

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

SENECA FOODS CORP /NY/
Form 10-K/A
September 05, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the fiscal year-ended March 31, 2003

Commission File Number
0-1989

SENECA FOODS CORPORATION

(Exact name of registrant as specified in its charter)

New York

16-0733425

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

3736 South Main Street, Marion, New York

14505

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(315) 926-8100

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

Title of Each Class	Name of Each Exchange on Which Registered
---------------------	--

None

None

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

Common Stock Class A, \$.25 Par
Common Stock Class B, \$.25 Par
(Title of Class)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained herein, and will not be contained, to best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. X

Check mark indicates whether Registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days.

Yes X No
 ----- -----

The aggregate market value of the Registrant's voting securities held by non-affiliates based on the closing sales price per market reports by the

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

National Market System on May 30, 2003 was approximately \$94,573,000.

Common shares outstanding as of May 30, 2003 were Class A: 3,911,480,
Class B: 2,764,005.

Documents Incorporated by Reference:

(1) Proxy Statement to be issued prior to June 30, 2003 in connection with the Registrant's annual meeting of stockholders (the "Proxy Statement") applicable to Part III, Items 10-13 of Form 10-K.

(2) Portions of the Annual Report to shareholders for fiscal year ended March 31, 2003 (the "2003 Annual Report") applicable to Part II, Items 5-8 and Part IV, Item 14 of Form 10-K/A.

Explanatory Note on Amendment

This amendment No. 1 on Form 10-K/A is being filed to reflect the restatement of basic earnings per common share in order to include the Company's participating convertible preferred stock in the calculation of weighted average number of shares outstanding for basic earnings per share purposes, as discussed in Note 15 to the Company's Consolidated Financial Statements included at Item 8. Previously reported diluted earnings per share are not affected and remain unchanged.

For convenience, the Company is restating its Form 10-K for the year ended March 31, 2003 in its entirety.

TABLE OF CONTENTS FORM 10-K/A ANNUAL REPORT - FISCAL 2003 SENECA FOODS CORPORATION

PART I.

Item 1.	Business
Item 2.	Properties
Item 3.	Legal Proceedings
Item 4.	Submission of Matters to a Vote of Security Holders

PART II.

Item 5.	Market for Registrant's Common Stock and Related Security Holder Matters
Item 6.	Selected Financial Data
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk
Item 8.	Financial Statements and Supplementary Data
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

PART III.

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

- Item 10. Directors and Executive Officers of the Registrant
- Item 11. Executive Compensation
- Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Security Holder Matters
- Item 13. Certain Relationships and Related Transactions
- Item 14. Controls and Procedures

PART IV.

- Item 16. Exhibits, Financial Statements Schedules and Reports on Form 8-K

SIGNATURES

CERTIFICATIONS

PART I Item 1

Business

General Development of Business

SENECA FOODS CORPORATION (the "Company") was organized in 1949 and incorporated under the laws of the State of New York. In the spring of 1995, the Company initiated a 20-year Alliance Agreement with the Pillsbury Company, which was acquired by General Mills Operations, Inc. ("GMOI"), that created the Company's most significant business relationship. Under the Alliance Agreement, the Company has packed canned and frozen vegetables carrying GMOI's Green Giant brand name.

Since the onset of the Alliance Agreement, vegetable production has been the Company's dominant line of business. In fiscal 1999, the Company sold its fruit juice business and its applesauce and industrial flavors business. As a result of these fiscal 1999 divestitures, the Company's only non-vegetable food products are a line of fruit products.

On May 27, 2003, the Company completed the acquisition of the membership interest in Chiquita Processed Foods, L.L.C. from Chiquita Brands International, Inc. The acquisition of this canned vegetable business is expected to increase the Company's annual sales by approximately \$250 million.

The Company's Internet address is WWW.SENECAFOODS.COM. The Company's annual report on Form 10-K, the Company's quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on the Company's web site, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. All such filings on the Company's web site are available free of charge.

Financial Information about Industry Segments

The Company's business activities are conducted in food and non-food operations. The food operation constitutes 99% of total sales, of which approximately 97% is vegetable processing and 3% is fruit processing. The non-food operation is an

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

air charter service, which represents 1% of the Company's total sales.

Narrative Description of Business

Principal Products and Markets

Food Processing

The principal products of this segment include canned vegetable, frozen vegetable and fruit products. The products are sold to retail and institutional markets. The Company has divided the United States into four major marketing sections: Eastern, Southern, Northwestern, and Southwestern. Food processing operations are primarily supported by plant locations in New York, Wisconsin, Washington, Idaho, and Minnesota.

The following table summarizes net sales by major product category for the years ended March 31, 2003, 2002, and 2001:

Classes of similar products/services:	2003	2002	
(In thousands)			
Net Sales:			
Green Giant vegetables	\$ 252,059	\$ 258,412	\$
Canned vegetables	328,907	333,048	
Frozen vegetables	30,422	25,165	
Fruit and chip products	20,784	19,982	
Flight operations	3,897	5,588	
Other	8,310	8,880	
	\$ 644,379	\$ 651,075	\$

Other

Seneca Flight Operations provides air charter service primarily to industries in upstate New York.

Source and Availability of Raw Material

Food Processing

The Company's food processing plants are located in major vegetable and fruit producing states. Fruits and vegetables are primarily obtained through contracts with growers. The Company's sources of supply are considered equal or superior to its competition for all of its food products.

Seasonal Business

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

Food Processing

While individual fruits and vegetables have seasonal cycles of peak production and sales, the different cycles are usually offsetting to some extent. The supply of commodities, current pricing, and expected new crop quantity and quality, affect the timing of the Company's sales and earnings. An Off Season Allowance is established during the year to minimize the effect of seasonal production on earnings. The Off Season Allowance is zero at fiscal year-end.

Backlog

Food Processing

In the food processing business, the end of year sales order backlog is not considered meaningful. Traditionally, larger customers provide tentative bookings for their expected purchases for the upcoming season. These bookings are further developed as data on the expected size of the related national harvests becomes available. In general, these bookings serve as a yardstick, rather than as a firm commitment, since actual harvest results can vary notably from early estimates. In actual practice, the Company has substantially all of its expected seasonal production identified to potential sales outlets before the seasonal production is completed.

Competition and Customers

Food Processing

Competition in the food business is substantial with imaginative brand registration, quality, service, and pricing being the major determinants in the Company's relative market position. During the past year approximately 10% of the Company's processed foods were packed for retail customers under the Company's branded labels of Libby's(R), Blue Boy(R), Aunt Nellie's Farm Kitchen(R), and Seneca(R). About 15% of the processed foods were packed for institutional food distributors and 35% of processed foods were retail packed under the private label of customers. The remaining 40% is sold under the Alliance Agreement with GMOI (see note 13 to Consolidated Financial Statements included at Item 8, Financial Statements and Supplementary Data). Termination of the Alliance Agreement would substantially reduce the Company's sales and profitability unless the Company were to enter into a new substantial supply relationship with GMOI or another major vegetable marketer. The customers represent a full cross section of the retail, institutional, distributor, and industrial markets and the Company does not consider itself dependent on any single sales source other than sales attributable to the Alliance Agreement.

The principal branded products are Libby's canned vegetable products, which rate among the top five national brands. The information under the heading Results of Operations in Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2003 Annual Report is incorporated by reference.

Environmental Protection

Environmental protection is an area that has been worked on most diligently at each food processing facility. In all locations, the Company has cooperated with federal, state, and local environmental protection authorities in developing and

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

maintaining suitable antipollution facilities. In general, pollution control facilities are equal to or somewhat superior to those of our competitors and are within environmental protection standards. The Company does not expect any material capital expenditures to comply with environmental regulations in the near future. The Company is a potentially responsible party with respect to two waste disposal sites owned and operated by others. The Company believes that any reasonably anticipated liabilities will not exceed \$137,000 in the aggregate.

Environmental Litigation

The Company was a defendant in a suit entitled State of Wisconsin vs. Seneca Foods Corporation, et. al., commenced July 30, 2001, in the Rock County (Wisconsin) Circuit Court. In the suit, the Wisconsin Department of Justice sought civil penalties against the Company. The State alleged that the Company stored and/or disposed of two different types of materials at a Wisconsin facility in violation of applicable laws. The Company cooperated with Wisconsin authorities to remove the materials and complete remediation activities but contested the State's efforts to recover a monetary penalty. The first subject matter of the suit involved events, which occurred approximately 19 years ago, and there was no addition of materials in subsequent years. The second subject matter of the suit involved two events between 1995 and 1999. All material at issue in the action has been removed and properly disposed. During 2003, the Company reached a settlement amount with the State of \$242,000 which satisfied both issues.

		Employment
Food processing	- Full time	1,854
	- Seasonal	364

		2,218
	Other	81

		2,299
		=====

The Company has four collective bargaining agreements with three union locals covering approximately 503 of its full time employees. The terms of these agreements result in wages and benefits, which are substantially the same for comparable positions for the Company's non-union employees. Three collective bargaining agreements expire in calendar 2005. The remaining agreement expires in calendar 2006.

Foreign Operations

Export sales for the Company are a relatively small portion (about 3%) of the food processing sales.

Item 2

Properties

The Company has seven food processing, packaging, and warehousing facilities

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

located in New York State that provide approximately 1,448,000 square feet of food packaging, freezing and freezer storage, and warehouse storage space. These facilities process and package vegetable products. The Company is a lessee under a number of operating and capital leases for equipment and real property used for processing and warehousing.

Six facilities in Minnesota, two facilities in Washington, one facility in Idaho, and five facilities in Wisconsin provide approximately 5,682,000 square feet of food packaging, freezing and freezer storage, and warehouse storage space. These facilities process and package various vegetable and fruit products. The facilities are owned by the Company.

All of the properties are well maintained and equipped with modern machinery. All locations, although highly utilized, have the ability to expand as sales requirements justify. Because of the seasonal production cycles the exact extent of utilization is difficult to measure. In certain circumstances, the theoretical full efficiency levels are being reached; however, expansion of the number of production days or hours could increase the output by up to 20% for a season.

The Company's air charter division has a 42,000 square foot facility, which is owned by the Company.

Certain of the Company's facilities are mortgaged to financial institutions to secure long-term debt and capital lease obligations. See Notes 4 and 5 to Consolidated Financial Statements included at Item 8, Financial Statements and Supplementary Data, for additional information about the Company's long-term debt and lease commitments.

Item 3

Legal Proceedings

In the ordinary course of its business, the Company is made a party to certain legal proceedings seeking monetary damages. The Company does not believe that an adverse decision in any of these proceedings would have a material adverse impact on its financial position, results of operations or cash flows. See Environmental Litigation in Item 1 for further legal discussion.

Item 4

Submission of Matters to a Vote of Security Holders

No matters were submitted to vote of shareholders during the last quarter of the fiscal period covered by this report.

PART II

Item 5

Market for Registrant's Common Stock and Related Security Holder Matters

Each class of preferred stock receives preference as to dividend payment and declaration over any common stock. In addition, refer to the information in the 2003 Annual Report included as Exhibit 13, "Shareholder Information", which is

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

incorporated by reference.

Item 6

Selected Financial Data

Refer to the information in the 2003 Annual Report, "Five Year Selected Financial Data", which is incorporated by reference.

Item 7

Management's Discussion and Analysis of Financial Condition and Results of Operations

Refer to the information in the 2003 Annual Report, "Management's Discussion and Analysis of Financial Condition and Results of Operations", which is incorporated by reference.

Item 7A

Quantitative and Qualitative Disclosures about Market Risk

Refer to the information in the 2003 Annual Report, "Quantitative and Qualitative Disclosures about Market Risk", which is incorporated by reference.

Item 8

Financial Statements and Supplementary Data

Refer to the information in the 2003 Annual Report, "Consolidated Financial Statements and Notes thereto including Independent Auditors' Report", which is incorporated by reference.

Item 9

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10

Directors and Executive Officers of the Registrant

Item 11

Executive Compensation

Item 12

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

Security Ownership of Certain Beneficial Owners and Management

Item 13

Certain Relationships and Related Transactions

Information required by Items 10 through 13 will be filed separately with the Commission, pursuant to Regulation 14A, in a definitive proxy statement involving the election of directors, which is incorporated herein by reference.

Item 14

Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its periodic filings with the SEC is (a) accumulated and communicated to the Company's management in a timely manner and (b) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based on an evaluation within 90 days prior to the filing date of this report of the Company's disclosure controls and procedures, the Company's chief executive officer and chief financial officer concluded that the design and operation of these controls and procedures are effective.

(b) Changes in internal controls.

The Company also maintains a system of internal accounting controls that are designed to provide reasonable assurance that its books and records accurately reflect its transactions and that its policies and procedures are followed. There have been no significant changes in the Company's internal controls, or in other factors that could significantly affect these controls, subsequent to the date of the most recent evaluation of these controls by these officers.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Seneca Foods Corporation
Marion, New York

We have audited the consolidated financial statements of Seneca Foods Corporation and subsidiaries as of March 31, 2003 and 2002, and for each of the three years in the period ended March 31, 2003, and have issued our report thereon dated May 21, 2003 (September 3, 2003, as to Note 10 and Note 15) (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the restatement discussed in Note 15); such consolidated financial statements and report are included in Exhibit 13 of this annual report on Form 10-K/A. Our audits also included the consolidated financial statement schedule of Seneca Foods Corporation, listed in Item 16(A)(2). This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

/s/Deloitte & Touche LLP

Deloitte & Touche LLP
Rochester, New York
May 21, 2003 (September 3, 2003 as to
Note 10 and Note 15 referenced above)

PART IV

Item 16

Exhibits, Financial Statement Schedules, and Reports on Form 8-K

A. Exhibits, Financial Statements, and Supplemental Schedules

1. Financial Statements - the following consolidated financial statements of the Registrant, included in the Annual Report for the year ended March 31, 2003, are incorporated by reference in Item 8:

Consolidated Statements of Net Earnings - Years ended March 31, 2003, 2002 and 2001

Consolidated Balance Sheets - March 31, 2003 and 2002

Consolidated Statements of Cash Flows - Years ended March 31, 2003, 2002 and 2001

Consolidated Statements of Stockholders' Equity - Years ended March 31, 2003, 2002 and 2001

Notes to Consolidated Financial Statements - Years ended March 31, 2003, 2002 and 2001

Independent Auditors' Report

Pages

2. Supplemental Schedule:

Schedule II -- Valuation and Qualifying Accounts 9

Other schedules have not been filed because the conditions requiring the filing do not exist or the required information is included in the consolidated financial statements, including the notes thereto.

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

3. Exhibits:

No. 3 - Articles of Incorporation and By-Laws - Incorporated by reference to the Company's Form 10-Q/A filed August, 1995; as amended by the amendments filed with the Company's Form 10-K filed June 1996, as amended by the Company's definitive proxy statement filed July, 1998; as amended by the Company's 8-K dated June 10, 2003.

No. 4 - Articles defining the rights of security holders - Incorporated by reference to the Company's Form 10-Q/A filed August, 1995 as amended by amendments filed with the Company's Form 10-K filed June 1996. Instrument defining the rights of any holder of Long-Term Debt - Incorporated by reference to Exhibit 99 to the Company's Form 10-Q filed January 1995 as amended by Exhibit No. 4 of the Company's Form 10-K filed June, 1997, amended by Exhibit 4 of the Company's Form 10-Q and Form 10-Q/A filed November, 1997, as amended by amendments filed with the Company's definitive proxy statement filed July, 1998 as amended by the Company's 8-K dated June 10, 2003. The Company will furnish, upon request to the SEC, a copy of any instrument defining the rights of any holder of Long-Term Debt.

No. 10 - Material Contracts - Incorporated by reference to the Company's Form 8-K dated February 24, 1995 for the First Amended and Restated Alliance Agreement and the First Amended and Restated Asset Purchase Agreement both with The Pillsbury Company amended by the Company's Form 8-K dated June 11, 2002. Filed herewith is an Indemnification Agreement dated January 31, 2002. Incorporated by reference to the Company's 8-K dated June 10, 2003 for the Purchase Agreement by and among Seneca Foods Corporation, Chiquita Brands International, Inc. and Friday Holdings, L.C.C. dated as of March 6, 2003.

No. 13 - The material contained in the 2003 Annual Report to Shareholders under the following headings: "Five Year Selected Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Consolidated Financial Statements and Notes thereto including Independent Auditors' Report", "Quantitative and Qualitative Disclosures about Market Risk", and "Shareholder Information and Quarterly Results".

No. 21 - List of Subsidiaries

No. 23 - Consent of Deloitte & Touche LLP

B. Reports on Form 8-K

An 8-K filed March 7, 2003 related to the signing of a Definitive Agreement related to the Purchase of Assets.

Schedule II

VALUATION AND QUALIFYING ACCOUNTS (In thousands)

Balance at	Charged/	Charged to	Deduction
------------	----------	------------	-----------

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

	Beginning of period	(Credited) to income	other accounts	from reserv
Year-ended March 31, 2003:				
Allowance for doubtful accounts	\$ 605	\$ 390	\$ ---	\$234
Year-ended March 31, 2002:				
Allowance for doubtful accounts	\$ 632	\$ 190	\$ --	\$217
Year-ended March 31, 2001:				
Allowance for doubtful accounts	\$ 469	\$ 188	\$ --	\$ 25

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SENECA FOODS CORPORATION

By _____ September 5, 2003

Jeffrey L. Van Riper
Controller and Secretary
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
----- Arthur S. Wolcott	Chairman and Director	September 5, 2003
----- Kraig H. Kayser	President, Chief Executive Officer, and Director	September 5, 2003

Edgar Filing: SENECA FOODS CORP /NY/ - Form 10-K/A

----- Philip G. Paras	Chief Financial Officer	September 5, 2003
--------------------------	-------------------------	-------------------

----- Jeffrey L. Van Riper	Controller and Secretary (Principal Accounting Officer)	September 5, 2003
-------------------------------	--	-------------------

----- Arthur H. Baer	Director	September 5, 2003
-------------------------	----------	-------------------

----- Andrew M. Boas	Director	September 5, 2003
-------------------------	----------	-------------------

----- Robert T. Brady	Director	September 5, 2003
--------------------------	----------	-------------------

Continued

Signature	Title	Date
----- Douglas F. Brush	Director	September 5, 2003

----- Edward O. Gaylord	Director	September 5, 2003
----------------------------	----------	-------------------

----- G. Brymer Humphreys	Director	September 5, 2003
------------------------------	----------	-------------------

----- Susan W. Stuart	Director	September 5, 2003
--------------------------	----------	-------------------

