

USANA HEALTH SCIENCES INC

Form 11-K

June 20, 2014

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____

Commission file number: 0-21116

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

USANA HEALTH SCIENCES 401(k) PLAN

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

USANA HEALTH SCIENCES, INC.

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

(Address of principal executive offices, Zip Code)

Table of Contents

USANA HEALTH SCIENCES 401(k) PLAN

FORM 11-K

For the Year Ended December 31, 2013

INDEX

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	3
Financial Statements:	
<u>Statements of Assets Available for Benefits</u>	4
<u>Statement of Changes in Assets Available for Benefits</u>	5
<u>Notes to Financial Statements</u>	6 - 10
<u>Schedule of Assets (Held at End of Year)*</u>	11
<u>Exhibits</u>	12
<u>Signature</u>	13

* Other supplementary schedules required by section 2520-103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Plan Administrators

USANA Health Sciences 401(k) Plan

We have audited the accompanying statements of assets available for benefits of the USANA Health Sciences 401(k) Plan (the Plan) as of December 31, 2013 and 2012, and the related statement of changes in assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Management of the Plan has determined it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included 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 that 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 assets available for benefits of the USANA Health Sciences 401(k) Plan as of December 31, 2013 and 2012 and the changes in assets available for benefits for the year ended December 31, 2013 in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2013 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 United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule 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.

/s/ Tanner LLC

Salt Lake City, Utah
June 20, 2014

Table of Contents**USANA HEALTH SCIENCES 401(k) PLAN****Statements of Assets Available for Benefits**

	December 31,	
	2012	2013
Investments, at fair value:		
Mutual funds	\$ 25,174,826	\$ 33,189,412
USANA Health Sciences, Inc. Unitized Stock Fund	2,148,373	4,425,715
Collective investment fund	20,638	42,928
Total investments	27,343,837	37,658,055
Cash	115	195
Receivables:		
Employer contributions	4,770	23,263
Notes receivable from participants	1,082,845	1,296,477
Total receivables	1,087,615	1,319,740
Assets available for benefits	\$ 28,431,567	\$ 38,977,990

The accompanying notes are an integral part of these statements.

Table of Contents

USANA HEALTH SCIENCES 401(k) PLAN

Statement of Changes in Assets Available for Benefits

Year Ended December 31, 2013

Additions to (deductions from) assets attributable to:		
Investment income:		
Net appreciation in fair value of investments	\$	7,306,426
Interest and dividends		1,164,519
Total investment income		8,470,945
Interest on notes receivable from participants		46,350
Contributions:		
Participants		2,454,208
Employer		1,173,464
Rollovers		210,843
Total contributions		3,838,515
Benefits paid to participants		(1,807,962)
Administrative expenses		(1,425)
Net increase in assets available for benefits		10,546,423
Assets available for benefits:		
Beginning of the year		28,431,567
End of the year	\$	38,977,990

The accompanying notes are an integral part of this statement.

Table of Contents

USANA HEALTH SCIENCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE A DESCRIPTION OF THE PLAN

The following description of the USANA Health Sciences 401(k) Plan (the Plan) provides only general information. Participants and other financial statement users should refer to the Plan agreement for a more complete description of the Plan s provisions.

1. General

The Plan is a defined contribution plan covering all United States non-union employees of USANA Health Sciences, Inc. (the Company or the Employer) who have completed one month of service and are age 18 or older. Certain non-resident aliens are excluded from participating in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and permits traditional 401(k) deferrals (pre-tax) as well as Roth 401(k) deferrals (after-tax).

2. Contributions

Each year participants may elect to contribute up to 75 percent of their annual compensation subject to certain limits as defined in the Plan. Contributions are limited by the Internal Revenue Code, which established a maximum contribution of \$17,500 (\$23,000 for participants age 50 or older) for the year ended December 31, 2013. Participants may elect to make pre-tax contributions and/or after-tax Roth elective contributions into their accounts. Participants may also contribute amounts representing distributions from certain other defined benefit or defined contribution plans. Under the safe harbor and certain other provisions of the Plan, eligible employees who have not made an affirmative election to defer or not defer will have deferrals withheld in the amount of six percent of their compensation, to be invested in the appropriate target date retirement fund. Participants may direct their investments into one or more of the investment options offered by the Plan, with no more than 25 percent of their investment allocations directed into shares of the Company s unitized stock fund.

The Company provides a matching contribution equal to 100 percent of the first one percent of a participant s compensation that is contributed as an elective deferral by the participant, and 50 percent of that elective deferral between one and six percent of the participant s compensation. The Company s board of directors may also authorize additional contributions to the Plan.

3. Participant accounts

Edgar Filing: USANA HEALTH SCIENCES INC - Form 11-K

Individual accounts are maintained for each Plan participant. Each participant's account is adjusted for the participant's contributions and allocations of (a) the Company's contributions and (b) investment gains or losses. The allocation of the Company's discretionary contributions and forfeitures is based on each participant's contribution, as defined by the Plan. The allocation of investment gains or losses is based on a participant's weighted-average account balance, as defined by the Plan.

4. Vesting

Participants are fully vested in their voluntary contributions, including any net investment income on those contributions. The Company's matching contributions fully vest at the end of two years of service. The Company's discretionary profit sharing contributions vest ratably over four years.

5. Notes receivable from participants

A participant may borrow a minimum of \$1,000 up to a maximum of three loans that in the aggregate are equal to the lesser of \$50,000 or 50 percent of his or her vested account balance. Loans are secured by the balances in the participants' accounts and bear interest at rates ranging from 4.25 percent to 5.0 percent, which rates were commensurate with prevailing rates at the time of loan origination. Principal and interest are paid ratably through payroll deductions. Loans are re-paid over five-year periods, unless the loans were used to purchase a principal residence, in which case the payback period may not exceed 30 years. As of December 31, 2013, the Plan had outstanding loans to participants with maturities ranging from 2014 through 2041.

Table of Contents

USANA HEALTH SCIENCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A DESCRIPTION OF THE PLAN CONTINUED

6. Benefits paid to participants

On termination of service due to death, permanent disability, or retirement, a participant or beneficiary may receive a lump-sum amount equal to the value of the participant's vested interest in his or her account. For termination of service due to other reasons, the Plan will automatically make a lump-sum distribution of the value of the participant's vested interest in his or her account where the account balance is less than \$5,000.

7. Forfeited accounts

Forfeited accounts related to the Company's matching contributions may first be used to pay any administrative expenses and are then used to reduce any future employer matching contributions. The table below provides a reconciliation of the balance of forfeited accounts from December 31, 2012 to December 31, 2013.

Balance as of December 31, 2012	\$	13,991
Forfeitures		22,128
Application of forfeitures		(15,452)
Earnings on forfeited account balance		281
Balance as of December 31, 2013	\$	20,948

8. Expenses

The Company, as the Plan Sponsor, pays substantially all administrative expenses of the Plan.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The financial statements of the Plan are presented using the accrual method of accounting in accordance with U.S. generally accepted accounting principles (US GAAP).

2. Use of estimates

The preparation of financial statements in conformity with US GAAP requires Plan management to make estimates and assumptions that affect certain reported amounts of assets available for benefits at the date of the financial statements, the changes in assets available for benefits during the reporting period and, when applicable, the disclosure of contingent assets and liabilities at the date of the financial statements. Those key estimates include determination of the fair value of investments. Actual results may differ from estimates and assumptions made.

3. Investment valuation and income recognition

The Plan's investments are stated at fair value. Quoted market prices are used to value investments in shares of USANA Health Sciences, Inc. common stock (which are held in a unitized stock fund) and in mutual funds. Shares of the collective investment fund are valued at the net asset value, which approximates fair value, using daily market information. Net appreciation (depreciation) caused by fluctuations in the value of investments is reflected in the statement of changes in assets available for benefits. Amounts invested may earn interest and dividends, which in turn are reinvested.

Purchases and sales of securities are recorded on a trade-date basis. Income from interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Earnings and losses within each fund are allocated to participants based on their proportionate shares in the fund.

In general, the Plan's securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities

Table of Contents**USANA HEALTH SCIENCES 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS - CONTINUED****NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of assets available for benefits.

4. Notes receivable from participants

Notes receivable from participants represent participant loans and are valued at their unpaid principal balance plus any accrued but unpaid interest, which approximates fair value. No allowances for credit losses have been recorded as of December 31, 2013 and 2012. If a participant ceases to make loan repayments and the Plan Administrators deem the note receivable from a participant to be a distribution, the note receivable balance is reduced and a benefit payment is recorded.

5. Benefits paid to participants

Benefits are recorded when paid. As of December 31, 2013, there were no distributions that had been requested but not paid.

NOTE C INVESTMENTS

All investment options are participant directed. The following is a summary of the fair value of the Plan's investments as of December 31, 2013 and 2012. Investments representing five percent or more of assets available for benefits as of the end of each year are separately identified.

	2012	2013
The Growth Fund of America	\$ 3,558,516	\$ 4,984,522
American Funds Washington Mutual Investors Fund	3,059,881	4,589,807
USANA Health Sciences, Inc. Unitized Stock Fund	2,148,373	4,425,715
EuroPacific Growth Fund	2,494,429	3,159,979
Fundamental Investors Fund	2,109,011	3,011,352
SmallCap World Fund	2,103,901	2,971,121
The Income Fund of America	1,523,505	1,889,007

Edgar Filing: USANA HEALTH SCIENCES INC - Form 11-K

Money Market Fund	1,697,917	1,777,571
Other	8,648,304	10,848,981
Total Investments	\$ 27,343,837	\$ 37,658,055

Net appreciation in the value of investments includes all investments bought and sold during the year, as well as held at year-end. During the year ended December 31, 2013, the Plan's investments appreciated in value as follows:

Mutual funds	\$ 4,637,194
USANA Health Sciences, Inc. Unitized Stock Fund	2,657,457
Collective investment fund	11,775
	\$ 7,306,426

Table of Contents**USANA HEALTH SCIENCES 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS - CONTINUED****NOTE D FAIR VALUE MEASUREMENTS**

The Plan reports investments in accordance with established authoritative guidance, which requires a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

- Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable and are used to measure fair value in situations where there is little, if any, market activity for the asset or liability at the measurement date.

All investments in the Plan are valued using Level 1 inputs, with the exception of the collective investment fund, which is valued based on Level 2 inputs. The fair values of Plan investments are summarized below for the end of each year indicated:

	2012	2013
Mutual funds:		
Domestic equity funds	\$ 10,741,254	\$ 15,533,988
International equity funds	5,937,387	7,864,036
Domestic blended funds	2,740,805	4,565,471
Domestic bond funds	1,856,127	1,415,568
Domestic balanced funds	1,110,933	1,365,638
U.S. Government bond funds	779,323	501,792
International bond funds	311,080	165,348
Money market funds	1,697,917	1,777,571
USANA Health Sciences, Inc. Unitized Stock Fund	2,148,373	4,425,715
Collective investment fund	20,638	42,928
	\$ 27,343,837	\$ 37,658,055

Edgar Filing: USANA HEALTH SCIENCES INC - Form 11-K

The USANA Health Sciences, Inc. Unitized Stock Fund primarily includes Company common stock, the value of which is measured using the quoted market price. A small portion of this fund consists of cash held in an interest-bearing checking account. The cash portion of this fund provides liquidity, which enables Plan participants to transfer money daily among all investment choices. The fair value of this fund is based on Level 1 inputs as described above.

Shares of the collective investment fund are measured at the net asset value, which approximates fair value, using Level 2 inputs. The values of the underlying securities that compose the net asset value are determined based on daily quoted market prices. The objective of this fund is to provide above-average total returns by applying five specialized investment strategies. It invests in a portfolio of stocks, which are selected by applying pre-determined screens and factors and is automatically rebalanced annually with new stocks selected by reapplying the underlying strategies.

NOTE E RELATED-PARTY TRANSACTIONS

Plan assets include common stock of the Company held in a unitized stock fund, the balance of which was \$4,425,715 as of December 31, 2013 (\$2,148,373 as of December 31, 2012). Transactions with respect to shares of the Company's common stock qualify as party-in-interest transactions. The Plan held 58,240 shares of common stock of the Company as of December 31, 2013 (62,575 shares as of December 31, 2012). The closing price of the Company's common stock on December 31, 2013 was \$75.58 (\$32.93 on December 31, 2012).

Notes receivable from participants totaling \$1,296,477 as of December 31, 2013 (\$1,082,845 as of December 31, 2012) are considered party-in-interest transactions. Interest income pertaining to notes receivable from participants totaled \$46,350 for 2013.

Table of Contents

USANA HEALTH SCIENCES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS - *CONTINUED*

NOTE F PLAN TERMINATION

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

NOTE G TAX STATUS

The Plan has adopted a non-standardized prototype plan for which the Internal Revenue Service has issued a favorable opinion letter covering the qualification of the Plan. The Plan Administrators and the Plan's tax counsel do not anticipate that changes in the Plan after the date of the Internal Revenue Service opinion letter will affect the qualified and tax-exempt status of the Plan. Accordingly, the financial statements of the Plan do not include provisions, assets or liabilities related to income taxes.

U.S. GAAP requires management to evaluate income tax positions taken by the Plan and to recognize an income tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. The Plan Administrators analyzed the tax positions taken by the Plan and have concluded that as of December 31, 2013, and 2012, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by tax jurisdictions for tax years for which the applicable statutes of limitations have not expired; however, there are currently no audits for any tax periods in progress. The Plan Administrators believe the Plan is no longer subject to income tax examinations for years prior to 2010.

Table of Contents**USANA HEALTH SCIENCES 401(k) PLAN****SUPPLEMENTAL INFORMATION**

Employer Identification Number: 87-0500306

Plan Number: 001

SCHEDULE H, PART IV, Line 4(i)

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

As of December 31, 2013

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT	SHARES, UNITS, OR LOANS	(e) CURRENT VALUE
*	USANA Health Sciences, Inc.	Common Stock held in unitized fund (\$239,133 cash)	58,240 \$	4,425,715
	The Growth Fund of America	Mutual Fund	115,919	4,984,522
	Washington Mutual Investors Fund	Mutual Fund	116,404	4,589,807
	EuroPacific Growth Fund	Mutual Fund	64,397	3,159,979
	Fundamental Investors Fund	Mutual Fund	57,944	3,011,352
	SmallCap World Fund	Mutual Fund	60,450	2,971,121
	The Income Fund of America	Mutual Fund	91,477	1,889,007
	New World of America Fund	Mutual Fund	24,943	1,465,421
	American Balanced Fund	Mutual Fund	55,923	1,365,638
	American Funds 2040 Target Date	Mutual Fund	77,351	970,753
	American Funds 2030 Target Date	Mutual Fund	66,085	818,135
	American Funds 2050 Target Date	Mutual Fund	63,515	782,501
	American High-Income Trust	Mutual Fund	68,010	772,596
	American Funds 2045 Target Date	Mutual Fund	52,836	663,616
	The Bond Fund of America	Mutual Fund	51,853	642,972
	U.S. Government Securities Fund	Mutual Fund	37,115	501,792
	Lord Abbett Developing Growth Fund	Mutual Fund	19,149	493,471
	American Funds 2025 Target Date	Mutual Fund	37,020	441,280
	American Funds 2035 Target Date	Mutual Fund	25,867	320,234
	Hartford MidCap Fund	Mutual Fund	11,303	317,384
	Prudential Jennison Natural Resources Fund	Mutual Fund	5,405	267,515
	American Funds 2015 Target Date	Mutual Fund	23,378	251,545
	Nuveen Real Estate Securities Fund	Mutual Fund	12,767	248,445
	Templeton Global Bond Fund	Mutual Fund	12,584	165,348
	American Funds 2020 Target Date	Mutual Fund	14,691	164,834
	American Funds 2055 Target Date	Mutual Fund	7,967	120,067
	American Funds 2010 Target Date	Mutual Fund	3,206	32,506
	American Funds Money Market	Money Market Fund	1,777,571	1,777,571
*	Notes receivable from participants	Loans with interest rates ranging from 4.25% to 5.0%	263	1,296,477

Edgar Filing: USANA HEALTH SCIENCES INC - Form 11-K

First Trust All Equity Allocation Portfolio	Collective Investment Fund	3,440	42,928
		\$	38,954,532

* Party-in-interest

Note - Column (d), cost, is not required because all investments are participant directed.

Table of Contents

EXHIBIT

Exhibit Number	Description
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith)

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

USANA Health Sciences 401(k) Plan

Date: June 20, 2014

/s/ Paul A. Jones
Paul A. Jones
Chief Financial Officer
(Principal Financial and Accounting Officer)
Plan Sponsor