

GOLDEN ENTERPRISES INC
Form 10-K/A
August 18, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended June 3, 2016

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)

<u>Delaware</u>	<u>63-0250005</u>
(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:

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

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

None

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

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark 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 accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Act). (Check One)

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

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

State the aggregate market value of the voting common stock held by non-affiliates of the registrant as of November 27, 2015. **Common Stock, Par Value \$0.66²/₃ —\$18,660,606**

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of June 30, 2016.

<u>Class</u>	<u>Outstanding at June 30, 2016</u>
Common Stock, Par Value \$0.66 ² / ₃	11,291,757 shares

DOCUMENTS INCORPORATED BY REFERENCE

None

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EXPLANATORY NOTE

Golden Enterprises, Inc. is filing this Amendment No. 1 on Form 10-K/A (the “Amendment”) to amend our Annual Report on Form 10-K for the year ended June 3, 2016, originally filed with the Securities and Exchange Commission on August 4, 2016 (the “Original Filing”). This Amendment is to include information that was marked in the Original Filing as “incorporated by reference” to certain sections of the Golden Enterprises Proxy Statement for the 2016 Annual Meeting of Stockholders, Inc. Golden Enterprises, Inc. entered into a merger agreement with Utz Quality Foods, Inc. and Westminster Sub Inc. (a wholly owned subsidiary of Utz Quality Foods, Inc. on July 18, 2016 as disclosed by Form 8-K filed with the Securities and Exchange Commission on July 19, 2016. Due to such merger agreement, Golden Enterprises, Inc. has postponed its annual stockholders meeting and, if the merger occurs, will not have the annual stockholders meeting. Thus, Golden Enterprises, Inc. will not prepare a Proxy Statement at this time and information to be incorporated by reference from the Proxy Statement must be included in this Form 10-K/A.

PART I

ITEM 1. – DESCRIPTION OF BUSINESS

Golden Enterprises, Inc. (“Golden Enterprises”) is a holding company which owns all of the issued and outstanding capital stock of Golden Flake Snack Foods, Inc. (“Golden Flake”). Golden Flake Snack Foods, Inc. is the only subsidiary of Golden Enterprises, Inc. (collectively, Golden Enterprises and Golden Flake are referred to herein as the “Company”).

Golden Flake Snack Food traces its roots to Frank Mosher, who in 1923 moved to Birmingham, Alabama from Memphis, Tennessee with the goal of producing the perfect potato chip. Over the next 93 years Golden Flake has built an authentically southern brand and flavor profile in the Southeast leading to the motto “Flavor of the South”. Football coaches such as Paul “Bear” Bryant and other SEC coaches are seen promoting our delicious chips. Golden Flake Snack Foods has been and continues to be a staple in southern homes.

Golden Flake Snack Foods, Inc.

General

Golden Flake has been a premiere producer, marketer, and distributor of snack products in the Southeastern United States since 1923. Golden Flake manufactures and distributes a full line of high quality salted snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings, puff corn, and popcorn. Golden Flake also sells canned dips, pretzels, peanut butter crackers, cheese crackers, dried meat products, and nuts packaged by other manufacturers using the Golden Flake label. Golden Flake is a Delaware corporation with its principal place of business and home office located at One Golden Flake Drive, Birmingham, Alabama.

Raw Materials

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

Distribution

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

Golden Flake's products are sold through a wide variety of channels, supermarkets, dollar stores, convenience stores, non-food discount stores, drug stores, military accounts, club stores, internet sales through our company store and others within our marketing area.

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, many of which are larger in terms of capital and sales volume than is Golden Flake. The Frito-Lay Division of Pepsi Co., Inc. is the largest national competitor. 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 own products. The Company believes that one of its major advantages is the Golden Flake brand, which has been developed and enhanced throughout the history of the Company and is now well known within the geographic area served by the Company. The Company continues to promote the Golden Flake brand through sponsorship agreements, billboard campaigns, advertising, and other efforts.

Brands and Intellectual Property

The name "Golden Flake" and its regularly used symbol are federally-registered trademarks of the Company. The Company also owns other trademarks such as "The South's Original Potato Chip", a Golden Flake design from 1923, the name "Sweetheat" and certain other trademarks not used on a regular basis.

Employees

As of June 27, 2016, Golden Flake employed approximately 749 employees. Of these employees, 735 were full-time, while 14 were part-time. Approximately 318 employees are involved in sales, 195 are in production, 125 are in management and 111 are in administration.

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 all of its employees to be a part of the "Golden Flake Family".

SEC Filings

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings with the Securities and Exchange Commission ("SEC") can be found at the Company's website located at www.goldenflake.com, under the financials tab.

ITEM 1A. – RISK FACTORS

As a smaller reporting company, the Company is not required to provide a statement of risk factors. However, the Company believes this information may be valuable to our shareholders for this filing. The Company reserves the right to not provide risk factors in the future.

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, consolidated financial condition, results of operation, and/or cash flow.

Commodity Cost Fluctuations

Significant commodity price fluctuations for certain commodities purchased by the Company, particularly potatoes, corn, pork skins, and cooking oils could have a material impact on consolidated financial condition, results of operations, and/or cash flow. These price fluctuations can be impacted by various factors including weather conditions, such as flooding or drought. In an attempt to manage commodity cost fluctuations, the Company, in the normal course of business, enters into contracts to purchase pre-established quantities of various types of raw materials, at contracted prices based on expected short term needs.

Energy Cost Fluctuations

The Company can be adversely impacted by changes in the cost of natural gas and other fuel costs, such as gasoline and diesel fuel. Long term increases in the cost of natural gas and fuel costs could adversely impact and increase the Company's cost of sales and marketing, selling, and delivery expenses.

Breaches of Our Information Technology Systems

Company operations use and store sensitive data, including proprietary business information and personally identifiable information, in secure data centers and on our networks. The Company could face a number of threats to its data centers and networks, including unauthorized access, security breaches and other system disruptions. It is critical to the Company that its infrastructure remains secure and is perceived by customers to be secure. The Company uses encryption and authentication technologies to secure the transmission and storage of data. Despite its security measures, information technology systems may be vulnerable to attacks by hackers or other disruptive problems. Any such security breach may compromise information used or stored on the Company's networks and may result in significant data losses or theft of our or our customers' proprietary business information or personally identifiable information. A cyber security breach or technology disruption could negatively affect the Company's reputation. In addition, a cyber attack or technology disruption could result in other negative consequences, including remediation costs, disruption of internal operations, increased cybersecurity protection costs, lost revenues or litigation, which could have a material adverse effect on the business, consolidated results of operations and financial condition of the Company.

Product Liability and Production Stoppage

The Company is subject to a risk of product liability if the Company's products actually are alleged to result, in bodily injury. While the Company maintains what it believes to be reasonable limits of stop loss insurance coverage to appropriately respond to such liability exposures, large product liability claims, if made, could exceed our insurance coverage limits. There can be no assurance that the Company will not incur significant costs in relation to such claims in the future. In addition, the Company could incur production stoppage to address production issues as well as product liability claims.

Food Safety

The Company could be adversely affected if consumers lose confidence in the safety and quality of certain products we make or ingredients we use. Negative publicity about these concerns, whether or not true, may discourage consumers from buying Company products or cause disruption in production or distribution of products, which would negatively impact our business.

Additionally, the Company could be required to recall some products because they are adulterated, mislabeled or caused consumer sickness. A recall could result in significant losses to the Company due to the costs of recall, the destruction of product inventory and lost sales. A recall could also result in adverse publicity and a loss of consumer

confidence in the safety and/or quality of our products. The Company could also become involved in lawsuits if it is alleged that the consumption our products caused illness/injury. A product recall or an adverse result in any such litigation could have an adverse effect on our financial results.

Risks Relating to the Company's Common Stock and the Securities Market

The trading price of shares of the Company's common stock may be affected by many factors and the price of shares of its common stock could decline. As a smaller publicly traded company, the trading price of the Company's common stock has fluctuated significantly in the past. The future trading price of the Company's common stock may be volatile and could be subject to material price fluctuations. There are other risks and factors not described above that could also cause actual consolidated results to differ materially from those in any forward looking statement made by the Company. As set forth in the Form 8-K filed by the Company with the SEC on July 22, 2016, the Company and Utz Quality Foods, Inc. of Hanover PA announced they had entered into a merger agreement. In the event this merger is not finalized due to unforeseen circumstances then the current trading price of the Company's common stock could substantially change.

ITEM 1B. – UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. – PROPERTIES

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

Manufacturing Plants and Office Headquarters

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

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

Management believes that the Company's production facilities are suitable and adequate, that they are being appropriately utilized in line with experience, and that they have sufficient production capacity for their present intended purposes. The extent of utilization of such facilities varies based upon seasonal demand for the products. However, management believes that additional production can be obtained at the existing facilities by adding personnel and capital equipment, by adding shifts of personnel, or expanding the facilities. The Company continuously reviews our anticipated requirements for facilities and, on the basis of that review, may from time-to-time acquire additional facilities and/or dispose of existing facilities.

Both manufacturing plants and the office headquarters are owned by Golden Flake, free and clear of any debt.

Distribution Warehouses

The Company owns 20 central warehouses throughout our geographical footprint.

ITEM 3. – LEGAL PROCEEDINGS

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

ITEM 4. – MINE SAFETY DISCLOSURES

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 on the NASDAQ Global Market under the symbol GLDC. The following tabulation sets forth the high and low sale prices at the end of the day for the common stock during each quarter of the fiscal years ended June 3, 2016 and May 29, 2015 and the amount of dividends paid per share in each quarter. Our Board of Directors (sometimes referred to herein as “Board”) will consider the amount of future cash dividends on a quarterly basis.

Quarter	Market Price		Dividend Paid Per share
	High Price	Low Price	
Year Ended 2016			
First quarter (13 weeks ended August 28, 2015)	\$4.44	\$3.92	\$.0313
Second quarter (13 weeks ended November 27, 2015)	4.95	3.86	.0338
Third quarter (14 weeks ended March 4, 2016)	4.91	4.21	.0338
Fourth quarter (13 weeks ended June 3, 2016)	5.83	4.40	.0338

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Quarter	High	Low	Dividend
Year Ended 2015	Price	Price	Paid
			Per share
First quarter (13 weeks ended August 29, 2014)	\$4.84	\$3.86	\$.0313
Second quarter (13 weeks ended November 28, 2014)	4.85	3.85	.0313
Third quarter (13 weeks ended February 27, 2015)	4.48	3.20	.0313
Fourth quarter (13 weeks ended May 29, 2015)	4.20	3.66	.0313

As of July 25, 2016, there were approximately 778 shareholders of record.

Securities Authorized For Issuance under Equity Compensation Plans

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

EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of out-standing options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)
Equity compensation plans approved by security holders	310,000	\$ 3.99	440,000
Equity compensation plans not approved by security holders	0	0	0
Total	310,000	\$ 3.99	440,000

As set forth in the Form 8-K filed by the Company with the SEC on July 22, 2016, the Company and Utz Quality Foods, Inc. of Hanover PA announced they had entered into a merger agreement. As part of such transaction the stock options referred to above have been cancelled. In the event this merger is not finalized due to unforeseen circumstances, then the stock options would be reinstated with full force and effect.

Issuer Purchases of Equity Securities

The Company did not purchase any shares of its common stock during the fiscal year ended June 3, 2016 and purchased 440,875 shares of its common stock during the fiscal year ended May 29, 2015.

ITEM 6. – SELECTED FINANCIAL DATA

Not applicable.

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**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 consolidated financial condition, results of operations, liquidity, and capital resources and should be read in conjunction with the accompanying consolidated financial statements and notes.

Overview

The Company manufactures and distributes a full line of snack items, such as potato chips, tortilla chips, corn chips, fried pork skins, baked and fried cheese curls, onion rings, and puff corn. The products are all packaged in flexible bags or other suitable wrapping material. The Company also sells canned dips, pretzels, peanut butter crackers, cheese crackers, dried meat products, and nuts packaged by other manufacturers using the Golden Flake label.

No single product or product line accounts for more than 50% of the Company’s sales, which affords some protection against loss of volume due to a crop failure or other circumstances that can affect an adequate supply of any one of our major agricultural raw materials. Raw materials used in manufacturing and processing the Company’s snack food products are purchased on the open market, under contract through brokers and directly from growers. A large part of the raw materials used by the Company consists of farm commodities which are subject to precipitous changes in supply and price. Weather varies from season to season and directly affects both the quality and supply of farm commodities available. The Company has no control of the agricultural aspects and its profits are affected accordingly.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its consolidated financial condition, results of operations, and liquidity are based upon the Company's consolidated financial statements, the preparation of which is in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) which requires management to make estimates and assumptions that in certain circumstances affect amounts reported in the consolidated financial statements. In preparing these consolidated financial statements, management has made its best estimates and judgments of certain amounts included in the consolidated financial statements, giving due considerations to materiality. Application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. Other accounting policies and estimates are detailed in Note 1 of the Notes to Consolidated Financial Statements in this Form 10-K.

Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Allowances for sales returns, stale products, promotions, and discounts are recorded as reductions of revenue in the consolidated financial statements. Costs associated with the delivery or shipment of these products are recorded gross and shown as part of selling, general and administrative expenses on the consolidated statements of income.

Revenue for products sold to our distributors is recognized when the distributor purchases the inventory from our warehouses or the products are shipped to their stockroom. Revenue for products sold to retail customers through company routes is recognized when the product is delivered to the customer. Revenue for products shipped directly to customers from our warehouses is recognized based on the shipping terms listed on the shipping documentation. Products shipped with terms FOB shipping point are recognized as revenue at the time the product leaves our warehouse. Products shipped with terms FOB destination are recognized as revenue based on the anticipated receipt date by the customer.

We record an allowance for sales and damaged products. This allowance is estimated based on a percentage of historical sales returns and current market information. We record certain reductions to revenue for promotional allowances. There are several different types of promotional allowances such as off-invoice allowances, rebates and shelf space allowances. Shelf space allowances are capitalized and amortized over thirty-six months and recorded as a reduction to revenue. Capitalized shelf space allowances are evaluated for impairment on an ongoing basis.

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 Company monitors accounts receivable and collections on a daily basis and strives to keep customer accounts as current as possible. However, failure of a major customer to pay the Company amounts owed could have a material impact on the financial statements of the Company.

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. At June 3, 2016 and May 29, 2015, the Company had an allowance for doubtful accounts of \$160,000 and \$70,000, respectively. The increase in the allowance was the result of a few accounts that ultimately will not be covered by credit insurance. If circumstances dictate, the Company may have to increase this allowance in the future.

Income Taxes

Our effective tax rate is based on the level and mix of income of our separate legal entities, statutory tax rates, business credits available in the various jurisdictions in which we operate and permanent tax differences. Significant judgment is required in evaluating tax positions that affect the annual tax rate. We recognize the effect of income tax

positions only if these positions are more likely than not of being sustained. We adjust these liabilities in light of changing facts and circumstances, such as the progress of a tax audit.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. We estimate valuation allowances on deferred tax assets for the portions that we do not believe will be fully utilized based on projected earnings and usage.

Self-Insurance Reserves

The Company maintains a reserve to cover certain casualty losses relating to deductibles on automobile liability, general liability, workers' compensation, and property losses which are herein referred to as "Casualty Expenses". Management estimates certain expenses in an effort to record those expenses in the period incurred. The Company's significant estimates relate to these Casualty Expenses.

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

The actuarial calculation includes a factor to account for changes in inflation, health care costs, compensation and litigation cost trends, as well as estimated future incurred claims. This year, the Company utilized a 50% confidence level for estimating the ultimate outstanding casualty liability based on the actuarial report. This assumes that approximately 50% of each claim should be equal to or less than the ultimate liability recorded based on the historical trends experienced by the Company. If the Company chose a 75% factor, the liability would have been increased by approximately \$0.3 million. If the Company chose a 90% factor, the liability would have increased by approximately \$0.6 million.

This year the Company used a 4% investment rate to discount the estimated claims based on the historical payout pattern during 2015 and 2014. A one percentage point change in the discount rate would have impacted the liability by approximately \$32,000.

The Company is self-insured for certain medical claims which are herein referred to as "Medical Expenses". Employee medical expense accruals are recorded based on medical claims processed as well as historical medical claims experienced for claims incurred but not yet reported. The Company also has stop loss insurance coverage to limit the exposure arising from these claims. Differences in estimates and assumptions could result in an accrual requirement materially different from the calculated accrual.

Financial Condition

Accounts Receivable

At June 3, 2016 and May 29, 2015, the Company had accounts receivables (net of an allowance for doubtful accounts) in the amount of \$10,666,986 and \$11,085,689 respectively. The Company experienced a high rate of collection in the past year as cash collected from customers exceeded sales by more than \$400,000. Management can provide no assurances that this collection rate will continue in the future.

Accrued Expenses

As of June 3, 2016, the Company's casualty reserve was \$1,441,459 and at May 29, 2015, the casualty reserve was \$1,472,182. The Company believes the reserves established are reasonable estimates of the ultimate liability based on historical trends. Actual ultimate losses could vary from those estimated by the third-party actuary.

In addition, the Company maintains letters of credit with the Company's claim administrators. The Company has a letter of credit in the amount of \$1,925,000 outstanding at June 3, 2016 and \$1,850,000 at May 29, 2015.

Operating Results

This year's results for the period ended June 3, 2016, included fifty three weeks of sales and costs versus fifty two weeks in the same period for the prior year. The results of operations analyze the results of the fifty three week period as well as a normalized result of the period (using the same number of weeks in the current period as compared to the prior period) to show a more comparable period of time. The fifty third week added approximately \$2.5 million in sales to this year's results.

Sales

For the year ended June 3, 2016, net sales increased 3.1% from the year ended May 29, 2015. On a normalized basis, total revenues for the year were up 1.2%. The increase in the current year is primarily related to contract sales to new and previous customers that commenced near the end of the third quarter. These contract sales are renewed periodically and may not continue in the future.

Cost of Sales

The cost of sales for the year ended June 3, 2016 was 49.8% of net sales compared to 50.2% for the year ended May 29, 2015. This year's decrease in cost of sales was primarily due to a reduction in fuel surcharge costs and the price of commodities. The price decreases for fuel surcharge costs and commodities may not continue in the future.

Selling, General and Administrative Expenses

For the year ended June 3, 2016, selling, general and administrative expenses were 46.7% of net sales compared to 47.4% for the year ended May 29, 2015. The Company continues to benefit from reduced fuel costs associated with transportation and delivery. However, if these fuel costs increase, these expenses may increase as well.

Gain On Sale of Assets

For the year ended June 3, 2016, the gain on sale of assets was \$56,446 versus \$283,256 for the year ended May 29, 2015. The gain from last year includes the sale of our warehouse located in Decatur, Georgia plus sales of vehicles that were taken out of service. This year includes the sales of vehicles only. Management anticipates gains on sale of used transportation equipment going forward comparable to the year ended June 3, 2016.

Interest Expenses

Interest expenses for the year ended June 3, 2016 were \$335,562 while interest expenses for the year ended May 29, 2015 were \$458,184. This \$122,622 decrease can be directly attributed to the pay down of the line of credit. Management anticipates that the amount outstanding on the line of credit should remain low. However, if there is a change in our cash flows in the future, we may need to increase the line of credit to cover operating expenses.

Income Tax Expenses

The Company's effective tax rates for 2016 and 2015 were 32.2% and 42.2%, respectively. The difference between the statutory rate and the effective tax rate is primarily due to tax payment rectification. Note 9 to the Consolidated Financial Statements provides additional information about the provision for income taxes.

Liquidity and Capital Resources

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. The Company's current ratio (current assets divided by current liabilities) was 1.89:1.00 and 1.39:1.00 at June 3, 2016 and May 29, 2015, respectively.

Cash Flows From Operating Activities

Working capital was \$9,292,231 and \$5,445,497 at June 3, 2016 and May 29, 2015, respectively. Net cash provided by operations amounted to \$7,135,855 and \$4,103,170 in fiscal years June 3, 2016 and May 29, 2015, respectively. During 2016, the principal source of liquidity for the Company's operating needs was provided from operating activities, credit facilities, and cash on hand.

Cash Flows From Investing Activities

As part of the Company's cost cutting initiative, purchases of property, plant and equipment were reduced by \$1.5 million in the year ended June 3, 2016 as compared to the year ended May 29, 2015. Management anticipates that capital expenditures will increase in the coming year. Additions to property, plant and equipment are expected to be approximately \$2 million in fiscal year 2017.

Cash Flows From Financing Activities

For the year ended June 3, 2016, the Company primarily focused on using operating cash to pay down the line of credit and term debt. Management feels that reducing debts and improving our cash position will provide more growth opportunities in the future. Management anticipates paying down debt as cash flows allow.

Cash dividends of \$1,496,160 and \$1,452,803 were paid in 2016 and 2015, respectively. The Company did not purchase any shares of treasury stock in fiscal 2016 and purchased 440,875 shares of treasury stock for the amount of \$2,204,375 during fiscal 2015. Management does not anticipate purchasing any treasury stock going forward.

Line of Credit and Debt

The Company has a line-of-credit agreement with a local bank that permits borrowing up to \$3 million. The line-of-credit is subject to the Company's continued credit worthiness and compliance with the terms and conditions of the loan agreement with the bank. The Company's line-of-credit debt at June 3, 2016 was \$0 with an interest rate of 3.50%, leaving the Company with \$3,000,000 of credit availability. The Company's line-of-credit debt at May 29, 2015 was \$2,823,477 with an interest rate of 3.25%, leaving the Company with \$176,523 of credit availability. The Company has been able to take advantage of lower commodity prices, lower fuel prices and a reduction in overall spending to pay down the line of credit. These circumstances may not continue and the line of credit may increase as a result.

The Company has two separate notes with a local bank that have been used to finance the purchase of manufacturing and computer equipment and to purchase shares of treasury stock. The equipment loan carries an interest rate of 3.00% and had a balance of \$4,587,642 and \$4,944,233 at June 3, 2016 and May 29, 2015, respectively. The treasury loan carries an interest rate of 3.30% and had a balance of \$1,600,640 and \$2,068,484 at June 3, 2016 and May 29, 2015, respectively. The Company has been able to make some additional payments towards these notes due to the improved cash flows during the past year. While it is not reasonable to expect these additional payments in the future, the Company expects to pay down these notes as quickly as cash flows allow.

During the fiscal year ended June 3, 2016, the Company entered into leases to acquire a new server and a new voice over IP telephone system. The total capital lease obligation for this equipment was \$208,412 at June 3, 2016.

Market Risk

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

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

Inflation

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

Environmental Matters

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

Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those forward-looking statements. Factors that may cause actual results to differ materially include price competition, industry consolidation, raw material costs, fuel costs, and effectiveness of sales and marketing activities, as described in this 10-K. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date which they are made.

Recent Developments

Not applicable.

Recently Issued Accounting Pronouncements

See Note 2 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.

ITEM 8. - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the registrant and its subsidiary for the year ended June 3, 2016, consisting of the following, are contained herein:

Consolidated Balance Sheets	- As of June 3, 2016 and May 29, 2015
Consolidated Statements of Income	- June 3, 2016 and May 29, 2015
Consolidated Statements of Changes in Stockholders' Equity	- June 3, 2016 and May 29, 2015
Consolidated Statements of Cash Flows	- June 3, 2016 and May 29, 2015
Notes to Consolidated Financial Statements	- June 3, 2016 and May 29, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Golden Enterprises, Inc.

We have audited the accompanying consolidated balance sheet of Golden Enterprises, Inc. and subsidiary (the “Company”) as of June 3, 2016, and the related consolidated statement of income, stockholders’ equity, and cash flows for the year then ended. The Company’s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit 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 financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 3, 2016, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for the presentation of deferred tax assets and liabilities during the period ending June 3, 2016.

/s/ Carr, Riggs & Ingram, LLC

Birmingham, Alabama
August 4, 2016

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Golden Enterprises, Inc.

We have audited the accompanying consolidated balance sheet of Golden Enterprises, Inc. and subsidiary (“the Company”) as of May 29, 2015 and the related consolidated statement of income, stockholders’ equity, and cash flows for the year then ended. 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 audit.

We conducted our audit 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 financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Golden Enterprises, Inc. and subsidiary as of May 29, 2015, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ DUDLEY, HOPTON-JONES, SIMS & FREEMAN, PLLP
Birmingham, Alabama
July 16, 2015

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

As of June 3, 2016 and May 29, 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$1,993,854	\$1,159,449
Receivables:		
Trade accounts	10,456,553	11,079,806
Other	370,433	75,883
	10,826,986	11,155,689
Less: Allowance for doubtful accounts	160,000	70,000
	10,666,986	11,085,689
Inventories:		
Raw materials	1,980,660	1,781,397
Finished goods	3,754,450	3,460,800
	5,735,110	5,242,197
Prepaid expenses	1,275,918	1,350,201
Income tax receivable	22,473	476,154
Total current assets	19,694,341	19,313,690
PROPERTY, PLANT AND EQUIPMENT		
Land	2,769,499	2,769,499
Buildings	19,012,206	18,787,967
Machinery and equipment	68,477,382	67,543,226
Transportation equipment	7,931,905	8,268,311
	98,190,992	97,369,003
Less: Accumulated depreciation	76,156,389	72,880,525
	22,034,603	24,488,478
OTHER ASSETS		
Cash surrender value of life insurance	438,429	630,259
Other	917,533	973,195
Total other assets	1,355,962	1,603,454

TOTAL \$43,084,906 \$45,405,622

See Accompanying Notes to Consolidated Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY

	2016	2015
CURRENT LIABILITIES		
Checks outstanding in excess of bank balances	\$-	\$1,068,745
Accounts payable	4,235,488	4,049,333
Current portion of long-term debt	837,225	799,204
Current portion of capital lease obligation	56,203	-
Line of credit outstanding	-	2,823,477
Other accrued expenses	5,158,236	5,021,286
Salary continuation plan	114,958	106,148
Total current liabilities	10,402,110	13,868,193
LONG-TERM LIABILITIES		
Note payable-bank, non-current	5,351,057	6,213,513
Capital lease obligation	152,209	-
Salary continuation plan	920,440	921,882
Deferred income taxes, net	2,632,762	2,717,360
Total long-term liabilities	9,056,468	9,852,755
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	6,805,984	6,552,973
Retained earnings	20,738,143	19,049,500
Treasury shares - at cost (2,537,036 shares in 2016 and 2015)	(13,136,994)	(13,136,994)
Total stockholders' equity	23,626,328	21,684,674
TOTAL	\$43,084,906	\$45,405,622

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

	2016	2015
Net sales	\$ 135,870,580	\$ 131,724,721
Cost of sales	67,595,536	66,154,484
Gross margin	68,275,044	65,570,237
Selling, general and administrative expenses	63,398,959	62,489,402
Restructuring charges	-	(49,266)
Operating income	4,876,085	3,130,101
Other (expenses) income:		
Gain on sale of assets	56,446	283,256
Interest expense	(335,562)	(458,184)
Other income	97,108	111,257
Total other (expenses) income	(182,008)	(63,671)
Income before income taxes	4,694,077	3,066,430
Provision for income taxes	1,509,274	1,292,589
Net income	\$ 3,184,803	\$ 1,773,841
PER SHARE OF COMMON STOCK		
Basic earnings	\$0.28	\$0.15
Diluted earnings	\$0.28	\$0.15

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Stockholders' Equity
Balance - May 30, 2014	\$9,219,195	\$6,497,954	\$18,728,462	\$(10,932,619)	\$23,512,992
Net income - 2015	-	-	1,773,841	-	1,773,841
Cash dividends paid	-	-	(1,452,803)	-	(1,452,803)
Stock compensation earned	-	55,019	-	-	55,019
Treasury shares purchased	-	-	-	(2,204,375)	(2,204,375)
Balance - May 29, 2015	9,219,195	6,552,973	19,049,500	(13,136,994)	21,684,674
Net income - 2016	-	-	3,184,803	-	3,184,803
Cash dividends paid	-	-	(1,496,160)	-	(1,496,160)
Stock compensation earned	-	253,011	-	-	253,011
Balance - June 3, 2016	\$9,219,195	\$6,805,984	\$20,738,143	\$(13,136,994)	\$23,626,328

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASHFLOWS

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 136,289,283	\$ 131,980,056
Miscellaneous income	97,108	88,918
Cash paid to suppliers and employees for cost of goods sold	(66,550,001)	(63,720,473)
Cash paid for suppliers and employees for selling, general and administrative	(61,224,782)	(61,947,388)
Income taxes	(1,140,191)	(1,839,759)
Interest expense	(335,562)	(458,184)
Net cash provided by operating activities	7,135,855	4,103,170
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,182,854)	(2,725,450)
Proceeds from sale of property, plant and equipment	56,446	284,806
Net cash used in investing activities	(1,126,408)	(2,440,644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in line of credit	(2,823,477)	294,966
Debt (repayments) proceeds	(824,435)	1,698,505
Principal payments under capital lease obligation	(30,970)	-
Purchases of treasury shares	-	(2,204,375)
Cash dividends paid	(1,496,160)	(1,452,803)
Net cash used in financing activities	(5,175,042)	(1,663,707)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	834,405	(1,181)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,159,449	1,160,630
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,993,854	\$ 1,159,449

Supplementary Cash Flow information:

In the period ending June 3, 2016 the Company entered into capital leases totaling \$239,382.

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASHFLOWS

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2016	2015
Net income	\$3,184,803	\$1,773,841
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	3,876,111	3,906,766
Deferred income taxes	(84,598)	307,643
Stock based compensation	253,011	55,019
Gain on sale of property and equipment	(56,446)	(283,256)
Change in receivables-net	418,703	255,335
Change in inventories	(492,913)	417,442
Change in prepaid expenses	74,283	(72,340)
Change in cash surrender value of insurance	191,830	(27,906)
Change in other assets - other	55,662	234,548
Change in accounts payable	(882,590)	(572,100)
Change in accrued expenses	136,950	(931,885)
Change in salary continuation plan	7,368	(105,124)
Change in income tax receivable	453,681	(854,813)
Net cash provided by operating activities	\$7,135,855	\$4,103,170

See Accompanying Notes to Consolidated Financial Statements

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Golden Enterprises, Inc. and subsidiary (the “Company”) conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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. (“Golden Enterprises”) and its wholly-owned subsidiary, Golden Flake Snack Foods, Inc., (“Golden Flake”). All significant inter-company transactions and balances have been eliminated.

Fiscal Year

The Company ends its fiscal year on the Friday closest to the last day in May. The year ended June 3, 2016 included 53 weeks and the year ended May 29, 2015 included 52 weeks.

Segment Information

The Company has identified one operating segment for management reporting purposes. The consolidated results of operations are the basis on which management evaluates operations and makes business decisions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes sales and related costs upon delivery or shipment of products to its customers. Allowances for sales returns, stale products, promotions, and discounts are recorded as reductions of revenue in the consolidated financial statements. Costs associated with the delivery or shipment of these products are recorded gross and shown as part of selling, general and administrative expenses on the consolidated statement of income. Shipping and handling costs amounted to \$3,570,571 and \$3,827,583 for the fiscal years 2016 and 2015, respectively.

Revenue for products sold to our distributors is recognized when the distributor purchases the inventory from our warehouses or the products are shipped to their stockroom. Revenue for products sold to retail customers through company routes is recognized when the product is delivered to the customer. Revenue for products shipped directly to customers from our warehouses is recognized based on the shipping terms listed on the shipping documentation. Products shipped with terms FOB shipping point are recognized as revenue at the time the product leaves our warehouse. Products shipped with terms FOB destination are recognized as revenue based on the anticipated receipt date by the customer.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

We record an allowance for stales and damaged products. This allowance is estimated based on a percentage of historical sales returns and current market information. We record certain reductions to revenue for promotional allowances. There are several different types of promotional allowances such as off-invoice allowances, rebates and shelf space allowances. Shelf space allowances are capitalized and amortized over thirty-six months and recorded as a reduction to revenue. Capitalized shelf space allowances are evaluated for impairment on an ongoing basis. Capitalized shelf space included in other assets amounted to \$917,533 and \$973,195 as of June 3, 2016 and May 29, 2015, respectively.

Fair Value of Financial Instruments

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the “*Fair Value Measures and Disclosures*” Topic 820 of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

See Note 13 for more information on 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.

Accounts Receivables

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

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

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

Income Taxes

The Company accounts for income taxes in accordance with the FASB ASC Topic 740, *Income Taxes*. The Company has not recognized any liability for unrecognized tax benefits as it has no known tax positions that would subject the Company to any material income tax exposure. The federal and state tax returns for the Company for open tax years (generally three years from the date filed) are subject to examination by the applicable taxing authority.

Deferred income taxes are provided using the asset and 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 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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Expenditures to acquire and install, and those for betterments and renewals, are capitalized. 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. Expenditures for maintenance and repairs are charged to operations as incurred.

Property retired or sold is removed from the asset and related accumulated depreciation accounts and any gain or loss resulting there from is reflected in the statements of operations. The following table summarizes the majority of our estimated useful lives of long-term depreciable assets:

	Useful life
Buildings and building improvements	20 - 30 years
Machinery and equipment	5 - 10 years
Transportation equipment	5 - 15 years

Self-Insurance

The Company maintains reserves for the self-funded portion of employee medical insurance benefits. The Company also has stop loss coverage to limit the exposure arising from these claims. The accrual for incurred but not reported (IBNR) medical insurance claims was \$361,000 and \$311,000 at June 3, 2016 and May 29, 2015, respectively.

The Company is self-insured for certain casualty losses relating to automobile liability, general liability, workers' compensation, and property losses. Automobile liability, general liability, workers' compensation, and property losses costs are covered by letters of credit with the company's claim administrators. As of June 3, 2016, the Company's casualty reserve was \$1,441,459 and at May 29, 2015, the casualty reserve was \$1,472,182.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Due to the complexity of estimating the timing and amounts of insurance claims, 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 Company uses various actuarial assumptions including compensation trends, health care cost trends, and discount rates. In 2016, we used a discount rate of 4%, the same rate was used in 2015, based on treasury rates over the estimated future payout period. The third-party actuary also uses historical information for claims frequency and severity in order to establish loss development factors. Large fluctuations in claims can have a significant impact on selling, general and administrative expenses.

Advertising

The Company expenses advertising costs as incurred. These costs are included in selling, general and administrative expenses. Advertising expense amounted to \$8,319,193 and \$7,973,958 for the fiscal years 2016 and 2015, respectively.

Stock Options

The Company accounts for option awards based on the fair value-method using the Black-Scholes model. The following assumptions were used to determine the weighted average fair value of options granted during 2016 and 2015.

	2016		2015	
Assumptions used in Black-Scholes pricing model:				
Expected dividend yield	2.41	%	3.20	%
Risk-free interest rate	1.22	%	1.40	%
Weighted average expected life	5.5 years		5.6 years	
Expected volatility	39	%	43.3	%

The expected dividend yield is based on the projected annual dividend payment per share divided by the stock price at the date of grant. The risk free interest rate is based on rates of U.S. Treasury issues with a remaining life equal to the expected life of the option. We used the simplified method to calculate expected life using the vesting term of the option and the option expiration date, as we did not have sufficient exercise history at the time to calculate a reasonable estimate.

NOTE 2 – RECENTLY ISSUED ACCOUNTING STANDARDS

Revenue Recognition

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

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 2 – RECENTLY ISSUED ACCOUNTING STANDARDS - CONTINUEDMeasurement of Inventory

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

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. This accounting standard requires deferred tax assets and liabilities, along with related valuation allowances, to be classified as noncurrent on the balance sheet. As a result, each tax jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance does not change the existing requirement that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. The standard is effective for annual reporting periods beginning after December 15, 2016, and related interim periods. Early adoption is permitted. The Company has chosen to early adopt this guidance retrospectively as indicated on the consolidated balance sheet and detailed in the accompanying Note 9. The following table summarizes the adjustments made to conform prior period classifications to the new guidance:

Balance Sheet Line	May 29, 2015		
	As Filed	Reclass	As Adjusted
Current deferred income tax assets	\$ 1,139,433	\$(1,139,433)	\$-
Long-term deferred income tax liabilities	\$(3,856,793)	\$ 1,139,433	\$(2,717,360)
Net noncurrent deferred tax liability	\$(2,717,360)	\$-	\$(2,717,360)

Leases

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

NOTE 3 – RECLASSIFICATIONS

Certain prior period consolidated financial statement amounts have been reclassified to be consistent with the presentation for the current period. These reclassifications had no effect on the reported results of operations.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 4 – ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following table summarizes the allowance for doubtful accounts for the years ended June 3, 2016 and May 29, 2015, respectively:

	2016	2015
Beginning balance	\$70,000	\$70,000
Additions/(Reductions) to expense	90,000	-
Deductions	-	-
Ending balance	\$160,000	\$70,000

NOTE 5 – PREPAID EXPENSES

At June 3, 2016 and May 29, 2015, prepaid expenses consist of the following:

	2016	2015
Truck shop supplies	\$299,532	\$320,622
Insurance deposit	48,548	48,548
Prepaid marketplace spending	156,609	201,373
Prepaid insurance	357,431	369,864
Prepaid taxes/licenses	108,375	113,042
Prepaid dues/supplies	20,917	22,412
Other	284,506	274,340
	\$1,275,918	\$1,350,201

NOTE 6 – OTHER ACCRUED EXPENSES

The following table summarizes other accrued expenses as of June 3, 2016 and May 29, 2015:

	2016	2015
Accrued salary and benefits	\$2,379,266	\$2,215,338
Accrued casualty losses	1,441,459	1,472,182
Accrued IBNR	361,000	311,000
Accrued other	976,511	1,022,766
Total accrued expenses	\$5,158,236	\$5,021,286

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 7 - LINE OF CREDIT

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

	2016		2015	
Interest rate	3.50	%	3.25	%
Outstanding	\$-		\$2,823,477	
Available	3,000,000		176,523	
Total line of credit	\$3,000,000		\$3,000,000	

NOTE 8 – LONG-TERM LIABILITIES

The Company has two notes payable with a local bank. The agreement on the note payable maturing March 10, 2021, contains a financial covenant for minimum tangible net worth of \$16 million. The Company was in compliance with the financial covenant as of June 3, 2016. Debt outstanding as of June 3, 2016 and May 29, 2015, consisted of the following:

	2016	2015
Note payable maturing March 10, 2021 interest at 3.00%, principal and interest due monthly	\$4,587,642	\$4,944,233
Note payable maturing January 31, 2020 interest at 3.30%, principal and interest due monthly	1,600,640	2,068,484

Less current portion of long-term debt	(837,225)	(799,204)
Total long-term debt	\$5,351,057	\$6,213,513

In July 2015, a capital lease obligation of \$98,586 was incurred when the Company entered into a 36-month lease for new server equipment. In March 2016, another capital lease obligation of \$140,796 was incurred when the Company entered into a 60-month lease for new telephone equipment. The balance of the capital lease obligations was \$208,412 as of June 3, 2016 with the current portion of \$56,203.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 9 – INCOME TAXES

At June 3, 2016 and May 29, 2015 the provision for income taxes consists of the following:

	2016	2015
Current:		
Federal	\$1,288,468	\$797,788
State	305,404	187,158
	1,593,872	984,946
Deferred:		
Federal	(68,525)	249,191
State	(16,073)	58,452
	(84,598)	307,643
Total	\$1,509,274	\$1,292,589

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 9 – INCOME TAXES - CONTINUED

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:

	2016	2015
Tax on income at statutory rates	\$1,595,986	\$1,042,483
Increase resulting from:		
State income taxes, less Federal income tax effect	181,584	123,525
Other - net	(268,296)	126,581
Total	\$1,509,274	\$1,292,589

The above difference is primarily due to a tax payment rectification. The tax effects of temporary differences that result in net noncurrent deferred tax liabilities are as follows:

	2016	2015
Net noncurrent deferred tax liability		
Property and equipment	\$(3,868,351)	\$(3,780,271)
Prepaid expenses	(59,511)	(76,522)
Salary continuation plan	502,070	390,651
Accrued vacation	480,519	476,504
Inventory capitalization	64,399	80,430
Allowance for doubtful accounts	60,800	26,600
Other accrued expenses	187,312	165,248
Net deferred tax liability	\$(2,632,762)	\$(2,717,360)

The Company and its subsidiary are subject to federal income tax as well as income tax of various states. The Company is no longer subject to examination for years before 2012.

NOTE 10 – EMPLOYEE BENEFIT PLANS

The Company has a trustee “Qualified Profit-Sharing Plan” that was amended and restated effective September 1, 2010, known as the Golden Flake Snack Foods, Inc. 401(k) Retirement Savings Plan (the “Plan”). The Plan’s trustee and investment custodian is State Street Bank and Trust Company. Transamerica Retirement Solutions provides recordkeeping and general administrative services for the Plan.

The Company’s contributions to the Plan are reviewed and approved by the Board of Directors. The Company match is 25% of an employee’s eligible contributions up to 4%. Total plan contributions for the years ended June 3, 2016 and May 29, 2015 were \$160,046 and \$150,586, respectively.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 10 – EMPLOYEE BENEFIT PLANS - CONTINUED

The Company has a non-qualified salary continuation plan with certain of its key officers whereby monthly benefits will be paid for a period of fifteen years following death or retirement at age 65. The Company is accruing the present value of the estimated future retirement payments at a 3.75% discount rate from the date of the agreements to the normal retirement age at which time the principal portion of the retirement benefits paid are applied to the liability previously accrued. The Plan is funded in part with life insurance on the key officers. As of June 3, 2016, the cash surrender value of the life insurance was \$438,429 as compared to \$630,259 as of May 29, 2015.

The change in the liability for the salary continuation plan is as follows:

	2016	2015
Accrued salary continuation plan - beginning of year	\$1,028,030	\$1,133,154
Benefits accrued	127,368	134,876
Benefits paid	(120,000)	(240,000)
Accrued salary continuation plan - end of year	\$1,035,398	\$1,028,030

NOTE 11 – LONG-TERM INCENTIVE PLANS

The Company has a long-term incentive plan currently in effect under which stock option grants may be issued. This Plan (the 2014 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 and make all other determinations required in the administration thereof.

The 2014 Plan provides for, among other things, 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. On April 9, 2015, 310,000 options were granted with an exercise price of \$3.84 per share, which was the fair market value of the Company's stock at the grant date. On April 7, 2016, 30,000 options were granted with an exercise price of \$5.40 per share, which was the fair market value of the Company's stock at the grant date. During the year ended June 3, 2016, 30,000 options were forfeited. The options granted vest over a period of 1 to 2 years from the date of grant with accelerated vesting provisions if there is a change in control. Compensation expense is being recognized for the options over the vesting schedule. Total compensation expense for the year June 3, 2016 was \$253,011 as compared to \$55,019 for the year ended May 29, 2015. As of June 3, 2016 there was \$63,570 in unrecognized compensation expense related to outstanding stock options that will be recognized during the ten-months. The unrecognized compensation expense as of May 29, 2015, was \$304,581.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 11 – LONG-TERM INCENTIVE PLANS - CONTINUED

At June 3, 2016, 310,000 options were granted and outstanding. The following is a summary of the transactions for the years ended June 3, 2016 and May 29, 2015:

	Shares	2016 Weighted Average Exercise Price	Shares	2015 Weighted Average Exercise Price
Outstanding - beginning of year	310,000	\$ 3.84	-	\$ -
Granted	30,000	5.40	310,000	3.84
Exercised	-	-	-	-
Forfeited	(30,000)	3.84	-	-
Cancelled	-	-	-	-
Outstanding - end of year	310,000	\$ 3.99	310,000	\$ 3.84

750,000 shares of the Company's stock were authorized for issuance under this Plan. 440,000 shares remain under this plan for future issuance. At June 3, 2016, 229,167 options were vested and exercisable. In April 2017, the remaining 80,833 options will be vested and exercisable. See Note 17 for additional information affecting long-term incentive plans.

NOTE 12 – NET INCOME PER SHARE

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 FASB ASC 260, "Earnings per Share". At May 29, 2015, options on the 310,000 shares were not included in the computation of diluted earnings per share because the effect of stock options using treasury stock

method was antidilutive.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 12 – NET INCOME PER SHARE - CONTINUED

The following reconciles the information used to compute basic and diluted earnings per share for the years ended June 3, 2016 and May 29, 2015:

	2016	2015
Basic EPS:		
Net income	\$3,184,803	\$1,773,841
Weighted average shares outstanding	11,291,757	11,552,164
Earnings per share - Basic	\$0.28	\$0.15
Diluted EPS:		
Weighted average shares outstanding	11,307,497	11,552,164
Earnings per share - Diluted	\$0.28	\$0.15

NOTE 13 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB ASC 825 “*Financial Instruments*” excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. The following summarizes information regarding the methods and assumptions used by the Company in estimating its fair value for financial instruments.

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 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.

The fair value of outstanding debt, including current maturities, was approximately \$6,153,000 and \$6,967,000 for June 3, 2016 and May 29, 2015, respectively. The Level 2 fair value estimates were based on similar debt with the same maturities, Company credit rating and interest rates.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 14- COMMITMENTS AND CONTINGENCIES

Rental expense was \$528,434 in 2016 and \$725,947 in 2015.

The Company leases certain facilities and equipment classified as operating leases. The Company has also entered into agreements with suppliers for the purchase of certain ingredients and packaging materials used in the production process. These agreements are entered into in the normal course of business and consist of agreements to purchase a certain quantity over a certain period of time. These purchase commitments range in length from three to twelve months. Future purchase commitments and operating lease obligations at June 3, 2016 were as follows:

	2017	2018	2019	2020	2021	Thereafter
Purchase commitments	\$8,223,235	\$-	\$-	\$-	\$-	\$ -
Operating lease obligations	647,289	641,685	516,694	327,778	309,430	22,212
Debt obligations	837,225	864,402	892,464	702,484	2,891,707	-
Capital lease obligations	56,203	59,526	31,009	30,830	30,844	-
Total contractual obligations	\$9,763,952	\$1,565,613	\$1,440,167	\$1,061,092	\$3,231,981	\$ 22,212

The Company has a letter of credit in the amount of \$1,925,000 outstanding at June 3, 2016 and \$1,850,000 at May 29, 2015. The letter of credit supports the Company's commercial self-insurance program. The Company pays an annual commitment fee of 0.72% to maintain the letters of credit.

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.

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

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. Total sales attributed to our largest retail customer, through both Company owned and independent distributor routes, accounted for approximately 12% and 11% of our total sales attributed to all retail customers for the years ended June 3, 2016 and May 29, 2015, respectively.

GOLDEN ENTERPRISES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Years Ended June 3, 2016 and May 29, 2015

NOTE 16– SUPPLEMENTARY STATEMENT OF INCOME INFORMATION

The following tabulation gives certain supplementary statement of income information for the years ended June 3, 2016 and May 29, 2015:

	2016	2015
Maintenance and repairs	\$7,253,211	\$6,569,215
Depreciation	3,876,111	3,906,766
Payroll taxes	2,214,613	2,103,563

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 17– SUBSEQUENT EVENTS

In July of 2016, the Company amended the salary continuation plan for one key officer to remove the annual consumer price index adjustment factor effective as of the inception of the agreement. See Note 10 for further information about the salary continuation plan.

Golden Enterprises, Inc. and Utz Quality Foods, Inc. of Hanover, PA (“Utz”) announced that they entered into a definitive merger agreement (“Merger Agreement”) on July 18, 2016, pursuant to which Utz will acquire the Company and Company stockholders will receive \$12.00 per share in cash.

On July 20, 2016, Golden Enterprises, Inc. executed Retention Bonus Agreements with Mark W. McCutcheon, Chief Executive Officer, Paul R. Bates, Executive Vice President, David A. Jones, Executive Vice President and Patty R. Townsend, Chief Financial Officer (the “Key Employees” or singularly, “Key Employee”). Upon the terms and subject to the conditions set forth in the Retention Bonus Agreements, Key Employees are paid to remain in the employment of the Company or its wholly-owned subsidiary, after the Company merges with a wholly-owned subsidiary of Utz.

Payment of the retention bonus is contingent on satisfaction of certain conditions and will be made at the end of the "Retention Period" which is one year after the Merger. The amount of payment is 75% of their base salary as of July 18, 2016.

Pursuant to the Merger Agreement, the Company agreed to terminate each incentive stock option ("Stock Option") outstanding prior to the effective time of the Merger (the "Option Cancellation Agreement"). The Option Cancellation Agreement will provide that each holder of a Stock Option shall be entitled to receive, in consideration of the cancellation of such options held by such Stock Option Holder, subject to the consummation of the Merger, a cash payment per share equal to the product of (x) the aggregate number of shares of Company Common Stock subject to such Company Stock Option, whether or not the Stock Option is currently exercisable, multiplied by (y) the excess, if any, of the Merger Consideration, as defined in the Merger Agreement, over the per share exercise price of the Company Stock Options, less any taxes required to be withheld in accordance with the Merger Agreement.

Also, Golden Enterprises entered into Option Cancellation Agreements with each of the Key Employees. As a result of entering into the Option Cancellation Agreements, at the time of the Merger each Key Employee will be entitled to receive the amount determined by the formula set forth above. The Company will recognize the remaining incentive compensation expense at the time of the Merger. See Note 11 for further information about the incentive plan.

**ITEM 9. – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS
ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not Applicable.

ITEM 9A. – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our company’s management, under the supervision of and with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 3, 2016. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (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 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 June 3, 2016, 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.

Management’s Assessment 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) and 15d-15(f) promulgated under the Exchange Act 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 principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- 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.

The company's management assessed the effectiveness of the company's internal control over financial reporting as of June 3, 2016. 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 (2013).

Based on management's assessment, it concluded that, as of June 3, 2016, the company's internal control over financial reporting was effective based on those criteria set forth.

This 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 independent registered public accounting firm pursuant to 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 June 3, 2016 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

DIRECTORS

The following table shows the names of the persons currently serving as directors (“Director” or “Directors”), their respective ages as of July 25, 2016, the Director’s principal occupation, business experience, other directorships held by such Directors, qualifications and skills and the period during which such persons have served as directors of the Company.

Name and Age	Principal Occupation Business Experiences and Other Directorships	Director Since
Joann F. Bashinsky, 84	Mrs. Bashinsky is Chairman and CEO of SYB, Inc., an investment holding company, which is a principal owner of the Company. Mrs. Bashinsky served as Vice President of SYB, Inc. from 1981 until August 8, 2005, at which time she was elected Chairman and CEO. Mrs. Bashinsky also serves as Chairman and CEO of Bashinsky Foundation, Inc., a private charitable foundation.	1996

The Company benefits from Mrs. Bashinsky's knowledge of and long service to the Company, her service as a Director of Golden Flake Snack Foods, Inc. ("Golden Flake"), a wholly-owned subsidiary of the Company, along with the important knowledge she possesses of the Company's operations and history.

Mr. Bates has served as Executive Vice President of Sales and Marketing for Golden Flake since 1998. He joined Golden Flake in 1979 as a route salesperson in Birmingham. He has also been a Divisional Manager in New Orleans, Region Manager in Nashville, Sales Manager, and Vice President of Sales for Golden Flake.

Paul R. Bates,
62

2010

Mr. Bates' long and extensive history with the Company from route salesman to Executive Vice President of Sales and Marketing and Director of Golden Flake, along with his extensive knowledge of sales and marketing in the snack foods industry is of substantial value and benefit to the Company.

Mr. Jones has served as Executive Vice President of Operations for Golden Flake since 2002. He joined Golden Flake in 1984 as a Department Manager of Corn and Tortilla Chips. He has previously been the plant manager of the Golden Flake Nashville manufacturing facility, plant manager of the Birmingham facility, and Vice President of Manufacturing for Golden Flake.

David A. Jones,
64

2010

Mr. Jones has an extensive history with the Company and the manufacturing of the Company's snack foods. Mr. Jones also serves as a Director of Golden Flake. His knowledge of snack food manufacturing requirements/processes and the Company's operations is a great benefit to the Company.

Mr. McCutcheon is Chairman of the Board, Chief Executive Officer, and President of the Company and President of Golden Flake. He has served as President and Chief Executive Officer of the Company since April 4, 2001 and as President of Golden Flake since November 1, 1998. Mr. McCutcheon was elected Chairman of the Board on July 22, 2010. He has been employed by Golden Flake since 1980.

Mark W.
McCutcheon, 61

1999

The Company benefits from Mr. McCutcheon's experience with the Company as its President and CEO, President of Golden Flake and his extensive experience in the snack foods industry, along with Mr. McCutcheon's positive management style and operation of the Company.

Mr. McKleroy is an attorney and member of Spain & Gillon, L.L.C., and general counsel for the Company. He has practiced law with Spain & Gillon, L.L.C. (and its predecessors) since 1968. Mr. McKleroy is also Vice President, Secretary and a Director of SYB, Inc. and Bashinsky Foundation, Inc.

John P.
McKleroy,
Jr., 72

1976

The Company benefits from Mr. McKleroy's experience as an attorney, his long-term representation and knowledge of the Company and Golden Flake and his long service to the Company as a Director and as general counsel.

Mr. Morton is CEO and President (since 2002) of Robins & Morton, a general contracting company based in Birmingham, Alabama with significant capabilities in the latest construction technology and project management techniques. He has been with Robins & Morton since 1988. Mr. Morton has worked as a Field Engineer, Assistant Superintendent and Project Manager on construction projects throughout the country. Mr. Morton also worked in various management positions in Robins & Morton's home office prior to being named its President and assuming day-to-day leadership.

William B.
Morton, Jr.,
52

2010

Mr. Morton has a business background working in a number of different management positions. His financial knowledge and the experience and insight he brings to the Company as the CEO and President of a company that operates throughout the United States is a benefit to the Company. Mr. Morton is also a director of Oakworth Capital Bank, a privately held financial institution headquartered in Birmingham, Alabama.

Mr. Nall is President of Nall Development Corporation and a General Partner of Nall Partnership, Ltd. He has held these positions since 1981. Nall Development Corporation is an investment holding company and Nall Partnership, Ltd. is a real estate investment and development company.

J. Wallace
Nall, Jr., 76

1991

The Company benefits from Mr. Nall's real estate investment and financial experience, along with Mr. Nall's knowledge of the history of the Company, his long service as a Company Director and Chairperson of the Compensation Committee.

Edward R.
Pascoe, 79

Mr. Pascoe is retired Chairman of the Board of Steel City Bolt & Screw, Inc. (formerly Coosa Acquisition, Inc.) which, in 1995, acquired the bolt and special fastener business owned by the Company. He served as President of Steel City Bolt & Screw, Inc. and Nall & Associates, Inc., which were wholly-owned subsidiaries of the Company, from 1972 and 1973, respectively, until 1995.

1971

Mr. Pascoe has significant experience as a Director of the Company and Golden Flake and the Company benefits from this experience, his experience as President of former subsidiaries of the Company and Mr. Pascoe's service on the Audit Committee for twelve years.

Mr. Pate retired as President of the Company on May 31, 2000. He served as President of the Company from November 1, 1998 until retirement. He also served as President of Golden Flake from September 20, 1991, to November 1, 1998.

F. Wayne
Pate, 81

1992

Mr. Pate's knowledge of the Company which he acquired as past President of the Company and Golden Flake, his over forty years of service as an employee and/or Director of Golden Flake Snack Foods, Inc. and his overall knowledge of the snack food industry are of a great benefit to the Company.

Mr. Samford is President and sole owner of Samford Capital Corporation, an investment holding company which he formed in 1989. He also is the vice president and secretary and member of the Board of Directors of the Ford Plantation Club, a private residential and sporting development near Savannah, Georgia.

John S. P.
Samford,
66

1984

Mr. Samford's qualifications and skills include his knowledge and experience with investments, his knowledge and ability to review financial information of public companies, his long service to the Company as a Director and his service on the Audit Committee since 1989.

Mr. Stein is a co-founder and principal (since 2001) of Fidelis Capital, an SEC registered investment advisor based in Birmingham, Alabama. From 2001 to 2009, Mr. Stein served as CEO of IntraMicron, Inc., a technology research, development and deployment company, and continues to serve as Chairman of the Board. Mr. Stein is also Chairman of the Board of Raycom Media, Inc. (television broadcasting) and a board member of SiO2 Medical Products, Inc. (a company developing novel parenteral containers for the pharmaceutical industries). From 2009 to 2011, Mr. Stein served as Chairman and CEO of National Alabama Corporation, a company organized to manufacture railcars in northwest Alabama.

John S.
Stein III,
51

2010

Mr. Stein has an extensive business and financial background, along with experience in the investment banking industry, expertise and insight as a CEO and director of other companies, current directorship experience and his knowledge of the Company.

The Directors named above comprise the entire membership of the Board, each to hold office until the next Annual Meeting of Stockholders, or until a successor has been elected and qualified or any earlier resignation or removal. All Directors currently serving on the Board have been nominated to and consented to continue to serve on the Board if elected at the next Annual Meeting of stockholders, if one is ever held.

The Board has established certain attributes that it seeks in identifying candidates/nominees for Director. In particular, the Board desires individuals who have very high integrity, business and financial experience and deep, genuine interests in the Company. In considering candidates for Director, the Board considers the entirety of each candidate's credentials in the context of these attributes. In the judgment of the Company's Board as a whole, each of the Directors possess such attributes.

Board of Directors, Duties and Committees

Directors are expected to devote sufficient time to carrying out their duties and responsibilities effectively. The Board of Directors meets regularly four times each fiscal year to review matters affecting the Company and to act on matters requiring the Board's approval. It also holds special meetings whenever circumstances require and may act by unanimous written consent without a meeting.

Mark W. McCutcheon serves as the Chairman of the Board. The Board of Directors met five times during the fiscal year ended June 3, 2016, four of which were regularly scheduled meetings with one special meeting. In the last fiscal year, the Independent Directors met twice in executive sessions. All Directors attended 100% of the meetings of the Board and with the exception of one Director, the meetings of the committees on which they served during the fiscal year ended June 3, 2016. One director missed one of the eight Special Committee meetings. The Board has a policy expecting Director attendance at all Board and committee meetings and the Company's annual meeting of stockholders.

The Company's Board has established an Audit Committee, Compensation Committee, Stock Option Committee and Special Committee. The Charter for the Audit Committee is available from the Company is posted on the Company's website at www.goldenflake.com and is attached as Schedule 1. The Compensation Committee has no Charter, but its duties and responsibilities are set forth in corporate minutes adopted by the Board. The Stock Option Committee has no charter, but its duties and responsibilities are set forth in the 2014 Plan. The Special Committee has no charter, but its duties and responsibilities are set forth in corporate minutes adopted by the Board. In addition, the Board may from time to time establish special purpose committees. There was one special purpose committee (the Special Committee) existing in the last fiscal year.

Board Leadership Structure and Risk Oversight

The business and affairs of the Company are managed under the direction of the Board of Directors. The Board of Directors is led by the Chairman of the Board. This role is currently occupied by Mark W. McCutcheon, who also serves as Chief Executive Officer. The Board of Directors has determined that having Mr. McCutcheon serve as both the Chief Executive Officer and the Chairman of the Board is in the best interest of the Company and its stockholders. The Board believes that this combination is appropriate because, in its opinion, the overseeing of Board functions is integrally related to the Chief Executive Officer's responsibility of day-to-day management of a Company this size and, that due to Mr. McCutcheon's abilities, he is also the best person to handle both duties. The Board of Directors does not however have a formal policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board of Directors believes it is in the best interests of the Company to make the determination regarding how to fulfill these functions based on the position and direction of the Company and the qualifications of the CEO and Board members. A lead independent director has not been designated because the Board does not believe it is warranted for a company of our size and complexity.

The Board of Directors as a whole establishes the Company's overall policies and standards, reviews the performance of management and considers overall risk regarding operations and goals and how those risks are being managed. The Board believes that effective risk management and control processes are critical to the Company's ability to manage the challenges that the Company faces. Management is responsible for implementing the Company's risk assessment and management functions and for reporting to the Board on its processes and assessments with respect to the management of risk. The Board, in turn, is responsible for overseeing management's risk functions. The Audit Committee monitors the processes by which management assesses and manages risk. Management meets with, or provides reports to, the Company's Audit Committee at least once per quarter to review the Company's risk profile and other risk topics. In addition, the Chief Financial Officer meets at least quarterly with the Audit Committee and the full Board to discuss the Company's financial risk, results and financial forecasts. The Compensation Committee and the Board as a whole assess the risks that the Company's overall compensation goals and objectives, as well as any compensation or other programs that are reasonably likely to create a material risk to the Company.

Executive Officers of Registrant

And Its Subsidiary

Name and Age Position and Offices with Management

Mark W. McCutcheon, 61	Mr. McCutcheon is Chairman of the Board, Chief Executive Officer and President of the Company and President of Golden Flake. He was elected Chairman of the Board on July 22, 2010, President and Chief Executive Officer of the Company on April 4, 2001 and President of Golden Flake on November 1, 1998. He has been employed by Golden Flake or the Company since 1980. Mr. McCutcheon is elected to his positions on an annual basis and his present terms of office will expire on June 2, 2017.
Patty Townsend, 58	Ms. Townsend is Chief Financial Officer, Vice President and Secretary of the Company. 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 terms of office will expire on June 2, 2017.
Paul R. Bates, 62	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 terms of office will expire on June 2, 2017.
David A. Jones, 64	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 terms of office will expire on June 2, 2017.

CORPORATE GOVERNANCE

Controlled Company

The Company is deemed a "Controlled Company" within the meaning of Listing Rule 5615 of the Corporate Governance Standards of the NASDAQ Stock Market, Inc. ("NASDAQ") on which the Company's shares are traded because 55.9% of the Company's stock is owned (directly or indirectly) and/or voted by the control group (as hereinafter described in "Voting Control"). Controlled companies are exempt from a number of NASDAQ corporate governance standards, including the requirement to have a majority of independent directors and the requirement to have director nominees selected by a nominating committee comprised of independent directors. Controlled companies are also exempt from the requirement to have the compensation of the company's officers determined by a compensation committee comprised of a majority of independent directors.

Corporate Governance Documents

Certain documents relating to corporate governance matters are available on the Company website at www.goldenflake.com. These corporate governance documents include, among others, the following:

- Charter for the Audit Committee of the Board;
- Code of Business Conduct and Ethics;
- Complaint Procedures for Accounting and Accounting Matters; and
- Disclosure Controls and Procedures.

Stockholders may also obtain a copy of these documents free of charge by contacting Patty Townsend, Chief Financial Officer, by email at ptownsend@goldenflake.com or by telephone at (205) 323-6161.

The Charter for the Audit Committee is attached hereto as Schedule 1.

Committees of the Board of Directors

The Board of Directors has a Compensation Committee, Stock Option Committee, an Audit Committee and a Special Committee. The Board of Directors, as a Controlled Company, is not required to and has no standing Nominating Committee.

The Compensation Committee reviews the performance of the Executive Officers of the Company and the top executive officer of Golden Flake and recommends to the Board of Directors of the Company the appropriate compensation level and compensation and benefit programs of such officers. The Board as a whole sets officer compensation. The Compensation Committee consists of John S.P. Samford, J. Wallace Nall, Jr., Joann F. Bashinsky and F. Wayne Pate. The Compensation Committee met once during fiscal year 2016. Since the Company qualifies under NASDAQ Listing/Corporate Governance Rules as a Controlled Company, the Compensation Committee is not required to meet the independence requirements of the listing standards of NASDAQ and the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act.

The Stock Option Committee administers the 2014 Long Term Incentive Plan (the “2014 Plan”) and grants officers and key employees awards under the 2014 Plan. The Stock Option Committee consists of Joann F. Bashinsky, J. Wallace Nall, John S.P. Samford and F. Wayne Pate. The Stock Option Committee met once during fiscal year 2016. Since the Company qualifies under NASDAQ Listing/Corporate Governance Rules as a Controlled Company, the Stock Option Committee is not required to meet the independence requirements of the listing standards of NASDAQ and the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act.

The Audit Committee reviews the results of the annual audit and quarterly financial statements, selects and engages the independent accountants, assesses the adequacy of the Company’s procedures in connection with financial controls and receives and considers the independent accountants’ comments as to internal controls. The Audit Committee met separately as a committee four times during fiscal year 2016. The Audit Committee meets with management to review each of the Company’s quarterly and annual financial statements filed on Form 10-Q and Form 10-K, prior to the filing of those reports with the SEC. The Audit Committee’s functions include the engagement of the Company’s independent registered public accounting firm, review of the results of the audit engagement and the Company’s financial results, review of the Company’s financial statements by the independent registered public accounting firm and their opinion thereon, review of auditors’ independence, review of the effectiveness of the Company’s internal controls and similar functions and approval of all auditing and non-auditing service performed by the independent registered public accounting firm for the Company. The Audit Committee acts pursuant to a written charter, which is reviewed annually by the Board of Directors.

John S.P. Samford, Chairman, Edward R. Pascoe, William B. Morton, Jr. and John S. Stein, III constitute the Audit Committee of the Board of Directors. The Board of Directors has determined that all of the members of this committee qualify as independent directors under the current Listing Rules and requirements of NASDAQ and the SEC. The Board of Directors has further determined that all of the members of this committee qualify as an “audit committee financial expert” under the rules and regulations of the SEC. The Audit Committee met four times during fiscal year 2016. See “REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS”.

On November 17, 2015, the Board of Directors established a special committee of the Board (the “Special Committee”) to review, evaluate, negotiate and make recommendations to the Board concerning possible transactions concerning the strategic business relations with or acquisition of the Company by third party entities. The Special Committee consists of John S.P. Samford, Edward R. Pascoe, William B. Morton, Jr. and John S. Stein, III, all of the Board’s Independent Directors. The Special Committee met eight times during the 2016 fiscal year.

Meetings of the Board of Directors and Committees

During the fiscal year ended June 3, 2016, there were four regular meetings and one special meeting of the Board of Directors. The Compensation Committee met once, the Stock Option Committee met once, the Audit Committee met

four times and the Special Committee met eight times during the fiscal year 2016. All Directors attended all of the meetings of the Board and the Committees on which they served except for one Board member who missed one Special Committee meeting. All Directors attended at least 90% of the meetings of the Board of Directors and the Committees.

Board Member Attendance at Annual Meetings

It is the policy of Golden Enterprises that each member of the Board shall make a reasonable effort to attend all meetings of the Board, applicable committee meetings and the Company's annual meeting of shareholders. All Directors attended the Annual Stockholders Meeting held last year.

Nomination of Directors

During the fiscal year ended June 3, 2016, the Company did not have a standing nominating committee. The NASDAQ rules do not require the Company to have a nominating committee since the Company was a "Controlled Company" pursuant to NASDAQ Listing Rule 5615.

The Board believes that it is not necessary to have a separate nominating committee in view of the size of the Company, and the fact that the Company is a "Controlled Company". Nominees for election as a director are determined by the entire Board. The Company believes that the Board is able to fully consider and select appropriate nominees for election to the Board without delegating that responsibility to a committee or adopting formal procedures. Candidates have traditionally been recommended to the Board by one or more of the other Directors, and there is no formal process for identifying or evaluating new Director nominees. Candidates recommended by shareholders will be evaluated in the same manner as candidates recommended by Directors. In nominating Directors, the Board will consider all relevant qualifications, as well as the needs of the Company and compliance with NASDAQ listing standards and SEC rules.

The Company entered into an agreement dated October 30, 2015 in which it agreed with White Winston Select Asset Fund GF-14, LLC that upon White Winston obtaining 8% ownership of the issued and outstanding stock of the Company the Board of Directors would be increased by one member and, subject to conditions of the agreement, White Winston would nominate such director. White Winston, as of July 25, 2016, owned less than 1% of the Company's issued and outstanding stock.

A shareholder who would like to recommend a candidate for Director should send a letter to Golden Enterprises, Inc., attention of the Secretary, at One Golden Flake Drive, Birmingham, Alabama 35205. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Director Nominee Recommendation." The letter must identify the author as a shareholder and provide a brief summary of the candidate's qualifications, as well as contact information for both the candidate and the shareholder. Candidates should have relevant business and financial experience, and they must be able to read and understand fundamental financial statements. All Candidates who have been recommended will be considered by the Board for nomination. Candidates who have been nominated by the Board must evidence their willingness to serve as a Director.

Communications with the Board

Shareholders interested in communicating directly with the Board of Directors may do so by writing the Secretary of the Company, at the following address:

Board of Directors of Golden Enterprises, Inc.

C/O Corporate Secretary

One Golden Flake Drive

Birmingham, Alabama 35205

All such letters must identify the author as a shareholder. The Secretary of Golden Enterprises, Inc. will review all such communications and forward all appropriate communications to the Board.

Policies and Practices

The Company's policies and practices reflect corporate governance standards that comply with the listing requirements of NASDAQ and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including the following:

All members of the Audit Committee are independent;

The Charter of the Audit Committee establishes the Committee's duties and responsibilities;

The independent members of the Company's Board of Directors meet regularly ("executive sessions") without the presence of management;

The Company has a policy for attendance of Board members at both regular Board and committee meetings and shareholder meetings;

The Company has adopted a Code of Conduct and Ethics;

The Company has adopted Disclosure Controls and Procedures which establishes a committee for regular evaluation of internal company disclosure control and procedures;

The Company has procedures in place for the anonymous submission to the Audit Committee of employee and third party complaints on accounting, internal accounting controls or auditing matters;

The Company has policies and procedures for stockholders to communicate directly with the Board of Directors; and

The Audit Committee must review, approve and/or ratify all related party transactions.

Indemnification Arrangements

The Company's Certificate of Incorporation provides that the Company indemnify and hold harmless each of its directors and officers to the fullest extent authorized by the Delaware General Corporation Law, against all expense, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection with services rendered by such directors or officers to or on behalf of the Company.

The Certificate of Incorporation also provides that a director will not be personally liable to the Company or its stockholders for monetary damages for breach of the fiduciary duty of care as a director. This provision does not eliminate or limit the liability of a director:

for breach of his or her duty of loyalty to the Company or to the stockholders;

- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; under Section 174 of the Delaware General Corporation Law (relating to unlawful payments of dividends or unlawful stock repurchases or redemptions); or
- for any improper benefit.

The Company has executed with each Director a written Indemnification Agreement which includes the items set forth above.

The Company maintains Officer and Director's Insurance to protect and benefit the Company and Directors.

Notwithstanding the Indemnification arrangements stated above, indemnification for certain liabilities under the Federal Securities Acts may be deemed by the SEC as against public policy and unenforceable.

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"). All officers and directors, who were required to file, timely filed required Form 4 and 5 reports.

Audit Committee

Of the eleven Directors currently serving, the Board has determined that Edward R. Pascoe, John S.P. Samford, William B. Morton, Jr. and John S. Stein, III are "Independent Directors" as defined in the rules of the NASDAQ Stock Market, Inc. (NASDAQ) Listing Rules and the SEC. As a Controlled Company, as previously discussed, the Company is exempt from certain independence requirements of the NASDAQ rules, including the requirement to maintain a majority of Independent Directors on the Board of Directors, an Independent Compensation Committee or a Standing Nominating/Corporate Governance Committee or committees performing similar function.

All members of the Audit Committee must be Independent Directors as defined by NASDAQ Policies and Practices and the SEC. The Company's four Independent Directors serve on the Audit Committee, with Mr. Samford serving as Chairman. All audit committee members have been designated by the Board as "financial experts."

The Audit Committee selects and engages the Company's Independent Auditors, reviews financial statements prepared by management and audited by the Independent Auditors and performs such additional functions as are necessary or prudent to fulfill the Committee's duties and responsibilities under the Charter of the Audit Committee. The Audit Committee is required by its policy to pre-approve all services to be rendered by the Company's Independent Auditors prior to performance of such services. Pre-approval of services may be done in one of two ways, specific pre-approval or general pre-approval. With the use of specific pre-approval, the Audit Committee must specifically pre-approve the services that are to be rendered by the Independent Auditors prior to their engagement to render such services. The Audit Committee has elected to implement the specific pre-approved policy and procedure. As a result, all services provided by the Independent Auditors must be specifically pre-approved by the Audit Committee.

The Audit Committee reports recommendations and findings to the full Board of Directors. The Audit Committee also reviews with the Independent Auditors, the Company's Chief Financial Officer and the Company's General Counsel the results of the Independent Auditors' Annual Report on the Company's financial statements and approves the inclusion in the Company's Annual Report.

The Audit Committee Charter is reviewed and reassessed each year for its adequacy. The Independent Auditors met four times during the year ended June 3, 2016.

ITEM 11. – EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

The Objectives of the Executive Compensation Program

The Compensation Committee is responsible for establishing and administering the Company's policies governing the compensation for the Executive Officers. All actions of the Compensation Committee must be approved by the Board of Directors. Because the Company qualifies as a Controlled Company pursuant to the exception of NASDAQ Listing Rule 5615, the Compensation Committee is composed of both independent and non-independent directors. See "Corporate Governance-Committees of the Board of Directors" above.

The purpose of the Company's executive compensation program is to attract, retain and motivate qualified executives to manage the business so as to maximize profits and stockholder value. No outside consultants have been used to evaluate or determine compensation. Executive compensation in the aggregate is made up principally of the executive's annual base salary, a bonus based upon operating earnings and Company perquisites or benefits. The Compensation Committee annually considers and makes recommendations to the Board as to executive compensation including changes in base salary and cash incentive bonuses. Stock options and awards of stock were granted by the Stock Option Committee during the year ended June 3, 2016 under the 2014 Plan but none to executive officers.

Consistent with the above-noted purpose of the executive compensation program, in recommending the aggregate annual compensation of executive officers, the Compensation Committee considers the individual contribution and performance of the executive, the Company's overall performance and the total return to stockholders. The Company's executive compensation program focuses on strategic plans, corporate performance measures, and specific corporate goals. The corporate performance measures which the Compensation Committee considers include sales, earnings, return on equity and comparisons of sales and earnings with prior years.

The Compensation Committee does not rely on any fixed formulae or specific numerical criteria in determining an executive's aggregate compensation. It considers corporate and personal performance criteria and the economic environment, changes in the cost of living, competitive compensation levels and the recommendations of management. The Compensation Committee exercises business judgment based on all of these criteria and the purposes of the executive compensation program.

Base Salary

The Board of Directors, upon recommendation of the Compensation Committee sets base salaries for the Company's executive officers at levels which the Company believes are fair and reasonable based on the scope of the executive officer's individual responsibilities, taking into account competitive market compensation paid by other companies for similar positions. With our named executive officers, we set base salaries based on level of responsibility, span of control and experience. Base salaries are reviewed annually, as well as at the time of hire, promotion or changes in responsibility. Base salaries may also be adjusted from time to time to realign salaries with market levels. Base salary changes may also impact bonus amounts and actual bonus payouts.

Discretionary Performance-Based Bonus

The Board of Directors, upon recommendation of the Compensation Committee, has the authority to award performance-based bonuses to our executive officers payable in cash. The Board of Directors, upon recommendation of the Compensation Committee, has utilized a formula adopted at the beginning of the year for determining bonuses, which is based on performance of the Company during the fiscal year. There is no requirement that the Board continue using this formula for the payment of bonuses.

Performance Measurement

Annual, performance-based awards are intended to compensate executive officers for achieving Company-wide financial goals and objectives. These objectives relate to general profitability factors.

Generally, performance bonuses are accrued on a quarterly basis with seventy-five percent (75%) of the accrued amount paid after the end of the each of the first three quarters with the remainder of the final accrued amount paid after the end of the fiscal year when audited annual financial statements are received. All bonuses are subject to “claw-back” provisions in the event of certain actions of the officers.

The formula used for bonuses focuses on net operating profits (excluding certain extraordinary items) of the Company which exceed a required equity return on investments to determine the amount of bonuses. The bonuses provide for a percentage bonus on net profits up to a set net profit amount (excluding extraordinary items) and a different, smaller percentage bonus on net profits in excess of the set net profit amount (excluding extraordinary items).

Incentive Benefits

2014 Long Term Incentive Plan

On September 18, 2014, the Company's shareholders approved the 2014 Plan. The purpose of the 2014 Plan is to further the growth in earnings and market appreciation of the Company by providing long term incentives to those officers and key employees of the Company or its subsidiaries who make substantial contributions to the Company through their ability, loyalty, industry and invention.

The 2014 Plan is administered by the Stock Option Committee of the Board of Directors.

The 2014 Plan authorizes the Stock Option Committee to grant to officers and key employees in the 2014 Plan (i) stock options (which may be non-qualified options or incentive stock options for tax purposes), (ii) stock appreciation rights ("SARs") (which may be issued in tandem with stock options), (iii) restricted stock awards, (iv) performance units (which may be in stock, cash or a combination thereof), and (v) supplemental cash payments. Persons eligible to participate in the 2014 Plan shall be those officers and key employees of the Company and its subsidiary who are in

positions in which their decisions, actions and counsel significantly impact the performance of the Company or its subsidiaries. Participants are chosen from this group by the Stock Option Committee.

Shares Reserved for Issuance. The aggregate number of shares of the Company's common stock which may be issued under the 2014 Plan may not exceed 750,000. Shares subject to options granted under the 2014 Plan which expire unexercised, or shares subject to awards which are otherwise forfeited or canceled, will not count against this limit.

Stock Options. The Stock Option Committee is authorized to determine the terms and conditions of all stock option grants, subject to certain specific limitations as set forth in the 2014 Plan. In general, incentive and nonqualified stock options may be granted, the term of an option may not be longer than ten (10) years, and any stock option shall be subject to certain restrictions on transferability. Payment of the stock option price may be in cash, check or other instrument acceptable to the Stock Option Committee, or, in the discretion of the Stock Option Committee, in the form of unrestricted common stock of the Company owned by the optionee.

Stock Appreciation Rights. The Stock Option Committee is authorized to grant SARs either independent of or in connection with stock options granted under the 2014 Plan. The exercise of SARs will entitle the holder thereof to an amount (the "appreciation") equal to the difference between the fair market value of the common stock on the date the SAR was issued (or, in the case of SARs issued in connection with options, the exercise price under the related option agreement) and the fair market value of a share of common stock of the Company on the date the SAR is exercised. The appreciation will be payable in cash or common stock of the Company at the discretion of the Stock Option Committee. The exercise of SARs granted in connection with options will terminate those options.

The exercise of SARs which are paid in common stock will be treated as the issuance of the shares of common stock to which the SARs relate for purposes of calculating the maximum number of shares which have been issued under the 2014 Plan.

Restricted Stock. The Stock Option Committee is authorized to award restricted stock under the 2014 Plan subject to such terms and conditions as the Stock Option Committee may determine. The Stock Option Committee will have authority to determine the number of shares of restricted stock to be awarded, the price, if any, to be paid by the recipient of the restricted stock, and the date on which the restricted stock will vest. The vesting of restricted stock may be conditioned upon the completion of a specified period of service with the Company, upon the attainment of specified performance goals, or upon such other criteria as the Stock Option Committee may determine. The Stock Option Committee has the discretion to make loans to the recipients for the purchase price of the restricted stock and to accelerate the vesting of the restricted stock on a case by case basis at any time.

Performance Units. The Stock Option Committee may grant performance units under which payment may be made to the participant upon the attainment of specific performance goals. Such performance goals will be established by the Stock Option Committee and will relate to the performance of the Company (or any segment thereof) over a specified performance period, as judged under any business criteria deemed appropriate by the Stock Option Committee, including, without limitation, growth in earnings, the ratio of earnings to shareholder's equity or the ratio of earnings to total capital.

The Stock Option Committee shall determine the extent to which the performance targets have been attained, and what, if any, payment is due the participant on the performance unit. Such payment may be made, at the Stock Option Committee's discretion, in cash or common stock of the Company (based on the then current fair market value of such stock).

Supplemental Cash Payments. A stock option, SAR, restricted stock or performance unit award may provide for the Company to make a supplemental cash payment to a participant. Payments may be made for the purpose of, but not limited to, assisting the employee in paying income taxes resulting from an award under the 2014 Plan. In no event shall the amount of cash payment exceed the value of the award to which it relates.

During the fiscal year ended June 3, 2016, a total of 30,000 incentive stock options were granted to key employees of the Company. Of this amount, none were granted to executive officers. Thirty thousand incentive stock options previously granted in fiscal year 2015 were forfeited in fiscal year 2016. More detailed information concerning the stock options is set forth in the following tables.

Perquisites and Benefits

Other than the use of a Company car, the Company generally does not have programs to provide personal perquisites or executive benefits solely to executive officers. The exception is that Mr. McCutcheon, as CEO of the Company, is provided a nonqualified salary continuation plan which is generally payable beginning at retirement, disability or death, Company-provided life insurance and healthcare reimbursement. Our executive officers are eligible to participate in the same benefit programs as all other employees. These benefits include the following:

- Medical and dental care plans
- Flexible Spending Accounts for healthcare and dependent care spending
- Life accidental death and dismemberment and
- 401(k) plan
- Disability insurance
- Paid time off
- Non Qualified Plan (Benefit and Savings Plan)

Consistent with the Company's compensation philosophy, the Company intends to maintain its current benefits for its executive officers. However, the Board of Directors in its discretion may revise, amend, delete or add to the executive officers' benefits if it deems it advisable.

Employment Agreements, Severance Benefits and Change in Control Provisions

The Company has a non-qualified Salary Continuation Plan established for the benefit of the Company's Chief Executive Officer, Mark W. McCutcheon. The Company entered into this Salary Continuation Plan, on May 15, 2002, as subsequently amended, to ensure the performance of his role in the Company for an extended period of time. In addition, the Company also considered the critical nature of the position and the Company's need to retain him when it committed to establish this plan. The Salary Continuation Plan, as amended, provides for payments of up to \$120,000 per year for 15 years following death or retirement at age 65. The Company further amended the Salary Continuation Plan to reduce the amounts payable pursuant to it in the amount necessary to avoid triggering the provisions of Section 280G of the Internal Revenue Code of 1986, as amended. Payments under the Salary Continuation Plan, subject to certain exceptions, are contingent upon Mr. McCutcheon remaining employed with the Company until death, disability or retirement from the Company at or after age 65. A further amendment to the Salary Continuation Plan provides that these forfeiture provisions will terminate upon any change of control. In the event of disability prior to retirement, the yearly benefit of \$120,000 is reduced by any payments of social security disability benefits and long term disability benefits which were funded or provided by the Company. The Salary Continuation Plan may be amended or terminated by the Company's Board of Directors, except that in the event of a change of control in the Company, the Salary Continuation Plan becomes irrevocable. The Salary Continuation Plan is funded in part with life insurance on the life of Mr. McCutcheon.

Summary Compensation Table

The following table sets forth certain information with respect to compensation for the fiscal years 2014 and 2015 earned by or paid to the Chief Executive Officer, Chief Financial Officer and the other most highly compensated Executive Officers whose total compensation exceeded \$100,000.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Option Awards		Non-Executive Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation		Total (\$)
				Awards (\$)	(5) (\$)		All Other Compensation (\$)	(1) (\$)	
Mark W. McCutcheon (a) President and Chief Executive Officer and President of Golden Flake Snack Foods, Inc.	2016	\$335,000	\$111,695	—	0	—	—	\$159,368	\$606,063
	2015	\$335,000	\$71,884	—	\$58,000	—	—	\$154,141	\$619,025
Paul R. Bates (b) Executive Vice President of Sales, Marketing and Transportation of Golden Flake Snack Foods, Inc.	2016	\$232,000	\$41,885	—	0	—	—	\$26,191	\$300,076
	2015	\$232,000	\$26,957	—	\$40,600	—	—	\$25,749	\$325,306
David A. Jones (c) Executive Vice President of Operations, Human Resources and Quality Control of Golden Flake Snack Foods, Inc.	2016	\$232,000	\$41,885	—	0	—	—	\$27,497	\$301,382
	2015	\$232,000	\$26,957	—	\$40,600	—	—	\$32,680	\$332,237
Patty Townsend (d) Chief Financial Officer Vice President and Secretary	2016	\$195,000	\$41,885	—	0	—	—	\$23,807	\$260,692
	2015	\$195,000	\$26,957	—	\$40,600	—	—	\$23,281	\$285,838

(1) The compensation represented by the amounts set forth in the All Other Compensation column is detailed in the following table, except as noted:

2016

Company Contributions	Salary Continuation	Golden Flake	Company Total
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Name	to 401(k) (\$)	Plan Accruals (\$)	Director Fees	Perquisites (4)	Paid Life Insurance	All Other Compensation	
Mark W. McCutcheon	\$ 2,650	\$ 113,516	(2) \$ 6,000	\$ 35,935	\$ 1,267	\$ 159,368	(3)
Paul R. Bates	\$ 2,320	—	\$ 6,000	\$ 17,079	\$ 792	\$ 26,191	(3)
David A. Jones	\$ 2,320	—	\$ 6,000	\$ 18,385	\$ 792	\$ 27,497	(3)
Patty Townsend	\$ 975	—	\$ 6,000	\$ 17,316	\$ 516	\$ 23,807	

2015

Name	Company Contributions to 401(k) (\$)	Salary Continuation Plan Accruals (\$)	Golden Flake Director Fees	Perquisites (4)	Company Paid Life Insurance	Total All Other Compensation	
Mark W. McCutcheon	\$ 2,600	\$ 107,846	(2) \$ 6,000	\$ 36,869	\$ 826	\$ 154,141	(3)
Paul R. Bates	\$ 2,291	—	\$ 6,000	\$ 16,666	\$ 792	\$ 25,749	(3)
David A. Jones	\$ 2,291	—	\$ 6,000	\$ 23,597	\$ 792	\$ 32,680	(3)
Patty Townsend	\$ 954	—	\$ 5,000	\$ 16,811	\$ 516	\$ 23,281	

Amounts set forth as Salary Continuation Plan Accruals and any receipt thereof by Mr. McCutcheon in the future (2) are subject to the requirements, conditions and continuation of the Salary Continuation Plan as previously described.

(3) Total All Other Compensation does not include Golden Enterprises, Inc. Director fees.

(4) The compensation represented by the amounts set forth in the perquisites column is detailed in the following table:

2016 Perquisites

Name	Health Care Reim	Company Car Allowance	LTD Insurance	Company Contributions		Total Perquisites
				401(k) Mirror Plan Match		
Mark W. McCutcheon	\$ 10,522	\$ 3,854	\$ 2,674	\$ 18,885		\$ 35,935
Paul R. Bates	\$ —	\$ 2,538	\$ 1,839	\$ 12,702		\$ 17,079
David A. Jones	\$ —	\$ 3,236	\$ 1,858	\$ 13,291		\$ 18,385
Patty Townsend	\$ —	\$ 4,962	\$ 1,553	\$ 10,801		\$ 17,316

2015 Perquisites

Name	Health Care Reim	Company Car Allowance	LTD Insurance	Company Contributions		Total Perquisites
				401(k) Mirror Plan Match		
Mark W. McCutcheon	\$ 12,411	\$ 3,623	\$ 2,863	\$ 17,972		\$ 36,869
Paul R. Bates	\$ —	\$ 2,439	\$ 1,873	\$ 12,354		\$ 16,666
David A. Jones	\$ —	\$ 3,199	\$ 1,922	\$ 18,476		\$ 23,597
Patty Townsend	\$ —	\$ 4,752	\$ 1,602	\$ 10,457		\$ 16,811

(5) The amounts in this column reflect the aggregate grant date fair value of each option award granted during fiscal year 2015, computed in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“ASC 718”). Additional information can be found in Note 1 to the consolidated financial statements included in the Company’s annual report on Form 10-K for the fiscal year ended June 3, 2016.

(a) Mark W. McCutcheon has served as President and Chief Executive Officer of the Company since April 4, 2001. He has served as President of Golden Flake Snack Foods, Inc. since November 1, 1998.

(b) Paul R. Bates has served as Executive Vice President of Sales, Marketing and Transportation of Golden Flake Snack Foods, Inc. since October 26, 1998.

(c)

David A. Jones has served as Executive Vice President of Operations, Human Resources and Quality Control of Golden Flake Snack Foods, Inc. since May 20, 2002. He was Vice President of Manufacturing from 1998 to 2002 and Vice President of Operations from 2000 to 2002.

(d) Patty Townsend has served as Chief Financial Officer, Vice-President and Secretary of the Company since March 1, 2004.

Grants of Plan-Based Awards

No grants of 2014 Plan-based awards were granted to executive officers in the fiscal year ended June 3, 2016.

The following table sets forth certain information with respect to grants of 2014 Plan-based awards to the named executive officers for fiscal year 2015:

Name	Grant Date	Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option Awards(1) (\$)
Mark W. McCutcheon	April 9, 2015	50,000	3.84	\$ 58,000
Paul R. Bates	April 9, 2015	35,000	3.84	\$ 40,600
David A. Jones	April 9, 2015	35,000	3.84	\$ 40,600
Patty Townsend	April 9, 2015	35,000	3.84	\$ 40,600

(1) The amounts in this column reflect the aggregate grant date fair value of each option award granted during fiscal year 2015, computed in accordance with ASC 718.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding outstanding equity awards held by the named executive officers for fiscal year 2016:

Option Awards

Number of Securities Underlying

Unexercised Options(1)

Name	Exercisable	Unexercisable	Unearned	Option Exercise Price	Option Expiration Date
Mark W. McCutcheon	26,041	23,959		3.84	April 9, 2025
Paul R. Bates	26,041	8,959		3.84	April 9, 2025
David A. Jones	26,041	8,959		3.84	April 9, 2025
Patty Townsend	26,041	8,959		3.84	April 9, 2025

(1) Options are to acquire shares of common stock. Options expire ten years from the grant date.

Compensation of Directors

During the fiscal year ended June 3, 2016, the Company paid each of its non-employee Directors a retainer of \$300 per month and a fee of \$2,000 for each regular and special Board meeting attended. The members of the Compensation Committee were each paid \$2,000 for attending the Compensation Committee meeting, the members of the Stock Option Committee were not paid for attending the Stock Option Committee meeting, the members of the Audit Committee were paid \$1,000 for each meeting attended and members of the Special Committee were paid \$1,500 for each meeting attended. Employee Board Members were paid \$2,000 for each Board meeting attended.

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The following table sets forth certain information with respect to directors compensation for the 2016 fiscal year.

Name	Directors Compensation				Nonqualified			Total
	Fees earned or paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-equity Plan Compensation (\$)	Deferred		Earnings (\$)	
					Compensation	All other compensation		
Joann F. Bashinsky	\$12,000	—	—	—	—	—	—	\$12,000
Paul R. Bates	\$10,000	—	—	—	—	—	—	\$10,000
David A. Jones	\$10,000	—	—	—	—	—	—	\$10,000
Mark W. McCutcheon	\$10,000	—	—	—	—	—	—	\$10,000
John P. McKleroy, Jr.	\$13,600	—	—	—	—	—	—	\$13,600
William B. Morton, Jr.	\$30,600	—	—	—	—	—	—	\$30,600
J. Wallace Nall, Jr.	\$15,600	—	—	—	—	—	—	\$15,600
Edward R. Pascoe	\$30,600	—	—	—	—	—	—	\$30,600
F. Wayne Pate	\$15,600	—	—	—	—	—	—	\$15,600
John S.P. Samford	\$31,100	—	—	—	—	—	—	\$31,100
John S. Stein, III	\$30,600	—	—	—	—	—	—	\$30,600

The following table provides compensation information for the year ended June 3, 2016 for each of the independent members of the Board.

Name	Total Director Compensation (\$)
Edward R. Pascoe	\$ 30,600
John S.P. Samford	\$ 31,100
John S. Stein, III	\$ 30,600
William B. Morton, Jr.	\$ 30,600

**ITEM 12. – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND
MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

On July 25, 2016, SYB, Inc., and the Sloan Y. Bashinsky, Sr. Marital Testamentary Trust (“Marital Testamentary Trust”) were the only persons known by the Company who beneficially owned more than 5% of the outstanding voting securities of the Company. The following table sets forth the number of shares of common stock of the Company beneficially owned by these persons.

Amount and Nature of Name and Address of Beneficial Owner	Beneficial Ownership (1)		Percent of Class
	Direct	Indirect	
SYB, Inc. 3432 Briarcliff Road East Birmingham, Alabama 35223	5,283,128	-0-	46.8 %
Sloan Y. Bashinsky, Sr. Marital Testamentary Trust 2117 Second Avenue N. Birmingham, Alabama 35203	600,279	-0-	5.3 %

An indirect beneficial owner as this term is interpreted by the SEC includes, among other things, any person who (1) has or shares the (1) voting power, which includes the power to vote or to direct the voting of such security, and/or (2) investment power which includes the power to dispose, or to direct the disposition of such security.

Security Ownership of Management

The following table shows the shares of common stock of Golden Enterprises, Inc., beneficially owned, directly or indirectly, by each Director and Nominee for Director and all Directors and Officers of the Company as a group at July 25, 2016:

Name	Amount and Nature of Beneficial Ownership (1)			Percent of Class	
	Direct	Indirect			
J. Wallace Nall, Jr.	-0-	196,000	(2) (4)	1.7	%
F. Wayne Pate	148,264	24,209	(2)(5)(6)	1.5	%
Edward R. Pascoe	25,000	-0-		*	
John P. McKleroy, Jr. (a) (b) (c)	40,000	(3) -0-	(2)	*	
John S. P. Samford	1,666	-0-		*	
Joann F. Bashinsky (d) (e)	426,928	8,803	(2)(6)	3.9	%
Mark W. McCutcheon	4,455	4,022	(2)(6)(7)	*	
William B. Morton, Jr.	-0-	-0-		*	
John S. Stein, III	10,333	-0-		*	
Paul Bates	5,657	4,467	(2)(6)	*	
David Jones	2,178	2,183	(2)(6)	*	
Patty Townsend	-0-	889	(2)(6)	*	
All Directors and Officers as a group	664,481	240,573		8.0	%

*Less than one percent of class

An indirect beneficial owner as this term is interpreted by the SEC includes, among other things, any person who (1) has or shares the (i) voting power which includes the power to vote or to direct the voting of such security, and/or (ii) investment power which includes the power to dispose of, or to direct the disposition of, such security.

Each designated Director is a member of the Voting Committee created under the (i) Marital Testamentary Trust and (ii) SYB, Inc. Common Stock Trust of Sloan Y. Bashinsky, Sr. As a member of the Voting Committee, each designated Director participates in the vote of the shares of common stock of the Company owned by SYB, Inc. (2)(5,283,128 shares) and by the Marital Testamentary Trust (600,279 shares). Patty Townsend, an officer of the Company, is also a member of the Voting Committee. The decision of the majority of the members of the Voting Committee governs how the stock is voted. The members of the Voting Committee do not possess and specifically disclaim any beneficial ownership of the shares owned by SYB, Inc. and the Marital Testamentary Trust.

(3) Includes 33,490 shares held by a 401(k) profit sharing plan and a IRA account for the benefit of John P. McKleroy, Jr.

Shares owned by Nall Development Corporation, a corporation of which J. Wallace Nall, Jr. is a Director and (4) President. For SEC reporting purposes, Mr. Nall is deemed the beneficial owner of such shares. Except for SEC reporting purposes, Mr. Nall disclaims beneficial ownership of such shares.

(5) Indirect shares include 32 shares owned by the wife of F. Wayne Pate. Except for SEC reporting purposes, Mr. Pate disclaims beneficial ownership of such shares.

(6) Indirect shares owned by the Golden Flake Snack Foods, Inc. 401(k) Retirement Savings Plan (the "Plan"). All shares are voted by the Plan participants in whose accounts such shares are held.

(7) Indirect shares include 200 shares owned by wife of Mark W. McCutcheon. Mr. McCutcheon disclaims beneficial ownership of such shares.

Mr. McKleroy is a Director, Vice President and Secretary of SYB, Inc. which owns 5,283,128 shares of the (a) Company's stock. Mr. McKleroy does not possess and specifically disclaims any beneficial ownership of these shares.

Mr. McKleroy is a Director and officer of the Bashinsky Foundation, Inc., which owns 400,544 shares of the (b) Company's stock. Mr. McKleroy does not possess and specifically disclaims any beneficial ownership of these shares.

Mr. McKleroy is a Co-Trustee of the Marital Testamentary Trust. The Marital Testamentary Trust own 600,279 (c) shares of the Company stock. Mr. McKleroy does not possess and specifically disclaims any beneficial ownership of these shares.

(d) Mrs. Bashinsky is a Director, Chairman and CEO of SYB, Inc., which owns 5,283,128 shares of the Company's stock. Mrs. Bashinsky does not possess and specifically disclaims any beneficial ownership of these shares.

(e) Mrs. Bashinsky is a Director, Chairman and CEO of the Bashinsky Foundation, Inc., which owns 400,544 shares of the Company's stock. Mrs. Bashinsky does not possess and specifically disclaims any beneficial ownership of these shares.

Each Director has the sole voting and investment power of the shares directly owned by him/her.

Voting Control

Sloan Y. Bashinsky, Sr. ("Mr. Bashinsky") died on August 2, 2005. At the time of Mr. Bashinsky's death, he beneficially owned 6,698,172 shares of common stock of the Company which constituted voting control of the Company and which classified the Company as a "Controlled Company". The stock beneficially owned by Mr. Bashinsky was registered in and held by the following entities:

SYB, Inc. 5,283,128 shares

SYB, Inc. as Trustee 1,000,000 shares
of the Sloan Y. Bashinsky,
Sr. Trust dated February 16,
1982

Bashinsky Foundation, Inc. 400,544 shares

Sloan Y. Bashinsky, Sr. 14,500 shares

As a result of Mr. Bashinsky's death, and the probate of his will on August 12, 2005, the 1,000,000 shares held in SYB, Inc. as Trustee and the 14,500 shares held in his name passed to his Estate. On August 9, 2010, the Personal Representatives of Mr. Bashinsky's Estate distributed 414,221 shares of Company stock to Joann F. Bashinsky and 600,279 shares of Company stock to the Marital Testamentary Trust. SYB, Inc. and Bashinsky Foundation, Inc. have continued to own 5,283,128 shares and 400,544 shares, respectively.

Joann F. Bashinsky and John P. McKleroy, Jr., Directors of the Company, each serve as a Director and officer of Bashinsky Foundation, Inc. The stock of the Company owned by Bashinsky Foundation, Inc. is voted by its board of directors and is not subject to the Voting Committee, as described below.

Joann F. Bashinsky and John P. McKleroy, Jr., Directors of the Company, each serve as a director and officer of SYB, Inc. The voting stock of SYB, Inc. is vested in the SYB, Inc. Common Stock Trust and John P. McKleroy, Jr. serves as the Trustee of this Trust. This stock is subject to the Voting Committee, as described below.

John P. McKleroy, Jr. is designated and serving under Mr. Bashinsky's Will as a Co-Trustee of the Marital Testamentary Trust.

Mr. Bashinsky's Will and the SYB, Inc. Common Stock Trust provide that shares of the Company held by SYB, Inc. and his Marital Testamentary Trust shall be voted by a committee made up of members of the Board of Directors of the Company and one member designated by Trustees of the Marital Testamentary Trust ("Voting Committee"). Consequently, as of the date of this Proxy Statement, the 5,283,128 shares of the Company stock held by SYB, Inc. and the 600,279 shares of the Company stock held by the Marital Testamentary Trust, the combination of which constitute a majority of the stock of the Company, are voted by the Voting Committee. The Voting Committee presently consists of J. Wallace Nall Jr., F. Wayne Pate, John P. McKleroy, Jr., Joann F. Bashinsky, Mark W. McCutcheon, Paul R. Bates and David A. Jones, all Directors of the Company, along with Patty Townsend, an officer of the Company. The decision of a majority of the members of the Voting Committee governs how the stock is voted.

The Voting Committee will continue to vote the Company stock owned by SYB, Inc. (5,283,128 shares) and by the Marital Testamentary Trust (600,279 shares), respectively, until the SYB, Inc. Common Stock Trust and the Marital Testamentary Trust terminate or the sale/merger of the Company. The Marital Testamentary Trust will terminate upon the death of Joann F. Bashinsky and the SYB, Inc. Common Stock Trust will terminate upon: (i) December 31, 2020, or (ii) in the event of the sale, transfer or exchange of all Company shares, five (5) years from the date of such sale, transfer or exchange.

Upon termination of the SYB, Inc. Common Stock Trust, the assets of the Trust will be distributed generally to descendants of Sloan Y. Bashinsky, Sr.. After termination control of any Company stock held by SYB, Inc. (currently 5,283,128 shares) will transfer to these trust beneficiaries and the Voting Committee will cease to vote these shares. Upon termination of the Marital Testamentary Trust and distribution of its assets, the Company stock held by the Marital Testamentary Trust will transfer to various charitable organizations and the Voting Committee will cease to vote these shares.

The SYB, Inc. Common Stock Trust, the Marital Testamentary Trust, the Voting Committee and Joann F. Bashinsky have filed a Schedule 13D (as amended) with the SEC and the Company remains classified as a "Controlled Company." SYB, Inc., the Marital Testamentary Trust and Joann F. Bashinsky as a group own 55.9% of the common stock of the Company.

Securities Equity Plan

See "2014 Long Term Incentive Plan" in Item 11

ITEM 13. – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Party Transactions

During the fiscal year ended June 3, 2016, the law firm of Spain & Gillon, L.L.C., of which John P. McKleroy, Jr. is a member, served as General Counsel and performed various legal services for the Company and its subsidiary for which it was paid legal fees of \$301,381. The firm will continue to perform legal services for the current fiscal year.

The Company believes that the related party transaction was on terms equal to or better than those available from unaffiliated third parties.

Director Independence

The Board has determined that Edward R. Pascoe, John S.P. Samford, John S. Stein, III and William B. Morton, Jr. are qualified as “Independent Directors” within the meaning of the director independence standards and Listing Rules of the NASDAQ and the SEC under the Securities and Exchange Act of 1934 (“Exchange Act”). All other Directors serve on the Voting Committee described in “Security Ownership of Management” and do not qualify as Independent Directors.

Meetings of Independent Directors

The Independent Directors meet in executive sessions (with no management Directors or officers present) at least twice each year. The Independent Directors met two times in the fiscal year ending June 3, 2016. All Independent Directors attended both meetings.

ITEM 14. – PRINCIPAL ACCOUNTANT FEES AND SERVICES

As reported in Form 8-K filed on July 20, 2015, the Audit Committee selected Carr, Riggs & Ingram, LLC (“Carr, Riggs”) as the principal accountants to audit its financial statements and review Company’s SEC quarterly 10-Q statements for the fiscal year ending June 3, 2016. Dudley, Hopton-Jones, Sims and Freeman, PLLP served as principal accountants/auditors for the Company for the fiscal year ending May 29, 2015.

Carr, Riggs was selected by the Audit Committee and ratified by the Board of Directors as the independent accountants to audit the Company’s financial statements for the fiscal year ended June 3, 2016. Representatives of Carr, Riggs will be present at the annual meeting and will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from stockholders.

During the fiscal year ended 2016, Carr, Riggs provided various audit and non-audit services to the Company and its subsidiary. Beginning in 2016, as part of their services as the Company’s and Company benefit plans auditors, they audited the consolidated financial statements of the Company and its subsidiary, Company benefit plans, the individual financial statements of the Company and Golden Flake Snack Foods, Inc. and its subsidiary and also reviewed the Company’s Annual Report (Form 10-K) for filing with the Securities and Exchange Commission. Dudley, Hopton-Jones, Sims and Freeman, PLLP, provided these services to the Company (other than the Company benefit plans audit) for the fiscal year ended May 29, 2015.

Fees billed by Carr, Riggs and Dudley, Hopton-Jones:

The following table shows information about fees billed to the Company by Carr, Riggs for fiscal year 2016 and Dudley, Hopton-Jones for fiscal year 2015.

	FYE 2016	FYE 2015
Audit Fees (1)	\$ 139,596	\$ 116,400
Audit Related Fees (2)	72,634	-0-
Tax Fees (3)	43,127	27,000
All Other Fees (4)	25,204	-0-
Total Fees	\$ 280,561	\$ 143,400

(1) Current FYE 2016 audit fees consist of the aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements and for the timely reviews of quarterly financial statements and assistance with the review of documents filed with the SEC.

(2) Includes audit related fees billed for audit of the Company's employee benefit plans and fees billed for the Company's information technology general controls quarterly testing.

(3) Tax fees consist of the aggregate fees billed for professional services rendered for tax compliance including tax planning, tax advice, the preparation of tax returns, audit of tax returns, and claims for refunds.

(4) All other fees related to additional client meeting and assistance in gathering documentation for the due diligence project.

The services of the Independent Auditors described above were specifically pre-approved by the Audit Committee prior to the engagement of the Independent Auditors to render such services.

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 – June 3, 2016 and May 29, 2015

Consolidated Statements of Income- Years ended June 3, 2016 and May 29, 2015

Consolidated Statements of Changes in Stockholders' Equity- Years ended June 3, 2016 and May 29, 2015

Consolidated Statements of Cash Flows- Years ended June 3, 2016 and May 29, 2015

Notes to Consolidated Financial Statements

(a) 2. LIST OF FINANCIAL STATEMENT SCHEDULES

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.

(a) Exhibits
3.

(2) Plan of Acquisition

Agreement and Plan of Merger, dated as of July 18, 2016, by and among Golden Enterprises, Inc., Utz Quality Foods Inc. and Westminster Sub, Inc. (incorporated by reference to Exhibit 2.1 Golden Enterprises, Inc. July 19, 2016 Form 8-K filed with the Commission).

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

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

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

Certificate of Amendment of Certificate of Incorporation of Golden Enterprises, Inc. dated October 2, 1978 (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)
- 3.10 Amendment to Bylaws of Golden Enterprises Inc. dated July 18, 2016 (incorporated by reference to Exhibit 3.1 Golden Enterprises, Inc. July 19, 2016 Form 8-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).
- 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).

- 10.9 Amendment to Salary Continuation Plans, Retirement and Disability for F. Wayne Pate dated April 9, 2002 (incorporated by reference to Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.10 Amendment to Salary Continuation Plans, Retirement and Disability for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.3 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.11 Amendment to Salary Continuation Plan, Death Benefits for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.4 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.12 Retirement and Consulting Agreement for John S. Stein dated April 9, 2002 (incorporated by reference to Exhibit 10.5 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.13 Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.6 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.14 Trust Under Salary Continuation Plan for Mark W. McCutcheon dated May 15, 2002 (incorporated by reference to Exhibit 10.7 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- 10.20 Amendment to Salary Continuation Plan for Mark W. McCutcheon dated December 30, 2008 (incorporated by reference to Exhibit 10.20 Golden Enterprises, Inc. February 27, 2009 Form 10-Q filed with the Commission).
- 10.24 A Form of Indemnity Agreement to be executed by and between Golden Enterprises, Inc. and the following directors: Mark W. McCutcheon, Joann F. Bashinsky, John S. Stein, III, William B. Morton, Jr., Paul R. Bates and David A. Jones (incorporated by reference to Exhibit 10.24 to Golden Enterprises, Inc. January 13, 2011 Form 10-Q filed with the Commission).
- 10.27 Retention Bonus Agreement for Mark W. McCutcheon (incorporated by reference to Exhibit 10.27 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.28 Retention Bonus Agreement for Paul Randall Bates (incorporated by reference to Exhibit 10.28 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.29 Retention Bonus Agreement for David A. Jones (incorporated by reference to Exhibit 10.29 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.30 Retention Bonus Agreement for Patty R. Townsend (incorporated by reference to Exhibit 10.30 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.31 Option Cancellation Agreement for Mark W. McCutcheon (incorporated by reference to Exhibit 10.31 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).

10.32 Option Cancellation Agreement for Paul Randall Bates (incorporated by reference to Exhibit 10.32 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).

10.33 Option Cancellation Agreement for David A. Jones (incorporated by reference to Exhibit 10.33 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).

10.34 Option Cancellation Agreement for Patty R. Townsend (incorporated by reference to Exhibit 10.34 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).

10.35 Second Amendment to Salary Continuation Plan for Mark W. McCutcheon dated July 14, 2016, filed herewith.

10.36 Third Amendment to Salary Continuation Plan for Mark W. McCutcheon dated August 16, 2016, filed herewith.

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)

23.1 Consent of Carr, Riggs & Ingram, LLC

23.2 Consent of Dudley, Hopton-Jones, Sims & Freeman. PLLP

(31) Certifications

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

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

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

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

(99) Additional Exhibits

A copy of excerpts of the Last Will and Testament and Codicils thereto of Sloan Y. Bashinsky, Sr. and of the SYB Common Stock Trust created by Sloan Y. Bashinsky, Sr. providing for the creation of a Voting Committee 99.1 to vote the shares of common stock of Golden Enterprises, Inc. held by SYB, Inc. and the Estate/Testamentary Trust of Sloan Y. Bashinsky, Sr. (incorporated by reference to Exhibit 99.1 to Golden Enterprises, Inc.'s June 3, 2005 Form 10-K filed with the Commission).

99.2 Report of the Audit Committee.

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Schedule 1

Amended and Restated

Charter of the Audit Committee of the Board of Directors

of Golden Enterprises, Inc.

I. Audit Committee Purpose.

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities in the following areas:

1. Monitoring the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance including the performance of the Company's internal audit function.
2. Monitoring the independence, qualification and performance of the Company's independent auditors.
3. Providing an avenue of communication among the independent auditors, management and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the Company. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties, and the Company shall provide appropriate funding, as determined by the Audit Committee, for the compensation of such retained persons. The Company shall provide appropriate funding, as determined by the Audit Committee, for the ordinary administrative expenses of the Audit Committee that are necessary or appropriate to carry out its duties.

II. Audit Committee Composition and Meetings.

Audit Committee members shall meet the qualifications, including the independence and experience requirements, of the NASDAQ listing standards and the rules and regulations of the SEC. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent nonexecutive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the

Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have the necessary accounting or related financial management expertise to meet the requirements of a “financial expert” as defined by the SEC.

Audit Committee members shall be appointed by the Board. If an Audit Committee Chair is not designated by the Board, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee, at each meeting, shall meet with management and the independent auditors to discuss any matters that the Committee or each of these groups believe should be discussed. The Committee should communicate with management, the internal auditors and the independent auditors as, the circumstances dictate, to review the Company's financial statements and significant findings based upon the independent auditors quarterly review procedures. In addition, the Committee, at its discretion, shall meet, from time to time, with the independent auditors without the presence of management.

III. Audit Committee Responsibilities and Duties.

Review Procedures

Review the adequacy of this Charter at least annually. Submit its recommendations regarding changes to the Charter

1. to the Board of Directors for approval and have the document published at least every three years in accordance with SEC regulations.

2. Discuss the Company's annual audited financial statements with management prior to filing or distribution, including significant issues regarding accounting and auditing principles, practices and judgments.

3. In consultation with the management, the internal auditors and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors and the internal auditors, together with management's responses.

4. Discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

5. Discuss disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Independent Auditors

6. The Audit Committee shall have the sole authority to appoint or replace the independent auditors. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The independent auditors shall report directly to the Committee.

7. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report or performing other audit, review or attest services.

8. On an annual basis, the Audit Committee should review and discuss with the independent auditors: (a) all significant relationships they have with the Company that could impair the auditors' independence, (b) all critical accounting policies and practices to be used, (c) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (d) any material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

9. The Audit Committee shall ensure its receipt from the independent auditors of a formal written statement delineating all relationships between the auditor and the company, consistent with Independence Standards Board Standard 1.

10. Review the independent auditors' audit plan - discuss scope, staffing, locations, reliance upon management and general audit approach.

11. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors. Discuss those matters required to be communicated to audit committees in accordance with Public Company Accounting Oversight Board Auditing Standard No. 16 ("AS 16") and those matters required to be communicated to audit committees in accordance with SEC rules and regulations.

12. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
13. Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed by the independent auditor, subject to applicable *de minimis* exceptions for non-audit services.

Internal Auditors

14. Review the appointment and replacement of the internal auditor.
15. Review the significant reports to management prepared by the internal auditor and management's responses.
16. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit function.

Legal Compliance

- On at least an annual basis, review with the Company's counsel any legal matters that could have a material impact on the Company's financial statements and with management any reports or inquiries received from regulators or governmental agencies.
- 17.
 - 18.

Other Audit Committee Responsibilities

18. Cause to be prepared the report to shareholders that is required by the Securities and Exchange Commission. The report should be included in the Company's annual proxy statement.
19. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
20. Review and approval or ratification of transactions with related persons.

21. Perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.
22. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.

IV. Limitation of Audit Committee's Role.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

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.

By /s/Patty Townsend Date August 18, 2016
Patty Townsend
Vice President, Secretary and Principal Financial Officer

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

Signature	Title	Date
/s/Mark W. McCutcheon Mark W. McCutcheon	Chairman of the Board, Chief Executive Officer, and President	August 18, 2016
/s/Patty Townsend Patty Townsend	Vice President, Secretary and Principal Financial Officer	August 18, 2016
/s/F. Wayne Pate F. Wayne Pate	Director	August 18, 2016
/s/Edward R. Pascoe Edward R. Pascoe	Director	August 18, 2016
/s/John P. McKleroy, Jr. John P. McKleroy, Jr.	Director	August 18, 2016
/s/John S.P. Samford John S.P. Samford	Director	August 18, 2016
/s/J. Wallace Nall, Jr. J. Wallace Nall, Jr.	Director	August 18, 2016
/s/Joann F. Bashinsky	Director	August 18, 2016

Joann F. Bashinsky

/s/Paul R. Bates Executive Vice-President August 18, 2016
Paul R. Bates and Director

/s/David A. Jones Executive Vice-President August 18, 2016
David A. Jones and Director

/s/William B. Morton, Jr. Director August 18, 2016
William B. Morton, Jr.

/s/John S. Stein III Director August 18, 2016
John S. Stein III

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INDEX TO EXHIBITS

	Page
2.1 Agreement and Plan of Merger, dated as of July 18, 2016, by and among Golden Enterprises, Inc., Utz Quality Foods Inc. and Westminster Sub, Inc.(incorporated by reference to Exhibit 2.1 Golden Enterprises, Inc. July 19, 2016 Form 8-K filed with the Commission).	
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).	

3.10^{3.1} Amendment to Bylaws of Golden Enterprises Inc. dated July 18, 2016 (incorporated by reference to Exhibit 3.1 Golden Enterprises, Inc. July 19, 2016 Form 8-K filed with the Commission).

(10) Material Contracts

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- A Form of Indemnity Agreement executed by and between Golden Enterprises, Inc. and Each of Its
- 10.1 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).
- Amendment to Salary Continuation Plans, Retirement and Disability for F. Wayne Pate dated April 9, 2002
- 10.9 (incorporated by reference to Exhibit 10.2 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- Amendment to Salary Continuation Plans, Retirement and Disability for John S. Stein dated April 9, 2002
- 10.10 (incorporated by reference to Exhibit 10.3 to Golden Enterprises, Inc. May 31, 2002 Form 10-K filed with the Commission).
- Amendment to Salary Continuation Plan, Death Benefits for John S. Stein dated April 9, 2002
- 10.11 (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).
- Amendment to Salary Continuation Plan for Mark W. McCutcheon dated December 30, 2008 (incorporated
- 10.20 by reference to Exhibit 10.20 Golden Enterprises, Inc. February 27, 2009 Form 10-Q filed with the Commission).

- 10.24 A Form of Indemnity Agreement to be executed by and between Golden Enterprises, Inc. and the following directors: Mark W. McCutcheon, Joann F. Bashinsky, John S. Stein, III, William B. Morton, Jr., Paul R. Bates and David A. Jones (incorporated by reference to Exhibit 10.24 to Golden Enterprises, Inc. January 13, 2011 Form 10-Q filed with the Commission)
- 10.27 Retention Bonus Agreement for Mark W. McCutcheon (incorporated by reference to Exhibit 10.27 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.28 Retention Bonus Agreement for Paul Randall Bates (incorporated by reference to Exhibit 10.28 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.29 Retention Bonus Agreement for David A. Jones (incorporated by reference to Exhibit 10.29 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.30 Retention Bonus Agreement for Patty R. Townsend (incorporated by reference to Exhibit 10.27 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.31 Option Cancellation Agreement for Mark W. McCutcheon (incorporated by reference to Exhibit 10.31 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.32 Option Cancellation Agreement for Paul Randall Bates (incorporated by reference to Exhibit 10.32 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.33 Option Cancellation Agreement for David A. Jones (incorporated by reference to Exhibit 10.33 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.34 Option Cancellation Agreement for Patty R. Townsend (incorporated by reference to Exhibit 10.34 to Golden Enterprises, Inc. July 22, 2016 Form 8-K filed with the Commission).
- 10.35 Second Amendment to Salary Continuation Plan for Mark W. McCutcheon dated July 14, 2016 filed herewith.
- 10.36 Third Amendment to Salary Continuation Plan for Mark W. McCutcheon dated August 16, 2016, filed herewith.
- 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 Golden Enterprises, Inc. May 31, 2004 Form 10-K filed with the Commission).

(18) Letter Re: Change in Accounting Principles

Letter from the Registrant's Independent Accountant dated August 12, 2005 indicating a change in the method of
18.1 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)

23.1 Consent of Carr, Riggs & Ingram, LLC

23.2 Consent of Dudley, Hopton-Jones, Sims & Freeman. PLLP

(31) Certifications

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

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

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

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

(99) Additional Exhibits

A copy of excerpts of the Last Will and Testament and Codicils thereto of Sloan Y. Bashinsky, Sr. and of the
SYB Common Stock Trust created by Sloan Y. Bashinsky, Sr. providing for the creation of a Voting Committee
99.1 to vote the shares of common stock of Golden Enterprises, Inc. held by SYB, Inc. and the Estate/Testamentary
Trust of Sloan Y. Bashinsky, Sr. (incorporated by reference to Exhibit 99.1 to Golden Enterprises, Inc.'s June 3,
2005 Form 10-K filed with the Commission).

99.2 Report of the Audit Committee.