J&J SNACK FOODS CORP
Form 11-K
June 25, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

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

For the Fiscal Year ended December 31, 2008

OR

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

For the transition period from __________ to __________

Commission file number 0-14616

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

J & J Snack Foods Corp. 401(k) Profit Sharing Plan

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

J & J Snack Foods Corp.
6000 Central Highway
Pennsauken, NJ 08109

Financial Statements and Report of Independent Registered Public Accounting Firm

J&J Snack Foods Corp. 401(k) Profit-Sharing Plan

December 31, 2008 and 2007

CONTENTS

Report of Independent Registered Public Accounting Firm

Participants and Trustees
J & J Snack Foods Corp. 401(k) Profit-Sharing Plan

We have audited the accompanying statements of net assets available for benefits of the J & J Snack Foods Corp. 401(k) Profit-Sharing Plan (the Plan) as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. 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 audits 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 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 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 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, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedules of Assets (Held at End of Year) and Reportable (5%) Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/GRANT THORNTON LLP

Philadelphia, Pennsylvania
June 22, 2009

J & J Snack Foods Corp. 401(k) Profit-Sharing Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

	December 31,	
	2008	2007
ASSETS		
Investments		
Participant directed at fair value	$ 39,867,912	$ 52,352,838
Participant loans at fair value	2,999,548	2,838,548
Total investments	42,867,460	55,191,386
Receivables		
Employer contributions	35,204	137,002
Participant contributions	72,652	315,633
Total receivables	107,856	452,635
LIABILITIES	-	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 42,975,316	$ 55,644,021

The accompanying notes are an integral part of these statements.

J & J Snack Foods Corp. 401(k) Profit-Sharing Plan

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended December 31, 2008

Additions	
Additions to/(deductions from) net assets attributed to	
Investment (loss)/income	
Net depreciation in fair value of investments	$ (16,085,925)
Interest and dividend income	1,605,995
Total loss on investments	(14,479,930)
Contributions	
Employer	1,399,716
Participants	3,361,914
Total contributions	4,761,630
Total additions	_(9,718,300)
Deductions	
Deductions from net assets attributed to	
Benefits paid to participants	(2,899,415)
Administrative expenses	(50,990)
Total deductions	(2,950,405)
NET DECREASE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS	(12,668,705)
Net assets available for plan benefits	
Beginning of year	55,644,021
End of year	$ 42,975,316

The accompanying notes are an integral part of this statement.

J & J Snack Foods Corp. 401(k) Profit-Sharing Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE A - DESCRIPTION OF THE PLAN

The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. General

The Plan is a defined contribution plan covering all employees of J & J Snack Foods Corp. (the Company) who have one year of service and are age 21 or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

2. Contributions

Each year, participants may make a pretax contribution deferring no less than 2% or more than 25% of total compensation, as defined by the Plan, subject to Internal Revenue Service regulations. Participants who have attained the age of 50 before the end of the Plan year are eligible to make an additional $5,000 catch-up contribution. For 2008, a participant's tax-deferred contribution was limited to $15,500. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 17 investment options for participants, one of which is common stock of the Plan sponsor, J&J Snack Foods Corp.

The Company may contribute:

- A discretionary matching contribution equal to a percentage of the amount of the salary reduction elected for deferral by each participant (in 2008, 60% of employee's salary reduction up to 5% of salary). This percentage will be determined each year by the Company.

- On behalf of each non-highly compensated participant, a special discretionary contribution equal to a percentage of the participant's compensation. This percentage will be determined each year by the Company. There was no such contribution in 2008.

- A discretionary amount in addition to the special contribution, which will be determined each year by the Company. There was no such contribution in 2008.

3. Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of (a) the Company's contribution and, (b) Plan earnings net of expenses, and (c) forfeitures of terminated participants' nonvested accounts. Allocations are based on participant earnings 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.
Participants have the ability to make daily transfers of all or a portion of employee and employer contributions to their account from one fund to another in multiples of 5% of the fund balance.

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J & J Snack Foods Corp. 401(k) Profit-Sharing Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE A - DESCRIPTION OF THE PLAN – Continued

4. Vesting

Participants are 100% vested in their salary reduction contributions. Vesting in the Company’s match contribution is based on years of service. Participants are vested at a rate of 20% for each year of service from years two to six (fully vested after six years).

5. Payment of Benefits

On termination of service, benefits are payable in a lump sum form at the election of the participant.

As allowed under IRS rules, participants may withdraw funds from their vested accounts while employed to satisfy an immediate and heavy financial need, which is considered a hardship withdrawal. Any amount withdrawn will be subject to income taxes and may be subject to an additional tax due to early withdrawal. Participants may not contribute to the Plan for six months following a hardship withdrawal.

6. Loans to Participants

The trustee may make loans from the Plan to participants in accordance with the Plan document. All loans to participants are considered investments of the trust fund and bear market rates of interest. In 2008, the interest rates ranged from 5.00% to 9.50%. Participants may borrow up to 50% of their vested balance up to $50,000. All loans are to be repaid within five years unless the loan is used to acquire a principal residence, in which case the term may be longer.

7. Forfeited Accounts

The total annual forfeitures for 2008 and 2007 were $34,040 and $28,793, respectively. These amounts were allocated among the participants’ accounts in the same proportion that matching contributions allocated to such participants’ accounts for the year bear to the total matching contributions allocated to all participants’ accounts for the year.

8. Reclassifications

Certain reclassifications to the 2007 statements have been made to conform to the 2008 presentation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Plan’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

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J & J Snack Foods Corp. 401(k) Profit-Sharing Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

1. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

2. Fair Value of Financial Instruments

The Plan's investments are stated at fair value, which 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. Participant loans are valued at outstanding principal balances, which approximates fair value. Shares of registered investment companies mutual funds are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. The Unitized Stock Fund is valued at its year-end unit price (comprised of year-end market price of J&J Snack Foods Corp Common Stock plus uninvested cash position). Common collective trust funds are stated at fair value as determined by the issuer of the common collective trust funds based on the fair market value of the underlying investments. Common collective trust funds with underlying investments in investment contracts are valued at the fair market value of the underlying investments and then adjusted by the issuer to contract value.

The Plan adopted Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements, as of January 1, 2008, which requires enhanced disclosures about investments that are measured and reported at fair value. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable pricing inputs (Level III). An investment's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy under SFAS No. 157 are described below:

- Level I – Valuations are based on unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities;

- Level II – Valuations are based on quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active. Investments which are included in this category are securities where all significant inputs are observable, either directly or indirectly;
- Level III – Prices or valuations that are unobservable and where there is little, if any, market activity for these investments. The inputs into the determination of fair value inputs for these investments require significant management judgment or estimation.