

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

Form 10-Q

(Mark One)

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

For the quarterly period ended April 4, 2021

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

☒ Smaller reporting company

(Do not check if a 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 May 10, 2021, the issuer had 75,124,087 outstanding shares of Common Stock.

## Table of Contents

### PARKS! AMERICA, INC and SUBSIDIARIES

#### INDEX

	<u>Page</u>
<b>PART I. FINANCIAL INFORMATION:</b>	
Item 1	Unaudited Consolidated Financial Statements
	Consolidated Balance Sheets ó April 4, 2021 and September 27, 2020
	Consolidated Statements of Operations ó three months and six months ended April 4, 2021 and March 29, 2020
	Consolidated Statement of Changes in Stockholders' Equity ó three months and six months ended April 4, 2021 and March 29, 2020
	Consolidated Statements of Cash Flows ó six months ended April 4, 2021 and March 29, 2020
	Notes to the Consolidated Financial Statements
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3	Quantitative and Qualitative Disclosures About Market Risk
Item 4	Controls and Procedures
<b>PART II. OTHER INFORMATION:</b>	
Item 1	Legal Proceedings
Item 1A	Risk Factors
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds
Item 3	Defaults Upon Senior Securities
Item 4	Mine Safety Disclosures
Item 5	Other Information
Item 6	Exhibits
	Signatures

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
As of April 4, 2021 and September 27, 2020

	<b>April 4, 2021</b>	<b>September 27, 2020</b>
<b>ASSETS</b>		
Cash	\$ 5,640,643	\$ 5,505,716
Inventory	344,671	200,891
Prepaid expenses	118,002	148,732
Total current assets	<u>6,103,316</u>	<u>5,855,339</u>
Property and equipment, net	13,978,878	13,654,800
Intangible assets, net	10,966	-
Other assets	12,144	12,144
<b>Total assets</b>	<u><u>\$ 20,105,304</u></u>	<u><u>\$ 19,522,283</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 140,689	\$ 178,485
Other current liabilities	628,258	599,390
Current portion of long-term debt, net	1,362,097	1,221,009
Total current liabilities	<u>2,131,044</u>	<u>1,998,884</u>
Long-term debt, net	5,437,271	5,797,392
<b>Total liabilities</b>	<u>7,568,315</u>	<u>7,796,276</u>
<b>Stockholders' equity</b>		
Common stock; 300,000,000 shares authorized, at \$.001 par value; 75,124,087 and 75,021,537 shares issued and outstanding, respectively	75,124	75,021
Capital in excess of par	4,934,212	4,889,316
Treasury stock	(3,250)	(3,250)
Retained earnings	7,530,903	6,764,920
<b>Total stockholders' equity</b>	<u>12,536,989</u>	<u>11,726,007</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 20,105,304</u></u>	<u><u>\$ 19,522,283</u></u>

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 Six Months Ended April 4, 2021 and March 29, 2020

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>April 4, 2021</b>	<b>March 29, 2020</b>	<b>April 4, 2021</b>	<b>March 29, 2020</b>
Net sales	\$ 2,471,733	\$ 730,522	\$ 4,627,208	\$ 1,713,930
Sale of animals	4,450	12,435	76,174	24,512
<b>Total net sales</b>	<u>2,476,183</u>	<u>742,957</u>	<u>4,703,382</u>	<u>1,738,442</u>
Cost of sales	309,852	122,905	569,847	249,765
Selling, general and administrative	1,337,649	763,628	2,737,494	1,614,845
Depreciation and amortization	172,807	117,500	340,007	235,000
Tornado damage insurance recovery	-	(24,373)	-	(24,373)
Loss on disposal of operating assets	26,046	-	30,721	-
<b>Income (loss) from operations</b>	<u>629,829</u>	<u>(236,703)</u>	<u>1,025,313</u>	<u>(336,795)</u>
Other income, net	12,755	7,542	27,319	15,504
Gain on extinguishment of debt	125,371	-	125,371	-
Interest expense	(84,207)	(17,191)	(175,620)	(34,912)
<b>Income (loss) before income taxes</b>	<u>683,748</u>	<u>(246,352)</u>	<u>1,002,383</u>	<u>(356,203)</u>
Income tax provision	145,700	(56,200)	236,400	(76,900)
<b>Net income (loss)</b>	<u>\$ 538,048</u>	<u>\$ (190,152)</u>	<u>\$ 765,983</u>	<u>\$ (279,303)</u>
<b>Income per share - basic and diluted</b>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>
<b>Weighted average shares outstanding (in 000's) - basic and diluted</b>	<u>75,112</u>	<u>75,005</u>	<u>75,065</u>	<u>74,808</u>

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 and Six Months Ended April 4, 2021 and March 29, 2020

	<u>Shares</u>	<u>Amount</u>	<u>Capital in Excess of Par</u>	<u>Treasury Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at September 27, 2020	75,021,537	\$ 75,021	\$ 4,889,316	\$ (3,250)	\$ 6,764,920	\$ 11,726,007
Net income for the three months ended January 3, 2021	-	-	-	-	227,935	227,935
Balance at January 3, 2021	75,021,537	75,021	4,889,316	(3,250)	6,992,855	11,953,942
Issuance of common stock to Directors	102,550	103	44,896	-	-	44,999
Net income for the three months ended April 4, 2021	-	-	-	-	538,048	538,048
Balance at April 4, 2021	<u>75,124,087</u>	<u>\$ 75,124</u>	<u>\$ 4,934,212</u>	<u>\$ (3,250)</u>	<u>\$ 7,530,903</u>	<u>\$ 12,536,989</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital in Excess of Par</u>	<u>Treasury Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at September 29, 2019	74,821,537	\$ 74,821	\$ 4,855,516	\$ (3,250)	\$ 3,997,451	\$ 8,924,538
Net loss for the three months ended December 29, 2019	-	-	-	-	(89,151)	(89,151)
Balance at December 29, 2019	74,821,537	74,821	4,855,516	(3,250)	3,908,300	8,835,387
Issuance of common stock to Directors	200,000	200	33,800	-	-	34,000
Net loss for the three months ended March 29, 2020	-	-	-	-	(190,152)	(190,152)
Balance at March 29, 2020	<u>75,021,537</u>	<u>\$ 75,021</u>	<u>\$ 4,889,316</u>	<u>\$ (3,250)</u>	<u>\$ 3,718,148</u>	<u>\$ 8,679,235</u>

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

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
For the Six Months Ended April 4, 2021 and March 29, 2020

	<b>For the six months ended</b>	
	<b>April 4, 2021</b>	<b>March 29, 2020</b>
<b>OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 765,983	\$ (279,303)
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	340,007	235,000
Interest expense ó debt financing cost amortization	3,956	1,120
Interest expense ó loan discount amortization	9,279	-
Loss on disposal of assets	30,721	-
Stock-based compensation	44,999	34,000
Gain on extinguishment of debt	(125,371)	-
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	-	(24,373)
(Increase) decrease in inventory	(143,780)	(43,600)
(Increase) decrease in prepaid expenses	30,730	(132,654)
Increase (decrease) in accounts payable	(37,796)	(59,946)
Increase (decrease) in other current liabilities	28,868	(57,431)
Net cash provided by (used in) operating activities	<u>947,596</u>	<u>(327,187)</u>
<b>INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(710,651)	(312,929)
Tradename registrations	(10,966)	-
Deposit on pending acquisition of Aggieland Safari	-	(103,235)
Proceeds from the disposition of property and equipment	16,634	-
Net cash used in investing activities	<u>(704,983)</u>	<u>(416,164)</u>
<b>FINANCING ACTIVITIES:</b>		
Payments on 2018 Term Loan	<u>(107,686)</u>	<u>(102,427)</u>
Net cash used in financing activities	<u>(107,686)</u>	<u>(102,427)</u>
Net increase (decrease) in cash	134,927	(845,778)
Cash at beginning of period	<u>5,505,716</u>	<u>3,787,815</u>
Cash at end of period	<u>\$ 5,640,643</u>	<u>\$ 2,942,037</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 177,040</u>	<u>\$ 33,602</u>
Cash paid for income taxes	<u>\$ 276,750</u>	<u>\$ 50,000</u>

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

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

**NOTE 1. ORGANIZATION**

Parks! America, Inc. (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 three 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 (the "Wild Animal Georgia"), Wild Animal, Inc., a Missouri corporation (the "Wild Animal Missouri"), and Aggieland-Parks, Inc., a Texas corporation (the "Aggieland Wild Animal Texas"). 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"). Aggieland Wild Animal Texas owns and operates the Aggieland Wild Animal Safari theme park near Bryan/College Station, Texas (the "Texas Park"). The Company acquired the Georgia Park on June 13, 2005, the Missouri Park on March 5, 2008, and the Texas Park on April 27, 2020.

The Parks are open year round but experience increased seasonal attendance, typically beginning in the latter half of March through early September. As a result, our combined third and fourth quarter net sales have historically ranged from 68% to 72% of our annual net sales.

**COVID-19**

In March 2020, the World Health Organization characterized COVID-19, a disease caused by a novel strain of a coronavirus, as a pandemic. The rapid spread of COVID-19 has resulted in governmental authorities throughout the United States implementing a variety of containment measures with the objective of slowing the spread of the virus, including travel restrictions, shelter-in-place orders and business shutdowns. The COVID-19 pandemic and these containment measures have had, and could continue to have, a material impact on the Company's business.

The rapid acceleration of the COVID-19 pandemic in the United States occurred at the beginning of the Company's annual high season. Beginning the week of March 9, 2020, the Company began to see a significant reduction in paid attendance at its Georgia and Missouri Parks. Effective April 3, 2020, the Company's Georgia and Missouri Parks were closed as a result of shelter-in-place mandates in Georgia and Missouri. Also note that prior to the acquisition of the Texas Park, its operations were suspended for the majority of April 2020 due to a shelter-in-place mandate in Texas.

In compliance with respective state issued guidelines, the Georgia Park and the Texas Park each reopened on May 1, 2020, and the Missouri Park reopened on May 4, 2020. Subsequent to reopening, attendance levels were strong at each of the Company's three Parks for the balance of its 2020 fiscal year, which has continued through the first six months of its 2021 fiscal year. However, there may be longer-term negative impacts to the Company's business, results of operations and cash flows, and financial condition as a result of the COVID-19 pandemic. These negative impacts include changes in customer behavior and preferences causing significant volatility or reductions in Park attendance, increases in operating expenses to comply with additional hygiene-related protocols, limitations in our ability to recruit and maintain staffing, limitations on our employees ability to work and travel, and significant changes in the economic or political conditions in the areas the Company's Parks are located. Despite the Company's efforts to manage these impacts, the ultimate impact may be material, and will depend on a number of factors beyond its control, including the duration and severity of the COVID-19 pandemic and actions by governmental authorities taken to contain its spread and mitigate its public health effects. There is also the potential for attendance levels at the Company's Parks to decline as alternative entertainment venues reopen to full capacity once the COVID-19 pandemic has run its course or vaccines are in use and made widely available.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** The Company's unaudited consolidated financial statements for the three months and six months ended April 4, 2021 and March 29, 2020 are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim information and with instructions to Form 10-Q and Article 10 of Regulation S-X. The Company believes that the disclosures made are adequate to make the information presented not misleading. The information reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the periods set forth herein. Interim results are not necessarily indicative of the results for a full fiscal year. These unaudited consolidated financial statements should be read in conjunction with the 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, 2020.

**Principles of Consolidation:** The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (Wild Animal of Georgia, Wild Animal of Missouri and Aggeland Wild Animal of Texas). 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 2021 fiscal year, October 3 will be the closest Sunday, and for 2020 fiscal year, September 27 was the closest Sunday. The 2021 fiscal year will be comprised of 53-weeks, while the 2020 fiscal year was comprised of 52-weeks. This fiscal calendar aligns the Company's fiscal periods 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.

**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 April 4, 2021 and September 27, 2020, respectively.

**Inventory:** Inventory consists of gift shop items, animal food, and concession and park supplies, and is stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method. The gross profit method is used to determine the change in gift shop inventory for interim periods. Inventories are reviewed and reconciled annually, because inventory levels turn over rapidly. The Company had inventory of \$344,671 and \$200,891 as of April 4, 2021 and September 27, 2020, respectively.



**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

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

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

	April 4, 2021	September 27, 2020	Depreciable Lives
Land	\$ 6,389,470	\$ 6,389,470	not applicable
Mineral rights	276,000	276,000	25 years
Ground improvements	2,486,503	2,334,172	7-25 years
Buildings and structures	3,874,199	3,798,098	10-39 years
Animal shelters and habitats	2,246,869	2,098,947	10-39 years
Park animals	1,188,618	1,166,583	5-25 years
Equipment - concession and related	255,426	232,281	3-15 years
Equipment and vehicles - yard and field	612,160	556,168	3-15 years
Vehicles - buses and rental	286,656	237,075	3-5 years
Rides and entertainment	227,574	224,578	5-7 years
Furniture and fixtures	26,057	26,057	5-10 years
Projects in process	165,209	34,290	
Property and equipment, cost	18,034,741	17,373,719	
Less accumulated depreciation	(4,055,863)	(3,718,919)	
Property and equipment, net	<u>\$ 13,978,878</u>	<u>\$ 13,654,800</u>	

Depreciation expense for the three months ended April 4, 2021 and March 29, 2020 totaled \$172,807 and \$117,500, respectively, and depreciation expense for the six months ended April 4, 2021 and March 29, 2020 totaled \$340,007 and \$235,000, respectively.

**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:

	April 4, 2021	September 27, 2020
Deferred revenue	\$ 343,813	\$ 273,386
Accrued sales taxes	120,208	69,101
Accrued wages and payroll taxes	117,426	42,774
Accrued property taxes	10,717	68,530
Accrued income taxes	-	46,402
Other accrued liabilities	35,991	99,197
Other current liabilities	<u>\$ 628,155</u>	<u>\$ 599,390</u>

**Financial Instruments:** The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short-term maturities or due to the fact they were entered into during the Company's 2020 fiscal year. Securities that are publicly traded are valued at their fair market value as of the balance sheet date presented.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

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

**Revenue Recognition:** The Company recognizes revenues in accordance with ASC 606, *Revenues from Contracts with Customers*. Under ASC 606, the Company recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation in the contract; and (5) recognize revenue when (or as) the Company satisfies the performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

Revenues from park admission fees are recognized at the point in time control transfers to the customer, which is generally when the customer accepts access to the park and the Company is entitled to payment. Park admission fee revenues from advance online ticket purchases are deferred until the customers visit to the parks. Revenues from retail and concession sales are generally recognized upon the concurrent receipt of payment and delivery of goods to the customer. Sales taxes billed and collected are not included in revenue. Deferred revenues from advance online admission tickets were \$343,813 and \$273,386 as of April 4, 2021 and September 27, 2020, respectively, and are included within Other Current Liabilities in the accompanying consolidated balance sheets.

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. Animal sales are recognized at a point in time when control transfer to the customer, which is generally determined when title, ownership and risk of loss pass to the customer, all of which generally occurs upon delivery of the animal. Based on the Company's assessment of control indicators, sales are recognized when animals are delivered to the customer.

The Company provides disaggregation of revenue based on geography in NOTE 10: BUSINESS SEGMENTS, as it believes this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

**Advertising and Marketing Costs:** The Company expenses advertising and marketing costs as incurred. Advertising and marketing expense for the three months ended April 4, 2021 and March 29, 2020 totaled \$234,290 and \$115,976, respectively, and advertising and marketing expense for the six months ended April 4, 2021 and March 29, 2020 totaled \$446,435 and \$237,314, respectively.

**Stock Based Compensation:** The Company recognizes stock based compensation costs on a straight-line basis over the requisite service period associated with the grant. 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. The Company typically awards its annual Director compensation around the end of each calendar year.

A Stock Option and Award Plan (the "Plan") providing for incentive stock options and performance bonus awards for executives, employees, and directors was approved by the Company's Board of Directors on February 1, 2005, however, the Plan has not been submitted to the stockholders for approval. The Plan sets aside five million (5,000,000) shares for award of stock options, including qualified incentive stock options and performance stock bonuses. To date, no grants or awards have been made pursuant to the Plan and the Company did not submit the Plan for consideration to the Company's stockholders at its last meeting of stockholders.

**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.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

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

A tax position is recognized as a benefit only if it is “more-likely-than-not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than fifty percent likely of being realized on examination. For tax positions not meeting the “more-likely-than-not” test, no tax benefit is recorded. The Company has no unrecognized tax benefits under guidance related to tax uncertainties. The Company does not anticipate the unrecognized tax benefits will significantly change in the next twelve months. Any tax penalties or interest expense will be recognized in income tax expense. No interest and penalties related to unrecognized tax benefits were accrued as of April 4, 2021 or September 27, 2020.

**Basic and Diluted Net Income (Loss) Per Share:** Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise any common share rights unless the exercise becomes anti-dilutive.

Basic and diluted net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the applicable 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:***

Income Taxes

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes* (“Update 2019-12”), which removes certain exceptions for investments, intraperiod allocations and interim tax calculations, and adds guidance to reduce the complexity in accounting for income taxes. Update 2019-12 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. The various amendments in Update 2019-12 are applied on a retrospective basis, modified retrospective basis and prospective basis, depending upon the amendment. The Company is in the process of evaluating the impact of this amendment on its consolidated financial statements; however, it is not anticipated to be material.

Except as noted, 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.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

**NOTE 3. ACQUISITION**

On April 27, 2020, the Company, through a newly formed subsidiary, Aggieland-Parks, Inc., a Texas corporation, acquired substantially all the assets of Aggieland Safari LLC, Ferrill Creek Ranch LLC, and Vernell Investments LLC (combined the "Aggieland Assets"), primarily consisting of the Aggieland Safari Adventure Zoo and Safari Park ("Aggieland Safari"), including animal inventory, real estate, mineral rights, and certain equipment and other assets necessary to operate Aggieland Wild Animal "Texas. Aggieland Wild Animal "Texas is situated on 250 acres of a 450-acre property, located approximately 25 miles northeast of Bryan/College Station, Texas and 120 miles northwest of downtown Houston. The total purchase price for the Aggieland Assets was \$7,102,000, after determination of the fair value of the seller note. The transaction was financed with a \$5,000,000 loan (the "2020 Term Loan") from First Financial Bank, N.A. ("First Financial"), a seller note with a face value of \$750,000 (the "Aggieland Seller Note"), and cash totaling \$1,375,000. The 2020 Term Loan is secured by substantially all of the Aggieland Assets, as well as guarantees from the Company and its subsidiaries. The 2020 Term Loan bears interest at a rate of 5.0% per annum, has a maturity date of April 27, 2031, with interest only payable monthly through April 2021. The Aggieland Seller Note represents a deferred portion of the purchase price, bears no interest, has a maturity date of June 30, 2021, and is secured by a second priority subordinated lien and security interest in the acquired mineral rights and the animal inventory. The Company applied a 2.5% discount rate to determine a fair value of \$728,500 for the Aggieland Seller Note as of April 27, 2020.

The following table sets forth the purchase consideration paid to the members of Aggieland Safari and the amount of assets acquired and liabilities assumed as of the acquisition date:

Sources of consideration paid to Aggieland Safari Members:	
Cash advances	\$ 125,000
Cash at closing	1,250,000
2020 Term Loan	5,000,000
Aggieland Seller Note	728,500
Less cash received	(1,500)
Total consideration	<u>\$ 7,102,000</u>
Purchase price allocation:	
Inventories	\$ 10,000
Property and equipment	7,131,000
Deferred revenue	(39,000)
Total net assets acquired	<u>\$ 7,102,000</u>

The purchase price has been allocated based on an estimate of the fair value of assets acquired and liabilities assumed as of the acquisition date. The determination of estimated fair value requires management to make significant estimates and assumptions.

The following table presents supplemental pro forma information for the six month period ended March 29, 2020 as if the acquisition had occurred at the beginning of the Company's 2019 fiscal year. The unaudited pro forma information includes adjustments for depreciation expense on property and equipment acquired, interest expense on debt incurred related to the acquisition, and the related income tax effects, as well as the elimination of property and equipment impairment charges recorded by Aggieland Safari prior to the acquisition. The pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the transaction been effected at the beginning of the Company's 2019 fiscal year.

	<b>For the six months ended March 29, 2020</b>
Total net sales	<u>\$ 2,393,835</u>
Net loss	<u>\$ (427,289)</u>
Income per share - basic and diluted	<u>\$ (0.01)</u>

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

**NOTE 4. LONG-TERM DEBT**

On April 27, 2020, the Company acquired Aggieldand Wild Animal ó Texas, see öNOTE 3. ACQUISITIONö, financing the transaction with the 2020 Term Loan from First Financial and the Aggieldand Seller Note. The 2020 Term Loan in the original principal amount of \$5,000,000 from First Financial is secured by substantially all of the Aggieldand Wild Animal ó Texas assets, as well as guarantees from the Company and its subsidiaries. The 2020 Term Loan bears interest at a rate of 5.0% per annum, has a maturity date of April 27, 2031, with interest only payable monthly through April 2021. The Company paid a total of approximately \$62,375 in fees and expenses in connection with the 2020 Term Loan. The Aggieldand Seller Note represents a deferred portion of the purchase price, has a face value of \$750,000, bears no interest, has a maturity date of June 30, 2021, and is secured by a second priority subordinated lien and security interest in the acquired mineral rights and the animal inventory. The Company applied a 2.5% discount rate to determine a fair value of \$728,500 for the Aggieldand Seller Note as of April 27, 2020 and the resulting \$21,500 discount will be amortized as interest expense over the 14 month period until the note matures. Including the remaining unamortized discount, the recorded value of the Aggieldand Seller Note as of April 4, 2021 was \$745,294.

On July 11, 2018, the Company, through its wholly owned subsidiary Wild Animal ó Georgia, completed a refinancing transaction (the ö2018 Refinancingö) with Synovus Bank (öSynovusö). The 2018 Refinancing included a term loan in the original principal amount of \$1,600,000 (the ö2018 Term Loanö). The 2018 Term Loan bears interest at a rate of 5.0% per annum and is payable in monthly payments of approximately \$22,672, based on a seven year amortization period. The 2018 Term Loan has a maturity date of June 11, 2021, with an option to renew at 5.0% per annum for an additional 49-month term. The 2018 Term Loan is secured by a security deed on the assets of Wild Animal ó Georgia. The Company paid a total of approximately \$15,680 in fees and expenses in connection with the 2018 Refinancing. The outstanding balance of the 2018 Term Loan was \$1,056,244 as of April 4, 2021.

As a result of the initial negative economic impacts and uncertainties caused by the COVID-19 pandemic, Wild Animal ó Georgia and Wild Animal ó Missouri each applied for Paycheck Protection Program (öPPPö) loans. On April 14, 2020 and April 16, 2020, the Company received two unsecured PPP loans totaling \$188,087. The PPP was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020, and is administered by the U.S. Small Business Administration (the öSBAö). The term of the PPP loans is two years, with an interest rate of 1.0% per annum. All payments are deferred for the first twelve months of these PPP loans, with accrued interest being added to the principal during the payment deferral period. After the initial twelve-month deferral period, monthly principal and interest payments will be due until maturity for any portion of the PPP loans not forgiven. Under the terms of the CARES Act, some or all of the PPP loan proceeds are eligible to be forgiven. The amount of the PPP loans eligible to be forgiven are based on the use of the proceeds for payroll costs, mortgage interest, rent or utility costs, and the maintenance of employee and compensation levels, subject to limitations and ongoing rulemaking by the SBA. The Company applied for forgiveness of the full amount of both the Wild Animal ó Georgia and Wild Animal ó Missouri PPP loans in March 2021. Effective March 29, 2021, the SBA approved the Forgiveness Application for Wild Animal ó Georgia, resulting in a gain on extinguishment of debt totaling \$125,371 in the three months ended April 4, 2021. The Company's Forgiveness Application for the full amount of its Wild Animal Safari ó Missouri PPP loan remains pending as of the date of this report. Including accrued interest, the principal outstanding on the Wild Animal ó Missouri PPP loan was \$64,526 as of April 4, 2021. The Company will continue to account for its outstanding PPP loan under their defined terms until such time as forgiveness is granted by the SBA.

Interest expense of \$84,207 and \$17,191 for the three months ended April 4, 2021 and March 29, 2020, respectively, includes \$1,978 and \$560, respectively, of debt closing costs amortization in each period. Interest expense of \$175,620 and \$34,912 for the six months ended April 4, 2021 and March 29, 2020, respectively, includes \$3,956 and \$1,120, respectively, of debt closing costs amortization in each period. In addition, interest expense for the three months and six months ended April 4, 2021 includes \$4,639 and \$9,279 of loan discount amortization, respectively.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

**NOTE 4. LONG-TERM DEBT (CONTINUED)**

The following table represents the aggregate of the Company's outstanding long-term debt:

	As of	
	April 4, 2021	September 27, 2020
Loan principal outstanding	\$ 6,866,064	\$ 7,089,053
Less: unamortized debt financing costs	(66,696)	(70,652)
Gross long-term debt	6,799,368	7,018,401
Less current portion of long-term debt, net of unamortized costs and discount	(1,362,097)	(1,221,009)
Long-term debt	<u>\$ 5,437,271</u>	<u>\$ 5,797,392</u>

As of April 4, 2021, the scheduled future principal maturities of the Company's long-term debt by fiscal year are as follows:

2021	\$ 1,047,553
2022	661,667
2023	661,976
2024	696,466
2025	688,895
thereafter	3,109,507
Total	<u>\$ 6,866,064</u>

**NOTE 5. LINE OF CREDIT**

On July 11, 2018, the Company, through its wholly owned subsidiary Wild Animal ō Georgia, completed the 2018 Refinancing with Synovus. The 2018 Refinancing includes a line of credit of up to \$350,000 (the "2018 LOC"). The 2018 LOC bears interest at a rate of 4.75% and interest only payments are due monthly. The 2018 LOC is secured by a security deed on the assets of Wild Animal ō Georgia. The 2018 LOC matures on July 11, 2021, with an option to renew for an additional three-year term. If necessary, the Company intends to utilize the 2018 LOC to fund seasonal working capital needs. As of April 4, 2021 and September 27, 2020, respectively, there was no outstanding balance against the Company's LOC. When applicable, any advance on a Company LOC is recorded as a current liability.

**NOTE 6. STOCKHOLDERS' EQUITY**

Shares of common stock issued for service to the Company are valued based on market price on the date of the award.

On December 18, 2020, the Company declared its annual compensation award to six Directors for their service on the Board of Directors. Each Director was awarded \$10,000, to be paid all in shares of the Company's common stock, all in cash or a combination thereof, at each Director's election. Four Directors elected to receive all shares, one Director elected to receive 50% in shares and 50% in cash, and one Director elected all cash. Based on the closing stock price of \$0.4388 per share on December 18, 2020, a total of 102,550 shares were distributed on January 11, 2021. The total compensation award cost of \$60,000 was reported as an expense in the first quarter of the 2021 fiscal year.

On December 5, 2019, the Company declared its annual compensation award to four Directors for their service on the Board of Directors. Each Director was awarded \$8,500, to be paid all in shares of the Company's common stock, all in cash or a combination thereof, at each Director's election. All four Directors elected to receive all shares, totaling 200,000 shares, based on the closing stock price of \$0.17 per share on December 5, 2019. The total award cost of \$34,000 was reported as an expense in the first quarter of the 2020 fiscal year, and the Company distributed each award on January 8, 2020.

Officers, Directors and their controlled entities own approximately 52.8% of the outstanding common stock of the Company as of April 4, 2021.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

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

Effective as of June 1, 2020, the Company and Dale Van Voorhis, the Company's Chairman and Chief Executive Officer, entered into an employment agreement (the "2020 Van Voorhis Employment Agreement"). Pursuant to the 2020 Van Voorhis Employment Agreement, Mr. Van Voorhis receives an initial base annual compensation in the amount of \$100,000 per year, subject to annual review by the Board of Directors. The 2020 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.

Effective as of January 1, 2019, the Company and Todd R. White, the Company's Chief Financial Officer, entered into an employment agreement (the "2019 White Employment Agreement"). The 2019 White Employment Agreement has a term of three years, with minimum annual compensation of \$70,000 in year one, \$75,000 in year two and \$80,000 in year three. Effective January 1, 2021, Mr. White's annual compensation was changed to \$90,000. Mr. White is entitled to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

Effective as of May 1, 2018, the Company entered into an employment agreement with Michael D. Newman (the "Newman Employment Agreement") to serve as the Company's Vice President of Safari Operations. Mr. Newman had been the general manager of Wild Animal  $\acute{o}$  Georgia since February 2011. Pursuant to the Newman Employment Agreement, Mr. Newman received an initial base annual compensation of \$95,000 per year, subject to annual review by the Board of Directors. Mr. Newman also received a \$5,000 signing bonus. Effective as of May 1, 2020, Mr. Newman's annual compensation was changed to \$108,000. The Newman Employment Agreement has a term of five years and entitles Mr. Newman to participate in any deferred compensation plan the Company may adopt during the term of his employment with the Company.

As of April 4, 2021, the Company has not adopted any deferred compensation plans. 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 (\$216,667 in aggregate) or (ii) in the event of a change in control of the Company (\$481,667 in aggregate), as well as disability and death payment provisions (\$141,500 in aggregate).

**NOTE 8. INCOME TAXES**

For the six month period ended April 4, 2021, the Company reported pre-tax income of \$1,002,383. For the fiscal year ending October 3, 2021, the Company expects to generate pre-tax income and to record a tax provision at a blended effective federal and state income tax rate of approximately 25.0%. The Company recorded a net income tax provision of \$236,400 for the six month period ended April 4, 2021, comprised of a federal expense of \$171,000 and a State of Georgia expense of \$65,400. The Company's net income tax provision for the six month period ended March 29, 2020 was a tax benefit of \$76,900, comprised of a federal benefit of \$74,200 and a State of Georgia benefit of \$2,700.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

On February 17, 2021, two children of James Meikle, the Company's former President and Chief Operating Officer, filed a Complaint in the Eighth Judicial District Court, Clark County, Nevada (case no. A-21-829563-C), alleging the Company was obligated under Mr. Meikle's Employment Agreement to purchase at least \$540,000 of life insurance for Mr. Meikle, who passed away on November 28, 2018. The Complaint seeks damages of \$540,000, as well as interest and expenses. The Company believes the Complaint is without merit and is vigorously opposing this claim.

On May 21, 2019, the Company's Missouri Park was struck by a tornado and sustained property damage, primarily to the "walk about", the more traditional zoo-like section of the park, as well as to several auxiliary buildings. The park was closed at the time of this event and no employees were injured. While a few animals sustained non-life threatening injuries, no animals were killed or escaped.

As a result of the tornado damage, through September 29, 2019, the Company had written-off \$56,339 related to the net book value of property destroyed and damaged, and incurred \$24,105 of cleanup and repair expenses. Through September 29, 2019, the Company had capitalized \$66,376 of expenditures related to improvements associated with the tornado damage. The Company capitalized an additional \$71,478 of improvements associated with the tornado damage during the year ended September 27, 2020. On April 15, 2020, the Company received \$24,373 of insurance proceeds, partially offsetting the costs and expenses incurred in the recovery from the tornado damage.

**PARKS! AMERICA, INC. and SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
April 4, 2021

**NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Except as noted 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.

**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 six months ended	
	April 4, 2021	March 29, 2020	April 4, 2021	March 29, 2020
<b>Total net sales:</b>				
Georgia	\$ 1,609,777	\$ 631,622	\$ 3,178,788	\$ 1,530,058
Missouri	319,649	111,335	539,677	208,384
Texas	546,757	-	984,917	-
<b>Consolidated</b>	<u>\$ 2,476,183</u>	<u>\$ 742,957</u>	<u>\$ 4,703,382</u>	<u>\$ 1,738,442</u>
<b>Income (loss) before income taxes:</b>				
Georgia	\$ 818,557	\$ 78,849	\$ 1,680,254	\$ 411,622
Missouri	(29,720)	(150,272)	(160,187)	(313,689)
Texas	23,479	-	4,534	-
Segment total	812,316	(71,423)	1,524,601	97,933
Corporate	(182,487)	(165,280)	(499,288)	(434,728)
Other income, net	12,755	7,542	27,319	15,504
Gain on extinguishment of debt	125,371	-	125,371	-
Interest expense	(84,207)	(17,191)	(175,620)	(34,912)
<b>Consolidated</b>	<u>\$ 683,748</u>	<u>\$ (246,352)</u>	<u>\$ 1,002,383</u>	<u>\$ (356,203)</u>

	As of	
	April 4, 2021	September 27, 2020
<b>Total assets:</b>		
Georgia	\$ 9,095,177	\$ 8,352,457
Missouri	2,963,501	3,120,166
Texas	7,847,934	7,919,577
Corporate	198,692	130,083
<b>Consolidated</b>	<u>\$ 20,105,304</u>	<u>\$ 19,522,283</u>

**NOTE 11. SUBSEQUENT EVENTS**

The Company has analyzed its operations subsequent to April 4, 2021 to the date these financial statements were issued and has determined that no material subsequent events have occurred from the date of these unaudited consolidated financial statements through the date of filing.



## 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, 2020.

### 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. Additional risks have been added to our business by the near-term and long-term impacts of the COVID-19 pandemic on the operations of our Parks, including customers' perceptions of engaging in the activities involved in visiting our Parks, our ability to hire and retain employees in light of the issues posed by the COVID-19 pandemic, and our ability to maintain sufficient cash to fund operations due to the possible negative impact on our Park revenues associated with potential future disruptions in demand as a result of the pandemic.

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 three 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 of Georgia), Wild Animal, Inc., a Missouri corporation (Wild Animal of Missouri), and Aggieland-Parks, Inc., a Texas corporation (Aggieland Wild Animal of Texas). Wild Animal of Georgia owns and operates the Wild Animal Safari theme park in Pine Mountain, Georgia (the Georgia Park). Wild Animal of Missouri owns and operates the Wild Animal Safari theme park located in Strafford, Missouri (the Missouri Park). Aggieland Wild Animal of Texas owns and operates the Aggieland Wild Animal Safari theme park near Bryan/College Station, Texas (the Texas Park). On April 27, 2020, we acquired substantially all the assets of Aggieland Safari LLC and related entities (Aggieland Safari), for additional information see NOTE 3. ACQUISITION of the Notes to the Consolidated Financial Statements (Unaudited).

Our Parks are open year round but experience increased seasonal attendance, typically beginning in the latter half of March through early September. As a result, our combined third and fourth quarter net sales have historically ranged from 68% to 72% of our annual net sales.

Through our fiscal year ended September 27, 2020, our annual net sales, adjusted income before income taxes and net cash provided by operating activities have improved significantly over the past five to six fiscal years. These improvements are primarily attributable to a combination of increased attendance revenues and strong operating cost controls. Our Georgia Park in particular has benefitted from several positive factors including strong and stable management, the addition of online ticket sales in June 2015, growth and positive economic conditions in the greater Atlanta area, as well as positive guest perceptions of this Park. Our strong results through our 2019 fiscal year and the resulting improvements in our financial position provided us with the resources to pursue and ultimately close the Aggieland Safari acquisition during our 2020 fiscal year.

The rapid acceleration of the COVID-19 pandemic in the United States occurred at the beginning of our 2020 fiscal year annual high season. We began to see a significant reduction in paid attendance at our Georgia and Missouri Parks beginning the week of March 9, 2020. Effective April 3, 2020, both Parks were closed as a result of shelter-in-place mandates in Georgia and Missouri. Also note that prior to our acquisition of our Texas Park, its operations were suspended for the majority of April 2020 due to a shelter-in-place mandate in Texas.

In compliance with respective state issued guidelines, our Georgia Park and our Texas Park each reopened on May 1, 2020, and our Missouri Park reopened on May 4, 2020. Attendance levels were strong at each of our three Parks for the balance of our 2020 fiscal year, which has continued through the first six months of our 2021 fiscal year. We believe the strong year-over-year attendance growth each of our Parks has experienced since reopening in early May 2020 is a reflection of the principally outdoor nature of the family-friendly, wild animal education and entertainment experience provided at each of our Parks. The experience offered at each of our Parks is particularly attractive during the COVID-19 pandemic as potential guests are seeking outdoor entertainment options. While we have seen many repeat customers since reopening in early May 2020, we have also experienced an increase in first time visitors seeking an outdoor entertainment alternative. We believe this has increased the local and regional awareness for each of our Parks, which we believe will have longer-term, positive ramifications for our business.

However, there remains the possibility of longer-term negative impacts to our business, results of operations and cash flows, and financial condition as a result of the COVID-19 pandemic. These negative impacts include changes in customer behavior and preferences causing significant volatility or reductions in attendance at one or more of our Parks, increases in operating expenses to comply with additional hygiene-related protocols, limitations in our ability to recruit and maintain staffing, limitations on our employees ability to work and travel, and significant changes in the economic or political conditions in the areas our Parks are located. Despite our efforts to manage these impacts, the ultimate impact may be material, and will depend on a number of factors beyond our control, including the duration and severity of the COVID-19 pandemic and actions by governmental authorities taken to contain its spread and mitigate its public health effects. There is also the potential for our attendance levels to decline as alternative entertainment venues reopen to full capacity once the COVID-19 pandemic has run its course or vaccines are in use and made widely available.

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. Among our highest priorities over the next several years is continuing the integration of our Texas Park. As our Texas Park first opened to the public in May 2019, we believe there remains tremendous potential to increase attendance by increasing the local and regional awareness of this facility via advertising and promotion. We are pleased with the expanded attendance at our Missouri Park during the latter half of our 2020 fiscal year and the first six months of our 2021 fiscal year. We plan on leveraging the increased exposure of this facility to continue to build on this recent success.

Our business plan includes expansion via the acquisition of additional local or regional theme parks and attractions, if attractive opportunities arise. We believe acquisitions, if any, should not unnecessarily encumber the Company with additional debt that cannot be justified by current operations. We may also pursue contract management opportunities for themed attractions owned by third parties. 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.

Strong growth in our annual operating cash flow over the past five to six fiscal years has provided us with incremental cash flow, and provided us with the financial strength to complete the Aggieland Safari acquisition. 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.

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 April 4, 2021 as Compared to Three Month Period Ended March 29, 2020

The following table shows our consolidated and segment operating results for the three month periods ended April 4, 2021 and March 29, 2020:

	Georgia Park		Missouri Park		Texas Park		Consolidated	
	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020
Total net sales	\$ 1,609,777	\$ 631,622	\$ 319,649	\$ 111,335	\$ 546,757	\$ -	\$ 2,476,183	\$ 742,957
Segment income (loss) from operations	818,557	78,849	(29,720)	(150,272)	23,479	-	812,316	(71,423)
Segment operating margin %	50.8%	12.5%	-9.3%	-135.0%	4.3%	na	32.8%	-9.6%
Corporate expenses							(182,487)	(165,280)
Other income, net							12,755	7,542
Gain on extinguishment of debt							125,371	-
Interest expense							(84,207)	(17,191)
Income (loss) before income taxes							\$ 683,748	\$ (246,352)

### Total Net Sales

Our total net sales for the three month period ended April 4, 2021 were \$2,476,183, an increase of \$1,733,226 versus the three month period ended March 29, 2020. Our Parksøcombined attendance based net sales increased by \$1,741,211 or 238.4%, while animal sales decreased by \$7,985. Excluding our recently acquired Texas Park, our attendance based net sales increased by \$1,194,454 or 163.5%, while animal sales decreased by \$7,985.

Our Georgia Parkø attendance based net sales increased by \$986,140 or 159.3%, to \$1,605,327, while animal sales decreased by \$7,985 to \$4,450. Our Missouri Parkø attendance based net sales increased by \$208,314 or 187.1%, to \$319,649. Our Texas Park generated attendance based sales of \$546,757.

For the three month period ended April 4, 2021, paid attendance at our Georgia Park and our Missouri Park increased by approximately 121.0% and 169.0%, respectively.

### Segment Operating Margin

Our consolidated segment income from operations was \$812,316 for the three month period ended April 4, 2021, a net increase of \$883,739, compared a segment loss from operations of \$71,423 for the three month period ended March 29, 2020. Our Georgia Parkø segment operating income was \$818,557, resulting in an increase of \$739,708, principally as a result of higher attendance based net sales, partially offset by higher cost of sales, and higher compensation, advertising and general operating expenses. Our Missouri Park generated a segment operating loss of \$29,720, an improvement of \$120,552, primarily as a result of higher attendance based net sales, partially offset by higher cost of sales, and higher compensation and general operating expenses, as well as an insurance recovery in the three months ended March 29, 2020. Our Texas Park generated segment operating income of \$23,479.

### Corporate Expenses

Corporate spending increased by \$17,207 to \$182,487 during the three month period ended April 4, 2021, primarily due to higher compensation and travel expenses, partially offset by lower professional fees.

### Other Income, Net

Other income, net increased by \$5,213, to \$12,755, primarily as a result of mineral rights royalty income for our Texas Park, partially offset by lower interest income.

### Gain on Extinguishment of Debt

On March 29, 2021, we received notification the SBA approved our Wild Animal ø Georgia Paycheck Protection Program (øPPPø) loan forgiveness application, resulting in a gain on extinguishment of debt totaling \$125,371 for the three months ended April 4, 2021.

### ***Interest Expense***

Interest expense for the three month period ended April 4, 2021 was \$84,207, an increase of \$67,016 compared to the three month period ended March 29, 2020, primarily as a result of debt incurred related to the acquisition of our Texas Park on April 27, 2020.

### ***Income Taxes***

For the three month period ended April 4, 2021, we reported pre-tax income of \$683,748. For the fiscal year ending October 3, 2021 we expect to generate pre-tax income and to record a tax provision at a blended effective federal and state income tax rate of approximately 25.0%. Based on the year-to-date mix of federal and state income, we recorded an income tax expense of \$145,700 for the three month period ended April 4, 2021.

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

For the three month period ended April 4, 2021, we reported net income of \$538,048 or \$0.01 per basic share and per fully diluted share, compared to a net loss of \$190,152 or \$(0.00) per basic share and per fully diluted share, for the three month period ended March 29, 2020, resulting in a net increase of \$728,200. The increase in our net income is attributable to a \$739,708 increase in segment income for our Georgia Park, a \$120,552 decrease in the segment loss for our Missouri Park, segment income of \$23,479 for our Texas Park, a \$125,371 gain on extinguishment of debt, as well as an increase of \$5,213 in other income, partially offset a \$17,207 increase in Corporate expenses, a \$67,016 increase in interest expense, and a \$201,900 increase in our income tax provision.

### **Results of Operations For the Six Month Period Ended April 4, 2021 as Compared to Six Month Period Ended March 29, 2020**

Our 2021 fiscal year will be comprised of 53-weeks, compared to our 2020 fiscal year which was comprised of 52-weeks. The extra week in our 2021 fiscal year occurred in the three months ended January 3, 2021. As such, in addition to six month period reported attendance sales comparisons, attendance based sales analyses will include comparable 27-week sales comparisons.

The following table shows our consolidated and segment operating results for the six month periods ended April 4, 2021 and March 29, 2020:

	<b>Georgia Park</b>		<b>Missouri Park</b>		<b>Texas Park</b>		<b>Consolidated</b>	
	<b>Fiscal 2021</b>	<b>Fiscal 2020</b>	<b>Fiscal 2021</b>	<b>Fiscal 2020</b>	<b>Fiscal 2021</b>	<b>Fiscal 2020</b>	<b>Fiscal 2021</b>	<b>Fiscal 2020</b>
Total net sales	\$ 3,178,788	\$ 1,530,058	\$ 539,677	\$ 208,384	\$ 984,917	\$ -	\$ 4,703,382	\$ 1,738,442
Segment income (loss) from operations	1,680,254	411,622	(160,187)	(313,689)	4,534	-	1,524,601	97,933
Segment operating margin %	52.9%	26.9%	-29.7%	-150.5%	0.5%	na	32.4%	5.6%
Corporate expenses							(499,288)	(434,728)
Other income, net							27,319	15,504
Gain on extinguishment of debt							125,371	-
Interest expense							(175,620)	(34,912)
Income (loss) before income taxes							<u>\$ 1,002,383</u>	<u>\$ (356,203)</u>

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

Our total net sales for the six month period ended April 4, 2021 were \$4,703,382, an increase of \$2,964,940 versus the six month period ended March 29, 2020. Our Parksø combined attendance based net sales increased by \$2,913,278 or 170.0%, and animal sales increased by \$51,662. Excluding our recently acquired Texas Park, our attendance based net sales increased by \$1,948,800 or 113.7%, and animal sales increased by \$31,223. For the comparable 27-weeks ended April 4, 2021 excluding our Texas Park, our attendance based sales increased by \$1,924,355 or 110.7%.

Our Georgia Parkø attendance based net sales increased by \$1,620,795 or 107.4%, to \$3,129,903, while animal sales increased by \$27,935 to \$48,885. On a comparable 27-week basis, our Georgia Parkø attendance based sales increased by \$1,603,418 or 105.0%. Our Missouri Parkø attendance based net sales increased by \$328,006 or 160.1%, to \$532,827, and animal sales increased by \$3,287 to \$6,850. On a comparable 27-week basis, our Missouri Park attendance based sales increased by \$320,937 or 151.5%. Our Texas Park generated attendance based sales of \$964,478 and animal sales of \$20,439.

On a comparable 27-week basis, paid attendance at our Georgia Park and our Missouri Park increased by approximately 75.0% and 134.0%, respectively.

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

Our consolidated segment income from operations was \$1,524,601 for the six month period ended April 4, 2021, an increase of \$1,426,668, compared to segment income from operations of \$97,933 for the six month period ended March 29, 2020. Our Georgia Park's segment operating income was \$1,680,254, resulting in an increase of \$1,268,632, principally as a result of higher attendance based net sales, partially offset by higher cost of sales, and higher compensation, advertising and general operating expenses. Our Missouri Park generated a segment operating loss of \$160,187, an improvement of \$153,502, primarily as a result of higher attendance based net sales, partially offset by higher cost of sales, and higher compensation, advertising and general operating expenses, as well as an insurance recovery in the six months ended March 29, 2020. Our Texas Park generated a segment operating income of \$4,534.

### ***Corporate Expenses***

Corporate spending increased by \$64,560 to \$499,288 during the six month period ended April 4, 2021, primarily due to higher compensation and travel expenses, partially offset by lower professional fees.

### ***Other Income, Net***

Other income, net increased by \$11,815, to \$27,319, primarily as a result of mineral rights royalty income for our Texas Park, partially offset by lower interest income.

### ***Gain on Extinguishment of Debt***

On March 29, 2021, we received notification the SBA approved our Wild Animal's Georgia PPP loan forgiveness application, resulting in a gain on extinguishment of debt totaling \$125,371 for the six months ended April 4, 2021.

### ***Interest Expense***

Interest expense for the six month period ended April 4, 2021 was \$175,620, an increase of \$140,708 compared to the six month period ended March 29, 2020, primarily as a result of debt incurred related to the acquisition of our Texas Park on April 27, 2020.

### ***Income Taxes***

For the six month period ended April 4, 2021, we reported pre-tax income of \$1,002,383. For the fiscal year ending October 3, 2021 we expect to generate pre-tax income and to record a tax provision at a blended effective federal and state income tax rate of approximately 25.0%. Based on the year-to-date mix of federal and state income, we recorded an income tax expense of \$236,400 for the six month period ended April 4, 2021.

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

For the six month period ended April 4, 2021, we reported net income of \$765,983 or \$0.01 per basic share and per fully diluted share, compared to a net loss of \$279,303 or \$(0.00) per basic share and per fully diluted share, for the six month period ended March 29, 2020, resulting in a net increase of \$1,045,286. The increase in our net income is attributable to a \$1,268,632 increase in segment income for our Georgia Park, a \$153,502 decrease in the segment loss for our Missouri Park, segment income of \$4,534 for our Texas Park, a \$125,371 gain on extinguishment of debt, as well as an increase of \$11,815 in other income, partially offset by a \$64,560 increase in Corporate expenses, a \$140,708 increase in interest expense, and a \$313,300 increase in our income tax provision.

## **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. Historically, 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, requiring us to use cash generated from prior fiscal years, as well as borrowing on a seasonal basis, to fund operations and prepare our Parks for the busy season during the third and fourth quarters of our fiscal year. As a result of our improved cash position, during our 2020 fiscal year we did not utilize any seasonal borrowing, nor do we anticipate using any seasonal borrowing during our 2021 fiscal year.

As a result of the initial negative impacts of the COVID-19 pandemic on our attendance revenues, we took actions to reduce spending while our Parks were closed to the public during the majority of April 2020. We also secured PPP loans to support the payroll for our employees during the Park closures and uncertainties regarding when we would be able to reopen our Parks. The PPP was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020, and is administered by the U.S. Small Business Administration (the "SBA"). During the next twelve to eighteen months our focus will be on running our Parks in a manner that supports the health and safety of our guests, employees and animals, at the same time prudently managing our cash flows. Any significant slowdown in revenues or unusual capital outlays may require us to reduce spending and potentially seek additional capital.

Our working capital was \$3.97 million as of April 4, 2021, compared to \$3.86 million as of September 27, 2020. This increase in working capital primarily relates to cash flow provided by operating activities, partially offset by net cash used in capital investment spending during the six month period ended April 4, 2021.

Total loan debt, including current maturities, as of April 4, 2021 was \$6.80 million compared to \$7.02 million as of September 27, 2020. There were no borrowings on our Synovus Bank line of credit as of April 4, 2021 and September 27, 2020, respectively.

As of April 4, 2021, we had equity of \$12.54 million and total loan debt of \$6.80 million, resulting in a debt to equity ratio of 0.54 to 1.0 compared to 0.60 to 1.0 as of September 27, 2020.

### ***Operating Activities***

Net cash provided by operating activities was \$947,596 for the six month period ended April 4, 2021, compared to cash used in operating activities of \$327,187 for the six month period ended March 29, 2020, resulting in a net improvement of \$1,274,783, primarily as a result of a higher net income and lower net working capital uses.

### ***Investing Activities***

Net cash used in investing activities was \$704,983 for the six month period ended April 4, 2021, compared to \$416,164 for the six month period ended March 29, 2020, an increase of \$288,819, primarily related to an increase in capital improvement spending at our Parks.

### ***Financing Activities***

Net cash used in financing activities was \$107,686 for the six month period ended April 4, 2021, compared to net cash used in financing activities of \$102,427 for the six month period ended March 29, 2020. In each period, cash used in financing activities was for scheduled payments against our 2018 Term Loan.

### ***Subsequent Events***

None

### ***Off Balance Sheet Arrangements***

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, 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 September 27, 2020 includes additional information about us, and our operations, financial condition, critical accounting policies and accounting estimates, and should be read in conjunction with this Quarterly Report.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

## 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 April 4, 2021 that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

## PART II

### LEGAL PROCEEDINGS

On February 17, 2021, two children of James Meikle, our former President and Chief Operating Officer, filed a Complaint in the Eighth Judicial District Court, Clark County, Nevada (case no. A-21-829563-C), alleging we were obligated under Mr. Meikle's Employment Agreement to purchase at least \$540,000 of life insurance for Mr. Meikle, who passed away on November 28, 2018. The Complaint seeks damages of \$540,000, as well as interest and expenses. We believe the Complaint is without merit and are vigorously opposing this claim.

Except as noted above, we are not a party to any pending legal proceeding, nor are any of our properties 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 our business or has a material interest adverse to our business.

### 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, 2020. 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 COVID-19 pandemic and measures taken in response thereto may have a material negative impact on our business, results of operations and cash flows, and financial condition. The extent of the impact is dependent upon future developments, which are highly uncertain and difficult to predict.***

In March 2020, the World Health Organization characterized COVID-19, a disease caused by a novel strain of a coronavirus, as a pandemic. The rapid spread of COVID-19 has resulted in governmental authorities throughout the United States implementing a variety of containment measures with the objective of slowing the spread of the virus, including travel restrictions, shelter-in-place orders and business shutdowns. The COVID-19 pandemic and these containment measures have the potential to have a material impact on the Company's business.

Beginning the week of March 9, 2020, we began to see a significant reduction in paid attendance at our Georgia and Missouri Parks. Effective April 3, 2020, both Parks were closed to the public as a result of shelter-in-place mandates in Georgia and Missouri. Also note that prior to the acquisition of our Texas Park, its operations were also closed to the public for the majority of April 2020 due to a shelter-in-place mandate in Texas. In compliance with respective state issued guidelines, our Georgia Park reopened on May 1, 2020 and our Missouri Park reopened on May 4, 2020, with the drive-through portion of our Texas Park reopening on May 1, 2020 and the park fully reopened on May 15, 2020. Since we reopened each of our Parks, attendance levels at each facility were strong for the balance of our 2020 fiscal year, which has continued through the first six months of our 2021 fiscal year.

While our business has experienced a rebound subsequent to the reopening of our Parks, there may be longer-term negative impacts to our business, results of operations and cash flows, and financial condition as a result of the COVID-19 pandemic. These negative impacts include changes in customer behavior and preferences causing significant volatility or reductions in Park attendance, increases in operating expenses to comply with additional hygiene-related protocols, limitations in our ability to recruit and maintain staffing, limitations on our employees ability to work and travel, and significant changes in the economic or political conditions in the areas our Parks are located. Despite our efforts to manage these impacts, the ultimate impact may be material, and will depend on a number of factors beyond our control, including the duration and severity of the COVID-19 pandemic and actions by governmental authorities taken to contain its spread and mitigate its public health effects. There is also the potential for our attendance levels to decline as alternative entertainment venues reopen to full capacity once the COVID-19 pandemic has run its course or vaccines are in use and made widely available.



The extent and duration of longer-term impacts of the COVID-19 pandemic on customer perceptions of our Parks are largely uncertain and dependent upon future developments that cannot be accurately predicted. There is no recent historical precedent that provides insights into the longer-term impacts that the COVID-19 pandemic will have on consumer behavior. As a result, the ultimate impact is highly uncertain and subject to change. We do not yet know the full extent COVID-19 will have on our overall business, results of operations and cash flows, and financial position. COVID-19 and the resulting economic disruptions have also led to significant volatility in the capital markets. As a smaller public company, our ability to access cash is already difficult and the impacts of COVID-19 on capital markets has likely had negatively impacted our ability to raise additional capital at a reasonable cost.

***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. In May 2018, Great Wolf Resorts opened an expansive lodge and indoor waterpark within 10 miles of our Georgia Park. In September 2017, the founder of Bass Pro Shops opened Johnny Morris Wonders of Wildlife National Museum and Aquarium, approximately 12 miles from our Missouri Park in Springfield, Missouri. Branson, Missouri is located just 45 minutes from our Missouri Park. There are a variety of animal attractions throughout southeastern Texas; the nearest is Franklin Drive Thru Safari, within a 35-40 minute drive of our Texas 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 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 \$10.0 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 includes expansion via the acquisition of additional local or regional theme parks and attractions, if attractive opportunities arise. 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.***

The Company may require additional debt and equity financing to pursue its 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, key personnel 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.

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 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.

#### **UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None

#### **DEFAULTS UPON SENIOR SECURITIES**

None

#### **MINE SAFETY DISCLOSURES**

Not applicable

#### **OTHER INFORMATION**

None

#### **EXHIBITS**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
<a href="#"><u>31.1</u></a>	Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#"><u>31.2</u></a>	Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#"><u>32.1</u></a>	Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated 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.

May 11, 2021

By: /s/ Dale Van Voorhis

Dale Van Voorhis

Chief Executive Officer

(Principal Executive Officer)