

USANA HEALTH SCIENCES INC  
Form 10-Q  
August 11, 2009  
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## UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## *FORM 10-Q*

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 4, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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

Commission file number: 0-21116

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**USANA HEALTH SCIENCES, INC.**

(Exact name of registrant as specified in its charter)

**Utah**  
(State or other jurisdiction  
of incorporation or organization)

**87-0500306**  
(I.R.S. Employer  
Identification No.)

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**3838 West Parkway Blvd., Salt Lake City, Utah 84120**

(Address of principal executive offices, Zip Code)

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**(801) 954-7100**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's common stock as of August 5, 2009 was 15,535,210.

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USANA HEALTH SCIENCES, INC.

FORM 10-Q

For the Quarterly Period Ended July 4, 2009

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(U.S. dollars in thousands)

	As of January 3, 2009 (1)	As of July 4, 2009 (unaudited)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 13,281	\$ 11,170
Inventories	23,879	24,656
Prepaid expenses and other current assets	12,657	10,206
Deferred income taxes	2,857	2,698
Total current assets	52,674	48,730
Property and equipment, net	56,762	56,994
Assets held for sale	607	607
Goodwill	5,690	5,690
Other assets	6,839	7,933
	\$ 122,572	\$ 119,954
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 6,879	\$ 4,697
Other current liabilities	47,655	32,400
Total current liabilities	54,534	37,097
Line of credit	34,990	28,170
Other long-term liabilities	1,212	1,885
Stockholders' equity		
Common stock, \$0.001 par value;		
Authorized 50,000 shares, issued and outstanding 15,350 as of January 3, 2009 and 15,350 as of July 4, 2009	15	15
Additional paid-in capital	8,089	12,707
Retained earnings	24,107	39,544
Accumulated other comprehensive income (loss)	(375)	536
Total stockholders' equity	31,836	52,802

**CONSOLIDATED BALANCE SHEETS**

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	\$	122,572	\$	119,954
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(1) Derived from audited financial statements.

The accompanying notes are an integral part of these statements.

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## USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF EARNINGS

(U.S. dollars in thousands, except per share data)

(unaudited)

	Quarter Ended	
	June 28, 2008 (as restated)	July 4, 2009
Net sales	\$ 109,208	\$ 112,093
Cost of sales	21,884	23,753
Gross profit	87,324	88,340
Operating expenses:		
Associate incentives	45,603	50,321
Selling, general and administrative	25,753	24,719
Total operating expenses	71,356	75,040
Earnings from operations	15,968	13,300
Other income (expense):		
Interest income	85	12
Interest expense	(123)	(146)
Other, net	(27)	259
Other income (expense), net	(65)	125
Earnings before income taxes	15,903	13,425
Income taxes	5,821	4,634
Net earnings	10,082	8,791
Earnings per common share		
Basic	\$ 0.62	\$ 0.57
Diluted	\$ 0.61	\$ 0.57
Weighted average common shares outstanding		
Basic	16,393	15,350

Diluted

16,460

15,385

The accompanying notes are an integral part of these statements.



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## USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF EARNINGS

(U.S. dollars in thousands, except per share data)

(unaudited)

	Six Months Ended	
	June 28, 2008 (as restated)	July 4, 2009
Net sales	\$ 210,778	\$ 209,392
Cost of sales	43,386	43,599
Gross profit	167,392	165,793
Operating expenses:		
Associate incentives	86,967	92,211
Selling, general and administrative	52,789	50,049
Total operating expenses	139,756	142,260
Earnings from operations	27,636	23,533
Other income (expense):		
Interest income	183	30
Interest expense	(362)	(435)
Other, net	43	440
Other income (expense), net	(136)	35
Earnings before income taxes	27,500	23,568
Income taxes	10,125	8,131
Net earnings	17,375	15,437
Earnings per common share		
Basic	\$ 1.06	\$ 1.01
Diluted	\$ 1.06	\$ 1.00
Weighted average common shares outstanding		
Basic	16,378	15,350

Diluted

16,460

15,384

The accompanying notes are an integral part of these statements.

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## USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME

Six Months Ended June 28, 2008 and July 4, 2009

(U.S. dollars in thousands)

(unaudited)

	Shares	Common Stock Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>For the Six Months Ended June 28, 2008</b>						
Balance at December 29, 2007 (as restated)	16,198	\$ 16	\$ 5,636	\$ 26,308	\$ 989	\$ 32,949
Comprehensive income						
Net earnings				17,375		17,375
Foreign currency translation adjustment, net of tax benefit of \$ 438					844	844
Comprehensive income						18,219
Equity-based compensation expense			2,858			2,858
Common stock issued under equity award plans, including tax benefit of \$1,028	215		1,376			1,376
Balance at June 28, 2008 (as restated)	16,413	\$ 16	\$ 9,870	\$ 43,683	\$ 1,833	\$ 55,402
<b>For the Six Months Ended July 4, 2009</b>						
Balance at January 3, 2009	15,350	15	8,089	24,107	(375)	31,836
Comprehensive income						
Net earnings				15,437		15,437
Foreign currency translation adjustment, net of tax benefit of \$613					911	911

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Comprehensive income								16,348
Equity-based compensation expense				4,618				4,618
Balance at July 4, 2009	15,350	\$	15	\$	12,707	\$	39,544	\$ 536 52,802

The accompanying notes are an integral part of these statements.

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**USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(U.S. dollars in thousands)

(unaudited)

	Six Months Ended	
	June 28, 2008 (as restated)	July 4, 2009
Cash flows from operating activities		
Net earnings	\$ 17,375	\$ 15,437
Adjustments to reconcile net earnings to net cash provided by operating activities		