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

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10



Postlethwaite
& Netterville

A Professional Accounting Corporation

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

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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Report of Independent Auditors

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 statements of financial position of Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest), a non-profit organization, as of June 30, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Harvest at June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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 7, 2009 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 audits were 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 21 through 26 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. The supplemental information in the schedule of support, revenue, and expenses prepared for the United Way for the Greater New Orleans Area contained on page 27 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Second Harvest. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

Postlethwaite & Nettville

Metairie, Louisiana
December 7, 2009

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 5,317,863	\$ 6,212,113
Funds held by Catholic Charities	-	8,695
Unconditional promises to give:		
Pledges	803,635	703,662
United Way	139,950	-
Grants receivable	204,269	72,559
Other receivables	4,791	12,423
Accrued interest	6,139	7,729
Prepaid expenses	26,718	7,748
Investments	1,024,965	1,326,636
Undistributed food and grocery products on hand	1,962,669	2,148,910
Total current assets	<u>9,490,999</u>	<u>10,500,475</u>
Property and equipment - net	2,095,761	2,123,906
Investments, permanently restricted	1,000,000	1,154,312
Beneficial interest in charitable remainder unitrust	-	11,456
Other assets	33,546	7,546
Total assets	<u>\$ 12,620,306</u>	<u>\$ 13,797,695</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 234,376	\$ 543,773
Unemployment accrual	12,277	17,777
Total liabilities	<u>246,653</u>	<u>561,550</u>
Net assets:		
Unrestricted	8,138,091	8,805,700
Temporarily restricted	3,235,562	3,276,133
Permanently restricted	1,000,000	1,154,312
Total net assets	<u>12,373,653</u>	<u>13,236,145</u>
Total liabilities and net assets	<u>\$ 12,620,306</u>	<u>\$ 13,797,695</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, 2009 AND 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Public support:								
Contributions, donations and grants	\$ 3,020,105	\$ 314,644	\$ -	\$ 3,334,749	\$ 2,399,974	\$ 1,393,538	\$ -	\$ 3,793,512
Donations of food, grocery and other products from producers and brokers	20,890,927	-	-	20,890,927	16,134,194	-	-	16,134,194
Contributed goods and services	271,041	-	-	271,041	-	-	-	-
United Way								
Greater New Orleans:								
Allocations	100,000	77,000	-	177,000	61,200	-	-	61,200
Designations	50,239	-	-	50,239	47,667	-	-	47,667
Combined Federal Campaign	32,195	-	-	32,195	13,347	-	-	13,347
Acadiana:								
Allocations	30,000	-	-	30,000	25,952	-	-	25,952
St. Charles:								
Allocations	10,000	62,950	-	72,950	50,300	-	-	50,300
Special events (net of direct costs)	(12,604)	-	-	(12,604)	9,509	-	-	9,509
Total public support	24,391,903	454,594	-	24,846,497	18,742,143	1,393,538	-	20,135,681
Governmental financial assistance:								
Fees and grants from federal agencies	1,011,522	-	-	1,011,522	461,017	-	-	461,017
U.S.D.A. commodities	3,816,754	-	-	3,816,754	1,462,852	-	-	1,462,852
Other governmental agencies	5,000,000	-	-	5,000,000	5,000,000	-	-	5,000,000
Total governmental financial assistance	9,828,276	-	-	9,828,276	6,923,869	-	-	6,923,869
Other Revenue:								
Program generated	17,497	-	-	17,497	20,712	-	-	20,712
Investment income	(246,978)	-	(154,312)	(401,290)	173,128	-	(123,528)	49,600
Other	41,025	-	-	41,025	14,791	-	-	14,791
Net assets released from restrictions - operations	495,165	(495,165)	-	-	1,074,919	(1,001,446)	(73,473)	-
Total other revenue	306,709	(495,165)	(154,312)	(342,768)	1,283,550	(1,001,446)	(197,001)	85,103
Total revenue	34,526,888	(40,571)	(154,312)	34,332,005	26,949,562	392,092	(197,001)	27,144,653
Expenses								
Program services	33,788,011	-	-	33,788,011	24,936,335	-	-	24,936,335
Management and general	682,588	-	-	682,588	537,624	-	-	537,624
Fundraising	723,898	-	-	723,898	524,706	-	-	524,706
Total expenses	35,194,497	-	-	35,194,497	25,998,665	-	-	25,998,665
Change in net assets	(667,609)	(40,571)	(154,312)	(862,492)	950,897	392,092	(197,001)	1,145,988
Net Assets								
Beginning 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
End of year	\$ 8,138,091	\$ 3,235,562	\$ 1,000,000	\$ 12,373,653	\$ 8,805,700	\$ 3,276,133	\$ 1,154,312	\$ 13,236,145

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, 2009 AND 2008

	2009				2008			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,141,670	\$ 343,659	\$ 268,641	\$ 1,753,970	\$ 1,013,592	\$ 256,572	\$ 177,697	\$ 1,447,861
Employee benefits	115,574	63,599	28,169	207,342	99,017	28,885	27,568	155,470
Payroll Taxes	83,907	24,167	19,926	128,000	78,311	17,054	11,207	106,572
Total salaries and related expenses	1,341,151	431,425	316,736	2,089,312	1,190,920	302,511	216,472	1,709,903
Professional fees and contract services	326,177	138,651	16,092	480,920	232,125	63,432	40,310	335,867
Supplies	194,986	13,878	13,693	222,557	419,232	7,599	11,431	438,262
Equipment expense	70,155	10,001	1,414	81,570	46,291	6,374	6,502	59,167
Occupancy	383,142	6,259	28,432	417,833	300,751	21,665	27,029	349,445
Travel and transportation	654,218	3,308	2,270	659,796	396,201	10,259	1,857	408,317
Personnel recruitment and development	141,881	37,001	7,071	185,953	84,000	41,135	2,159	127,294
Insurance	50,781	-	-	50,781	49,672	5,572	3,221	58,465
Mailings and solicitations	26,154	-	267,982	294,136	-	-	211,703	211,703
Food distributed to member agencies	27,805,420	-	60,076	27,865,496	19,533,207	-	-	19,533,207
Food purchased on behalf of LFBA	2,431,000	-	-	2,431,000	2,457,853	-	-	2,457,853
Earned interest distributed to LFBA	-	-	-	-	-	35,860	-	35,860
Other operating expenses	113,390	25,412	4,362	143,164	-	29,025	-	29,025
Miscellaneous	11,028	11,339	4,720	27,087	687	12,645	3,112	16,444
Depreciation	238,528	5,314	1,050	244,892	225,396	1,547	910	227,853
Total expenses	\$ 33,788,011	\$ 682,588	\$ 723,898	\$ 35,194,497	\$ 24,936,335	\$ 537,624	\$ 524,706	\$ 25,998,665

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (862,492)	\$ 1,145,988
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	244,892	227,853
Unrealized and realized loss on investments	506,094	267,340
Noncash contributions	(170,331)	-
Change in assets and liabilities:		
(Increase) decrease in accounts and other receivables	(364,001)	819,023
(Increase) decrease in other assets	(17,305)	10,656
(Increase) decrease in prepaid expenses	(18,970)	29,627
(Increase) decrease in undistributed food and grocery products on hand	186,241	(698,383)
Increase (decrease) in accounts payable and accrued expenses	(309,397)	329,109
(Increase) decrease in unemployment reserve	(5,500)	633
Net cash provided by (used in) operating activities	<u>(810,769)</u>	<u>2,131,846</u>
Cash Flows from Investing Activities		
Purchase of investments, net	(37,065)	(64,801)
Purchases of property and equipment	<u>(46,416)</u>	<u>(197,606)</u>
Net cash used in investing activities	<u>(83,481)</u>	<u>(262,407)</u>
Net increase (decrease) in cash	(894,250)	1,869,439
Cash		
Beginning of year	6,212,113	4,342,674
End of year	<u>\$ 5,317,863</u>	<u>\$ 6,212,113</u>
Non-Cash Transactions		
Donated vehicles	<u>\$ 170,331</u>	<u>\$ -</u>

See notes to financial statements.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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 Feeding America (formerly known as 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, 2009 and 2008.

For the years ended June 30, 2009 and 2008, Second Harvest entered into Cooperative Endeavor Agreements with the Louisiana Department of Agriculture & Forestry of the State of Louisiana for the sum of \$5,000,000 for each year. The purpose of the agreements was to purchase 6,000,000 pounds of nutritional food each year 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 Feeding America'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. For the years ended June 30, 2009 and 2008, 9,672,945 and 9,887,845 pounds, respectively, 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

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, 2009 AND 2008

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. Unrealized gains and losses on investments recorded at fair value are included in the Statements of Activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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 Feeding America. The average wholesale value used for the years ended June 30, 2009 and 2008, was \$1.58 per pound and \$1.49 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, 2009 and 2008 was \$0.56 and \$0.35, respectively.

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. Repairs and maintenance costs are expensed.

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, 2009 and 2008, the Board of Directors of Second Harvest (the Board) 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, 2009 AND 2008

1. Organization and Significant Accounting Policies (continued)

Donated Vehicles and Software

Donated vehicles and software 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 year ended June 30, 2009, Second Harvest recognized \$170,331 for donated vehicles and \$12,495 for donated software. Second Harvest did not receive donated vehicles or software during the year ended June 30, 2008.

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 26,034 hours for the year ended June 30, 2009, and 20,862 hours for the year ended June 30, 2008. The services provided for the years ended June 30, 2009 and 2008 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 26,034 hours in 2009 and 20,862 hours in 2008 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, 2009 and 2008 was approximately \$527,179 and \$313,000, respectively.

During the year ended June 30, 2009, Second Harvest recognized \$88,215 for donated advertising services. The related advertising costs were expensed as incurred.

Income Taxes

Second Harvest is a not-for-profit corporation 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.

Reclassifications

Certain accounts in the 2008 financial statements have been reclassified to conform to the current year presentation.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

2. Grants Receivable

The grants receivable balance as of June 30 consists of the following:

	<u>2009</u>	<u>2008</u>
U.S.D.A. distribution fees	\$ 155,329	\$ 72,559
Emergency Food Services Program	34,940	-
Community Development Block Grant	14,000	-
	<u>\$ 204,269</u>	<u>\$ 72,559</u>

3. Unconditional Promises to Give

The unconditional promises to give as of June 30 consist of the following:

	<u>2009</u>	<u>2008</u>
Catholic Charities USA	\$ 600,000	\$ 600,000
Junior League of New Orleans	100,000	-
Contributions	11,137	74,224
Feeding America	36,128	-
Other	56,370	29,438
	<u>\$ 803,635</u>	<u>\$ 703,662</u>

Promises to give are due within one year.

4. Investments

Investments of the various agencies of the Archdiocese of New Orleans (the Archdiocese) are held in pooled assets and separately invested portfolios. Pooled assets represent funds that are invested in a commingled portfolio of investments, as opposed to the separately investment assets which have segregated investments. Investments in such pooled assets 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.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

4. Investments (continued)

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

	<u>2009</u>	<u>2008</u>
Investment balances at June 30,	<u>\$ 2,024,965</u>	<u>\$ 2,480,948</u>
For the year ended June 30,		
Unrealized loss on investments	\$ (504,695)	\$ (260,778)
Realized loss for the year	<u>(1,399)</u>	<u>(52,440)</u>
	(506,094)	(313,218)
Interest and dividend income	<u>104,804</u>	<u>362,818</u>
	<u>\$ (401,290)</u>	<u>\$ 49,600</u>

The current and long-term value of investments at June 30, 2009, is \$1,024,965 and \$1,000,000, respectively. The current and long-term value of investments at June 30, 2008 is \$1,326,636 and \$1,154,312, respectively.

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

5. Fair Value of Financial Instruments

FASB Statement No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments.

FASB Statement No. 157 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. These levels include Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as the quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

5. Fair Value of Financial Instruments (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of the unobservable inputs.

Investments of Second Harvest are held in pooled assets and separately invested portfolios. Second Harvest's investments are in Portfolio A of the pool. The custodian of this portfolio uses independent pricing services, where available, to value the securities included in this portfolio. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisers, principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

More specifically, the custodian uses quoted market prices for valuing government obligations, corporate stocks, and foreign equities which are all classified within Level 1 of the fair value hierarchy. The custodian uses quoted market prices, which represent the net asset value per unit, to value mutual and money market funds, which are also classified within Level 1 of the fair value hierarchy. Fixed income securities included in this portfolio, such as government agency mortgage obligations and corporate and foreign obligations are classified within Level 2 of the fair value hierarchy and are valued based on bid-side quotations or evaluated bids based on internal models used by the custodian's independent pricing service. Other alternative investments are valued at an evaluated price provided by a counterparty or fund manager that may or may not be an affiliate of the Portfolio A custodian.

Approximately 91% of the pool's investments are categorized as Level 1 and 2 and the remaining 9% is classified as Level 3 investments. At June 30, 2009, Second Harvest's investments were approximately 2% of the total investment pool.

6. Undistributed Food and Grocery Products on Hand

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

	2009		2008	
	Dollars \$	Pounds	Dollars \$	Pounds
Donated and purchased	\$ 1,320,930	910,384	\$ 1,858,663	1,245,820
U.S.D.A commodities	473,259	624,228	73,236	209,333
LANIAP purchased product	168,480	369,271	217,011	427,142
	<u>\$ 1,962,669</u>	<u>1,903,883</u>	<u>\$ 2,148,910</u>	<u>1,882,295</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

7. Property and Equipment

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

	<u>2009</u>	<u>2008</u>
Building and improvements	\$ 2,033,442	\$ 2,033,442
Furniture, fixtures and equipment	809,063	762,647
Automobiles	781,777	611,446
Land	452,800	452,800
Leasehold improvements	36,549	36,549
	<u>4,113,631</u>	<u>3,896,884</u>
Less: accumulated depreciation	<u>(2,017,870)</u>	<u>(1,772,978)</u>
	<u>\$ 2,095,761</u>	<u>\$ 2,123,906</u>

8. 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.

Temporarily restricted net assets at June 30 are restricted as follows:

	<u>2009</u>	<u>2008</u>
Beneficial Interest in Charitable Remainder Unitrust	\$ -	\$ 11,456
Feeding America grant	57,380	59,049
Other private grants	1,282,244	1,427,538
United Way grants	139,950	-
Backpack grants	187,264	165,184
Capital Campaign	1,208,172	1,218,354
Property and equipment	360,552	394,552
	<u>\$ 3,235,562</u>	<u>\$ 3,276,133</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

8. Restrictions on Net Assets (continued)

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

	<u>2009</u>	<u>2008</u>
Feeding America	\$ 59,049	\$ 606,587
United Way grants	-	166,938
Backpack grants	165,184	50,141
Other restrictions	226,750	143,562
Property and equipment	34,000	34,218
Capital Campaign	10,182	-
Totals	<u>\$ 495,165</u>	<u>\$ 1,001,446</u>

Permanently restricted net assets consist of endowment fund assets (Note 9) to be held indefinitely.

9. Endowment

The Board of Second Harvest is of the belief that they have a strong fiduciary duty to manage the assets of Second Harvest's endowments in the most prudent manner possible. The Board recognizes the intent of the endowment is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions, and preservation of the fund. To follow these principles, the historic value of the fund is always maintained in permanently restricted net assets. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in unrestricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. 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 are to 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, 2009 and 2008 is \$1,000,000 and \$1,154,312, respectively.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

9. Endowment (continued)

Endowment Investment and Spending Policies. Second Harvest has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The endowment's assets are invested in the Archdiocese of New Orleans' investment pool, as previously described. Second Harvest's spending and investment policies work together to achieve this objective. Spending is approved by the Board, based on the needs of Second Harvest.

Changes in the endowment for the year ended June 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets,			
Beginning of year	\$ 308,865	\$ 1,154,312	\$ 1,463,177
Net realized and unrealized gains/losses	<u>(57,075)</u>	<u>(214,711)</u>	<u>(271,786)</u>
Subtotal	251,790	939,601	1,191,391
Transfer	<u>(60,399)</u>	<u>60,399</u>	<u>-</u>
Endowment net assets,			
End of year	<u>\$ 191,391</u>	<u>\$ 1,000,000</u>	<u>\$ 1,191,391</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

10. 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:

	2009		2008	
	Dollars	Pounds	Dollars	Pounds
Receipts:				
Donated products	\$ 21,214,366	13,426,814	\$ 15,708,767	10,542,796
Purchased product	221,840	299,738	464,708	176,367
U.S.D.A. commodities	3,816,754	6,702,993	1,462,852	3,397,438
LANIAP Purchased product	<u>2,262,679</u>	<u>4,803,163</u>	<u>2,407,210</u>	<u>4,650,806</u>
Totals	<u>\$ 27,515,639</u>	<u>25,232,708</u>	<u>\$ 20,043,537</u>	<u>18,767,407</u>
Distributions, net of adjustments:				
Donated products	\$ 21,758,094	13,770,944	\$ 15,210,027	10,100,483
Purchased product	215,845	291,045	459,384	174,398
Disaster products	-	-	19,301	14,512
U.S.D.A. commodities	3,416,731	6,288,098	1,466,243	3,413,623
LANIAP Purchased product	<u>2,311,210</u>	<u>4,861,034</u>	<u>2,190,199</u>	<u>4,223,664</u>
Totals	<u>\$ 27,701,880</u>	<u>25,211,121</u>	<u>\$ 19,345,154</u>	<u>17,926,680</u>

During the years ended June 30, 2009 and 2008, Second Harvest purchased an additional \$2,431,000 and \$2,457,853, respectively of food and grocery products on behalf of the Louisiana Food Bank Association.

11. 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 \$34,754 and \$22,496, for the years ended June 30, 2009 and 2008, respectively.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

12. 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 2012. 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, 2009.

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 147,717
2011	130,247
2012	<u>30,258</u>
Total	<u>\$ 308,222</u>

The rental expense for all operating leases for the year ended June 30, 2009 and 2008 approximated \$235,462 and \$195,446, respectively.

13. Significant Contracts and Grants

For the years ended June 30, 2009 and 2008, \$4,476,591 and \$1,783,681, 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 July 29, 2008 and June 25, 2007 for the years ended June 30, 2009 and 2008, respectively. Food purchased under the agreement during the year ended June 30 is as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Dollars</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Pounds</u>
Second Harvest	\$ 2,418,378	4,917,246	\$ 2,446,490	4,725,475
Greater Baton Rouge Food Bank	768,750	1,489,095	775,674	1,669,442
Central Louisiana Food Bank	567,500	1,082,364	572,381	1,287,777
Food Bank of Northwest Louisiana	567,500	1,125,449	576,507	1,180,192
Food Bank of Northeast Louisiana	527,250	1,058,791	533,291	1,024,959
Totals	<u>\$ 4,849,378</u>	<u>9,672,945</u>	<u>\$ 4,904,343</u>	<u>9,887,845</u>

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

14. Commitments and 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, 2009.

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.

Second Harvest signed an exchange agreement dated May 21, 2009. According to the agreement, Second Harvest will receive property at 700 Edward Avenue, Harahan, Louisiana and assume the existing mortgage on this property in the amount of \$5,228,989 in exchange for Second Harvest's warehouse located at 1201 Sams Avenue, Harahan, Louisiana. At June 30, 2009, the closing of the act of sale had not taken place.

15. Concentrations of Credit Risk

As of June 30, 2009, Second Harvest had bank accounts at one financial institution which exceeded the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$5,827,329.

16. Board of Directors Compensation

The members of Second Harvest's Board were not compensated during the years ended June 30, 2009 and 2008.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

17. Prior Period Adjustment

Amounts as previously reported by Second Harvest for the year ended June 30, 2008 have been restated to properly reflect an elimination of revenue and expenses related to food purchased by LANIAP on behalf of Second Harvest as follows:

	<u>As previously reported</u>	<u>Adjustment</u>	<u>As restated</u>
Revenues - Unrestricted -			
Donations of food, grocery and other products from producers and brokers	\$18,580,684	\$(2,446,490)	\$16,134,194
Expenses			
Program services – Food distributed to member agencies	\$27,382,825	\$(2,446,490)	\$24,936,335

The above adjustment did not have an impact on changes in net assets or in the presentation of net assets.

18. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 7, 2009, and determined that the following event requires disclosure. As described in Note 14, during fiscal year 2010, Second Harvest anticipates receiving property and assuming the existing mortgage on such property in the amount of \$5,228,989 in exchange for a Second Harvest warehouse located in Harahan, Louisiana. The exchange has not yet occurred.

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

JUNE 30, 2009

ASSETS

	Second Harvest without LANIAP	LANIAP	Eliminations	Totals
Cash and cash equivalents	\$ 5,231,495	\$ 86,368	\$ -	\$ 5,317,863
Unconditional promises to give:				
Pledges	839,866	10,000	(46,231)	803,635
United Way	139,950	-	-	139,950
Grants receivable	204,269	-	-	204,269
Other receivables	4,791	-	-	4,791
Accrued interest	6,139	-	-	6,139
Prepaid expenses	26,718	-	-	26,718
Investments	1,024,965	-	-	1,024,965
Undistributed food and grocery products on hand	1,962,669	-	-	1,962,669
Total current assets	<u>9,440,862</u>	<u>96,368</u>	<u>(46,231)</u>	<u>9,490,999</u>
Property and equipment - net	2,095,761	-	-	2,095,761
Investments, permanently restricted	1,000,000	-	-	1,000,000
Other assets	33,546	-	-	33,546
Total assets	<u>\$ 12,570,169</u>	<u>\$ 96,368</u>	<u>\$ (46,231)</u>	<u>\$ 12,620,306</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable and accrued expenses	\$ 197,929	\$ 82,678	\$ (46,231)	\$ 234,376
Unemployment accrual	12,277	-	-	12,277
Total liabilities	<u>210,206</u>	<u>82,678</u>	<u>(46,231)</u>	<u>246,653</u>
Net assets:				
Unrestricted	8,124,401	13,690	-	8,138,091
Temporarily restricted	3,235,562	-	-	3,235,562
Permanently restricted	1,000,000	-	-	1,000,000
Total net assets	<u>12,359,963</u>	<u>13,690</u>	<u>-</u>	<u>12,373,653</u>
Total liabilities and net assets	<u>\$ 12,570,169</u>	<u>\$ 96,368</u>	<u>\$ (46,231)</u>	<u>\$ 12,620,306</u>

(continued)

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
Unconditional promises to give:			
Pledges	703,662	-	703,662
Grants receivable	72,559	-	72,559
Other receivables	12,423	-	12,423
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 STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	Second Harvest without LANAP			LANAP			Eliminations			Totals		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues												
Public support:												
Contributions, donations and grants	\$ 2,913,631	\$ 314,644	\$ -	\$ 3,228,275	\$ 225,500	\$ -	\$ 225,500	\$ -	\$ (119,026)	\$ 3,028,105	\$ 314,644	\$ 3,342,749
Donations of food, grocery and other products from producers and brokers	23,309,305	-	-	23,309,305	-	-	-	-	(2,418,378)	20,890,927	-	20,890,927
Contributed goods and services	277,041	-	-	277,041	-	-	-	-	-	277,041	-	277,041
United Way	-	-	-	-	-	-	-	-	-	-	-	-
Great New Orleans:												
Allocations	100,000	77,000	-	177,000	-	-	-	-	-	100,000	77,000	177,000
Designations	50,239	-	-	50,239	-	-	-	-	-	50,239	-	50,239
Combined Federal Campaign	32,195	-	-	32,195	-	-	-	-	-	32,195	-	32,195
Acadams:												
Allocations	30,000	-	-	30,000	-	-	-	-	-	30,000	-	30,000
St. Charles:												
Allocations	10,000	61,950	-	71,950	-	-	-	-	-	10,000	61,950	71,950
Special events (net of direct costs)	(12,604)	-	-	(12,604)	-	-	-	-	-	(12,604)	-	(12,604)
Total public support	26,702,807	418,594	-	27,121,401	225,500	-	225,500	273,200	(2,537,404)	24,911,503	418,594	25,330,097
Governmental financial assistance:												
Fees and grants from federal agencies	1,011,522	-	-	1,011,522	-	-	-	-	-	1,011,522	-	1,011,522
U.S.D.A. commodities	3,816,754	-	-	3,816,754	-	-	-	-	-	3,816,754	-	3,816,754
Other governmental agencies	-	-	-	-	5,000,000	-	5,000,000	5,000,000	-	5,000,000	-	5,000,000
Total governmental financial assistance	4,828,276	-	-	4,828,276	5,000,000	-	5,000,000	5,000,000	-	9,828,276	-	9,828,276
Other Revenue:												
Program generated	180,617	-	-	180,617	-	-	-	-	(163,120)	17,497	-	17,497
Investment income	(263,644)	-	(154,312)	(417,956)	16,676	-	16,676	16,676	-	(246,978)	(154,312)	(401,290)
Other	26,023	-	-	26,023	15,000	-	15,000	15,000	-	41,023	-	41,023
Net assets released from restrictions - operations	495,165	(495,165)	-	-	-	-	-	-	-	495,165	-	495,165
Total other revenue	31,970,236	(40,571)	(154,312)	31,575,353	31,676	-	31,676	31,676	(163,120)	206,769	(495,165)	(132,762)
Total revenue	31,970,236	(40,571)	(154,312)	31,775,353	5,237,176	-	5,237,176	5,237,176	(2,700,524)	34,276,888	(40,571)	34,236,313
Expenses												
Program services	31,248,491	-	-	31,248,491	5,076,924	-	5,076,924	5,076,924	(2,537,404)	33,786,011	-	31,788,011
Management and general	679,635	-	-	679,635	166,073	-	166,073	166,073	(163,120)	682,588	-	682,588
Fundraising	723,828	-	-	723,828	-	-	-	-	-	723,828	-	723,828
Total expenses	32,652,024	-	-	32,652,024	5,242,997	-	5,242,997	5,242,997	(2,700,524)	35,194,497	-	35,194,497
Change in net assets	(681,788)	(40,571)	(154,312)	(876,671)	14,179	-	14,179	14,179	-	(662,497)	(154,312)	(862,497)
Net Assets												
Beginning of year	\$ 8,806,189	\$ 3,276,133	\$ 1,154,312	\$ 13,236,634	(489)	-	(489)	(489)	-	\$ 8,805,700	\$ 3,276,133	\$ 13,236,634
End of year	\$ 8,124,401	\$ 3,235,562	\$ 1,000,000	\$ 12,359,963	\$ 13,690	-	\$ 13,690	\$ 13,690	\$ -	\$ 8,138,091	\$ 3,235,562	\$ 12,373,653

(continued)

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues:												
Public support:												
Contributions, donations and grants	\$ 1,399,974	\$ 1,391,518	\$ -	\$ 3,793,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,399,974	\$ 1,391,518	\$ -
Donations of food, grocery and other												
Products from producers and jobbers	18,330,584	-	-	18,330,584	-	-	(3,446,490)	-	-	16,134,194	-	-
United Way												
Greater New Orleans:												
Allocations	61,200	-	-	61,200	-	-	-	-	-	61,200	-	-
Religions	47,667	-	-	47,667	-	-	-	-	-	47,667	-	-
Combined Federal Campaign	13,347	-	-	13,347	-	-	-	-	-	13,347	-	-
Acadiana	25,952	-	-	25,952	-	-	-	-	-	25,952	-	-
St. Charles	50,300	-	-	50,300	-	-	-	-	-	50,300	-	-
Special events (net of direct costs)	9,509	-	-	9,509	-	-	-	-	-	9,509	-	-
Total public support	21,128,633	1,391,518	-	22,520,151	-	-	(3,446,490)	-	-	19,073,661	-	-
Governmental financial assistance:												
Fees and grants from governmental agencies	461,017	-	-	461,017	-	-	-	-	-	461,017	-	-
U.S.D.A. commodities	1,462,852	-	-	1,462,852	-	-	-	-	-	1,462,852	-	-
Other governmental agencies	5,000,000	-	-	5,000,000	-	-	-	-	-	5,000,000	-	-
Total governmental financial assistance	1,923,869	-	-	1,923,869	-	-	-	-	-	1,923,869	-	-
Other Revenues:												
Program generated	118,465	-	-	118,465	-	-	(11,713)	-	-	106,752	-	-
Investment income	137,661	-	-	137,661	-	-	(45,476)	-	-	92,185	-	-
Other	14,791	-	-	14,791	-	-	-	-	-	14,791	-	-
Net assets released from restrictions - operations	1,074,919	(1,001,446)	(73,473)	73,473	-	-	-	-	-	(1,001,446)	(73,473)	-
1940 other revenue	1,343,835	(1,001,446)	(197,001)	145,389	-	-	(138,631)	-	-	6,758	(197,001)	-
Total revenue	24,456,338	392,092	(197,001)	24,651,429	-	-	(3,585,111)	-	-	21,066,318	(197,001)	-
Expenses:												
Program services	22,478,482	-	-	22,478,482	-	-	(4,904,343)	-	-	17,574,139	-	-
Management and general	501,764	-	-	501,764	-	-	(138,631)	-	-	363,133	-	-
Fundraising	524,706	-	-	524,706	-	-	-	-	-	524,706	-	-
Total expenses	23,504,952	-	-	23,504,952	-	-	(5,042,974)	-	-	18,461,978	-	-
Change in net assets	951,386	392,092	(197,001)	1,146,477	(489)	(489)	-	-	-	950,897	392,092	(197,001)
Net Assets:												
Beginning of year	2,854,805	2,854,041	1,351,313	12,890,157	-	-	-	-	-	2,854,805	2,854,041	1,351,313
End of year	\$ 3,806,191	\$ 3,246,133	\$ 1,154,312	\$ 13,216,634	\$ (489)	\$ (489)	\$ -	\$ -	\$ -	\$ 3,805,702	\$ 3,246,133	\$ 1,154,312

See accompanying independent auditors' report

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND LACADIANA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2002

	Second Harvest without LANIAP			LANIAP			Eliminations			Totals			
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,141,670	\$ 343,659	\$ 268,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,141,670	\$ 343,659	\$ 268,641	\$ 1,753,970
Employee benefits	113,374	63,599	20,342	-	-	-	-	-	-	113,374	63,599	20,342	207,314
Payroll taxes	83,201	24,167	19,976	-	-	-	-	-	-	83,201	24,167	19,976	127,000
Total salaries and related expenses	1,341,151	431,475	316,736	-	-	-	-	-	-	1,341,151	431,475	316,736	2,089,312
Professional fees and contract services	371,177	138,451	16,092	15,000	-	-	15,000	-	-	326,177	138,451	16,092	480,920
Supplies	156,042	13,878	13,693	187,970	-	-	187,970	-	-	194,986	13,878	13,693	222,557
LANIAP Administration fees	-	-	-	-	163,120	-	-	(163,120)	-	-	-	-	-
Equipment expense	70,155	10,001	1,414	-	-	-	-	-	-	70,155	10,001	1,414	81,570
Office	383,142	6,340	28,432	-	-	-	-	-	-	383,142	6,340	28,432	417,833
Travel and transportation	654,218	3,308	2,270	-	-	-	-	-	-	654,218	3,308	2,270	659,796
Personnel recruitment and development	141,881	37,001	7,071	-	-	-	-	-	-	141,881	37,001	7,071	185,953
Members and volunteers	50,781	-	-	-	-	-	-	-	-	50,781	-	-	50,781
Administrative solicitations	26,154	-	267,082	-	-	-	-	-	-	26,154	-	267,082	294,136
Food distributed to member agencies	37,760,844	-	60,076	2,442,954	-	-	(2,418,376)	-	-	27,805,420	-	60,076	27,865,496
Food purchased on behalf of LFBIA	113,300	35,412	4,362	2,431,000	-	-	-	-	-	2,431,000	35,412	4,362	2,431,000
Other purchasing expenses	11,038	8,386	4,720	-	-	-	-	-	-	11,038	8,386	4,720	24,144
Miscellaneous	238,528	5,214	1,050	-	2,953	-	-	-	-	238,528	5,214	1,050	244,872
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 31,248,021	\$ 679,635	\$ 733,898	\$ 5,076,924	\$ 1,66,073	\$ -	\$ (2,537,404)	\$ (163,120)	\$ -	\$ 33,788,011	\$ 682,588	\$ 733,898	\$ 35,194,477

(continued)

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Second Harvest without LANIAP			LANIAP			Totals			
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,013,592	\$ 236,371	\$ 177,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,427,660
Employee benefits	99,017	28,885	27,568	-	-	-	-	-	-	155,470
Payroll taxes	78,311	17,054	11,207	-	-	-	-	-	-	106,572
Total salaries and related expenses	1,190,920	302,311	216,472	-	-	-	-	-	-	1,709,903
Professional fees and contract services	272,125	63,432	40,310	-	-	-	-	-	-	375,867
Supplies	419,232	7,599	11,431	-	-	-	-	-	-	438,262
LANIAP Administration fees	-	-	-	112,753	-	-	-	-	-	112,753
Equipment expense	46,291	6,374	6,302	-	-	-	-	-	-	59,167
Occupancy	300,751	21,665	27,029	-	-	-	-	-	-	349,445
Travel and transportation	396,201	10,259	1,857	-	-	-	-	-	-	408,317
Personnel recruitment and development	84,000	41,135	2,159	-	-	-	-	-	-	127,294
Insurance	49,672	5,572	3,221	-	-	-	-	-	-	58,465
Meetings and solicitations	-	-	211,703	-	-	-	-	-	-	211,703
Food distributed to member agencies	19,533,207	-	-	2,446,490	-	-	(2,446,490)	-	-	19,533,207
Food purchased on behalf of LFBA	-	-	-	2,457,853	-	-	-	-	-	2,457,853
Earned interest distributed to LFBA	-	-	-	81,738	-	-	-	-	-	81,738
Other operating expenses	687	29,025	3,112	-	-	-	-	-	-	29,025
Miscellaneous	715,396	12,645	16,444	-	-	-	-	-	-	744,485
Depreciation	-	1,547	910	-	-	-	-	-	-	2,457
Total expenses	\$ 22,478,482	\$ 301,764	\$ 524,706	\$ 4,994,343	\$ 194,491	\$ 5,098,834	\$ (2,446,490)	\$ (158,631)	\$ 337,624	\$ 25,998,665

See accompanying independent auditors' report.

**SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA
SCHEDULE OF SUPPORT REVENUE AND EXPENSES PREPARED
FOR THE UNITED WAY FOR THE GREATER NEW ORLEANS AREA**

**FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

FORM 1

FUNCTIONAL BUDGET SPREADSHEET	AGENCY TOTAL (SUM 1 + 3)	ADMINISTRATION FUNDRAISING (Management & Clerical)	TOTAL PROGRAM SERVICES SUM (4 to 7)	PROGRAM SERVICES			
				Second Harvest	5	6	7
REVENUE: (For United Way request, indicate Goal Areas)							
1 4201 CLIENT GENERATED SELF SUPPORT	\$ 23,924,233	\$ -	\$ 23,924,233	\$ 23,924,233	\$ -	\$ -	\$ -
2 5000 GOVERNMENT GRANTS/CONTRACTS	9,828,276	-	9,828,276	9,828,276	-	-	-
3 4800 OTHER FOUNDATIONS OR NATIONAL GRANTS	559,880	-	559,880	559,880	-	-	-
4 6700 OTHER REVENUE	(342,768)	-	(342,768)	(342,768)	-	-	-
5 TOTAL SELF GENERATED REVENUE	33,969,621	-	33,969,621	33,969,621	-	-	-
6 4702 UNITED WAY DESIGNATIONS	50,239	-	50,239	50,239	-	-	-
7 4703 CFC DESIGNATIONS	32,195	-	32,195	32,195	-	-	-
8 4704 OTHER UNITED WAY GRANTS	279,950	-	279,950	279,950	-	-	-
9 TOTAL REVENUE	34,332,005	-	34,332,005	34,332,005	-	-	-
10 4701 UNITED WAY GNO REQUEST	-	-	-	-	-	-	-
11 GRAND TOTAL REVENUE	\$ 34,332,005	\$ -	\$ 34,332,005	\$ 34,332,005	\$ -	\$ -	\$ -
EXPENSES:							
12 7000 SALARIES	\$ 1,753,970	\$ 612,300	\$ 1,141,670	\$ 1,141,670	\$ -	\$ -	\$ -
13 7100 BENEFITS	207,342	91,768	115,574	115,574	-	-	-
14 7200 TAXES	128,000	44,093	83,907	83,907	-	-	-
15 8400 OCCUPANCY EXPENSES	417,833	34,691	383,142	383,142	-	-	-
16 8700 TRAVEL & TRANSPORTATION EXP.	659,796	5,578	654,218	654,218	-	-	-
17 8100 OFFICE SUPPLIES	222,557	27,571	194,986	194,986	-	-	-
18 8600 PRINTING	294,136	267,982	26,154	26,154	-	-	-
19 8900 DIRECT ASSISTANCE TO INDIVIDUALS	30,296,496	60,076	30,236,420	30,236,420	-	-	-
20 9400 OTHER	1,214,367	262,427	951,940	951,940	-	-	-
GRAND TOTAL EXPENSES	\$ 35,194,497	\$ 1,406,486	\$ 33,788,011	\$ 33,788,011	\$ -	\$ -	\$ -
22 NET DIFFERENCE	\$ (862,492)	\$ (1,406,486)	\$ 543,994	\$ 543,994	\$ -	\$ -	\$ -

EXPENSES ANALYSIS:

23-Total Direct Program Expenses	\$ 33,788,011	-	-	-	-	-
24-Percent of Total Program Expenses	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25-Distribution of M & G Expenses	\$ 1,406,486	-	-	-	-	-
26-Grand Total Program Expenses	\$ 35,194,497	-	-	-	-	-
27-Projected Undup. People Served	248,700	-	-	-	-	-
28-Cost per Person	\$ 142	-	-	-	-	-

See accompanying independent auditors' report.

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

SINGLE AUDIT REPORT

JUNE 30, 2009



A Professional Accounting Corporation

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SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2009

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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 financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana (a nonprofit organization) (Second Harvest) as of and for the year ended June 30, 2009 and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Second Harvest's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Second Harvest's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a *timely basis*. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Second Harvest's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Second Harvest's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Second Harvest's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, Second Harvest's management, and the State of Louisiana Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nettville

Metairie, Louisiana
December 7, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors, Catholic Charities Archdiocese of New Orleans, and
Board of Directors, Second Harvest Food Bank of Greater New Orleans and Acadiana

Compliance

We have audited the compliance of Second Harvest Food Bank of Greater New Orleans and Acadiana (a nonprofit organization) (Second Harvest), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Second Harvest's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Second Harvest's management. Our responsibility is to express an opinion on Second Harvest's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Second Harvest's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Second Harvest's compliance with those requirements.

In our opinion, Second Harvest complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of Second Harvest is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Second Harvest's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Second Harvest as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

This report is intended solely for the information and use of the Board, Second Harvest's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite - Nellyville

Metairie, Louisiana
December 7, 2009

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Federal Grantor / Pass-Through Agency / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Pass-through programs from:		
Louisiana Department of Agriculture and Forestry		
Emergency Food Assistance Program (Administrative Costs)	10.568	\$ 559,960
Emergency Food Assistance Program - ARRA (Administrative Costs)	10.568	99,877
Emergency Food Assistance Program (Commodities)	10.569	3,816,754
<u>U.S. Department of Housing and Urban Development</u>		
Pass-through program from:		
Office of Recovery and Development Administration, City of New Orleans		
Community Development Block Grant	14.218	14,000
<u>U.S. Department of Health and Human Services</u>		
Pass-through program from:		
Office of Public Health		
Center for Community Preparedness	93.283	18,000
<u>U.S. Department of Homeland Security</u>		
Pass-through program from:		
United Way of Acadiana		
Emergency Food & Shelter National Board Program	97.024	4,566
Emergency Food & Shelter National Board Program - ARRA	97.114	3,100
United Way of Greater New Orleans		
Emergency Food & Shelter National Board Program	97.024	261,557
Emergency Food & Shelter National Board Program - ARRA	97.114	40,462
Lafayette Consolidated Government		
Emergency Food & Shelter National Board Program - ARRA	97.114	10,000
Total Federal Awards		\$ 4,828,276

See accompanying notes to the schedule of expenditures of federal awards.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest). Second Harvest's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2009. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Second Harvest's financial statements for the year ended June 30, 2009.

3. Relationship to Financial Statements

Federal revenues of \$4,828,276 are reported on the Statement of Activities as unrestricted fees and grants from federal agencies of \$1,011,522 and U.S.D.A commodities of \$3,816,754.

4. Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

(1) Summary of Auditors' Results

Financial Statements

The type of report issued on the financial statements: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Noncompliance material to the financial statements noted? no

Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: unqualified opinion

Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133? no

Major programs:

United States Department of Agriculture:

Passed through Louisiana Department of Agriculture and Forestry

Emergency Food Assistance Program (Administrative Costs)	10.568
Emergency Food Assistance Program (Administrative Costs) - ARRA	10.568
Emergency Food Assistance Program (Commodities)	10.569

United States Department of Homeland Security:

Passed through United Way of Acadiana, United Way of Greater New Orleans, and Lafayette Consolidated Government

Emergency Food & Shelter National Board Program	97.024
Emergency Food & Shelter National Board Program – ARRA	97.114

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

(1) Summary of Auditors' Results, continued

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under Section 530 of
OMB Circular A-133: yes

**(2) Findings Relating to the Financial Statements Reported in Accordance
with *Government Auditing Standards*:** none

(3) Findings and Questioned Costs relating to Federal Awards: none

SECOND HARVEST FOOD BANK OF GREATER NEW ORLEANS AND ACADIANA

Summary Schedule of Prior Audit Findings

Year ended June 30, 2009

There were no audit findings in the prior year.