

COMMUNICATIONS SYSTEMS INC

Form 10-K/A

November 12, 2010

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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**FORM 10-K/A**

**(Amendment No. 1)**

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(Mark One)

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

**For the fiscal year ended December 31, 2009**

**Commission File Number: 001-31588**

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**COMMUNICATIONS SYSTEMS, INC.**

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction  
of incorporation or  
organization)

**41-0957999**

(Federal Employer  
Identification No.)

**10900 Red Circle Drive, Minnetonka, MN 55343**

(Address of principal executive offices and zip code)

**Registrant's telephone number, including area code: (952) 996-1674**

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

Title of each class	Name of each exchange on which registered
Common Stock, \$.05 par value	NASDAQ

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

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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 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 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 "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Report Company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately \$63,805,000 based upon the closing sale price of the Company's common stock on the NASDAQ on June 30, 2009.

As of March 15, 2010 there were outstanding 8,357,559 shares of the Registrant's common stock.

Documents Incorporated by Reference: Portions of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 18, 2010 are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE

This Amendment No. 1 ( Amendment No. 1 ) to the Annual Report on Form 10-K/A for Communications Systems, Inc. (the Company ) amends the Company s Annual Report on Form 10-K for the year ended December 31, 2009 initially filed with the Securities and Exchange Commission (the SEC ) on March 18, 2010 (the Original Filing ).

This Amendment No. 1 is being filed to amend Item 9A (T) (i) to clearly provide Management's assessment of the effectiveness of the Company s internal control over financial reporting as of the end of the most recent fiscal year , including a statement that the internal control over financial reporting was effective, and (ii) to confirm that there was no change in the Company s internal control over financial reporting that occurred during the quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

We have also included an updated signature page and currently dated certifications from the Company s Acting Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, and attached as Exhibits 31.1, 31.2, and 32 to this report.

Except as set forth above, the Original Filing has not been amended, updated or otherwise modified.

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## **Item 9A (T): Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)).

Our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rule and forms.

### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal control -- Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

*Operating Effectiveness of Accounting and Control Procedures.* As a result of our evaluation, our management concluded that as of December 31, 2009, our internal control over financial reporting is effective..

*Changes in Internal Control over Financial Reporting.* There was no change in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit

the Company to provide only management's report in this annual report.

**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.

COMMUNICATIONS SYSTEMS, INC.

Dated: November 11, 2010

/s/ Jeffrey K. Berg  
 Jeffrey K. Berg, President, Chief Executive  
 Office and Director

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:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/Jeffrey K. Berg	President, Chief Executive Officer and Director	November 11, 2010
/s/David T. McGraw David T. McGraw	Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 11, 2010
/s/Curtis A. Sampson* Curtis A. Sampson	Chairman of the Board of Directors, and Director	November 11, 2010
/s/Randall D. Sampson*	Director	November 11, 2010
/s/Edwin C. Freeman* Edwin C. Freeman	Director	November 11, 2010
/s/Luella G. Goldberg* Luella Gross Goldberg	Director	November 11, 2010
/s/Gerald D. Pint* Gerald D. Pint	Director	November 11, 2010
/s/Roger H.D. Lacey*	Director	November 11, 2010

Roger H.D. Lacey

\*This Form 10K/A is signed by the persons listed and marked with an asterisk by David T. McGraw pursuant Power of Attorney dated March 18, 2010