

PARKS AMERICA, INC  
Form 10-Q  
August 08, 2011

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

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

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

**For the quarterly period ended June 26, 2011**

**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.**

(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 reporting company)  .  
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  .

As of August 1, 2011, the issuer had 73,781,537 outstanding shares of Common Stock.

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**ITEM 1.**

**PARKS! AMERICA, INC and SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 26, 2011**

**PARKS! AMERICA, INC and SUBSIDIARIES**

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

As of June 26, 2011 and December 26, 2010

<b>ASSETS</b>	<b>June 26, 2011</b>	<b>December 26, 2010</b>
<b>Current Assets</b>		
Cash unrestricted	\$ 174,962	\$ 9,918
Inventory	102,656	76,802
Prepaid expenses	30,303	103,451
Total Current Assets	307,921	190,171
<b>Property and Equipment, net</b>	6,388,807	6,487,391
<b>Other Assets</b>		
Intangible assets, net	3,030	3,924
Deposits	8,500	8,500
Total Other Assets	11,530	12,424
<b>TOTAL ASSETS</b>	<b>\$ 6,708,258</b>	<b>\$ 6,689,986</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 149,980	\$ 95,448
Accrued expenses	98,334	71,114
Notes payable lines of credit	385,262	365,262
Current maturities of long term debt	222,560	265,251
Total Current Liabilities	856,136	797,075
<b>Long-term Debt</b>		
Long term obligations	3,569,207	3,677,157
<b>TOTAL LIABILITIES</b>	4,425,343	4,474,232
<b>STOCKHOLDERS EQUITY</b>		
Common stock; 300,000,000 shares authorized, at \$.001 par value; 73,781,537 shares issued and outstanding, respectively	73,781	73,781
Capital in excess of par	4,791,081	4,791,081
Treasury stock	(3,250)	(3,250)
Accumulated deficit	(2,578,697)	(2,645,858)
<b>TOTAL STOCKHOLDERS EQUITY</b>	2,282,915	2,215,754
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 6,708,258</b>	<b>\$ 6,689,986</b>

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



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

For the Three and Six Months Ended June 26, 2011 and June 27, 2010

	<b>Three Months Ended June 26, 2011</b>	<b>Three Months Ended June 27, 2010</b>	<b>Six months Ended June 26, 2011</b>	<b>Six months Ended June 27, 2010</b>
<b>NET SALES</b>	\$ 1,212,482	\$ 1,211,793	\$ 1,673,986	\$ 1,580,075
Sale of animals	9,335	5,445	24,200	5,445
<b>TOTAL NET REVENUES</b>	1,221,817	1,217,238	1,698,186	1,585,520
<b>COST OF SALES</b>	177,837	149,409	257,699	230,938
<b>GROSS PROFIT</b>	1,043,980	1,067,829	1,440,487	1,354,582
<b>OPERATING EXPENSES</b>				
Selling, general and administrative	650,712	668,765	1,075,651	1,105,803
Loss on disposal of operating assets	0	11,961	0	11,961
Depreciation & amortization	77,742	78,638	154,396	156,752
<b>Total Operating Expenses</b>	728,454	759,364	1,230,047	1,274,516
<b>INCOME FROM OPERATIONS</b>	315,526	308,465	210,440	80,066
<b>OTHER INCOME (EXPENSE)</b>				
Other income (expense)	3,985	2,692	14,685	10,285
Interest expense	(61,314)	(87,477)	(157,964)	(168,738)
<b>Total Other (Expense)</b>	(57,329)	(84,785)	(143,279)	(158,453)
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	258,197	223,680	67,161	(78,387)
<b>PROVISION FOR TAXES</b>	0	0	0	0
<b>NET PROFIT (LOSS)</b>	\$ 258,197	\$ 223,680	\$ 67,161	\$ (78,387)
<b>WEIGHTED SHARES OUTSTANDING (in 000's)</b>	73,782	73,606	73,782	73,606
<b>NET INCOME (LOSS) PER SHARE</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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





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

As of June 26, 2011

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Add'l Paid in Capital</b>	<b>Treasury Stock</b>	<b>Accumulated Deficit</b>	<b>Total</b>
<b>Balance at December 27, 2009</b>	73,606,537	73,606	4,789,506	(3,250)	(2,487,336)	2,372,526
Issuance of common stock to directors and officers	175,000	175	1,575	-	-	1,750
Net Loss for the Period Ended December 26, 2010			-	-	(158,522)	(158,522)
<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 June 26, 2011			-	-	67,161	67,161
<b>Balance at June 26, 2011</b>	<b>73,781,537</b>	<b>\$73,781</b>	<b>\$4,791,081</b>	<b>(\$3,250)</b>	<b>(\$2,578,697)</b>	<b>\$2,282,915</b>

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



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

For the Periods Ended June 26, 2011 and June 27, 2010

	June 26, 2011	June 27, 2010
<b>Cash Flows from Operating Activities:</b>		
Net income (loss) for the period	\$ 67,161	\$ (78,387)
<b>Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:</b>		
Depreciation expense and amortization	154,396	156,752
Loss on the disposal of assets	0	11,961
<b>Changes in Assets and Liabilities</b>		
Decrease in prepaid expenses	73,148	59,692
(Increase) in inventory and accounts receivable	(25,854)	(11,466)
Increase (decrease) in accrued expenses	27,220	(48,113)
Increase (decrease) in accounts payable	54,532	(21,899)
<b>Net Cash Provided By Operating Activities</b>	<b>350,603</b>	<b>68,540</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	(54,918)	(25,300)
Proceeds from asset sales	0	7,324
Decrease in restricted cash	0	38,841
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(54,918)</b>	<b>20,865</b>
<b>Cash Flows from Financing Activities:</b>		
Borrowings (payments) on lines of credit	20,000	(136,190)
Payments on note payable	(150,641)	(92,696)
<b>Net Cash Used In Financing Activities</b>	<b>(130,641)</b>	<b>(228,886)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>165,044</b>	<b>(139,481)</b>
Cash at beginning of period	9,918	239,969
Cash at end of period	\$ 174,962	100,488
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 150,666	169,290
Cash paid for income taxes	\$ 0	0

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



## 1. ORGANIZATION

Parks! America, Inc. ( 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.

On September 30, 2007, the Company acquired assets from tempServe LLC and operated them under a subsidiary named Park Staffing Services until January 1, 2009.

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 year ended December 26, 2010. 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 ..

**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 no receivables on the books of the Company.

**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 bases 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.

**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 thirty nine years. A summary is included below.



	June 26, 2011	December 26, 2010
Land	\$ 2,507,180	\$ 2,507,180
Buildings	2,879,168	2,895,590
Facilities and Improvements	679,139	673,205
Furniture & Fixtures & Equipment	104,017	72,572
Ground Improvements	755,244	755,244
Park animals	583,805	577,050
Rides & entertainment	22,000	22,000
Vehicles	219,172	191,965
Sub-total	7,749,725	7,694,806
Accumulated Depreciation	(1,360,918)	(1,207,415)
Total Net Assets	\$ 6,388,807	\$ 6,487,391

**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.

**Other Intangible assets:** Other intangible assets include franchising fees, loan fees, payroll software, intangibles or continuing contracts and a covenant not to compete 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 SFAS No. 123 (ASC 718) and as permitted under APB Opinion No. 25, and related interpretations. Effective January 1, 2006 the company adopted FAS 123R (ASC 718) using the modified prospective method which recognizes compensation costs on a straight-line basis over the requisite service period of the SFAS No. 123R (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 SFAS No. 123R (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 for each year of service.

**Recent Accounting Pronouncements:** In May 2009, the FASB issued SFAS 165 (ASC 855-10) entitled Subsequent Events. Companies are now required to disclose the date through which subsequent events have been evaluated by management. Public entities (as defined) must conduct the evaluation as of the date the financial statements are issued, and provide disclosure that such date was used for this evaluation. SFAS 165 (ASC 855-10) provides that financial statements are considered issued when they are widely distributed for general use and reliance in a form and format that complies with GAAP. SFAS 165 (ASC 855-10) is effective for interim and annual periods ending after June 15, 2009 and must be applied prospectively. The adoption of SFAS 165 (ASC 855-10) during the quarter ended September 30, 2009 did not have a significant effect on the Company's financial statements as of that date or for the quarter or year-to-date period then ended.

In June 2009, the FASB issued SFAS 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. ( SFAS 168 or ASC 105-10) SFAS 168 (ASC 105-10) establishes the Codification as the sole source of authoritative accounting principles recognized by the FASB to be applied by all

nongovernmental entities in the preparation of financial statements in conformity with GAAP.

SFAS 168 (ASC 105-10) was prospectively effective for financial statements issued for fiscal years ending on or after September 15, 2009 and interim periods within those fiscal years. The adoption of SFAS 168 (ASC 105-10) on July 1, 2009 did not impact the Company's results of operations or financial condition. The Codification did not change GAAP, however, it did change the way GAAP is organized and presented.

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.

### 3. LONG-TERM DEBT

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

	June 26, 2011	December 26, 2010
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 May 2014. The loan is secured by a first priority security agreement and a first priority security deed on the Wild Animal Safari theme park assets.	\$ 1,948,785	\$ 1,987,853

In addition, Wild Animal Safari, Inc. 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 Wild Animal Safari theme park assets. The lines of credit were drawn down to \$385,262 as of June 26, 2011 and \$365,262 as of December 26, 2010. All advances are recorded as current liabilities.

On March 5, 2008 the Company s wholly owned subsidiary Wild Animal, Inc. issued a note payable to Oak Oak, Inc. in the amount of \$1,750,000 for debt incurred in the purchase of the Wild Animal theme park. The note bears interest at 8% and is payable in 36 monthly installments of \$12,841, and a final balloon payment at the end of the 3 <sup>rd</sup> year. Wild Animal, Inc. exercised its right to extend the loan for 2 more years in March 2011 in exchange for an additional principal payment of \$50,000, in addition to the monthly payment. The note is extended and has a final balloon payment due in full on the 60 <sup>th</sup> payment in March 2013.	1,646,889	1,706,816
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 Wild Animal theme park in Missouri. The bears interest at a rate of 7.25% and is payable in 60 monthly payments of \$9,986.	196,093	247,739

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Total Debt	3,791,767	3,942,408
Less current portion of long-term debt	(222,560)	(265,251)
Long-term Debt	\$ 3,569,207	\$ 3,677,157

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

At June 26, 2011 the scheduled future principal maturities for all notes are as follows:

<b><u>Period Ending June 26, 2011:</u></b>	
2011	\$ 222,560
2012	1,807,372
2013	1,761,835
2014	0
2015	0
thereafter	0
	3,791,767
Less: current portion	(222,560)
Long-term portion	\$ 3,569,207

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 has a term of one (1) year and bears interest at the rate of 6% per annum. The Company used the proceeds of the Loan toward the balloon payment due on the Missouri Mortgage. This loan was repaid in full in April 2011.

**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, subject to the satisfactory performance by Georgia Park assets. The LOCs were drawn down to \$385,262 and \$365,262 as of June 26, 2011 and December 26, 2010. All advances are recorded as current liabilities. The LOC interest rates are tied to prime but 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 has a term of one (1) year and bears interest at the 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**

In December 2009 the Company completed a private placement (the Private Placement ) of 20,000,000 shares of the Company s common stock (the Shares ) at \$0.01 per Share from two investors for total consideration of \$200,000. Both investors were accredited investors as that term is defined under Regulation D ( Regulation D ) of the Securities Act. The Private Placement was exempt from registration under the Securities Act pursuant to Regulation D. One of the investors was the Company s Chairman and Chief Operating Officer.

## **6. STOCKHOLDERS EQUITY (CONTINUED)**

As policy, capital stock shares issued for service to the Company are valued based on market price on the date of issuance. During 2010, the Company awarded 175,000 shares to seven directors for their service on the Board of Directors at a fair market value of \$0.01 per share or \$1,750. This amount was reported as an expense to operations in 2010.

## **7. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

Officer, directors and their controlled entities own approximately 38% of the outstanding common stock of the Company as of June 26, 2011.

**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 \$435,000.

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 2010.

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 has a term of one (1) year and bears interest at the 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.

## **8. INCOME TAXES**

For the period ended June 26, 2011, the Company has reported a profit \$67,161 and will utilize a portion of its net operating loss carryforward to offset its tax liability, therefore, we have no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately \$4,878,000 at June 26, 2011 and will expire beginning in the year 2026.



The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is \$1,658,547; however this entire potential asset is reserved as of June 26, 2011. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$4,878,000 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. SUBSEQUENT EVENTS**

In accordance with SFAS 165 (ASC 855-10) the Company has analyzed its operations subsequent to June 26, 2011 to August 1, 2011, 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 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

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 the consolidated financial statements and notes thereto included elsewhere in this report and with our annual report on Form 10-K for the fiscal year ended December 26, 2010.

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 contained in this quarterly is as of the date of filing this report, 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" herein.

### **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;

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

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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, our principal concern is the Missouri Park which continues to have unsatisfactory operating results. While we were able to increase year-to-date sales at the Missouri Park by \$6,000 as compared with the first half of 2010, 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 consistently 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 break-even and then profitable. The current tightness in the financial markets could make it difficult for us to raise the needed capital to give us the time we may need to get the Missouri Park profitable. Any future capital raised by our company is likely to result in dilution to existing stockholders. It is possible that cash generated by, or available to, Parks! America may not be sufficient to fund our capital and liquidity needs for the near-term.

The Company signed a new loan agreement in March 2011 with our primary lending institution which replaces last year's maturing loan on the Georgia Park for a term of three years (payments are \$18,049 per month and are based on a 14-year amortization) at a fixed interest rate of 6.5% per annum (down from previous monthly mortgage payment of \$19,250 and fixed interest rate of 7.75% per annum). Our auditors have issued a clean opinion for the year ended December 26, 2010, after qualifying their opinion for each of the last two fiscal years 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.



## Results of Operations

### Six Months Ended June 26, 2011 Compared to Six Months Ended June 27, 2010

See the table below for a break-down of operations for each park.

#### Net Sales

Total net sales for the first six months of the year increased \$94,000 to \$1.7 million, primarily as a result of higher pricing this year versus the six-month period ended June 27, 2010. Missouri Park revenue increased slightly during the first six months of this year versus the same period in 2010 as a result of a 10% increase in average revenue per visitor. Missouri is offering fewer discounted tickets this year which is improving the average revenue per visitor. Attendance at the Missouri Park declined 18% during the second quarter and 7% year to date as compared with 2010. We believe the significant decline in Missouri's attendance during the second quarter is a result of the record number of tornados to the south. The Georgia Park increased average revenue per visitor by 14%, however attendance declined by 6% during the first six months of 2011.

Total cost of sales increased \$27,000 to \$258,000 in 2011, primarily as a result of the higher animal feed purchases at the Missouri Park.

Total gross profit increased \$86,000 to \$1,440,000 in the first six months of 2011 primarily as a result of the Georgia Park's gross profit's increase of \$78,000. The Missouri Park's gross profit increased \$8,000 to \$225,000 in 2011 versus \$217,000 in 2010 as a result of selling more animals in 2011. The higher margin at the Georgia Park reflects higher revenue per visitor in 2011. The Company raised its vehicle rental rates this year as a result of the higher fuel costs.

Operating expenses at the parks decreased \$8,000 in 2011 as compared with 2010 at this same period. The Georgia Park increased its operating expenses by \$8,000 during the first six months while the Missouri Park lowered its operating cost by \$16,000. Georgia spent \$18,000 less on advertising and \$27,000 more on wages during the first six months of 2011 as compared to 2010. The Missouri Park lowered its advertising spending during 2011 by \$27,000 as compared with 2010.

The Company's operating margin increased \$109,000 to \$411,000 versus June 27, 2010. The Georgia Park operating margin increase of \$72,000 year-to-date was primarily a result of higher revenue per visitor this year. The Missouri

Park s operating margin was a loss of \$115,000 year-to-date in 2011, which represented a \$37,000 improvement versus the same period in 2010.

The following table breaks down our operations by subsidiary for 2011 versus 2010:

<b>Six Months</b> <u>(\$ in 1,000's)</u>	<b>Georgia Park</b>		<b>Missouri Park</b>		<b>Total</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Net Sales	\$1,397	1,309	277	271	1,674	1,580
Sale of animals	1	0	23	5	24	5
Cost of Sales	(183)	(172)	(75)	(59)	(258)	(231)
<b>Gross Profit</b>	<b>1,215</b>	<b>1,137</b>	<b>225</b>	<b>217</b>	<b>1,440</b>	<b>1,354</b>
Gross Profit %	87%	87%	75%	79%	85%	85%
SG&A	(593)	(585)	(282)	(298)	(875)	(883)
Depr. & Amortization	(96)	(98)	(58)	(59)	(154)	(157)
Loss on sale of assets	0	0	0	(12)	0	(12)
<b>Operating Margin</b>	<b>526</b>	<b>454</b>	<b>(115)</b>	<b>(152)</b>	<b>411</b>	<b>302</b>
<b>Corporate operating expenses</b>					<b>(201)</b>	<b>(222)</b>
<b>Income from operations</b>					<b>\$210</b>	<b>80</b>
<b>Second Quarter</b> <u>(\$ in 1,000's)</u>	<b>Georgia Park</b>		<b>Missouri Park</b>		<b>Total</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Net Sales	\$1,010	989	202	223	1,212	1,212
Sale of animals	1	0	8	5	9	5
Cost of Sales	(126)	(115)	(52)	(34)	(178)	(149)
<b>Gross Profit</b>	<b>885</b>	<b>874</b>	<b>158</b>	<b>194</b>	<b>1,043</b>	<b>1,068</b>
Gross Profit %	88%	88%	75%	85%	85%	88%
SG&A	(378)	(369)	(162)	(200)	(540)	(569)
Depr. & Amortization	(48)	(49)	(29)	(30)	(77)	(79)
Loss on sale of assets	0	0	0	(12)	0	(12)
<b>Operating Margin</b>	<b>459</b>	<b>456</b>	<b>(33)</b>	<b>(48)</b>	<b>426</b>	<b>408</b>
<b>Corporate operating expenses</b>					<b>(111)</b>	<b>(100)</b>
<b>Income from operations</b>					<b>\$315</b>	<b>308</b>

#### Quarter Ended June 26, 2011 Compared to Quarter Ended June 27, 2010

##### Net Sales

Total net sales for the second quarter were \$1,200,000 (the same as the second quarter of 2010). The Georgia Park net sales increased \$21,000, or 2%, primarily as a result of higher revenue per visitor. Attendance at the Georgia Park decreased 7% during the second quarter as compared to the same period in 2010. Missouri Park revenue decreased by \$21,000, or 9%, as a result of an 18% decline in attendance during the quarter versus same period last year. We believe the Missouri Park's attendance during the second quarter was adversely affected by the record number of tornados occurring in the region during the quarter.

Total cost of sales increased \$29,000 to \$178,000 during the second quarter of 2011 primarily as a result of overall higher animal food spending at the Missouri Park.

Total gross profit declined \$24,000, or 2%, in 2011 to \$1.04 million versus \$1.068 million in 2010.

Operating expenses decreased \$31,000, or 5% in 2011 as compared with 2010's second quarter. The Georgia Park spent less on advertising in the second quarter but this reduction was offset by more spending on wages and other operating costs. The Missouri Park also spent less on advertising but these savings were offset by higher wages and other operating costs.

The Company's operating margin increased \$18,000, or 4%, in the quarter versus that of the same period in 2010. Last year's second quarter included a \$11,961 loss on disposal of operating assets versus no charges this year. The attendance at both parks declined during the second quarter but net sales remained unchanged as a result of higher revenue per visitor at both parks.



## Corporate Spending

Corporate spending decreased \$21,000 to \$201,000 during the first six months of 2011. Management continues to seek ways to be more cost effective with its overhead spending. This year's corporate salaries are \$35,000 lower as a result of eliminating a \$70,000 per year Executive position in December 2010. Last year's second quarter's corporate spending benefited from negotiating and settling outstanding legal and accounting bills for \$40,000 less than the amount that the Company had originally been billed and accrued. The favorable settlement was recorded as a credit to professional fees in the second quarter of 2010.

The Company reported a net profit from operations of \$67,161, or \$0.00 per share, for the six months ended June 26, 2011 as compared to a net loss of \$78,387, or \$0.00 per share, for the six months ended June 27, 2010. The combined operating margins from the Parks increased \$86,000 this year as compared to the first half of 2010.

The Company reported a net profit of \$258,197, or \$0.00 per share, for the second quarter of 2010 as compared with a net profit of \$223,680, or \$0.00 per share, for this quarter last year. This year's second quarter profit reflected slightly lower operating profit from the parks but this was more than offset by lower Selling, General and Administrative spending as well as lower interest cost. The renegotiated Georgia mortgage has a new interest rate of 6.5% versus old rate of 7.75% saving the Company more than \$24,000 annually.

## Financial Condition

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. In March of 2011 the Company borrowed \$50,000 from its Chairman to make a one-time \$50,000 lump sum principal payment on the Missouri mortgage that allowed us to extend such loan for an additional two years on the same terms. This \$50,000 related party note (the Related Party Note) has terms similar to the Company's line of credit with a commercial bank and is unsecured and bears interest at a rate of 6% per annum. The related party note was repaid in full in April 2011.

The Company's working capital is negative \$548,215 at June 26, 2011 versus negative \$606,904 at December 26, 2010. This working capital improvement is a direct result of the year to date profit of \$67,161.

Total debt related to property mortgages and lines of credit (LOC), including current maturities, at June 26, 2011 was \$4.177 million versus \$4.308 million at December 26, 2010. The decrease in debt was a result of paying an additional \$50,000 principal payment on its Missouri Park note as well as its regular debt repayments. The Company owed

\$385,000 on its lines of credit (as compared to \$365,000 at year end 2010) leaving us an available LOC balance of \$215,000.

Unrestricted cash was \$175,000 at June 26, 2011. Capital spending will be kept to a minimum during the next twelve months as the Company works to improve its financial condition. The Company spent \$55,000 on assets in the first six months of 2011.

At June 26, 2011, the Company had equity of \$2,282,915 and total debt of \$4,177,029, and a debt to equity ratio of 1.83 to 1. The Company's debt to equity ratio was 1.94 to 1 as of December 26, 2010.

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 continue to 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.

**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 March 27, 2011, 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.**

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

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

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

#### **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. REMOVED AND RESERVED**

**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.

July 29, 2011

