

SURMODICS INC  
Form 10-K/A  
December 14, 2009

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**Form 10-K/A**

**Amendment No. 1**

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

**For the fiscal year ended September 30, 2009**

**Commission file number 0-23837**

**SURMODICS, INC.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Minnesota**

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

**41-1356149**

*(IRS Employer  
Identification No.)*

**9924 West 74<sup>th</sup> Street  
Eden Prairie, Minnesota**  
*(Address of Principal Executive Offices)*

**55344**  
*(Zip Code)*

**(Registrant's Telephone Number, Including Area Code)  
(952) 829-2700**

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of Each Class</b>	<b>Name of Exchange on Which Registered</b>
<b>Common Stock, \$0.05 par value</b>	<b>NASDAQ Global Select Market</b>

**Securities registered pursuant to Section 12(g) of the Act:  
None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition 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

(Do not check if a smaller reporting company)

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

The aggregate market value of the Common Stock held by shareholders other than officers, directors or holders of more than 5% of the outstanding stock of the registrant as of March 31, 2009 was approximately \$197 million (based upon the closing sale price of the registrant's Common Stock on such date).

The number of shares of the registrant's Common Stock outstanding as of December 7, 2009 was 17,471,760.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

None

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**EXPLANATORY NOTE**

SurModics, Inc. (the Company ) filed a Form 10-K for the fiscal year ended September 30, 2009 (the Original Filing ) with the Securities and Exchange Commission on December 11, 2009. This Amendment No. 1 is being filed solely for the purpose of adding the signature of DELOITTE & TOUCHE LLP, the Company s Independent Registered Public Accounting Firm, to Deloitte & Touche LLP s Report of Independent Registered Public Accounting Firm ( Report ) on page F-1 included in this Amendment No. 1, which signature was inadvertently omitted from the Original Filing.

For purposes of this Amendment No. 1, and in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended, Item 8 of Part II and Item 15 of Part IV of the Original Filing are amended and restated in their entirety. Other than adding Deloitte & Touche LLP s signature to its Report on page F-1 of the financial statements, there are no other changes to Item 8 of Part II and Item 15 of Part IV of the Original Filing. Except as expressly set forth in this Amendment No. 1, the Original Filing has not been amended, updated or otherwise modified.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are being filed as exhibits to this Amendment No. 1.

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<u>EX-32.2</u>	

**Table of Contents****ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

The consolidated balance sheets as of September 30, 2009 and 2008 and the consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended September 30, 2009, together with Report of Independent Registered Public Accounting Firm and related footnotes (including selected unaudited quarterly financial data) begin on page F-1 of this Form 10-K/A.

**PART IV****ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**(a) 1. *Financial Statements*

The following statements are included in this report on the pages indicated:

	<b>Page (s)</b>
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-2
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Consolidated Statements of Cash Flows	F-5
Notes to Consolidated Financial Statements	F-6 to F-27
2. <i>Financial Statement Schedules.</i> See Schedule II Valuation and Qualifying Accounts in this section of this Form 10-K/A. All other schedules are omitted because they are inapplicable, not required, or the information is in the consolidated financial statements or related notes.	
3. <i>Listing of Exhibits.</i> The exhibits which are filed with this report or which are incorporated herein by reference are set forth in the Exhibit Index following the signature page.	

SurModics, Inc.

Valuation and Qualifying Accounts

<b>Column A</b>	<b>Column B</b>	<b>Column C</b>	<b>Column D</b>	<b>Column E</b>
<b>Description</b>	<b>Balance at Beginning of Period</b>	<b>Additions Charged to Expenses</b>	<b>Deductions From Reserves</b>	<b>Balance at End of Period</b>
Year Ended September 30, 2007 Allowance for doubtful accounts	\$ 40	\$ 7	\$ 7(a)	\$ 40
Year Ended September 30, 2008 Allowance for doubtful accounts	\$ 40	\$ 228	\$ 133(a)	\$ 135
Year Ended September 30, 2009 Allowance for doubtful accounts	\$ 135	\$ (34)	\$ 19(a)	\$ 82
Restructuring accrual	\$	\$ 1,763	\$ 808(b)	\$ 955
(a) Uncollectible accounts written				

off and  
adjustments to  
the allowance.

- (b) Adjustments to  
the accrual  
account reflect  
payments or  
non-cash  
charges  
associated with  
the accrual.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SURMODICS, INC.

Dated: December 14, 2009

By: /s/ Bruce J Barclay  
 Bruce J Barclay  
 Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant, in the capacities, and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Bruce J Barclay Bruce J Barclay	President and Chief Executive Officer (principal executive officer)	December 14, 2009
/s/ Philip D. Ankeny Philip D. Ankeny	Senior Vice President and Chief Financial Officer (principal financial officer)	December 14, 2009
/s/ Mark A. Lehman Mark A. Lehman	Corporate Controller (principal accounting officer)	December 14, 2009
* José H. Bedoya	Director	December 14, 2009
* John W. Benson	Director	December 14, 2009
* Mary K. Brainerd	Director	December 14, 2009
* Robert C. Buhrmaster	Director	December 14, 2009
* Gerald B. Fischer	Director	December 14, 2009
* Kenneth H. Keller	Director	December 14, 2009

*	Director	December 14, 2009
Susan E. Knight		
*	Director	December 14, 2009
John A. Meslow		

\* BY: /s/ Bruce J Barclay

Name: Bruce J Barclay  
Attorney-in-Fact



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**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
EXHIBIT INDEX TO FORM 10-K/A  
For the Fiscal Year Ended September 30, 2009  
SURMODICS, INC.**

Exhibit

23	Consent of Deloitte & Touche LLP.*
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.*

\* Filed herewith

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders  
SurModics, Inc.  
Eden Prairie, Minnesota

We have audited the accompanying consolidated balance sheets of SurModics, Inc. and subsidiaries (the Company) as of September 30, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2009. Our audits also include the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule 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 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, such consolidated financial statements present fairly, in all material respects, the financial position of SurModics, Inc. and subsidiaries as of September 30, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2009, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 11, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

As discussed in Note 8 to the consolidated financial statements, on October 1, 2007, the Company adopted new accounting guidance on the accounting for uncertainty in income taxes.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota  
December 11, 2009

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**Table of Contents****SurModics, Inc. and Subsidiaries****Consolidated Balance Sheets****As of September 30**

	<b>2009</b>	<b>2008</b>
	<b>(In thousands, except share data)</b>	
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 11,636	\$ 15,376
Short-term investments	8,932	9,251
Accounts receivable, net of allowance for doubtful accounts of \$82 and \$135 as of September 30, 2009 and 2008, respectively	11,320	14,589
Inventories	3,330	2,651
Deferred tax asset	353	1,058
Prepays and other	1,443	3,584
<b>Total Current Assets</b>	<b>37,014</b>	<b>46,509</b>
Property and equipment, net	66,915	41,897
Long-term investments	27,300	47,351
Deferred tax asset	2,548	11,099
Intangible assets, net	17,458	16,870
Goodwill	21,070	18,001
Other assets, net	13,257	9,301
<b>Total Assets</b>	<b>\$ 185,562</b>	<b>\$ 191,028</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 3,468	\$ 3,466
Accrued liabilities:		
Compensation	926	3,015
Accrued income taxes payable	186	
Accrued other	1,637	1,407
Deferred revenue	905	4,335
Other current liabilities	862	303
<b>Total Current Liabilities</b>	<b>7,984</b>	<b>12,526</b>
Deferred revenue, less current portion	623	33,243
Other long-term liabilities	4,583	3,453
<b>Total Liabilities</b>	<b>13,190</b>	<b>49,222</b>
Commitments and Contingencies (Note 9)		

Stockholders' Equity		
Series A preferred stock \$ .05 par value, 450,000 shares authorized; no shares issued and outstanding		
Common stock \$ .05 par value, 45,000,000 shares authorized; 17,471,472 and 18,030,270 shares issued and outstanding	874	901
Additional paid-in capital	66,005	74,573
Accumulated other comprehensive income (loss)	1,504	(107)
Retained earnings	103,989	66,439
 Total Stockholders' Equity	 172,372	 141,806
 Total Liabilities and Stockholders' Equity	 \$ 185,562	 \$ 191,028

The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents****SurModics, Inc. and Subsidiaries****Consolidated Statements of Income  
For the Years Ended September 30**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>(In thousands, except net income per share)</b>		
Revenue			
Royalties and license fees	\$ 75,464	\$ 51,788	\$ 52,679
Product sales	19,333	20,052	13,543
Research and development	26,737	25,211	6,942
Total revenue	121,534	97,051	73,164
Operating Costs and Expenses			
Product	7,508	8,476	5,584
Customer research and development	13,183	19,187	5,840
Other research and development	21,179	21,311	22,625
Selling, general and administrative	17,200	20,816	13,643
Purchased in-process research and development	3,200		15,573
Restructuring charges	1,763		
Total operating costs and expenses	64,033	69,790	63,265
Income from Operations	57,501	27,261	9,899
Other Income (Loss)			
Investment income, net	1,839	3,329	4,844
Impairment loss on investment		(4,314)	
Other income (loss), net	184	616	(75)
Other income (loss), net	2,023	(369)	4,769
Income Before Income Taxes	59,524	26,892	14,668
Income Tax Provision	(21,974)	(12,153)	(11,321)
Net Income	\$ 37,550	\$ 14,739	\$ 3,347
Basic net income per share	\$ 2.15	\$ 0.82	\$ 0.19
Diluted net income per share	\$ 2.15	\$ 0.80	\$ 0.18
Weighted Average Shares Outstanding			
Basic	17,435	18,026	18,033
Dilutive effect of outstanding stock options	34	304	184
Diluted	17,469	18,330	18,217

The accompanying notes are an integral part of these consolidated financial statements.

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**SurModics, Inc. and Subsidiaries**

**Consolidated Statements of Stockholders Equity  
For the Years Ended September 30, 2009, 2008 and 2007**

	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Retained Earnings</b>	<b>Total Stockholders Equity</b>
	<b>Shares</b>	<b>Amount</b>				
	<b>(In thousands)</b>					
Balance September 30, 2006	18,830	\$ 942	\$ 96,281	\$ (293)	\$ 48,273	\$ 145,203
Components of comprehensive income, net of tax:						
Net income				&nb		