

GOLDEN ENTERPRISES INC
Form 10-Q
April 07, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly (fourteen weeks) period ended March 4, 2016

OR

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

For the transition period from to

Commission file number 0-4339

GOLDEN ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 63-0250005

(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

One Golden Flake Drive
Birmingham, Alabama 35205
(Address of Principle Executive Offices) (Zip Code)

(205) 458-7316

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark 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 (§232.405 of this chapter) 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 registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Act). (Check one):

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

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 2016.

<u>Class</u>	<u>Outstanding at March 31, 2016</u>
Common Stock, Par Value \$0.66 2/3	11,291,757

EXCHANGE ACT REPORTS AVAILABLE ON COMPANY WEBSITE

Under “SEC Filings” on the “Financial” page of the Company’s website located at www.goldenflake.com, links to the following filings are made available as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (the “SEC”) the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A related to the Company’s Annual Shareholders Meeting, and any amendments to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Act of 1934. You may also read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website located at <http://www.sec.gov> that contains the information we file or furnish electronically with the SEC.

GOLDEN ENTERPRISES, INC.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****GOLDEN ENTERPRISES, INC. AND SUBSIDIARY****INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

	(Unaudited)	
	March 4, 2016	May 29, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,538,052	\$ 1,159,449
Receivables, net	10,661,928	11,085,689
Inventories:		
Raw materials and supplies	1,889,010	1,781,397
Finished goods	3,892,028	3,460,800
	5,781,038	5,242,197
Prepaid expenses	1,321,476	1,350,201
Income taxes receivable	-	476,154
Deferred income taxes	1,139,433	1,139,433
Total current assets	20,441,927	20,453,123
Property, plant and equipment, net	22,378,544	24,488,478
Other assets	1,546,555	1,603,454
Total	\$44,367,026	\$46,545,055
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Checks outstanding in excess of bank balances	\$2,461,537	\$1,068,745
Accounts payable	2,783,703	4,049,333
Accrued income taxes	137,770	-
Current portion of long-term debt	822,378	799,204
Current portion of capital lease obligation	32,497	-
Other accrued expenses	3,965,970	5,021,286
Salary continuation plan	112,689	106,148
Line of credit outstanding	733,803	2,823,477
Total current liabilities	11,050,347	13,868,193
LONG-TERM LIABILITIES		
Notes payable - bank, non-current	5,492,394	6,213,513
Capital lease obligation	45,003	-

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Salary continuation plan	913,586	921,882
Deferred income taxes	3,856,793	3,856,793
Total long-term liabilities	10,307,776	10,992,188
STOCKHOLDERS' EQUITY		
Common stock - \$.66-2/3 par value: 35,000,000 shares authorized Issued 13,828,793 shares	9,219,195	9,219,195
Additional paid-in capital	6,768,661	6,552,973
Retained earnings	20,158,041	19,049,500
	36,145,897	34,821,668
Less: Cost of common shares in treasury (2,537,036 shares at March 4, 2016 and May 29, 2015)	(13,136,994)	(13,136,994)
Total stockholders' equity	23,008,903	21,684,674
Total	\$44,367,026	\$46,545,055

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Fourteen Weeks Ended March 4, 2016	Thirteen Weeks Ended February 27, 2015	Forty Weeks Ended March 4, 2016	Thirty-Nine Weeks Ended February 27, 2015
Net sales	\$ 35,186,617	\$ 31,521,659	\$ 100,916,805	\$ 97,676,021
Cost of sales	17,600,121	16,008,972	50,045,796	49,475,833
Gross margin	17,586,496	15,512,687	50,871,009	48,200,188
Selling, general and administrative expenses	16,395,652	14,814,153	47,084,549	46,240,504
Operating income	1,190,844	698,534	3,786,460	1,959,684
Other income (expenses):				
Gain on sale of assets	25,166	6,800	31,416	259,606
Interest expense	(84,179)	(93,065)	(269,870)	(323,515)
Other income	67,399	56,546	86,515	79,821
Total other income (expenses)	8,386	(29,719)	(151,939)	15,912
Income before income taxes	1,199,230	668,815	3,634,521	1,975,596
Income taxes	464,775	396,292	1,410,917	895,120
Net income	\$ 734,455	\$ 272,523	\$ 2,223,604	\$ 1,080,476
PER SHARE OF COMMON STOCK				
Basic earnings	\$ 0.07	\$ 0.02	\$ 0.20	\$ 0.09
Diluted earnings	\$ 0.06	\$ 0.02	\$ 0.20	\$ 0.09
Weighted average number of common stock share outstanding:				
Basic	11,291,757	11,451,635	11,291,757	11,638,966
Diluted	11,317,116	11,451,635	11,291,757	11,638,966
Cash dividends paid per share of common stock	\$ 0.0338	\$ 0.0313	\$ 0.0988	\$ 0.0938

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Forty Weeks Ended March 4, 2016	Thirty-Nine Weeks Ended February 27, 2015	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 101,340,566	\$ 98,463,935	
Miscellaneous income	86,515	79,821	
Cash paid to suppliers and employees	(50,030,240)	(46,423,451))
Cash paid for operating expenses	(46,756,284)	(46,923,992))
Income taxes paid	(796,993)	(1,334,929))
Interest expenses paid	(269,870)	(323,515))
Net cash provided by operating activities	3,573,694	3,537,869	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(695,531)	(2,584,672))
Proceeds from sale of property, plant and equipment	31,416	261,156	
Net cash (used in) investing activities	(664,115)	(2,323,516))
CASH FLOWS FROM FINANCING ACTIVITIES			
Debt proceeds	16,840,517	24,093,217	
Debt repayments	(19,628,136)	(21,965,689))
Principal payments under capital lease obligation	(21,086)	-)
Change in checks outstanding in excess of bank balances	1,392,792	(252,760))
Cash dividends paid	(1,115,063)	(1,099,936))
Purchases of treasury shares	-	(2,204,375))
Net cash (used in) financing activities	(2,530,976)	(1,429,543))
Net change in cash and cash equivalents	378,603	(215,190))
Cash and cash equivalents at beginning of period	1,159,449	1,160,630	
Cash and cash equivalents at end of period	\$ 1,538,052	\$ 945,440	

Supplementary Cash Flow information:

A capital lease obligation of \$98,586 was incurred in the period ended August 28, 2015 when Golden Flake Snack Foods, Inc. entered into a lease for new server equipment.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) -
CONTINUED****RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES**

	Forty Weeks Ended March 4, 2016	Thirty-Nine Weeks Ended February 27, 2015
Net Income	\$ 2,223,604	\$ 1,080,476
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,904,051	2,937,993
Gain on sale of property and equipment	(31,416)	(259,606)
Stock based compensation	215,688	-
Changes in operating assets and liabilities:		
Change in receivables - net	423,761	787,914
Change in inventories	(538,841)	478,105
Change in prepaid expenses	28,725	(293,981)
Change in other assets	56,899	165,929
Change in accounts payable	(1,265,630)	614,063
Change in accrued expenses	(1,055,316)	(1,445,039)
Change in salary continuation	(1,755)	(88,176)
Change in accrued income taxes	613,924	(439,809)
Net cash provided by operating activities	\$ 3,573,694	\$ 3,537,869

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Golden Flake Snack Foods, Inc. is a wholly-owned subsidiary of Golden Enterprises, Inc. The accompanying unaudited interim condensed consolidated financial statements of Golden Enterprises, Inc. (the “Company”, “we”, or “our”), which includes the accounts of Golden Enterprises, Inc. and subsidiary, have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim condensed consolidated financial information and with the instructions to Form 10-Q. Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal, recurring accruals) necessary for a fair presentation have been included. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements and Notes included in our Form 10-K as of and for the year ended May 29, 2015, which can be found on our website at www.goldenflake.com/financial.html. Our accounting policies are described in Note 1 to those Consolidated Financial Statements. There have been no significant changes to these accounting policies.

The consolidated financial position, results of operations, and cash flows for the fourteen weeks and forty weeks ended March 4, 2016 are not necessarily indicative of the results to be expected for the fifty-three week fiscal year ending June 3, 2016.

Significant accounting policies:

Inventories

Raw materials and finished goods are stated at the lower of cost or market. Cost is computed on the first-in, first-out method.

Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Sales are reduced by estimated returns and allowances to customers. Costs associated with the delivery or shipment of these products are recorded gross and shown as part of selling, general and administrative expenses on the unaudited interim condensed consolidated statements of income.

Accounts Receivable

The Company records accounts receivable at the time revenue is recognized. Amounts for bad debt expense are recorded in selling, general and administrative expenses. The determination of the allowance for doubtful accounts is based on management's estimate of uncollectible accounts receivables. The Company records its reserve based on analysis of historical data, while also considering general economic factors and specific reserves for receivable balances that are considered higher risk due to known facts regarding the customer.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RECENTLY ISSUED ACCOUNTING STANDARDS

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers to update its revenue recognition standard to clarify the principles for recognizing revenue and eliminate industry-specific guidance. In addition, the updated standard revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date by one year. This revised standard will be effective for the Company for the interim and annual reporting period beginning after December 15, 2017. In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Principal versus Agent Considerations), to clarify the implementation guidance on principal versus agent considerations. The FASB will permit early adoption of the standard, but not before the original effective date of December 15, 2016. The Company is currently evaluating the impact of this standard.

Measurement of Inventory

In July 2015, the FASB issued ASU 2015-11, Simplifying the Measurement of Inventory. An entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The standard is effective for annual reporting periods beginning after December 15, 2016 and related interim periods. Early adoption is permitted. The Company does not believe this standard will have a material effect on its financial position, results of operations, or cash flows.

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes. This accounting standard requires deferred tax assets and liabilities, along with related valuation allowances, to be classified as noncurrent on the balance sheet. As a result, each tax jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance does not change the existing requirement that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. The standard is effective for annual reporting periods beginning after December 15, 2016, and related interim periods. Early adoption is permitted. The Company is currently evaluating the impact of the provisions of this standard.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet. This standard also requires additional disclosures by lessees and contains targeted changes to accounting by lessors. The updated guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of the provisions of this standard.

NOTE 3 – RECLASSIFICATIONS

Certain prior period financial statement amounts have been reclassified to be consistent with the presentation for the current period.

NOTE 4 – NET INCOME PER SHARE

Basic earnings per common share, as presented on the unaudited interim condensed consolidated statements of income, are computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share (EPS) reflects per share amounts that would have resulted if dilutive potential common stock equivalents had been converted to common stock, as prescribed by FASB Accounting Standards Codification (ASC) 260, “Earnings per Share”. Diluted earnings per share takes into consideration the potential dilution that could occur if stock options were exercised and converted into common stock. In the calculation of diluted earnings per share, the denominator includes the number of additional common shares that would have been outstanding if our outstanding dilutive stock options had been exercised, as determined pursuant to the treasury stock method. The basic and diluted EPS are the same for certain periods because the impact of common stock equivalents would be antidilutive.

	Fourteen Weeks Ended March 4, 2016	Thirteen Weeks Ended February 27, 2015	Forty Weeks Ended March 4, 2016	Thirty-Nine Weeks Ended February 27, 2015
Basic EPS:				
Net income	\$ 734,455	\$ 272,523	\$ 2,223,604	\$ 1,080,476
Weighted average shares outstanding	11,291,757	11,451,635	11,291,757	11,638,966
Earnings per share - Basic	\$ 0.07	\$ 0.02	\$ 0.20	\$ 0.09
Diluted EPS:				
Weighted average shares outstanding	11,317,116	11,451,635	11,291,757	11,638,966
Earnings per share - Diluted	\$ 0.06	\$ 0.02	\$ 0.20	\$ 0.09

NOTE 5 – PREPAID EXPENSES

The following table summarizes the prepaid expenses accounts as of March 4, 2016 and May 29, 2015:

	March 4, 2016	May 29, 2015
Truck shop supplies	\$ 308,098	\$ 320,622
Insurance deposit	48,548	48,548
Prepaid marketplace spending	232,313	201,373

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Prepaid insurance	395,956	369,864
Prepaid taxes/licenses	87,768	113,042
Prepaid dues/supplies	9,783	22,412
Other	239,010	274,340
Total prepaid expenses	\$ 1,321,476	\$ 1,350,201

NOTE 6 – OTHER ACCRUED EXPENSES

The following table summarizes other accrued expenses as of March 4, 2016 and May 29, 2015:

	March 4, 2016	May 29, 2015
Accrued salary and benefits	\$ 2,440,390	\$ 2,526,338
Accrued workers compensation	933,675	1,472,182
Accrued other	591,905	1,022,766
Total accrued expenses	\$ 3,965,970	\$ 5,021,286

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

The principal raw materials used in the manufacture of the Company's snack food products are potatoes, corn, pork skin pellets, vegetable oils, and seasoning. The principal supplies used are flexible film, cartons, trays, boxes, and bags. These raw materials and supplies are generally available in adequate quantities in the open market from sources in the United States and are generally contracted up to a year in advance.

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

The Company maintains deposit relationships with high credit quality financial institutions. The Company's trade receivables result primarily from its snack food operations and reflect a broad customer base, primarily large grocery store chains located in the southeastern United States. The Company routinely assesses the financial strength of its customers. As a consequence, concentrations of credit risk are limited.

NOTE 8 – LETTER OF CREDIT

The Company has a letter of credit with a local bank in the amount of \$1,925,000 and \$1,850,000 as of March 4, 2016 and February 27, 2015, respectively. The letter of credit supports the Company's commercial self-insurance program.

NOTE 9 – LINE OF CREDIT

The Company has a line-of-credit agreement with a local bank that permitted borrowing up to \$3,000,000 at March 4, 2016 and May 29, 2015. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the loan agreement. The following table summarizes the line of credit as of March 4, 2016 and May 29, 2015:

	March 4, 2016		May 29, 2015	
Interest rate	3.50	%	3.25	%
Outstanding	\$ 733,803		\$ 2,823,477	
Available	2,266,197		176,523	
Total Line of credit	\$ 3,000,000		\$ 3,000,000	

NOTE 10 – LONG TERM LIABILITIES

The Company has two notes payable with a local bank. Debt outstanding as of March 4, 2016 and May 29, 2015 consisted of the following:

	March 4, 2016	May 29, 2015
Note payable maturing March 10, 2021 interest at 3.00%, principal and interest due monthly	\$ 4,608,092	\$ 4,944,233
Note payable maturing January 1, 2020 interest at 3.30%, principal and interest due monthly	1,706,680	2,068,484
Less current portion of long-term debt	(822,378)	(799,204)
Total long-term debt	\$ 5,492,394	\$ 6,213,513

In July 2015, a capital lease obligation of \$98,586 was incurred when the Company entered into a 36-month lease for new server equipment. The balance of the obligation was \$77,500 as of March 4, 2016.

NOTE 11 – INCOME TAXES

The Company's effective tax rate for the fourteen weeks ended March 4, 2016 was 38.8% compared to 59.3% for the thirteen weeks ended February 27, 2015. The Company's effective tax rate for the forty weeks ended March 4, 2016 was 38.8% and 45.3% for the thirty-nine weeks ended February 27, 2015. The decrease in the effective tax rate for the fourteen weeks ended March 4, 2016 compared to February 27, 2015 was due to the permanent non-deductibility of certain expenses for income tax purposes in relation to the income before income taxes for the respective thirteen week period.

ITEM 2

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Management's discussion and analysis of our consolidated financial condition, results of operations and cash flows are based upon the accompanying interim condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). This discussion should be read in conjunction with our recent SEC filings, including our Form 10-K as of and for the year ended May 29, 2015. The preparation of these interim condensed consolidated financial statements requires us to make estimates and judgments about future events that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. Future events and their effects cannot be determined with absolute certainty. Therefore, management's determination of estimates and judgments about the carrying values of assets and liabilities requires the exercise of judgment in the selection and application of assumptions based on various factors, including experience, current and expected economic conditions and other factors believed to be reasonable under the circumstances. We routinely evaluate our estimates including those considered significant and discussed in detail in our Form 10-K as of and for the year ended May 29, 2015. Actual results may differ from these estimates under different assumptions or conditions and such differences may be material.

Overview

Golden Enterprises, Inc. (the "Company", "we", or "our") is a holding company that owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc., a wholly-owned subsidiary ("Golden Flake"). Since 1923, Golden Flake has developed a reputation for manufacturing and distributing a full line of high-quality snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings, popcorn, and puff corn. The Company also sells canned dips, pretzels, peanut butter crackers, cheese crackers, dried meat products, and nuts packaged by other manufacturers using the Golden Flake label.

Raw materials used in manufacturing and processing the Company's snack food products are purchased on the open market and under contract through brokers and directly from growers. A large part of the raw materials used by the Company consists of farm commodities which are subject to precipitous changes in supply and price. Weather varies from season to season and directly affects both the quality and supply of farm commodities available. The Company has no control of the agricultural aspects, and its profits are affected accordingly.

The Company sells its products, through both its own sales organization and independent distributors, principally to commercial establishments such as grocery stores, convenience stores and other outlets that sell food products primarily in the southeastern United States. We believe the Golden Flake brand is well recognized throughout the markets that it serves.

Financial Condition

Accounts Receivable and Allowance for Doubtful Accounts

As of March 4, 2016 and May 29, 2015 the Company had net accounts receivables in the amount of \$10,661,928 and \$11,085,689 respectively. The change in accounts receivable is primarily due to the timing of collections from some of our largest customers. This timing change is also reflected in the change in cash and cash equivalents which went from \$1,159,449 as of May 29, 2015 to \$1,538,052 as of March 4, 2016. The Company monitors accounts receivable and collections on a daily basis and strives to keep customer accounts as current as possible.

Line Of Credit Outstanding

As of March 4, 2016 and May 29, 2015 the Company had a line of credit outstanding in the amount of \$733,803 and \$2,823,477 respectively. The Company has been able to take advantage of lower commodity prices and a reduction in overall spending to pay down the line of credit. The Company expects to continue to pay down debt as cash flows permit.

Results of Operations

This year's period ended March 4, 2016 included fourteen weeks of sales and costs versus thirteen weeks in the same period for the prior year. The results of operations analyze the results of the fourteen week period as well as a normalized result of the period (using the same number of weeks in the current period as compared to the prior period) to show a more comparable period of time.

Sales

For the fourteen weeks ended March 4, 2016, net sales increased 11.6% from the thirteen weeks ended February 27, 2015. On a normalized basis, total revenues for the same quarter were up 3.7%. For the forty weeks ended March 4, 2016, net sales increased 3.3% from the thirty-nine weeks ended February 27, 2015. On a normalized basis, total revenues for the year to date were up 0.7%. The increase in the current quarter is primarily related to contract sales to new and previous customers that commenced near the end of the third quarter. These contract sales are renewed periodically and may not continue in the future.

Cost of Sales

This year's third quarter cost of sales was 50.0% of net sales compared to 50.8% for last year's third quarter. This year's cost of sales year to date was 49.6% of net sales compared to 50.7% for last year's year to date. This year's decrease in cost of sales was primarily due to a reduction in the price of commodities. These prices may be impacted by future increases in fuel surcharge costs and commodities' prices due to availability, neither of which may continue in the future.

Selling, General and Administrative Expenses

This year's third quarter, selling, general and administrative expenses were 46.6% of net sales compared to 47.0% for last year's third quarter. This year's selling, general and administrative expenses year to date were 46.7% of net sales compared to 47.3% for last year's year to date. The Company continues to benefit from reduced fuel costs associated with transportation and delivery.

Liquidity and Capital Resources

As of March 4, 2016 and May 29, 2015, working capital was \$9,391,580 and \$6,584,930, respectively. The Company's current ratio was 1.85:1.00 at March 4, 2016 compared to 1.47:1.00 at May 29, 2015. The Company used net cash provided by operating activities to reduce the line of credit which has resulted in the improvement in this ratio. The Company expects to be able to maintain this ratio into the future. However, if there is a decrease in sales, an increase in costs or if there are new capital needs, this ratio could be negatively impacted.

For the forty weeks ended March 4, 2016, purchases of property, plant and equipment were \$695,531 compared to \$2,584,672 for the thirty-nine weeks ended February 27, 2015. The prior year amount was due to the purchase of transport and route sales vehicles of \$1.2 million and two other manufacturing equipment projects. In addition, there has been an overall reduction in the level of capital spending in an effort to improve cash flow to reduce debt. Currently, capital spending is not anticipated to significantly increase. Management evaluates capital projects and determines if the anticipated return justifies the investment.

Available cash, cash from operations and available credit under the line-of-credit are expected to be sufficient to meet anticipated cash expenditures and normal operating requirements for the foreseeable future.

Market Risk

The principal market risks (i.e., the risk of loss arising from adverse changes in market rates and prices), to which the Company is exposed, are interest rates on its cash equivalents and bank loans, fuel costs, and commodity prices affecting the cost of its raw materials.

The Company is subject to market risk with respect to commodities because its ability to recover increased costs through higher pricing may be limited by the competitive environment in which it operates. The Company purchases its raw materials on the open market and under contract through brokers or directly from growers. Future contracts have been used occasionally to hedge immaterial amounts of commodity purchases, but none are presently being used.

Inflation

Certain costs and expenses of the Company are affected by inflation. The Company's prices for its products over the past several years have remained relatively flat. The Company plans to contend with the effect of further inflation through efficient purchasing, improved manufacturing methods, pricing, and by monitoring and controlling expenses.

Environmental Matters

Management believes Golden Flake's waste water treatment plant is an environmentally-friendly way to dispose of process water at the Birmingham plant. The treatment plant has allowed Golden Flake to release the processing water into a neighboring creek which, we believe, has improved the flow of water in the creek and has positively impacted the environment in the area surrounding the plant. This treatment plant, we believe, has also helped to reduce expenses associated with sewer charges by the elimination of the disposal of process water through the public sewer system.

Forward-Looking Statements

This discussion contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those forward-looking statements. Factors that may cause actual results to differ materially include, but are not limited to, price competition, industry consolidation, raw material costs, and effectiveness of sales and marketing activities, as described in the Company's filings with the Securities and Exchange Commission.

ITEM 3

QUANTITATIVE AND QUALITATIVE

DISCLOSURE ABOUT MARKET RISK

Pursuant to Item 305(e) of Regulation S-K (Section 229.305(e)) the Company is not required to provide the Information under this item, as it is a “Smaller Reporting Company” as defined by Rule 229.10(f)(1).

ITEM 4

CONTROLS AND PROCEDURES

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this report. Any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures provided reasonable assurance that the disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and in accumulating and communicating such information to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company’s internal control over financial reporting to determine whether any changes occurred during the Company’s third fiscal quarter ended March 4, 2016 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. Based on that evaluation, there has been no such change during the period covered by this report.

PART II OTHER INFORMATION

ITEM 1

LEGAL PROCEEDINGS

There are no material pending legal proceedings against the Company or its subsidiary other than routine litigation incidental to the business of the Company and its subsidiary.

ITEM 1-A

RISK FACTORS

The Company, as a “Smaller reporting company”, is not required to provide the information under this item.

ITEM 2

**UNREGISTERED SALES OF EQUITY SECURITIES
AND USE OF PROCEEDS**

The Company did not sell any equity securities during the period covered by this report.

Registrant Purchases of Equity Securities.

The Company did not purchase any shares of treasury stock for the quarterly period ended March 4, 2016.

ITEM 3

DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4

MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5

OTHER INFORMATION

Not applicable.

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ITEM 6

EXHIBITS

(3) Articles of Incorporation and By-laws of Golden Enterprises, Inc.

Certificate of Incorporation of Golden Enterprises, Inc. (originally known as “Golden Flake, Inc.”) dated December 3.1 11, 1967 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated December 22, 1976 3.2 (incorporated by reference to Exhibit 3.2 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 3.3 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1979 Form 10-K filed with the Commission).

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 4, 1979 3.4 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1980 Form 10-K filed with the Commission).

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 24, 1982 3.5 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1983 Form 10-K filed with the Commission).

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 22, 1983 3.6 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1983 filed with the Commission).

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 3, 1985 3.7 (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1985 filed with the Commission).

3.8 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 23, 1987 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).

Commission).

3.9 By-Laws of Golden Enterprises, Inc. (incorporated by reference to Exhibit 3.4 to Golden Enterprises, Inc. May 31, 1988 Form 10-K filed with the Commission).

(10)

Material Contracts.

10.1 A Form of Indemnity Agreement executed by and between Golden Enterprises, Inc. and Each of its Directors (incorporated by reference as Exhibit 19.1 to Golden Enterprises, Inc. Form 10-Q Report for the quarter ended November 30, 1987 filed with the Commission).

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- 10.2 Amended and Restated Salary Continuation Plans for John S. Stein (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1990 Form 10-K filed with the Commission).
- 10.3 Indemnity Agreement executed by and between the Company and S. Wallace Nall, Jr. (incorporated by reference as Exhibit 19.4 to Golden Enterprises, Inc. May 31, 1991 Form 10-K filed with the Commission).
- 10.4 Salary Continuation Plans - Retirement Disability and Death Benefits for F. Wayne Pate (incorporated by reference to Exhibit 19.1 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.5 Indemnity Agreement executed by and between the Registrant and F. Wayne Pate (incorporated by reference as Exhibit 19.3 to Golden Enterprises, Inc. May 31, 1992 Form 10-K filed with the Commission).
- 10.9 Amendment to Salary Continuation Plans, Retirement and Disability for F. Wayne Pate dated April 9, 2002 (incorporated by reference to Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.10 Amendment to Salary Continuation Plans, Retirement and Disability for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.3 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.11 Amendment to Salary Continuation Plan, Death Benefits for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.4 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.12 Retirement and Consulting Agreement for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.5 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.13 Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.6 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.14 Trust Under Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.7 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.20 Amendment to Salary Continuation Plan for Mark W. McCutcheon dated December 30, 2008 (incorporated by reference to Exhibit 10.20 Golden Enterprises, Inc. February 27, 2009 Form 10-Q filed with the Commission).
- 10.24 A Form of Indemnity Agreement to be executed by and between Golden Enterprises, Inc. and the following directors: Mark W. McCutcheon, Joann F. Bashinsky, John S. Stein, III, William B. Morton, Jr., Paul R. Bates

and David A. Jones (incorporated by reference to Exhibit 10.24 to Golden Enterprises, Inc. January 13, 2011 Form 10-Q filed with the Commission).

Golden Enterprises, Inc.'s Code of Conduct and Ethics adopted by the Board of Directors on April 8, 2004
14.1 (incorporated by reference to Exhibit 14.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K with the Commission).

²¹Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission)

(31)

Certifications

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(99)

Additional Exhibits

A copy of excerpts of the Last Will and Testament and Codicils thereto of Sloan Y. Bashinsky, Sr. and of the SYB Common Stock Trust created by Sloan Y. Bashinsky, Sr. providing for the creation of a Voting Committee
99.1 to vote the shares of common stock of Golden Enterprises, Inc. held by SYB, Inc. and the Estate/Testamentary Trust of Sloan Y. Bashinsky, Sr. (Incorporated by reference to Exhibit 99.1 to Golden Enterprises, Inc. May 31, 2005 Form 10-k filed with the Commission).

^{99.2}Director Nomination Agreement (incorporated by reference to Exhibit 99.2 to Golden Enterprises' Form 8-K filed with the commission on October 30, 2015)

101.INS

XBRL Instance Document

101.SCH

XBRL Taxonomy Extension Schema Document

101.CAL

XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF

XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GOLDEN ENTERPRISES, INC.
(Registrant)

Dated: April 7, 2016 /s/Mark W. McCutcheon
Mark W. McCutcheon
Chairman of the Board,
President and
Chief Executive Officer

Dated: April 7, 2016 /s/ Patty Townsend
Patty Townsend
Vice-President and
Chief Financial Officer
(Principal Accounting Officer)