

URBAN OUTFITTERS INC
Form 11-K
June 20, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

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

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____

Commission file number 000-22754

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

Urban Outfitters, Inc. 401(k) Savings Plan

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

Urban Outfitters, Inc.

5000 South Broad Street

Philadelphia, PA 19112-1495

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URBAN OUTFITTERS, INC.

401(k) SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator

Urban Outfitters, Inc. 401(k) Savings Plan

Philadelphia, Pennsylvania

We have audited the accompanying statements of net assets available for benefits of the Urban Outfitters, Inc. 401(k) Savings Plan (the Plan) as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. 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. 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, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, 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, 2013 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 supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic 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/ BDO USA, LLP
BDO USA, LLP
Philadelphia, Pennsylvania
June 20, 2014

Table of Contents**URBAN OUTFITTERS, INC.****401(k) SAVINGS PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****AS OF DECEMBER 31, 2013 AND 2012**

	DECEMBER 31,	
	2013	2012
Assets:		
Investments, at fair value (Notes 3 and 4):		
Urban Outfitters, Inc. common stock fund	\$ 16,218,938	\$ 17,590,654
Mutual funds	60,386,043	42,515,171
Interest-bearing deposits	81	16,428
Common/ Collective trust	9,145,245	8,663,054
	85,750,307	68,785,307
Receivables:		
Notes receivable from participants	1,411,776	986,679
Total Assets	87,162,083	69,771,986
Liabilities:		
Refundable contributions	998,873	1,348,305
Total Liabilities	998,873	1,348,305
Net Assets Available for Benefits	\$ 86,163,210	\$ 68,423,681

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

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URBAN OUTFITTERS, INC.

401(k) SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Year Ended December 31, 2013
Additions to (Deductions from) Net Assets	
Investment income:	
Net appreciation in fair value of investments (Note 5)	\$ 8,730,838
Interest and dividends	2,571,009
Total net investment income	11,301,847
Interest income on notes receivable from participants	48,964
Contributions:	
Participants	9,618,306
Employer	1,613,326
Rollovers from other plans (Note 1)	988,258
Total contributions	12,219,890
Benefits paid to participants	(5,749,567)
Administrative expenses	(81,605)
Increase in Net Assets	17,739,529
Net Assets Available for Benefits	
Beginning of year	68,423,681
End of year	\$ 86,163,210

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

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URBAN OUTFITTERS, INC. 401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

1. **Description of Plan**

The following description of the Urban Outfitters, Inc. 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

General The Plan is a defined contribution 401(k) plan covering substantially all employees of Urban Outfitters, Inc. (the Company) that have attained age 18. Effective January 1, 2012 eligible employees are able to participate in the Plan upon completing ninety days of service. Prior to January 1, 2012, eligible employees were able to participate in the plan upon completing six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Contributions Subject to certain limitations as outlined in the Plan, participants may elect to contribute from 1% to 25% of their eligible compensation, as defined, to the Plan. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

The Company may make matching contributions (allocated based on participant contributions for the year) and additional discretionary contributions (allocated based on participant compensation) to the Plan. To be eligible for employer contributions, a participant must have completed one year of continuous service. For each of the years ended December 31, 2013 and 2012, the Company made matching contributions equal to 25% of the first 6% of an employee's compensation deferred under the Plan. No additional discretionary contributions were made.

Rollovers Rollovers represent transfers of account balances of certain participant contributions into certain investments of the Plan from other qualified plans or individual retirement accounts.

Participant Accounts Each participant's account is credited with the participant's elective and rollover contributions, an allocation of plan investment earnings and the Company's contribution, and charged with withdrawals and distributions and credited a share of plan investment gains. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Except as limited by the Company's Insider Trading Policy and applicable law, participants may change their investment options at any time.

Vesting Participants are immediately vested in their contributions plus or minus actual earnings or losses thereon. Vesting in the Company's contributions is graded over five years of credited service. Participants become 100% vested if separated from service due to retirement, death or disability.

Forfeitures Forfeited non-vested company contributions are used first to pay the administrative expenses of the Plan and then to reduce the Company's contributions for such plan year. At December 31, 2013 and 2012 forfeited non-vested accounts totaled approximately \$144,000 and \$0 respectively. Forfeitures of approximately \$197,000 and \$263,000 were used to pay both administrative expenses and reduce employer contributions of the Plan for the years ended December 31, 2013 and 2012, respectively.

Notes Receivable from Participants Participants may borrow from their vested accounts, a minimum of \$500 and up to a maximum equal to the lesser of \$50,000 or 50% of the value of the participant's vested interest in their account. Loan terms range from one to five years, or up to fifteen years for the purchase of a residence. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate plus a fixed rate of 1% upon loan origination. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits A participant who separates from service before retirement, death or disability may request early payment of their vested benefits. Benefits are paid as soon as administratively feasible following the date on which a distribution is requested.

Separated participants may request an in-kind distribution of the portion of their vested account invested in Urban Outfitters, Inc. common stock.

Participants, upon attainment of age 59 ^{1/2}, may elect to receive in-service distributions. Financial hardship withdrawals are also permitted pending submission of verification to the plan administrator warranting the financial hardship.

Funding Policy The Company remits employee deferral and company matching contributions to the Plan on a bi-weekly basis.

Table of Contents**2. Summary of Significant Accounting Policies**

Basis of Accounting The financial statements of the Plan are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America except for benefit payments which are recorded when paid.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates and assumptions also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions Participant contributions are recorded when the Company makes payroll deductions from eligible Plan participants. Employer contributions are accrued in the period in which they become obligations of the Company.

Valuation of Investments The Plan's investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Mutual funds are stated at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Interest-bearing deposits are valued at carrying value, which approximates fair value. The fair value per unit of investments in the common/collective trust is determined by the fund's trustee based on the fair value of the underlying securities within the fund.

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.

Net Appreciation in Fair Value of Investments The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the net appreciation in the fair value of its investments, which consists of the net realized gains or losses and the unrealized appreciation or depreciation on these investments.

Administrative Expenses The Company provides participant data services to the Plan at no charge. The Plan generally pays all administrative expenses which consist of plan administration, management and consulting fees.

Notes Receivable from Participants Notes receivable from participants are measured at their unpaid principal balance plus any accrued, but unpaid, interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

3. Investments

Individual investments held by the Plan that exceed five percent of the Plan's net assets available for benefits at December 31, 2013 and 2012, respectively, are noted below:

	2013	2012
American Funds EuroPacific Growth Fund	\$ 5,172,036	\$ 4,081,813
Capital Preservation Account	9,145,245	8,663,054

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Mass Mutual Select Blue Chip Growth Fund	9,772,887	6,926,172
T. Rowe Price Retirement 2040 Fund	5,389,178	3,542,090
T. Rowe Price Retirement 2050 Fund	5,617,234	*
Urban Outfitters, Inc. common stock fund	16,218,938	17,590,654

* Less than 5% of the Plan's net assets

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4. Fair Value Measurements

Accounting Standards Codification (ASC) Topic 820 defines fair value as 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 and establishes a three-tier hierarchy that is used to identify assets and liabilities measured at fair value. The hierarchy focuses on the inputs used to measure fair value and requires that the lowest level input be used. The three levels defined in ASC Topic 820 are as follows:

Level 1 observable inputs based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

ASC Topic 820 requires the Plan to describe the methodologies used to measure the fair value of assets and liabilities. These methodologies were consistently applied to all assets and liabilities carried by the Plan as of December 31, 2013 and 2012. The Plan has described below, the methodology used to measure each major category of investment assets.

Urban Outfitters, Inc. common stock fund is an employer stock unitized fund. The fund consists of both Urban Outfitters, Inc. common stock and a short-term cash component that provides liquidity for daily trading. Urban Outfitters, Inc. common stock is valued at the quoted market price from a national securities exchange and the short term cash investments are valued at cost, which approximates fair value. The Urban Outfitters, Inc. common stock fund is classified within Level 1 of the valuation hierarchy.

Mutual funds are valued at the total market value of the underlying assets based on published market prices as of the close of the last day of the plan year. These values represent the net asset values of the shares held by the Plan and are classified within Level 1 of the valuation hierarchy.

Interest-bearing deposits are valued at carrying value, which approximates fair value, and are classified within Level 1 of the valuation hierarchy.

The Capital Preservation Account (Common/Collective Trust) is a commingled stable value fund that primarily invests in long-term bonds and notes such as corporate bonds and other fixed income securities such as U.S. Treasury bonds, government agency securities, commercial paper/money market securities, and to a lesser extent, various asset-backed securities. The net asset value of the Capital Preservation Account is

provided by the trustee and is determined by the fair values of the underlying assets within the portfolio. The underlying assets of the portfolio are predominantly valued using directly or indirectly observable inputs. Therefore, the Capital Preservation Account is classified within level 2 of the valuation hierarchy.

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The following table presents the fair value of investment assets as of December 31, 2013 and 2012 by type of asset and by the valuation hierarchy described above. The Plan had no assets that were classified as Level 3 as of December 31, 2013 and 2012.

Description	Fair Value Measurements at December 31, 2013		
	(Level 1)	(Level 2)	Total
Urban Outfitters, Inc. common stock fund			
Common stock	\$ 15,464,059	\$	\$ 15,464,059
Short-term cash	754,879		754,879
Mutual funds			
Small cap funds	6,265,978		6,265,978
Mid cap funds	2,676,379		2,676,379
Large cap funds	24,368,892		24,368,892
International funds	7,295,606		7,295,606
Various other funds	19,779,188		19,779,188
Interest-bearing deposits	81		81
Common/Collective trust		9,145,245	9,145,245
Total investments at fair value	\$ 76,605,062	\$ 9,145,245	\$ 85,750,307

Description	Fair Value Measurements at December 31, 2012		
	(Level 1)	(Level 2)	Total
Urban Outfitters, Inc. common stock fund			
Common stock	\$ 16,766,022	\$	\$ 16,766,022
Short-term cash	824,632		824,632
Mutual funds			
Small cap funds	4,016,051		4,016,051
Mid cap funds	1,686,020		1,686,020
Large cap funds	17,203,966		17,203,966
International funds	5,549,080		5,549,080
Various other funds	14,060,054		14,060,054
Interest-bearing deposits	16,428		16,428
Common/Collective trust		8,663,054	8,663,054
Total investments at fair value	\$ 60,122,253	\$ 8,663,054	\$ 68,785,307

5. Net Appreciation in Fair Value of Investments

During 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	2013
Urban Outfitters, Inc. common stock fund	\$ (925,613)
Mutual funds	9,559,402
Common/Collective trust	97,049
	\$ 8,730,838

6. Refundable Contributions

In order to satisfy the relevant non-discrimination provisions of the Plan, the Company refunds any excess deferral contributions and related net gains or losses of certain active participants. Refundable contributions at December 31, 2013 and 2012 were \$998,873 and \$1,348,305, respectively. Refunds are issued to participants in the month of March subsequent to each plan year. Contributions received from participants have been reduced by the refundable contributions at December 31, 2013.

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7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

8. Related Party Transactions

Certain plan investments qualify as party-in-interest transactions. These include shares of the Company's common stock, shares of a money market fund, shares of a common/collective trust and mutual funds.

The investments held in Urban Outfitters Inc. common stock were \$16,218,938 and \$17,590,654 at December 31, 2013 and 2012, respectively. The shares of the money market fund (Premier Money Market Fund) and common/collective trust (Capital Preservation Account) are managed by Babson Capital Management LLC, which is a wholly-owned subsidiary of MassMutual Holding, LLC a controlled subsidiary of MassMutual, the Plan's custodian. At December 31, 2013 and 2012 the Plan held \$81 and \$16,428 of the Premier Money Market fund, respectively. Amounts held in the Capital Preservation Fund at December 31, 2013 and 2012 were \$9,145,245 and \$8,663,054, respectively. Select mutual funds held by the plan (MassMutual Select Funds) are managed by MassMutual, the custodian of the Plan. The total balance of these funds at December 31, 2013 and 2012 was \$19,012,088 and \$13,428,161 respectively.

Notes receivable from participants represent a portion of the Plan's receivables. These transactions also qualify as party-in-interest transactions. Notes receivable from participants to the Plan were \$1,411,776 and \$986,679 as of December 31, 2013 and 2012, respectively.

9. Tax Status

The Plan's most recent determination letter from the Internal Revenue Service (IRS), dated February 14, 2012, states that the Plan, including related amendments, as designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended following receipt of the determination letter, however, the Company believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC. Prior to the letter dated February 14, 2012, the Plan had received a letter dated November 15, 2004 from the IRS stating that the Plan and related trust were designed in accordance with the applicable sections of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by federal, state and/or local taxing authorities. Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine examinations by taxing jurisdictions; however, there are currently no audits for any tax periods currently in progress. The Plan administrator believes that the Plan is no longer subject to income tax examinations for years prior to 2010.

10. 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 participant account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

11. Subsequent Events

The Company has evaluated the effects of events that have occurred subsequent to December 31, 2013, through the filing date of this Form 11-K and have identified no subsequent events other than those noted below:

On April 28, 2014, administration and custody of the Plan were transferred from MassMutual (record keeper) and State Street Investments (custodian) to Fidelity Management Trust Company.

Table of Contents**URBAN OUTFITTERS, INC.****401(k) SAVINGS PLAN****EIN: 23-2003332****PLAN -002****SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)****AS OF DECEMBER 31, 2013**

(a)	(b)	(c)	(d)
IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY		INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	CURRENT VALUE **
*	Urban Outfitters, Inc	Common Stock Fund	\$ 16,218,938
*	Mass Mutual Premier Money Market Fund	Interest-Bearing Deposits	81
*	Capital Preservation Account	Common/Collective Trust	9,145,245
	American Funds Capital World Growth & Income Fund	Mutual Fund	2,123,570
	American Funds EuroPacific Growth Fund	Mutual Fund	5,172,036
	Columbia Contrarian Core Fund	Mutual Fund	3,260,966
	Conestoga Small Cap Fund	Mutual Fund	84,372
	DFA US Small Cap Fund	Mutual Fund	381,329
	DFA US Small Cap Value Fund	Mutual Fund	1,590,130
	Fidelity Advisor Small Cap Fund	Mutual Fund	2,749,548
	Fidelity Government Income Fund	Mutual Fund	2,370,003
	Goldman Sachs Small Cap Value Fund	Mutual Fund	446,363
	Invesco Small Companies Fund	Mutual Fund	1,014,236
	Main Stay Large Cap Growth Fund	Mutual Fund	3,898,922
	Perkins Mid Cap Value Fund	Mutual Fund	659,208
	PIMCO GNMA Fund	Mutual Fund	1,805,516
*	Mass Mutual Select Blue Chip Growth Fund	Mutual Fund	9,772,887
*	Mass Mutual Select Fundamental Value Fund (Wellington)	Mutual Fund	3,144,248
*	Mass Mutual Select Indexed Equity Fund (Northern Trust)	Mutual Fund	4,291,869
*	Mass Mutual Select Mid Cap Growth Equity II Fund (T. Rowe Price)	Mutual Fund	1,803,084
	T. Rowe Retirement 2010 Fund	Mutual Fund	409,495
	T. Rowe Retirement 2020 Fund	Mutual Fund	1,041,042
	T. Rowe Retirement 2030 Fund	Mutual Fund	2,145,595
	T. Rowe Retirement 2040 Fund	Mutual Fund	5,389,178
	T. Rowe Retirement 2050 Fund	Mutual Fund	5,617,234

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T. Rowe Retirement Income Fund	Mutual Fund	120,521
Total Return Fund (PIMCO)	Mutual Fund	880,604
William Blair Mid Cap Fund	Mutual Fund	214,087
		85,750,307
* Notes Receivable from Participants	Prime +1% with interest rates ranging from 4.25% to 9.25%; various maturities through August 2028	1,411,776
		\$ 87,162,083

* Party-in-interest as defined by ERISA

** Cost information is not required for participant directed investments and therefore, is not included
See accompanying independent auditor's report

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other person(s) who administer(s) the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Urban Outfitters, Inc. 401(k) Savings Plan

Date: June 20, 2014

By: **/s/ FRANCIS J. CONFORTI**
Francis J. Conforti
Plan Administrator

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Exhibit Index

Exhibit

Number	Description
23.1*	Consent of BDO USA, LLP

* Filed herewith