PARKS AMERICA, INC
Form 10-Q
November 19, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

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	91-0626756
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3420 Ocean Park Boulevard, Suite 3000

Santa Monica, CA 90405

(Address of principal executive offices) (Zip Code)

Issuer's telephone Number: (310) 450-9100

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 S 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 o	Accelerated filer o	Non-accelerated filer o (do not check if smaller reporting company)	Smaller reporting company x

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

As of November 18, 2008, the issuer had 52,106,537 outstanding shares of Common Stock.

TABLE OF CONTENTS

PART I

ITEM 1. FINANCIAL STATEMENTS.

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Nine Months Ended September 30, 2008

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

TABLE OF CONTENTS

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

CONDENSED CONSOLIDATED BALANCE SHEETS

September 30, 2008 and December 31, 2007

		Sept 30, 2008		Dec 31, 2007
ASSETS		**(UNAUDITED)**		
CURRENT ASSETS				
Cash-unrestricted	$	258,311	$	554,212
Cash-restricted		38,525		-
Accounts receivable trade		958,740		1,037,340
Accounts receivable related parties		261,961		210,598
Inventory		102,462		92,462
Advances and prepaid expenses		52,208		4,949
Prepaid insurance		193,429		155,544
Total Current Assets		1,865,636		2,055,105
PROPERTY AND EQUIPMENT, net of depreciation		7,387,943		4,884,874
OTHER ASSETS				
Goodwill		621,000		621,000
Intangibles, net of amortization		381,596		462,734
Note receivable, Idaho Chevron		300,000		300,000
Note receivable, Treasure Bay, affiliate		90,600		90,600
Deposits		49,470		68,327
Total Other Assets		1,442,666		1,542,661
TOTAL ASSETS	$	10,696,245	$	8,482,640
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued expenses		509,809		436,428
Advances from factor		874,765		800,000
Current maturities of long term debt		443,781		392,536
Total Current Liabilities		1,828,355		1,628,964

LONG-TERM DEBT				
Long-term obligations		4,445,277		2,556,513
Commitments and contingencies				
STOCKHOLDERS EQUITY				
Common stock;				
300,000,000 shares authorized, at $.001 par value; 52,106,537				
and 51,886,537 shares issued and outstanding respectively		52,106		51,886
Capital in excess of par value		4,460,890		4,443,510
Accumulated deficit		(90,383)		(198,233)
Total stockholders equity		4,422,613		4,297,163
TOTAL LIABILITIES and STOCKHOLDERS' EQUITY	$	10,696,245	$	8,482,640

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

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

For the Three and Nine Months Ended Sept 30, 2008 and 2007

	Three Months		Nine Months	
	Sept 30, 2008	**Sept 30, 2007**	**Sept 30, 2008**	**Sept 30, 2007**
NET SALES				
Theme park admissions	$ 1,256,912	$ 559,712	$ 2,845,042	$ 2,157,852
Staffing agency	2,255,204	-	6,800,409	-
Total Net Sales	3.512,116	559,712	9,645,451	2,157,852
COST OF SALES	1,988,674	167,914	5,909,903	647,356
Gross profit	1,523,442	391,798	3,735,548	1,510,496
OPERATING EXPENSES				
Selling, general and administrative	1,205,628	249,564	3,081,985	1,102,744
Depreciation and amortization	85,877	43,678	283,451	131,034
Total operating expenses	1,291,505	293,242	3,365,436	1,233,778
INCOME FROM OPERATIONS	231,937	98,556	370,112	276,718
OTHER INCOME & EXPENSES				
Sales of assets-net	-	-	22,672	-
Other income and expenses	2,180	16,755	(11,124)	180,289
Interest expense	(96,669)	(29,466)	(273,810)	(135,003)
INCOME BEFORE TAXES	137,448	85,845	107,850	322,004
PROVISION FOR INCOME TAXES	-	-	-	-

NET INCOME	$ 137,448	$ 85,845	$ 107,850	$ 322,004
NET INCOME PER COMMON SHARE				
Basic and diluted*	$ 0.00	$ 0.00	$ 0.00	$ 0.00

*Amounts are less than $.01 per share due to rounding

WEIGHTED OUTSTANDING SHARES (stated in 1,000 s)				
Basic	52,106	51,887	52,106	51,887
Diluted	54,078	65,074	54,416	65,074

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

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

Nine Months Ended Sept 30, 2008 and 2007

	Nine Months	
	Sept 30, 2008	**Sept 30, 2007**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 107,850	$ 322,004
Adjustments to reconcile net income to		
Net cash provided by operating activities		
Depreciation & Amortization	283,451	131,034
Gain/loss on sale of assets	(22,672)	-
Share based compensation	17,600	-
Changes in		
Inventory	(10,000)	-
Accounts receivable	16,600	(281,234)
Prepaid expenses, advances & deposits	(85,143)	99,200
Deposits	18,857	
Accounts payable & accrued expenses	73,381	(59,740)
Net cash provided by operating activities	399,924	211,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash	(38,526)	-
Due from related parties	10,638	-
Increase in intangible assets	-	(522,683)
Sale of land, building and equipment	22,672	-
Purchase of land, property and equipment	(926,832)	(372,726)
Net cash used in investing activities	(932,048)	(895,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs	(6,200)	-
Long term debt proceeds	500,000	-
Advances from factor, net	74,414	-

Payments on long-term debt		(331,991)		(42,050)
Net cash provided by financing activities		236,223		(42,050)
Net change in cash		(295,901)		(726,195)
Cash at beginning of period		554,212		1,335,143
Cash at end of period	$	258,311	$	608,948
SUPPLEMENT DISCLOSURE OF CASH FLOW INFORMATION				
Interest expense	$	272,054	$	135,003
Noncash investments in property and equipment through financing arrangements	$	1,772,000	$	762,500

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

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

September 30, 2008

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1.

ORGANIZATION

Parks America, Inc (formerly Royal Pacific Resources, Inc) is a Nevada corporation formed during 2002 for the purpose of merging with Painted Deseret Uranium and Oil Company, Inc., a Washington corporation, incorporated in 1954, with the merger being completed on July 25, 2002.

We own and operate regional theme amusement parks and a staffing agency, all within the United States. The parks are open year round but experience seasonal attendance. Results of operations for interim periods are not indicative of the results expected for a full year. 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 theme park outlined in note 3.

On September 30, 2007, the Company acquired assets from TempServe LLC outlined in note 6.

On March 5, 2008, the Company acquired assets for a theme park outlined in note 7.

On May 14, 2008, the Company changed its name from Great American Family Parks, Inc. to Parks! America, Inc.

2.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The unaudited condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Except as disclosed in Form 8-K as filed with the SEC on October 2, 2008, the condensed consolidated financial statements should be read in conjunction with the Company s December 31, 2007, consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-KSB (SEC File Number 000-51254). Certain information and footnote disclosures which are normally included in financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations for interim financial statements (Article 8 of Regulation S-X). The Company believes that the disclosures made are adequate to make the information presented not misleading. The information reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the interim periods set forth herein. All such adjustments are of a normal and recurring nature. The results for the three-month and nine-month periods ended September 30, 2008, are not necessarily indicative of the results for the fiscal year ending December 31, 2008.

PARKS AMERICA, INC and SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

2.

SIGNIFICANT ACCOUNTING POLICIES - continued

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

Reclassifications: Certain accounts and financial statement captions in the prior periods have been reclassified to conform to the current period interim 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. Potentially dilutive shares, consisting of 13,187,200 warrants, are not included in the calculation of diluted loss per share because their effect is anti-dilutive.

Revenue Recognition: The major source of income is received in the form of services provided from staffing services and theme park cash admissions. Park Staffing service revenue is recognized as services are performed on an hourly or weekly basis, prices are fixed or determinable based on customer requisitions and collectability is reasonably assured. 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.

Trade Accounts Receivable: Trade accounts receivables refer to amounts due for the performance of staffing services.

Allowance for doubtful accounts*:* We provide a reserve against our receivables for estimated losses that may result from our customers inability to pay related to our staffing business. We determine the amount of the reserve by analyzing known uncollectible accounts, economic conditions and historical losses and our customers creditworthiness. The likelihood of a material loss from this area is minimal due to our limited exposure to credit risk. No allowance for doubtful accounts has been set up at this time based on our best estimate and good collection history.

Advertising and Market Development: The Company expenses advertising and market 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.

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

2.

SIGNIFICANT ACCOUNTING POLICIES continued

Financial and Concentrations Risk: The Company does not have any concentration or related financial credit risks except for cash, accounts receivable and notes receivable, however, the Company considers the accounts to be fully collectible at the recorded amounts. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Principles of Consolidation: The accompanying consolidation financial statements include the accounts of Parks America, Inc. (parent), and its subsidiaries (Wild Animal Safari, Inc, Wild Animal, Inc, and Park Servicing LLC.). Results of operations and cash flows are included for the period subsequent to the acquisition dates and include the accounts of Park Staffing, LLC and Wild Animal Safari, Inc. 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.

Advance from Factor: The Company uses a factor for cash flow and receivables administration purposes for its Park Staffing business. The factor is an entity owned by the shareholders of Computer Contract Service, Inc., an entity from which, the Company acquired the assets of TempServ (See Note 6). Under the factoring agreement, the factor purchases certain trade accounts receivable and assumes minimal credit risks with respect to such accounts for a factoring charge negotiated as a percentage of the invoice amount assigned. The Company may also obtain advances against the receivables assigned. The Company is contingently liable to the factor for merchandise disputes, customer claims, and the like, on receivables sold to the factor. The factor holds a security interest in certain receivables. Accordingly, the Company has presented its accounts receivables related to the Park Staffing business as a current asset at net realizable value and presented its borrowings from the factors as a current liability.

Property and Equipment: Property and equipment are stated at cost. Depreciation is computed on the accelerated methods over the estimated useful lives of the assets, which range from five to thirty nine years. A summary is included below.

Land	$ 2,505,180
Building and improvements	4,349,176
Equipment	546,078
Animals	584,077
Less accumulated depreciation	(596,568)
Net	$ 7,387,943

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

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

2.

SIGNIFICANT ACCOUNTING POLICIES continued

Goodwill: Goodwill is initially recorded as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortized. We are required to evaluate goodwill for impairment on at least an annual basis, or sooner if required to do so. We performed the analysis, as of December 31, 2007, and determined that our remaining goodwill was not impaired. During the nine months ended September 30, 2008, management did not identify any reasons for the need to reassess any potential impairment. See note 6.

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, payroll software over a period of 36 months, and the covenant not to compete over a period of 180 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. There was no impairment of long-lived assets during the current interim periods presented.

Financial Instruments: The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short-term maturities.

Stock Based Compensation: Prior to January 1, 2006 the company accounted for stock based compensation under recognition and measurement principles of SFAS No. 123 and as permitted under APB Opinion No. 25, and related interpretations. Effective January 1, 2006 the company adopted FAS 123R using the modified prospective method recognizing compensation costs on a straight-line basis over the requisite service period of the award. SFAS No. 123R requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognizes for options exercised be classified as cash inflows from financing activities and cash outflows from operating activities. The company also applies SFAS No. 123R and EITF No. 96-18 stock based compensation to non-employees. No activity has occurred in relation to stock options and warrants during the interim periods ended September 30, 2008. The Company issued shares for services during the interim periods ended September 30, 2008 and was recorded at fair value at the date of issuance.

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 new sources of financing sufficient to sustain operations. The financials statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Other Recent Accounting Pronouncements: The Company does not expect that the adoption of other recent accounting pronouncements will have a material impact on its financial statements.

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

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2.

SIGNIFICANT ACCOUNTING POLICIES continued

In March 2006, the FASB issued SFAS No. 156 (FAS 156), Accounting for Servicing of Financial Assets An Amendment of FASB Statement No. 140 . Among other requirements, FAS 156 requires a company to recognize a servicing asset or servicing liability when it undertakes an obligation to service a financial asset by entering into a servicing contract under certain situations. Under FAS 156 an election can also be made for subsequent fair value measurement of servicing assets and servicing liabilities by class, thus simplifying the accounting and providing for income statement recognition of potential offsetting changes in the fair value of servicing assets, servicing liabilities and related derivative instruments. The Statement will be effective beginning the first fiscal year that begins after September 15, 2006. The adoption of this pronouncement does not have a material impact on our financial condition, result of operations, or cash flow.

In June 2006, the FASB issued Interpretation No. 48 (FIN48), Accounting for Uncertainty in Income Taxes . This interpretation requires companies to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. FIN 48 provides guidance on de-recognition, classification, accounting in interim periods and disclosure requirements for tax contingencies. FIN 48 is effective for fiscal years beginning after December 15, 2006. The differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption will be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. The Company adopted FIN48 on January 1, 2007 and has determined that the impact of the adoption of FIN 48 is insignificant to the Company s consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements . SFAS 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is evaluating the impact of this new pronouncement to the Company s financial position and results of operations or cash flows.

In September 2006, the FASB issued Statement No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R) . SFAS 158 requires companies to recognize the overfunded or underfunded status of a defined benefit post-retirement plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year in which the changes occur through comprehensive income, effective for fiscal years ending after December 15, 2006. SFAS 158 also requires companies to measure the funded status of the plan as of the date of its fiscal year-end, with limited exceptions, effective for fiscal years ending after December 15, 2008. The Company does not expect the adoption of SFAS 158 to have a material impact on the Company s financial position or results of operations, as the Company does not currently have any defined benefit pension or other post-retirement plans.

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

2.

SIGNIFICANT ACCOUNTING POLICIES continued

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 (SAB 108), Financial Statements - Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements . SAB 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for purposes of determining whether the current year s financial statements are materially misstated. SAB 108 provides that once a current year misstatement has been quantified, the guidance in SAB No. 99, Financial Statements Materiality , should be applied to determine whether the misstatement is material and should result in an adjustment to the financial statements. Under certain circumstances, prior year financial statements will not have to be restated and the effects of initially applying SAB 108 on prior years will be recorded as a cumulative effect adjustment to beginning Retained Earnings on January 1, 2006, with disclosure of the items included in the cumulative effect. The Company does not expect the application of the provisions of SAB 108 to have a material impact, if any, on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities . The objective of this statement is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected by the FASB to expand the use of fair value measurement, which is consistent with the FASB s long-term measurement objectives for accounting for financial instruments. This statement is effective for fiscal year beginning after November 15, 2007. The Company is currently evaluating the impact of adopting this statement; however, the Company does not expect the adoption of this provision to have a material effect on its financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, which changes the accounting for business combinations and their effects on the financial statements. SFAS No. 141(R) will be effective at the beginning of 2009. The adoption of this statement is not expected to have a material impact on our financial condition, results of operations, or cash flows.

In December 2007, the FASB issued SFAS No. 160, *Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, and amendment of ARB No. 51.* SFAS No. 160 requires entities to report non-controlling interests in subsidiaries as equity in their consolidated financial statements. SFAS No. 160 will be effective at the beginning of 2009. The adoption of this statement is not expected to have a material impact on the Company s financial condition, results of operations, or cash flows.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles, (* SFAS No. 162 *).* SFAS No. 162 sets forth the sources of accounting principles and the framework, or hierarchy, for selecting principles to be used in financial statement preparation. Prior to the issuance of SFAS No. 162, the GAAP hierarchy was defined in the AICPA Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. SFAS No. 162 will be effective 60 days following the approval by the Securities and Exchange Commission (SEC) of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The Company is currently evaluating the impact, if any, that the adoption of SFAS No. 162 will have on its consolidated financial position and results of operations.

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

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3.

LONG-TERM DEBT

	September 30, 2008	December 31, 2007
The Commercial Bank and Trust loan will be repaid in monthly installments based on a twenty year amortization schedule. The interest rate on the loan is 7.75% for the first five years. The interest rate will be renegotiated at the end of the initial five years of the payment term on November 17, 2010, but as part of the refinancing the bank has agreed to extend the payment term for an additional fifteen years after November 17, 2010, subject to no default. The loan is secured by a first priority security agreement and a first priority security deed on the Wild Animal Safari theme park assets. The current loan requires a monthly payment of $19,250.	$ 2,143,353	$ 2,186,549
In addition, on November 17, 2005, Wild Animal Safari, Inc. (subsidiary) obtained a line of credit loan from Commercial Bank & Trust Company of Troup County for working capital purposes in the principal amount of $200,000. This line of credit loan is renewable annually, subject to the satisfactory performance by Wild Animal Safari theme park assets. The outstanding balance on this line of credit was paid off in the second quarter of 2008. At September 30, 2008 the line is available.	-	-
On February 27, 2008, the bank issued a note payable for $22,000 for the purchase of a vehicle with an interest rate of 7.1% per annum. The loan is being amortized over five years.	19,752	-
On September 30, 2007, Park Staffing Services, LLC (Subsidiary) issued a note payable to Computer Contract Services, Inc. in the amount of $562,500 for debt incurred in the purchase of the Park Staffing Services temp agency. The note required interest at a rate of 6% and 36 monthly payments of $17,290 beginning January 1, 2008 and is being paid as agreed.	438,635	562,500

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

2.

LONG-TERM DEBT (continued)

		September 30, 2008		December 31, 2007
On September 30, 2007 Park Staffing Services, LLC (Subsidiary) also issued a note payable to EDLA, LLC in the amount of $200,000 for the remainder of the debt incurred in the purchase of the Park Staffing Services temp agency. The note required interest at a rate of 6% and 12 monthly payments of $17,643 beginning March 31, 2008 and is being paid as agreed.		86,909		200,000
On March 5, 2008 Wild Animal, Inc (Subsidiary) 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 required interest at a rate of 8%, 360 monthly payments of $12,841, and a final balloon payment of $38,433.		1,742,836		-
On March 5, 2008 Wild Animal, Inc (Subsidiary) obtained a loan from Commercial Bank & Trust in the amount of $500,000 to improve and upgrade facilities of the Wild Animal theme park. The note required interest at a rate of 7.25% and 60 monthly payments of $9,986. In addition a line of credit was extended for $250,000 until March 7, 2009 on a variable rate with the initial rate being 6%. At September 30, 2008 the line is available and had not been drawn upon.		457,573		-
		4,889,058		2,949,049
Less current portion of long-term debt		(443,781)		(392,536)
	$	4,445,277	$	2,556,513

At September 30, 2008 the scheduled future principal maturities for all notes are as follows:

Period Ending September 30		Amount
2009	$	443,781
2010		381,762
2011		253,218
2012		214,113
2013 thereafter		3,596,184
Total	$	4,889,058

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

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4.

STOCKHOLDERS EQUITY

On September 27, 2004, the Company issued 2,984,400 private placement common shares for cash, and 2,059,200 warrants under a Purchase Agreement dated June 10, 2004. Each warrant includes the right to purchase an additional common share at $0.30 per share at any time within five years. Since the warrants and shares were both equity classified, no separate valuation of the warrants were performed.

During 2005 the Company completed an offering of 11,128,000 common shares for cash. Included as part of the sale were warrants to purchase 11,128,000 common shares at any time before June 23, 2010 at an exercise price of $0.35. As of the date of this report none of the warrants had been exercised and no value has been recognized. Since the warrants and shares sold were both equity classified, no separate valuation of the warrants were performed.

In the first three months of 2008, 220,000 shares of stock were issued for directors fees and stock bonuses to two key employees and expensed. These shares were valued based on the market price as of the date of issuance and stock based compensation expense of $17,600 was recognized during the three months ended March 31, 2008.

5.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Officer-directors and their controlled entities have acquired 29% of the outstanding common stock of the Company. For the year ended December 31, 2007 the Company paid $307,154 in salaries.

As of September 30, 2008, the Company had a no interest demand loan due from an affiliate of $90,600, and no interest demand loans due from related parties of $251,618. All are scheduled for payoff in 2008.

The affiliation resulted by common ownership of the affiliates by officers of the Company.

Employment Agreements: During the second quarter of 2008, the Company entered into separate employment agreements with four officers which provides for base annual salaries of aggregate payments of $415,000, as compensation for the part-time and full time employment of the officers retroactive to January 2008 or April 2008 for a five year term. Salaries will be reviewed annually, and health insurance is provided to one officer.

The president and chief executive officer of the company is granted a bonus equal to two percent (2%) of the annual gross pre-tax income determined quarterly based on the filing of the 10Q report with the SEC, subject to the provision that said annual gross pre-tax income amounts to at least the sum of Five Hundred Thousand Dollars ($500,000). Said payment shall occur within thirty (30) days following the filing of the 10Q report. Any overpayment of said bonus shall be deducted from Eastland s salary at a rate not to exceed $10,000 per month. As of this report, no bonus has accrued or been paid.

PARKS AMERICA, INC AND SUBSIDIARIES

FORMERLY KNOWN AS GREAT AMERICAN FAMILY PARKS, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

UNAUDITED

September 30, 2008

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5.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

Each of the employment agreements also provides for the payment of additional severance compensation for the term of the contract: (i) the agreement is terminated by the Company without cause (as defined therein), or (ii) terminated by the executive due to change in control (as defined therein). These agreements also entitle the officers to participate in stock option plans to be set up. The contracts also provide for a sale/take-over termination bonuses of $1,050,000. Upon hiring additional marketing personnel, the Company may enter into additional employment agreements, which the Company anticipates may contain similar terms to existing employment agreements.

6.

ACQUISITION OF TEMPSERVE ASSETS, NOW RENAMED PARK STAFFING SERVICES, LLC

On September 30, 2007, the Company entered into an Asset Purchase Agreement with Computer Contact Service, Inc. (CCS) to acquire substantially all of the assets of tempSERV (now renamed Park Staffing Services, LLC) (Park Staffing Services), a division of CCS.

Park Staffing Services, which is located in Bakersfield, California, provides temporary industrial, construction, service, and clerical staffing services nationwide. In addition to the more traditional functions job placement, payroll and personnel administration, Park Staffing Services provides screening, testing, counseling and supervision of its placements.

The acquisition was completed on September 30, 2007. Assets acquired by the Company pursuant to the Agreement include: (i) certain fixed assets, equipment, fixtures, leasehold improvements located at tempSERV s office in Bakersfield, California; (ii) certain intellectual property of tempSERV; (iii) the goodwill of tempSERV; (iv) certain contracts related to the assets acquired by the Company.

The consideration for the assets acquired by the Company was an aggregate of $1,162,500, consisting of $400,000 in cash, a promissory note in the principal amount of $562,500 shall be paid out of the cash flow of Park Staffing Services in 36 equal monthly installments, in the amount of $17,292.41 each, commencing on January 1, 2008, and continuing through December 1, 2010, and a warrant to purchase 5,000,000 shares of common stock at $0.05 per share. The warrant is exercisable for all or a portion of the shares at the option of the holder and transferable at any time of from time to time on or after the date on which the warrant is issued, provided that annual revenue generated from Park Staffing exceeds $7 million, and that each transfer of shares does not result in the annual sale of more than 25% of the aggregate number of shares issuable upon exercise of the warrants. Since this grant is contingent upon the occurrence of a future event which is not certain to occur, no amounts have been recognized in connection with this arrangement. When the earn out provision has been met, the warrants will be issued and become exercisable. At that time, the Company will recognize the value of the consideration as additional goodwill. The Company has estimated the value of the warrants to be approximately $272,528 and was valued using the Black Scholes pricing model as calculated by an independent appraisal firm. The underlying assumptions used were: grant date fair value of $0.1050, exercise price of $0.055, risk free rate of 4.23%, volatility of 138.53% and term of 5 years.