

MERIT MEDICAL SYSTEMS INC

Form 11-K/A

June 28, 2011

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

Washington, D.C. 20549

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**FORM 11-K/A**

(Amendment No. 1)

**ANNUAL REPORT**

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

(Mark One)

**Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2010

OR

**Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**

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For the transition period from      to

Commission File Number: 000-18592

Full title of the plan and name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**MERIT MEDICAL SYSTEMS, INC. 401(k) PROFIT SHARING PLAN**

**Merit Medical Systems, Inc.**

**1600 West Merit Parkway**

**South Jordan, UT 84095**

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Explanatory Note

The purpose of this Amendment No. 1 on Form 11-K/A (this Amendment No. 1 ) is to provide the conformed signature of Deloitte & Touche LLP on the Report of Independent Registered Public Accounting Firm located on page 1 of the Form 11-K previously filed with the Securities and Exchange Commission on June 23, 2011 (the Form 11-K ), and to provide the conformed signature of Deloitte & Touche LLP on the Consent of Independent Registered Public Accounting Firm set forth in Exhibit 23.1 of the Form 11-K.

No other changes have been made to the Form 11 K. This Amendment No. 1 speaks as of the original filing date of the Form 11-K, does not reflect events that may have occurred subsequent to the original filing date and does not modify or update in any way disclosures made in the Form 11 K.

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*Merit Medical Systems, Inc.*  
*401(k) Profit Sharing Plan*

Financial Statements as of December 31, 2010 and 2009, and for the Year Ended December 31, 2010, Supplemental Schedule as of December 31, 2010, and Report of Independent Registered Public Accounting Firm

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NOTE: All other 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.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Trustees and Participants of  
Merit Medical Systems, Inc. 401(k) Profit Sharing Plan  
South Jordan, Utah

We have audited the accompanying statements of net assets available for benefits of the Merit Medical Systems, Inc. 401(k) Profit Sharing Plan (the Plan ) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. 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. The Plan 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, 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 accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010, 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 schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2010 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Salt Lake City, Utah  
June 23, 2011



Table of Contents**MERIT MEDICAL SYSTEMS, INC. 401(k) PROFIT SHARING PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****AS OF DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>ASSETS:</b>		
Cash	\$ 103,749	\$ 6,337
Investments	45,686,182	41,202,936
Receivables:		
Notes receivable from participants	1,910,033	1,671,050
Employer contributions	106,291	42,716
Participant contributions		14,655
Total receivables	2,016,324	1,728,421
Total assets	47,806,255	42,937,694
<b>LIABILITIES:</b>		
Accounts payable	224,386	12,230
Excess contributions payable		198,873
Total liabilities	224,386	211,103
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	47,581,869	42,726,591
ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE FOR COMMON COLLECTIVE TRUST	(36,319)	(7,581)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 47,545,550	\$ 42,719,010

See notes to financial statements.

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**MERIT MEDICAL SYSTEMS, INC. 401(k) PROFIT SHARING PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>CONTRIBUTIONS:</b>	
Employer contributions	\$ 1,129,979
Participant contributions	3,399,940
Rollover contributions	686,132
Total contributions	5,216,051
<b>INVESTMENT INCOME:</b>	
Net appreciation in fair value of investments	1,085,479
Interest and dividends	636
Net investment income	1,086,115
Interest income on notes receivable from participants	82,177
<b>DEDUCTIONS:</b>	
Benefits paid to participants	(1,504,823)
Administrative expenses	(52,980)
Total deductions	(1,557,803)
<b>INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>4,826,540</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>	
Beginning of year	42,719,010
End of year	\$ 47,545,550

See notes to financial statements.

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**MERIT MEDICAL SYSTEMS, INC. 401(k) PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2010 AND 2009, AND FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. DESCRIPTION OF THE PLAN**

The following description of the Merit Medical Systems, Inc. 401(k) Profit Sharing Plan (the Plan) is provided for general information purposes only. Reference should be made to the Plan document for more complete information.

**General** The Plan is a defined contribution plan covering substantially all employees who have completed 90 days of service of Merit Medical Systems, Inc. (the Company). The Plan is administered by a trustee who has been appointed by the board of directors of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Contributions** Each year, participants may contribute up to 100% of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code (IRC) limitations. The Company contributes, on a discretionary basis, 75% of the first 2%, and 25% of the next 3% of base compensation that a participant contributes to the Plan.

**Participant Accounts** Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or 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.

**Investments** Participants direct the investment of their contributions and Company contributions into various investment options offered by the Plan.

**Vesting** Participants are vested immediately in their contributions, plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant vests 20% a year of credited service and is 100% vested after five years of credited service.

**Participant Loans** Participants may borrow from their accounts up to a maximum of \$50,000 or 50% of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates at the time funds are borrowed as determined quarterly by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

**Payment of Benefits** On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or annual installments over a ten-year period. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**Forfeited Accounts** At December 31, 2010 and 2009, forfeited nonvested accounts totaled \$19,335 and \$19,700, respectively. These accounts may be used to reduce future employer contributions. During the year ended December 31, 2010, forfeited nonvested accounts totaling \$16,414 were used to reduce employer contributions.

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**Administrative Expenses** Administrative expenses of the Plan are paid by the Company as provided in the Plan document.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Use of Estimates** The preparation of financial statements in conformity with GAAP requires Plan 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.

**Risk and Uncertainties** The Plan utilizes various investment instruments, including mutual funds, common stock, a common collective trust, self-directed brokerage accounts, and interest bearing cash funds. Investment securities, in general, 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 financial statements.

**Benefit-Responsive Investment Contracts** As described in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 962, *Plan Accounting - Defined Contribution Pension Plans*, fully benefit-responsive investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the 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.

The Plan invests in investment contracts through a collective trust in the Morley Stable Value ( MSV ) Fund. As required under ASC 962, the statements of net assets available for benefits presents the investment in the collective trust at fair value with an offsetting adjustment which, when netted against the fair value, will equal contract value. The weighted average yield of the underlying investments in the MSV Fund for the year ended December 31, 2010, was 2.66%.

**Payment of Benefits** Benefit payments to participants are recorded upon distribution. There were no amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid at December 31, 2010 and 2009.

**Excess Contributions Payable** The Plan is required to return contributions received during the Plan year in excess of IRC limits. There were no excess contributions payable at December 31, 2010.

**Investment Valuation and Income Recognition** The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's common stock is valued at the closing price reported on the NASDAQ Stock Exchange in the last business day of the plan year. Interest bearing cash funds are stated at amortized cost, which approximates fair value. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. The underlying investments within self-directed brokerage accounts are valued at quoted market prices. The common collective trust is stated at fair value and then adjusted to contract value as described above. Fair value of the common collective trust is the net asset value of its underlying investments, and contract value is principal plus accrued interest. The common collective trust generally permits redemptions daily and there are no unfunded commitments by the Plan related to this investment. The Plan is permitted to redeem investment units at the net asset value on the measurement date, and as a result, the investment is classified as a Level 2 asset in the fair value hierarchy.

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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.

Management fees and operating expenses charged to the Plan for investments in mutual funds and the common collective trust are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

**Notes Receivable from Participants** Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

**Recent Accounting Pronouncements** In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures*, which amends ASC 820, *Fair Value Measurements and Disclosures*, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan prospectively adopted the new guidance in 2010, except for the Level 3 reconciliation disclosures, which are required in 2011. The adoption in 2010 did not materially affect, and the future adoption is not expected to materially affect, the Plan's financial statements.

In September 2010, the FASB issued ASU No. 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*. The ASU requires that participant loans be classified as notes receivable rather than a plan investment and measured at unpaid principal balance plus accrued but unpaid interest rather than fair value. The Plan retrospectively adopted the new accounting in 2010. The adoption did not have a material effect on the Plan's financial statements.

### 3. FAIR VALUE MEASUREMENTS

The fair values of investments are classified based on the lowest level of any input that is significant to the fair value measurement. The Plan used the following methods to determine fair value:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access on the report date.

Level 2 Inputs (financial matrices, models, valuation techniques), other than quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3 Inputs (such as professional appraisals, quoted prices from inactive markets that require adjustment based on significant assumptions or data that is not current, data from independent sources) that are unobservable for the asset or liability.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table provides the amounts and their corresponding level of hierarchy for the Plan's investments that are measured at fair value as of December 31, 2010:

Description	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 2,258,582	\$	\$	\$ 2,258,582
Mutual funds:				
Intermediate Investments Grade	5,020,843			5,020,843
Large-Cap Growth Funds	2,039,596			2,039,596
Treasury Inflated Protected Securities	1,904,642			1,904,642
Small-Cap Growth Funds	1,592,194			1,592,194
International Large-Cap Core	1,592,103			1,592,103
Mid-Cap Value	1,494,922			1,494,922
Small-Cap Core Funds	1,439,182			1,439,182
Large-Cap Core Funds	1,430,959			1,430,959
Emerging Markets Funds	1,363,222			1,363,222
Large-Cap Value Funds	1,339,418			1,339,418
Mid-Cap Core Funds	1,298,324			1,298,324
Global Natural Resources Funds	1,190,075			1,190,075
S&P 500 Index Objective Funds	1,100,054			1,100,054
International Multi-Cap Growth	1,090,098			1,090,098
Pacific Ex Japan Funds	946,065			946,065
Global Small-/Mid-Cap Funds	819,228			819,228
Global Oriented Funds	624,659			624,659
International Multi-Cap Core	583,999			583,999
Global Science/Technology Funds	206,788			206,788
Multi-Cap Core Funds	153,859			153,859
Common collective trust		1,901,187		1,901,187
Self-directed brokerage accounts:				
Interest bearing cash	511,968			511,968
Merit Medical Systems, Inc. common stock	796,281			796,281
Other equity securities (primarily common stock)	423,978			423,978
Other	9,108			9,108
Merit Medical Systems, Inc. common stock	12,554,848			12,554,848
Investments at fair value	\$ 43,784,995	\$ 1,901,187	\$	\$ 45,686,182

For the year ended December 31, 2010, there were no transfers in or out of Levels 1, 2 or 3.

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The following table provides the amounts and their corresponding level of hierarchy for the Plan's investments that are measured at fair value as of December 31, 2009:

Description	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 2,620,707	\$	\$	\$ 2,620,707
Mutual funds:				
Intermediate Investments Grade	5,819,483			5,819,483
Large-Cap Growth Funds	2,408,826			2,408,826
Treasury Inflated Protected Securities	2,367,392			2,367,392
International Large-Cap Core	1,343,316			1,343,316
Small-Cap Growth Funds	1,210,440			1,210,440
Mid-Cap Value	1,054,753			1,054,753
Small-Cap Core Funds	1,011,599			1,011,599
Large-Cap Core Funds	981,393			981,393
Global Natural Resources Funds	875,549			875,549
S&P 500 Index Objective Funds	833,516			833,516
International Multi-Cap Growth	552,077			552,077
International Multi-Cap Core	551,125			551,125
Mid-Cap Core Funds	548,726			