

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

GOLDEN ENTERPRISES INC  
Form 10-K  
August 25, 2008

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

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

For the fiscal year ended May 30, 2008

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

63-0250005

-----  
(State or other jurisdiction of incorporation or organization)

-----  
(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:

None

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

Common Capital Stock, Par Value \$0.66 2/3

(Title of Class)

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

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

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 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.

Indicate by check mark whether the Registrant is a large accelerated filer, an

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 1 2b-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 1 2b-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 August 1, 2008.  
Common Stock, Par Value \$0.66 2/3 -- \$10,301,386

Indicate the number of shares outstanding of each of the Registrant's Classes of Common Stock, as of August 1, 2008.

Class -----	Outstanding at August 1, 2008 -----
Common Stock, Par Value \$0.66 2/3	11,779,001 shares

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Proxy Statement for the Annual Meeting of Stockholders to be held on September 25, 2008 are incorporated by reference into Part III.

### TABLE OF CONTENTS

#### FORM 10-K ANNUAL REPORT -2008 GOLDEN ENTERPRISES, INC.

	Page -----
PART I.	
Item 1. Business	3
Item 1A. Risk Factors	6
Item 1B. Unresolved Staff Comments	6
Item 2. Properties	7
Item 3. Legal Proceedings	7
Item 4. Submission of Matters to a Vote of Security Holders	8
PART II.	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	8
Item 6. Selected Financial Data	10
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 7A. Quantitative and Qualitative Disclosure About Market Risk	15
Item 8. Financial Statements and Supplementary Data	15
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	35
Item 9A. Controls and Procedures	36
Item 9B. Other Information	37

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

PART III.

Item 10.	Directors and Executive Officers and Corporate Governance	37
Item 11.	Executive Compensation	37
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	38
Item 13.	Certain Relationships and Related Transactions and Director Independence	38
Item 14.	Principal Accountant Fees and Services	38

PART IV.

Item 15.	Exhibits and Financial Statement Schedules	38
----------	--	----

2

PART I

ITEM 1. - 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"). Golden Enterprises is paid a fee by Golden Flake for providing management services for it.

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. On June 15, 1963, the Company purchased Don's Foods, Inc. a Tennessee corporation which was merged into the Company on December 10, 1966. 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 manufactures and distributes a full line of salted snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings and puff corn. These products are all packaged in flexible bags or other suitable wrapping material. Golden Flake also sells a line of cakes and cookie items, 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 accounts for more than 50% of Golden Flake's sales, which affords some protection against loss of volume due to a crop failure of major agricultural raw materials.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

### Raw Materials

Golden Flake purchases raw materials used in manufacturing and processing its snack food products on the open market and under contract through brokers and directly from growers. A large part of the raw materials used by Golden Flake consists of farm commodities 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.

### Distribution

Golden Flake sells its products through its own sales organization and independent distributors to commercial establishments which sell food products in Alabama and in parts of Tennessee, Kentucky, Georgia, Florida, Mississippi, Louisiana, North Carolina, South Carolina, Arkansas, Missouri and Texas. The products are distributed by approximately 470 route salesmen and independent distributors who are supplied with selling inventory by the Company's trucking fleet which operates out of Birmingham, Alabama, Nashville, Tennessee, and Ocala, Florida. All of the route salesmen are employees of Golden Flake and use the direct-store delivery system. Golden Flake is not dependent upon any single

3

customer, or a few customers, the loss of any one or more of which would have a material adverse effect on its business. No single customer accounts for more than 10% of its total sales. Golden Flake has a fleet of 799 company owned vehicles to support the route sales system, including 34 tractors and 124 trailers for long haul delivery to the various company warehouses located throughout its distribution areas, 574 store delivery vehicles and 67 cars and miscellaneous vehicles.

### 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., which are larger in terms of capital and sales volume than is Golden Flake. Golden Flake is unable to state its relative position in the industry. 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.

### Employees

Golden Flake employs approximately 822 employees. Approximately 448 employees are involved in route sales and sales supervision, approximately 260 are in production and production supervision, and approximately 114 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. Golden Flake considers its relations with its employees to be excellent.

Golden Flake has a 401(k) Profit Sharing Plan and an Employee Stock Ownership

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Plan designed to reward the long term employee for his/her loyalty. In addition, the employees are provided medical insurance, life insurance, and an accident and sickness salary continuance plan. Golden Flake believes that its employee wage rates are competitive with those of its industry and with prevailing rates in its area of operations.

### Other Matters

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, are available via the Company's website. The website address is [www.goldenflake.com](http://www.goldenflake.com). All required reports are made available on the website as soon as reasonably practicable after they are electronically filed with the Securities and Exchange Commission.

### Environmental Matters

There have been no material effects of compliance with government provisions regulating discharge of materials into the environment.

### Significant Event

On May 2, 2008, the Company re-acquired the property located at 2930 Kraft Drive in Nashville, TN for \$1,715,985. In consideration, the Company cancelled the remaining notes and interest receivable of \$1,675,454 due from Tennessee Chips, LLC and paid \$40,531 in cash for closing costs.

4

### Recent Developments

The Company continues to make changes in its distribution system to offset escalating fuel and commodity costs. The Company is increasing its distribution through independent operators and distributors and re-aligning Company owned routes.

### Executive Officers Of Registrant And Its Subsidiary

Name and Age -----	Position and Offices with Management -----
John S. Stein, 71	Mr. Stein is Chairman of the Board. He was elected Chairman on June 1, 1996. He served as Chief Executive Officer from 1991 to April 4, 2001, and as President from 1985 to 1998 and from June 1, 2000 to April 4, 2001. Mr. Stein also served as President of Golden Flake Snack Foods, Inc. from 1976 to 1991. Mr. Stein retired as an employee with the Company on May 31, 2002. Mr. Stein is elected Chairman annually, and his present term will expire on June 5, 2009.
Mark W. McCutcheon, 53	Mr. McCutcheon is Chief Executive Officer and President of the Company and President of Golden Flake Snack Foods, Inc., a wholly owned subsidiary of the Company. He was elected 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 Chief Executive Officer and President of the Company and President of Golden Flake annually, and his present terms will expire on June 5, 2009.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Patty Townsend, 50 Ms. Townsend is Chief Financial Officer, Vice President and Secretary of Golden Enterprises, Inc. She was 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 5, 2009.

Randy Bates, 54 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 5, 2009.

David Jones, 56 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 5, 2009.

5

### 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

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

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.

6

### ITEM 2. - PROPERTIES

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

#### Golden Flake

##### 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 which is serviced by a railroad spur track. 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 maintains a garage and vehicle maintenance service center from which it services, maintains, repairs and rebuilds its fleet and delivery trucks. Golden Flake has adequate employee and fleet parking.

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, with allowance for future expansion, and is located on a 28-acre site on Silver Springs Boulevard. The Company manufactures tortilla chips and potato chips from this facility.

The manufacturing plants, office headquarters and additional lands are owned by Golden Flake free and clear of any debts.

##### Distribution Warehouses

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

##### Vehicles

Golden Flake owns a fleet of 799 vehicles which includes 574 route trucks, 34 tractors, 124 trailers and 67 cars and miscellaneous vehicles. Golden Flake also owns a 1987 Cessna Citation II aircraft. There are no liens or encumbrances on

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Golden Flake's vehicle fleet or aircraft.

### 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.

7

### 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 in the over-the-counter market under the "NASDAQ" symbol, GLDC, and transactions are reported through the National Association of Securities Dealers Automated Quotation (NASDAQ) National Market System. The following tabulation sets forth the high and low sale prices for the common stock during each quarter of the fiscal years ended May 30, 2008 and June 1, 2007 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.

	Market Price		
Quarter	High	Low	Dividend
Year Ended 2008	Price	Price	Paid
	-----	-----	-----
First quarter (13 weeks ended August 31, 2007)	\$3.25	\$2.83	\$.0313
Second quarter (13 weeks ended November 30, 2007)	3.49	2.65	.0313
Third quarter (13 weeks ended February 29, 2008)	3.23	2.45	.0313
Fourth quarter (13 weeks ended May 30, 2008)	2.95	2.21	.0313
Quarter	High	Low	Dividend
Year Ended 2007	Price	Price	Paid
	-----	-----	-----
First quarter (13 weeks ended September 1, 2006)	\$3.25	\$2.61	\$.0313
Second quarter (13 weeks ended December 1, 2006)	3.65	2.95	.0313
Third quarter (13 weeks ended March 2, 2007)	3.25	2.77	.0313
Fourth quarter (13 weeks ended June 1, 2007)	3.21	2.81	.0313



## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

As of August 1, 2008, there were approximately 1,130 shareholders of record.

### Shareholder Return Performance Graph

The following graph illustrates, for the period commencing May 31, 2003, and ending May 30, 2008, the yearly percentage change in the cumulative total shareholder return on the Company's common stock as compared with the cumulative total returns of other companies included within the NASDAQ Stock Market (U.S. Companies) Index and the Company's Peer Group.

The Company has selected a Peer Group consisting of the four publicly-traded companies named below which are in the snack food industry. Most of the Company's direct competitors and peers are privately-held companies or subsidiaries or divisions of larger publicly-held companies so that the available members of the Peer Group are limited.

8

[PLEASE SEE ATTACHED PDF FOR GRAPH]

This graph assumes that \$100 was invested in the Company's common stock on May 31, 2003, in the NASDAQ Stock Market (U.S. Companies) Index and in the Peer Group, which consisted of Lance, Inc., J & J Snack Foods Corp., Tasty Baking Co. and Ralcorp Holdings, Inc. and that dividends were re-invested.

### 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:

9

#### EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of outstanding 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	369,000	\$3.776	130,000
Equity compensation plans not approved by security holders	0	0	0

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

---

Total	369,000	\$3.776	130,000
-------	---------	---------	---------

---

### Issuer Purchases Of Equity Securities

The Company purchased 46,423 shares of its common stock during the fiscal year ended May 30, 2008.

### ITEM 6. - SELECTED FINANCIAL DATA

Not required due to Smaller Reporting Company status.

10

### 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 a line of cakes and cookie items, canned dips, pretzels, popcorn, 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. 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 quantity of supply 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 and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States. The products are distributed by route representatives and independent distributors 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

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

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.

11

### Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Sales are reduced by returns 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 it is 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 May 30, 2008 and June 1, 2007, the Company had accounts receivables in the amount of \$7.9 million and \$8.5 million, net of an allowance for doubtful accounts of \$0.1 million and \$0.1 million, respectively. The Company purchased credit insurance during the year which reduced the allowance for doubtful accounts to \$70,000. Without credit insurance, the allowance for doubtful accounts would have been \$88,835 compared to \$112,915 last year.

The following table summarizes the Company's customer accounts receivable profile as of May 30, 2008:

Amount Range -----	No. of Customers -----
Less than \$1,000.00	1,118
\$1,001 .00-\$10,000.00	558
\$10,001 .00-\$100,000.00	113
\$100,001 .00-\$500,000.00	8
\$500,001 .00-\$1 ,000,000.00	1
\$1,000,001 .00-\$2,500,000.00	0
	-
Total All Accounts	1,798
	=====

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

### 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-related 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

12

actuary also uses historical information for claims frequency and severity in order to establish loss development factors.

The actuarial calculation includes a margin of error to account for changes in inflation; health care costs, compensation and litigation cost trends as well as estimated future incurred claims. The Company utilized a 75% confidence level for estimating the ultimate outstanding casualty liability. Approximately 75% 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 50% factor, the liability would have been reduced by approximate \$0.3 million. If the Company chose a 90% factor, the liability would have increased by approximately \$0.3 million.

The Company used a 5% investment rate to discount the estimated claims based on the historical payout pattern during 2008 and 2007. A one percentage point change in the discount rate would have impacted the liability by approximately \$49,800.

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 May 30, 2008, the Company's casualty reserve was \$1.9 million and at June 1, 2007 the casualty reserve was \$1.9 million.

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 Matters

Transactions with related parties, included in Note 12 of the Notes to Consolidated Financial Statements, are conducted on an arm's-length basis in the ordinary course of business.

### Liquidity And Capital Resources

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Working capital was \$3.9 and \$4.3 million at May 30, 2008 and June 1, 2007, respectively. Net cash provided by operations amounted to \$3.4 and \$4.6 million in fiscal years May 30, 2008 and June 1, 2007, respectively. During 2008, 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 \$1.8 million in 2009.

Cash dividends of \$1.5 million were paid in 2008 and 2007, respectively.

Cash was used to purchase 46,423 shares of treasury stock in fiscal 2008 and no cash was used to purchase treasury shares in 2007.

During fiscal 2008, the Company's debt proceeds net of re-paid debt was \$0.6 million.

### Other Commitments

The Company had letters of credit in the amount of \$2.3 million outstanding at May 30, 2008 to support the Company's commercial self-insurance program.

The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$2 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application. The Company's line of credit debt at May 30, 2008 was \$1.5 million with an interest rate of 7.75%.

13

The Company's current ratio was 1.35 to 1.00 and 1.37 to 1.00 at May 30, 2008 and June 1, 2007, 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 2.3% in fiscal year 2008 and 4.0% in fiscal year 2007.

Cost of sales as a percentage of net sales amounted to 51.8% and 52.3% in 2008 and 2007, respectively.

Selling, general and administrative expenses were 46.8% of net sales in 2008 and 46.5% of net sales in 2007.

The Company's effective tax rates for 2008 and 2007 were 40.5% and 39.8%, respectively. Note 7 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 May 30, 2008 and June 1, 2007:

	Manufactured Products		Resale Products	
	2008		2007	
	-----		-----	
Sales		%		%
Manufactured Products	\$ 91,864,474	81.0%	\$ 88,827,471	80.1%

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Resale Products	21,515,358	19.0%	21,999,454	19.9%
	-----	-----	-----	-----
Total	\$ 113,379,832	100.0%	\$ 110,826,925	100.0%
Gross Margin		%		%
Manufactured Products	\$ 47,571,929	51.8%	\$ 45,757,596	51.5%
Resale Products	7,042,636	32.7%	7,091,931	32.2%
	-----	-----	-----	-----
Total	\$ 54,614,565	48.2%	\$ 52,849,527	47.7%

### 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.

14

### Inflation

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

Higher fuel and commodity costs continue to be a challenge.

### Environmental Matters

There have been no material effects of compliance with government provisions regulating discharge of materials into the environment.

### 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 the Company's filings with Securities and Exchange Commission. 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

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

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 May 30, 2008, consisting of the following, are contained herein:

Consolidated Balance Sheets	- As of May 30, 2008 and June 1, 2007
Consolidated Statements of Operations	- Fiscal years ended 2008 and 2007
Consolidated Statements of Changes in Stockholders' Equity	- Fiscal years ended 2008 and 2007
Consolidated Statements of Cash Flows	- Fiscal years ended 2008 and 2007
Notes to Consolidated Financial Statements	- Fiscal years ended 2008 and 2007
Quarterly Results of Operations	- Fiscal years ended 2008 and 2007

15

### 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 May 30, 2008 and June 1, 2007, and the related consolidated statements of operations, 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 May 30, 2008 and June 1, 2007, and the

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

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 May 30, 2008 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  
July 30, 2008

16

This page is intentionally left blank

17

### GOLDEN ENTERPRISES, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS As of May 30, 2008 and June 1, 2007

#### ASSETS

	2008	2007
	----	----
CURRENT ASSETS		
Cash and cash equivalents	\$ 442,756	\$ 706,852
Receivables:		
Trade accounts	8,009,482	8,559,984
Other	1,065	11,358
	-----	-----
	8,010,547	8,571,342
Less: Allowance for doubtful accounts	70,000	112,915
	-----	-----
	7,940,547	8,458,427
Notes receivable, current	-	58,126
	-----	-----
	7,940,547	8,516,553



Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

	-----	-----
Inventories:		
Raw materials	1,467,400	1,340,389
Finished goods	2,870,698	3,035,285
	-----	-----
	4,338,098	4,375,674
	-----	-----
Prepaid expenses	1,642,959	1,622,900
Deferred income taxes	649,420	583,179
	-----	-----
Total current assets	15,013,780	15,805,158
	-----	-----
PROPERTY, PLANT AND EQUIPMENT		
Land	3,048,284	2,962,283
Buildings	18,452,583	16,641,960
Machinery and equipment	39,246,446	37,563,985
Transportation equipment	12,566,732	15,112,873
	-----	-----
	73,314,045	72,281,101
Less: Accumulated depreciation	58,684,709	59,324,468
	-----	-----
	14,629,336	12,956,633
	-----	-----
OTHER ASSETS		
Notes receivable, long-term	-	1,658,630
Cash surrender value of life insurance	1,805,982	2,253,412
Other	786,947	651,595
	-----	-----
Total other assets	2,592,929	4,563,637
	-----	-----
TOTAL	\$ 32,236,045	\$ 33,325,428
	=====	=====

See Accompanying Notes to Consolidated Financial Statements

18

LIABILITIES AND STOCKHOLDERS' EQUITY

	2008	2007
	----	----
CURRENT LIABILITIES		
Checks outstanding in excess of bank balances	\$ 817,370	\$ 1,385,663

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Accounts payable	3,567,939	3,760,499
Accrued income taxes	160,619	318,198
Current portion of long-term debt	-	270,625
Line of credit outstanding	1,484,368	622,950
Other accrued expenses	4,989,684	5,060,758
Salary continuation plan	131,993	121,877
	-----	-----
Total current liabilities	11,151,973	11,540,570
	-----	-----
LONG-TERM LIABILITIES		
Salary continuation plan	1,499,421	1,582,437
Deferred income taxes	620,077	752,298
	-----	-----
Total long-term liabilities	2,119,498	2,334,735
	-----	-----
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	14,060,942	14,410,568
Treasury shares - at cost (2,039,886 shares in 2008 and 1,993,463 in 2007)	(10,813,517)	(10,677,594)
	-----	-----
Total stockholders' equity	18,964,574	19,450,123
	-----	-----
TOTAL	\$ 32,236,045	\$ 33,325,428
	=====	=====

19

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the Fiscal Years Ended May 30, 2008 and June 1, 2007

	2008	2007
	----	----
Net sales	\$ 113,379,832	\$ 110,826,925
Cost of sales	58,765,267	57,977,398
	-----	-----
Gross margin	54,614,565	52,849,527

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Selling, general and administrative expenses	53,056,631	51,481,437
Operating income	1,557,934	1,368,090
Other income (expenses):		
Gain on sale of assets	133,654	488,174
Interest expense	(223,683)	(273,209)
Other income	426,895	432,084
Total other income (expenses)	336,866	647,049
Income before income tax	1,894,800	2,015,139
Provision for income taxes	767,232	801,905
Net income	\$ 1,127,568	\$ 1,213,234
PER SHARE OF COMMON STOCK		
Basic earnings	\$ 0.10	\$ 0.10
Diluted earnings	\$ 0.10	\$ 0.10

See Accompanying Notes to Consolidated Financial Statements

20

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the Fiscal Years Ended May 30, 2008 and June 1, 2007

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	
	-----	-----	-----	-----	
Balance - June 3, 2006	\$ 9,219,195	\$ 6,497,954	\$ 14,676,759	\$ (10,677,594)	\$
Net income - 2007	-	-	1,213,234	-	
Cash dividends paid	-	-	(1,479,425)	-	
	-----	-----	-----	-----	
Balance - June 1, 2007	9,219,195	6,497,954	14,410,568	(10,677,594)	

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Net income - 2008	-	-	1,127,568	-
Cash dividends paid	-	-	(1,477,194)	-
Treasury shares purchased				(135,923)
	-----	-----	-----	-----
Balance - May 30, 2008	\$ 9,219,195	\$ 6,497,954	\$ 14,060,942	\$ (10,813,517)
	=====	=====	=====	=====

See Accompanying Notes to Consolidated Financial Statements

21

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Fiscal Years Ended May 30, 2008 and June 1, 2007

	2008	2007
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 113,897,712	\$ 110,731,854
Interest income	134,799	144,687
Rental income	39,411	31,974
Other operating cash payments/receipts	252,685	255,423
Cash paid to suppliers and employees for cost of goods sold	(57,303,625)	(54,923,539)
Cash paid for suppliers and employees for selling, general and administrative	(52,238,187)	(50,336,873)
Income taxes	(1,123,273)	(1,007,958)
Interest expense	(223,683)	(273,209)
	-----	-----
Net cash provided by operating activities	3,435,839	4,622,359
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,303,219)	(1,731,230)
Proceeds from sale of property, plant and equipment	140,795	577,355
Collection of notes receivable	53,107	53,672
	-----	-----
Net cash used in investing activities	(2,109,317)	(1,100,203)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds	21,356,450	23,163,475
Debt repayments	(20,765,658)	(23,587,618)
Decrease in checks outstanding in excess of bank balances	(568,293)	(1,233,363)
Purchases of treasury shares	(135,923)	-
Cash dividends paid	(1,477,194)	(1,479,425)
	-----	-----
Net cash used in financing activities	(1,590,618)	(3,136,931)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(264,096)	385,225

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	706,852	321,627
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 442,756	\$ 706,852
	=====	=====

See Accompanying Notes to Consolidated Financial Statements

22

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED  
For the Fiscal Years Ended May 30, 2008 and June 1, 2007

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	2008	2007
	----	----
Net income	\$ 1,127,568	\$ 1,213,234
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	2,287,025	2,268,468
Deferred income taxes	(198,462)	(14,933)
Gain on sale of property and equipment	(133,654)	(488,174)
Change in receivables - net	517,880	(95,071)
Change in inventories	37,576	(99,603)
Change in prepaid expenses	(20,059)	(14,441)
Change in cash surrender value of insurance	447,430	178,214
Change in other assets	(135,352)	51,892
Change in accounts payable	(192,560)	1,550,473
Change in accrued expenses	(71,074)	333,005
Change in salary continuation plan	(72,900)	(69,585)
Change in accrued income taxes	(157,579)	(191,120)
	-----	-----
Net cash provided by operating activities	\$ 3,435,839	\$ 4,622,359
	=====	=====
Non-cash portion of property plant and equipment transactions	\$ 1,675,454	\$ -
	=====	=====
(Notes and interest receivable from Tennessee Chips As part of Nashville plant re-purchase (See Note 2))		

See Accompanying Notes to Consolidated Financial Statements

23

# Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Fiscal Years Ended May 30, 2008 and June 1, 2007

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

-----

The accounting and reporting policies of Golden Enterprises, Inc. and subsidiary ("Company") conform to accounting principles generally accepted in the United States of America and to general practices within the snack foods industry. The following is a description of the more significant accounting policies:

### Nature of the Business

-----

The Company manufactures and distributes a full line of snack items that are sold through its own sales organization and independent distributors to commercial establishments that sell food products primarily in the Southeastern United States.

### Consolidation

-----

The consolidated financial statements include the accounts of Golden Enterprises, Inc. and its wholly-owned subsidiary, Golden Flake Snack Foods, Inc., (the "Company"). All significant inter-company transactions and balances have been eliminated.

### Revenue Recognition

-----

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Sales are reduced by returns 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 income. The determination of the allowance for doubtful accounts is based on management's estimate of uncollectible accounts receivables. The Company records a general reserve based on analysis of historical data. In addition, management records specific reserves for receivable balances that are considered at higher risk due to known facts regarding the customer.

### Fiscal Year

-----

The Company ends its fiscal year on the Friday closest to the last day in May. The years ended May 30, 2008 and June 1, 2007 included 52 weeks.

### Fair Value of Financial Instruments

-----

The carrying amounts of cash and cash equivalents, receivables, accounts payable and short-term debt approximate fair value.

### Cash and Cash Equivalents

-----

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

### Inventories

-----

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

### Property, Plant and Equipment

-----

Property, plant and equipment are stated at cost. For financial reporting purposes, depreciation and amortization have been provided principally on the straight-line method over the estimated useful lives of the respective assets. Accelerated methods are used for tax purposes.

24

## GOLDEN ENTERPRISES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED For the Fiscal Years Ended May 30, 2008 and June 1, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

-----

Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for renewals and betterments are capitalized and written off by depreciation and amortization charges. Property retired or sold is removed from the asset and related accumulated depreciation accounts and any profit or loss resulting therefrom is reflected in the statements of operations.

### Self-Insurance

-----

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 margin of error to account for changes in inflation, health care costs, compensation and litigation cost trends as well as estimated future incurred claims.

### Advertising

-----

The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses in the Consolidated Statement of Operations. Advertising expense amounted to \$5.4 million and \$6.0 million for the fiscal years 2008 and 2007, respectively.

### Income Taxes

-----

Deferred income taxes are provided using the liability method to measure tax consequences resulting from differences between financial accounting standards and applicable income tax laws. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

### Segment Information

-----  
The Company does not identify separate operating segments for management reporting purposes. The results of operations are the basis on which management evaluates operations and makes business decisions. The Company's sales are generated primarily within the Southeastern United States.

### Stock Options

-----  
The Company has granted stock options to management in previous years, though none were granted during fiscal years ended May 30, 2008 or June 1, 2007. See Note 9 for further discussion of our stock option awards.

25

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
For the Fiscal Year Ended May 30, 2008 and June 1, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Shipping and Handling Costs

-----  
Shipping and handling costs, which include salaries and vehicle operations expenses relating to the delivery of products to customers by the Company are classified as Selling, General and Administrative (SG&A) expenses. Shipping and handling costs classified as SG&A amounted to \$3.4 million and \$3.3 million for the fiscal years 2008 and 2007, respectively.

#### Use of Estimates

-----  
The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Recently Issued Accounting Pronouncements

-----  
In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 is not expected to have a material impact on our financial condition, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities: Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to measure many financial instruments and certain other items at fair value with changes in fair value reported in earnings. The FASB issued SFAS No. 159 to mitigate earnings volatility that arises when financial assets and liabilities are measured



Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

differently, and to expand the use of fair value measurement for financial instruments. SFAS No. 159 is effective for our fiscal year beginning May 31, 2008. The adoption of SFAS No. 159 is not expected to have a material impact on our financial condition, results of operations or cash flows.

26

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended May 30, 2008 and June 1, 2007

NOTE 2 - NOTES RECEIVABLE  
 -----

Notes receivable as of May 30, 2008 and June 1, 2007 consist of the following:

	2008	2007
	----	----
8% note, due in 120 monthly installments of \$3,640 through November 1, 2010, collateralized by property	\$ -	\$ 132,955
8% note, due in 360 monthly installments of \$12,474 through November 1, 2030, collateralized by property	-	1,583,801
	-----	-----
	-	1,716,756
Less current portion	-	58,126
	-----	-----
	\$ -	\$ 1,658,630
	=====	=====

During the year, the Company received cash payments totaling \$53,107. On May 2, 2008, the Company re-acquired, the property located at 2930 Kraft Drive in Nashville, TN for \$1,715,985. In consideration, the Company cancelled the remaining notes and interest receivable of \$1,675,454 and paid \$40,531 in cash for closing costs.

NOTE 3 - PREPAID EXPENSES  
 -----

At May 30, 2008 and June 1, 2007, prepaid expenses consist of the following:

	2008	2007
	----	----
Prepaid slotting fees	\$ 202,391	\$ 220,437
Other prepaid expenses	1,440,568	1,402,463
	-----	-----
	\$ 1,642,959	\$ 1,622,900
	=====	=====

NOTE 4 - OTHER ACCRUED EXPENSES  
 -----

At May 30, 2008 and June 1, 2007, other accrued expenses consist of the following:

2008	2007
------	------

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Accrued payroll	\$ 462,581	\$ 457,398
Self insurance liability	1,877,100	1,865,200
Accrued vacation	1,414,678	1,230,385
Other accrued expenses	1,235,325	1,507,775
	-----	-----
	\$ 4,989,684	\$ 5,060,758
	=====	=====

27

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended May 30, 2008 and June 1, 2007

NOTE 5 - LINE OF CREDIT  
 -----

The Company has a line of credit agreement with a local bank which permits borrowing up to \$2 million. The balance on the line of credit at May 30, 2008 was \$1.5 million a rate of 7.75%. The line of credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the advance application.

NOTE 6 - LONG-TERM LIABILITIES  
 -----

At May 30, 2008 and June 1, 2007, long-term debt consists of the following:

Note payable - bank - payable in equal monthly installments of \$65,108 including interest at the LIBOR index rate plus 1.75% (7.07% at June 1, 2007) through November 30, 2007, secured by equipment	2008 ----	2007 ----
	\$ -	\$ 270,625
Less: current portion	-	270,625
	-----	-----
	\$ -	\$ -
	=====	=====

Other long-term obligations at May 30, 2008 and June 1, 2007 consist of the following:

	2008 ----	2007 ----
Salary continuation plan	\$ 1,631,414	\$ 1,704,314
Less: current portion	(131,993)	(121,877)
	-----	-----
	\$ 1,499,421	\$ 1,582,437
	=====	=====

The Company is accruing the present values of the estimated future retirement payments over the period from the date of the agreements to the retirement dates, for certain key executives. The Company recognized compensation expense of approximately \$48,976 and \$42,951 for fiscal 2008 and 2007, respectively.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended May 30, 2008 and June 1, 2007

NOTE 7 - INCOME TAXES  
 -----

At May 30, 2008 and June 1, 2007 the provision for income taxes consists of the following:

	2008 ----	2007 ----
Current:		
Federal	\$ 858,851	\$ 727,167
State	106,843	89,671
	-----	-----
	965,694	816,838
Deferred:		
Federal	(176,597)	(13,288)
State	(21,865)	(1,645)
	-----	-----
	(198,462)	(14,933)
	-----	-----
Total	\$ 767,232	\$ 801,905
	=====	=====

The effective tax rate for continuing operations differs from the expected tax using statutory rates. A reconciliation between the expected tax and actual tax follows:

	2008 ----	2007 ----
Tax on income at statutory rates	\$ 644,232	\$ 685,147
(Decrease) increase resulting from:		
State income taxes, less Federal income tax effect	70,516	59,183
Tax exempt interest	(2,533)	(1,818)
Change in valuation allowance	(137,710)	(49,249)
Other - net	192,727	108,642
	-----	-----
Total	\$ 767,232	\$ 801,905
	=====	=====

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

For the Fiscal Years Ended May 30, 2008 and June 1, 2007

### NOTE 7 - INCOME TAXES- CONTINUED

The tax effects of temporary differences that result in deferred tax assets and liabilities are as follows:

	2008 ----	2007 ----
Deferred tax assets		
Salary continuation plan	\$ 598,239	\$ 624,972
Accrued vacation	518,762	451,182
Contribution carry forward	285,826	346,179
Inventory capitalization	30,971	25,167
Allowance for doubtful accounts	25,669	41,406
Other accrued expenses	148,235	146,258
	-----	-----
Gross deferred tax assets before valuation allowance	1,607,702	1,635,164
Less valuation allowance	(81,640)	(219,350)
	-----	-----
Total deferred tax assets	1,526,062	1,415,814
	-----	-----
Deferred tax liabilities		
Property and equipment	1,422,502	1,504,099
Prepaid expenses	74,217	80,834
	-----	-----
Total deferred tax liabilities	1,496,719	1,584,933
	-----	-----
Net deferred tax liability	\$ 29,343	\$ (169,119)
	=====	=====

### NOTE 8 - EMPLOYEE BENEFIT PLANS

The Company has trustee "Qualified Profit-Sharing Plans" that were amended and restated effective June 1, 1996 to add a 401 (k) salary reduction provision. Under this provision, employees can contribute up to fifty percent of their compensation to the plan on a pretax basis subject to regulatory limits; and the Company, at its discretion, can match up to 4% of the participants' compensation. The annual contributions to the plans are determined by the Board of Directors. Total plan contributions for the years ended May 30, 2008 and June 1, 2007 were \$131,319 and \$121,583, respectively.

The Company has an Employee Stock Ownership Plan that covers all full-time employees. The annual contributions to the plan are amounts determined by the Board of Directors of the Company. Annual contributions are made in cash or common stock of the Company. Contributions to the Employee Stock Ownership Plan for the years ended May 30, 2008 and June 1, 2007 were \$0 and \$0, respectively. Each participant's account is credited with an allocation of shares acquired with the Company's annual contributions, dividends received on Employee Stock Ownership Plan shares and forfeitures of terminated participants' non-vested accounts.

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended May 30 2008 and June 1, 2007

NOTE 8 - EMPLOYEE BENEFIT PLANS - CONTINUED  
 -----

The Company has a salary continuation plan with certain of its key officers whereby monthly benefits will be paid for a period of fifteen years following retirement. The Company is accruing the present value of all retirement benefits until the key officers reach normal retirement age at which time the principal portion of the retirement benefits paid are applied to the liability previously accrued. The change in the liability for the Salary Continuation Plan is as follows:

	2008 ----	2007 ----
Accrued salary continuation plan - beginning of year	\$ 1,704,314	\$ 1,773,899
Benefits accrued	48,977	42,951
Benefits paid	(121,877)	(112,536)
Accrued salary continuation plan - end of year	----- \$ 1,631,414 =====	----- \$ 1,704,314 =====

NOTE 9 - LONG-TERM INCENTIVE PLANS  
 -----

The Company has a long-term incentive plan currently in effect under which future stock option grants may be issued. This Plan (the 1996 Plan) is administered by the Stock Option Committee of the Board of Directors, which has sole discretion, subject to the terms of the Plan, to determine those employees, including executive officers, eligible to receive awards and the amount and type of such awards. The Stock Option Committee also has the authority to interpret the Plan, formulate the terms and conditions of award agreements and make all other determinations required in the administration thereof. All options outstanding at the end of 2008 and 2007 are exercisable.

The 1996 Plan provides for the granting of Incentive Stock Options as defined under the Internal Revenue Code. Under the Plan, grants of incentive stock options may be made to selected officers and employees, with a term not exceeding ten years from the issue date and at a price not less than the fair market value of the Company's stock at the date of grant.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended May 30, 2008 and June 1, 2007

NOTE 9 - LONG-TERM INCENTIVE PLANS - CONTINUED  
 -----

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Five hundred thousand shares of the Company's stock have been reserved for issuance under this Plan. The following is a summary of transactions:

	2008 -----	Weighted Average Exercise Price	2007 -----	Weighted Average Exercise Price
	Shares		Shares	
Outstanding - beginning of year	369,000	\$ 3.78	369,000	\$ 3.78
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Cancelled	-	-	-	-
	-----		-----	
Outstanding - end of year	369,000	\$ 3.78	369,000	\$ 3.78
	=====		=====	

The Company adopted SFAS 123R as of June 3, 2006. SFAS 123R establishes standards for accounting of transactions in which an entity exchanges its equity instruments for goods or services, such as when an entity obtains employee services in share-based payment transactions. The revised statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is to be recognized over the period during which the employee is required to provide service in exchange for the award. Changes in fair value during the required service period are to be recognized as compensation cost over the period. In addition, SFAS 123R amends SFAS No. 95, "Statement of Cash Flows," to require that excess tax benefits be reported as a financing cash flow rather than as a reduction of taxes paid. When the Company adopted SFAS 123R, they elected the modified prospective application method and prior period amounts have not been restated. As of June 3, 2006, all outstanding options were fully vested. Additionally, no options were granted during the fiscal years ended May 30, 2008 or June 1, 2007.

Prior to the effective date of SFAS 123R, the Company followed Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretation for stock options granted to employees and directors. The Company adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." The proforma disclosures previously permitted under SFAS 123 are no longer an alternative to financial statement recognition. The Company continues to account for any portion of previously granted awards using the accounting principle originally applied to those awards, APB Opinion No. 25, Accounting for Stock Issued to Employees.

32

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 For the Fiscal Years Ended May 30, 2008 and June 1, 2007

NOTE 10 - NET INCOME PER SHARE  
 -----

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Basic earnings per common share are computed by dividing earnings available to stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects per share amounts that would have resulted if dilutive potential common stock equivalents had been converted to common stock, as prescribed by Statement of Financial Accounting Standards No. 128, "Earnings per Share". At May 30, 2008 and June 1, 2007, options on all 369,000 shares were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. The following reconciles the information used to compute basic and diluted earnings per share:

	Average Common Stock Shares	
	2008	2007
Basic weighted average shares outstanding	11,815,621	11,835,330
Effect of options	-	-
	11,815,621	11,835,330
	11,815,621	11,835,330

### NOTE 11 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" requires disclosure of fair value information about financial instruments, whether or not recognized on the face of the balance sheet, for which it is practical to estimate that value. SFAS 107 defines fair value as the quoted market prices for those instruments that are actively traded in financial markets. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. The fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instruments, such as estimates of timing and amount of expected future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instrument.

The carrying amounts for cash and cash equivalents approximate fair value because of the short maturity, generally less than three months, of these instruments.

The fair value of notes receivable is estimated by using a discount rate that approximates the current rate for comparable notes. At May 30, 2008 and June 1, 2007 the aggregate fair value was approximately \$0 and \$2.0 million compared to a carrying amount of \$0 million and \$1.7 million, respectively.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

### NOTE 11 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS -CONTINUED

---

The carrying value of the Company's salary continuation plan and accrued liability approximates fair value because present value is used in accruing this liability.

The Company does not hold or issue financial instruments for trading purposes and has no involvement with forward currency exchange contracts.

### NOTE 12 - COMMITMENTS AND CONTINGENCIES

---

Rental expense was \$0.8 million in 2008 and \$0.4 million in 2007.

The Company has entered into various operating lease agreements to replace aging route vans. The current annual obligation under this agreement is \$896,857. Future minimum lease commitments for operating leases at May 30, 2008 were as follows:

2009	\$ 896,857
2010	896,857
2011	896,857
2012	827,823
2013	435,909

The Company leases its airplane to a director who is also chairman of the board of directors of SYB, Inc., a major shareholder of the Company for approximately \$20,000 per month. The lease provides for her personal use of the airplane for up to 100 flight hours per year and is for a term of one year with automatic annual renewals unless terminated by either party.

The Company had letters of credit in the amount of \$2.3 million outstanding at May 30, 2008 compared to \$2.7 million at June 1, 2007, to support the Company's commercial self-insurance program. The Company pays a commitment fee of 0.50% to maintain the letters of credit.

The Company has entered into various other short term purchase commitments with suppliers for raw materials in the normal course of business.

The Company is subject to routine litigation and claims incidental to its business. In the opinion of management, such routine litigation and claims should not have a material adverse effect upon the Company's consolidated financial statements taken as a whole.

34

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
For the Fiscal Years Ended May 30, 2008 and June 1, 2007

### NOTE 13 - CONCENTRATIONS OF CREDIT RISK

---



## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

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.

The Company purchased credit insurance during the year which reduced the allowance for doubtful accounts to \$70,000. Without credit insurance, the allowance for doubtful accounts would have been \$88,835 compared to \$112,915 last year.

### NOTE 14 - SUPPLEMENTARY STATEMENT OF OPERATIONS INFORMATION

-----

The following tabulation gives certain supplementary statement of operations information for continuing operations for the years ended May 30, 2008 and June 1, 2007:

	2008	2007
	----	----
Maintenance and repairs	\$ 6,334,758	\$ 6,394,349
Depreciation	2,287,025	2,268,468
Payroll taxes	2,364,913	2,312,079

Amounts for other taxes, rents and research and development costs are not presented because each of such amounts is less than 1% of total revenues.

### NOTE 15 - SIGNIFICANT EVENT

-----

On May 2, 2008, the Company re-acquired the property located at 2930 Kraft Drive in Nashville, TN for \$1,715,985. In consideration, the Company cancelled the remaining notes and interest receivable of \$1,675,454 and paid \$40,531 in cash for closing costs.

### ITEM 9. - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

35

### ITEM 9A. - CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

Our company's management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of May 30, 2008. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of May 30, 2008, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

### Internal Control Over Financial Reporting

#### Management's Annual Report on Internal Control Over Financial Reporting

The management of the company is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals and includes those policies and procedures that:

- o Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- o Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- o Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

36

The company's management assessed the effectiveness of the company's internal control over financial reporting as of May 30, 2008. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

Based on our assessment, management concluded that, as of May 30, 2008, the company's internal control over financial reporting is effective based on those criteria set forth.

The annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

### Changes in Internal Control Over Financial Reporting

No change in our internal controls over financial reporting occurred during the fiscal quarter ended May 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### ITEM 9B. - OTHER INFORMATION

Not Applicable.

## PART III

### ITEM 10. - DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

With the exception of information as follows and as set forth under the caption Executive Officers of the Registrant and Its Subsidiary which appears in Part I of this Form 10-K on Page 5, the information required by this item is incorporated by reference to the sections of the Company's Proxy Statement entitled "Election of Directors," "Additional Information Concerning the Board of Directors," "Executive Compensation and Other Information," "Section 16(a) Beneficial Ownership Reporting Compliance", "Code of Conduct and Ethics" and "Corporate Governance" for the 2008 Annual Meeting of Stockholders to be held September 25, 2008.

#### Section 16A Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, as amended, requires the Company's officers and directors and persons who own more than 10% of the Company's outstanding Common Stock to file reports of ownership with the Securities and Exchange Commission ("SEC"). There were no directors, officers or more than 10% stockholders of the Company who failed to timely file a Form 4 or 5 except for Edward R. Pascoe, who filed a Form 4 reporting a transaction involving the sale of 9,000 common shares, two days late on July 11, 2008.

### ITEM 11. - EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the sections entitled "Executive Compensation and Other Information" of the Company's Proxy Statement for the 2008 Annual Meeting of Stockholders to be held September 25, 2008. See Item 5 of this Annual Report on Form 10-K for information concerning the Company's equity compensation plans.

37

### ITEM 12. - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

The information required by this item is incorporated by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Section 16(a) Beneficial Ownership Reporting Compliance," of the Company's Proxy Statement for the 2008 Annual Meeting of Stockholders to be held September 25, 2008.

### ITEM 13. - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the section entitled "Certain Transactions" and "Director Independence" of the Company's Proxy Statement for the 2008 Annual Meeting of Stockholders to be held September 25, 2008.

### ITEM 14. - PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the section entitled "Independent Accountants" of the Company's Proxy Statement for the 2008 Annual Meeting of Stockholders to be held September 25, 2008.

Prior to September 30, 2008, the Company will file a definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A which involves the election of directors.

## PART IV

### ITEM 15.- EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) 1. LIST OF FINANCIAL STATEMENTS

The following consolidated financial statements of Golden Enterprises, Inc., and subsidiary required to be included in Item 8 are listed below:

Consolidated Balance Sheets - May 30, 2008 and June 1, 2007

Consolidated Statements of Operations- Years ended May 30, 2008 and June 1, 2007

Consolidated Statements of Changes in Stockholders' Equity- Years ended May 30, 2008 and June 1, 2007

Consolidated Statements of Cash Flows- Years ended May 30, 2008 and June 1, 2007

Notes to Consolidated Financial Statements

#### (a) 2. LIST OF FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements schedule is included in Item 15 (c):

Schedule II- Valuation and Qualifying Accounts

All other schedules are omitted because the information required therein is not applicable, or the information is given in the financial statements and notes thereto.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

- (a) 3. Exhibits
- (3) Articles of Incorporation and By-laws of Golden Enterprises, Inc.
- 3.1 Certificate of Incorporation of Golden Enterprises, Inc. (originally known as "Golden Flake, Inc.") dated December 11, 1967 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- 3.2 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated December 22, 1976 (incorporated by reference to Exhibit 3.2 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- 3.3 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1979 Form 10-K filed with the Commission).
- 3.4 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 4, 1979 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1980 Form 10-K filed with the Commission).
- 3.5 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 24, 1982 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1983 Form 10-K filed with the Commission).
- 3.6 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 22, 1983 (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).
- 3.7 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 3, 1985 (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).
- 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).
- 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).

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

- 10.3 Indemnity Agreement executed by and between the Company and J. 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).
- 10.6 Golden Enterprises, Inc. 1996 Long-Term Incentive Plan (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 1997 Form 10-K filed with the Commission).
- 10.7 Equipment Purchase and Sale Agreement dated October 2000 whereby Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., sold the Nashville, Tennessee Plant Equipment (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 2001 Form 10-K filed with the Commission).
- 10.8 Real Property Contract of Sale dated October 2000 whereby Golden Flake Snack Foods, Inc. sold the Nashville, Tennessee Plant Real Property (incorporated by reference as Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2001 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).
- 10.15 Lease of aircraft executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Joann F. Bashinsky dated February 1, 2006 (incorporated by reference to Exhibit 10.15 to Golden Enterprises, Inc. June 2, 2006 Form 10-K filed with the Commission).

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

- 10.16 Real Property Purchase and Sale Agreement dated May 2, 2008 whereby Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc. re-acquired certain real property in Nashville, Tennessee.
- (14) Code of Ethics
- 14.1 Golden Enterprises, Inc.'s Code of Conduct and Ethics adopted by the Board of Directors on April 8, 2004 (incorporated by reference to Exhibit 14.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
- (18) Letter Re: Change in Accounting Principles
- 18.1 Letter from the Registrant's Independent Accountant dated August 12, 2005 indicating a change in the method of applying accounting practices followed by the Registrant for the fiscal year ended June 3, 2005 (incorporated by reference to Exhibit 18.1 to Golden Enterprises, Inc.'s June 3, 2005 Form 10-K filed with the Commission)
- 21 Subsidiaries 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
- 99.1 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 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.'s June 3, 2005 Form 10-K filed with the Commission).

41

### SIGNATURES

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

GOLDEN ENTERPRISES, INC.

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

By /s/Patty Townsend  
-----

August 22, 2008  
-----

Patty Townsend  
Vice President, Secretary and Principal Financial  
Officer

Date

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

Signature -----	Title -----	Date -----
/s/John S. Stein ----- John S. Stein	Chairman of Board	August 22, 2008
/s/Mark W. McCutcheon ----- Mark W. McCutcheon	Chief Executive Officer, President and Director	August 22, 2008
/s/Patty Townsend ----- Patty Townsend	Vice President, Secretary and Principal Financial Officer	August 22, 2008
/s/F. Wayne Pate ----- F. Wayne Pate	Director	August 22, 2008
/s/Edward R. Pascoe ----- Edward R. Pascoe	Director	August 22, 2008
/s/John P. McKleroy, Jr. ----- John P. McKleroy, Jr.	Director	August 22, 2008
/s/James I. Rotenstreich ----- James I. Rotenstreich	Director	August 22, 2008
/s/John S.P. Samford ----- John S.P. Samford	Director	August 22, 2008
/s/J. Wallace Nall, Jr. ----- J. Wallace Nall, Jr.	Director	August 22, 2008



Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

/s/Joann F. Bashinsky

Director

August 22, 2008

-----  
Joann F. Bashinsky

42

SCHEDULE II

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended May 30, 2008 and June 1, 2007

Allowance for Doubtful Accounts	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions	Balance at End of Year
Year ended June 1, 2007	\$133,422	\$ 41,823	\$ 62,330	\$112,915
Year ended May 30, 2008	\$112,915	\$ ---	\$ 42,915	\$ 70,000

43

INDEX TO EXHIBITS

- 
- 3.1 Certificate of Incorporation of Golden Enterprises, Inc. (originally known as "Golden Flake, Inc.") dated December 11, 1967 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
  - 3.2 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated December 22, 1976 (incorporated by reference to Exhibit 3.2 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
  - 3.3 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1979 Form 10-K filed with the Commission).
  - 3.4 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 4, 1979 (incorporated by reference to Exhibit 3 to Golden Enterprises, Inc. May 31, 1980 Form 10-K filed with the Commission).

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

- 3.5 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 24, 1982 (incorporated by reference to Exhibit 3.1 to Golden Enterprises, Inc. May 31, 1983 Form 10-K filed with the Commission).
- 3.6 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated September 22, 1983 (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).
- 3.7 Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 3, 1985 (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).
- 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).
- 10.1 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).
- 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 J. 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).
- 10.6 Golden Enterprises, Inc. 1996 Long-Term Incentive Plan (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 1997 Form 10-K filed with the Commission).
- 10.7 Equipment Purchase and Sale Agreement dated October 2000 whereby Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., sold the Nashville, Tennessee Plant Equipment (incorporated by reference as Exhibit 10.1 to Golden Enterprises, Inc. May 31, 2001 Form 10-K filed with the Commission).
- 10.8 Real Property Contract of Sale dated October 2000 whereby Golden Flake Snack Foods, Inc. sold the Nashville, Tennessee Plant Real Property (incorporated by reference as Exhibit 10.2 to Golden Enterprises, Inc.

## Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

May 31, 2001 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).
- 45
- 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).
  - 10.15 Lease of aircraft executed by and between Golden Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc., and Joann F. Bashinsky dated February 1, 2006 (incorporated by reference to Exhibit 10.15 to Golden Enterprises, Inc. June 2, 2006 Form 10-K filed with the Commission).
  - 10.16 Real Property Purchase and Sale Agreement dated May 2, 2008 whereby Golden 47 Flake Snack Foods, Inc., a wholly-owned subsidiary of Golden Enterprises, Inc. re-acquired certain real property in Nashville, Tennessee.
  - 14.1 Golden Enterprises, Inc.'s Code of Conduct and Ethics adopted by the Board of Directors on April 8, 2004 (incorporated by reference to Exhibit 14.1 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).
  - (18) Letter Re: Change in Accounting Principles
  - 18.1 Letter from the Registrant's Independent Accountant dated August 12, 2005 indicating a change in the method of applying accounting practices followed by the Registrant for the fiscal year ended June 3, 2005 (incorporated by reference to Exhibit 18.1 to Golden Enterprises, Inc.'s June 3, 2005 Form 10-K filed with the Commission).
  - 21 Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission)
  - 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes- 57 Oxley Act of 2002.

Edgar Filing: GOLDEN ENTERPRISES INC - Form 10-K

- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes- 58 Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes- 59 Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes- 60 Oxley Act of 2002.
- 99.1 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 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.'s June 3, 2005 Form 10-K filed with the Commission).