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Seneca Foods Corp
Form 10-Q
July 31, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10 Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended July 1, 2017 Commission File Number 0-01989

Seneca Foods Corporation

(Exact name of Company as specified in its charter)

New York 16 0733425

(State or other jurisdiction of (I. R. S. Employer
incorporation or organization) Identification No.)

3736 South Main Street, Marion, New York 14505
(Address of principal executive offices) (Zip Code)

Company's telephone number, including area code 315/926-8100

Not Applicable

Former name, former address and former fiscal year,
if changed since last report

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Company is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and an emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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If an emerging growth company, indicate by checkmark if the Company has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act

The number of shares outstanding of each of the issuer's classes of common stock at the latest practical date are:

Class	Shares Outstanding at July 21, 2017
Common Stock Class A, \$.25 Par	7,961,417
Common Stock Class B, \$.25 Par	1,884,639

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Seneca Foods Corporation
Quarterly Report on Form 10-Q
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SENECA FOODS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Data)

	Unaudited July 1, 2017	Unaudited July 2, 2016	March 31, 2017
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 15,778	\$ 12,487	\$ 11,992
Accounts Receivable, Net	78,619	66,354	72,080
Assets Held For Sale	-	5,025	-
Inventories:			
Finished Goods	411,975	349,495	435,247
Work in Process	24,792	14,616	32,528
Raw Materials and Supplies	196,738	222,718	130,281
Total Inventories	633,505	586,829	598,056
Refundable Income Taxes	1,077	-	2,471
Other Current Assets	2,878	22,954	3,671
Total Current Assets	731,857	693,649	688,270
Property, Plant and Equipment, Net	269,816	193,040	237,476
Deferred Income Taxes, Net	-	12,929	-
Other Assets	5,270	20,363	20,273
Total Assets	\$ 1,006,943	\$ 919,981	\$ 946,019
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Notes Payable	\$-	\$-	\$ 166
Accounts Payable	109,824	102,501	72,824
Accrued Payroll	7,458	7,999	6,593
Accrued Vacation	12,680	12,022	11,867
Other Accrued Expenses	25,530	25,735	32,493
Income Taxes Payable	-	168	-
Current Portion of Long-Term Debt and Capital Lease Obligations	8,708	31,154	8,334
Total Current Liabilities	164,200	179,579	132,277
Long-Term Debt, Less Current Portion	349,432	276,642	329,138
Capital Lease Obligations, Less Current Portion	34,842	7,910	34,194
Pension Liabilities	8,706	39,304	8,193
Deferred Income Taxes, Net	2,511	-	4,181
Other Long-Term Liabilities	13,758	11,904	3,775
Total Liabilities	573,449	515,339	511,758
Commitments and Contingencies			
Stockholders' Equity:			
Preferred Stock	720	1,338	1,324
Common Stock, \$.25 Par Value Per Share	3,036	3,024	3,024
Additional Paid-in Capital	98,075	97,378	97,458
Treasury Stock, at cost	(66,499)	(66,167)	(66,499)
Accumulated Other Comprehensive Loss	(11,116)	(28,396)	(11,175)

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Retained Earnings	409,278	397,465	410,129
Total Stockholders' Equity	433,494	404,642	434,261
E. Payment of Benefits			

On termination of service, retirement, or death, a participant or his/her beneficiary may elect to leave funds in the Plan or receive either a single-sum payment or purchase a single premium life annuity contract as defined in the Plan agreement. Net assets at December 31, 2011 and 2010, include funds totaling \$1,644,570 and \$1,479,740, respectively, which represent the account balance of retired and terminated participants who have elected to leave the funds in the Plan upon retirement or termination.

F. Forfeitures

If a participant terminates employment with the Plan Sponsor's prior to becoming fully vested, the nonvested portion of the Plan sponsors contributions and allocated earnings thereon are forfeited. All forfeitures are segregated annually and used as an offset to the Company's matching contribution. There were unallocated assets of \$75 and \$1 at December 31, 2011 and 2010, respectively, related to these forfeitures.

G. Notes Receivable From Participants

Participants may elect to borrow from their accounts a maximum amount equal to the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer to (from) the investment account from (to) the Participant Loans account. Loan terms shall not extend beyond five years. The loans are collateralized by the balance in the participant's account and bear interest at a rate which is based on the prevailing prime interest rate as published in The Wall Street Journal on the first business day of the month in which the loan is made plus one percentage point. Interest rates range from 4.25 percent to 9.25 percent with loans maturing at various dates through 2016. Principal and interest are paid ratably through periodic payroll deductions.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. Description of Plan (continued)

H. Administrative Expenses

Investment management fees and other fees related to investments of the Plan are paid from the earnings of the Plan's investments. Audit fees, legal fees, and other fees related to the administration of the Plan are paid by the Company. Expenses related to participant loans are paid by the Plan and charged to the respective participant's account.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosures of contingent assets and liabilities at the date of the financial statements and the changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

C. Risks and Uncertainties

The Plan provides for various investment options in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

D. Investments and Income Recognition

The Plan's investments are stated at fair value. The Plan has eleven pooled separate account investment funds under its group annuity contract with Prudential Retirement Insurance and Annuity Company (Prudential) available for participants to direct their investments therein. Investments in pooled separate accounts are valued on a per unit market value basis as determined by Prudential, which reflects the fair value of the investments comprising the separate pooled funds. In addition, the Plan has an ORI common stock account that is stated at fair value based on the quoted closing market value on the last business day of the year. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned on an accrual basis. Dividend income is recorded on the ex-dividend date.

The Statement of Changes in Net Assets Available for Benefits presents the net increase (decrease) in the value of the Plan's investments, which consist of realized gains and losses, unrealized appreciation (depreciation), and interest and dividend earnings on the investments.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

E. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

F. Benefit Payments

Benefit payments to participants are recorded when paid. At December 31, 2011 and 2010, there were no significant amounts due but unpaid to participants.

G. Subsequent Events Policy

Subsequent events have been evaluated through the date the financial statements were issued.

H. New Accounting Pronouncements

The following new accounting pronouncements were adopted during year end December 31, 2011:

Fair Value Disclosures – In January 2010, the Financial Accounting Standards Board ("FASB") issued guidance which expanded the required disclosures about fair value measurements. This guidance requires information about purchases, sales, issuances and settlements to be presented separately in the reconciliation for Level 3 fair value measurements and is effective for fiscal years beginning after December 15, 2010. Net assets available for benefits and changes in net assets available for benefits of the Plan were not affected by the adoption of the new guidance.

Fair Value Measurements – In May 2010, the FASB issued guidance requiring the categorization by level of items that are disclosed at fair value and information about transfers between Level 1 and Level 2. The new guidance is effective for reporting periods beginning after December 15, 2011. The Company is currently evaluating the impact that this guidance will have on the Plan's financial statement disclosures.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

3. Investments

A. Assets Greater Than 5% of Net Plan Assets

Investments that represent 5% or more of net plan assets at December 31, 2011 and 2010, are as follows:

	December 31,	
	2011	2010
Prudential Short-term Bond Fund	\$ 4,589,805	\$ 4,546,958
Dryden S&P 500 Index Fund	3,153,704	3,145,173
Old Republic International Corporation Common Stock Account	2,886,881	3,723,068
Prudential Balanced I Fund / Wellington Management Co. Fund	2,672,903	2,705,540
Prudential Large Cap Value / Aronson & Johnson & Ortiz Fund	2,513,148	2,460,207
Prudential Small Cap Growth / TimesSquare Fund	2,276,289	2,223,239
Prudential Core Bond/PIM Fund	2,133,490	1,534,092
Prudential Mid Cap Growth / TimesSquare Fund	1,918,617	1,912,867
T Rowe Price Growth Stock Fund	1,740,126	1,778,301

During 2011 and 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2011	2010
Prudential pooled separate accounts	\$ 9,240	\$ 2,436,061
Old Republic International Corporation Common Stock Account	(1,249,414)	971,155
	\$ (1,240,174)	\$ 3,407,216

B. Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price) at the measurement date. A fair value hierarchy is established that prioritizes the sources ("inputs") used to measure fair value into three broad levels: inputs based on quoted market prices in active markets (Level 1); observable inputs based on corroboration with available market data (Level 2); and unobservable inputs based on uncorroborated market data or a reporting entity's own assumptions (Level 3). There have been no changes in the methodologies used at December 31, 2011 and 2010.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Level 1	Investments include publicly traded common stocks.
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Level 2

Investments include pooled separate accounts.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

B. Fair Value Measurements (continued)

The following table shows a summary of assets measured at fair value segregated among the various input levels:

Fair Value Measurements as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Old Republic International Corporation common stock account	\$ 2,886,881			\$ 2,886,881
Prudential pooled separate accounts:				
Fixed income funds		\$ 6,723,295		6,723,295
Growth funds		5,935,032		5,935,032
Value funds		3,989,699		3,989,699
Index funds		3,153,704		3,153,704
Balanced funds		2,672,903		2,672,903
Other funds		612,197		612,197
Total		23,086,830		23,086,830
Total assets at fair value	\$ 2,886,881	\$ 23,086,830	\$ -	\$ 25,973,711

Fair Value Measurements as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Old Republic International Corporation common stock account	\$ 3,723,068			\$ 3,723,068
Prudential pooled separate accounts:				
Fixed income funds		\$ 6,081,050		6,081,050
Growth funds		5,914,408		5,914,408
Value funds		4,012,055		4,012,055
Index funds		3,145,173		3,145,173
Balanced funds		2,705,540		2,705,540
Other funds		781,125		781,125
Total		22,639,351		22,639,351
Total assets at fair value	\$ 3,723,068	\$ 22,639,351	\$ -	\$ 26,362,419

4. Tax Status

The Internal Revenue Service has issued a determination letter, dated May 29, 2002, stating that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan Sponsor believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC; therefore, no provision for income taxes has been included in the Plan Financial Statements.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants shall become 100 percent vested in their accounts and are entitled to a distribution of their account balances.

6. Related - Party Transactions

The ORI common stock account is invested in common stock of Old Republic International Corporation, the parent of the Company.

Plan assets include investments in eleven pooled separate accounts. These funds are managed by related parties of Prudential, the Trustee record keeper and custodian of Plan assets, and a party in interest.

SUPPLEMENTAL SCHEDULE

BITUMINOUS 401(K) SAVINGS PLAN

SCHEDULE H, LINE 4I
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 December 31, 2011

EIN: 36-0810360 Plan Number: 003

(a)	(b)	(c)	(d)	(e)
	Identity of issue	Description of investment including interest rate	Cost	Current value
*	Prudential Short-term Bond Fund	Pooled separate account	**	\$ 4,589,805
*	Prudential Balanced I Fund / Wellington Management Co. Fund	Pooled separate account	**	2,672,903
*	Dryden S&P 500 Index Fund	Pooled separate account	**	3,153,704
*	Prudential Large Cap Value / Aronson & Johnson & Ortiz Fund	Pooled separate account	**	2,513,148
*	Prudential Small Cap Growth / TimesSquare Fund	Pooled separate account	**	2,276,289
*	Prudential Mid Cap Growth / TimesSquare Fund	Pooled separate account	**	1,918,617
*	T Rowe Price Growth Stock Fund	Pooled separate account	**	1,740,126
*	Prudential Small Cap Value / American Century Fund	Pooled separate account	**	1,148,882
*	Prudential Core Bond / PIM Fund	Pooled separate account	**	2,133,490
*	Prudential International Blend / Munder Capital Fund	Pooled separate account	**	612,197
*		Pooled separate account	**	327,669

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Prudential Mid Cap /
CRM Fund

*	Old Republic International Corporation Common Stock Account	Common stock	**	2,886,881
*	Participant Loans	Participant loans, interest rates range from 4.25% to 9.25%, paid in a series of substantially equal payments over the term of the loan, maturing at various dates through 2016	-0-	650,349
	Total			\$ 26,624,060

*Party in interest

**Cost information is not applicable for participant directed investments