

WATER PIK TECHNOLOGIES INC
Form 11-K
June 24, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE,
SAVINGS AND SIMILAR PLANS 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, 2004

or

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

For the transition period from _____ to _____

Commission file number 1-15297

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

WATER PIK TECHNOLOGIES, INC. RETIREMENT PLAN

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

WATER PIK TECHNOLOGIES, INC.

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(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

25-1843384
(IRS Employer
Identification No.)

23 Corporate Plaza, Suite 246
Newport Beach, CA 92660

(Name and address of principal executive office of issuer of securities)

Registrant's telephone number, including area code: **(949) 719-3700**

WATER PIK TECHNOLOGIES, INC. RETIREMENT PLAN

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Report of Independent Registered Public Accounting Firm

Personnel and Compensation Committee

Water Pik Technologies, Inc.

We have audited the accompanying statements of net assets available for benefits of the Water Pik Technologies, Inc. Retirement Plan as of December 31, 2004 and 2003, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's 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, and 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 Plan at December 31, 2004 and 2003, and the changes in its net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2004, is presented for the purpose 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 our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

Woodland Hills, California
May 25, 2005

Water Pik Technologies, Inc. Retirement Plan

Statements of Net Assets Available for Benefits

| | December 31, | |
|-----------------------------------|---------------|---------------|
| | 2004 | 2003 |
| Assets | | |
| Investments at fair value: | | |
| Mutual funds | \$ 27,342,713 | \$ 20,448,593 |
| Money market funds | 5,488,635 | 5,417,210 |
| Common stock | 1,523,848 | 1,085,188 |
| Participant loans | 1,082,300 | 856,926 |
| Total investments | 35,437,496 | 27,807,917 |
| Contributions receivable | 1,158,054 | 87,555 |
| Total assets | 36,595,550 | 27,895,472 |
| Liabilities | | |
| Refunds of excess contributions | 43,545 | 24,964 |
| Net assets available for benefits | \$ 36,552,005 | \$ 27,870,508 |

See accompanying notes.

Water Pik Technologies, Inc. Retirement Plan

Statements of Changes in Net Assets Available for Benefits

| | Year ended December 31 | |
|--|------------------------|---------------|
| | 2004 | 2003 |
| Additions: | | |
| Contributions: | | |
| Employer | \$ 3,336,212 | \$ 2,243,277 |
| Employee | 3,684,682 | 2,949,401 |
| Interest and dividend income | 737,949 | 440,420 |
| Net appreciation of investments | 2,459,974 | 3,971,436 |
| Total additions | 10,218,817 | 9,604,534 |
| Deductions: | | |
| Distributions to participants | 1,445,781 | 2,100,789 |
| Administrative and other expenses | 91,539 | 48,430 |
| Total deductions | 1,537,320 | 2,149,219 |
| Net increase | 8,681,497 | 7,455,315 |
| Net assets available for benefits, beginning of year | 27,870,508 | 20,415,193 |
| Net assets available for benefits, end of year | \$ 36,552,005 | \$ 27,870,508 |

See accompanying notes.

Water Pik Technologies, Inc. Retirement Plan

Notes to Financial Statements

December 31, 2004

1. Description of the Plan

The Water Pik Technologies, Inc. Retirement Plan (the Plan) was established on April 1, 2000. The following description of the Plan provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan. All regularly scheduled full-time and part-time U.S. domestic employees of Water Pik Technologies, Inc. (the Company) are eligible to participate in the Plan on the first date of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions

Participants may make contributions of between 1% and 60% of eligible compensation, as defined in the Plan Document, up to an annual maximum as determined by the Internal Revenue Code. For the years ended December 31, 2004 and 2003, each pay period, the Company matches 25% of the first 6% of contributions of employees who have completed 90 days of service up to an annual maximum of 1.5% of compensation, as defined.

If the Company meets or exceeds certain financial goals, the matching contribution shall be adjusted to 50% of the first 6% of contributions for each participant's eligible contributions made during the plan year. The Company met the required financial goals in 2004 and made an adjustment to the matching contribution. The Company did not meet the required financial goals in 2003 and no adjustment to the matching contribution was made.

Each plan year, for employees who have completed 90 days of service, the Company also contributes nonelective contributions of 2% of hourly active participants' compensation, as defined, and 4.5% of salaried active participants' compensation, as defined. In addition, the Company may make annual discretionary contributions in an amount to be determined at the end of the plan year by the Board of Directors. A discretionary contribution of 1% of active participants' compensation was made to the Plan at December 31, 2004. There were no discretionary contributions made to the Plan at December 31, 2003.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's matching, nonelective and discretionary contributions and an allocation of the Plan's earnings. Allocations of Plan earnings are based on participant account balances. Participants are entitled to the vested balances in their accounts.

Participants direct contributions, including Company matching, nonelective and discretionary contributions, into various investment options offered by the Plan.

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of the lesser of (a) \$50,000 or (b) 50% of their vested account balance. Loans are repaid over periods of up to five years (10 years for loans to purchase the participant's primary residence). A participant may have only one loan outstanding at any time. Outstanding participant loans must be repaid upon the participant's termination of employment with the Company.

Loans are secured by the balance in the participant's account and bear interest at the prime interest rate as published in *The Wall Street Journal* on the first business day of the calendar quarter preceding the loan origination date.

Vesting

Participants are fully vested in their contributions and all earnings thereon. All eligible employees of the Company as of March 31, 2000, are fully vested in Company matching contributions regardless of years of service. Eligible employees hired subsequent to March 31, 2000, vest in Company matching contributions under the following schedule:

| Years of Service | Vesting Percentage |
|------------------|--------------------|
| 1 year | 25% |
| 2 years | 50% |
| 3 years | 75% |
| 4 years | 100% |

Nonelective Company contributions for all participants vest in accordance with the above vesting schedule.

Withdrawals and Distributions

The Plan allows for participants to make withdrawals from the Plan upon reaching age 59½ or in the case of serious financial hardship, as approved by the administrator. Additionally, the value of participants' contributions and the value of all vested Company contributions are payable to participants or their designated beneficiaries upon death, disability, retirement or upon termination of employment with the Company. At the participant's election, payment may be made in cash as a single lump sum or in installments.

Administrative Expenses

The Company pays administrative expenses, which include recordkeeping, trustee fees and expenses of the Company incurred in administering the Plan. Participants pay loan origination and service fees.

Forfeited Accounts

Forfeitures of terminated participants' nonvested amounts are used to reduce administrative expenses under the Plan, if any. Any remaining forfeited balances are applied to reduce future Company contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Those principles require the Plan's administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Valuation of Investments

The Fidelity funds and common stock are stated at the quoted market price as listed on the New York Stock Exchange. All participant loans are valued at the unpaid principal balance, which approximates fair value.

3. Investments

The following presents investments that represent 5% or more of the Plan's net assets at year-end.

| | 2004 | December 31 | 2003 |
|--|------|-------------|--------------|
| Fidelity Retirement Money Market Portfolio | \$ | 5,488,635 | \$ 5,417,210 |
| Spartan® U.S. Equity Index Fund | | 5,399,694 | 4,758,575 |
| Fidelity Dividend Growth Fund | | 3,587,368 | 3,163,560 |
| Fidelity Low-Priced Stock Fund | | 3,356,997 | 1,933,650 |
| Fidelity Freedom 2020 Fund (SM) | | 2,950,902 | 2,226,028 |
| Fidelity Freedom 2030 Fund (SM) | | 2,117,355 | 1,833,847 |
| Fidelity Diversified International Fund | | 1,933,246 | *1,150,818 |
| Fidelity U.S. Bond Index Fund | | *1,719,520 | 1,575,358 |

* Amount represents less than 5% of net assets at year-end.

During the years ended December 31, 2004 and 2003, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in fair value as follows:

| | 2004 | December 31 | 2003 |
|--------------|------|-------------|--------------|
| Mutual funds | \$ | 1,955,333 | \$ 3,518,891 |
| Common stock | | 504,641 | 452,545 |
| | \$ | 2,459,974 | \$ 3,971,436 |

4. Differences Between Financial Statements and Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | 2004 | December 31 | 2003 |
|--|------|-------------|---------------|
| Net assets available for benefits per the financial statements | \$ | 36,552,005 | \$ 27,870,508 |
| Amounts allocated to withdrawn participants | | (14,322) | (5,595) |
| Net assets available for benefits per the Form 5500 | \$ | 36,537,683 | \$ 27,864,913 |

The following is a reconciliation of distributions to participants per the financial statements to the Form 5500:

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| | Year ended December 31 | |
|---|------------------------|--------------|
| | 2004 | 2003 |
| Distributions to participants per the financial statements | \$ 1,445,781 | \$ 2,100,789 |
| Add: Amounts allocated on Form 5500 to withdrawn participants, at end of year | 14,322 | 5,595 |
| Less: Amounts allocated to withdrawing participants, at beginning of year | (5,595) | (11,436) |
| Distributions to participants per the Form 5500 | \$ 1,454,508 | \$ 2,094,948 |

Amounts allocated to withdrawn participants are recorded on the Form 5500 for benefits that have been processed and approved for payment prior to year-end but not yet paid.

5. Tax Status of the Plan

The Plan received a determination letter from the Internal Revenue Service dated May 14, 2004, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore, the related trust is exempt from taxation. The Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

6. Plan Termination

The Company intends to continue the Plan for the benefit of its employees; however, the Company reserves the right under the Plan to amend or terminate the Plan at any time by resolution of its Board of Directors subject to the provisions of ERISA. Upon such termination, all amounts credited to the participants' accounts shall become 100% vested, all assets of the Plan shall be distributed to the participants, and the obligation of the Company to make contributions would cease.

7. Transactions with Parties-in-Interest

During the years ended December 31, 2004 and 2003, there were transactions involving investment of Plan assets in investment funds maintained by the Plan's trustee, a party-in-interest as defined in Section 3(14) of ERISA. One of the Plan's investment options is Water Pik Technologies, Inc. common stock which is purchased by the Plan's trustee in the open market.

8. Credit Loss

The Plan's exposure to credit loss in the event of nonperformance of investments is limited to the carrying value of such instruments. The Plan's provisions, as well as those of ERISA, and the participants' investment preference dictate the Plan's concentration of credit risk and market risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect participants' account balances and the amounts reported in the financial statements.

Water Pik Technologies, Inc. Retirement Plan

EIN: 25-1843384 Plan: 001

Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2004

| Identity of Issue | Description of Asset | Current Value |
|---|---|---------------|
| Water Pik Technologies, Inc. Common Stock* | 85,947.403 shares | \$ 1,523,848 |
| Royce Low Priced Stock* | 1,747.876 shares | 26,795 |
| Fidelity Fund* | 13,973.736 shares | 417,535 |
| Fidelity Contrafund* | 1,802.736 shares | 102,287 |
| Fidelity Equity Income Fund* | 6,623.041 shares | 349,564 |
| Fidelity Growth Company* | 276.033 shares | 15,477 |
| Fidelity Capital & Income Fund* | 52,902.561 shares | 448,085 |
| Fidelity Value Fund | 8,520.905 shares | 607,455 |
| Fidelity OTC Portfolio* | 14,017.802 shares | 486,278 |
| Fidelity Leveraged Co Stock Fund* | 7,101.067 shares | 161,052 |
| Fidelity Real Estate Investment Fund* | 6,933.934 shares | 204,828 |
| Fidelity Utilities Fund* | 3,554.269 shares | 48,303 |
| Fidelity Blue Chip Growth* | 47.289 shares | 1,972 |
| Fidelity Low-Priced Stock Fund* | 83,403.663 shares | 3,356,997 |
| Fidelity Aggressive Growth Fund* | 63,860.337 shares | 1,060,082 |
| Fidelity Diversified International Fund* | 67,501.618 shares | 1,933,246 |
| Fidelity Dividend Growth Fund* | 125,916.756 shares | 3,587,368 |
| Fidelity Freedom Income Fund (SM)* | 7,584.107 shares | 85,473 |
| Fidelity Freedom 2000 Fund (SM)* | 26,424.059 shares | 319,203 |
| Fidelity Freedom 2010 Fund (SM)* | 76,673.008 shares | 1,044,286 |
| Fidelity Freedom 2020 Fund (SM)* | 211,382.647 shares | 2,950,902 |
| Fidelity Freedom 2030 Fund (SM)* | 150,380.310 shares | 2,117,355 |
| Fidelity Small Cap Retirement Fund* | 1,027.555 shares | 16,318 |
| Fidelity Retirement Money Market Portfolio* | 5,488,635.380 shares | 5,488,635 |
| Fidelity Managed Income Portfolio* | 782,085.920 shares | 782,086 |
| Spartan® U.S. Equity Index Fund* | 125,984.454 shares | 5,399,694 |
| Fidelity U.S. Bond Index Fund* | 154,355.430 shares | 1,719,520 |
| Fidelity Inst Sh Int Govt* | 21.741 shares | 210 |
| Fidelity Freedom 2040 Fund* | 8,462.630 shares | 69,986 |
| Fidelity Freedom 2005 Fund* | 2,451.484 shares | 26,476 |
| Fidelity Freedom 2015 Fund* | 24.545 shares | 271 |
| Fidelity Freedom 2025 Fund* | 130.612 shares | 1,473 |
| Fidelity Freedom 2035 Fund* | 186.682 shares | 2,136 |
| Participant loans* | With interest rates ranging from 4.00% to 9.50% and maturity dates through August 5, 2014 | 1,082,300 |
| | | \$ 35,437,496 |

* Investment with a party-in-interest

REQUIRED INFORMATION

ITEM 1 Not applicable.

ITEM 2 Not applicable.

ITEM 3 Not applicable.

ITEM 4 Financial Statements and Exhibits

(a) Financial statements

Financial statements and supplemental schedule prepared in accordance with the financial reporting requirements of ERISA are filed hereunder and are listed on page 2 hereof in the Index, in lieu of the requirements of Items 1 through 3 above.

(b) Exhibits

23.1 Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Administrative Committee have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**WATER PIK TECHNOLOGIES, INC.
RETIREMENT PLAN**

By: /s/ THERESA HOPE-REESE
Theresa Hope-Reese,
*Vice President, Human Resources,
Water Pik Technologies, Inc.
Member, Administrative Committee of the
Water Pik Technologies, Inc. Retirement Plan*

Date: June 24, 2005