CAL-MAINE FOODS INC
Form 11-K
June 29, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K
(mark one)

þ Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the annual period ended December 31, 2016

OR

¨ Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission File Number: 000-04892

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

CAL-MAINE FOODS, INC. KSOP

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CAL-MAINE FOODS, INC.
3320 WOODROW WILSON AVENUE
JACKSON, MS 39209

CAL-MAINE FOODS, INC. KSOP

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Report of the Independent Registered Public Accounting Firm

To Participants and the Audit Committee of the
Cal-Maine Foods, Inc. KSOP
Jackson, Mississippi

We have audited the accompanying statements of net assets available for benefits of the Cal-Maine Foods, Inc. KSOP (the “Plan”) as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Frost, PLLC

Little Rock, Arkansas
June 29, 2017

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CAL-MAINE FOODS, INC. KSOP

Statement of Net Assets Available for Benefits

December 31, 2016 and 2015

	2016	2015
Assets		
Investments, at fair value	$146,788,044	$150,495,044
Notes receivable from participants	3,429,996	3,101,378
Net assets available for benefits	$150,218,040	$153,596,422

The accompanying notes are an integral part of these financial statements.

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CAL-MAINE FOODS, INC. KSOP

Statement of Changes in Net Assets Available for Benefits

For the Years Ended December 31, 2016 and 2015

	2016	2015
Additions		
Investment income		
Interest and dividend income		
Interest	$12,444	$10,101
Dividends	3,731,024	6,129,020
Total interest and dividend income	3,743,468	6,139,121
Net change in fair value of investments	(3,126,402)	17,073,447
Total investment income	617,066	23,212,568
Interest income on notes receivable from participants	134,977	121,818
Contributions		
Employer contributions	2,888,281	2,586,529
Participant contributions	2,542,170	2,308,988
Rollover	1,027,136	763,603
Total contributions	6,457,587	5,659,120
Transfer from Delta Egg Farm, LLC 401(k) Plan	—	489,879
Total additions	7,209,630	29,483,385
Deductions		
Benefits paid to participants	10,505,932	10,845,554
Administrative expenses	82,080	129,600
Total deductions	10,588,012	10,975,154
Net increase in net assets available for benefits	(3,378,382)	18,508,231
Net assets available for benefits - beginning of year	153,596,422	135,088,191
Net assets available for benefits - end of year	$150,218,040	$153,596,422

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

December 31, 2016 and 2015

1. Summary of Significant Plan Provisions

The following description of the Cal-Maine Foods, Inc. KSOP (the "Plan") provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

a. General – The Plan covers substantially all employees of Cal-Maine Foods, Inc. and its subsidiaries (collectively, the "Company"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Effective January 1, 2015, the Delta Egg Farm, LLC 401(k) Plan was merged with the Plan.

b. Eligibility – Each employee, except leased employees, collective bargaining employees, contract employees, and employees of independent contractors shall become eligible to participate in the Plan on the entry date next following or coinciding with the employee attaining 21 years of age and one year of service during which the employee accrues 1,000 hours or more of service. Entry dates are January 1, April 1, July 1 and October 1.

c. Contributions – Participants may contribute a portion of pretax annual compensation, as defined by the Plan Document. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participant may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollovers). The Company made safe harbor nonelective contributions equal to 3% of compensation during the years ended December 31, 2016 and 2015. These contributions are initially invested in Cal-Maine Foods, Inc. common stock. The Company can also make additional discretionary nonelective contributions. The Company did not make an additional contribution for the years ended December 31, 2016 or 2015. Contributions are subject to certain Internal Revenue Service ("IRS") limitations.

d. Participant accounts – Each participant's account is credited with the participant contributions and an allocation of (a) the Company's contributions, (b) Plan earnings/losses, and is charged with applicable withdrawals and an allocation of administrative expenses. Allocations are based on the participant's compensation, contributions or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

A participant, alternate payee of a participant, or beneficiary of a deceased participant has the immediate right to elect to diversify any publicly traded employer securities held in their Company stock account attributable to participating Company contributions and any publically traded securities held in their safe harbor nonelective contribution Company stock account and reinvest the proceeds in any other investments available under the Plan.

e. Vesting – Participants are vested immediately in their contributions and Company safe harbor contributions plus actual earnings thereon.

f. Investment options – Participants may direct the investment of their interest in the Plan into the investment options offered under the Plan. Participants may change their investment selections at any time via internet or direct phone access to the SunTrust Benefits Service Center.

g. Notes receivable from participants – Participants may borrow from their accounts a minimum of $1,000 up to a maximum of the lesser of $50,000 or 50% of the vested interest in their account balance. Note terms range from one to five years or up to 15 years if for the purchase of a primary residence. The notes are secured by the balance in the participant's account and bear interest at a rate determined by the Plan Administrative Committee equivalent to that charged by major financial institutions in the community. Principal and interest is paid ratably through weekly or biweekly payroll deductions.

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December 31, 2016 and 2015

h. Payment of benefits – Benefits are generally payable on termination, retirement, death or disability. If the participant's vested balance is $1,000 or less, it will be automatically distributed. In-service withdrawals are allowed from all participant accounts if the participant has attained age 59½, at any time from a participant's rollover account, or once a year from a participant's non-safe harbor Company stock account and non-elective deferral Company Stock Account for participants with five or more years of participation.

Distributions from a participant's Company stock account are made either in cash or Company stock, as elected by the participant. Non-company stock accounts are distributed in lump sum or installments.

i. Voting rights of stock – Each participant shall have the right to direct the committee or trustee as to the manner in which whole and partial shares of the Company's stock allocated to their accounts as of the record date are to be voted in each matter brought before an annual or special shareholders' meeting.

j. Termination of the Plan – Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

2. Summary of Significant Accounting Policies

a. Basis of accounting – The accompanying financial statements are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

b. Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

c. Investment valuation and income recognition – Investments are reported at fair value. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net change in fair value includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

d. Notes receivable from participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued, but unpaid, interest. Delinquent notes receivable from participants are recorded as a distribution based upon the terms of the Plan documents.

e. Payment of benefits – Benefits are recorded when paid.

f. Administrative expenses – Certain administrative and recordkeeping fees are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements.

g.

Subsequent event – Effective January 1, 2017 the Plan was amended to allow automatic enrollment. Each employee who satisfies the eligibility requirements and whose initial entry date to become a participant occurs on or after January 1, 2017 shall automatically be deemed to have made an automatic deferral of 3% unless the employee makes a contrary election.

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December 31, 2016 and 2015

3. Fair Value Measurements

Fair value 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 categorized based on a hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 or 2015:

Interest-bearing cash: This investment is valued at historical cost, which approximates fair value.

Money market fund: This investment is valued at the fair value of the underlying investments, which are valued based on quoted market prices at the end of the Plan year.

Common stock and mutual funds: These investments are valued based on quoted market prices at the end of the Plan year.

Common collective trust funds: These investments are valued based on the net asset value ("NAV") of units held by the Plan at year end, as calculated by the issuer, as a practical expedient to estimate fair value. NAV is calculated based on the fair value of the underlying assets owned by the fund, minus its liabilities, divided by the number of units outstanding.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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Notes to Financial Statements

December 31, 2016 and 2015

The following table sets forth the Plan's assets at fair value.

Level 1	Level 2