

PARKS AMERICA, INC  
Form 10-Q  
May 08, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

X .

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended April 1, 2012**

**OR**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**COMMISSION FILE NUMBER 000-51254**

**Parks! America, Inc.**

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(Exact Name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

91-0626756  
(I.R.S. Employer  
Identification No.)

**1300 Oak Grove Road**

**Pine Mountain, GA 31822**

(Address of principal executive offices) (Zip Code)

Issuer's telephone Number: (706) 663-8744

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of *large accelerated filer*, *accelerated filer* and *smaller reporting company* in Rule 12b-2 of the Exchange Act. (Check one):

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

(do not check if smaller  
reporting company)

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

Yes . No X .

As of May 1, 2012, the issuer had 73,956,537 outstanding shares of Common Stock.

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**PARKS! AMERICA, INC and SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**April 1, 2012**



**PARKS! AMERICA, INC and SUBSIDIARIES**

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**PARKS! AMERICA, INC. and SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (Unaudited)**

As of April 1, 2012 and October 2, 2011

	<b>April 1, 2012</b>	<b>October 2, 2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash unrestricted	\$ 150,039	\$ 41,097
Inventory	124,415	130,415
Accounts Receivable	0	20,253
Prepaid expenses	16,410	31,426
Total Current Assets	290,864	223,191
<b>Property and Equipment, net</b>	<b>6,243,601</b>	<b>6,353,808</b>
<b>Other Assets</b>		
Intangible assets, net	1,715	2,582
Deposits	8,500	8,500
Total Other Assets	10,215	11,082
<b>TOTAL ASSETS</b>	<b>\$ 6,544,680</b>	<b>\$ 6,588,081</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 102,342	\$ 121,473
Accrued expenses	121,761	193,355
Notes payable lines of credit	493,000	42,000
Current maturities of long term debt	239,790	227,102
Total Current Liabilities	956,893	583,930
<b>Long-term Debt</b>		
Long term obligations	3,394,721	3,518,799
<b>TOTAL LIABILITIES</b>	<b>4,351,614</b>	<b>4,102,729</b>
<b>STOCKHOLDERS EQUITY</b>		
Common stock; 300,000,000 shares authorized, at \$.001 par value; 73,956,537 and 73,781,537 shares issued and outstanding, respectively	73,956	73,781
Capital in excess of par	4,792,656	4,791,081
Treasury stock	(3,250)	(3,250)
Accumulated deficit	(2,670,296)	(2,376,260)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>2,193,066</b>	<b>2,485,352</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 6,544,680</b>	<b>\$ 6,588,081</b>

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





**PARKS! AMERICA, INC. and SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

For the Three and Six Months Ended April 1, 2012 and March 27, 2011

	For 3 Months Ended		For 6 Months Ended	
	April 1, 2012	March 27, 2011	April 1, 2012	March 27, 2011
<b>NET SALES</b>	\$ 565,824	\$ 461,504	\$ 1,080,549	\$ 971,628
Sale of animals	7,779	14,865	8,004	26,147
<b>TOTAL NET SALES</b>	573,603	476,369	1,088,553	997,775
<b>OPERATING EXPENSES</b>				
Cost of sales	135,565	79,862	209,606	194,931
Selling, general and administrative	418,333	424,939	908,774	1,068,622
Depreciation & amortization	77,554	76,654	155,110	160,475
(Gain) loss on disposal of operating assets	(5,959)	0	(5,959)	10,877
<b>Total Operating Expenses</b>	625,493	581,455	1,267,531	1,434,905
<b>INCOME FROM OPERATIONS</b>	(51,890)	(105,086)	(178,978)	(437,130)
<b>OTHER INCOME (EXPENSES)</b>				
Other income (expense)	11,085	10,700	15,633	108,773
Interest expense	(72,998)	(96,650)	(130,691)	(167,546)
<b>Total Other Income (Expenses)</b>	(61,913)	(85,950)	(115,058)	(58,773)
<b>NET INCOME LOSS BEFORE INCOME TAXES</b>	(113,803)	(191,036)	(294,036)	(495,903)
<b>PROVISION FOR TAXES</b>	0	0	0	0
<b>NET PROFIT (LOSS)</b>	\$ (113,803)	\$ (191,036)	\$ (294,036)	\$ (495,903)
<b>WEIGHTED OUTSTANDING SHARES (in 000's)</b>	73,957	73,782	73,893	73,703
<b>NET INCOME (LOSS) PER SHARE / FULLY DILUTED SHARE</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)

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

**PARKS! AMERICA, INC. and SUBSIDIARIES****CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY (Unaudited)**

As of April 1, 2012

	<b>Common Stock</b>		<b>Additional Paid</b>	<b>Treasury</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>in Capital</b>	<b>Stock</b>	<b>Deficit</b>	
<b>Balance at December 26, 2010</b>	73,781,537	\$73,781	\$4,791,081	(\$3,250)	(\$2,645,858)	\$2,215,754
Net Income for the Period Ended October 2, 2011	0	0	0	0	269,598	269,598
<b>Balance at October 2, 2011</b>	73,781,537	\$73,781	\$4,791,081	(\$3,250)	(\$2,376,260)	\$2,485,352
Issuance of common stock to directors and officers	175,000	\$175	1,575	0	0	1,750
Net Loss for the Period Ended April 1, 2012	0	0	0	0	(294,036)	(294,036)
<b>Balance at April 1, 2012</b>	73,956,537	\$73,956	\$4,792,656	(\$3,250)	(\$2,670,296)	\$2,193,066

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

**PARKS! AMERICA, INC. and SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

For the Six Months Ended April 1, 2012 and March 27, 2011

	<b>Six Months</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>April 1, 2012</b>	<b>March 27, 2011</b>
Net income (loss) for the period	\$ (294,036)	\$ (495,903)
<b>Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:</b>		
Depreciation expense and amortization	155,110	160,475
Forgiveness & write off of accrued expenses	0	(96,865)
Share-based compensation	1,750	1,750
<b>Changes in Assets and Liabilities</b>		
(Increase) decrease in prepaid expenses	15,016	19,034
(Increase) decrease in inventory	6,000	19,984
(Increase) decrease in accounts receivable	20,253	0
Increase (decrease) in accrued expenses	(71,594)	36,700
Increase (decrease) in accounts payable	(19,131)	(92,934)
<b>Net Cash Used In Operating Activities</b>	<b>(186,632)</b>	<b>(447,759)</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	(44,036)	(28,104)
<b>Net Cash (Used In) Investing Activities</b>	<b>(44,036)</b>	<b>(28,104)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds (payments) on lines of credit (LOC)	451,000	587,562
Proceeds (payments) on related party LOC	0	50,000
Payments on note payable	(111,390)	(136,023)
<b>Net Cash Provided By Financing Activities</b>	<b>339,610</b>	<b>501,539</b>
<b>Net Increase in Cash</b>	<b>108,942</b>	<b>25,676</b>
Cash at beginning of period	41,097	63,599
Cash at end of period	\$ 150,039	\$ 89,275
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 141,633	\$ 168,619
Cash paid for income taxes	\$ 0	\$ 0

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



**PARKS! AMERICA, INC. and SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**1. ORGANIZATION**

Parks! America ( Parks! or the Company ) was originally incorporated on July 30, 1954 as Painted Desert Uranium & Oil Co., Inc. in Washington State. On October 1, 2002, Painted Desert Uranium & Oil Co., Inc. changed its name to Royal Pacific Resources, Inc. and its corporate domicile to the State of Nevada.

On December 19, 2003, Royal Pacific Resources, Inc. acquired the assets of Great Western Parks LLC, including the Crossroads Convenience Center LLC., pursuant to a Share Exchange Agreement that resulted in our assuming control and changing the corporate name to Great American Family Parks, Inc. The acquisition was accounted for as a reverse acquisition in which Great Western Parks was considered to be the acquirer of Royal Pacific Resources for reporting purposes. Our common stock outstanding increased from 2,533,000 to 29,600,000 as a result of the acquisition. On June 11, 2008 the Company changed its name from Great American Family Parks, Inc. to Parks! America, Inc.

The Company owns and operates through wholly-owned subsidiaries two regional theme parks and is in the business of acquiring, developing and operating local and regional theme parks and attractions in the United States. Our wholly-owned subsidiaries are Wild Animal, Inc., a Missouri corporation ( Wild Animal - Missouri ) and Wild Animal Safari, Inc. a Georgia corporation ( Wild Animal - Georgia ). Wild Animal - Georgia owns and operates the Wild Animal Safari theme park in Pine Mountain, Georgia (the Georgia Park ). Wild Animal - Missouri owns and operates the Wild Animal Safari theme park located in Strafford, Missouri (the Missouri Park ).

The parks are open year round but experience increased seasonal attendance during the months of April through August.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and include the following: local conditions, events, disturbances and terrorist activities, accidents occurring at our parks, adverse weather conditions, competition with other theme parks and other entertainment alternatives, changes in consumer spending patterns, credit market and general economic conditions, and any future legal proceedings.

On June 13, 2005, the Company acquired the Georgia Park and on March 5, 2008, the Company acquired the Missouri Park.

## 2. SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation:*** Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. We believe that the disclosures are adequate to make the financial information presented not misleading. These condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the nine month period ended October 2, 2011. All adjustments were of a normal recurring nature unless otherwise disclosed. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim period have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.



**PARKS! AMERICA, INC. and SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Method:** The Company recognizes income and expenses based on the accrual method of accounting.

**Reclassifications:** Certain accounts and financial statement captions in the prior periods have been reclassified to conform to the current period financial statements.

**Dividend Policy:** The Company has not yet adopted a policy regarding payment of dividends.

**Basic and Diluted Net Income (loss) Per Share:** Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise any common share rights unless the exercise becomes anti-dilutive and then only the basic per share amounts are shown in the report.

Basic and diluted net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding in each period.

**Revenue Recognition:** The major source of income is received from theme park admissions. Theme park revenues from admission fees are recognized upon receipt of the cash at the time of our customers' visit to the parks. No theme park ticket sales are made in advance. Short term seasonal passes are sold primarily during the summer seasons and are negligible to our results of operations and are not material. The Company is currently developing a new product line of selling surplus animals created from the natural breeding process that occurs within the parks. All sales will be reported as a separate line item.

**Trade Accounts Receivable:** The theme parks are a cash business therefore there are typically no receivables on the books of the Company. As of April 1, 2012 and October 2, 2011, respectively, the Company had \$0 and \$20,253 in receivables primarily from the sale of animals in late September following the end of the Company's busy season.

**Advertising and Market Development:** The Company expenses advertising and marketing costs as incurred.

**Income Taxes:** The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax basis of the assets and liabilities and are measured using the enacted tax rates and laws is recorded, when it is more likely than not, that such tax benefits will not be realized.

**Financial and Concentrations Risk:** The Company does not have any concentration or related financial credit risks except for. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

**Principles of Consolidation:** The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (Wild Animal-Georgia and Wild Animal-Missouri). All material inter-company accounts and transactions have been eliminated in consolidation.

**PARKS! AMERICA, INC. and SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fiscal Year End:** The Company changed its fiscal year-end from December 31 to September 30, and its quarterly close dates to the closest Sunday to the end of each reporting period. For the year 2011, the closest Sunday to September 30 was October 2. This decision was made to align the Company's fiscal periods more closely with the seasonality of its business. The high season typically begins at Spring Break and ends after the Labor Day holiday weekend. The period from October through early March is geared towards maintenance and preparation for the next busy season.

**Estimates and Assumptions:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

**Property and Equipment:** Property and equipment are stated at cost. Depreciation is computed on the straight line method over the estimated useful lives of the assets, which range from five to forty years. A summary is included below.

	<u>April 1,</u>		<u>October 2,</u>	<u>Depreciable</u>
	<u>2012</u>		<u>2011</u>	<u>Lives</u>
Land	\$ 2,507,180	\$	2,507,180	none
Buildings	2,936,918		2,924,605	40 years
Facilities and Improvements & Equipment	680,463		674,967	5 - 15 years
Furniture & Fixtures	75,189		74,333	7 years
Ground Improvements	749,149		749,149	15 years
Park animals	587,459		586,859	5 - 10 years
Rides & entertainment	22,000		22,000	7 years
Vehicles	275,468		250,696	5 years
Sub-total	7,833,826		7,789,789	
Accumulated Depreciation	(1,590,225)		(1,435,981)	
Total Net Assets	\$ 6,243,601	\$	6,353,808	

***Inventory:*** Inventory consists of park supplies, and is stated at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventories are reviewed and reconciled annually, because inventory levels turn over rapidly.

**PARKS! AMERICA, INC. and SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Other Intangible assets:*** Other intangible assets include franchising fees, loan fees, payroll software, and they are reported at cost. Franchising and loan fees are amortized over a period of 60 months and payroll software over a period of 36 months.

***Impairment of Long-Lived Assets:*** The Company reviews its major assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an asset is considered impaired, then impairment will be recognized in an amount determined by the excess of the carrying amount of the asset over its fair value.

***Financial Instruments:*** The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short-term maturities. Securities that are publicly traded are valued at their fair market value based as of the balance sheet date presented.

***Uncertainties:*** The accompanying financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern during the next twelve months depends on the ability of the Company to generate revenues from operations, to maintain its existing sources of capital and to obtain extensions on existing debt maturities or obtain new sources of financing sufficient to sustain operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

***Stock Based Compensation:*** Prior to January 1, 2006 the company accounted for stock based compensation under recognition and measurement principles of ASC 718 and as permitted under APB Opinion No. 25, and related interpretations. Effective January 1, 2006 the company adopted ASC 718 using the modified prospective method which recognizes compensation costs on a straight-line basis over the requisite service period of the ASC 718 requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised be classified as cash inflows from financing activities and cash outflows from operating activities. The company also applies ASC 718 and EITF No. 96-18 stock based compensation to non-employees. No activity has occurred in relation to stock options during any period presented. The Company awards shares of its common stock to its Board of Directors for service on the Board. The shares issued to the Board are restricted and are not to be re-sold unless an exemption is available, such as the exemption afforded by Rule 144 promulgated under the

Securities Act of 1933, as amended (the Securities Act ). The Company recognizes the expense based on the fair market value at time of the grant. Directors are granted 25,000 shares annually for each year of service in December.

As a result, these changes impact how companies reference GAAP in their financial statements and in their significant accounting policies. The Company implemented the Codification in this Report by providing references to the Codification topics alongside references to the corresponding standards. With the exception of the pronouncements noted above, no other accounting standards or interpretations issued or recently adopted are expected to have a material impact on the Company's financial position, operations or cash flows.

**PARKS! AMERICA, INC. and SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**3. LONG-TERM DEBT**

On March 10, 2011, the Company secured refinancing (the New Loan ) for its Georgia Park from Commercial Bank and Trust, a division of Synovus Bank. The New Loan bears interest at a rate of 6.5% per annum, is payable in monthly payments of \$18,049 based on a fourteen year amortization and has a maturity date of May 10, 2014. It required a loan fee of \$2,500. The New Loan is secured by the Georgia Park land, buildings and improvements and most of the Park s assets and was guaranteed by the Company.

	April 1, 2012	October 2, 2011
The Commercial Bank and Trust of Troup County original loan was repaid in monthly installments of \$19,250 based on a twenty year amortization schedule. The interest rate on the original loan was 7.75% for the first five years. The original loan matured on November 17, 2010, but terms continued on a month to month basis until March 2011. The new note requires monthly payments of \$18,048.55 based on a 14 year amortization. The loan has a fixed interest rate of 6.5%, and a balloon payment due in June 2014. The loan is secured by a first priority security agreement and a first priority security deed on the Georgia Park s assets.	\$ 1,889,580	\$ 1,935,043

In addition, Wild Animal-Georgia. maintains several lines of credit loans from Commercial Bank & Trust Company of Troup County (CB&T) for working capital purposes which total \$600,000. These lines of credit are renewable annually, subject to the satisfactory performance by the Georgia Park s assets. The lines of credit were drawn down to \$493,000 and \$42,000 as of April 1, 2012 and October 2, 2011, respectively. All advances are recorded as current liabilities.

On March 5, 2008 the Company s wholly owned subsidiary Wild Animal-Georgia issued a note payable to Oak Oak, Inc. in the amount of \$1,750,000 for debt incurred in the purchase of the Missouri Park. The note bears interest at a rate of 8% per annum was payable in 36 monthly installments of \$12,841, and a final balloon payment at the end of the 3<sup>rd</sup> year. In March, 2011 Wild Animal-Missouri made an additional one-time lump sum payment of \$50,000 that allowed it to extend the loan for an additional 2 years on the same terms. The note was extended an additional two years and the final balloon payment is due in full March 2013.

1,629,863	1,641,266
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On March 5, 2008 the Company obtained a loan from Commercial Bank & Trust in the amount of \$500,000 to improve and upgrade facilities of the Missouri Park. The loan bears interest at a rate of 7.25% per annum and is payable in 60 monthly payments of \$9,986.

	115,069	169,591
Total Debt	3,634,511	3,745,900
Less current portion of long-term debt	(239,790)	(227,101)
Long-term Debt	\$ 3,394,721	\$ 3,518,799



**PARKS! AMERICA, INC. and SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**3. LONG-TERM DEBT (CONTINUED)**

At April 1, 2012, the scheduled future principal maturities for all notes are as follows:

<b>Period Ending 4/1/2012</b>	
2012	\$ 239,790
2013	1,718,786
2014	1,675,935
2015	0
2016	0
Thereafter	0
	3,634,511
Less: current portion	(239,790)
Long-term portion	\$ 3,394,721

**4. LINES OF CREDIT**

Wild Animal-Georgia maintains several lines of credit loans from Commercial Bank & Trust Company of Troup County ( CB&T ) for working capital purposes which total \$600,000. These lines of credit ( LOCs ) are renewable annually. The LOCs were drawn down to \$493,000 and \$42,000 as of April 1, 2012 and October 2, 2011, respectively. All advances are recorded as current liabilities. The LOC interest rates are tied to the prime interest rate and have a minimum rate of 6% for \$350,000 and 5.5% for the other \$250,000.

**5. NOTE PAYABLE RELATED PARTY**

On March 4, 2011 the Company received an unsecured loan (the Loan ) in the amount of \$50,000 from the Chairman and CEO of the Company. The Loan had a term of one (1) year and bore interest at a rate of 6% per annum. The Company used the proceeds of the Loan toward the balloon payment due on the Missouri Mortgage. The Loan was repaid in full in April, 2011.

## 6. STOCKHOLDERS EQUITY

As policy, capital stock shares issued for service to the Company are valued based on market price on the date of issuance. During December 2011 and December 2010, the Company awarded 175,000 shares of the Company's common stock to seven directors for their service on the Board of Directors for their service in that respective year at a fair market value of \$0.01 per share or \$1,750. These amounts were reported as an expense to operations during the period in which they were awarded.

As of April 1, 2012 officer, directors and their controlled entities own approximately 40% of the outstanding common stock of the Company.

**PARKS! AMERICA, INC. and SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**7. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

*Employment Agreements:* During the second quarter of 2009, the Board approved separate employment agreements with three officers which provided for annual salaries in the aggregate of \$195,000, as compensation for the part-time employment of the officers retroactive to June 1, 2009 for a five-year term.

Three of four previous employment agreements signed in April 2008 were terminated. The one remaining employment contract from April 2008 is for a full time officer and he receives \$120,000 pursuant to his continuing employment agreement.

Some of the employment agreements provide for additional severance compensation for the term of the contract if: (i) the agreement is terminated by the Company without cause (as defined therein) or (ii) terminated by the executive following a change in control (as defined therein). These agreements also entitle the officers to participate in stock option plans to be set up. The additional severance compensation totals \$615,000.

On December 16, 2010 the Board of Directors terminated Tristan Pico as Chief Executive Officer and Secretary of the Company. Mr. Pico remains a member of the Company's Board of Directors.

The salaries of all officers are reviewed annually and no changes were made in 2011. On January 27, 2011 the Company announced the following actions concerning the Company's executive officers, effective immediately: Dale Van Voorhis was appointed Chief Executive Officer of the Company; James R. Meikle was appointed Chief Operating Officer of the Company and Jeff Lococo was appointed Secretary of the Company.

On March 4, 2011 the Company received an unsecured loan (the Loan) in the amount of \$50,000 from the Chairman and CEO of the Company. The Loan had a one (1) year term and an interest rate of 6% per annum. The Company used the proceeds of the Loan toward the balloon payment due on the Missouri Mortgage. In April of 2011, the Loan was repaid in full. See Note 5 for more information regarding the Loan.

**8. INCOME TAXES**

For the six month period ended April 1, 2012, the Company has reported a loss of \$294,036. The current loss will be added to the Company's net operating loss carryforward. The Company has fully reserved for the net deferred tax asset generated by the cumulative net operating losses. The cumulative net operating loss carry-forward is approximately \$4,787,000 at April 1, 2012 and will begin to expire in the year 2026.

**PARKS! AMERICA, INC. and SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

April 1, 2012

**8. INCOME TAXES (CONTINUED)**

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is \$1,627,580; however this entire potential asset is reserved as of January 1, 2012. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$4,787,000 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

**9. COMMITMENTS AND CONTINGENCIES**

On May 16, 2011 the U.S. Department of Agriculture's Animal and Plant Health Inspection Service ( USDA APHIS ) issued a citation to the Company alleging violations of certain USDA APHIS regulations and assessed a penalty in the amount of \$76,857. On July 8, 2011 the Company submitted a reply to the USDA APHIS citation which contained, among other things, mitigating factors which the Company believed should be considered in determining the amount of the fine. As of April 1, 2012, USDA APHIS responded to the Company with a reduced assessment of \$11,170 The Company reduced its reserve by \$65,687 to reflect this revised assessment. The Company also addressed the compliance issues raised in the citation and is implementing new operational controls to address these matters going forward.

**10. CHANGE IN FISCAL YEAR END**

The Company changed its fiscal year-end from December 31 to September 30, and its quarterly close dates to the closest Sunday to the end of each reporting period. For the quarter ended December 31, 2011, the closest Sunday was January 1, 2012. For the year 2011, the closest Sunday to September 30 was October 2. This decision was made to align the Company's fiscal periods more closely with the seasonality of its business. The high season typically begins at Spring Break and ends after the Labor Day holiday weekend. The period from October through early March is geared towards maintenance and preparation for the next busy season..

## 11. SUBSEQUENT EVENTS

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to April 1, 2012 to the date these financial statements were issued, and have determined that it does not have any material subsequent events to disclose in these consolidated financial statements.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

Management's discussion and analysis of results of operations and financial condition ( MD&A ) is a supplement to the accompanying consolidated financial statements and provides additional information on the Company's businesses, current developments, financial condition, cash flows and results of operations. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this report and with our transition report on Form 10-K for the period ended October 2, 2011. Certain statements contained herein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed more fully herein.

The forward-looking information set forth in this annual report is as of the date of this filing, and we undertake no duty to update this information. More information about potential factors that could affect our business and financial results is included in the section entitled "Risk Factors" in this annual report.

### **Overview**

Through our wholly-owned subsidiaries, we own and operate two regional theme parks and are in the business of acquiring, developing and operating local and regional theme parks and attractions in the United States. Our wholly-owned subsidiaries are Wild Animal, Inc., a Missouri corporation ( Wild Animal - Missouri ) and Wild Animal Safari, Inc. a Georgia corporation ( Wild Animal - Georgia ). Wild Animal-Georgia owns and operates the Wild Animal Safari theme park in Pine Mountain, Georgia (the Georgia Park ). Wild Animal - Missouri owns and operates the Wild Animal Safari theme park located in Strafford, Missouri (the Missouri Park ).

Our goal is to build a family of theme parks primarily through acquisitions of small, local and regional, privately-owned existing parks and to develop a series of compatible, themed attractions. The Company also may pursue contract management opportunities for themed attractions owned by third parties.

Our philosophy is to acquire existing amusement park properties with the following primary criteria in mind:

- Properties that have an operating history;

- Properties where our management team believes the potential exists to increase profits and operating efficiencies; and

- Properties where there is additional, underutilized land upon which to expand operations.

We believe that acquisitions should not unnecessarily encumber the Company with debt that cannot be justified by current operations. By using a combination of equity, debt and other financing options, we intend to carefully monitor shareholder value in conjunction with our pursuit of growth.

As we look at our operations for the period ended April 1, 2012, our principal concern is the Missouri Park which continues to have improving, but unsatisfactory operating results. We increased net revenue at the Missouri Park by 20% to \$219,512 for the six month period ended April 1, 2012 versus the six month period ended March 27, 2011. The Missouri Park's operating margin was a loss of \$140,825 as compared to an operating loss of \$192,087 for the same period last year.

We believe that years of operation under prior owners have resulted in preconceptions about the condition of the Missouri Park that we still have to overcome. We have worked since our acquisition of the Missouri Park in March of 2008 to upgrade the Park's physical facilities and dramatically improve its food service. The challenge is to bring the public's perception of the Park in line with its current condition and level of service. We expect that this effort will take time, but that it will yield favorable results. We will continue to focus our efforts to promote the Missouri Park and make such improvements as our capital budget allows.

Our current size and operating model leaves us little room for mistakes. Our highest priority is to make the Missouri Park operation profitable. The current tightness in the financial markets may make it difficult to raise the capital necessary to make the Missouri Park profitable. Any future capital raised by the Company is likely to result in dilution to existing stockholders. It is possible that cash generated by, or available to, the Company may not be sufficient to fund our capital and liquidity needs for the near-term.

In March 2011 the Company signed a new loan agreement with its primary lending institution which replaced our then-maturing mortgage loan on the Georgia Park. The new loan agreement has a term of three years (based on a 14-year amortization) and bears interest at a rate of 6.5% per annum (down from previous mortgage rate of 7.75%). Our auditors have issued a clean opinion for the second year in a row, after qualifying their opinion for each of 2008 and 2009 with a "going concern" exception. We believe this is due, in part, to our successful efforts to refinance the maturing mortgage at the Georgia Park in March 2011.





## Results of Operations For the Six Month Period Ended April 1, 2012 as Compared to Six Month Period Ended March 27, 2011

### *Change in Fiscal Year End*

The Company changed its fiscal year-end from December 31 to September 30, and its quarterly close dates to the closest Sunday to the end of each reporting period. For the quarter ending December 31, 2011, the closest Sunday to this date was January 1, 2012. This decision was made to align the Company's fiscal periods more closely with the seasonality of its business. The high season typically begins at Spring Break and ends after the Labor Day holiday weekend. The period from October through early March is geared towards maintenance and preparation for the next busy season..

### *Total Net Revenues for the Six Month Period Ended April 1, 2012*

The Company's total net revenues for the six month period ended April 1, 2012 increased by \$90,778, or 9%, to \$1,088,553 versus the six month period ended March 27, 2011. The Georgia Park's revenue increased by \$54,918 as a result of an increase of 6% in park attendance during the six month period ended April 1, 2012 versus the six months ended March 27, 2011. The Missouri Park's attendance increased by 16% during the six month period ended April 1, 2012 and admission revenue at Missouri Park increased by \$35,860, or 20%, versus the six month period ended March 27, 2011. The Missouri Park generated animal sales of \$4,883 during the six month period ended April 1, 2012 versus \$25,947 in animal sales during the six month period ended March 27, 2011.

The following table breaks down our operations by subsidiary for the six months ended April 1, 2012 as compared with six months ended March 27, 2011:

<b>Six Months</b>	<b>Georgia Park</b>		<b>Missouri Park</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Total Net Sales	\$869,041	\$814,123	\$219,512	\$183,652	\$1,088,553	\$997,775
Operating Expenses	676,949	712,486	360,337	375,739	1,037,286	1,088,225
<b>Operating Margin</b>	192,092	101,637	(140,825)	(192,087)	51,267	(90,450)
Margin %	22%	12%	-64%	-105%	5%	-9%
<b>Corporate operating expenses</b>					230,245	346,680
<b>Loss from operations</b>					(\$178,978)	(\$437,130)

### **Operating Margin**

The operating margin at the Georgia Park increased by \$90,455 to \$192,092 versus the six month period ended March 27, 2011 margin due to lower operating costs and higher net sales in 2012. Operating costs at the Georgia Park decreased by \$35,537 to \$676,949. This decrease was primarily the result of reducing our reserve associated with a fine imposed by the USDA, originally assessed at \$76,857 and subsequently lowered to \$11,170, following a successful appeal by the Company. The Georgia Park recorded a credit to operating expenses of approximately \$66,000 to reflect the final revised assessment that the Park received in March 2012. Operating costs at the Missouri Park decreased by \$15,402 reflecting lower spending on animal food and recording lower depreciation expense. Additionally, the Missouri Park recorded a \$10,184 loss on disposal of assets during the six month period ended March 27, 2011 versus no losses during the six month period ended April 1, 2012.

The operating margin for both Parks improved by \$141,717 to a profit margin of \$51,267 during the six month period ended April 1, 2012 versus a loss of \$90,450 during the six month period ended March 27, 2011. This improvement is primarily due to the credit recorded to the Georgia Park operating expense discussed above. The Company's goal for the Missouri Park is to break even at the operating margin line this fiscal year.

#### ***Corporate Expenses and Other***

Corporate spending declined by \$116,435 to \$230,245 during the six month period ended April 1, 2012, primarily as a result of lower legal and accounting fees and the elimination of one officer position in December, 2010. Due to the change in our fiscal year end, accounting fees for the annual audit were recorded in the period ending October 2, 2011. Legal expenses during the six month period ended March 27, 2011 were significantly higher due to the fact they included the costs associated with conducting the shareholders meeting and responding to a shareholder's attempt to gain control of the company. The Corporate staff reduction saved the Company \$17,500 during the six month period ended April 1, 2012 versus the six month period ended March 27, 2011.

***Interest Cost and Other Income***

Interest expense during the six month period ended April 1, 2012 was \$130,691, a decline of \$36,855 as compared with the six month period ended March 27, 2011. This reduction was a result of a lower rate on the renewal of the Georgia Park mortgage and the benefit of the Company having a lower total debt outstanding during the period, including the Company's lines of credit.

Other Income for the six month period ended March 27, 2011 included \$97,000 in credits from favorable settlements on previously billed legal and accounting services expensed in or before December 2009.

**Net Loss and Loss Per Share**

The Company's net loss declined by \$201,867 to a loss of \$294,036, or \$0.00 per share and fully diluted per share, for the six month period ended April 1, 2012 as compared with a loss of \$494,903, or \$0.01 per share and fully diluted per share, for the six month period ended March 27, 2011. The operating margin from both Parks improved by a total of \$141,717 and corporate spending declined by \$116,435 during this six month period while earnings for the six month period ended March 27, 2011 benefited from recording a \$97,000 credit from the settlement of previously accrued legal and accounting bills.

***Total Net Revenues for the Three Month Period Ended April 1, 2012***

The Company's total net revenues for the three month period ended April 1, 2012 increased by \$97,234, or 20%, to \$573,603 versus the three month period ended March 27, 2011. The Georgia Park's revenue increased by \$63,077 as a result of an increase of 16% in park attendance during the three month period ended April 1, 2012 versus the three month period ended March 27, 2011. The Missouri Park's attendance increased by 39% during the three month period ended April 1, 2012 and Missouri Park revenue increased by \$34,157, or 39%, versus the three month period ended March 27, 2011. Animal sales during the second quarter were \$7,779 versus \$14,865 during the same period last year.

The following table breaks down our operations by subsidiary for the three months ended April 1, 2012 as compared with the three months ended March 27, 2011:

<b><u>2nd Quarter</u></b>	<b>Georgia Park</b>		<b>Missouri Park</b>		<b>Total</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Total Net Sales	\$451,798	\$388,721	\$121,805	\$87,648	\$573,603	\$476,369
Operating Expenses	325,193	319,823	191,210	172,002	516,403	491,825
<b>Operating Margin</b>	126,605	68,898	(69,405)	(84,354)	57,200	(15,456)
Margin %	28%	18%	-57%	-96%	10%	-3%
<b>Corporate operating expenses</b>					109,090	89,630
<b>Loss from operations</b>					(\$51,890)	(\$105,086)

### **Operating Margin**

The operating margin at the Georgia Park increased by \$57,707 to \$126,605 for the three month period ended April 1, 2012 versus the operating margin for the three month period ended March 27, 2011. The primary reason for the higher margin was a result of a recording a credit of \$65,750 to operating expenses of the Georgia Park. In May, 2011, the Georgia Park was assessed a \$76,857 fine by the USDA and the Company provided a reserve for the entire amount. During the period ended April 1, 2012, following an appeal by the Company, the USDA reduced its fine to \$11,107. Operating margin at the Missouri Park improved by \$14,949 as a result of higher attendance.

### ***Corporate Expenses and Other***

Corporate spending increased by \$19,460 to \$109,090 during the three month period ended April 1, 2012, primarily as a result of higher legal fees and travel expenses.

### ***Interest Cost and Other Income***

Interest expense during the three month period ended April 1, 2012 was \$72,998, a decline of \$23,652 as compared with the three month period ended March 27, 2011. This reduction was a result of a lower rate on the renewal of the Georgia Park mortgage and the benefit of the Company having a lower total debt outstanding.

## Net Loss and Loss Per Share

The Company's net loss declined by \$77,233 to a loss of \$113,803, or \$0.00 per share and fully diluted per share, for the three months ended April 1, 2012 as compared with a loss of \$191,036, or \$0.00 per share and fully diluted per share, for the three months ended March 27, 2011.

## Liquidity and Capital Resources

Management believes that it has improved its operations to the point that it can now generate enough cash to fund its operations, make its mortgage payments and spend modestly on capital improvements in the near-term. Any slowdown in revenue or unusual capital outlays would require us to seek additional capital

On March 4, 2011 the Company received an unsecured loan (the "Loan") in the amount of \$50,000 from the Chairman and CEO of the Company. The Loan had a term of one (1) year and with an interest rate of 6% per annum. The Company used the proceeds of the Loan toward the balloon payment due on the Missouri Mortgage. The Loan was repaid in full in April, 2011.

The Company's working capital is negative \$666,029 at April 1, 2012 as compared to a negative \$360,739 working capital at October 2, 2011. The decline in our working capital reflects the negative cash flow generated during the off season which is the first six months of our operating year. The next six months represents the busy season of our business and this measurement will improve substantially. The Company should generate positive cash flow during the next two quarters. During the period from March 28, 2011 through October 1, 2011, the Company generated a net income of approximately \$460,000.

Total debt related to property mortgages and lines of credit ("LOC"), including current maturities, at April 1, 2012 was \$4.1 million as compared to \$3.8 million at October 2, 2011. The increase in debt was a result of our negative cash flow and having to borrow on LOCs during the six month period ended April 1, 2012. The LOC balance increased to \$493,000 from \$42,000 as of October 2, 2011. The Company has \$107,000 available on its lines of credit to fund operations during its next fiscal quarter.

The Company is continuing to explore opportunities to refinance its mortgages on a more permanent basis than we currently have in place.

At April 1, 2012, the Company had equity of \$2,193,066 and total debt of \$4,127,511 (including LOCs) and a debt to equity ratio of 1.88 to 1. The Company's debt to equity ratio was 1.52 to 1 as of October 2, 2011.

Our principal source of income is from cash sales, which is projected to provide sufficient cash flow to fund operations and service our current debt. During the next twelve to twenty-four months, management will focus on improving the financial condition of the Company.

### **Off Balance Sheet Arrangements**

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of any contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An infinite number of variables can be posted that could have an effect on valuation of assets and liabilities. For example, it is assumed that:

- Revenue and profit growth at the theme parks will continue;
- The infrastructure will accommodate the additional customers;
- Cost of improvements and operations will remain a relatively stable budgeted allocation; and
- Per capita spending by the customers will continue to rise in relation to the rise in capital expenditures;





If any one of these assumptions, or combination of assumptions, proves incorrect, then the values assigned to real estate, per capita revenues, attendance and other variables that have remained consistent over the past two years may not be realized. The same would be true if higher than expected revenue streams occurred.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

N/A

**ITEM 4. CONTROLS AND PROCEDURES.**

Based on an evaluation conducted by management, of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Exchange Act Rule 13a-15(e) they concluded that our disclosure controls and procedures were effective as of April 1, 2012, to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are:

1.

recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and

2.

accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

(a) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

(c) 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. Even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce this risk.

Based on its assessment, management has concluded that the Company's disclosure controls and procedures and internal control over financial reporting are effective.

## **PART II**

### **ITEM 1. LEGAL PROCEEDINGS**

On May 16, 2011 the U.S. Department of Agriculture's Animal and Plant Health Inspection Service ( USDA APHIS ) issued a citation to the Company alleging violations of certain USDA APHIS regulations and assessed a penalty in the amount of \$76,857. On July 8, 2011 the Company submitted a reply to the USDA APHIS citation which contained, among other things, mitigating factors which the Company believed should be considered in determining the amount of the fine. As of April 1, 2012, USDA APHIS responded to the Company with a reduced assessment of \$11,170. The Company reduced its reserve by \$65,687 to reflect this revised assessment. The Company also addressed the compliance issues raised in the citation and is implementing new operational controls to address these matters going forward.



## **ITEM 1A. RISK FACTORS**

### **Significant Amounts of Additional Financing May Be Necessary For the Implementation of Our Business Plan.**

The Company may require additional debt and equity financing to pursue its acquisition strategy. Given its limited operating history, there can be no assurance that we will be successful in obtaining additional financing. Lack of additional funding could force us to curtail substantially our expansion plans. Furthermore, the issuance by us of any additional securities and the exercise of Warrants which might arise under any future fundraising activities undertaken by us would dilute the ownership of existing shareholders and may reduce the price of our common stock.

### **The Theme Park Industry is Highly Competitive and We May Be Unable to Compete Effectively.**

The theme park industry is highly competitive, highly fragmented, rapidly evolving, and subject to technological change and intense marketing by providers with similar products. One of our competitors for attracting general recreation dollars, Callaway Gardens, is located within five miles of our Georgia Park. Branson, Missouri is located just 45 minutes from our Missouri Park.

Many of our current competitors are significantly larger and have substantially greater market presence as well as greater financial, technical, operational, marketing and other resources and experience than we have. In the event that such a competitor expends significant sales and marketing resources in one or several markets we may not be able to compete successfully in such markets. The Company believes that competition will continue to increase, placing downward pressure on prices. Such pressure could adversely affect our gross margins if we are not able to reduce costs commensurate with such price reductions. In addition, the pace of technological change makes it impossible for us to predict whether we will face new competitors using different technologies to provide the same or similar products offered or proposed to be offered by us. If our competitors were to provide better and more cost effective products, our business could be materially and adversely affected.

### **We Face Strong Competition from Numerous Entertainment Alternatives.**

In addition to competing with other themed and amusement parks, our venues compete with other types of recreational venues and entertainment alternatives, including but not limited to movies, sports attractions, vacation travel and video games. There can be no assurance that we will successfully differentiate ourselves from these entertainment alternatives or that consumers will consider our entertainment offerings to be more appealing than those of our competitors. The development of technology-based entertainment has provided families with a wider selection of entertainment alternatives close to or in their homes, including home entertainment units, online gaming, and video

game parlors. In addition, traditional theme parks have been able to reduce the cost and increase the variety of their attractions by implementing technologies that cannot be readily incorporated by a wild animal park such as the Georgia Park or Missouri Park.

**Our Insurance Coverage May Not Be Adequate To Cover All Possible Losses That We Could Suffer, and Our Insurance Costs May Increase.**

Companies engaged in the theme park business may be sued for substantial damages in the event of an actual or alleged accident. An accident occurring at our parks or at competing parks may reduce attendance, increase insurance premiums, and negatively impact our operating results. The Georgia Park contains a drive-through, safari style Animal Park, and there are inherent risks associated with allowing the public to interact with animals. Although we carry liability insurance to cover this risk, there can be no assurance that our coverage will be adequate to cover liabilities, or that we will be able to afford or obtain adequate coverage should a catastrophic incident occur.

We currently have \$6,000,000 of liability insurance. We will continue to use reasonable commercial efforts to maintain policies of liability, fire and casualty insurance sufficient to provide reasonable coverage for risks arising from accidents, fire, weather, other acts of God, and other potential casualties. There can be no assurance that we will be able to obtain adequate levels of insurance to protect against suits and judgments in connection with accidents or other disasters that may occur in our theme parks.

**Our Ownership of Real Property Subjects Us to Environmental Regulation, Which Creates Uncertainty Regarding Future Environmental Expenditures and Liabilities.**

We may be required to incur costs to comply with environmental requirements, such as those relating to discharges to air, water and land; the handling and disposal of solid and hazardous waste; and the cleanup of properties affected by hazardous substances. Under these and other environmental requirements we may be required to investigate and clean up hazardous or toxic substances or chemical releases at one of our properties. As an owner or operator, we could also be held responsible to a governmental entity or third party for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination. Environmental laws typically impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. The liability under those laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of the responsibility. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our property. We are not currently aware of any material environmental risks regarding our properties. However, we may be required to incur costs to remediate potential environmental hazards or to mitigate environmental risks in the future.

**The Suspension or Termination of Any of our Business Licenses May Have a Negative Impact On Our Business**

We maintain a variety of standard business licenses issued by federal, state and city government agencies that are renewable on a periodic basis. We cannot guarantee that we will be successful in renewing all of our licenses on a periodic basis. The suspension, termination or expiration of one or more of these licenses could have a significant adverse affect on our revenues and profits. In addition, any changes to the licensing requirements for any of our licenses could affect our ability to maintain the licenses.

**We Are Dependent Upon the Services of Our Executive Officers and Consultants.**

Our success is heavily dependent on the continued active participation of our executive officers. Loss of the services of one or more of these officers could have a material adverse effect upon our business, financial condition or results of operations. In particular, we place substantial reliance upon the efforts and abilities of Dale Van Voorhis, Chairman of the Board of Directors and Chief Operating Officer and Jim Meikle, President of Wild Animal-Georgia and Wild Animal-Missouri and also a member of the Company's Board of Directors. The loss of Mr. Van Voorhis or Mr. Meikle's services could have a serious adverse effect on our business, operations, revenues or prospects.

Further, our success and achievement of our growth plans depend on our ability to recruit, hire, train and retain other highly qualified technical and managerial personnel. Competition for qualified employees among companies in the theme park industry is intense, and the loss of any such persons, or an inability to attract, retain and motivate any

additional highly skilled employees required for the expansion of the Company's activities, could have a materially adverse effect on the Company. The inability of the Company to attract and retain the necessary personnel and consultants and advisors could have a material adverse effect on the Company's business, financial condition or results of operations.

**Our Common Stock is Subject to the Penny Stock Rules of the SEC and the Trading Market in Our Securities is Limited, Which Makes Transactions In Our Stock Cumbersome and May Reduce the Value of an Investment in Our Stock.**

The Securities and Exchange Commission has adopted Rule 15c-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

that a broker or dealer approve a person's account for transactions in penny stocks; and

the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

obtain financial information and investment experience objectives of the person; and

make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:



sets forth the basis on which the broker or dealer made the suitability determination; and

that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

**We Do Not Expect to Pay Dividends for Some Time, if At All.**

No cash dividends have been paid on our common stock. We expect that any income received from operations will be devoted to our future operations and growth. We do not expect to pay cash dividends in the near future. Payment of dividends would depend upon our profitability at the time, cash available for those dividends, and other factors.

**Future Capital Needs Could Result in Dilution to Investors; Additional Financing Could be Unavailable or Have Unfavorable Terms.**

Our future capital requirements will depend on many factors, including cash flow from operations, progress in our present operations, competing market developments, and our ability to market our products successfully. It may be necessary to raise additional funds through equity or debt financings. Any equity financings could result in dilution to our then-existing stockholders. Sources of debt financing may result in higher interest expense. Any financing, if available, may be on terms unfavorable to us.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

N/A

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None

**ITEM 4. MINE SAFETY DISCLOSURES**

None

**ITEM 5. OTHER INFORMATION.**

None

**ITEM 6. EXHIBITS.**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
31.1	Certification by Chief Executive Officer as required by Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Financial Officer as required by Rule 13a-14 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.



**SIGNATURES**

Pursuant to the requirements 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.

PARKS! AMERICA, INC.

By: /s/ Dale Van Voorhis

May 4, 2012

Dale Van Voorhis

Chief Executive Officer