

GOLDEN ENTERPRISES INC
Form 10-Q
October 09, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly (thirteen weeks) period ended August 29, 2014

OR

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

For the transition period from _____ to _____

Commission file number 0-4339

GOLDEN ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

63-0250005

(State or other jurisdiction of
incorporation or
organization)

(I.R.S. Employer
Identification No.)

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

35205
(Zip Code)

(205) 458-7316

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§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 (X) No ()

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

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

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

Yes () No (X)

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of September 26, 2014.

| Class | Outstanding at September 26, 2014 |
|------------------------------------|--------------------------------------|
| Common Stock, Par Value \$0.66 2/3 | 11,732,632 |

EXCHANGE ACT REPORTS AVAILABLE ON COMPANY WEBSITE

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

GOLDEN ENTERPRISES, INC.

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

| | (Unaudited) August 29, 2014 | (Audited) May 30, 2014 |
|------------------------------------|-----------------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,451,432 | \$ 1,160,630 |
| Receivables, net | 11,055,988 | 11,341,024 |
| Inventories: | | |
| Raw materials and supplies | 2,587,047 | 2,123,313 |
| Finished goods | 3,808,838 | 3,536,326 |
| | 6,395,885 | 5,659,639 |
| Prepaid expenses | 1,210,911 | 1,277,861 |
| Accrued income taxes | 129,359 | - |
| Deferred income taxes | 559,672 | 559,672 |
| Total current assets | 20,803,247 | 19,998,826 |
| Property, plant and equipment, net | 24,789,997 | 25,671,344 |
| Other assets | 1,777,769 | 1,810,096 |
| Total | \$ 47,371,013 | \$ 47,480,266 |

LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|---|--------------|--------------|
| CURRENT LIABILITIES | | |
| Checks outstanding in excess of bank balances | \$ 2,136,250 | \$ 1,971,076 |
| Accounts payable | 3,656,847 | 3,719,102 |
| Accrued income taxes | 476,307 | 378,659 |
| Current portion of long-term debt | 373,317 | 369,979 |
| Other accrued expenses | 5,659,315 | 5,953,171 |
| Salary continuation plan | 187,058 | 212,970 |
| Line of credit outstanding | 2,231,656 | 2,528,511 |
| Total current liabilities | 14,720,750 | 15,133,468 |
| LONG-TERM LIABILITIES | | |
| Notes payable - bank, non-current | 4,850,013 | 4,944,233 |
| Salary continuation plan | 917,288 | 920,184 |
| Deferred income taxes | 2,969,389 | 2,969,389 |
| Total long-term liabilities | 8,736,690 | 8,833,806 |

STOCKHOLDER'S EQUITY

Common stock - \$.66-2/3 par value:
35,000,000 shares authorized

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| | | |
|--|---------------|---------------|
| Issued 13,828,793 shares | 9,219,195 | 9,219,195 |
| Additional paid-in capital | 6,497,954 | 6,497,954 |
| Retained earnings | 19,129,043 | 18,728,462 |
| | 34,846,192 | 34,445,611 |
| Less: Cost of common shares in treasury (2,096,161 shares at August 29, 2014 and May 30, 2013) | (10,932,619) | (10,932,619) |
| Total stockholder's equity | 23,913,573 | 23,512,992 |
| Total | \$ 47,371,013 | \$ 47,480,266 |

See Accompanying Notes to Condensed
Consolidated Financial Statements

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

| | Thirteen Weeks Ended August 29, 2014 | Thirteen Weeks Ended August 30, 2013 |
|---|---|---|
| Net sales | \$ 34,125,036 | \$ 35,141,838 |
| Cost of sales | 17,002,866 | 17,469,087 |
| Gross margin | 17,122,170 | 17,672,751 |
| Selling, general and administrative expenses | 16,025,248 | 16,253,347 |
| Operating income | 1,096,922 | 1,419,404 |
| Other income (expenses): | | |
| Gain on sale of assets | 243,944 | 18,653 |
| Interest expense | (139,867) | (85,111) |
| Other income | 16,786 | 26,103 |
| Total other income (expenses) | 120,863 | (40,355) |
| Income before income taxes | 1,217,785 | 1,379,049 |
| Income taxes | 450,559 | 607,521 |
| Net income | \$ 767,226 | \$ 771,528 |
| PER SHARE OF COMMON STOCK | | |
| Basic earnings | \$ 0.07 | \$ 0.07 |
| Weighted average number of common stock share outstanding: | | |
| Basic | 11,732,632 | 11,732,632 |
| Cash dividends paid per share of common stock | \$ 0.0313 | \$ 0.0313 |

See Accompanying Notes to Condensed Consolidated Financial Statements

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

| | Thirteen Weeks Ended August 29, 2014 | Thirteen Weeks Ended August 30, 2013 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 34,410,072 | \$ 35,161,525 |
| Miscellaneous income | 16,786 | 26,103 |
| Cash paid to suppliers and employees | (17,125,607) | (17,248,536) |
| Cash paid for operating expenses | (15,935,446) | (16,584,623) |
| Income taxes paid | (482,270) | (37,673) |
| Interest expenses paid | (139,867) | (85,111) |
| Net cash provided by operating activities | 743,668 | 1,231,685 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (107,602) | (625,349) |
| Proceeds from sale of property, plant and equipment | 243,944 | 20,500 |
| Net cash used in investing activities | 136,342 | (604,849) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Debt proceeds | 8,554,850 | 9,616,552 |
| Debt repayments | (8,942,587) | (9,478,262) |
| Change in checks outstanding in excess of bank balances | 165,174 | (276,859) |
| Cash dividends paid | (366,645) | (366,645) |
| Net cash used in financing activities | (589,208) | (505,214) |
| Net change in cash and cash equivalents | 290,802 | 121,622 |
| Cash and cash equivalents at beginning of period | 1,160,630 | 757,111 |
| Cash and cash equivalents at end of period | \$ 1,451,432 | \$ 878,733 |

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

RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES

| | Thirteen Weeks Ended August 29, 2014 | Thirteen Weeks Ended August 30, 2013 |
|---|--|--|
| Net Income | \$ 767,226 | \$ 771,528 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 988,948 | 931,977 |
| Gain on sale of property and equipment | (243,944) | (18,653 |