares of mutual funds are valued at quoted market prices which represent the net asset values of shares held by the Plan at year-end. The fair value of the guaranteed investment contract is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. The participant loans are valued at their outstanding balances, which approximate fair value. Shares in the Knoll Common Stock Fund are valued at the closing price of the Knoll, Inc. common stock on the New York Stock Exchange (NYSE) on the last business day of the Plan year.

**Table of Contents**

**Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Investment Valuation and Income Recognition (continued)**

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**Investment Fees**

Net investment returns reflect certain fees paid by the investment funds to their affiliated investment advisors, transfer agents, and others as further described in each fund prospectus or other published documents. These fees are deducted prior to allocation of the Plan's investment earnings activity and are not separately identifiable as an expense.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Payment of Benefits**

Benefit payments to participants are recorded when paid.

**New Accounting Policies**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (SFAS 157), Fair Value Measurements. SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurement. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not believe the adoption of SFAS 157 will have a material impact on the financial statements.

**Table of Contents****Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**3. Investments**

During 2007 and 2006, the Plan's investments appreciated (depreciated) in fair value (including gains and losses on investments purchased, sold, as well as held during the year) as follows:

	Year ended December 31	
	2007	2006
Mutual funds	\$ (1,509,051)	\$ 11,113,718
Knoll Common Stock Fund	(916,627)	876,387
	<b>\$ (2,425,678)</b>	<b>\$ 11,990,105</b>

Investments that represent 5% or more of the Plan's net assets available for benefits are as follows:

	December 31	
	2007	2006
ABN AMRO Income Plus Fund	\$ 70,995,621	\$ 73,746,216
Vanguard Windsor II Fund	49,848,575	51,129,531
American Funds Growth Fund of America; R4	27,653,255	25,467,741
Vanguard Balanced Index Fund	19,792,169	18,480,837
American Funds Euro Pacific Growth Fund; R4	19,344,386	15,281,266

**Table of Contents****Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**4. Nonparticipant-Directed Investments**

Information about the net assets and the significant components of changes in net assets related to the nonparticipant-directed Knoll Restricted Stock Fund is as follows:

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Net assets:		
Knoll Restricted Stock Fund	\$	\$
	\$	\$
	<b>Year ended December 31</b>	
	<b>2007</b>	<b>2006</b>
Change in net assets:		
Dividends	\$	\$ 52,440
Net appreciation		670,955
Benefits paid to participants		(119,161)
Transfers to participant-directed investments		(3,654,947)
	\$	\$ 3,050,713

**5. Related Party Transactions**

At December 31, 2007 and 2006, the Plan held investments totaling \$2,722,520 and \$3,871,137 respectively, in shares of common stock of the Company.

Effective December 1, 2006, the Knoll Restricted Stock Fund was merged with the Knoll Common Stock Fund and became freely tradable on the open market.

Shares held in the Knoll Common Stock Fund may be sold at any time at participant discretion at the closing price of the Knoll, Inc. common stock on the NYSE.

Additionally, the Plan issues loans to participants, which are secured by the balances in participant s accounts. These transactions qualify as party-in-interest transactions. All other transactions which may be considered parties-in-interest transactions relate to normal plan management and administrative services, and the related payment of fees.

**Table of Contents**

**Knoll Retirement Savings Plan**

Notes to Financial Statements (continued)

**6. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated July 26, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. The Plan has been amended since receiving the determination letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

**7. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

**Table of Contents**

**Supplementary Schedule**

14

**Table of Contents****Knoll Retirement Savings Plan**

EIN 13-3873847, Plan 002

Schedule H, Line 4i

Schedule of Assets (Held at End of Year)

**December 31, 2007**

	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or	Description of Investment, Including Maturity Date, Rate of Interest,		Current
(a)	Similar Party	Collateral, Par or Maturity Value	Cost	Value
	ABN AMRO Income Plus Fund	Registered Investment Company	**	\$ 70,995,621***
	American Funds Euro Pacific Growth Fund; R-4	Registered Investment Company	**	19,344,386
	American Funds Growth Fund of America; R4	Registered Investment Company	**	27,653,255
	PIMCO Total Return Fund	Registered Investment Company	**	5,540,008
*	Vanguard 500 Index Fund	Registered Investment Company	**	9,732,150
*	Vanguard Balanced Index Fund	Registered Investment Company	**	19,792,169
*	Vanguard Explorer Fund	Registered Investment Company	**	6,320,763
*	Vanguard Extended Market Index Investment Fund	Registered Investment Company	**	8,417,203
*	Vanguard Target Retirement 2005 Fund	Registered Investment Company	**	268,799
*	Vanguard Target Retirement 2010 Fund	Registered Investment Company	**	648,535
*	Vanguard Target Retirement 2015 Fund	Registered Investment Company	**	1,655,870
*	Vanguard Target Retirement 2020 Fund	Registered Investment Company	**	1,822,975
*	Vanguard Target Retirement 2025 Fund	Registered Investment Company	**	1,283,581
*	Vanguard Target Retirement 2030 Fund	Registered Investment Company	**	995,678
*	Vanguard Target Retirement 2035 Fund	Registered Investment Company	**	504,621
*	Vanguard Target Retirement 2040 Fund	Registered Investment Company	**	108,540



**Table of Contents**

* Vanguard Target Retirement 2045 Fund	Registered Investment Company	**	39,230
* Vanguard Target Retirement 2050 Fund	Registered Investment Company	**	83,133
* Vanguard Target Retirement Income Fund	Registered Investment Company	**	69,987
* Vanguard Windsor II Fund	Registered Investment Company	**	49,848,575
* Knoll Common Stock Fund	Company Stock Fund	**	2,722,520
* Participant loans	Interest rates ranging from 6% to 11.5%	0	5,860,476
			\$ 233,708,075

\* Party-in-interest to the Plan.

\*\* Cost is not required for participant-directed investments.

\*\*\* Fair Value is \$69,904,442 at December 31, 2007.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Knoll Retirement Plans Administration Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**KNOLL RETIREMENT SAVINGS PLAN**

Date: June 30, 2008

By: /s/ Marcia A. Thompson  
**Marcia A. Thompson**  
Authorized Committee Member

Date: June 30, 2008

By: /s/ Barry L. McCabe  
**Barry L. McCabe**  
Authorized Committee Member