

MONRO MUFFLER BRAKE INC

Form 11-K

September 28, 2009

**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 March 31, 2009**  
**OR**
- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**  
**Commission File Number 0-19357**

**MONRO MUFFLER BRAKE, INC.  
PROFIT SHARING PLAN**

(Full title of the plan)

**MONRO MUFFLER BRAKE, INC.  
200 HOLLEDER PARKWAY  
ROCHESTER, NY 14615**

(Name of issuer of the securities held pursuant to the plan and address of its principal executive office)

---

**MONRO MUFFLER BRAKE, INC.**  
**PROFIT SHARING PLAN**  
**INDEX TO FINANCIAL STATEMENTS AND SCHEDULE**

	Page No.
<u>Report of Independent Registered Public Accounting Firm</u>	3
Financial Statements	
<u>Statements of Net Assets Available for Plan Benefits as of March 31, 2009 and 2008</u>	4
<u>Statement of Changes in Net Assets Available for Plan Benefits for the year ended March 31, 2009</u>	5
<u>Notes to Financial Statements</u>	6
Supplemental Schedule	
<u>Schedule of Delinquent Participant Contributions</u>	12
<u>Schedule of Assets (Held at End of Year) (Schedule H, Part IV(1)) March 31, 2009</u>	13
All other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.	
<u>Signature</u>	14
<u>Exhibit Index</u>	15
<u>Exhibit 23.1 - Consent of Independent Registered Public Accounting Firm</u>	

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of  
Monro Muffler Brake, Inc. Profit Sharing Plan

We have audited the accompanying statements of net assets available for plan benefits of Monro Muffler Brake, Inc. Profit Sharing Plan as of March 31, 2009 and 2008, and the related statement of changes in net assets available for plan benefits for the year ended March 31, 2009. 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 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. 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 net assets available for plan benefits of Monro Muffler Brake, Inc. Profit Sharing Plan as of March 31, 2009 and 2008, and the changes in net assets available for plan benefits for the year ended March 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Freed Maxick & Battaglia, CPAs, PC

Buffalo, New York  
September 28, 2009

**Table of Contents**

**MONRO MUFFLER BRAKE, INC.**  
**PROFIT SHARING PLAN**  
**STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS**

	<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Investments at market value		
Cash and cash equivalents	\$ 1,961,521	\$ 1,082,177
Shares of registered investment companies	15,491,590	23,942,505
Employer securities	1,300,975	873,118
Participant loans	1,241,321	1,151,492
 Total investments at market value	 19,995,407	 27,049,292
 Receivables:		
Employer's contributions	445,914	174,421
Participants' contributions	308,443	78,786
 Total receivables	 754,357	 253,207
 Total assets	 20,749,764	 27,302,499
<b>Liabilities</b>		
Accrued expenses	128,401	69,969
 Net assets available for plan benefits	 \$ 20,621,363	 \$ 27,232,530

The accompanying notes are an integral part of the financial statements.

**Table of Contents****MONRO MUFFLER BRAKE, INC.****PROFIT SHARING PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS**

	<b>Year ended March 31, 2009</b>
<b>Additions to net assets attributed to:</b>	
Contributions:	
Employer	\$ 631,047
Participant	2,208,675
Rollover	44,619
Total contributions	2,884,341
Investment Income:	
Net increase (decrease) in fair value of investments:	
Shares of registered investment companies	(8,443,733)
Employer securities	502,953
	(7,940,780)
Dividend income	568,351
Interest income	81,293
Total investment loss	(7,291,136)
Total reductions	(4,406,795)
<b>Deductions from net assets attributed to:</b>	
Benefits paid to participants	2,166,303
Administrative expenses	38,069
Total deductions	2,204,372
Decrease in net assets available for benefits	(6,611,167)
Net assets available for plan benefits:	
Beginning of year	27,232,530
End of year	\$ 20,621,363

The accompanying notes are an integral part of the financial statements.



**Table of Contents**

**MONRO MUFFLER BRAKE, INC.**

**PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 DESCRIPTION OF THE PLAN:**

The following brief description of the Monro Muffler Brake, Inc. Profit Sharing Plan (the Plan ) is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

**General**

Monro Muffler Brake, Inc. (the employer and Plan sponsor) (the Company ) voluntarily contributes funds to provide for retirement, termination, disability and death benefits of plan participants.

On November 18, 1999, the Board of Directors approved amending the Plan to add a 401(k) salary deferral option. Prior to this amendment, participant fund balances consisted solely of employer-contributed Profit Sharing amounts adjusted for related gains/losses. In connection with this amendment, a new trustee (the Trustee ) and custodian were appointed by the Board of Directors. Plan assets are invested in funds designated by each participant. Participant contributions under the 401(k) salary deferral option began in March 2000. The legal effective date of the Plan amendment was March 1, 2000.

The Plan was restated in order to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001, Pub. L. 107-17 (EGTRRA). The legal effective date of this restatement is April 1, 2007.

**Participation**

Full-time, permanent employees of Monro Muffler Brake, Inc. become participants of the Plan on the first of the month following the completion of 90 days of service. To participate, an employee must be 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( ERISA ).

**Contributions**

Participants may contribute from 1% to 30% of their annual pre-tax compensation. Participants may also contribute amounts representing rollovers from other qualified plans. Contributions are subject to certain limitations as required under the Internal Revenue Code. Participants who have attained age 50 or older during the plan year are eligible to make catch-up contributions.

Participants' contributions are matched ( 401(k) Matching Contributions ) by the Company in an amount determined by the Board of Directors of the Company. The Board has currently decided to match the amount of \$.50 for every dollar contributed up to 4% of the participant's pre-tax compensation.

Participants must complete 1,000 hours of service in order to be eligible to receive the employer match. Participants must also be employed at the end of the Plan year in which they are to receive an employer match.



**Table of Contents**

**MONRO MUFFLER BRAKE, INC.**

**PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

Additionally, the Company may contribute to the Plan an additional amount, either in the form of a Profit Sharing Contribution, or in the form of an additional match on 401(k) participant contributions, based on the sole discretion of the Board of Directors. For the years ended March 31, 2009 and 2008, the Company did not make a Profit Sharing Contribution.

Profit Sharing Contributions are allocated by the custodian based on the proportionate share of wages earned by each participant in relation to the total qualified wages for all participants in the Plan.

**Participants Accounts**

Each participant's account is credited with the participant's contribution and (a) the Company's matching contribution, (b) an allocation of the Company's profit sharing contribution, (c) Plan earnings and (d) charged with an allocation of administrative expenses. Plan earnings and administrative expense allocations are based on 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 own salary reduction contributions plus actual earnings thereon. Vesting in the Company 401(k) Matching Contribution portion of their accounts, plus actual earnings thereon, is based on years of service as defined in the Plan. A participant vests 25% at the end of his/her second year of service, and an additional 25% each year thereafter.

Participants become 100% vested in the Company's Profit Sharing Contributions at the end of five years of service with 25%, 50% and 75% vesting in years two, three and four, respectively.

Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions and to pay administrative expenses of the Plan. Forfeited accounts used to reduce company contributions amounted to approximately \$92,000 and \$33,000 for the years ended March 31, 2009 and 2008, respectively. At March 31, 2009 and 2008, remaining forfeitures available to offset future contributions were approximately \$66,000 and \$17,000, respectively.

**Participant Loans**

Participants may borrow from their 401(k) and profit sharing fund accounts in various amounts as specified by the Plan. Loans must be a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances. Loan terms range from one to five years, or up to ten years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Benefits Committee. Principal and interest are paid ratably through payroll deductions. Loans of approximately \$699,000 and \$657,000 were granted during the years ended March 31, 2009 and 2008, respectively.

**Table of Contents**

**MONRO MUFFLER BRAKE, INC.  
PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS**

**Administration**

The Monro Muffler Brake, Inc. Benefits Committee is solely responsible for the general administration of the Plan and carrying out the Plan provisions. The Company reserves the right, by action of the Board of Directors, to discontinue contributions and terminate the Plan at any time. In the event of a termination of the Plan, each participant shall immediately become fully vested. The trustee and custodian of the Plan's assets is State Street Bank and Trust Company. The investment manager of the Plan is Diversified Investment Advisors.

**Administrative Expenses**

Plan expenses are primarily paid by the Plan.

**Benefit Payments**

Benefits are recorded when paid.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting**

The financial statements of the Plan have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

**Investment Valuation and Income Recognition**

Plan assets are reported at fair market value measured by quoted prices or at the original principal amount plus interest earned to date. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year end. Employer securities are valued based upon quoted market prices.

Participant loans are valued at their outstanding balances, which approximates fair value.

The Plan presents, in the Statement of Changes in Net Assets, the net appreciation or depreciation in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation of those investments.

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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

**Table of Contents**

**MONRO MUFFLER BRAKE, INC.**  
**PROFIT SHARING PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

**Risks and Uncertainties**

Investment securities are exposed to various risks, such as interest rate and market risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risk in the near term would materially affect participants' account balances and the amount reported in the Statement of Net Assets Available for Plan Benefits and the Statement of Changes in Net Assets Available for Plan Benefits.

**Recent Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards No. 157 ( SFAS 157 ), Fair Value Measurements . This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. The Plan adopted SFAS 157 in the fiscal year ended March 31, 2009. The adoption of SFAS 157 had no impact on the Plan's net assets available for plan benefits or the changes in its net assets available for plan benefits. (See Note 6).

**NOTE 3 INVESTMENTS:**

The following table presents individual investments that represent five percent or more of the Plan's net assets available for benefits:

	<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>
Stock Index	1,293,164	2,162,754
Intermediate Horizon SAF *	2,497,873	3,638,851
Intermediate/Long Horizon SAF *	2,015,858	3,063,963
Long Horizon SAF *	3,019,873	5,204,567
Money Market Fund	1,895,236	**
Monro Stock Fund	1,300,975	**
International Equity Fund	**	1,791,749
Participant Loans	1,241,321	**

\* SAF Strategic Allocation Fund.

\*\* Amount did not meet 5% threshold and is disclosed for comparative purposes only.

**Table of Contents**

**MONRO MUFFLER BRAKE, INC.**

**PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 PARTY-IN-INTEREST TRANSACTIONS:**

Plan investments are shares of registered investment companies managed by Transamerica Asset Management, Inc., an affiliate of Diversified Investment Managers (Diversified). Diversified is the third party administrator and, therefore, these transactions qualify as party-in-interest. Fees paid by the Plan for professional expenses amounted to \$38,069 and \$46,319 for the years ended March 31, 2009 and 2008, respectively. The Plan also invests in Monro Muffler Brake, Inc. Stock Fund. Monro Muffler Brake, Inc. (Monro) is the plan sponsor, and therefore, these transactions qualify as party-in-interest. Investment income from investments sponsored by Monro amounted to \$502,953 and \$334,970 for the years ended March 31, 2009 and 2008, respectively. Investment loss from investments sponsored by participant loans and Diversified amounted to \$7,794,089 and \$1,738,831 for the years ended March 31, 2009 and 2008, respectively.

**NOTE 5 FEDERAL INCOME TAX STATUS:**

The Plan administrator has obtained a favorable determination letter dated July 7, 2009 from the Internal Revenue Service, which qualified the Plan under Section 401(a) of the Internal Revenue Code (the Code ).

**NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS:**

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which establishes a comprehensive framework for measuring fair value and expands disclosures about fair value measurements. Specifically, this Statement sets forth a definition of fair value, and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The Statement defines levels within the hierarchy as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs.

**Table of Contents**

The following table sets forth financial assets measured at fair value in the Statement of Net Assets Available for Plan Benefits and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of March 31, 2009:

Description	Fair Value Measurements at Reporting Date Using			
	Total as of March 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 1,961,521	\$	\$ 1,961,521	\$
Shares of registered investment companies	15,491,590	15,491,590		
Employer securities	1,300,975	1,300,975		
Participant loans	1,241,321			1,241,321
Total	<b>\$ 19,995,407</b>	<b>\$ 16,792,565</b>	<b>\$ 1,961,521</b>	<b>\$ 1,241,321</b>

The table below sets forth a summary of the change in the fair value of the Plan's level 3 investment assets for the year ended March 31, 2009:

	Level 3 Asset Gains and Losses for the Year Ended March 31, 2009	
	Total	Participant Loans
<b>Balance, beginning of year</b>	<b>\$ 1,151,492</b>	<b>\$ 1,151,492</b>
Purchases, sales, issuances and settlements, net	89,829	89,829
<b>Balance, end of year</b>	<b>\$ 1,241,321</b>	<b>\$ 1,241,321</b>

**Table of Contents**

**MONRO MUFFLER BRAKE, INC.  
PROFIT SHARING PLAN**

**Form 5500, Schedule H, Part IV, Question 4a Schedule of Delinquent Participant Contributions  
EIN # 16-0838627, Plan #001  
March 31, 2009**

<b>Participant Contribution Transferred Late to Plan</b>	<b>Total That Constitutes Non-exempt Prohibited Transaction</b>
\$ 1,040,298	\$ 1,040,298*

\* Represents delinquent participant elective deferral contributions that were deposited in trust later than the applicable ERISA timely deposit deadline.

**Table of Contents****MONRO MUFFLER BRAKE, INC.  
PROFIT SHARING PLAN**

**Form 5500, Schedule H, Part IV, Question 4i Schedule of Assets (Held at End of Year)**  
**EIN # 16-0838627, Plan #001**  
**March 31, 2009**

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Fair Market Value
	State Street Bank & Trust Company	Cash Reserve Account	\$ 66,285
*	Transamerica Partners Fund Group	Money Market Fund	1,895,236
*	Transamerica Partners Fund Group	High Quality Bond Fund	871,884
*	Transamerica Partners Fund Group	Core Bond Fund	781,197
*	Transamerica Partners Fund Group	Stock Index Fund	1,293,164
*	Transamerica Partners Fund Group	Value & Income Fund	700,964
*	Transamerica Partners Fund Group	Growth & Income Fund	654,063
*	Transamerica Partners Fund Group	Equity Growth Fund	733,673
*	Transamerica Partners Fund Group	Special Equity Fund	753,432
*	Transamerica Partners Fund Group	International Equity Fund	842,893
*	Transamerica Asset Allocation Fund Group	Short Horizon SAF	611,620
*	Transamerica Asset Allocation Fund Group	Intermediate Horizon SAF	2,497,873

* Transamerica Asset Allocation Fund Group	Intermediate/Long Horizon SAF	2,015,858
* Transamerica Asset Allocation Fund Group	Short/Intermediate SAF	715,096
* Transamerica Asset Allocation Fund Group	Long Horizon SAF	3,019,873
* Monro Muffler Brake, Inc.	Monro Stock Fund	1,300,975
* Monro Muffler Brake, Inc. Profit Sharing Plan	Participant Loans (Interest rates range between 4.25% to 9.25%)	1,241,321
		\$ 19,995,407
* Party-in-interest.		



**Table of Contents**

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Monro Muffler Brake, Inc., as Administrator, has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Monro Muffler Brake, Inc.  
AS ADMINISTRATOR OF  
Monro Muffler Brake, Inc.  
Profit Sharing Plan

DATE: September 28, 2009

By: /s/ Catherine D Amico  
Catherine D Amico  
Executive Vice President Finance and  
Chief Financial Officer

- 14 -

---

**Table of Contents**

EXHIBIT INDEX

**Exhibit**

23.1 Consent of Freed Maxick & Battaglia, CPAs, PC, dated September 28, 2009.

- 15 -