

PARKS AMERICA, INC  
Form 10-Q  
February 09, 2017

**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 January 1, 2017**

**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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> . (Do not check if a smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/> .

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 February 6, 2017, the issuer had 74,681,537 outstanding shares of Common Stock.



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

As of January 1, 2017 and October 2, 2016

	January 1, 2017	October 2, 2016
<b>ASSETS</b>		
Cash unrestricted	\$ 1,394,449	\$ 1,482,777
Cash restricted (Note 3)	-	456,492
Inventory	124,173	107,573
Prepaid expenses	165,841	87,760
<b>Total current assets</b>	<b>1,684,463</b>	<b>2,134,602</b>
Property and equipment, net	6,484,550	6,432,897
Intangible assets, net	2,800	3,000
Deferred tax asset	777,124	777,124
Other assets	9,199	8,500
<b>Total assets</b>	<b>\$ 8,958,136</b>	<b>\$ 9,356,123</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 21,221	\$ 24,106
Other current liabilities	215,546	231,392
Accrued judgment award (Note 9)	-	372,416
Current portion of long-term debt, net	106,319	104,652
<b>Total current liabilities</b>	<b>343,086</b>	<b>732,566</b>
Long-term debt, net	3,083,669	3,113,603
<b>Total liabilities</b>	<b>3,426,755</b>	<b>3,846,169</b>
<b>Stockholders equity</b>		
Common stock; 300,000,000 shares authorized,		
at \$.001 par value; 74,681,537 and 74,531,537		
shares issued and outstanding, respectively	74,681	74,531
Capital in excess of par	4,825,656	4,809,606
Treasury stock	(3,250)	(3,250)
Retained earnings	634,294	629,067
<b>Total stockholders equity</b>	<b>5,531,381</b>	<b>5,509,954</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 8,958,136</b>	<b>\$ 9,356,123</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 Ended January 1, 2017 and January 3, 2016

	For the three months ended	
	January 1, 2017	January 3, 2016
Net sales	\$ 947,264	\$ 758,508
Sale of animals	52,166	14,104
<b>Total net sales</b>	<b>999,430</b>	<b>772,612</b>
Cost of sales	106,344	99,621
Selling, general and administrative	746,766	672,248
Depreciation and amortization	89,400	85,400
<b>Income from operations</b>	<b>56,920</b>	<b>(84,657)</b>
Other income (expense), net	1,831	2,096
Interest expense	(50,224)	(54,603)
<b>Income before income taxes</b>	<b>8,527</b>	<b>(137,164)</b>
Income tax provision	3,300	-
<b>Net income</b>	<b>\$ 5,227</b>	<b>\$ (137,164)</b>
<b>Income per share - basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>
<b>Weighted average shares outstanding (in 000's) - basic and diluted</b>	<b>74,554</b>	<b>74,406</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 Three Months Ended January 1, 2017 and Year Ended October 2, 2016

	Shares	Amount	Capital in Excess of Par	Treasury Stock	Retained Earnings (Accumulated Deficit)	Total
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 year ended October 2, 2016	-	-	-	-	1,901,557	1,901,557
Balance at October 2, 2016	74,531,537	74,531	4,809,606	(3,250)	629,067	5,509,954
Issuance of common stock to Directors	150,000	150	16,050	-	-	16,200
Net income for the three months ended January 1, 2017	-	-	-	-	5,227	5,227
Balance at January 1, 2017	74,681,537	\$ 74,681	\$ 4,825,656	\$ (3,250)	\$ 634,294	\$ 5,531,381

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 Three Months Ended January 1, 2017 and January 3, 2016

	For the three months ended	
	January 1, 2017	January 3, 2016
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 5,227	\$ (137,164)
Reconciliation of net income to net cash used in operating activities:		
Depreciation and amortization expense	89,400	85,400
Interest expense - debt closing cost amortization	2,602	2,602
Stock-based compensation	16,200	8,250
Changes in assets and liabilities		
(Increase) decrease in inventory	(16,600)	(9,399)
(Increase) decrease in prepaid expenses	(78,081)	(21,976)
Increase (decrease) in accounts payable	(2,885)	(74,272)
Increase (decrease) in other current liabilities	(15,846)	(97,966)
Increase (decrease) in accrued judgment award	(372,416)	-
Net cash used in operating activities	(372,399)	(244,525)
<b>INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(141,552)	(139,714)
(Increase) decrease in restricted cash	456,492	-
Net cash provided by (used in) investing activities	314,940	(139,714)
<b>FINANCING ACTIVITIES:</b>		
Payments on notes payable	(30,869)	(27,028)
Net cash used in financing activities	(30,869)	(27,028)
Net increase (decrease) in cash	(88,328)	(411,267)
Cash at beginning of period	1,482,777	563,096
Cash at end of period	\$ 1,394,449	\$ 151,829
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 50,760	\$ 52,001
Cash paid for income taxes	\$ 48,796	\$ 41,000

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

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

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

January 1, 2017

**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, typically beginning in the latter half of March through early September. On a combined basis, net sales for the third and fourth quarter of the last two fiscal years represented approximately 67% to 72% of annual net sales.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** The Company's unaudited consolidated financial statements for the three months ended January 1, 2017 and January 3, 2016 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 October 2, 2016.

**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 2017 fiscal year, October 1 will be the closest Sunday, and for the 2016 fiscal year, October 2 was the closest Sunday. The 2017 fiscal year will be comprised of 52-weeks, while the 2016 fiscal year was comprised of 53-weeks. 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)**

January 1, 2017

**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 January 1, 2017 and October 2, 2016, 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.

	January 1, 2017	October 2, 2016	Depreciable Lives
Land	\$ 2,507,180	\$ 2,507,180	not applicable
Ground improvements	824,427	824,427	7-25 years
Buildings and structures	2,882,285	2,882,285	10-39 years
Animal shelters and habitats	1,219,023	1,219,023	10-39 years
Park animals	642,769	642,769	5-10 years
Equipment - concession and related	221,493	221,493	3-15 years
Equipment and vehicles - yard and field	512,445	512,445	3-15 years
Vehicles - buses and rental	186,932	186,932	3-5 years
Rides and entertainment	181,867	181,867	5-10 years



Furniture and fixtures	60,485	60,485	5-10 years
Projects in process	140,903	-	
	9,379,809	9,238,906	
Less accumulated depreciation	(2,895,259)	(2,806,009)	
Property and equipment, net	\$ 6,484,550	\$ 6,432,897	

**Intangible assets:** Intangible assets consist of franchising fees, which are reported at cost and are being amortized over a period of 60 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:

	January 1, 2017	October 2, 2016
Accrued wages and payroll taxes	\$ 93,569	\$ 23,814
Accrued sales taxes	18,208	28,928
Deferred revenue	15,855	16,532
Accrued property taxes	7,274	37,408
Accrued income taxes	-	45,426
Other accrued liabilities	80,640	79,284
Other current liabilities	\$ 215,546	\$ 231,392

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

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

January 1, 2017

**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:** Except as noted in NOTE 4. LONG-TERM DEBT , 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). On November 8, 2016, \$372,416 was paid out to the Harper Defendants against the Letter of Credit as a final settlement of the judgment and award of costs. As a result, the balance of the security amount, net of fees, was no longer restricted and on November 17, 2016 approximately \$79,300 was returned to the Company as unrestricted funds.

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

January 1, 2017

**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.

	January 1, 2017	October 2, 2016
Refinancing Loan principal outstanding	\$ 3,335,638	\$ 3,366,507
Less: unamortized debt closing costs	(145,650)	(148,252)
Gross long-term debt	3,189,988	3,218,255
Less current portion of long-term debt, net of unamortized debt closing costs	(106,319)	(104,652)
Long-term debt	\$ 3,083,669	\$ 3,113,603

As of January 1, 2017, the scheduled future principal maturities by fiscal year are as follows:

2017	\$ 84,281
2018	132,622
2019	140,452
2020	148,744
2021	157,526
thereafter	2,672,013
Total	\$ 3,335,638

Interest expense of \$50,224 and \$54,603 for the three month period ended January 1, 2017 and January 3, 2016, respectively, includes \$2,602 of amortization of debt closing costs in each period.

Effective October 3, 2016, the Company retroactively adopted the requirements of ASU No. 2015-03, *Interest Imputation of Interest (Subtopic 835-50): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than an asset. Long-term debt and the current portion long-term debt as of October 2, 2016 were previously reported on the balance sheet as \$3,251,447 and \$115,060, respectively, with the associated \$148,252 of unamortized debt closing costs reported in intangible assets. Amortization of debt closing costs of \$2,602 for the three month period ended January 1, 2017 and January 3, 2016, respectively, is reported as interest expense in the Consolidated Statements of Operations. Such amortization of debt closing costs was previously reported as amortization expense in the Consolidated Statement of Operations for the three month period ended January 3, 2016.

#### **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 ending on January 8, 2020, and is subject to the satisfactory performance by the Company. The LOC interest rate is tied to the prime rate and was 5.75% as of January 1, 2017, 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 January 1, 2017 and October 2, 2016, respectively, there was no outstanding balance against the LOC. When applicable, all advances on the Company's LOC are recorded as current liabilities.

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

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

January 1, 2017

**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 20, 2016, 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 \$0.108 per share or \$16,200, which was reported as an expense in the first quarter of the 2017 fiscal year. On December 18, 2015, 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 \$0.055 per share or \$8,250, which was reported as an expense in the first quarter of the 2016 fiscal year.

Officers, Directors and their controlled entities own approximately 55.3% of the outstanding common stock of the Company as of January 1, 2017.

**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.

#### **NOTE 8. INCOME TAXES**

For the three month period ended January 1, 2017, the Company reported a pre-tax income of \$8,527. For the fiscal year ending October 1, 2017 the Company expects to generate pre-tax income and to record a tax provision at an effective rate of approximately 38%. As such, the Company recorded a tax provision of \$3,300 for the three month period ended January 1, 2017.

The Company s cumulative Federal net operating loss carry-forward was approximately \$1,913,000 at October 2, 2016 and will expire beginning in the year 2026. For the fiscal year ending October 1, 2017 the Company expects to utilize a portion of its Federal net tax operating loss carry-forwards to offset regular Federal cash tax due in its 2017 fiscal year. However, the Company will likely owe Federal alternative minimum tax for its 2017 fiscal year. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$1,913,000 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.

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

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

January 1, 2017

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

In September 2009, the Company filed an action against Larry Eastland, 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 Mr. Eastland and his related companies as to their 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 original defendants to, among other things, add new claims for relief, as well as join as defendants, LEA Capital Advisors, LLC, an entity controlled by Mr. Eastland (LEA Capital Advisors, LLC and the original defendants are collectively referred to herein as the Eastland Defendants ), and 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 was seeking damages in excess of \$1.8 million.

Discovery was conducted on the claims between the parties, after which the Harper Defendants filed a Motion for Summary Judgment asking that the claims against them be dismissed and that the claims asserted by the Harper Defendants against the Company be granted. After briefing and argument, the Court granted summary judgment in favor of the Harper Defendants. Because one of the contracts at issue contained a legal fee provision, the Harper Defendants filed a motion seeking to recover legal fees and costs. On October 24, 2014, the Court granted the Harper Defendants' motion in part and ordered the Company to pay \$304,328 in costs and attorney's fees to the Harper Defendants.

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 mostly affirming the Eighth Judicial District Court's summary judgment rulings and award of attorney's fees and costs in favor of the Harper Defendants. After exhausting the Company's options to further pursue its action against the Harper Defendants, the Company reached a final settlement with the Harper Defendants totaling \$372,416, inclusive of additional attorney's fees, costs and interest, which was paid on November 8, 2016.



The portion of the Company's District Court action against the Eastland Defendants remains pending. On September 15, 2016, the Company filed an Application for Ex Parte Temporary Restraining Order with Notice and Motion for Preliminary Injunction or, alternatively, Application for Pre-Judgment Writ of Attachment (the "PI Motion"), seeking to prevent Larry Eastland and/or Global Public Strategies, Ltd. ("GPS"), a foreign entity the Company believes is controlled by Larry Eastland, from transferring approximately 10 million shares of the Company's stock believed to be held by GPS to a third party. On September 21, 2016, the Company obtained a Temporary Restraining Order, enjoining Larry Eastland and GPS from transferring any shares of the Company's stock. The parties were before the Court on November 22, 2016 for an evidentiary hearing as to the true ownership of the GPS stock as part of the PI Motion. Following the evidentiary hearing, the Court issued minutes denying the Company's motion and lifting the Temporary Restraining Order, holding that the Court cannot enjoin GPS, a non-party, from selling the shares of the Company's stock that it currently holds. Subsequent to the three-month period covered by this Report, on January 30, 2017, the Order regarding the PI Motion was entered. Notice of Entry of the Order has not been served by the Eastland Defendants. The Company is considering its options as to the denial of a preliminary injunction regarding the GPS stock, and intends to seek reconsideration of and/or an appeal of the order. As part of those options, the Company intends to seek a continued stay on the sale of the GPS stock.

The Company intends to proceed with its claims against the Eastland Defendants. At this time, the Eastland Defendants are not asserting any separate claims against the Company.

On December 8, 2016, one of our Directors received an e-mail from a shareholder of the Company threatening a class action against the Company, the basis for which was unclear. The threat included a statement that the action would seek \$2.5 million in damages. The Company denies any wrongdoing but is unable to respond more specifically without information as to the basis of the potential claim.

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)**

January 1, 2017

**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	
	January 1, 2017	January 3, 2016
<b>Total net sales:</b>		
Georgia	\$ 879,826	\$ 667,415
Missouri	119,604	105,197
<b>Consolidated</b>	\$ 999,430	\$ 772,612
<b>Income (loss) before income taxes:</b>		
Georgia	\$ 391,561	\$ 179,167
Missouri	(73,659)	(104,512)
Segment total	317,902	74,655
Corporate	(260,982)	(159,312)
Other income (expense), net	1,831	2,096
Interest expense	(50,224)	(54,603)
<b>Consolidated</b>	\$ 8,527	\$ (137,164)
		As of
	January 1, 2017	October 2, 2016
<b>Total assets:</b>		
Georgia	\$ 5,596,269	\$ 5,350,266
Missouri	2,521,876	2,633,066
Corporate	839,991	1,372,791
<b>Consolidated</b>	\$ 8,958,136	\$ 9,356,123

**NOTE 11. SUBSEQUENT EVENTS**

In accordance with ASC 855-10 the Company has analyzed its operations subsequent to January 1, 2017 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, except as follows: on January 30, 2017, an Order Denying the Company's Motion for Preliminary Injunction or Alternatively, Application for Pre-Judgment Writ of Attachment was entered in connection with the Company's ongoing litigation against a former officer and director of the Company. For more information regarding this Order see NOTE 9. COMMITMENTS AND CONTINGENCIES herein.

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

Management's discussion and analysis of results of operations and financial condition ( MD&A ) is a supplement to the accompanying 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 October 2, 2016.

### **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, typically beginning in the latter half of March through early September. On a combined basis, net sales for the third and fourth quarter of our last two fiscal years represented approximately 67% to 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:

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Properties that have an operating history;

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

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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.

One of our highest priorities is to continue to improve operating performance and profit at our Missouri Park. Since we acquired 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. These rides 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, as well as public perception of our Missouri Park, and 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.

Additionally, we are committed to leveraging the strong operating model we have established at our Georgia Park, with a focus on increasing attendance, as well as increasing the average revenue generated per guest visit 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. Over the last four fiscal years, the Refinancing Loan lowered our annual debt service payments by approximately \$170,000, freeing up cash flow to fund operations and capital improvements at our Parks.

Our income from operations and operating cash flow have improved significantly over the past two fiscal years. These improvements are primarily attributable to a combination of increased attendance revenues and strong operating cost controls. The Refinancing Loan has also provided us with incremental cash flow margin. However, 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.

## **Results of Operations For the Three Month Period Ended January 1, 2017 as Compared to Three Month Period Ended**

### **January 3, 2016**

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.

Our 2017 fiscal year will end on October 1, 2017 and will be comprised of 52 weeks. Our 2016 fiscal year ended on October 2, 2016 and was comprised of 53 weeks. The additional week in our 2016 fiscal year occurred within the three months ended January 3, 2016. 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 January 1, 2017 as compared to the prior year.

The following table shows our consolidated and segment operating results for the three months ended January 1, 2017 and January 3, 2016:

	Georgia Park		Missouri Park		Consolidated	
	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016
Total net sales	\$ 879,826	\$ 667,415	\$ 119,604	\$ 105,197	\$ 999,430	\$ 772,612
Segment income (loss) from operations	391,561	179,167	(73,659)	(104,512)	317,902	74,655
<i>Segment operating margin %</i>	<i>44.5%</i>	<i>26.8%</i>	<i>-61.6%</i>	<i>-99.3%</i>	<i>31.8%</i>	<i>9.7%</i>
Corporate expenses					(260,982)	(159,312)
Other income (expense), net					1,831	2,096
Interest expense					(50,224)	(54,603)
Income before income taxes					\$ 8,527	\$ (137,164)

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

On a reported basis, our total net sales for the three month period ended January 1, 2017 increased by \$226,818, or 29.4%, to \$999,430 versus the three month period ended January 3, 2016. Our Parks' combined attendance based net sales increased by \$188,756 or 24.9%, and animal sales increased \$38,062. On a comparable 13-week basis, our Parks combined attendance based net sales increased by \$220,504 or 30.3%.

Our Georgia Parks reported net sales increased by \$212,411 or 31.8%. Our Georgia Parks attendance based net sales increased by 27.3% and 31.5%, on a reported and comparable 13-week basis, respectively. Our Missouri Parks reported net sales increased by \$14,407 or 13.7%. Our Missouri Parks attendance based net sales increased by 7.6% and 21.1%, on a reported and comparable 13-week basis, respectively.

On a comparable 13-week basis for the period ended January 1, 2017, attendance at our Georgia and Missouri Parks increased by 26.4% and 20.9%, respectively. We believe positive seasonal weather and overall favorable customer perception of our Parks contributed to higher revenues and higher attendance during the three months ended January 1, 2017 as compared to the comparable period in the prior year.

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

Our consolidated segment operating margin increased by \$243,247, resulting in segment income from operations of \$317,902 for the three month period ended January 1, 2017 compared to \$74,655 for the three month period ended January 3, 2016. Our Georgia Parks segment income was \$391,561, resulting in an increase of \$212,394, principally as a result of higher attendance based net sales and lower advertising expense, partially offset higher general operating and compensation expenses, and increased cost of sales. The segment loss for our Missouri Parks was \$73,659, a decrease of \$30,853, primarily as a result of higher attendance based net sales and lower overall operating expenses.

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

Corporate spending increased by \$101,670 to \$260,982 during the three month period ended January 1, 2017, primarily due to higher compensation and legal expenses.

### ***Interest Expense***



Interest expense for the three month period ended January 1, 2017 was \$50,224, a decrease of \$4,379 compared with the three month period ended January 3, 2016. This decrease is the result of lower average term loan borrowing.

### ***Income Taxes***

For the fiscal year ending October 1, 2017, we expect to generate pre-tax income and to record a tax provision at an effective rate of approximately 38%. As such, we recorded a tax provision of \$3,300 for the three month period ended January 1, 2017.

Our cumulative Federal net operating loss carry-forward was approximately \$1,913,000 at October 2, 2016 and will expire beginning in the year 2026. For the fiscal year ending October 1, 2017, we expect to utilize a portion of its Federal net tax operating loss carry-forwards to offset regular Federal cash tax due in its 2017 fiscal year. However, the Company will likely owe Federal alternative minimum tax for its 2017 fiscal year.

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 January 1, 2017, we generated net income of \$5,227 or \$0.00 per basic share and per fully diluted share, compared to a net loss of \$137,164 or \$0.00 per basic share and per fully diluted share, for the three month period ended January 3, 2016, resulting in an improvement of \$142,391. The primary drivers of the improvement in our net income for the three month period ended January 1, 2017 compared to the comparable 2016 fiscal period were a \$212,394 increase in operating income for our Georgia Park, a \$30,853 reduction in the operating loss for our Missouri Park, and a \$4,379 reduction in interest expense, partially offset by a \$101,670 increase in Corporate spending and a \$3,300 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.

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 \$1.34 million as of January 1, 2017, compared to \$1.40 million as of October 2, 2016. This decrease in working capital primarily reflects seasonal operating cash flow offset by capital expenditures and scheduled payments on our term debt during the first three months of our 2017 fiscal year.

Total loan debt, including current maturities, as of January 1, 2017 was \$3.19 million compared to \$3.22 million as of October 2, 2016. The decrease in total loan debt was a result of scheduled payments against our term loan during the three month period ended January 1, 2017. Our LOC balance was \$0 as of January 1, 2017 and October 2, 2016, respectively.

As of January 1, 2017, we had equity of \$5.53 million and total loan debt of \$3.19 million, resulting in a debt to equity ratio of 0.58 to 1.0. Our debt to equity ratio was 0.58 to 1.0 as of October 2, 2016.

### ***Operating Activities***

Net cash used in operating activities was \$372,399 for the three month period ended January 1, 2017, compared to \$244,525 for the three month period ended January 3, 2016. Excluding the \$372,416 of restricted cash paid out for the Harper judgment award, cash flow related to operating activities improved by \$244,542 for the three month period

ended January 1, 2017, primarily as a result of an increase in net income and lower working capital requirements.

### ***Investing Activities***

Net cash provided by investing activities was \$314,940 for the three month period ended January 1, 2017, compared net cash used in investing activities of \$139,714 for the three month period ended January 3, 2016. Excluding the one-time reduction in restricted cash associated with the payout of the Harper judgment award, investing activities in property and equipment were \$141,552 for the three month period ended January 1, 2017, compared to \$139,714 in the comparable period in the prior year.

### ***Financing Activities***

Net cash used in financing activities was \$30,869 for the three month period ended January 1, 2017, compared to \$27,028 for the three month period ended January 3, 2016, an increase of \$3,841. In each period, the only financing activities were scheduled payments on our term loan.

### **Subsequent Events**

On January 30, 2017, an Order Denying our Motion for Preliminary Injunction or Alternatively, Application for Pre-Judgment Writ of Attachment was entered in connection with our ongoing litigation against a former officer and director of the Company. For more information regarding this Order see NOTE 9. COMMITMENTS AND CONTINGENCIES herein.

### **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 results of operations and financial position. The Parks! America, Inc. Annual Report on Form 10-K for the fiscal year ended October 2, 2016 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 January 1, 2017 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 Larry Eastland, the Company's 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 Mr. Eastland and his related companies as to their 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 original defendants to, among other things, add new claims for relief, as well as join as defendants, LEA Capital Advisors, LLC, an entity controlled by Mr. Eastland (LEA Capital Advisors, LLC and the original defendants are collectively referred to herein as the Eastland Defendants), and 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 were seeking damages in excess of \$1.8 million.

Discovery was conducted on the claims between the parties, after which the Harper Defendants filed a Motion for Summary Judgment asking that the claims against them be dismissed and that the claims asserted by the Harper Defendants against the Company be granted. After briefing and argument, the Court granted summary judgment in favor of the Harper Defendants. Because one of the contracts at issue contained a legal fee provision, the Harper Defendants filed a motion seeking to recover legal fees and costs. On October 24, 2014, the Court granted the Harper Defendants' motion in part and ordered the Company to pay \$304,328 in costs and attorney's fees to the Harper Defendants.

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 mostly affirming the Eighth Judicial District Court's summary judgment rulings and award of attorney's fees and costs in favor of the Harper Defendants. After exhausting the options to further pursue our action against the Harper Defendants, we reached a final settlement with the Harper Defendants totaling \$372,416, inclusive of additional attorney's fees, costs and interest, which was paid on November 8, 2016.

The portion of the Company's District Court action against the Eastland Defendants remains pending. On September 15, 2016, we filed an Application for Ex Parte Temporary Restraining Order with Notice and Motion for Preliminary Injunction or, alternatively, Application for Pre-Judgment Writ of Attachment (the "PI Motion"), seeking to prevent Larry Eastland and/or Global Public Strategies, Ltd. ("GPS"), a foreign entity we believe is controlled by Larry Eastland, from transferring approximately 10 million shares of the Company's stock believed to be held by GPS to a third party. On September 21, 2016, we obtained a Temporary Restraining Order, enjoining Larry Eastland and GPS from transferring any shares of the Company's stock. The parties were before the Court on November 22, 2016 for an evidentiary hearing as to the true ownership of the GPS stock as part of the PI Motion. Following the evidentiary hearing, the Court issued minutes denying the Company's motion and lifting the Temporary Restraining Order, holding that the Court cannot enjoin GPS, a non-party, from selling the shares of the Company's stock that it currently holds. Subsequent to the three-month period covered by this Report, on January 30, 2017, the Order regarding the PI Motion was entered. Notice of Entry of the Order has not been served by the Eastland Defendants. We are considering our options as to the denial of a preliminary injunction regarding the GPS stock, and intend to seek reconsideration of and/or an appeal of the order. As part of those options, we intend to seek a continued stay on the sale of the GPS stock.

We intend to proceed with our claims against the Eastland Defendants. At this time, the Eastland Defendants are not asserting any separate claims against the Company.

On December 8, 2016, one of our Directors received an e-mail from a shareholder of the Company threatening a class action against the Company, the basis for which was unclear. The threat included a statement that the action would seek \$2.5 million in damages. The Company denies any wrongdoing but is unable to respond more specifically without information as to the basis of the potential claim.

Except as described above, we are 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 our directors, officers or affiliates is involved in a proceeding adverse to its business or has a material interest adverse to its 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 October 2, 2016. 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**

<b>Number</b>	<b>Description of Exhibit</b>
31.1	Certification by Chief Executive Officer as required by Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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.

PARKS! AMERICA, INC.

February 9, 2017

By: /s/ Dale Van Voorhis

Dale Van Voorhis

Chief Executive Officer

(Principal Executive Officer)