

USANA HEALTH SCIENCES INC

Form 11-K

June 26, 2018

[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, 2017

or

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

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

Commission file number: 001-35024

---

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, 2017

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 - 9
<u>Schedule of Assets (Held at End of Year)*</u>	10
<u>Exhibit</u>	11
<u>Signature</u>	12

---

\* 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

**Opinion on the Financial Statements**

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, 2017 and 2016, the related statement of changes in assets available for benefits for the year ended December 31, 2017 and the related notes to financial statements (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Supplemental Information**

The Schedule of Assets (Held at End of Year) (the supplemental schedule) has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures

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

included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Tanner LLC

We have served as the Plan's auditor since 2004

Salt Lake City, Utah

June 26, 2018

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

	2016	December 31,	2017
Investments, at fair value:			
Mutual funds	\$ 44,643,206	\$	56,904,310
USANA Health Sciences, Inc. Stock Fund	6,366,296		5,939,880
Collective investment fund	1,722,459		1,377,436
Total investments	52,731,961		64,221,626
Receivables:			
Employer contributions	39,157		
Notes receivable from participants	1,506,220		1,594,856
Total receivables	1,545,377		1,594,856
Assets available for benefits	\$ 54,277,338	\$	65,816,482

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, 2017**

Additions to (deductions from) assets attributable to:	
Investment income:	
Net appreciation in fair value of investments	\$ 8,498,509
Interest and dividends	2,341,495
Total investment income	10,840,004
Interest on notes receivable from participants	65,920
Contributions:	
Participants	4,078,459
Employer	1,799,200
Rollovers	347,605
Total contributions	6,225,264
Benefits paid to participants	(5,478,900)
Administrative expenses	(113,144)
Net increase in assets available for benefits	11,539,144
Assets available for benefits:	
Beginning of the year	54,277,338
End of the year	\$ 65,816,482

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 substantially 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. 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. Participant contributions are limited by the Internal Revenue Code, which established a maximum contribution of \$18,000 (\$24,000 for participants age 50 or older) for the year ended December 31, 2017. 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 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 elective deferrals 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



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.

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 5.25 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 a five-year period, 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, 2017, the Plan had outstanding loans to participants with maturities ranging from 2018 through 2047.

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, 2016 to December 31, 2017.

Balance as of December 31, 2016	\$	7,293
Forfeitures		28,812
Application of forfeitures		(13,366)
Earnings on forfeited account balance		127
Balance as of December 31, 2017	\$	22,866

8. Expenses

The Company, as the Plan Sponsor, paid all administrative expenses during the year ended December 31, 2017, except for \$113,144.

**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 mutual funds. Units of the USANA Health Sciences, Inc. Stock Fund ( Stock fund ) and the collective investment fund are valued at 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.

Table of Contents

**USANA HEALTH SCIENCES 401(k) PLAN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 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. As of December 31, 2017 and December 31, 2016, no allowances for credit losses had been recorded. 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, 2017, there were no distributions that had been requested but not paid.

**NOTE C 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.

Investments in mutual funds are valued using Level 1 inputs. In accordance with Subtopic 820-10, the Stock fund and the collective investment fund are measured using the net asset value per unit as a practical expedient and are therefore not classified in the fair value hierarchy.

The Stock fund primarily includes Company common stock, the value of which is measured using net asset value per unit as a practical expedient. Redemption frequency for this fund is immediate, this fund contains no unfunded commitments, and has no redemption restrictions.

Shares of the collective investment fund are measured at net asset value, which approximates fair value. Redemption frequency for this fund is immediate, this fund contains no unfunded commitments, and has no redemption restrictions.

#### **NOTE D RELATED-PARTY TRANSACTIONS**

Plan assets include common stock of the Company. Transactions with respect to shares of the Company's common stock qualify as party-in-interest transactions. As of December 31, 2016, 99,100 shares of the Company's common stock were held in a unitized stock fund, the balance of which was \$6,366,296, including \$301,376 in cash. During the second half of 2017, the Plan transitioned the common stock of the Company to a Stock fund. As of December 31, 2017, the Plan held 80,214 shares of the Company's common stock, the balance of which was \$5,939,880. The closing price of the Company's common stock on December 31, 2016 and December 31, 2017 was \$61.20 and \$74.05, respectively.

Notes receivable from participants on December 31, 2016 and December 31, 2017 were \$1,506,220 and \$1,594,856, respectively. Notes receivable are considered party-in-interest transactions. Interest income pertaining to notes receivable from participants totaled \$65,920 for 2017.

Table of Contents

**USANA HEALTH SCIENCES 401(k) PLAN**

**NOTES TO FINANCIAL STATEMENTS - *CONTINUED***

**NOTE E 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 F 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.

US 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, 2016 and December, 31 2017, 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.

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, 2017

( a )	( b )	( c )	SHARES, UNITS, OR LOANS	( e ) CURRENT VALUE
	IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT		
*	USANA Health Science, Inc. Stock Fund	Stock fund	80,214	\$ 5,939,880
	The Hartford Growth Opportunities Fund Class Y	Mutual funds	156,403	7,438,506
	American Funds Washington Mutual Investors Fund Class R-6	Mutual funds	146,403	6,686,215
*	Fidelity® 500 Index Fund - Premium Class	Mutual funds	62,956	5,883,197
	Janus Henderson International Opportunities Fund Class I	Mutual funds	120,440	3,616,807
	American Funds American Balanced Fund® Class R-6	Mutual funds	132,226	3,591,262
	American Funds SMALLCAP World Fund® Class R-6	Mutual funds	62,896	3,565,551
	American Funds 2050 Target Date Retirement Fund® Class R-6	Mutual funds	210,940	3,197,856
	Prudential Total Return Bond Fund Class Q	Mutual funds	205,290	2,993,127
	American Funds 2040 Target Date Retirement Fund® Class R-6	Mutual funds	141,770	2,161,998
	American Funds 2045 Target Date Retirement Fund® Class R-6	Mutual funds	123,688	1,915,922
	American Funds New World Fund® Class R-6	Mutual funds	28,409	1,900,018
	American Funds 2025 Target Date Retirement Fund® Class R-6	Mutual funds	129,876	1,752,030
	American Funds 2035 Target Date Retirement Fund® Class R-6	Mutual funds	114,694	1,706,650
	American Funds 2030 Target Date Retirement Fund® Class R-6	Mutual funds	113,763	1,643,878
	American Funds 2055 Target Date Retirement Fund® Class R-6	Mutual funds	75,322	1,426,597
	Carillon Eagle Mid Cap Growth Fund Class R6	Mutual funds	21,279	1,272,895
	Nuveen Real Estate Securities Fund Class R6	Mutual funds	45,073	935,270
	Janus Henderson Triton Fund Class I	Mutual funds	31,262	902,843
*	Fidelity® Mid Cap Index Fund - Premium Class	Mutual funds	30,987	650,097
*	Fidelity® Small Cap Index Fund - Premium Class	Mutual funds	30,913	628,160
	Victory Sycamore Established Value Fund Class R6	Mutual funds	14,066	571,219
	Principal Diversified Real Asset Fund Class R-6	Mutual funds	48,646	566,239
		Mutual funds	40,445	509,604

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

American Funds 2020 Target Date Retirement Fund® Class R-6				
	Undiscovered Managers Behavioral Value Fund Class L	Mutual funds	6,057	423,534
*	Fidelity® Total International Index Fund - Premium Class	Mutual funds	28,963	362,903
	Templeton Global Bond Fund Class R6	Mutual funds	18,086	214,317
American Funds 2015 Target Date Retirement Fund® Class R-6				
	Invesco Diversified Dividend Fund Class R6	Mutual funds	6,043	123,031
American Funds 2010 Target Date Retirement Fund® Class R-6				
	American Funds 2060 Target Date Retirement Fund® Class R-6	Mutual funds	3,110	38,628
*	Fidelity® Government Money Market Fund	Mutual funds	2,173	2,173
				56,904,310
*	Notes receivable from participants	Loans with interest rates ranging from 4.25% to 5.25%	282	1,594,856
	Wells Fargo Stable Value Fund Class C	Collective investment fund	26,142	1,377,436
				\$ 65,816,482

\* Party-in-interest

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

See accompanying Report of Independent Registered Public Accounting Firm.



Table of Contents

**EXHIBIT**

<b>Exhibit Number</b>	<b>Description</b>
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.

Date: June 26, 2018

USANA Health Sciences 401(k) Plan

/s/ G. Douglas Hekking  
G. Douglas Hekking  
Chief Financial Officer  
(Principal Financial and Accounting Officer)  
Plan Sponsor