

PARKS AMERICA, INC  
Form 10-Q  
August 10, 2016

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

(Mark One)

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

**For the quarterly period ended July 3, 2016**

**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 8, 2016, the issuer had 74,531,537 outstanding shares of Common Stock.



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

As of July 3, 2016 and September 27, 2015

	July 3, 2016	September 27, 2015
<b>ASSETS</b>		
Cash unrestricted	\$ 1,191,745	\$ 563,096
Cash restricted (Note 3)	456,492	456,492
Inventory	135,424	139,324
Prepaid expenses	41,755	87,633
<b>Total current assets</b>	<b>1,825,416</b>	<b>1,246,545</b>
Property and equipment, net	6,378,210	6,362,790
Intangible assets, net	154,054	158,661
Other assets	8,500	8,500
<b>Total assets</b>	<b>\$ 8,366,180</b>	<b>\$ 7,776,496</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 109,310	\$ 141,404
Other current liabilities	296,528	247,449
Accrued judgment under appeal (Note 9)	304,328	304,328
Current maturities of long-term debt	113,588	108,762
<b>Total current liabilities</b>	<b>823,754</b>	<b>801,943</b>
Long-term debt	3,280,196	3,374,406
<b>Total liabilities</b>	<b>4,103,950</b>	<b>4,176,349</b>
<b>Stockholders equity</b>		
Common stock; 300,000,000 shares authorized,		
at \$.001 par value; 74,531,537 and 74,381,537		
shares issued and outstanding, respectively	74,531	74,381
Capital in excess of par	4,809,606	4,801,506
Treasury stock	(3,250)	(3,250)
Accumulated deficit	(618,657)	(1,272,490)
<b>Total stockholders equity</b>	<b>4,262,230</b>	<b>3,600,147</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 8,366,180</b>	<b>\$ 7,776,496</b>

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

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

For the Three Months and Nine Months Ended July 3, 2016 and June 28, 2015

	For the three months ended		For the nine months ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Net sales	\$ 1,819,140	\$ 1,618,126	\$ 3,459,277	\$ 2,823,101
Sale of animals	-	1,625	16,327	25,692
<b>Total net sales</b>	<b>1,819,140</b>	<b>1,619,751</b>	<b>3,475,604</b>	<b>2,848,793</b>
Cost of sales	182,141	157,121	390,078	323,155
Selling, general and administrative	717,261	758,292	1,960,395	1,899,230
Depreciation and amortization	85,200	81,250	255,800	243,750
(Gain) loss on disposal of operating assets, net	2,623	(7,344)	2,623	(7,344)
<b>Income from operations</b>	<b>831,915</b>	<b>630,432</b>	<b>866,708</b>	<b>390,002</b>
Other income (expense), net	1,978	2,541	6,000	5,978
Interest expense	(49,542)	(56,096)	(155,569)	(166,083)
Amortization of loan fees	(2,602)	(2,602)	(7,806)	(7,806)
<b>Income before income taxes</b>	<b>781,749</b>	<b>574,275</b>	<b>709,333</b>	<b>222,091</b>
Income tax provision	50,100	22,000	55,500	22,000
<b>Net income</b>	<b>\$ 731,649</b>	<b>\$ 552,275</b>	<b>\$ 653,833</b>	<b>\$ 200,091</b>
<b>Income per share - basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>
<b>Weighted average shares outstanding (in 000's) - basic and diluted</b>	<b>74,531</b>	<b>74,381</b>	<b>74,488</b>	<b>74,314</b>



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

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

For the Nine Months Ended July 3, 2016 and Year Ended September 27, 2015

	Shares	Amount	Capital in Excess of Par	Treasury Stock	Accumulated Deficit	Total
Balance at September 28, 2014	74,231,537	\$ 74,231	\$ 4,797,006	\$(3,250)	\$(1,897,089)	\$2,970,898
Issuance of common stock to Directors	150,000	150	4,500	-	-	4,650
Net income for the year ended September 27, 2015	-	-	-	-	624,599	624,599
Balance at September 27, 2015	74,381,537	74,381	4,801,506	(3,250)	(1,272,490)	3,600,147
Issuance of common stock to Directors	150,000	150	8,100	-	-	8,250
Net income for the nine months ended July 3, 2016	-	-	-	-	653,833	653,833
Balance at July 3, 2016	74,531,537	\$ 74,531	\$ 4,809,606	\$(3,250)	\$ (618,657)	\$4,262,230

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



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

For the Nine Months Ended July 3, 2016 and June 28, 2015

	For the nine months ended	
	July 3, 2016	June 28, 2015
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 653,833	\$ 200,091
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization expense	255,800	243,750
Amortization of loan fees	7,806	7,806
(Gain) loss on disposal of assets	2,623	(7,344)
Stock-based compensation	8,250	4,650
Changes in assets and liabilities		
(Increase) decrease in inventory	3,900	(42,300)
(Increase) decrease in prepaid expenses	45,878	35,076
Increase (decrease) in accounts payable	(32,094)	(14,136)
Increase (decrease) in other current liabilities	49,079	74,643
Net cash provided by operating activities	995,075	502,236
<b>INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(277,042)	(419,765)
Proceeds from the disposition of property and equipment	-	7,344
(Increase) decrease in restricted cash	-	(456,492)
Net cash used in investing activities	(277,042)	(868,913)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from lines of credit and related party borrowings	220,000	550,000
Repayment of lines of credit and related party borrowings	(220,000)	(525,000)
Payments on notes payable	(89,384)	(68,670)
Net cash used in financing activities	(89,384)	(43,670)
Net increase (decrease) in cash	628,649	(410,347)
Cash at beginning of period	563,096	661,842
Cash at end of period	\$ 1,191,745	\$ 251,495
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 150,220	\$ 164,899
Cash paid for income taxes	\$ 76,525	\$ 11,159

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

July 3, 2016

**NOTE 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 pursuant to a Share Exchange Agreement that resulted in the Company assuming control and changing the corporate name to Great American Family Parks, Inc. The acquisition was accounted for as a reverse acquisition in which Great Western Parks was considered to be the acquirer of Royal Pacific Resources for reporting purposes. On June 11, 2008, the Company changed its name from Great American Family Parks, Inc. to Parks! America, Inc.

The Company owns and operates through wholly owned subsidiaries two regional theme parks and is in the business of acquiring, developing and operating local and regional theme parks and attractions in the United States. The Company's wholly owned subsidiaries are Wild Animal Safari, Inc., a Georgia corporation ( Wild Animal Georgia ) and Wild Animal, Inc., a Missouri corporation ( Wild Animal Missouri ). Wild Animal Georgia owns and operates the Wild Animal Safari theme park in Pine Mountain, Georgia (the Georgia Park ). Wild Animal Missouri owns and operates the Wild Animal Safari theme park located in Strafford, Missouri (the Missouri Park ). The Company acquired the Georgia Park on June 13, 2005, and the Missouri Park on March 5, 2008.

The Parks are open year round but experience increased seasonal attendance during the months of April through August. On a combined basis, net sales for the third and fourth quarter of the last two fiscal years represented approximately 72% of annual net sales.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** The Company's unaudited consolidated financial statements for the three months and nine months ended July 3, 2016 and June 28, 2015 are presented in accordance with accounting principles generally accepted in the United States of America ( GAAP ). 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 periods set forth herein. In the opinion of management interim results reflect all normal and recurring adjustments, and are not necessarily indicative of the results for a full fiscal year.

These unaudited consolidated financial statements should be read in conjunction with audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2015.

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

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

**Estimates and Assumptions:** Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. 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.

**Fiscal Year End:** The Company's fiscal year-end is the Sunday closest to September 30, and its quarterly close dates are also determined by the Sunday closest to the end of each quarterly reporting period. For the 2016 fiscal year, October 2 will be the closest Sunday, and for the 2015 fiscal year, September 27 was the closest Sunday. This fiscal calendar aligns the Company's fiscal periods more closely with the seasonality of its business. The high season typically ends after the Labor Day holiday weekend. The period from October through early March is geared towards maintenance and preparation for the next busy season, which typically begins at Spring Break and runs through Labor Day.

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

July 3, 2016

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

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

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

**Trade Accounts Receivable:** The theme parks are a payment upfront business; therefore, the Company typically carries little or no accounts receivable. The Company had no accounts receivable as of July 3, 2016 and September 27, 2015, respectively.

**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.

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

	July 3,	September 27,	Depreciable
	2016	2015	Lives
Land	\$ 2,507,180	\$ 2,507,180	not applicable
Buildings and structures	3,725,585	3,647,499	15 - 40 years
Facilities and equipment	530,482	452,707	5 - 15 years
Furniture and fixtures	76,646	76,646	7 years
Ground improvements	1,097,729	1,018,757	15 years
Park animals	641,025	633,134	5 - 10 years
Rides and entertainment	241,558	238,743	7 - 10 years



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Vehicles	343,317	318,436	3 - 5 years
Total cost	9,163,522	8,893,102	
Less accumulated depreciation	(2,785,312)	(2,530,312)	
Property and equipment, net	\$ 6,378,210	\$ 6,362,790	

**Other Intangible assets:** Other intangible assets include loan fees, franchising fees, payroll software that are all reported at cost. Loan fees are amortized over the life of the respective loan, currently 20 years for the term loan and seven years for the line-of-credit. See NOTE 4. LONG-TERM DEBT for more information. Franchising 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.

**Other Current Liabilities:** The following is a breakdown of other current liabilities:

	July 3, 2016	September 27, 2015
Accrued wages and payroll taxes	\$ 80,168	\$ 69,979
Accrued property taxes	31,215	41,646
Accrued income taxes	25,881	40,131
Accrued sales taxes	44,957	26,754
Deferred revenue	23,927	14,255
Other accrued liabilities	90,380	54,684
Other current liabilities	\$ 296,528	\$ 247,449

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

July 3, 2016

**NOTE 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 as of the balance sheet date presented.

**Revenue Recognition:** The Company's major source of income is from theme park admissions. Theme park revenues from admission fees are generally recognized upon receipt of payment at the time of the customers' visit to the parks. Theme park revenues from advance online ticket purchases are deferred until the customers' visit to the parks. Short-term seasonal passes are sold primarily during the spring and summer seasons, are negligible to our results of operations and are not material. The Company periodically sells surplus animals created from the natural breeding process that occurs within the parks. All animal sales are reported as a separate revenue line item.

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

**Stock Based Compensation:** The Company recognizes compensation costs on a straight-line basis over the requisite service period associated with the grant. 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. Each director is typically granted 25,000 restricted shares annually, usually toward the end of the calendar year.

**Income Taxes:** The Company utilizes the asset and liability method of accounting for income taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and the tax basis of the assets and liabilities, and are measured using the enacted tax rates and laws. Management periodically reviews the Company's deferred tax assets to determine whether their value can be realized based on available evidence. A valuation allowance is established when management believes it is more likely than not, that such tax benefits will not be realized. Changes in valuation allowances from period to period are included in the Company's income tax provision in the period of change.

**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 of any common share rights unless the exercise becomes anti-dilutive.

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

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

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

### **NOTE 3. RESTRICTED CASH**

As of February 5, 2015, the Company was required to post a security of \$456,492 (the Security Amount) in connection with the Company's appeal of a summary judgment and award of costs more fully described in NOTE 9. COMMITMENTS AND CONTINGENCIES herein. The Company deposited the Security Amount, in cash, in a newly established account with Fifth Third Bank, an Ohio Banking Corporation (Fifth Third). On April 8, 2015, Fifth Third issued a Letter of Credit equal to the Security Amount to the Harper Defendants (as that term is defined in Note 9). The Company anticipates the Letter of Credit will be in place until the appeal of the summary judgment award is resolved. The Company is restricted from using the Security Amount in its Fifth Third Bank deposit account as long as the Letter of Credit remains outstanding.

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

July 3, 2016

**NOTE 4. LONG-TERM DEBT**

On January 9, 2013, the Company completed a refinancing transaction (the Refinancing Loan ) with Commercial Bank & Trust Company of Troup County ( CB&T ) as lender. The Refinancing Loan was for a principal amount of \$3,752,000 and has a 20-year term. The Refinancing Loan is secured by substantially all the assets of the Company and its wholly owned subsidiaries. The Refinancing Loan bears interest at the rate of Prime Rate plus 2.50%, resulting in a rate of 5.75% during the first five years of the loan term. Thereafter, the interest rate will be re-priced every five years based on the then-Prime Rate plus 2.50%. During the first four months following the closing of the Refinancing Loan the Company was required to make interest-only payments. The minimum required monthly payment is approximately \$26,343 during the first five years of the Refinancing Loan term. The closing costs for the Refinancing Loan totaled \$175,369 and are being amortized over the 20-year life of the loan.

	July 3, 2016	September 27, 2015
On January 9, 2013, the Company completed a refinancing transaction with CB&T as lender. The Refinancing Loan was for a principal amount of \$3,752,000 and has a 20-year term.	\$ 3,393,784	\$ 3,483,168
Less current portion of long-term debt	(113,588)	(108,762)
Long-term debt	\$ 3,280,196	\$ 3,374,406

As of July 3, 2016, the scheduled future principal maturities by fiscal year are as follows:

2016	\$ 20,211
2017	125,406
2018	132,810
2019	140,651
2020	148,955
thereafter	2,825,751
Total	\$ 3,393,784

**NOTE 5. LINES OF CREDIT**

The Company maintains a \$350,000 line of credit (the LOC ) loan from CB&T for working capital purposes. This LOC has an initial term of seven years, subject to the satisfactory performance by the Company. The LOC interest rate is tied to the prime rate and was 5.5% as of July 3, 2016, with a minimum rate of 5.25%. The closing costs for the LOC totaled \$11,482 and are being amortized over the initial seven-year term of the loan. As of July 3, 2016 and September 27, 2015, respectively, there was no outstanding balance against the LOC.

During the Company s 2015 fiscal year, the Company s Board of Directors approved the offer of two of the Company s Directors to loan the Company additional funds to support its seasonal working capital requirements. These loans were made on the same terms and conditions as the LOC with CB&T. As of July 3, 2016 and September 27, 2015, respectively, there were no outstanding balances against the Director loans.

When applicable, all advances on the Company s LOC and Director loans are recorded as current liabilities.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

July 3, 2016

**NOTE 6. STOCKHOLDERS EQUITY**

Common stock shares issued for service to the Company are valued based on market price on the date of issuance. On December 18, 2015, the Company awarded a total of 150,000 shares of its common stock to six Directors for their service on the Board of Directors at a fair market value of \$0.055 per share or \$8,250, which was reported as an expense in the first quarter of the 2016 fiscal year. On December 18, 2014, the Company awarded 150,000 shares of its common stock to six Directors for their service on the Board of Directors at a fair market value of \$0.031 per share or \$4,650, which was reported as an expense in the first quarter of the 2015 fiscal year.

Officers, Directors and their controlled entities own approximately 55.1% of the outstanding common stock of the Company as of July 3, 2016.

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

***Employment Agreements:***

Effective June 1, 2009, the Company entered into an employment agreement with Dale Van Voorhis (the 2009 Van Voorhis Employment Agreement ) to serve as the Company's Chief Operating Officer. Effective January 27, 2011, Mr. Van Voorhis was appointed as the Company's Chief Executive Officer. Effective June 1, 2016, the Company and Mr. Van Voorhis entered into the 2016 Van Voorhis Employment Agreement . Pursuant to the 2016 Van Voorhis Employment Agreement, Mr. Van Voorhis receives an initial base annual compensation in the amount of \$90,000 per year, subject to annual review by the Board of Directors. The 2016 Van Voorhis Employment Agreement has a term of two years and entitles Mr. Van Voorhis to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

On April 1, 2008, the Company entered into an employment agreement with Jim Meikle (the 2008 Meikle Employment Agreement ) pursuant to which Mr. Meikle was hired to serve as the President and Chief Executive Officer of each of the Company's wholly owned subsidiaries. Effective January 27, 2011, Mr. Meikle was appointed as the Company's Chief Operating Officer. Effective April 1, 2015, the Company and Mr. Meikle entered into the 2015

Meikle Employment Agreement . Pursuant to the 2015 Meikle Employment Agreement, Mr. Meikle receives an initial base annual compensation in the amount of \$135,000 per year, subject to annual review by the Board of Directors. The 2015 Meikle Employment Agreement has a term of two years and entitles Mr. Meikle to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

Effective January 1, 2014, the Company entered into an employment agreement with Todd R. White (the White Employment Agreement ) to serve as the Company s Chief Financial Officer. Pursuant to the White Employment Agreement, Mr. White received an initial base annual compensation of \$50,000 per year, subject to annual review by the Board of Directors. Mr. White also received a \$10,000 signing bonus. Effective January 1, 2015, Mr. White s annual base compensation was increased to \$60,000. The White Employment Agreement has a term of five years and entitles Mr. White to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

Each of the foregoing employment agreements contains provisions for severance compensation in the event an agreement is (i) terminated early by the Company without cause or (ii) in the event of a change in control of the Company. This additional severance compensation payable totals \$455,000.

***Lines of Credit:***

During the Company s 2015 fiscal year, the Company s Board of Directors approved the offer of two of the Company s Directors to loan the Company additional funds to support its seasonal working capital requirements. These loans were made on the same terms and conditions as the LOC with CB&T. As of July 3, 2016 and September 27, 2015, respectively, there were no outstanding balances against the Director loans.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

July 3, 2016

**NOTE 8. INCOME TAXES**

For the nine month period ended July 3, 2016, the Company reported a pre-tax income of \$709,333. For the year ending October 2, 2016, the Company expects to generate pre-tax income and expects to utilize a portion of its Federal net tax operating loss carry-forwards to offset any Federal taxable income in its 2016 fiscal year. However, the Company will likely owe Federal alternative minimum tax for its 2016 fiscal year and has recorded a related tax provision of \$7,000 for the nine month period ended July 3, 2016. The Company expects to generate 2016 fiscal year income that will be subject to State of Georgia income taxes at a rate of approximately 6%. Accordingly, the Company recorded a tax provision of \$48,500 for estimated State of Georgia income taxes for the nine month period ended July 3, 2016.

The cumulative Federal net operating loss carry-forward was approximately \$3,127,000 at September 27, 2015 and will expire beginning in the year 2026. The net deferred tax asset generated by the Federal net operating loss carry-forward has been fully reserved. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$3,127,000 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, Federal net operating loss carry forwards may be limited as to use in future years.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

In September 2009, the Company filed an action against its former President and CEO in the Eighth Judicial District Court of the State of Nevada (Parks! America, Inc. vs. Eastland; et al., Case No. 09-A-599668). The Company brought this action in an attempt to obtain a Temporary Restraining Order and injunctive relief against the Eastland Defendants (the Company's former President and CEO Larry Eastland and his related companies) as to the Eastland Defendants' attempt to install a new board of directors for the Company. The Temporary Restraining Order was granted, as was the Preliminary Injunction.

In June 2012, the Company amended its complaint against the Eastland Defendants to, among other things, add new claims for relief, as well as join as defendants, Stanley Harper and Computer Contact Service, Inc., an entity controlled by Mr. Harper (together the Harper Defendants) for breaches of contract and fiduciary duty with regard to the Company's purchase of TempSERV on September 30, 2007 and its subsequent re-conveyance of TempSERV to



Computer Contact Service, Inc. as of January 1, 2009. The Company is seeking damages in excess of \$1.8 million.

Discovery was conducted on the claims between the parties, after which the Harper Defendants filed for summary judgment asking that the claims against them be dismissed. After briefing and argument, the Court granted summary judgment in favor of the Harper Defendants. Because one of the contracts involved had a provision for legal fees, the Harper Defendants also filed a motion for legal fees and costs. On October 24, 2014, the Court ordered the Company to pay approximately \$304,328 in costs and attorney's fees to the Harper Defendants. The Company recorded a liability for the initial award of \$304,328 during the fourth quarter of its 2014 fiscal year. As detailed in NOTE 3. RESTRICTED CASH, as of February 5, 2015, the Company was required to post a security in the amount of 150% of the award, or \$456,492.

The Company appealed the summary judgment orders and the award of costs and attorney's fees. On July 28, 2016, the Supreme Court of the State of Nevada issued an order affirming the Eighth Judicial District Court's summary judgment rulings in favor of the Harper Defendants and reducing the award of costs and attorney's fees in favor of the Harper Defendants to \$291,269. The Company is in the process of evaluating its options with respect to this ruling, including whether to file a Petition for Rehearing.

The remainder of the District Court case against the Eastland Defendants has been stayed pending the result of the appeal. The Company intends to proceed with its case against the Eastland Defendants regardless of the result of the appeal. If the summary judgment decisions are reversed upon rehearing, the Company will proceed against both the Eastland Defendants and the Harper Defendants in the District Court action.

Except as described above, the Company is not a party to any pending legal proceeding, nor is its 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 its business. None of the Company's directors, officers or affiliates is involved in a proceeding adverse to its business or has a material interest adverse to its business.

## PARKS! AMERICA, INC. and SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

July 3, 2016

## NOTE 10. BUSINESS SEGMENTS

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

The following tables present financial information regarding each of the Company's reportable segments:

	For the three months ended		For the nine months ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
<b>Total net sales:</b>				
Georgia	\$ 1,481,336	\$ 1,328,765	\$ 2,888,325	\$ 2,356,000
Missouri	337,804	290,986	587,279	492,793
<b>Consolidated</b>	\$ 1,819,140	\$ 1,619,751	\$ 3,475,604	\$ 2,848,793
<b>Income (loss) before income taxes:</b>				
Georgia	\$ 894,443	\$ 773,742	\$ 1,366,769	\$ 998,864
Missouri	65,610	34,108	(95,482)	(146,935)
Segment total	960,053	807,850	1,271,287	851,929
Corporate	(128,138)	(177,418)	(404,579)	(461,927)
Other income (expense), net	1,978	2,541	6,000	5,978
Interest expense	(49,542)	(56,096)	(155,569)	(166,083)
Amortization of loan fees	(2,602)	(2,602)	(7,806)	(7,806)
<b>Consolidated</b>	\$ 781,749	\$ 574,275	\$ 709,333	\$ 222,091

		As of	
	July 3, 2016	September 27, 2015	
<b>Total assets:</b>			
Georgia	\$ 5,193,617	\$ 4,658,282	
Missouri	2,550,508	2,489,603	
Corporate	622,055	628,611	
<b>Consolidated</b>	\$ 8,366,180	\$ 7,776,496	

**NOTE 11. SUBSEQUENT EVENTS**

In accordance with ASC 855-10, except as noted in NOTE 9. COMMITMENTS AND CONTINGENCIES , the Company has analyzed its operations subsequent to July 3, 2016 to the date these financial statements were issued and has determined that it does not have any material subsequent events to disclose in these unaudited consolidated financial statements.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

Management's discussion and analysis of results of operations and financial condition ( MD&A ) is a supplement to the accompanying unaudited consolidated financial statements and provides additional information on the Company's businesses, current developments, financial condition, cash flows and results of operations. The following discussion should be read in conjunction with our unaudited consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q (this Quarterly Report ) and with our Annual Report on Form 10-K for the fiscal year ended September 27, 2015.

### **Forward-Looking Statements**

Except for the historical information contained herein, this Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements involve risks and uncertainties, including, among other things, statements concerning: our business strategy; liquidity and capital expenditures; future sources of revenues and anticipated costs and expenses; and trends in industry activity generally. Such forward-looking statements include, among others, those statements including the words such as "may," "will," "should," "expect," "plan," "could," "anticipate," "intend," "believe," "estimate," "predict," "potential," "goal," or "continue" or similar language or by discussions of our outlook, plans, goals, strategy or intentions.

Our actual results may differ significantly from those projected in the forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the risks outlined under "RISK FACTORS" in this Quarterly Report, that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. For example, assumptions that could cause actual results to vary materially from future results include, but are not limited to: competition from other parks, weather conditions during our primary tourist season, the price of animal feed and the price of gasoline. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, we cannot guarantee future results, levels of activity, performance or achievements.

The forward-looking statements we make in this Quarterly Report are based on management's current views and assumptions regarding future events and speak only as of the date of this report. We assume no obligation to update any of these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements, except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission.

## Overview

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

Our Parks are open year round but experience increased seasonal attendance during the months of April through August. On a combined basis, net sales for the third and fourth quarter of our last two fiscal years represented approximately 72% of annual net sales.

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. When evaluating possible acquisitions, we rely on the following primary criteria:

.  
Properties that have an operating history;

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

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

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

We may also pursue contract management opportunities for themed attractions owned by third parties.



As we look at our operations as of July 3, 2016, one of our highest priorities is to continue to improve the operating profit at our Missouri Park. Since the acquisition of our Missouri Park in March 2008, we have worked to upgrade the Park's physical facilities and dramatically improve its concessions. During our 2015 fiscal year, we completed the installation of five amusement park kiddie rides at our Missouri Park that are targeted toward families with children between the ages of three and twelve years old. The addition of these rides is a continuation of our ongoing effort to improve the overall guest experience at, as well as public perception of, our Missouri Park. It is our belief that the addition of these rides will help increase attendance and average spending per guest visit. We believe that years of operation under the prior owners resulted in negative preconceptions about the condition of our Missouri Park. We will continue to focus our efforts to promote our Missouri Park and make additional improvements as our capital budget allows. We expect that over the course of several years these efforts will ultimately yield favorable results.

We are also committed to leveraging the strong operating model we have established at our Georgia Park, with a focus on increasing Park attendance, as well as increasing the revenue generated per visitor via concession and gift shop revenues.

On January 9, 2013, we completed a \$3,752,000 loan transaction (the Refinancing Loan), the proceeds of which were used primarily to refinance the Company's then-outstanding debt and fund \$230,000 of new construction and renovations at our Parks. The Refinancing Loan lowered our anticipated annual debt service payments. Prior to the Refinancing Loan, our then outstanding mortgages required annual debt service payments totaling \$490,000 as compared to new estimated annual debt service payments totaling \$316,000, a reduction of \$174,000 compared with the previous year. We anticipate that this reduction of our annual cash requirements for debt service will free up cash flow to fund operations and capital improvements at our Parks.

While the Refinancing Loan provides us with incremental cash flow margin, our current size and operating model leave us little room for error. Any future capital raised by us is likely to result in dilution to existing stockholders. It is possible that cash generated by, or available to, us may not be sufficient to fund our capital and liquidity needs for the near-term.

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

## **Results of Operations For the Three Month Period Ended July 3, 2016 as Compared to Three Month Period Ended**

**June 28, 2015**

The three month periods ended July 3, 2016 and June 28, 2015 each comprised 13 weeks. However, the three month period ended July 3, 2016 included one week of the Spring Break season during our 2016 fiscal year, while the three month period ended June 28, 2015 included two weeks of this historically higher attendance period. Also note, the majority of the July 4<sup>th</sup> holiday period occurred in the three month period ended July 3, 2016, while in fiscal 2015, the July 4<sup>th</sup> holiday period occurred in the subsequent fiscal quarter. As such, we will discuss Park attendance based net sales on both a reported, as well as a comparable 13-week, basis for the three months ended July 3, 2016 as compared to the prior year.

The following table shows our consolidated and segment operating results for the three months ended July 3, 2016 and June 28, 2015:

	Georgia Park		Missouri Park		Consolidated	
	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
Total net sales	\$ 1,481,336	\$ 1,328,765	\$ 337,804	\$ 290,986	\$ 1,819,140	\$ 1,619,751
Segment income (loss) from operations	894,443	773,742	65,610	34,108	960,053	807,850
<i>Segment operating margin %</i>	<i>60.4%</i>	<i>58.2%</i>	<i>19.4%</i>	<i>11.7%</i>	<i>52.8%</i>	<i>49.9%</i>
Corporate expenses					(128,138)	(177,418)
Other income (expense), net					1,978	2,541
Interest expense					(49,542)	(56,096)
Amortization of loan fees					(2,602)	(2,602)
Loss before income taxes					\$ 781,749	\$ 574,275

### ***Total Net Sales***

On a reported basis, our total net sales for the three month period ended July 3, 2016 increased by \$199,389, or 12.3%, to \$1,819,140 versus the three month period ended June 28, 2015. Our Parks combined attendance based net sales increased by \$201,014 or 12.4%, while animal sales decreased \$1,625. On a comparable 13-week basis, our Parks combined attendance based net sales increased by \$181,963 or 11.1%.



Our Georgia Parks reported net sales increased by \$152,571 or 11.5%. Our Georgia Parks attendance based net sales increased by 12.1% on a comparable 13-week basis. Our Missouri Parks reported net sales increased by \$46,818 or 16.1%. Our Missouri Parks attendance based net sales increased by 16.7% and 7.1%, on a reported and comparable 13-week basis, respectively.

On a comparable 13-week basis for the period ended July 3, 2016, attendance at our Georgia and Missouri Parks increased by 9.4% and 12.3%, respectively. We believe increased online ticket sales, higher revenue per guest visit and overall favorable customer perception of our Parks contributed to higher revenues and higher attendance during the three months ended July 3, 2016 as compared to the comparable period in the prior year.

### ***Segment Operating Margin***

Our consolidated segment operating margin increased by \$152,203, resulting in segment income from operations of \$960,053 for the three month period ended July 3, 2016 compared to \$807,850 for the three month period ended June 28, 2015. Our Georgia Parks segment income was \$894,443, resulting in an increase of \$120,701, principally as a result of higher attendance based net sales, partially offset increased cost of sales. The segment income for our Missouri Parks was \$65,610, an increase of \$31,502, as a result of higher attendance based net sales, partially offset by higher general operating expenses.

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

Corporate spending decreased by \$49,280 to \$128,138 during the three month period ended July 3, 2016, primarily as a result of lower legal expenses.

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

Interest expense, including amortization of loan fees, for the three month period ended July 3, 2016 was \$52,144, a decrease of \$6,554 compared with the three month period ended June 28, 2015. This decrease is primarily the result of lower average seasonal borrowing, as well as lower term loan borrowing.

### ***Income Taxes***

Based on our cumulative net tax operating loss carry-forwards, we do not expect to pay U.S. Federal income taxes for our 2016 fiscal year; therefore, we have not recorded a related tax provision for the three month period ended July 3, 2016. However, we will likely owe Federal alternative minimum tax for our 2016 fiscal year and have recorded a related tax provision of \$7,000 for the three month period ended July 3, 2016. We expect to generate income during our 2016 fiscal year, which will be subject to State of Georgia income taxes at a rate of approximately 6%. Accordingly, the Company recorded a tax provision of \$43,100 for estimated State of Georgia income taxes for the three month period ended July 3, 2016. For additional information, see NOTE 8. INCOME TAXES of the Notes to the Consolidated Financial Statements (Unaudited).

### *Net Income and Income Per Share*

During the three month period ended July 3, 2016, we generated net income of \$731,649 or \$0.01 per basic share and per fully diluted share, compared to a net income of \$552,275 or \$0.01 per basic share and per fully diluted share, for the three month period ended June 28, 2015, resulting in an increase of \$179,374. The primary drivers of the improvement in our net income for the three month period ended July 3, 2016 compared to the comparable 2015 fiscal period were increased operating income for our Georgia Park and our Missouri Park of \$120,701 and \$31,502, respectively, a reduction in Corporate spending of \$49,280 and a \$6,554 decrease in interest expense, partially offset by a \$28,100 increase in income taxes.

### **Results of Operations For the Nine Month Period Ended July 3, 2016 as Compared to Nine Month Period Ended June 28, 2015**

Our 2016 fiscal year will end on October 2, 2016 and will be comprised of 53 weeks. Our 2015 fiscal year ended on September 27, 2015 and was comprised of 52 weeks. The additional week in our 2016 fiscal year occurred during our first fiscal quarter, causing our reported results of operations for the nine month period ended July 3, 2016 to contain 40 weeks compared to 39 weeks for the nine month period ended June 28, 2015. As such, we will discuss Park attendance based net sales on both a reported, as well as a comparable 40-week, basis for the nine month period ended July 3, 2016 as compared to the prior year.

The following table shows our consolidated and segment operating results for the nine months ended July 3, 2016 and June 28, 2015:

	Georgia Park		Missouri Park		Consolidated	
	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
Total net sales	\$ 2,888,325	\$ 2,356,000	\$ 587,279	\$ 492,793	\$ 3,475,604	\$ 2,848,793
Segment income (loss) from operations	1,366,769	998,864	(95,482)	(146,935)	1,271,287	851,929
Segment operating margin %	47.3%	42.4%	-16.3%	-29.8%	36.6%	29.9%
Corporate expenses					(404,579)	(461,927)
Other income (expense), net					6,000	5,978
Interest expense					(155,569)	(166,083)
Amortization of loan fees					(7,806)	(7,806)
Loss before income taxes					\$ 709,333	\$ 222,091

### ***Total Net Sales***

On a reported basis, our total net sales for the nine month period ended July 3, 2016 increased by \$626,811, or 22.0%, to \$3,475,604 versus the nine month period ended June 28, 2015. On a reported basis, our Parks combined attendance based net sales increased by \$636,176 or 22.5%, partially offset by a \$9,365 decrease in animal sales. On a comparable 40-week basis, our Parks combined attendance based net sales increased by \$471,586 or 15.8%.

Our Georgia Parks reported net sales increased by \$532,325 or 22.6%. Our Georgia Parks attendance based net sales increased by 22.5% and 16.5%, on a reported and comparable 40-week basis, respectively. Our Missouri Parks reported net sales increased by \$94,486 or 19.2%, as attendance based net sales increased \$105,487, offset by a \$11,001 decrease in animal sales. Our Missouri Parks attendance based net sales increased by 22.5% and 12.6%, on a reported and comparable 40-week basis, respectively.

On a comparable 40-week basis for the period ended July 3, 2016, attendance at our Georgia and Missouri Parks increased by 11.3% and 14.7%, respectively. We believe favorable weather conditions, increased online ticket sales, higher revenue per guest visit and overall favorable customer perception of our Parks contributed to higher revenues and higher attendance during the comparable 40-week period ended July 3, 2016 as compared to the prior year.

### ***Segment Operating Margin***

Our consolidated segment operating margin increased by \$419,358, resulting in segment income from operations of \$1,271,287 for the nine month period ended July 3, 2016 compared to segment income from operations of \$851,929 for the nine month period ended June 28, 2015. Our Georgia Park's segment income was \$1,366,769, an increase of \$367,905, principally as a result of higher attendance based net sales, partially offset by higher compensation, advertising, insurance and park maintenance expenses, as well as increased cost of sales. The segment loss for our Missouri Park was \$95,482, an improvement of \$51,453, as higher attendance based net sales were partially offset by higher compensation, depreciation and operating expenses, as well as increased cost of sales, and lower animal sales.

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

Corporate spending was \$404,579 during the nine month period ended July 3, 2016, a decrease of \$57,348, primarily as a result of lower legal expenses, partially offset by higher compensation expense.

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

Interest expense, including amortization of loan fees, for the nine month period ended July 3, 2016 was \$163,375, a decrease of \$10,514 compared with the nine month period ended June 28, 2015. This decrease is primarily the result of lower average seasonal borrowing, as well as lower term loan borrowing.

### ***Income Taxes***

Based on our cumulative net tax operating loss carry-forwards, we do not expect to pay U.S. Federal income taxes for our 2016 fiscal year; therefore, we have not recorded a related tax provision for the nine month period ended July 3, 2016. However, we will likely owe Federal alternative minimum tax for our 2016 fiscal year and have recorded a related tax provision of \$7,000 for the nine month period ended July 3, 2016. We expect to generate income during our 2016 fiscal year, which will be subject to State of Georgia income taxes at a rate of approximately 6%. Accordingly, we recorded a tax provision of \$48,500 for estimated State of Georgia income taxes for the nine month period ended July 3, 2016. For additional information, see NOTE 8. INCOME TAXES of the Notes to the Consolidated Financial Statements (Unaudited).



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

During the nine month period ended July 3, 2016, we generated net income of \$653,833 or \$0.01 per basic share and per fully diluted share, compared to a net income of \$200,091 or \$0.00 per basic share and per fully diluted share, for the nine month period ended June 28, 2015, resulting in an increase of \$453,742. The primary drivers of the improvement in our net income for the nine month period ended July 3, 2016 compared to the comparable 2015 fiscal period were increased operating income for our Georgia Park and our Missouri Park of \$367,905 and \$51,453, respectively, a reduction in Corporate spending of \$57,348 and a \$10,514 decrease in interest expense, partially offset by a \$33,500 increase in income taxes.

### **Financial Condition, Liquidity and Capital Resources**

#### ***Financial Condition and Liquidity***

Our primary sources of liquidity are cash generated by operations and borrowings under our loan agreements. Our slow season starts after Labor Day in September and runs until Spring Break, which typically begins toward the end of March. The first and second quarters of our fiscal year have historically generated negative cash flow and require us to borrow to fund operations and prepare our Parks for the busy season during the third and fourth quarters of our fiscal year. Similar to the prior year, if our 2016 fiscal year seasonal borrowing needs exceed our Commercial Bank & Trust Company of Troup County ( CB&T ) line of credit ( LOC ), two members of our Board of Directors have agreed to offer us additional seasonal borrowing on the same terms and conditions as the LOC with CB&T.

We believe that our performance has improved to the point that annual cash flow from operations will be sufficient to fund operations, make debt-service payments and spend modestly on capital improvements in the near-term. During the next twelve months, our focus will continue on increasing Park attendance revenues. Any slowdown in revenue or unusual capital outlays may require us to seek additional capital.

Our working capital was \$1.00 million as of July 3, 2016, compared to \$444,602 as of September 27, 2015. This increase in working capital reflects strong operating cash flow, partially offset capital expenditures, during the first nine months of our 2016 fiscal year.

Total loan debt, including current maturities, as of July 3, 2016 was \$3.39 million compared to \$3.48 million as of September 27, 2015. The decrease in total loan debt was a result of scheduled payments against our term loan during the nine month period ended July 3, 2016. Our LOC balance was \$0 as of July 3, 2016 and September 27, 2015, respectively.

As of July 3, 2016, we had equity of \$4.26 million and total loan debt of \$3.39 million, resulting in a debt to equity ratio of 0.80 to 1.0. Our debt to equity ratio was 0.97 to 1.0 as of September 27, 2015.

***Operating Activities***

Net cash provided by operating activities was \$995,075 for the nine month period ended July 3, 2016, compared to \$502,236 for the nine month period ended June 28, 2015, an increase of \$492,839. The increase in cash provided by operating activities was primarily the result of an increase in our net income.

***Investing Activities***

Net cash used in investing activities was \$277,042 for the nine month period ended July 3, 2016, compared to \$868,913 for the nine month period ended June 28, 2015, a decrease of \$591,871, primarily driven by a one-time set aside of \$456,492 in restricted cash during our 2015 fiscal year and a \$142,723 reduction in capital expenditures. On a total year basis, we anticipate 2016 fiscal year capital expenditures to be lower than our 2015 fiscal year by approximately \$175,000.

***Financing Activities***

Net cash used in financing activities was \$89,384 for the nine month period ended July 3, 2016, compared to \$43,670 for the nine month period ended June 28, 2015, an increase of \$45,714, primarily due to the timing of payments on our term loan with CB&T and payments to bring down our slow season borrowings.

### **Subsequent Events**

Effective July 25, 2016, OTC Stock Transfer, Inc. resigned as our stock transfer agent. Effective August 8, 2016, we appointed Action Stock Transfer Corporation as our stock transfer agent.

On July 28, 2016, the Supreme Court of the State of Nevada issued an order affirming the Eighth Judicial District Court's summary judgment in favor of the Harper Defendants, and affirming \$291,269 of their claims for recovery of costs and attorney's fees. We are in the process of evaluating our options with respect to this ruling, including whether to file a Petition for Rehearing. See NOTE 9. COMMITMENTS AND CONTINGENCIES of the Notes to the Consolidated Financial Statements (Unaudited) included in this Quarterly Report for additional information on this matter.

### **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, results of operations, liquidity or capital expenditures.

### **Critical Accounting Policies and Estimates**

The preceding discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements included elsewhere in this Quarterly Report. Our significant accounting policies are set forth in NOTE 2. SIGNIFICANT ACCOUNTING POLICIES of the Notes to the Consolidated Financial Statements (Unaudited) included in this Quarterly Report, which should be reviewed as they are integral to understanding our results of operations and financial position. The Parks! America, Inc. Annual Report on Form 10-K for the fiscal year ended September 27, 2015 includes additional information about us, our operations, our financial condition, our critical accounting policies and accounting estimates, and should be read in conjunction with this Quarterly Report.

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

Not applicable



#### ITEM 4. CONTROLS AND PROCEDURES

Parks! America, Inc. (the Registrant) maintains controls and procedures, as such term is defined under the Securities Exchange Act of 1934, as amended (the Exchange Act) in Rule 13a-15(e) promulgated thereunder, that are designed to ensure that information required to be disclosed in the Registrant's Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the Registrant's management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, the Registrant's management was necessarily required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

With the participation of its principal executive officer and principal financial officer of the Registrant, the Registrant's management has evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Exchange Act) as of the end of the fiscal quarter covered by this Quarterly Report. Based upon the evaluation, the Registrant's principal executive officer and principal financial officer have concluded that the Registrant's disclosure controls and procedures were effective at a reasonable assurance level.

In addition, there were no changes in the Registrant's internal control over financial reporting (as defined in Rule 13a-15(e) promulgated under the Exchange Act) that occurred during the Registrant's fiscal quarter ended July 3, 2016 that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

## PART II

### ITEM 1. LEGAL PROCEEDINGS

In September 2009, we filed an action against our former President and CEO in the Eighth Judicial District Court of the State of Nevada (Parks! America, Inc. vs. Eastland; et al., Case No. 09-A-599668). We brought this action in an attempt to obtain a Temporary Restraining Order and injunctive relief against the Eastland Defendants (our former President and CEO Larry Eastland and his related companies) as to the Eastland Defendants attempt to install a new Board of Directors for the Company. The Temporary Restraining Order was granted, as was the Preliminary Injunction.

In June 2012, we amended our complaint against the Eastland Defendants to, among other things, add new claims for relief, as well as join as defendants, Stanley Harper and Computer Contact Service, Inc., an entity controlled by Mr. Harper (together the Harper Defendants) for breaches of contract and fiduciary duty with regard to the Company's purchase of TempSERV on September 30, 2007 and its subsequent re-conveyance of TempSERV to Computer Contact Service, Inc. as of January 1, 2009. We are seeking damages in excess of \$1.8 million.

Discovery was conducted on the claims between the parties, after which the Harper Defendants filed for summary judgment asking that the claims against them be dismissed. After briefing and argument, the Court granted summary judgment in favor of the Harper Defendants. Because one of the contracts involved had a provision for legal fees, the Harper Defendants also filed a motion for legal fees and costs. On October 24, 2014, the Court ordered us to pay approximately \$304,328 in costs and attorney's fees to the Harper Defendants. We recorded a liability for this award during the fourth quarter of our 2014 fiscal year. As further detailed in NOTE 3. RESTRICTED CASH of the Notes to the Consolidated Financial Statements (Unaudited) included in this Quarterly Report, as of February 5, 2015, we were required to post a security in the amount of 150% of the award, or \$456,492.

We appealed the summary judgment orders and the award of costs and attorney's fees. On July 28, 2016, the Supreme Court of the State of Nevada issued an order affirming the Eighth Judicial District Court's summary judgment ruling in favor of the Harper Defendants and reducing the award of costs and attorney's fees in favor of the Harper Defendants to \$291,269. We are in the process of evaluating our options with respect to this ruling, including whether to file a Petition for Rehearing.

The remainder of the District Court case against the Eastland Defendants has been stayed pending the result of the appeal. We intend to proceed with our case against the Eastland Defendants regardless of the result of the appeal. If the summary judgment decisions are reversed upon rehearing, we will proceed against both the Eastland Defendants and the Harper Defendants in the District Court Action.

Except as described above, 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**

You should read the MD&A together with our unaudited consolidated financial statements and related notes, each included elsewhere in this Quarterly Report, in conjunction with the Parks! America, Inc. Annual Report on Form 10-K for the fiscal year ended September 27, 2015. Some of the information contained in the MD&A or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategies for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "RISK FACTORS" below for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this report. If any of the following risks actually occur, our business, financial condition and results of operations could be adversely affected.

**Risk Factors Relating to Our Business:**

*The Theme Park Industry is highly competitive and we may be unable to compete effectively.*

The theme park industry is highly competitive, highly fragmented, rapidly evolving, and subject to technological change and intense marketing by providers with similar products. One of our competitors for attracting general recreation dollars, Callaway Gardens, is located within five miles of our Georgia Park. Branson, Missouri is located just 45 minutes from our Missouri Park. Many of our current competitors are significantly larger and have substantially greater market presence as well as greater financial, technical, operational, marketing and other resources and experience than we have. In the event that such a competitor expends significant sales and marketing resources in one or several markets we may not be able to compete successfully in such markets. We believe that competition will continue to increase, potentially 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 increasing availability and quality of technology-based entertainment has provided families with a wider selection of entertainment alternatives in their homes, including home entertainment units, in-home and online gaming, as well as on-demand streaming video and related access to various forms of entertainment. 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 wild animal attractions such as our Georgia and Missouri Parks.

*The suspension or termination of any of our business licenses may have a negative impact on our business.*

We maintain a variety of business licenses issued by federal, state and local government agencies that are required to be renewed periodically. 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.

***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. Our properties contain drive-through, safari style animal parks, 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 \$6.0 million of liability insurance per occurrence, which is capped at \$10 million in aggregate. 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 Parks.

***We may not identify or complete acquisitions in a timely, cost-effective manner, if at all.***

Our business plan is predicated upon the acquisition of additional local or regional theme parks and attractions, and upon the expansion of our current facilities and offerings. However, there can be no assurance that we will be successful in acquiring and operating additional local or regional theme parks and attractions. Competition for acquisition opportunities in the theme park industry is intense as there are a limited number of parks within the United States that could reasonably qualify as acquisition targets for us. Our acquisition strategy is dependent upon, among other things, our ability to: identify acquisition opportunities; obtain debt and equity financing; and obtain necessary regulatory approvals. Our ability to pursue our acquisition strategy may be hindered if we are not able to successfully identify acquisition targets or obtain the necessary financing or regulatory approvals, including but not limited to those arising under federal and state antitrust and environmental laws.

***Significant amounts of additional financing may be necessary for the implementation of our Business Plan.***

We may require additional debt and equity financing to pursue our business plan. There can be no assurance that we will be successful in obtaining additional financing. Lack of additional funding could force us to substantially curtail our expansion plans. Furthermore, the issuance by the Company of any additional securities would dilute the ownership of existing stockholders and may affect the price of our common stock.

***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 environmental 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.

***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 Executive Officer of the Company and Jim Meikle, Chief Operating Officer and a Director of the Company, and President of Wild Animal Missouri and Wild Animal Georgia. 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.

**Risk Factors Relating to Our Common Stock:**

*Our Common Stock is subject to the penny stock rules of the SEC and the trading market in our Common Stock is limited, which makes transactions in our Common Stock cumbersome and may reduce the value of an investment in our Common Stock.*

Our common stock is considered a "penny stock" and the sale of our stock by you will be subject to the "penny stock rules" of the SEC. The penny stock rules require broker-dealers to take steps before making any penny stock trades in customer accounts. As a result, the market for our shares could be illiquid and there could be delays in the trading of our stock, which would negatively affect your ability to sell your shares and could negatively affect the trading price of your shares.

*We do not expect to pay dividends for some time, if at all.*

As of the date of this report, 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, as well as to service our debt. We do not expect to pay cash dividends in the near future. Any future determination as to the payment of dividends on our common stock will be at the discretion of our Board of Directors and will depend on our earnings, operating and financial condition, capital requirements and other factors deemed relevant by our Board of Directors. The provisions of credit agreements, which we may enter into from time to time, may also restrict the declaration of dividends on our common stock.

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

None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable

**ITEM 5. OTHER INFORMATION**

None

**ITEM 6. EXHIBITS**

**Exhibit**

**Number Description of Exhibit**

- |      |   |
|------|---|
| 10.1 | Employment Contract Between Dale Van Voorhis and Parks! America, Inc. Dated as of June 1, 2016.   |
| 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.  |
| 31.2 | Certification by Chief Financial Officer as required by Rule 13a-14 as adopted pursuant to Section 302 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. |



Certification of Chief Financial 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.

August 10, 2016

PARKS! AMERICA, INC.

By: /s/ Dale Van Voorhis

Dale Van Voorhis

Chief Executive Officer

(Principal Executive Officer)