

BEACON ROOFING SUPPLY INC
Form 11-K
March 26, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

(Mark One):

- x Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2009

OR

- o Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number: 000-50924

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

Beacon Sales Acquisition, Inc.
401(k) Profit Sharing Plan

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

Beacon Roofing Supply, Inc.
One Lakeland Park Drive
Peabody, MA 01960

BEACON SALES ACQUISITION, INC.

401(k) PROFIT SHARING PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
(MODIFIED CASH BASIS)

YEARS ENDED SEPTEMBER 30, 2009 AND 2008

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
(MODIFIED CASH BASIS)
TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	1
Statements of Net Assets Available for Benefits (Modified Cash Basis) September 30, 2009 and 2008	2
Statements of Changes in Net Assets Available for Benefits (Modified Cash Basis) Years Ended September 30, 2009 and 2008	3
Notes to Financial Statements (Modified Cash Basis) Year Ended September 30, 2009	4
Supplemental Information - Internal Revenue Service Form 5500, Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) September 30, 2009	12
Consent of Ernst & Young LLP	

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Plan Administrator and Participants
Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan as of September 30, 2009 and 2008 and the related statements of changes in net assets available for benefits (modified cash basis) 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.

As described in Note 2, the financial statements and supplemental schedule have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits (modified cash basis) of the Plan at September 30, 2009 and 2008, and the changes in its net assets available for benefits (modified cash basis) for the years then ended, on the basis of accounting as described in Note 2.

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 September 30, 2009 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 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

Boston, Massachusetts
March 25, 2010

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN
Statements of Net Assets Available for Benefits (Modified Cash Basis)

September 30, 2009 and 2008

	2009	2008
Assets:		
Mutual funds	\$ 71,653,793	\$ 64,700,168
Common/collective trusts	14,500,251	12,647,309
Participant loans	2,476,871	2,365,914
Employer securities	1,404,889	1,373,189
Net assets available for benefits (at fair value)	90,035,804	81,086,580
Adjustment from fair value to contract value (Note 2)	(301,402)	542,898
Net assets available for benefits	\$ 89,734,402	\$ 81,629,478

See accompanying notes.

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN
Statements of Changes in Net Assets Available for Benefits (Modified Cash Basis)

Years Ended September 30, 2009 and 2008

	2009	2008
Additions:		
Additions to net assets attributed to:		
Investment income:		
Net depreciation in fair value of investments	\$ (341,960)	\$ (22,604,085)
Interest and dividends	2,584,941	6,120,818
	2,242,981	(16,483,267)
Contributions:		
Employer	5,723,302	4,216,191
Participants	6,651,745	6,616,987
Transfers from affiliated plans	-	14,419,577
Rollovers	328,333	457,460
	12,703,380	25,710,215
Total additions	14,946,361	9,226,948
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants	6,820,258	6,543,634
Administrative expenses	21,179	20,860
Total deductions	6,841,437	6,564,494
Net increase	8,104,924	2,662,454
Net assets available for benefits:		
Beginning of year	81,629,478	78,967,024
End of year	\$ 89,734,402	\$ 81,629,478

See accompanying notes.

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN
Notes to Financial Statements (Modified Cash Basis)

Year Ended September 30, 2009

Note 1 - Description of Plan

The following description of Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan (the “Plan”) provides only general information. Participants should refer to the Plan Document, including the Adoption Agreement, for more complete information. The Plan Sponsor is Beacon Sales Acquisition, Inc. (the “Company”).

General - The Plan is a defined contribution plan covering all non-union employees of the Company who have completed ninety (90) days of service with the Company and are age twenty-one (21) or older. All employees covered by a collective bargaining agreement are excluded from participation. All employees who are non-resident aliens are excluded from participation as well. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective October 1, 2007, participants of the 401(k) plan of a new subsidiary of the Company, North Coast Commercial Roofing Systems, Inc. (the “North Coast Plan”), became participants of the Plan. Total North Coast Plan assets of approximately \$14.4 million were transferred into the Plan on that date.

Contributions - Each year, participants may contribute up to one hundred percent (100%) of their pre-tax annual compensation as defined in the Plan, subject to Internal Revenue Code (IRC) limitations (\$16,500 for 2009). Individuals who are age fifty (50) or older, and who contribute the maximum federal limit, are eligible to make an additional contribution called a “catch-up contribution”. The allowed maximum catch-up contribution for 2009 was \$5,500. Participants may also contribute amounts representing rollover distributions from other qualified plans. Participants direct the investment of their contributions into various investment options offered by the Plan. Effective January 1, 2008, new participants who do not make an election regarding Plan participation will automatically be enrolled at a contribution level equal to 6% of their pre-tax annual compensation.

The Plan offers twenty-four (24) mutual funds, one (1) common/collective trust fund, and the stock of the Company as investment options. All Company contributions are determined at the discretion of the Company’s board of directors. For the years ended September 30, 2009 and 2008, the Company made matching contributions equal to fifty percent (50%) of the first 6% of a participant’s elective contribution based on pre-tax eligible compensation. Additional amounts associated with profit sharing were contributed in those years to participants who were employed on the last day of the Plan year and earned 1,000 hours of service in that Plan year (unless the participant terminated during the year due to retirement, death or disability), and may be contributed in the future at the discretion of the Company’s board of directors. These discretionary profit-sharing contributions totaled \$3,211,189 and \$1,899,707 during the years ended September 30, 2009 and 2008, respectively. Contributions are subject to certain IRC limitations.

Participant Accounts - Each participant’s account is credited with the participant’s contributions and allocations of a) the Company’s contribution, b) Plan earnings, and c) Plan expenses. Allocations are based upon 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. Forfeitures under the plan may be used to reduce the Company’s contributions.

Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company’s contributed portion of their accounts, plus the earnings thereon, is based on years of service. A participant is one hundred percent (100%) vested in both the discretionary and matching contributions after six (6) years of credited service (minimum 1,000 hours per Plan year). Vesting is accelerated upon termination due to early or normal

retirement, death or disability. The following represents the vesting schedules for both the discretionary profit-sharing and discretionary matching Company contributions:

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN
Notes to Financial Statements (Modified Cash Basis) - Continued

Year Ended September 30, 2009

Note 1 - Description of Plan - Continued

Years of Service	Vested Percentage
Less than two (2) years	0%
Two (2) years	20%
Three (3) years	40%
Four (4) years	60%
Five (5) years	80%
Six (6) years	100%

Participant Loans - Participants may borrow from their accounts a minimum of \$1,000, up to a maximum equal to the lesser of \$50,000, or fifty percent (50%) of their vested account balance. For the year ended September 30, 2009, the interest rates charged on participant loans ranged from 4.25% to 9.25%. Principal and interest amounts are paid weekly through payroll deductions. Participants are charged a fee when taking out a loan. For the years ended September 30, 2009 and 2008, there were fees of \$21,179 and \$20,860 charged to loan recipients, respectively.

Payment of Benefits - Benefits are payable in a lump sum upon separation from service, death or disability. In-service distributions are available for hardship, or attainment of age 59½. In any event, payment of benefits must commence at the later of when the participant reaches age 70½ or termination of employment (as long as the participant does not own 5% or more of the Company's outstanding stock). Participants may also receive distributions from rollovers of prior qualified plans.

The Plan also provides for involuntary distribution of account balances for terminated participants with account balances of less than \$1,000. Participant accounts of terminated participants with balances between \$1,000 and \$5,000 are automatically rolled into an IRA account if the participant does not elect payment.

Forfeitures - Forfeitures of the non-vested portion of participant accounts may be used to reduce future Company discretionary and matching contributions. Total forfeitures of \$296,754 and \$225,730 were used to offset Company contributions in the years ended September 30, 2009 and 2008, respectively. At September 30, 2009 and 2008, the balance in the forfeitures account totaled \$498,193, and \$296,754, respectively.

BEACON SALES ACQUISITION, INC. 401(k) PROFIT SHARING PLAN
Notes to Financial Statements (Modified Cash Basis) - Continued

Year Ended September 30, 2009

Note 2 - Summary of Significant Accounting Policies

New Accounting Pronouncements – In June 2009, the Financial Accounting Standards Board (FASB) issued a pronouncement establishing the FASB Accounting Standards Codification (ASC) as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with United States generally accepted accounting principles (GAAP). The standard is effective for financial statements issued for periods ending after September 15, 2009. The adoption of this standard did not have a material impact on the Plan's financial statements.

In September 2006, the (FASB) issued Statement of Financial Accounting Standards ASC 820, Fair Value Measurements and Disclosures. This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. ASC 820 is effective for financial statements issued for fiscal years beginning after No