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**SECOND HARVEST FOOD BANK OF GREATER  
NEW ORLEANS AND ACADIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

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Report of Independent Auditors

Most Reverend Alfred C. Hughes, D.D.,  
Board of Directors, Catholic Charities Archdiocese of New Orleans, and  
Board of Directors, Second Harvest Food Bank of Greater New Orleans and Acadiana

We have audited the accompanying statement of financial position of Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest), a non-profit organization, as of June 30, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Second Harvest's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Second Harvest as of and for the year ended June 30, 2007, were audited by other auditors whose report dated November 15, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the 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 Second Harvest's internal control over financial reporting. Our audit 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 Second Harvest'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 audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Second Harvest at June 30, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008 on our consideration of Second Harvest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana taken as a whole. The supplemental financial information contained on pages 17 through 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

*Postlethwaite Netterville*

Metairie, Louisiana  
December 3, 2008

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2008 AND 2007**

**ASSETS**

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 6,212,113	\$ 4,342,674
Funds held by Catholic Charities	8,695	8,695
Trade receivables	84,982	52,704
Unconditional promises to give:		
Pledges	703,662	1,381,215
United Way Greater New Orleans	-	172,000
Accrued interest	7,729	9,477
Prepaid expenses	7,748	37,375
Investments	1,326,636	1,332,174
Undistributed food and grocery products on hand	2,148,910	1,450,527
Total current assets	<u>10,500,475</u>	<u>8,786,841</u>
Property and equipment - net	2,123,906	2,154,153
Investments, permanently restricted	1,154,312	1,351,313
Beneficial interest in charitable remainder unitrust	11,456	11,456
Other assets	7,546	18,202
Total assets	<u>\$ 13,797,695</u>	<u>\$ 12,321,965</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 543,773	\$ 214,664
Unemployment accrual	17,777	17,144
Total liabilities	<u>561,550</u>	<u>231,808</u>
Net assets:		
Unrestricted	8,805,700	7,854,803
Temporarily restricted	3,276,133	2,884,041
Permanently restricted	1,154,312	1,351,313
Total net assets	<u>13,236,145</u>	<u>12,090,157</u>
Total liabilities and net assets	<u>\$ 13,797,695</u>	<u>\$ 12,321,965</u>

See notes to financial statements.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008			2007				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>								
Public support:								
Contributions, donations and grants	\$ 2,399,974	\$ 1,393,538	\$ -	\$ 3,793,512	\$ 4,735,828	\$ -	\$ -	\$ 7,012,705
Donations of food, grocery and other	18,580,684	-	-	18,580,684	25,596,729	-	-	25,596,729
Products from producers and brokers	-	-	-	-	299,233	-	-	299,233
Contributed services and facilities	137,452	-	-	137,452	213,158	-	-	380,096
United Way grants	61,014	-	-	61,014	44,371	-	-	44,371
United Way and Combined Campaign Designations	9,509	-	-	9,509	46,547	-	-	46,547
Special events (net of direct costs)	21,188,633	1,393,538	-	22,582,171	30,935,866	-	-	33,379,681
Total public support								
Governmental financial assistance:								
Fees and grants from governmental agencies	1,923,869	-	-	1,923,869	3,471,135	-	-	3,471,135
Other governmental agencies	5,000,000	-	-	5,000,000	-	-	-	-
Total governmental financial assistance	6,923,869	-	-	6,923,869	3,471,135	-	-	3,471,135
Other Revenue:								
Program generated	20,712	-	-	20,712	1,044	-	-	1,044
Investment income	173,128	-	(123,528)	49,600	315,047	-	202,670	517,717
Other	14,791	-	-	14,791	79,283	-	-	79,283
Net assets released from restrictions - operations	1,074,919	(1,001,446)	(73,473)	-	203,799	(135,557)	(68,242)	-
Total other revenue	1,283,550	(1,001,446)	(197,001)	85,103	599,173	(135,557)	134,428	598,044
Total revenue	29,396,052	392,092	(197,001)	29,591,143	35,006,174	2,308,258	134,428	37,448,860
<b>Expenses</b>								
Program services	27,382,825	-	-	27,382,825	31,629,799	-	-	31,629,799
Management and general	537,624	-	-	537,624	373,603	-	-	373,603
Fundraising	524,706	-	-	524,706	581,585	-	-	581,585
Total expenses	28,445,155	-	-	28,445,155	32,584,987	-	-	32,584,987
<b>Change in net assets</b>								
	950,897	392,092	(197,001)	1,145,988	2,421,187	2,308,258	134,428	4,863,873
<b>Net Assets</b>								
Beginning of year	7,854,803	2,884,041	1,351,313	12,090,157	5,433,616	575,783	1,216,885	7,226,284
End of year	\$ 8,805,700	\$ 3,276,133	\$ 1,154,312	\$ 13,236,145	\$ 7,854,803	\$ 2,884,041	\$ 1,351,313	\$ 12,090,157

See notes to financial statements.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008		2007		Total	Program Services	Management and General	Fundraising	Total
	Program Services	Management and General	Fundraising	Total					
Salaries	\$ 1,013,592	\$ 256,572	\$ 177,697	\$ 1,447,861	\$ 850,965	\$ 192,168	\$ 193,565	\$ 1,236,698	
Employee benefits	99,017	28,885	27,568	155,470	90,130	27,882	21,192	139,204	
Payroll Taxes	78,311	17,054	11,207	106,572	60,094	14,575	14,853	89,522	
Total salaries and related expenses	1,190,920	302,511	216,472	1,709,903	1,001,189	234,625	229,610	1,465,424	
Professional fees and contract services	232,125	63,432	238,613	534,170	329,733	40,601	240,872	611,206	
Supplies and other operating expenses	419,232	36,624	24,831	480,687	990,416	28,390	54,615	1,073,421	
Equipment expense	46,291	6,374	6,502	59,167	49,787	3,671	11,111	64,569	
Occupancy	300,751	21,665	27,029	349,445	270,956	15,139	23,319	309,414	
Travel and transportation	396,201	10,259	1,857	408,317	404,259	6,348	4,999	415,606	
Personnel recruitment and development	84,000	41,135	2,159	127,294	39,467	29,995	8,142	77,604	
Insurance	49,672	5,572	3,221	58,465	27,730	1,272	1,229	30,231	
Food distributed to member agencies	21,940,417	-	-	21,940,417	27,933,882	-	-	27,933,882	
Food purchased on behalf of LFBA	2,497,133	-	-	2,497,133	185,900	-	-	185,900	
Contributed services - advertising	-	-	-	-	113,333	-	-	113,333	
Contributed facilities	-	-	-	-	1,334	2,666	1,503	5,503	
Miscellaneous	687	12,645	3,112	16,444	-	-	954	954	
Bad debt expense	-	-	-	-	-	7,535	-	7,535	
Bank fees	-	-	-	-	-	-	-	-	
Earned interest distributed to LFBA	-	35,860	-	35,860	86,685	1,034	1,609	89,328	
CCANO indirect costs	-	-	-	-	195,128	2,327	3,622	201,077	
Depreciation	225,396	1,547	910	227,853	-	-	-	-	
Total expenses	\$ 27,382,825	\$ 537,624	\$ 524,706	\$ 28,445,155	\$ 31,629,799	\$ 373,603	\$ 581,585	\$ 32,584,987	

See notes to financial statements.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,145,988	\$ 4,863,873
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	227,853	201,077
Unrealized and realized (gain) loss on investments	267,340	(346,056)
Change in assets and liabilities:		
(Increase) decrease in accounts and other receivables	819,023	(1,418,740)
(Increase) decrease in other assets	10,656	(17,509)
(Increase) decrease in prepaid expenses	29,627	(32,770)
Increase in undistributed food and grocery products on hand	(698,383)	(334,583)
Increase in accounts payable and accrued expenses	329,109	21,462
Decrease in deferred revenue	-	(173,377)
Increase in unemployment reserve	633	3,980
	<u>2,131,846</u>	<u>2,767,357</u>
Net cash provided by operating activities		
<b>Cash Flows from Investing Activities</b>		
Sale of investments, net	(64,801)	2,146,748
Purchases of property and equipment	(197,606)	(677,094)
	<u>(262,407)</u>	<u>1,469,654</u>
Net cash provided by investing activities		
<b>Net increase in cash</b>	1,869,439	4,237,011
<b>Cash</b>		
Beginning of year	4,342,674	105,663
End of year	<u>\$ 6,212,113</u>	<u>\$ 4,342,674</u>

See notes to financial statements.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**1. Organization and Significant Accounting Policies**

**Nature of Activities**

Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest), a Louisiana non-profit corporation, is a certified member of America's Second Harvest: The Nation's Food Bank Network. Its function is to help relieve the problem of hunger in Louisiana through the distribution of food and related products to qualified charitable institutions.

Catholic Charities Archdiocese of New Orleans (Catholic Charities) is the sole member of Second Harvest. The balance of transactions between Second Harvest and Catholic Charities is reflected in the Statement of Financial Position as Funds held by Catholic Charities as of June 30, 2008 and 2007.

On June 25, 2007, Second Harvest entered into a Cooperative Endeavor Agreement with the Louisiana Department of Agriculture & Forestry of the State of Louisiana for the sum of \$5,000,000. The terms of the agreement began on July 1, 2007 and terminated on June 30, 2008. The purpose of the agreement was to purchase 6,000,000 pounds of nutritional food from Louisiana farmers, manufacturers, wholesalers and vendors to feed and adequately nourish people throughout the State of Louisiana who are food insecure. The program is titled Louisiana Nutrition Assistance Program (LANIAP). Subcontracts were entered into with the America's Second Harvest: The Nation's Food Bank Network's certified member Food Banks located in the State of Louisiana (Food Banks) and Second Harvest detailing the amount each food bank was eligible to receive in purchased food products and the reporting requirements each food bank would have to fulfill. The five Food Banks created an association called the Louisiana Food Bank Association, Inc. (LFBA) which was incorporated as a non-profit corporation within the State of Louisiana on May 18, 2007. LFBA designated Second Harvest to serve as its fiscal agent. As of June 30, 2008, 9,887,845 pounds had been purchased for the five Food Banks of the Louisiana Food Bank Association through the LANIAP program.

**Basis of Accounting**

The financial statements of Second Harvest are prepared on the accrual basis of accounting.

**Basis of Presentation**

In accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, Second Harvest reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**1. Organization and Significant Accounting Policies (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the Statements of Cash Flows, Second Harvest considers all unrestricted, highly liquid, short-term investments, including money market account deposits, commercial paper investments and certificates of deposit purchased with an initial maturity of ninety days or less to be cash equivalents.

**Contributions**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The value of contributed goods and services has been recorded as support and revenue and expense in the period received, provided there is an objective basis for measurement of the value of such goods and services and they are significant and form an integral part of the efforts of the program.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to Second Harvest that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Investments**

Second Harvest carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**1. Organization and Significant Accounting Policies (continued)**

**Undistributed Food and Grocery Products on Hand**

Food and grocery products donated to Second Harvest and distributed by it to its beneficiaries, and the undistributed food and grocery products on hand are valued at an average wholesale value as determined by a survey conducted by America's Second Harvest. The average wholesale value used for the years ended June 30, 2008 and 2007, was \$1.49 per pound and \$1.69 per pound, respectively.

U.S.D.A. products are valued using commodity prices provided by the Louisiana State Department of Agriculture and Forestry. The average per pound value for U.S.D.A. Commodities for the years ended June 30, 2008 and 2007 was \$.35 and \$.34, respectively. As a result of Hurricanes Katrina and Rita, Second Harvest received disaster U.S.D.A food products in 2007. U.S.D.A. disaster food products were not received in 2008. The average per pound value for the disaster U.S.D.A food products for the year ended June 30, 2007 was \$0.47 per pound.

**Property and Equipment**

Second Harvest has adopted the practice of capitalizing all expenditures for depreciable assets where the unit cost exceeds \$2,000. Property is stated at cost, or at fair market value for donated assets. Depreciation of these assets is provided over their estimated useful lives, which range from three years to twenty-five years, on a straight-line basis.

**Net Assets**

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors. As of June 30, 2008 and 2007, the Board of Directors of Second Harvest has designated \$2,347,000 of cash and cash equivalents, included in unrestricted net assets, for food purchases and toward a capital campaign to raise funds for a new warehouse.

Temporarily Restricted Net Assets - Those net assets whose use by Second Harvest has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**1. Organization and Significant Accounting Policies (continued)**

**Donated Facilities**

Donations of facilities are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. During the years ended June 30, 2008 and 2007, Second Harvest recognized \$0 and \$113,333 for donated facilities, respectively.

**Donated Services**

Support arising from donated services is recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

The donated services in Second Harvest's functional areas approximated 20,862 hours for the year ended June 30, 2008, and 21,314 hours for the year ended June 30, 2007. The services provided for the years ended June 30, 2008 and 2007 do not meet either criterion described above.

The computation of the value of these services represents the amount of compensation, which would be paid if non-volunteer personnel were to occupy these positions. The 20,862 hours in 2008 and 21,314 hours in 2007 that do not meet either of the recognition criteria described above have not been recognized in the accompanying financial statements. The value for donated volunteer services for the years ended June 30, 2008 and 2007 was approximately \$313,000 and \$319,700, respectively.

During the year ended June 30, 2007, Second Harvest recognized \$185,900 for donated advertising services. Second Harvest did not receive donated advertising for the year ended June 30, 2008.

**Income Taxes**

Second Harvest is a non profit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the code.

**2. Trade Receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**2. Trade Receivables (continued)**

The net receivables at June 30th consist of the following:

	<u>2008</u>	<u>2007</u>
Insurance claim receivable	\$ 12,423	\$ -
U.S.D.A. Distribution Fees	72,559	52,704
Balance at June, 30	<u>\$ 84,982</u>	<u>\$ 52,704</u>

**3. Unconditional Promises to Give**

The unconditional promises to give as of June 30, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
America's Second Harvest	\$ -	\$ 750,000
Catholic Charities USA	600,000	600,000
Contributions	74,224	1,000
Other	29,438	30,215
	<u>\$ 703,662</u>	<u>\$ 1,381,215</u>

**4. Investments**

Investments of the various agencies of the Archdiocese of New Orleans (the Archdiocese) have been pooled to maximize the return on the investments. Investments in the common investment pool consist primarily of debt and equity securities and mutual fund investments. The amounts recorded in the statement of financial position represents Second Harvest's share of the pool.

The following summarizes the market value and the investment return for the years ended June 30:

	<u>2008</u>	<u>2007</u>
Investment balances at June 30	<u>\$ 2,480,948</u>	<u>\$ 2,683,487</u>
For the year ended June 30,		
Unrealized gain (loss) on investments	\$ (260,778)	\$ 288,665
Realized gain (loss) for the year	(52,440)	1,537
	(313,218)	290,202
Interest and dividend income	362,818	227,515
	<u>\$ 49,600</u>	<u>\$ 517,717</u>

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**4. Investments (continued)**

The current and long-term value of investments at June 30, 2008, is \$1,326,636 and \$1,154,312, respectively. The current and long-term value of investments at June 30, 2007 is \$1,332,174 and \$1,351,313, respectively.

Investment income consists of interest earned from bank accounts, funds held by Catholic Charities and investments.

**5. Undistributed Food and Grocery Products on Hand**

Undistributed food and grocery products at June 30, 2008 and 2007 consist of the following:

	2008		2007	
	Dollars \$	Pounds	Dollars \$	Pounds
Donated and Purchased	\$1,858,663	1,245,820	\$1,354,599	801,538
Disaster Food Product	-	-	19,301	14,512
U.S.D.A Commodities	73,236	209,333	76,627	225,518
LANIAP Purchased Product	217,011	427,142	-	-
	<u>\$2,148,910</u>	<u>1,882,295</u>	<u>\$1,450,527</u>	<u>1,041,568</u>

**6. Property and Equipment**

A summary of property and equipment at June 30, 2008 and 2007 is as follows:

	2008	2007
Building and Improvements	\$ 2,033,442	\$ 2,021,601
Furniture, Fixtures and Equipment	762,647	657,809
Automobiles	611,446	530,520
Land	452,800	452,800
Leasehold Improvements	36,549	36,549
	<u>3,896,884</u>	<u>3,699,279</u>
Less: Accumulated Depreciation	<u>(1,772,978)</u>	<u>(1,545,126)</u>
	<u>\$ 2,123,906</u>	<u>\$ 2,154,153</u>

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**7. Restrictions on Net Assets**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of Second Harvest. These restrictions are considered to expire when expenditures for restricted purposes are made.

The following sets forth the composition of restriction on net assets at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unrestricted	\$ 8,805,700	\$ 7,854,803
Temporarily Restricted	3,276,133	2,884,041
Permanently Restricted	1,154,312	1,351,313
	<u>\$ 13,236,145</u>	<u>\$ 12,090,157</u>

Temporarily restricted net assets at June 30, 2008 and 2007 are restricted as follows:

	<u>2008</u>	<u>2007</u>
Beneficial Interest in Charitable Remainder Unitrust	\$ 11,456	\$ 11,456
America's Second Harvest Grant	59,049	665,636
Other Private Grants	1,427,538	1,611,241
United Way Grants	-	166,938
Backpack Grants	165,184	-
Capital Campaign	1,218,354	-
Property and Equipment	394,552	428,770
	<u>\$ 3,276,133</u>	<u>\$ 2,884,041</u>

The following temporarily restricted net assets were released during the years ended June 30, 2008 and 2007, due to satisfaction of donor restrictions:

	<u>2008</u>	<u>2007</u>
America's Second Harvest	\$ 606,587	\$ -
United Way Grants	166,938	70,000
Other restrictions	193,703	-
Property and Equipment	34,218	42,387
Second Helpings	-	23,170
	<u>\$ 1,001,446</u>	<u>\$ 135,557</u>
Totals		

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**7. Restrictions on Net Assets**

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. During fiscal year ended June 30, 2000, the donor amended the "Agreement to Donate" dated August 26, 1997, which revised the method of distributing the earnings to Second Harvest, whereby five percent of the average market value of the investment for the last 12 fiscal quarters will be distributed annually to Second Harvest. All amounts in excess of the five percent distribution will be reinvested as corpus. The amended "Agreement to Donate" also required that the principal balance should never be reduced below \$1,000,000. The amount deemed to be permanently restricted at June 30, 2008 and 2007, was \$1,154,312 and \$1,351,313, respectively.

**8. Second Harvest Food and Grocery Products**

Second Harvest receipts and distribution of food and grocery products for the years ended June 30 were as follows:

	2008		2007	
	Dollars	Pounds	Dollars	Pounds
Receipts:				
Donated products	\$ 15,708,767	10,542,796	\$ 17,395,628	10,345,036
Purchased product	464,708	176,367	101,026	71,124
Disaster products	-	-	8,201,101	6,166,241
U.S.D.A. commodities	1,462,852	3,397,438	2,570,717	7,560,914
LANIAP Purchased product	2,407,210	4,650,806	-	-
Totals	<u>\$ 20,043,537</u>	<u>18,767,407</u>	<u>\$ 28,268,472</u>	<u>24,143,315</u>
Distributions, net of adjustments:				
Donated products	\$ 15,210,027	10,100,483	\$ 16,041,030	9,472,374
Purchased product	459,384	174,398	101,026	71,124
Disaster products	19,301	14,512	9,254,757	6,958,464
U.S.D.A. commodities	1,466,243	3,413,623	2,494,083	7,335,541
U.S.D.A. Disaster commodities	-	-	42,986	102,950
LANIAP Purchased product	2,190,199	4,223,664	-	-
Totals	<u>\$ 19,345,154</u>	<u>17,926,680</u>	<u>\$ 27,933,882</u>	<u>23,940,453</u>

During the year ended June 30, 2008, Second Harvest purchased an additional \$2,457,853 of food and grocery products on behalf of the Louisiana Food Bank Association.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**9. Retirement Plans**

Second Harvest offers a 401(k) defined contribution plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 16% maximum. The plan requires Second Harvest to contribute 3.5% of the participants' salaries. The plan expense also includes an additional 2.0% contribution by Second Harvest to cover costs for life insurance and disability insurance for the employees. Any remaining funds from the 2.0% contribution may be used as a discretionary employer contribution to the plan. The plan administrator is the Archdiocese. Second Harvest contributed approximately \$22,496 and \$12,437, for the years ended June 30, 2008 and 2007, respectively.

**10. Leases**

Second Harvest operates a portion of its community social service programs in leased facilities under operating leases expiring at various dates through the fiscal year 2009. The leases are subject to cancellation under certain circumstances, including substantial changes in funding in Second Harvest's programs. The following is a schedule by year of future minimum rental payments required under those leases and under equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 2008.

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 128,583
2010	112,777
2011	112,777
2012	30,258
Total	<u>\$ 384,395</u>

The rental expense for all operating leases for the year ended June 30, 2008 and 2007 approximated \$195,446 and \$154,841, respectively.

**11. Significant Contracts and Grants**

For the years ended June 30, 2008 and 2007, \$1,783,681 and \$3,278,356, respectively, of Second Harvest's governmental financial assistance was from the U.S. Department of Agriculture. Management believes that Second Harvest is in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

As described in Note 1, Second Harvest entered into a Cooperative Endeavor Agreement with the Louisiana Department of Agriculture & Forestry on June 25, 2007. Food purchased under the agreement during the year ended June 30, 2008 is as follows:

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**11. Significant Contracts and Grants (continued)**

	<u>2008</u>	
	<u>Dollars</u>	<u>Pounds</u>
Second Harvest	\$ 2,446,490	4,725,475
Greater Baton Rouge Food Bank	775,674	1,669,442
Central Louisiana Food Bank	572,381	1,287,777
Food Bank of Northwest Louisiana	576,507	1,180,192
Food Bank of Northeast Louisiana	533,291	1,024,959
Totals	<u>\$ 4,904,343</u>	<u>9,887,845</u>

**12. Contingencies**

Second Harvest is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2008.

Second Harvest is party to various litigations and other claims, the outcome of which cannot be presently determined. Although management intends to vigorously defend against such litigations and claims, no amount has been accrued for all matters. Management's opinion is that the outcome of such matters would not have a significant effect on Second Harvest's financial position.

**13. Concentrations of Credit Risk**

As of June 30, 2008, Second Harvest had bank accounts at one financial institution which exceeded the \$100,000 limit insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$5,833,351. As of June 30, 2008, trade accounts receivable consisted primarily of amounts due from governmental sources.

**14. Board of Directors Compensation**

The members of Second Harvest's board of directors were not compensated during the years ended June 30, 2008 and 2007.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA**  
**COMBINING STATEMENT OF FINANCIAL POSITION**

June 30, 2008

**ASSETS**

	<u>Second Harvest without LANIAP</u>	<u>LANIAP</u>	<u>Totals</u>
Cash and cash equivalents	\$ 5,984,471	\$ 227,642	\$ 6,212,113
Funds held by Catholic Charities	8,695	-	8,695
Trade receivables	84,982	-	84,982
Unconditional promises to give:			
Pledges	703,662	-	703,662
Accrued interest	7,729	-	7,729
Prepaid expenses	7,748	-	7,748
Investments	1,326,636	-	1,326,636
Undistributed food and grocery products on hand	2,148,910	-	2,148,910
Total current assets	<u>10,272,833</u>	<u>227,642</u>	<u>10,500,475</u>
Property and equipment - net	2,123,906	-	2,123,906
Investments, permanently restricted	1,154,312	-	1,154,312
Beneficial interest in charitable remainder unitrust	11,456	-	11,456
Other assets	7,546	-	7,546
Total assets	<u>\$ 13,570,053</u>	<u>\$ 227,642</u>	<u>\$ 13,797,695</u>

**LIABILITIES AND NET ASSETS**

Liabilities:			
Accounts payable and accrued expenses	\$ 315,642	\$ 228,131	\$ 543,773
Unemployment accrual	17,777	-	17,777
Total liabilities	<u>333,419</u>	<u>228,131</u>	<u>561,550</u>
Net assets:			
Unrestricted	8,806,189	(489)	8,805,700
Temporarily restricted	3,276,133	-	3,276,133
Permanently restricted	1,154,312	-	1,154,312
Total net assets	<u>13,236,634</u>	<u>(489)</u>	<u>13,236,145</u>
Total liabilities and net assets	<u>\$ 13,570,053</u>	<u>\$ 227,642</u>	<u>\$ 13,797,695</u>

See accompanying independent auditors' report.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA  
COMBINING STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

	Second Harvest without LANIAP			LANIAP			Eliminations			Totals		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>												
Public support:												
Contributions, donations and grants	\$ 2,399,974	\$ 1,393,538	\$ -	\$ 3,793,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,399,974	\$ -	\$ 3,793,512
Donations of food, grocery and other products from producers and brokers	18,580,684	-	-	18,580,684	-	-	-	18,580,684	-	-	-	18,580,684
United Way grants	137,452	-	-	137,452	-	-	-	137,452	-	-	-	137,452
United Way and Combined Campaign Designations	61,014	-	-	61,014	-	-	-	61,014	-	-	-	61,014
Special events (net of direct costs)	9,509	-	-	9,509	-	-	-	9,509	-	-	-	9,509
Total public support	21,188,633	1,393,538	-	22,582,171	-	-	-	21,188,633	-	1,393,538	-	22,582,171
Governmental financial assistance:												
Fees and grants from governmental agencies	1,923,869	-	-	1,923,869	5,000,000	-	-	5,000,000	-	-	-	1,923,869
Other governmental agencies	1,923,869	-	-	1,923,869	3,000,000	-	-	5,000,000	-	-	-	6,923,869
Total governmental financial assistance	3,847,738	-	-	3,847,738	8,000,000	-	-	11,847,738	-	-	-	11,847,738
Other Revenue:												
Program generated	118,465	-	-	118,465	15,000	-	-	15,000	(112,753)	-	-	20,712
Investment income	135,661	-	-	135,661	83,345	-	-	83,345	(85,878)	-	-	49,600
Other	14,791	-	-	14,791	-	-	-	-	-	-	-	14,791
Net assets released from restrictions - operations	1,074,919	(1,001,446)	(73,473)	145,389	98,345	-	-	98,345	(158,631)	(1,001,446)	(73,473)	85,109
Total other revenue	1,343,836	(1,001,446)	(197,001)	145,389	5,098,345	-	-	5,098,345	(158,631)	(1,001,446)	(197,001)	85,109
Total revenue	24,456,538	392,092	-	24,848,630	13,108,345	-	-	37,956,975	(317,262)	392,092	(197,001)	37,951,804
<b>Expenses</b>												
Program services	22,478,482	-	-	22,478,482	4,904,343	-	-	4,904,343	-	-	-	27,382,825
Management and general	501,764	-	-	501,764	194,491	-	-	194,491	(158,631)	-	-	537,624
Fundraising	524,706	-	-	524,706	524,706	-	-	524,706	-	-	-	524,706
Total expenses	23,504,952	-	-	23,504,952	5,098,345	-	-	5,098,345	(158,631)	-	-	28,445,155
Change in net assets	951,386	392,092	(197,001)	1,146,477	(489)	-	-	(489)	-	392,092	(197,001)	1,145,988
<b>Net Assets</b>												
Beginning of year	7,854,803	2,884,041	1,351,313	12,090,157	-	-	-	-	-	7,854,803	2,884,041	13,511,313
End of year	\$ 8,806,189	\$ 3,276,133	\$ 1,154,312	\$ 13,236,634	\$ (489)	\$ -	\$ -	\$ (489)	\$ -	\$ 8,805,700	\$ 1,154,312	\$ 13,236,145

See accompanying independent auditors' report.

