

GOLDEN ENTERPRISES INC
Form 10-K
August 23, 2011
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended June 3, 2011

OR

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

Commission File No. 0-4339

GOLDEN ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

63-0250005
(I.R.S. Employer
Identification No.)

One Golden Flake Drive
Birmingham, Alabama 35205
(Address of Principal Executive Offices) (Zip Code)
Registrant's Telephone Number including area code: (205) 458-7316

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title Of Class	Name of exchange on which registered
Common Stock, Par Value \$0.66 2/3	NASDAQ Stock Market, LLC

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes () No (X)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes () No (X)

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 (X) 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 ()

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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, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this form 10-K or any amendment to this Form 10-K. (X)

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(X)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes () No (X)

State the aggregate market value of the voting common stock held by non-affiliates of the registrant as of November 26, 2010. Common Stock, Par Value \$0.66 $\frac{2}{3}$ --\$20,602,162

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of July 29, 2011.

Class	Outstanding at July 29, 2011
Common Stock, Par Value \$0.66 $\frac{2}{3}$	11,734,632 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Proxy Statement for the Annual Meeting of Stockholders to be held on September 22, 2011 are incorporated by reference into Part III.

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PART I

ITEM 1. – DESCRIPTION OF BUSINESS

Golden Enterprises, Inc. (the “Company”) is a holding company which owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc., a wholly-owned operating subsidiary company (“Golden Flake”).

The Company was originally organized under the laws of the State of Alabama as Magic City Food Products, Inc. on June 11, 1946. On March 11, 1958, it adopted the name Golden Flake, Inc. The Company was reorganized December 31, 1967 as a Delaware corporation without changing any of its assets, liabilities, or business. On January 1, 1977, the Company, which had been engaged in the business of manufacturing and distributing potato chips, fried pork skins, cheese curls, and other snack foods, spun off its operating division into a separate Delaware corporation known as Golden Flake Snack Foods, Inc. and adopted its present name of Golden Enterprises, Inc.

The Company owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc.

Golden Flake Snack Foods, Inc.

General

Golden Flake Snack Foods, Inc. (“Golden Flake”) is a Delaware corporation with its principal place of business and home office located at One Golden Flake Drive, Birmingham, Alabama. Golden Flake has been a premiere producer, marketer, and distributor of snack products in the Southeastern United States since 1923. The Company manufactures and distributes a full line of high quality salted snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings, and puff corn. Golden Flake 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

Golden Flake purchases raw materials used in manufacturing and processing its snack food products from various sources. A large part of the raw materials used by Golden Flake consists of farm commodities, most notably corn, potatoes and pork skin pellets, which are subject to precipitous change in supply and price. Weather varies from season to season and directly affects both the quality and quantity of supply available. Golden Flake has no control over the agricultural aspects and its profits are affected accordingly. The Company also purchases flexible bags or other suitable wrapping material for the storage, shipment, and presentation of the finished product to our customers.

Distribution

Golden Flake sells its products through its own sales organization and independent distributors to commercial establishments which sell food products in Alabama, Tennessee, Georgia, Mississippi, Louisiana, Kentucky, and South Carolina as well as parts of Florida, North Carolina, Arkansas, Missouri, Oklahoma, Virginia, Indiana, and Texas. The Golden Flake brand is well-known throughout the Southeast. The products are distributed to its customers by either company transportation or commercial carrier out of the Birmingham and Ocala plants.

Golden Flake’s products are distributed to a wide variety of grocery store chains, discount stores, convenience stores, restaurants, and other outlets located in our marketing area. No single customer accounts for more than 10% of its total sales.

Competition

The snack foods business is highly competitive. In the area in which Golden Flake operates, many companies engage in the production and distribution of food products similar to those produced and sold by Golden Flake. Most, if not all, of Golden Flake's products are in direct competition with similar products of several local and regional companies and at least one national company, the Frito Lay Division of Pepsi Co., Inc., many of which are larger in terms of capital and sales volume than is Golden Flake. Golden Flake's marketing thrust is aimed at selling the highest quality product possible and giving good service to its customers, while being competitive with its prices. Golden Flake constantly tests the quality of its products for comparison with other similar products of competitors and maintains tight quality controls over its products. The Company believes that one of its major advantages is the Golden Flake brand, which has been developed and enhanced throughout the history of the company and is now well known within the geographic area served by the Company. The Company continues to promote the Golden Flake brand through sponsorship agreements, billboard campaigns, advertising, and other efforts.

Employees

As of July 1, 2011, Golden Flake employed approximately 793 employees. Of these employees, 767 were full-time, while 26 were part-time. Approximately 451 employees are involved in route sales and sales supervision, approximately 205 are in production, and approximately 137 are management and administrative personnel.

Golden Flake believes that the performance and loyalty of its employees are two of the most important factors in the growth and profitability of its business. Since labor costs represent a significant portion of Golden Flake's expenses, employee productivity is important to profitability. The Company's employees are not represented by any collective bargaining organization and the Company has never experienced a work stoppage. Golden Flake considers all of its employees to be a part of the "Golden Flake Family".

SEC Filings

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.

Environmental Matters

In November 2009, Golden Flake completed the construction on a water treatment plant as an environmentally-friendly way to dispose of process water at the Birmingham plant. The project has allowed the Company to release this water into a neighboring creek which has improved the flow of water in the creek and has positively impacted the environment in the area surrounding the plant. This project has also helped to reduce expenses associated with sewer charges by the elimination of the disposal of process water through the public sewer system.

Significant Events

The Company has recently achieved SQF (Safe Quality Food) Certification. This certification by the Safe Quality Food Institute provides third party assurance that the Company is meeting the highest industry standards for the delivery of safe quality food to the consumer throughout the food production, storage, and delivery processes. SQF certification is a high level of assurance that has been developed in response to the Global Food Safety Initiative and the Food Safety Modernization Act.

Executive Officers of Registrant
And It's Subsidiary

Name and Age	Position and Offices with Management
Mark W. McCutcheon, 56	Mr. McCutcheon is Chairman of the Board, Chief Executive Officer and President of the Company and President of Golden Flake Snack Foods, Inc. He was elected Chairman of the Board on July 22, 2010, President and Chief Executive Officer of the Company on April 4, 2001 and President of Golden Flake on November 1, 1998. He has been employed by Golden Flake since 1980. Mr. McCutcheon is elected to his positions on an annual basis and his present terms of office will expire on June 1, 2012.
Patty Townsend, 53	Ms. Townsend is Chief Financial Officer, Vice President and Secretary of the Company. She was initially elected Chief Financial Officer, Vice-President and Secretary of the Company on March 1, 2004. She has been employed with the Company since 1988. Ms. Townsend is elected to her positions on an annual basis, and her present term of office will expire on June 1, 2012.
Paul R. Bates, 57	Mr. Bates is Executive, Vice-President of Sales, Marketing and Transportation for Golden Flake. He has held these positions since October 26, 1998. Mr. Bates was Vice-President of Sales from October 1, 1994 to 1998. Mr. Bates has been employed by Golden Flake since March 1979. Mr. Bates is elected to his positions on an annual basis, and his present term of office will expire on June 1 2012.
David A. Jones, 59	Mr. Jones is Executive Vice-President of Operations, Human Resources and Quality Control for Golden Flake. He has held these positions since May 20, 2002. Mr. Jones was Vice-President of Manufacturing from 1998 to 2002 and Vice-President of Operations from 2000 to 2002. Mr. Jones has been employed by Golden Flake since 1984. Mr. Jones is elected to his positions on an annual basis, and his present term of office will expire on June 1, 2012.

ITEM 1A. – RISK FACTORS

Important factors that could cause the Company's actual business results, performance, or achievements to differ materially from any forward looking statements or other projections contained in this Annual Form 10-K Report include, but are not limited to the principal risk factors set forth below. Additional risks and uncertainties, including risks not presently known to the Company, or that it currently deems immaterial, may also impair the Company's business and or operations. If the events discussed in these risk factors occur, the Company's business, financial condition, results of operations or cash flow could be adversely affected in a material way and the market value of the Company's common stock could decline.

Competition

Price competition and consolidation within the Snack Food industry could adversely impact the Company's performance. The Company's business requires significant marketing and sales effort to compete with larger companies. These larger competitors sell a significant portion of their products through discounting and other price cutting techniques. This intense competition increases the possibility that the Company could lose one or more customers, lose market share and/or be forced to increase discounts, and reduce pricing, any of which could have an adverse impact on the Company's business, financial condition, results of operation, and/or cash flow.

Commodity and Energy Cost Fluctuations

Significant commodity price fluctuations for certain commodities purchased by the Company, particularly potatoes, could have a material impact on results of operations. In an attempt to manage commodity price risk, the Company, in the normal course of business, enters into contracts to purchase pre-established quantities of various types of raw materials, at contracted prices based on expected short term needs. The Company can also be adversely impacted by changes in the cost of natural gas and other fuel costs. Long term increases in the cost of natural gas and fuel costs could adversely impact the Company's cost of sales and selling, marketing, and delivery expenses.

There are other risks and factors not described above that could also cause actual results to differ materially from those in any forward looking statement made by the Company.

ITEM 1B. – UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. – PROPERTIES

The headquarters of the Company are located at One Golden Flake Drive, Birmingham, Alabama 35205. The properties of Golden Flake are described below.

Manufacturing Plants and Office Headquarters

The main plant and office headquarters of Golden Flake are located at One Golden Flake Drive, Birmingham, Alabama, and are situated on approximately 40 acres of land. This facility consists of three buildings which have a total of approximately 300,000 square feet of floor area. The plant manufactures a full line of Golden Flake products. Golden Flake also has a garage and vehicle maintenance service center from which it services, maintains, repairs, and rebuilds its fleet and delivery trucks in Birmingham.

Golden Flake also has a manufacturing plant in Ocala, Florida. This plant was placed in service in November 1984. The plant consists of approximately 100,000 square feet of floor area and is located on a 28-acre site on Silver Springs Boulevard. The Company manufactures tortilla chips and potato chips from this facility.

Management believes that our Company's facilities for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production capacity for their present intended purposes. The extent of utilization of such facilities varies based upon seasonal demand for our products. It is not possible to measure with any degree of certainty or uniformity the productive capacity and extent of utilization of these facilities. However, management believes that additional production can be obtained at the existing facilities by adding personnel and capital equipment and, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire additional facilities and/or dispose of existing facilities.

The manufacturing plant and office headquarters are owned by Golden Flake.

Distribution Warehouses

Golden Flake owns central branch warehouses in Birmingham, Montgomery, Midfield, Demopolis, Fort Payne, Muscle Shoals, Huntsville, Phoenix City, Tuscaloosa, Mobile, Dothan, and Oxford, Alabama; Gulfport and Jackson, Mississippi; Knoxville and Memphis, Tennessee; Decatur and Macon, Georgia; Panama City, Tallahassee, and Pensacola, Florida; and New Orleans, Louisiana. The warehouses vary in size from 2,400 to 8,000 square feet. All central branch warehouses are owned free and clear of any debts. The Company also rents satellite warehouse branches throughout its distribution area.

ITEM 3. – LEGAL PROCEEDINGS

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

ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.

PART II

ITEM 5. – MARKET FOR REGISTRANT’S COMMON EQUITY,
RELATED STOCKHOLDER MATTERS AND ISSUER
PURCHASES OF EQUITY SECURITIES

Golden Enterprises, Inc. and Subsidiary

Market and Dividend Information

The Company’s common stock is traded under the symbol GLDC and transactions are reported through the National Association of Securities Dealers Automated Quotation (NASDAQ) Over The Counter (OTC) System. The following tabulation sets forth the high and low sale prices for the common stock during each quarter of the fiscal years ended June 3, 2011 and May 28, 2010 and the amount of dividends paid per share in each quarter. The Company currently expects that comparable regular cash dividends will be paid in the future.

Quarter Year Ended 2011	Market Price		Dividend Paid Per share
	High Price	Low Price	
First quarter (13 weeks ended August 27, 2010)	\$3.42	\$2.88	\$.0313
Second quarter (13 weeks ended November 26, 2010)	3.93	3.07	.0313
Third quarter (14 weeks ended March 4, 2011)	3.50	2.97	.0313
Fourth quarter (13 weeks ended June 3, 2011)	3.48	2.91	.0313

Quarter Year Ended 2010	Market Price		Dividend Paid Per share
	High Price	Low Price	
First quarter (13 weeks ended August 28, 2009)	\$2.95	\$2.02	\$.0313
Second quarter (13 weeks ended November 27, 2009)	3.93	2.51	.0313
Third quarter (13 weeks ended February 26, 2010)	3.80	3.12	.0313
Fourth quarter (13 weeks ended May 28, 2010)	3.79	2.97	.0313

As of July 29, 2011, there were approximately 975 shareholders of record.

Securities Authorized For Issuance under Equity Compensation Plans

The following table provides Equity Compensation Plan information under which equity securities of the Registrant are authorized for issuance:

EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of out-standing options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)
Equity compensation plans approved by security holders	329,000	\$3.81	0
Equity compensation plans not approved by security holders	0	0	0
Total	329,000	\$3.81	0

No securities remain under this plan for future awards.

Issuer Purchases of Equity Securities

The Company purchased 12,000 shares of its common stock during the fiscal year ended June 3, 2011.

ITEM 6. – SELECTED FINANCIAL DATA

Not required due to Smaller Reporting Company status.

ITEM 7. – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

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

The following discussion provides an assessment of the Company’s financial condition, results of operations, liquidity, and capital resources and should be read in conjunction with the accompanying consolidated financial statements and notes.

Overview

The Company manufactures and distributes a full line of snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings, and puff corn. The products are all packaged in flexible bags or other suitable wrapping material. 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.

No single product or product line accounts for more than 50% of the Company’s sales, which affords some protection against loss of volume due to a crop failure of major agricultural raw materials or failure to procure an adequate supply of pork skin pellets. 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 its own sales organization to commercial establishments that sell food products primarily in the Southeastern United States and independent distributors. The products are distributed through the independent distributors and route representatives who are supplied with selling inventory by the Company’s trucking fleet. All of the route representatives are employees of the Company and use the Company’s direct-store delivery system.

Critical Accounting Policies and Estimates

The Company’s discussion and analysis of its financial condition and results of operations are based upon the Company’s consolidated financial statements, the preparation of which in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that in certain circumstances affect amounts reported in the consolidated financial statements. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due considerations to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. Other accounting policies and estimates are detailed in Note 1 of the Notes To Consolidated Financial Statements in this 10-K.

Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers, including independent distributors. Sales are reduced by returns from and allowances to customers.

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 on the Consolidated Statements of Operations. The amount of the allowance for doubtful accounts is based on management's estimate of the accounts receivable amount that is uncollectible. The Company records a general reserve based on analysis of historical data. In addition, the Company records specific reserves for receivable balances that are considered high-risk due to known facts regarding the customer. The allowance for bad debts is reviewed quarterly, and determined whether the amount should be changed. Failure of a major customer to pay the Company amounts owed could have a material impact on the financial statements of the Company. At June 3, 2011 and May 28, 2010, the Company had accounts receivables in the amount of \$10,220,220 and \$9,534,542, net of an allowance for doubtful accounts of \$70,000 and \$76,790, respectively. The Company did not have any major customer write-offs this year that were not covered by credit insurance.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed on the first-in, first out method.

Accrued Expenses

Management estimates certain expenses in an effort to record those expenses in the period incurred. The Company's significant estimates relate to insurance expenses. The Company is self-insured for certain casualty losses relating to automobile liability, general liability, workers' compensation, property losses, and medical claims. The Company also has stop loss coverage to limit the exposure arising from these claims. Automobile liability, general liability, workers' compensation, and property losses costs are covered by letters of credit with the company's claim administrators.

The Company uses a third-party actuary to estimate the casualty insurance obligations on an annual basis.

In determining the ultimate loss and reserve requirements, the third-party uses various actuarial assumptions including compensation trends, health care cost trends, and discount rates. The third-party actuary also uses historical information for claims frequency and severity in order to establish loss development factors.

The actuarial calculation includes a factor to account for changes in inflation, health care costs, compensation and litigation cost trends, as well as estimated future incurred claims. This year, the Company utilized a 50% confidence level for estimating the ultimate outstanding casualty liability based on the actuarial report. Approximately 50% of each claim should be equal to or less than the ultimate liability recorded based on the historical trends experienced by the Company. If the Company chose a 75% factor, the liability would have been increased by approximately \$0.3 million. If the Company chose a 90% factor, the liability would have increased by approximately \$0.5 million.

This year the Company used a 4% investment rate to discount the estimated claims based on the historical payout pattern during 2011 and 2010. A one percentage point change in the discount rate would have impacted the liability by approximately \$39,000.

Actual ultimate losses could vary from those estimated by the third-party actuary. The Company believes the reserves established are reasonable estimates of the ultimate liability based on historical trends.

As of June 3, 2011, the Company's casualty reserve was \$1,538,600 and at May 28, 2010 the casualty reserve was \$1,615,492.

Employee medical insurance accruals are recorded based on medical claims processed as well as historical medical claims experienced for claims incurred but not yet reported. Differences in estimates and assumptions could result in an accrual requirement materially different from the calculated accrual.

Other Commitments

The Company has a letter of credit in the amount of \$2,000,000 outstanding at June 3, 2011 compared to \$2,057,014 outstanding at May 28, 2010. The letter of credit supports the Company's commercial self-insurance program.

The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$3 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the loan agreement with the bank. In October 2010, the line-of-credit was renewed with no changes from the previous year. The Company's line-of-credit debt at June 3, 2011 was \$1,777,567 with an interest rate of 4.00%, leaving the Company with \$1,222,433 of credit availability. The Company's line-of-credit debt as of May 28, 2010 was \$1,781,996 with an interest rate of 4.00%, which left the Company with \$1,218,004 of credit availability.

The Company's current ratio (current assets divided by current liabilities) was 1.49 to 1.00 and 1.27 to 1.00 at June 3, 2011 and May 28, 2010, respectively.

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.

Operating Results

Net sales increased by 2.0% in fiscal year 2011 and 5.1% in fiscal year 2010.

Cost of sales as a percentage of net sales amounted to 51.5% and 51.3% in 2011 and 2010, respectively.

Selling, general and administrative expenses were 44.6% of net sales in 2011 and 44.0% of net sales in 2010.

Operating income for the fiscal year decreased 12.9% compared to last fiscal year.

The Company's effective tax rates for 2011 and 2010 were 41.0% and 38.3%, respectively. Note 6 to the Consolidated Financial Statements provides additional information about the provision for income taxes.

The following tables compare manufactured products to resale products for the fiscal years ended June 3, 2011 and May 28, 2010:

	2011			2010		
Sales			%			%
Manufactured Products	\$ 101,290,070	77.3	%	\$ 101,443,335	79.0	%
Resale Products	29,757,780	22.7	%	26,998,122	21.0	%
Total	\$ 131,047,850	100.0	%	\$ 128,441,457	100.0	%
Gross Margin			%			%
Manufactured Products	\$ 52,953,044	52.3	%	\$ 52,842,886	52.1	%
Resale Products	10,665,140	35.8	%	9,644,790	35.7	%
Total	\$ 63,618,184	48.5	%	\$ 62,487,676	48.7	%

Liquidity and Capital Resources

Working capital was \$7,023,694 and \$3,820,371 at June 3, 2011 and May 28, 2010, respectively. Net cash provided by operations amounted to \$5,754,535 and \$8,807,907 in fiscal years June 3, 2011 and May 28, 2010, respectively. During 2011, the principal source of liquidity for the Company's operating needs was provided from operating activities, credit facilities, and cash on hand.

Additions to property, plant and equipment are expected to be about \$3,600,000 in 2012.

Cash dividends of \$1,467,507 and \$1,469,582 were paid in 2011 and 2010, respectively.

Cash of \$36,960 was used to purchase 12,000 shares of treasury stock in fiscal 2011 while the Company did not purchase any shares of treasury stock in fiscal 2010.

During fiscal 2011, the Company's debt proceeds net of re-paid debt was \$2,575,162 versus \$1,414,583 during fiscal 2010.

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, under contract through brokers and directly from growers. Futures 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 fiscal 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.

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Higher fuel and commodity costs continue to be a challenge.

Environmental Matters

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 has improved the flow of water in the creek and has positively impacted the environment in the area surrounding the plant. The treatment plant has also helped to reduce expenses associated with sewer charges since this has replaced the previous system which disposed of the process water through the public sewer system.

Forward-Looking Statements

This report 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 price competition, industry consolidation, raw material costs, fuel costs, and effectiveness of sales and marketing activities, as described in this 10-K. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date which they are made.

Recent Developments

The Company, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002 has completed the management assessment of its internal controls. See Item 9A for further details.

Recently Issued Accounting Pronouncements

See Note 1 to the consolidated financial statements included in Item 8 for a summary of recently issued accounting pronouncements.

ITEM 7 A. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable as Company is a Smaller Reporting Company.

ITEM 8. - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the registrant and its subsidiary for the year ended June 3, 2011, consisting of the following, are contained herein:

Consolidated Balance Sheets	- As of June 3, 2011 and May 28, 2010
Consolidated Statements of Income	- Fiscal years ended 2011 and 2010
Consolidated Statements of Changes in Stockholders' Equity	- Fiscal years ended 2011 and 2010
Consolidated Statements of Cash Flows	- Fiscal years ended 2011 and 2010
Notes to Consolidated Financial Statements	- Fiscal years ended 2011 and 2010

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and
Board of Directors of
Golden Enterprises, Inc.

We have audited the accompanying consolidated balance sheets of Golden Enterprises, Inc. and subsidiary as of June 3, 2011 and May 28, 2010, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. Our audits also included the financial statement schedule listed at Item 15(a) Schedule II. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Golden Enterprises, Inc. and subsidiary as of June 3, 2011 and May 28, 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such 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.

We were not engaged to examine management's assertion about the effectiveness of Golden Enterprises, Inc. and subsidiary's internal control over financial reporting as of June 3, 2011 included in the Company's Item 9A "Controls and Procedures" in the Annual Report on Form 10-K and, accordingly, we do not express an opinion thereon.

DUDLEY, HOPTON-JONES, SIMS & FREEMAN PLLP

Birmingham, Alabama
August 4, 2011

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
As Of June 3, 2011 and May 28, 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$2,721,638	\$1,443,801
Receivables:		
Trade accounts	9,881,352	9,363,389
Other	408,868	247,943
	10,290,220	9,611,332
Less: Allowance for doubtful accounts	70,000	76,790
	10,220,220	9,534,542
Inventories:		
Raw materials	1,596,731	1,580,379
Finished goods	3,398,898	3,320,286
	4,995,629	4,900,665
Prepaid expenses	1,803,827	1,573,253
Accrued income taxes	865,467	-
Deferred income taxes	633,370	580,154
Total current assets	21,240,151	18,032,415
 PROPERTY, PLANT AND EQUIPMENT		
Land	2,793,593	2,793,593
Buildings	18,305,416	16,906,669
Machinery and equipment	56,296,395	52,356,462
Transportation equipment	7,372,367	8,075,670
	84,767,771	80,132,394
Less: Accumulated depreciation	60,121,353	57,852,770
	24,646,418	22,279,624
 OTHER ASSETS		
Cash surrender value of life insurance	934,844	1,299,084
Other	1,299,493	1,132,237
Total other assets	2,234,337	2,431,321
TOTAL	\$48,120,906	\$42,743,360

See Accompanying Notes to Consolidated Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY

	2011	2010
CURRENT LIABILITIES		
Checks outstanding in excess of bank balances	\$998,386	\$1,083,512
Accounts payable	6,323,448	6,137,412
Accrued income taxes	-	238,031
Current portion of long-term debt	344,791	350,304
Line of credit outstanding	1,777,567	1,781,996
Other accrued expenses	4,604,603	4,465,977
Salary continuation plan	167,662	154,812
 Total current liabilities	 14,216,457	 14,212,044
LONG-TERM LIABILITIES		
Note payable-bank, non-current	6,064,983	3,479,879
Salary continuation plan	1,211,895	1,317,251
Deferred income taxes	2,969,917	1,586,833
 Total long-term liabilities	 10,246,795	 6,383,963
STOCKHOLDERS' EQUITY		
Common stock - \$.66 2/3 par value:		
Authorized 35,000,000 shares;		
issued 13,828,793 shares	9,219,195	9,219,195
Additional paid-in capital	6,497,954	6,497,954
Retained earnings	18,866,264	17,319,003
Treasury shares -at cost (2,094,161 shares in 2011 and 2,082,161 shares in 2010)	(10,925,759)	(10,888,799)
 Total stockholders' equity	 23,657,654	 22,147,353
 TOTAL	 \$48,120,906	 \$42,743,360

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

	2011	2010
Net sales	\$131,047,850	\$128,441,457
Cost of sales	67,429,666	65,953,781
Gross margin	63,618,184	62,487,676
Selling, general and administrative expenses	58,402,401	56,499,554
Operating income	5,215,783	5,988,122
Other (expenses) income:		
Gain on sale of assets	79,483	829,618
Interest expense	(371,584)	(359,605)
Other income	185,585	365,319
Total other (expenses) income	(106,516)	835,332
Income before income taxes	5,109,267	6,823,454
Provision for income taxes	2,094,499	2,614,416
Net income	\$3,014,768	\$4,209,038
PER SHARE OF COMMON STOCK		
Basic earnings	\$0.26	\$0.36
Diluted earnings	\$0.26	\$0.36

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Stockholders' Equity
Balance - May 29, 2009	\$9,219,195	\$6,497,954	\$14,579,547	\$(10,888,799)	\$19,407,897
Net income - 2010	-	-	4,209,038	-	4,209,038
Cash dividends paid	-	-	(1,469,582)	-	(1,469,582)
Balance - May 28, 2010	9,219,195	6,497,954	17,319,003	(10,888,799)	22,147,353
Net income - 2011	-	-	3,014,768	-	3,014,768
Cash dividends paid	-	-	(1,467,507)	-	(1,467,507)
Treasury shares purchased	-	-	-	(36,960)	(36,960)
Balance - June 3, 2011	\$9,219,195	\$6,497,954	\$18,866,264	\$(10,925,759)	\$23,657,654

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASHFLOWS
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$130,362,172	\$128,204,349
Interest income	4,439	7,425
Rental income	36,775	50,304
Other operating cash payments/receipts	144,371	307,590
Cash paid to suppliers and employees for cost of goods sold	(64,735,374)	(61,344,227)
Cash paid for suppliers and employees for selling, general and administrative	(57,818,135)	(56,408,505)
Income taxes	(1,868,129)	(1,649,424)
Interest expense	(371,584)	(359,605)
 Net cash provided by operating activities	 5,754,535	 8,807,907
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,559,183)	(9,449,381)
Proceeds from sale of property, plant and equipment	96,916	1,569,931
 Net cash used in investing activities	 (5,462,267)	 (7,879,450)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds	38,903,745	20,467,497
Debt repayments	(36,328,583)	(19,052,913)
Change in checks outstanding in excess of bank balances	(85,126)	(607,718)
Purchases of treasury shares	(36,960)	-
Cash dividends paid	(1,467,507)	(1,469,582)
 Net cash provided by (used in) financing activities	 985,569	 (662,716)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 1,277,837	 265,741
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 1,443,801	 1,178,060
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$2,721,638	 \$1,443,801

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASHFLOWS
For the Fiscal Years Ended June 3, 2011 and May 28, 2010

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2011	2010
Net income	\$3,014,768	\$4,209,038
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	3,174,956	2,485,679
Deferred income taxes	1,329,868	1,013,344
Gain on sale of property and equipment	(79,483)	(829,618)
Change in receivables-net	(685,678)	(237,108)
Change in inventories	(94,964)	111,487
Change in prepaid expenses	(230,574)	35,537
Change in cash surrender value of insurance	364,240	321,738
Change in other assets - other	(167,256)	(177,234)
Change in accounts payable	186,036	2,699,930
Change in accrued expenses	138,626	(691,346)
Change in salary continuation plan	(92,506)	(85,188)
Change in accrued income taxes	(1,103,498)	(48,352)
Net cash provided by operating activities	\$5,754,535	\$8,807,907