

PARKS AMERICA, INC  
Form 10-Q  
August 13, 2013

**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 June 30, 2013**

**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.**

Edgar Filing: PARKS AMERICA, INC - Form 10-Q

(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  . (Do not check if a smaller reportingSmaller reporting company  .  
company)

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

As of August 7, 2013, the issuer had 74,106,537 outstanding shares of Common Stock.

---

**PARKS! AMERICA, INC and SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2013**

**PARKS! AMERICA, INC and SUBSIDIARIES**

**TABLE OF CONTENTS**

|   | Page |
|---|------|
| <b>UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>        |      |
| Consolidated Balance Sheets                               | 3    |
| Consolidated Statements of Operations                     | 4    |
| Consolidated Statement of Changes in Stockholders' Equity | 5    |
| Consolidated Statements of Cash Flows                     | 6    |
| Notes to Consolidated Financial Statements                | 7    |



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

As of June 30, 2013 and September 30, 2012

|  | June 30, 2013       | September 30,<br>2012 |
|--|---------------------|-----------------------|
| <b>Assets</b>                                    |                     |                       |
| Cash unrestricted                                | \$ 220,258          | \$ 147,962            |
| Inventory  | 145,700             | 147,792               |
| Prepaid expenses                                 | 21,572              | 44,808                |
| Total current assets                             | 387,530             | 340,562               |
| Property and equipment, net                      | 6,281,859           | 6,196,845             |
| Intangible assets, net                           | 180,808             | 5,097                 |
| Deposits   | 8,500               | 8,500                 |
| <b>Total assets</b>                              | <b>\$ 6,858,697</b> | <b>\$ 6,551,004</b>   |
| <b>Liabilities and Stockholders Equity</b>       |                     |                       |
| <b>Liabilities</b>                               |                     |                       |
| Accounts payable                                 | \$ 87,477           | \$ 134,758            |
| Accrued expenses                                 | 244,480             | 113,854               |
| Notes payable lines of credit                    | -                   | -                     |
| Notes payable related parties                    | 120,000             | -                     |
| Current maturities of long-term debt             | 106,932             | 1,773,935             |
| Total current liabilities                        | 558,889             | 2,022,547             |
| Long-term debt                                   | 3,569,851           | 1,745,503             |
| Total liabilities                                | 4,128,740           | 3,768,050             |
| <b>Stockholders equity</b>                       |                     |                       |
| Common stock; 300,000,000 shares authorized,     |                     |                       |
| at \$.001 par value; 74,106,537 and 73,956,537   |                     |                       |
| shares issued and outstanding, respectively      | 74,106              | 73,956                |
| Capital in excess of par                         | 4,794,006           | 4,792,656             |
| Treasury stock                                   | (3,250)             | (3,250)               |
| Accumulated deficit                              | (2,134,905)         | (2,080,408)           |
| <b>Total stockholders equity</b>                 | <b>2,729,957</b>    | <b>2,782,954</b>      |
| <b>Total liabilities and stockholders equity</b> | <b>\$ 6,858,697</b> | <b>\$ 6,551,004</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 Months and Nine Months Ended June 30, 2013 and July 1, 2012

|   | For the three months ended |                   | For the nine months ended |                  |
|---|----------------------------|-------------------|---------------------------|------------------|
|   | June 30, 2013              | July 1, 2012      | June 30, 2013             | July 1, 2012     |
| Net sales   | \$ 1,317,362               | \$ 1,372,457      | \$ 2,437,480              | \$ 2,453,006     |
| Sale of animals   | 10,845                     | 6,245             | 15,235                    | 14,249           |
| <b>Total net sales</b>  | <b>1,328,207</b>           | <b>1,378,702</b>  | <b>2,452,715</b>          | <b>2,467,255</b> |
| Cost of sales   | 144,076                    | 168,020           | 330,403                   | 377,626          |
| Selling, general and administrative                                       | 703,734                    | 689,079           | 1,851,808                 | 1,597,853        |
| Depreciation and amortization   | 63,695                     | 77,557            | 203,306                   | 232,667          |
| (Gain)/loss on disposal of operating assets                               | 128                        | -                 | (11,032)                  | (5,959)          |
| <b>Income from operations</b>   | <b>416,574</b>             | <b>444,046</b>    | <b>78,230</b>             | <b>265,068</b>   |
| Other income, net   | 1,256                      | 7,270             | 5,627                     | 22,903           |
| Gain on retirement of debt  | -                          | -                 | 105,656                   | -                |
| Interest expense  | (69,743)                   | (71,043)          | (197,662)                 | (201,734)        |
| <b>Income (loss) before income tax</b>                                    | <b>348,087</b>             | <b>380,273</b>    | <b>(8,149)</b>            | <b>86,237</b>    |
| <b>Income tax provision</b>   | <b>46,348</b>              | <b>-</b>          | <b>46,348</b>             | <b>-</b>         |
| <b>Net income (loss)</b>  | <b>\$ 301,739</b>          | <b>\$ 380,273</b> | <b>\$ (54,497)</b>        | <b>\$ 86,237</b> |
| <b>Weighted average shares outstanding (in 000's) - basic and diluted</b> | <b>74,107</b>              | <b>73,957</b>     | <b>74,107</b>             | <b>73,914</b>    |
| <b>Income (loss) per share - basic and diluted</b>                        | <b>\$ 0.00</b>             | <b>\$ 0.00</b>    | <b>\$ (0.00)</b>          | <b>\$ 0.00</b>   |

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)**

For the Year Ended September 30, 2012 and the Nine Months Ended June 30, 2013

|                               | Shares     | Amount    | Capital in<br>Excess of Par | Treasury<br>Stock | Accumulated<br>Deficit | Total        |
|-------------------------------|------------|-----------|-----------------------------|-------------------|------------------------|--------------|
| Balance at October 2, 2011    | 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                       | -                 | -                      | 1,750        |
| Net income for the year ended |            |           |                             |                   |                        |              |
| September 30, 2012            | -          | -         | -                           | -                 | 295,852                | 295,852      |
| Balance at September 30, 2012 | 73,956,537 | \$ 73,956 | \$ 4,792,656                | \$ (3,250)        | \$ (2,080,408)         | \$ 2,782,954 |
| Issuance of common stock to   |            |           |                             |                   |                        |              |
| directors and officers        | 150,000    | 150       | 1,350                       | -                 | -                      | 1,500        |
| Net loss for the nine months  |            |           |                             |                   |                        |              |
| ended June 30, 2013           | -          | -         | -                           | -                 | (54,497)               | (54,497)     |
| Balance at June 30, 2013      | 74,106,537 | \$ 74,106 | \$ 4,794,006                | \$ (3,250)        | \$ (2,134,905)         | \$ 2,729,957 |

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

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

For the Nine Months Ended June 30, 2013 and July 1, 2012

|   | For the nine months ended |              |
|---|---------------------------|--------------|
|   | June 30, 2013             | July 1, 2012 |
| <b>Cash Flows from Operating Activities:</b>                |                           |              |
| Net (loss) income   | \$ (54,497)               | \$ 86,237    |
| Reconciliation of net (loss) income to net cash provided by |                           |              |
| operating activities:                                       |                           |              |
| Depreciation and amortization expense                       | 203,306                   | 232,667      |
| (Gain) on disposal of assets                                | (11,032)                  | -            |
| Share-based compensation                                    | 1,500                     | 1,750        |
| (Gain) from retirement of debt                              | (105,656)                 | -            |
| Changes in assets and liabilities                           |                           |              |
| Decrease in prepaid expenses                                | 23,236                    | 15,502       |
| Decrease in inventory                                       | 2,092                     | 9,000        |
| Decrease in accounts receivable                             | -                         | 20,253       |
| Increase (decrease) in accrued expenses                     | 130,626                   | (87,561)     |
| Increase (decrease) in accounts payable                     | (47,281)                  | 72,045       |
| Net cash provided by operating activities                   | 142,294                   | 349,893      |
| <b>Cash Flows from Investing Activities:</b>                |                           |              |
| Acquisition of property and equipment                       | (282,544)                 | (117,212)    |
| Proceeds from the disposition of property and equipment     | 16,396                    | -            |
| Net cash used in investing activities                       | (266,148)                 | (117,212)    |
| <b>Cash Flows from Financing Activities:</b>                |                           |              |
| Payments on lines of credit                                 | -                         | (25,000)     |
| Payments on notes payable                                   | (10,179)                  | (168,314)    |
| Pay-off all mortgages                                       | (3,413,782)               | -            |
| Proceeds from refinancing                                   | 3,686,962                 | -            |
| Refinancing fees  | (186,851)                 | -            |
| Proceeds from related party borrowings                      | 170,000                   | -            |
| Payments on related party borrowings                        | (50,000)                  | -            |
| Net cash provided by (used in) financing activities         | 196,150                   | (193,314)    |
| Net increase in cash  | 72,296                    | 39,367       |
| Cash at beginning of period                                 | 147,962                   | 41,097       |
| Cash at end of period                                       | \$ 220,258                | \$ 80,464    |

**Supplemental Cash Flow Information:**

|                            |    |         |    |         |
|----------------------------|----|---------|----|---------|
| Cash paid for interest     | \$ | 199,502 | \$ | 212,676 |
| Cash paid for income taxes | \$ | -       | \$ | -       |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2013

**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 the Company 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. The Company's 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. The Company's wholly-owned subsidiaries are Wild Animal Safari, Inc. a Georgia corporation ( Wild Animal Georgia ) and Wild Animal, Inc., a Missouri corporation ( Wild Animal Missouri ). 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 ). On June 13, 2005, the Company acquired the Georgia Park and on March 5, 2008, the Company acquired 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 accidents occurring at our parks, competition from other parks, weather conditions during our primary tourist season, the price of animal feed, the price of gasoline, changes in consumer spending patterns and general economic conditions.

## 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. The Company believes the disclosures are adequate to make the financial information presented not misleading. These condensed financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended September 30, 2012. 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 periods have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

**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.

**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.

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

**Trade Accounts Receivable:** The theme parks are cash businesses therefore there are typically no trade accounts receivable on the books of the Company. As of June 30, 2013 and September 30, 2012, respectively, the Company had no outstanding trade accounts receivable.



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2013

**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 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 the Company's 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 animal sales are reported as a separate line item.

**Advertising and Market Development:** The Company expenses advertising and market development 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 the financial reporting and the tax basis of the assets and liabilities, and are measured using the enacted tax rates and laws. Management periodically reviews the Company's deferred tax assets to determine whether their value can be realized based on available evidence. A valuation allowance is established when management believes it is more likely than not, that such tax benefits will not be realized. Changes in valuation allowances from period to period are included in the Company's income tax provision in the period of change.

**Financial and Concentrations Risk:** The Company does not have any concentration or related financial credit risks. 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.

**Fiscal Year End:** During 2011, the Company changed its fiscal year-end from December 31 to September 30, and changed its quarterly close dates to the last Sunday that falls at the end of each reporting period. This decision was made to align the Company's fiscal periods more closely with the seasonality of its business. The high season typically 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, which typically begins at Spring Break and runs through Labor Day.



**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.

|                               | June 30, 2013 | September 30, 2012 | Depreciable Lives |
|-------------------------------|---------------|--------------------|-------------------|
| Land                          | \$ 2,507,180  | \$ 2,507,180       | not applicable    |
| Buildings and structures      | 3,051,050     | 2,952,983          | 40 years          |
| Facilities and equipment      | 841,462       | 754,312            | 5 - 15 years      |
| Furniture and fixtures        | 75,664        | 75,189             | 7 years           |
| Ground improvements           | 777,472       | 751,149            | 15 years          |
| Park animals                  | 600,707       | 589,234            | 5 - 10 years      |
| Rides and entertainment       | 22,000        | 22,000             | 7 years           |
| Vehicles                      | 330,681       | 291,429            | 5 years           |
| Total cost                    | 8,206,216     | 7,943,476          |                   |
| Less accumulated depreciation | (1,924,357)   | (1,746,631)        |                   |
| Property and equipment, net   | \$ 6,281,859  | \$ 6,196,845       |                   |

**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.

**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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2013

**Other Intangible assets:** Historically, other intangible assets included franchising fees, loan fees, payroll software, and they were reported at cost. As of June 30, 2013 franchise fees and payroll software are amortized to \$0. The closing costs associated with the Company's refinancing on January 9, 2013 totaled \$186,851 and will be amortized over the life of the loans. See Footnote 3 - LONG-TERM DEBT for more information.

**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, 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 January 9, 2013 refinancing of all the Company's then outstanding debt lowered the Company's required annual debt service payments by approximately \$174,396 (see Footnote 3 - LONG-TERM DEBT for more information). Management believes this refinancing provides the Company additional margin to continue to fund its operations and meet its debt service obligations. However, the ability of the Company to continue as a going concern during the next twelve months continues to depend on the ability of the Company to generate revenues from operations, and to maintain its existing sources of capital and to meet its existing debt service obligations or obtain additional sources of capital. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Share-Based Compensation:** Prior to January 1, 2006 the Company accounted for share-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 associated with the grant. 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 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 a year, usually toward the end of each fiscal year.

**Recent Accounting Pronouncements:** The Company does not expect recently issued accounting standards or interpretations to have a material impact on the Company's financial position, operations or cash flows.

### 3. LONG-TERM DEBT

On January 9, 2013, the Company completed a refinancing transaction (the Refinancing Loan) with Commercial Bank & Trust Company of Troup County (CB&T) as lender. The Refinancing Loan was for a principal amount of \$3,752,000 and has a 20-year term. The Refinancing Loan bears interest at the rate of Prime Rate plus 2.50% or 5.75% during the first five years of the loan term. Thereafter, the interest rate will be re-priced every five years based on the then-Prime Rate plus 2.50%. During the first four months following the closing of the Refinancing Loan the Company made interest-only payments. The minimum required monthly payment is approximately \$26,343 during the first five years of the Refinancing Loan term.

The closing costs for the Refinancing Loan totaled \$175,369 and are being amortized over the 20-year life of the loan. The Company used the proceeds from the Refinancing Loan to pay off all of its then outstanding debt (including the seller financing from the purchase of the Missouri Park), with an additional \$230,000 available for new construction and renovations at the Parks.

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

June 30, 2013

During the fiscal year 2012, the Company's loans required annual payments totaling \$490,512 compared to the new estimated annual payments of \$316,116, thereby reducing the Company's annual debt service payments by \$174,396.

|  | June 30,<br>2013 | September 30,<br>2012 |
|--|------------------|-----------------------|
| On January 9, 2013, the Company completed a refinancing transaction with CB&T as lender. The Refinancing Loan was for a principal amount of \$3,752,000 and has a twenty-year term. The Refinancing Loan bears interest at the rate of Prime Rate plus 2.50% (5.75% through January 8, 2018) during the first five years of the Loan term. Thereafter, the interest rate will be re-priced every five years based on the then-Prime Rate plus 2.50%. During the first four months of the Refinancing Loan the Company made interest-only payments. As of June 30, 2013, the Company has \$66,464 available to draw on this loan. The estimated full monthly payment will be \$26,343, after all funding is in place, during the first five years of the loan term. | \$ 3,676,783     | \$ 0                  |
| The CB&T loan required monthly payments of \$18,048.55 based on a 14-year amortization. The loan had a fixed interest rate of 6.5%, and a balloon payment due in June 2014. The loan was secured by a first priority security agreement and a first priority security deed on the assets of the Georgia Park. This note was retired on January 9, 2013.  | Retired          | 1,843,278             |
| On March 5, 2008, the Company issued a note payable to Oak Oak, Inc. in the amount of \$1,750,000 in conjunction with the purchase of the Missouri Park. The note bore interest at 8% and was payable in 36 monthly installments of \$12,841, with a final balloon payment at the end of the third year. In March 2011, the Company made an additional one-time lump sum payment of \$50,000 thereby extending final balloon payment until March 2013 on the same terms. This note was repaid in full on January 9, 2013. As part of the terms of the original note, the Company was entitled to a discount of \$105,656 if this note was paid in full before maturity. This discount is recorded as a gain in other income.                                       | Retired          | 1,617,622             |
| On March 5, 2008, the Company obtained a loan from CB&T in the amount of \$500,000 to improve and upgrade facilities of the Missouri Park. This loan bore interest at a rate of 7.25% and was payable in 60 monthly payments of \$9,986. This loan was repaid in full on January 9, 2013.  | Retired          | 58,538                |
| Total debt   | 3,676,783        | 3,519,438             |
| Less current portion of long-term debt   | (106,932)        | (1,773,935)           |

Long-term debt \$ 3,569,851 \$ 1,745,503

At June 30, 2013, the scheduled principal maturities by fiscal year are as follows:

|            |    |           |
|------------|----|-----------|
| 2013       | \$ | 26,237    |
| 2014       |    | 108,374   |
| 2015       |    | 114,772   |
| 2016       |    | 121,548   |
| 2017       |    | 128,725   |
| thereafter |    | 3,177,127 |
|            | \$ | 3,676,783 |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2013

**4. LINES OF CREDIT**

The Company maintains a \$350,000 line of credit (the LOC ) loan from CB&T for working capital purposes. This LOC was renewed on January 9, 2013 with an initial term of seven years, subject to the satisfactory performance by the Company. The LOC was not used as of September 30, 2012 and June 30, 2013. All advances are recorded as current liabilities. The LOC interest rate is tied to the Prime Rate plus 2.0%, with a minimum rate of 5.25%. The closing costs for the LOC totaled \$11,482 and are being amortized over the seven-year term of the LOC.

The Board of Directors of the Company approved the offer of two of the Company s directors to loan the Company \$170,000 (\$85,000 from each director) on the same terms and conditions as the LOC with CB&T. As of June 30, 2013, \$120,000 was outstanding against these loans.

**5. 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 October 2012, the Company awarded 150,000 shares to six directors for their service on the Board of Directors at a fair market value of \$0.01 per share or \$1,500. This amount was reported as an operating expense in fiscal 2013.

Officer, directors and their controlled entities own approximately 42% of the outstanding common stock of the Company as of June 30, 2013.

**6. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

***Employment Agreements:***

Effective June 1, 2009, the Company entered into an employment agreement with Dale Van Voorhis (the Van Voorhis Employment Agreement ) to serve as the Company's Chief Operating Officer. As consideration for his services, Mr. Van Voorhis receives an initial base compensation of \$75,000, which is reviewed annually by the Board of Directors. The Van

Voorhis Agreement has a term of five years and entitles Mr. Van Voorhis to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

On April 1, 2008, the Company entered into an employment agreement with Jim Meikle (the 2008 Meikle Agreement ) pursuant to which Mr. Meikle was hired to serve as the President and Chief Executive Officer of each of the Company's wholly owned subsidiaries. The 2008 Meikle Employment Agreement expired on March 31, 2013 and was replaced by an employment agreement between the Company and Mr. Meikle dated as of April 1, 2013 (the 2013 Meikle Employment Agreement ). Pursuant to the 2013 Meikle Employment Agreement, Mr. Meikle receives an initial base compensation in the amount of \$135,000, which is reviewed annually by the Board of Directors. The 2013 Meikle Agreement has a term of two years and entitles Mr. Meikle to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

Each of the foregoing employment agreements contains provisions for severance compensation in the event an agreement is (i) terminated early by the Company without cause or (ii) in the event of a change in control of the Company. This additional severance compensation payable totals \$405,000.

The Company entered into an employment agreement as of June 1, 2009, as amended on March 20, 2013, with Jon Laria pursuant to which Mr. Laria served as the Company's Chief Financial Officer. Effective May 20, 2013, the Mr. Laria resigned as the Company's Chief Financial Officer and as a member of the Board of Directors of the Company. Mr. Laria received a one-time payment of \$25,000 in connection with his resignation.

### ***Reorganization of Officers***

On January 27, 2011 following the departure of the Company's then President, 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.

Effective May 20, 2013, Jon Laria resigned from the Company's Board of Directors and as its Chief Financial Officer. On May 31, 2013, the Company appointed Todd R. White as its Chief Financial Officer.





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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2013

*Loans from Members of the Board of Directors*

In January 2013, the Board of Directors of the Company approved the offer of two of the Company's directors to loan the Company \$170,000 (\$85,000 from each director) on the same terms and conditions as the Company's LOC with CB&T. As of June 30, 2013, \$120,000 was outstanding against these loans.

**7. INCOME TAXES**

For the nine-month period ended June 30, 2013, the Company has reported loss before income taxes of \$8,149. For the year ending September 29, 2013 the Company expects to generate pre-tax income and expects to utilize a portion of its net tax operating loss carry-forwards to offset any taxable income in fiscal 2013. The Company's cumulative net operating carry-forward was approximately \$4,197,000 as of September 30, 2012 and will begin to expire in fiscal 2026.

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is \$1,548,000; however, this entire potential asset is reserved as of June 30, 2013. Due to the change in ownership provisions of the Tax Reform Act of 1986, net tax operating loss carry-forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating tax loss carry-forwards may be limited as to use in future years.

On July 16, 2013, the State of Georgia Department of Revenue notified the Company that it had not made the proper elections with respect to Wild Animal Georgia to allow for the filing of consolidated State of Georgia tax returns for the fiscal years 2009, 2010 and 2011. A preliminary State of Georgia income tax provision totaling \$46,348 has been recorded for these periods. The Company is still in discussions with the State of Georgia regarding this matter, which is expected to be resolved prior to the filing of the Company's annual report on Form 10-K for the 2013 fiscal year.

The proper elections have been made to allow Parks! America and Wild Animal Georgia to file consolidated State of Georgia income tax returns in the 2012 fiscal year and thereafter.

**8. BUSINESS SEGMENTS**

We manage our operations on an individual location basis. Discrete financial information is maintained for each Park and provided to our corporate management for review and as a basis for decision-making. The primary performance measures used to allocate resources are park earnings before interest and tax expense, and free cash flow.

|                                   | For 3 Months Ended June 30, 2013 |            |             |             | For 9 Months Ended June 30, 2013 |              |             |              |
|-----------------------------------|----------------------------------|------------|-------------|-------------|----------------------------------|--------------|-------------|--------------|
|                                   | Georgia                          | Missouri   | Corporate   | Total       | Georgia                          | Missouri     | Corporate   | Total        |
| Total net sales                   | \$1,026,946                      | \$ 301,261 | \$ -        | \$1,328,207 | \$1,972,414                      | \$ 480,301   | \$ -        | \$ 2,452,715 |
| Operating expenses                | (530,828)                        | (207,071)  | (173,734)   | (911,633)   | (1,351,125)                      | (607,011)    | (416,349)   | (2,374,485)  |
| Income (loss) from operations     | 496,118                          | 94,190     | (173,734)   | 416,574     | 621,289                          | (126,710)    | (416,349)   | 78,230       |
| Other income (expense), net       | (138,605)                        | 729        | 139,132     | 1,256       | (382,926)                        | 1,936        | 386,617     | 5,627        |
| Gain on retirement of debt        | -                                | -          | -           | -           | -                                | 105,656      | -           | 105,656      |
| Interest expense                  | (44,729)                         | (23,166)   | (1,848)     | (69,743)    | (105,611)                        | (88,799)     | (3,252)     | (197,662)    |
| Income (loss) before income taxes | \$ 312,784                       | \$ 71,753  | \$ (36,450) | \$ 348,087  | \$ 132,752                       | \$ (107,917) | \$ (32,984) | \$ (8,149)   |
|                                   |                                  |            |             |             |                                  |              |             |              |
|                                   | For 3 Months Ended July 1, 2012  |            |             |             | For 9 Months Ended July 1, 2012  |              |             |              |
|                                   | Georgia                          | Missouri   | Corporate   | Total       | Georgia                          | Missouri     | Corporate   | Total        |
| Total net sales                   | \$1,060,468                      | \$ 318,234 | \$ -        | \$1,378,702 | \$1,929,509                      | \$ 537,746   | \$ -        | \$ 2,467,255 |
| Operating expenses                | (541,554)                        | (266,700)  | (126,402)   | (934,656)   | (1,218,501)                      | (627,039)    | (356,647)   | (2,202,187)  |
| Income (loss) from operations     | 518,914                          | 51,534     | (126,402)   | 444,046     | 711,008                          | (89,293)     | (356,647)   | 265,068      |
| Other income (expense), net       | (107,643)                        | -          | 114,913     | 7,270       | (349,377)                        | 1,267        | 371,013     | 22,903       |
| Interest expense                  | (37,518)                         | (33,029)   | (496)       | (71,043)    | (108,114)                        | (87,731)     | (5,889)     | (201,734)    |
| Income (loss) before income taxes | \$ 373,753                       | \$ 18,505  | \$ (11,985) | \$ 380,273  | \$ 253,517                       | \$ (175,757) | \$ 8,477    | \$ 86,237    |

## **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 that the Company believed should be considered in determining the amount of the fine. As of July 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 during the second quarter of fiscal 2012. The Company also addressed the compliance issues raised in the citation and is implementing new operational controls to address these matters going forward.

## **10. SUBSEQUENT EVENTS**

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to June 30, 2013 to the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these consolidated financial statements other than the events described herein.

## **ITEM 2. 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 annual report on Form 10-K for the period ended September 30, 2012.

### **Forward-Looking Statements**

Except for historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, exploration strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words expects, anticipates, intends, believes and similar language or discussions of our outlook, plans, goals, strategy or intentions. Our actual results may differ significantly from those projected in the forward-looking statements. For example, assumptions that could cause actual results to vary materially from future results include, but are not limited to: competition from other parks, weather conditions during our primary tourist season, the price of animal feed and the price of gasoline. In addition, factors that might cause or contribute to our results differing materially from forward looking statements include, but are not limited to, those discussed herein as well as in the RISK FACTORS section herein. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we assume no obligation to update any of these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements.

Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements.

### **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 Safari, Inc. a Georgia corporation ( Wild Animal Georgia ) and Wild Animal, Inc., a Missouri corporation ( Wild Animal Missouri ). 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 existing small, local and regional, privately owned 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, if possible, to acquire existing attractions and/or properties. When evaluating possible acquisitions, we rely on the following primary criteria:

.

Properties that have an operating history;

.

Properties that our management team believes have the potential to increase profits and operating efficiencies; and

.

Properties where there is additional, underutilized land available for expansion of operations.

We believe that acquisitions should not unnecessarily encumber the Company with additional 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 the pursuit of growth.

As we look at our operations as of June 30, 2013, our principal goal is the continued growth of the Missouri Park's revenue. Since the Company's acquisition of the Missouri Park in March 2008, we have worked to upgrade the Park's physical facilities and dramatically improve its concessions. We raised additional capital for Park improvements and new attractions with our January 9, 2013 refinancing.

Our current size and operating model leaves us little margin for error. Our highest priority is to continue to improve the Missouri Park operating profit.

On January 9, 2013, the Company completed a \$3,752,000 loan transaction, the proceeds of which were used primarily to refinance the Company's outstanding debt. For more information regarding this refinancing see Note 3 - Long-Term Debt to the Company's financial statements.

We manage our operations on an individual location basis. Discrete financial information is maintained for each park and provided to our corporate management for review and as a basis for decision-making. The primary performance measures used to allocate resources are park earnings before interest and tax expense, and free cash flow. We use this measure of operating profit to gauge segment performance because the Company believes this measure is the most indicative of performance trends and the overall earnings potential of each segment.

### Results of Operations For the Three Month Period Ended June 30, 2013 as Compared to Three Month Period Ended July 1, 2012

The following table shows the operating results for both of our Parks for the three-month periods ended June 30, 2013 and July 1, 2012.

|                                   | For 3 Months Ended |              |
|-----------------------------------|--------------------|--------------|
|                                   | June 30, 2013      | July 1, 2012 |
| Net sales                         |                    |              |
| Georgia                           | \$ 1,026,946       | \$ 1,060,468 |
| Missouri                          | 301,261            | 318,234      |
| Total net sales                   | \$ 1,328,207       | \$ 1,378,702 |
| Income (loss) before income taxes |                    |              |
| Georgia                           | \$ 496,118         | \$ 518,914   |
| Missouri                          | 94,190             | 51,534       |
| Segment total                     | 590,308            | 570,448      |
| Corporate                         | (173,734)          | (126,402)    |
| Other income (expense)            | 1,256              | 7,270        |
| Interest expense                  | (69,743)           | (71,043)     |
| Income (loss) before income taxes | \$ 348,087         | \$ 380,273   |

### *Total Net Sales and Segment Information*

Our total net sales for the three-month period ended June 30, 2013 decreased by \$50,495, or 4%, to \$1,328,207 versus the three month period ended July 1, 2012. The Georgia Park's sales decreased by \$33,522, or 3%, as a result of less favorable weather conditions during the three-month period ended June 30, 2013 versus the same period in 2012. Sales for the Missouri Park were similarly impacted by unfavorable relative weather conditions, resulting in a decrease of \$16,973 or 5%, for the quarter.

***Operating Margin***

The combined operating margin for both Parks was \$590,308, an increase of \$19,860 for the three-month period ended June 30, 2013. The Georgia Park operating margin decreased by \$22,796 to \$496,118, primarily as a result of lower sales partially offset by lower spending. The operating margin for the Missouri Park increased by \$42,656 to \$94,190, as lower spending more than offset by lower sales, primarily as a result of better inventory management.

### ***Corporate Expenses***

Corporate spending increased by \$47,332 to \$173,734 during the three-month period ended June 30, 2013, primarily as a result of one-time compensation costs paid in connection with the resignation of a former officer and director, and higher legal fees. We commenced a lawsuit in September 2009 against a group led by Larry Eastland, a former officer and director of the Company. The litigation was inactive until June 11, 2012 at which time the Company amended its complaint against the Eastland group to, among other things, join as defendants Stanley Harper, LEA Capital Advisors, LLC (an entity controlled by Mr. Eastland) and Computer Contact Service, Inc. (an entity controlled by Mr. Harper) for breaches of contract and fiduciary duty with regards to the Company's purchase of TempSERV on September 30, 2007 and its subsequent re-conveyance of TempSERV to Computer Contact Service, Inc. as of January 1, 2009.

### ***Other Income and Interest Expense***

Other income decreased by \$6,014 to \$1,256 for the three months ended June 30, 2013.

Interest expense was \$69,743, representing a decrease of \$1,300 or 2%, for the three-month period ended June 30, 2013. Interest expense on our borrowings decreased by \$14,194, primarily as a result of lower interest rates associated with the January 2013 refinancing of all our then outstanding debt. This decrease was offset by \$12,894 of interest associated with State of Georgia income taxes for the 2009, 2010 and 2011 fiscal years.

### ***Income Taxes***

We do not expect to pay U.S. Federal income taxes for our 2013 fiscal year due to our cumulative net tax operating loss carry-forwards, for more information see Note 7 Income Taxes to the Company's financial statements.

On July 16, 2013, the State of Georgia Department of Revenue notified us that we had not made the proper elections with respect to Wild Animal Georgia to allow for the filing of consolidated State of Georgia tax returns for the fiscal years 2009, 2010 and 2011. We have recorded a preliminary State of Georgia income tax provision totaling \$46,348 for these periods. We are still in discussions with the State of Georgia regarding this matter and expect it will be resolved by the filing of our annual report on form 10-K for the fiscal year 2013.



We believe the proper elections have been made to allow Parks! America and Wild Animal Georgia to file consolidated State of Georgia income tax returns in our 2012 fiscal year and thereafter.

***Net Income and Income Per Share***

The Company's net income decreased by \$78,534 to \$301,739, or \$0.00 per basic share and per fully diluted share, for the three months ended June 30, 2013 as compared with net income of \$380,273 or \$0.00 per basic share and per fully diluted share, for the three months ended July 1, 2012. This decrease is attributable taxes and interest associated with the State of Georgia matter totaling \$60,341, and lower sales and higher corporate spending, partially offset by lower interest on borrowings.

## Results of Operations For the Nine Month Period Ended June 30, 2013 as Compared to Nine Month Period Ended July 1, 2012

The following table shows the operating results for both our Parks for the nine-month periods ended June 30, 2013 and July 1, 2012

|                                   | For 9 Months Ended |              |
|-----------------------------------|--------------------|--------------|
|                                   | June 30, 2013      | July 1, 2012 |
| Net sales                         |                    |              |
| Georgia                           | \$ 1,972,414       | \$ 1,929,509 |
| Missouri                          | 480,301            | 537,746      |
| Total net sales                   | \$ 2,452,715       | \$ 2,467,255 |
| Income (loss) before income taxes |                    |              |
| Georgia                           | \$ 621,289         | \$ 711,008   |
| Missouri                          | (126,710)          | (89,293)     |
| Segment total                     | 494,579            | 621,715      |
| Corporate                         | (416,349)          | (356,647)    |
| Other income (expense)            | 5,627              | 22,903       |
| Gain on retirement of debt        | 105,656            | -            |
| Interest expense                  | (197,662)          | (201,734)    |
| Income (loss) before income taxes | \$ (8,149)         | \$ 86,237    |

### *Total Net Sales and Segment Information*

The Company's total net sales for the nine-month period ended June 30, 2013 decreased by \$14,540, or 1%, to \$2,452,715 versus the nine-month period ended July 1, 2012. Georgia Park sales increased by \$42,905, or 2%, as a result of an increase in average revenue per guest during the nine-month period ended June 30, 2013. Net sales for the Missouri Park were down \$57,445, or 11%, compared to the first nine months of the 2012 fiscal year. The Missouri Park's attendance dramatically decreased due to the severe weather during January 2013 through March 2013, during which the Park was forced to close for several extended periods.

### *Operating Margin*

The combined operating margin for both Parks was \$494,579, a decrease of \$127,136 for the nine-month period ended June 30, 2013. This decrease was primarily attributable to lower sales and higher advertising costs at both parks in 2013. Also note that results for the first nine months of the 2012 fiscal year included a \$65,956 reduction of operating

expenses related to USDA assessment at the Georgia Park, which was settled for an amount substantially lower than the original assessment.

***Corporate Expenses and Other***

Corporate spending increased by \$59,702 to \$416,349 during the first nine months of the 2013 fiscal year, primarily as a result of one-time compensation costs and higher legal fees as previously discussed.

***Other Income and Interest Expense***

Other income decreased by \$17,276 to \$5,627 for the nine months ended June 30, 2013.

Under the terms of the seller-financing note associated with the acquisition of the Missouri Park, the Company was entitled to a discount if this note was paid in full before March 5, 2013. The Company paid-off this note in full on January 9, 2013 and recorded the gain of \$105,656.

Interest expense was \$197,662, representing a decrease of \$4,072 or 2%, for the nine-month period ended June 30, 2013. Interest expense on our borrowings decreased by \$16,966, primarily as a result of lower interest rates associated with the January 2013 refinancing of all our then outstanding debt. This decrease was offset by \$12,894 of interest associated with State of Georgia income taxes for the fiscal years 2009, 2010 and 2011.

### ***Income Taxes***

We do not expect to pay U.S. Federal income taxes for our 2013 fiscal year due to our cumulative net tax operating loss carry-forwards, for more information see Note 7 Income Taxes to the Company's financial statements.

As noted earlier, we learned that Parks! America and Wild Animal Georgia had not made the proper elections to permit the filing of consolidated State of Georgia tax returns for the 2009, 2010 and 2011 fiscal years. We are still in discussions with the State of Georgia regarding this matter and expect it will be resolved by the filing of our annual report on Form 10-K for the 2013 fiscal year. We have recorded a preliminary State of Georgia income tax provision for the fiscal years 2009, 2010 and 2011 totaling \$46,348.

We believe the proper elections have been made to allow Parks! America and Wild Animal Georgia to file consolidated State of Georgia income tax returns in our 2012 fiscal year and thereafter.

### ***Net Income and Income Per Share***

The Company's net loss for the nine-month period ended June 30, 2013 was \$54,497 or \$0.00 per basic share and per fully diluted share, a decrease of \$140,734, as compared with net income of \$86,237, or \$0.00 per basic share and per fully diluted share, for the nine months ended July 1, 2012.

Excluding the impact of the \$105,656 gain from paying off debt related to the Missouri Park reported in the 2013 fiscal year and the \$65,956 reduction of expenses from the settlement of the USDA in the 2012 fiscal year, the first nine months of the 2013 fiscal year resulted in a net loss of \$160,153 compared with net income of \$20,281 for the first nine months of the 2012 fiscal year. The unfavorable results for the first nine months of the 2013 fiscal year are primarily the result of the State of Georgia income taxes and interest expense (as discussed above), higher spending on advertising and compensation, and to a lesser extent, higher repair and maintenance spending, and higher legal fees compared to the same period last year.

## Financial Condition, Liquidity and Capital Resources

### *Financial Condition and Liquidity*

Our primary sources of liquidity are cash generated by operations and borrowings under our loan agreements. Our slow season starts after Labor Day in September and runs until Spring break, which is typically end of March. These two quarters have historically generated negative cash flow and require us to borrow to fund operations and prepare the Parks for the busy season during the third and fourth quarter of our fiscal year.

We believe that our operations have improved to the point that cash flow from operations will be sufficient to fund operations, make debt-service payments and spend modestly on capital improvements in the near-term. 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 months, management will focus on increasing net sales, particularly at Missouri Park, and completing several renovation projects currently underway at both Parks. Any slowdown in revenue or unusual capital outlays may require us to seek additional capital.

Our working capital was negative \$0.2 million at June 30, 2013 compared to negative \$1.7 million at September 30, 2012. This improvement in working capital is a result of completing our new term loan and retiring the \$1.6 million Missouri Park seller-financing note, which was due in March 2013.

Our total debt, including current maturities, at June 30, 2013 was \$3.8 million compared to \$3.5 million at September 30, 2012. The increase in debt is primarily due to capital investments made by the Company during the nine months of the fiscal 2013 and a higher cash balance as of June 30, 2013. The LOC balance (together with outstanding related party notes) at June 30, 2013 and September 30, 2012 was \$120,000 and \$0, respectively.

As of June 30, 2013 the Company had equity of \$2.7 million and total debt of \$3.8 million, resulting in a debt to equity ratio of 1.39 to 1. The Company's debt to equity ratio was 1.26 to 1 as of September 30, 2012.

### ***Operating Activities***

Net cash provided by operating activities was \$142,294 and \$349,893, for the first nine months of the fiscal years 2013 and 2012, respectively. The decrease was primarily due to lower sales and increased spending on advertising, compensation, and repairs and maintenance for the first nine months of the fiscal 2013 compared to the same period in 2012.

### ***Investing Activities***

During the first nine months of the 2013 fiscal year, we spent \$285,708 on capital improvements at the Parks, compared to \$117,212 spent on capital improvements during the comparable period in the 2012 fiscal year.

Improvements at the Missouri Park included remodeling the Park's gift shop, upgrading the main bathrooms and repaving the Park's main entrance. In addition, we added a new reptile attraction and refurbished many of the animal exhibits. Improvements at the Georgia Park included renovating many of our animal exhibits, upgrading the rental fleet and building a new food preparation structure for animals on special diets. We also renovated the Park's main food service area and repainted all its main buildings.

### ***Financing Activities***

During the first nine months of the 2013 fiscal year, cash provided by financing activities totaled \$200,326. On January 9, 2013, we completed the refinancing of all our then outstanding debt, retiring all mortgages and replacing them with a single 20-year term loan. In addition, this new financing provided \$230,000 for construction and renovations at the Parks, of which approximately \$163,550 has been used as of June 30, 2013. We have also received \$120,000 in short-term financing from two members of the Company's Board of Directors, which we expect to fully repay before the end of the 2013 fiscal year. During the first nine months of the 2012 fiscal year, \$193,314 of cash was used in financing activities to repay debt.

### ***Borrowing Agreements***

On January 9, 2013, we completed a refinancing transaction (the Refinancing Loan) with Commercial Bank & Trust Company of Troup County (CB&T). The Refinancing Loan was for a principal amount of \$3,752,000 and has a 20-year term. The Refinancing Loan bears interest at the rate of Prime Rate plus 2.50% or 5.75% during the first five

years of the Loan term. Thereafter, the interest rate will be re-priced every five years based on the then-Prime Rate plus 2.50%.

As a result of the Refinancing Loan, the Company lowered its anticipated annual debt service payments. During the past year, the Company's then outstanding mortgages required annual payments totaling \$490,512 as compared to new estimated annual payments totaling \$316,116, thereby reducing our annual debt service payments by \$174,396 compared with the previous year.

### **Subsequent Events**

None

### **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 of America. 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.

A number of variables and assumptions could have an affect a valuation of our assets and liabilities. Our assumptions include the following:

.

Revenue and profit growth at our Parks will continue;

.

The existing Park 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 June 30, 2013, 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 as of June 30, 2013.

## 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.

The Company commenced a lawsuit in September 2009 against a group led by Larry Eastland, a former officer and director of the Company. The litigation was inactive until June 11, 2012 at which time the Company amended its complaint against the Eastland group to, among other things, join as defendants Stanley Harper, LEA Capital Advisors, LLC (an entity controlled by Mr. Eastland) and Computer Contact Service, Inc. (an entity controlled by Mr. Harper) for breaches of contract and fiduciary duty with regards to the Company's purchase of TempSERV on September 30, 2007 and its subsequent re-conveyance of TempSERV to Computer Contact Service, Inc. as of January 1, 2009. The Company is seeking an indefinite amount of damages. For more information regarding the original litigation, see our annual report on Form 10-K for the year ended December 26, 2010.

### ITEM 1A. RISK FACTORS

#### **Risk Factors Relating to Our Business:**

#### **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 the Company's Chief Executive Officer and Jim Meikle, the Company's Chief Operating

Office, President of Wild Animal-Georgia and Wild Animal-Missouri, 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**

Not applicable

**ITEM 5. OTHER INFORMATION.**



None

23

---

**ITEM 6. EXHIBITS.**

**Exhibit**

**Number      Description of Exhibit**

- |      |  |
|------|--|
| 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. |

In addition, the following are incorporated by reference:

Current Report on Form 8-K Departure of Directors or Certain Officers, dated May 20, 2013

Current Report on Form 8-K Appointment of Certain Officers, dated May 31, 2013

Current Report on Form 8-K Other Events, dated June 12, 2013

**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.

August 12, 2013

By: /s/ Dale Van Voorhis

Dale Van Voorhis

Chief Executive Officer