

COLUMBUS MCKINNON CORP
Form 11-K
September 30, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 11-K

T ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended March 31, 2010

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number: 0-27618

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

Columbus McKinnon Corporation
Employee Stock Ownership Plan
Restatement Effective April 1, 1989

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

COLUMBUS MCKINNON CORPORATION
140 John James Audubon Parkway
Amherst, NY 14228-1197

COLUMBUS MCKINNON CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN

Financial Statements as of
March 31, 2010 and 2009
and Supplemental Schedule
Together with
Report of Independent Registered
Public Accounting Firm

COLUMBUS MCKINNON CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN

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MARCH 31, 2010 AND 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefits Committee of the Columbus McKinnon Corporation Employee Stock Ownership Plan:

We have audited the accompanying statements of net assets available for benefits of the Columbus McKinnon Corporation Employee Stock Ownership Plan as of March 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. 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 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. 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 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 benefits of the Columbus McKinnon Corporation Employee Stock Ownership Plan as of March 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule is presented for purposes of additional analysis and is not a required part of the 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 supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the 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/ Bonadio & Co., LLP
September 9, 2010
Williamsville, NY

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COLUMBUS MCKINNON CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2010 AND 2009

	March 31, 2010			March 31, 2009		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
INVESTMENT IN SPONSOR COMPANY COMMON STOCK, at fair value						
	\$9,889,375	\$1,837,191	\$11,726,566*	\$5,636,093	\$1,259,674	\$6,895,767*
INVESTMENT IN MONEY MARKET FUND, at fair value						
	41,774	-	41,774	45,913	-	45,913
RECEIVABLES:						
Employer contributions	-	21,283	21,283	-	26,158	26,158
Interest	3	-	3	25	-	25
CASH	68	-	68	603	-	603
Total assets	9,931,220	1,858,474	11,789,694	5,682,634	1,285,832	6,968,466
LIABILITIES						
LIABILITIES:						
Interest payable	-	21,283	21,283	-	26,158	26,158
Loans payable	-	2,619,461	2,619,461	-	3,219,461	3,219,461
Total liabilities	-	2,640,744	2,640,744	-	3,245,619	3,245,619
Total net assets available (deficit) for benefits	\$9,931,220	\$(782,270)	\$9,148,950	\$5,682,634	\$(1,959,787)	\$3,722,847

* Exceeds 5% of net assets held at end of plan year

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COLUMBUS MCKINNON CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES NET ASSETS AVAILABLE FOR BENEFITS

MARCH 31, 2010 AND 2009

	March 31, 2010			March 31, 2009		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ADDITIONS:						
Net appreciation in fair value of investments	\$4,443,048	\$988,653	\$5,431,701	\$-	\$-	\$-
Interest	92	-	92	1,022	-	1,022
Employer contributions	-	693,749	693,749	-	753,393	753,393
Allocation of 28,693 and 32,188 shares of common stock of Columbus McKinnon Corporation, at estimated fair value	411,130	-	411,130	559,513	-	559,513
Total additions	4,854,270	1,682,402	6,536,672	560,535	753,393	1,313,928
DEDUCTIONS:						
Net depreciation in fair value of investments	-	-	-	14,189,205	3,653,306	17,842,511
Interest expense	-	93,755	93,755	-	153,393	153,393
Distributions to participants	534,035	-	534,035	1,186,316	-	1,186,316
Transfer to other qualified plan	71,265	-	71,265	221,620	-	221,620
Allocation of 28,693 and 32,188 shares of common stock of Columbus McKinnon Corporation, at estimated fair value	-	411,130	411,130	-	559,513	559,513
Administrative expense	384	-	384	428	-	428
Total deductions	605,684	504,885	1,110,569	15,597,569	4,366,212	19,963,781
NET INCREASE (DECREASE)	4,248,586	1,177,517	5,426,103	(15,037,034)	(3,612,819)	(18,649,853)
NET ASSETS AVAILABLE (DEFICIT) FOR BENEFITS -						
beginning of year	5,682,634	(1,959,787)	3,722,847	20,719,668	1,653,032	22,372,700
NET ASSETS AVAILABLE (DEFICIT)	\$9,931,220	\$(782,270)	\$9,148,950	\$5,682,634	\$(1,959,787)	\$3,722,847

FOR BENEFITS - end of
year

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COLUMBUS MCKINNON CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

1. DESCRIPTION OF PLAN

The following brief description of the Columbus McKinnon Corporation Employee Stock Ownership Plan (ESOP or the Plan) is provided for general information purposes only. Participants should refer to plan documents for complete information.

Columbus McKinnon Corporation (the Company) established the Plan effective as of November 1, 1988. The Plan operates, in relevant parts, as a leveraged employee stock ownership plan and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan purchased Company common shares at various times using the proceeds of loans payable to the Company (See Note 6) and holds the stock in a trust established under the Plan. Borrowings are to be repaid through 2014 by fully deductible company contributions to the trust fund. During the year the Plan makes payments of principal and interest, and an appropriate percentage of stock is allocated to eligible employees' accounts in accordance with applicable regulations under the Code.

The borrowing is collateralized by the unallocated shares of stock and the Company has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of March 31, 2010 and 2009 and for the years then ended present separately the assets and liabilities and changes therein pertaining to:

- a) the accounts of employees with vested rights in allocated stock (allocated), and
- b) stock not yet allocated to employees (unallocated).

A summary of the ESOP's provisions is as follows:

Eligibility

Substantially all of the domestic nonunion employees of the Company and its domestic subsidiaries who have attained age 21 and have completed one year of service (minimum of 1,000 hours) are eligible to participate in the ESOP.

Contributions

Each plan year (each 12-month period ending March 31) the Company contributes to the ESOP for each participant (a) who is actively employed as an employee on December 31 and who has earned at least 1,000 hours of service as an employee in the calendar year ending December 31, or (b) who terminates employment on or after January 1 during a plan year after attaining age 55 and completing at least five years of eligibility service. Contributions shall be made in cash or in shares of stock as determined by the Company, and when aggregated with the plan's dividends and interest earnings, equal the amount necessary to enable the plan to make its regularly scheduled payments of principal and interest due on its term loan.

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1. DESCRIPTION OF PLAN (Continued)

Vesting

A participant's account balance shall become fully vested and nonforfeitable on the date the participant completes five years of vesting service (excluding any service rendered prior to the calendar year in which the participant attained age 18), or if sooner, on the date the participant attains normal retirement age while in the employ of the Company or any affiliated company. A participant's account balance may also become fully vested and nonforfeitable on the date the participant completes three years of vesting service if the participant completes an hour of service on or after April 1, 2007 or April 1 of the plan year following the plan year in which all exempt loans that were outstanding on September 26, 2005 are fully repaid or were, as of September 26, 2005, scheduled to be fully repaid.

Distributions

Upon a vested participant's termination, the value of his or her account will be distributed if the value of the account is less than \$1,000 or, at the participant's option, either immediately or at any valuation date until retirement, as provided in the ESOP. A retiree may elect to defer distribution up to 70 ½ years of age. The account of a participant who is not a 5% owner and who has not separated from service but has attained the age of 70 ½ will commence distribution unless the participant elects to defer distribution until employment ceases. Valuation dates for distributions are September 30 or March 31.

During the year ended March 31, 2010, \$534,035, which includes 47,137 shares, was distributed to vested participants in cash and stock certificates (\$1,186,316 or 43,369 shares, distributed in the year ended March 31, 2009). This resulted in the sale of 53 shares held by the ESOP back to the Company for \$604 during the year ended March 31, 2010 as a result of fractional shares (47 shares for \$1,330 in the year ended March 31, 2009). As of March 31, 2010 and 2009, \$1,128,151 and \$250,194, respectively, is included in the ESOP assets for terminated participants who had requested distributions and were awaiting the updated valuation at March 31, 2010 and 2009, to receive them.

Forfeiture of a nonvested interest shall occur in the fifth consecutive calendar year following a break in service. The forfeited accounts will be allocated among the accounts of active participants. At March 31, 2010 and 2009, the ESOP assets include \$15,537 and \$19,943, respectively, of undistributed forfeited accounts.

Allocation of Participant Accounts

As of each March 31 valuation date, each participant account is appropriately adjusted to reflect any contributions or stock to be allocated as of such date, as well as Plan income and any increase or decrease in the fair market value of the Plan's assets during the period. The allocation of contributions is based on the fraction, the numerator of which is the participant's annual earnings for such calendar year and the denominator of which is the aggregate annual earnings for such calendar year of all entitled to an allocation.

Dividends

Dividends paid on stock allocated to a participant's stock account will be allocated to the participant's nonstock account. The Company's Benefits Committee may direct that such dividends shall be either (a) paid directly to the participant, former participant, or beneficiary within 90 days after the close of the plan year in which such dividend was paid, or (b) applied as payment on the exempt loans. Dividends paid on unallocated stock held by the trustee and acquired with the proceeds of an exempt loan shall be held by the trustee until the end of the plan year in which it was paid, and then, along with any interest or earnings, be applied as payment on the exempt loans which shall trigger a release of stock from the suspense account. No dividends were paid on the Company's common stock, including shares held by the Plan, during the years ended March 31, 2010 and 2009.

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1. DESCRIPTION OF PLAN (Continued)

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the trustee prior to the time that such rights are to be exercised. The trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

Put Option

Pursuant to Federal income tax requirements, the Plan contains a put option that is exercisable by Plan participants in situations where Company stock is no longer traded on an established securities market. Specifically, the put option is a right of the participants to require that the Company buy any shares of its stock distributed to participants when there is no market for the trading of such shares. The price paid in the event the put option is exercised shall be representative of the fair market value of such stock. If the distribution is a total distribution of the participant's account, payment shall be made in five substantially equal annual payments, including interest. If the distribution is not a total distribution, payment shall be made no later than 30 days after the participant exercises the put option.

Diversification

In accordance with the Plan document, employees who have attained 55 years of age and ten years of participation in the Plan have the option to diversify the investments in their stock accounts by selling a specified percentage of their shares at the current market value and transferring the sale proceeds to another defined contribution plan maintained by the Company. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25 percent of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. For the years ended March 31, 2010 and 2009, \$71,265 and \$221,620, respectively, had been transferred to the Company's Thrift 401(k) Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent liabilities. Actual results could differ from those estimates.

Benefit Payments

Benefits are recorded when paid.

Investment Valuation and Income Recognition

The common shares of the Company are valued at fair value on March 31, 2010 and 2009. 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.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on assets bought and sold as well as held during the year.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Administrative Expenses

Substantially all administrative expenses are paid by the Company.

3. PLAN TERMINATION

The Company intends to continue the ESOP indefinitely, but reserves the right to terminate the Plan at any time. If the ESOP is terminated, each participant shall be fully and nonforfeitably vested in his interest in the ESOP trust fund.

4. INVESTMENTS

The Plan's investments, at March 31, are presented in the following table:

	2010		2009	
	Allocated	Unallocated	Allocated	Unallocated
Columbus McKinnon Corporation stock:				
Number of shares	623,149	115,765	646,341	