

IsoRay, Inc.
Form CT ORDER
May 21, 2009

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9. COMMITMENTS AND CONTINGENCIES

On May 16, 2011 the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (USDA APHIS) issued a citation to the Company alleging violations of certain USDA APHIS regulations and assessed a penalty in the amount of \$76,857. On July 8, 2011 the Company submitted a reply to the USDA APHIS citation which contained, among other things, mitigating factors which the Company believed should be considered in determining the amount of the fine. As of July 1, 2012, USDA APHIS responded to the Company with a reduced assessment of \$11,170. The Company reduced its reserve by \$65,687 to reflect this revised assessment during the second quarter of 2012. The Company also addressed the compliance issues raised in the citation and is implementing new operational controls to address these matters going forward.

The Company commenced a lawsuit in September, 2009 against a group led by Larry Eastland, a former officer and director of the Company. The litigation was inactive until June 11, 2012 at which time the Company amended its complaint against the Eastland group to, among other things, join as defendants Stanley Harper, a LEA Capital Advisors, LLC(an entity controlled by Mr. Eastland) and Computer Contact Service, Inc. (an entity controlled by Mr. Harper) for breaches of contract and fiduciary duty with regards to the Company's purchase of TempSERV on September 30, 2007 and its subsequent re-conveyance of TempSERV to Computer Contact Service, Inc. as of January 1, 2009. The Company is seeking an indefinite amount of damages. For more information regarding the original litigation, see our annual report on Form 10-K for the year ended December 26, 2010.

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

10. CHANGE IN FISCAL YEAR END

The Company changed its fiscal year-end from December 31 to September 30, and its quarterly close dates to the closest Sunday to the end of each reporting period. For the quarter ended June 30, 2012, the closest Sunday was July 1, 2012. For the fiscal year 2011, the closest Sunday to September 30 was October 2 and for the fiscal year 2012, September 30 falls on a Sunday. This decision was made to align the Company's fiscal periods more closely with the seasonality of its business. The high season typically begins at Spring Break and 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.

11. SUBSEQUENT EVENTS

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to July 1, 2012 to the date these financial statements were issued, and have determined that it does not have any material subsequent events to disclose in these consolidated financial statements.

ITEM 7. 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 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 consolidated financial statements and notes thereto included elsewhere in this report and with our transition report on Form 10-K for the period ended October 2, 2011. Certain statements contained herein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, as discussed more fully herein.

The forward-looking information set forth in this annual report is as of the date of this filing, and we undertake no duty to update this information. More information about potential factors that could affect our business and financial results is included in the section entitled "Risk Factors" in this annual report.

Overview

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

Our goal is to build a family of theme parks primarily through acquisitions of small, local and regional, privately-owned existing parks and to develop a series of compatible, themed attractions. The Company also may pursue contract management opportunities for themed attractions owned by third parties.

Our philosophy is to acquire existing amusement park properties with the following primary criteria in mind:

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Properties that have an operating history;

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

Properties where there is additional, underutilized land upon which to expand operations.

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

As we look at our operations for the period ended July 1, 2012, our principal concern is the Missouri Park which continues to have improving, but unsatisfactory operating results. We increased net revenue at the Missouri Park by 36% to \$537,746 for the nine month period ended July 1, 2012 versus the nine month period ended June 26, 2011. The Missouri Park's operating margin was a loss of \$89,293 as compared to an operating loss of \$221,951 for the same period last year.

We believe that years of operation under prior owners have resulted in preconceptions about the condition of the Missouri Park that we still have to overcome. We have worked since our acquisition of the Missouri Park in March of 2008 to upgrade the Park's physical facilities and dramatically improve its food service. The challenge is to bring the public's perception of the Park in line with its current condition and level of service. We expect that this effort will take time, but that it will yield favorable results. We will continue to focus our efforts to promote the Missouri Park and make such improvements as our capital budget allows.

Our current size and operating model leaves us little room for mistakes. Our highest priority is to make the Missouri Park operation profitable. The current tightness in the financial markets may make it difficult to raise the capital necessary to make the Missouri Park profitable. Any future capital raised by the Company is likely to result in dilution to existing stockholders. It is possible that cash generated by, or available to, the Company may not be sufficient to fund our capital and liquidity needs for the near-term.

In March 2011 the Company signed a new loan agreement with its primary lending institution which replaced our then-maturing mortgage loan on the Georgia Park. The new loan agreement has a term of three years (based on a 14-year amortization) and bears interest at a rate of 6.5% per annum (down from the previous mortgage interest rate of 7.75% per annum).

Results of Operations For the Nine Month Period Ended July 1, 2012 as Compared to Nine Month Period Ended June 26, 2011
Change in Fiscal Year End

The Company changed its fiscal year-end from December 31 to September 30, and its quarterly close dates to the closest Sunday to the end of each reporting period. For the quarter ending June 30, 2012, the closest Sunday to this date was July 1, 2012. For the fiscal year 2012, September 30 falls on a Sunday. This decision was made to align the Company's fiscal periods more closely with the seasonality of its business. The high season typically begins at Spring Break and 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.

Total Net Revenues for the Nine Month Period Ended July 1, 2012

The Company's total net revenues for the nine month period ended July 1, 2012 increased by \$247,663, or 11%, to \$2,467,255 versus the nine month period ended June 26, 2011. The Georgia Park's revenue increased by \$106,446 as a result of a 4% increase in average revenue per customer and 2% more customers during the nine month period ended July 1, 2012 versus the nine months ended June 26, 2011. The Missouri Park's attendance increased by 20% during the nine month period ended July 1, 2012 and admission revenue at Missouri Park increased by \$165,856, or 46%, versus the nine month period ended June 26, 2011. The average revenue per Missouri customer increased by 14% during this nine month period as compared to the same period last year and attendance was 20% higher in 2012 versus the same nine month period ending June 26, 2011. The Missouri Park generated animal sales of \$10,308 during the nine month period ended July 1, 2012 versus \$34,947 in animal sales during the nine month period ended June 26, 2011.

The following table breaks down our operations by subsidiary for the nine months ended July 1, 2012 as compared with nine months ended June 26, 2011:

Nine Months	Georgia Park		Missouri Park		Total	
	2012	2011	2012	2011	2012	2011
Total Net Sales	\$1,929,509	\$1,823,063	\$537,746	\$396,529	\$2,467,255	\$2,219,592
Operating Expenses	1,218,501	1,264,986	627,039	618,480	1,845,540	1,883,466
Operating Margin	711,008	558,077	-89,293	-221,951	621,715	336,126
Margin %	37%	31%	-17%	-56%	25%	15%
Corporate operating expenses	-	-	-	-	356,647	457,730
Income (Loss) from operations	-	-	-	-	\$265,068	(\$121,604)

Operating Margin

The operating margin at the Georgia Park increased by \$152,931 to \$711,008 versus the nine month period ended June 26, 2011 margin due to lower operating costs and higher net sales in 2012. Operating costs at the Georgia Park decreased by \$46,485 to \$1,218,501. This decrease was primarily the result of reducing our reserve associated with a fine imposed by the USDA, originally assessed at \$76,857 and subsequently lowered to \$11,170, following a successful appeal by the Company. The Georgia Park recorded a credit to operating expenses of approximately \$66,000 to reflect the final revised assessment that the Park received in March 2012. Operating costs at the Missouri Park increased by \$8,559 reflecting higher spending on advertising partially offset by lower spending on animal food and recording lower depreciation expense. Additionally, the Missouri Park recorded a \$9,318 loss on disposal of assets during the nine month period ended June 26, 2011 versus no loss on disposal of assets during the nine month period ended July 1, 2012.

The operating margin for both Parks improved by \$285,589 to a total profit margin of \$621,715 during the nine month period ended July 1, 2012 versus a margin of \$336,126 during the nine month period ended June 26, 2011. This improvement is primarily due to higher attendance at both Parks while minimizing spending. The Company's goal for the Missouri Park is to break even at the operating margin line this fiscal year.

Corporate Expenses and Other

Corporate spending declined by \$101,083 to \$356,647 during the nine month period ended July 1, 2012, primarily as a result of lower legal and accounting fees. Due to the change in our fiscal year end, accounting fees for the annual audit were recorded in the period ending October 2, 2011. Legal expenses during the nine month period ended June 26, 2011 were significantly higher due to the fact they included the costs associated with conducting the shareholders meeting and responding to a shareholder's attempt to gain control of the company. The Corporate staff reduction saved the Company \$17,500 during the nine month period ended July 1, 2012 versus the nine month period ended June 26, 2011.

Interest Cost and Other Income

Interest expense during the nine month period ended July 1, 2012 was \$201,734, a decline of \$27,126 as compared with the nine month period ended June 26, 2011. This reduction was a result of a lower rate on the renewal of the Georgia Park mortgage and the benefit of the Company having a lower total debt outstanding during the period, including the Company's lines of credit.

Other Income for the nine month period ended June 26, 2011 included \$97,000 in credits from favorable settlements on previously billed legal and accounting services expensed in or before December 2009.

Net Income (Loss) and Net Income (Loss) Per Share for the nine month periods

The Company reported net income of \$86,237 as compared to a net loss of \$237,706 for the same period last year. The earnings per share and earnings per fully diluted per share were \$0.00 per share in 2012 versus a loss of \$0.01 per share and fully diluted share in 2011. These results exceeded management's expectation as a result of the growth in revenue, particularly at the Missouri Park. During this current nine month period revenue has increased \$247,663 and net income has improved by \$323,943. Bad weather last year had an adverse affect on the parks revenue. Corporate spending declined by \$101,083 during this nine month period while earnings for the nine month period ended June 26, 2011 benefited from recording a \$97,000 credit from the settlement of previously accrued legal and accounting bills.

Total Net Revenues for the Three Month Period Ended July 1, 2012

The Company's total net revenues for the three month period ended July 1, 2012 increased by \$156,885, or 13%, to \$1,378,702 versus the three month period ended June 26, 2011. The Georgia Park's revenue increased by \$51,528 as a result of higher revenue per customer but was partially offset by a modest decline in park attendance during the three month period ended July 1, 2012 versus the three month period ended June 26, 2011. The Missouri Park's attendance increased by 31% during the three month period ended July 1, 2012 and Missouri Park revenue increased by \$105,357, or 49%, versus the three month period ended June 26, 2011. The average revenue per customer at the Missouri Park increased 14% during this quarter versus the same quarter in 2011.

The following table breaks down our operations by subsidiary for the three months ended July 1, 2012 as compared with the three months ended June 26, 2011:

3rd QTR Three Months	Georgia Park		Missouri Park		Total	
	2012	2011	2012	2011	2012	2011

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Total Net Sales	\$1,060,468	1,008,940	318,234	212,877	1,378,702	1,221,817
Operating Expenses	\$541,552	552,500	266,702	242,741	808,254	795,241
Operating Margin	518,916	456,440	51,532	-29,864	570,448	426,576
Margin %	49%	45%	16%	-14%	41%	35%
Corporate operating expenses	-	-	-	-	126,402	111,050
Income from operations	-	-	-	-	\$444,046	315,526

Operating Margin

The operating margin at the Georgia Park increased by \$62,476 to \$518,916 for the three month period ended July 1, 2012 versus the operating margin for the three month period ended June 26, 2011. The primary reasons for this increase in operating margin were higher revenues generated at the Georgia Park while controlling our expenses at the Georgia Park. The operating margin at the Missouri Park improved by \$81,396 as a result of higher attendance.

Corporate Expenses and Other

Corporate spending increased by \$15,352 to \$126,402 during the three month period ended July 1, 2012, primarily as a result of higher legal fees and travel expenses.

Net Income and Income Per Share

The Company's net income improved by \$122,076 to a profit of \$380,273, or \$0.01 per share and fully diluted per share, for the three months ended July 1, 2012 as compared with a profit of \$258,197, or \$0.00 per share and fully diluted per share, for the three months ended June 26, 2011.

Liquidity and Capital Resources

Management believes that it has improved its operations to the point that it can now generate enough cash to fund its operations, make its mortgage payments and spend modestly on capital improvements in the near-term. Any slowdown in revenue or unusual capital outlays would require us to seek additional capital.

The Company's working capital is negative \$1,907,245 at July 1, 2012 as compared to a negative \$360,739 working capital at October 2, 2011. This decline in working capital reflects the Company reporting the entire Missouri note, with a face value of \$1.6 million as maturing in March 2013 as a current liability. Assuming that the Missouri note is refinanced and re-classified as long-term debt, the Company's working capital would be less than negative \$300,000. The Company is currently exploring refinancing options for this note and believes that refinancing will be completed before March 2013.

Total debt related to property mortgages and lines of credit (LOC), including current maturities, at July 1, 2012 was \$3.6 million as compared to \$3.8 million at October 2, 2011. The decrease in debt was a result of our positive cash flow and paying down the LOCs during the quarter. The LOC balance has been reduced to \$17,000 at July 1, 2012 from \$42,000 as of October 2, 2011. The Company has \$583,000 available on its lines of credit to fund operations during its next fiscal quarter.

The Company continues to explore opportunities to refinance its current mortgages on more permanent terms.

At July 1, 2012, the Company had equity of \$2,573,339 and total debt of \$3,594,587 (including LOCs) and a debt to equity ratio of 1.40 to 1. The Company's debt to equity ratio was 1.52 to 1 as of October 2, 2011.

Our principal source of income is from cash sales, which is projected to provide sufficient cash flow to fund operations and service our current debt. During the next twelve to twenty-four months, management will continue to focus on improving the financial condition of the Company.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of any contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An infinite number of variables can be posted that could have an effect on valuation of assets and liabilities. For example, it is assumed that:

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Revenue and profit growth at the theme parks will continue;

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The infrastructure will accommodate the additional customers;

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Cost of improvements and operations will remain a relatively stable budgeted allocation; and

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Per capita spending by the customers will continue to rise in relation to the rise in capital expenditures;

If any one of these assumptions, or combination of assumptions, proves incorrect, then the values assigned to real estate, per capita revenues, attendance and other variables that have remained consistent over the past two years may not be realized. The same would be true if higher than expected revenue streams occurred.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

N/A

ITEM 4. CONTROLS AND PROCEDURES.

Based on an evaluation conducted by management, of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Exchange Act Rule 13a-15(e) they concluded that our disclosure controls and procedures were effective as of July 1, 2012, to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are:

1.

recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and

2.

accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that:

(a)

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b)

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

(c)

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce this risk.

Based on its assessment, management has concluded that the Company's disclosure controls and procedures and internal control over financial reporting are effective.

PART II

ITEM 1. LEGAL PROCEEDINGS

On May 16, 2011 the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (USDA APHIS) issued a citation to the Company alleging violations of certain USDA APHIS regulations and assessed a penalty in the amount of \$76,857. On July 8, 2011 the Company submitted a reply to the USDA APHIS citation which contained, among other things mitigating factors which the Company believed should be considered in determining the amount of the fine. As of April 1, 2012, USDA APHIS responded to the Company with a reduced assessment of \$11,170. The Company reduced its reserve by \$65,687 to reflect this revised assessment. The Company also addressed the compliance issues raised in the citation and is implementing new operational controls to address these matters going forward.

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ITEM 1A. RISK FACTORS

Significant Amounts of Additional Financing May Be Necessary For the Implementation of Our Business Plan.

The Company may require additional debt and equity financing to pursue its acquisition strategy. Given its limited operating history, there can be no assurance that we will be successful in obtaining additional financing. Lack of additional funding could force us to curtail substantially our expansion plans. Furthermore, the issuance by us of any additional securities and the exercise of Warrants which might arise under any future fundraising activities undertaken by us would dilute the ownership of existing shareholders and may reduce the price of our common stock.

The Theme Park Industry is Highly Competitive and We May Be Unable to Compete Effectively.

The theme park industry is highly competitive, highly fragmented, rapidly evolving, and subject to technological change and intense marketing by providers with similar products. One of our competitors for attracting general recreation dollars, Callaway Gardens, is located within five miles of our Georgia Park. Branson, Missouri is located just 45 minutes from our Missouri Park.

Many of our current competitors are significantly larger and have substantially greater market presence as well as greater financial, technical, operational, marketing and other resources and experience than we have. In the event that such a competitor expends significant sales and marketing resources in one or several markets we may not be able to compete successfully in such markets. The Company believes that competition will continue to increase, placing downward pressure on prices. Such pressure could adversely affect our gross margins if we are not able to reduce costs commensurate with such price reductions. In addition, the pace of technological change makes it impossible for us to predict whether we will face new competitors using different technologies to provide the same or similar products offered or proposed to be offered by us. If our competitors were to provide better and more cost effective products, our business could be materially and adversely affected.

We Face Strong Competition from Numerous Entertainment Alternatives.

In addition to competing with other themed and amusement parks, our venues compete with other types of recreational venues and entertainment alternatives, including but not limited to movies, sports attractions, vacation travel and video games. There can be no assurance that we will successfully differentiate ourselves from these entertainment alternatives or that consumers will consider our entertainment offerings to be more appealing than those of our competitors. The development of technology-based entertainment has provided families with a wider selection of entertainment alternatives close to or in their homes, including home entertainment units, online gaming, and video game parlors. In addition, traditional theme parks have been able to reduce the cost and increase the variety of their attractions by implementing technologies that cannot be readily incorporated by a wild animal park such as the Georgia Park or Missouri Park.

Our Insurance Coverage May Not Be Adequate To Cover All Possible Losses That We Could Suffer, and Our Insurance Costs May Increase.

Companies engaged in the theme park business may be sued for substantial damages in the event of an actual or alleged accident. An accident occurring at our parks or at competing parks may reduce attendance, increase insurance premiums, and negatively impact our operating results. The Georgia Park contains a drive-through, safari style Animal Park, and there are inherent risks associated with allowing the public to interact with animals. Although we carry liability insurance to cover this risk, there can be no assurance that our coverage will be adequate to cover liabilities, or that we will be able to afford or obtain adequate coverage should a catastrophic incident occur.

We currently have \$6,000,000 of liability insurance. We will continue to use reasonable commercial efforts to maintain policies of liability, fire and casualty insurance sufficient to provide reasonable coverage for risks arising from accidents, fire, weather, other acts of God, and other potential casualties. There can be no assurance that we will be able to obtain adequate levels of insurance to protect against suits and judgments in connection with accidents or other disasters that may occur in our theme parks.

Our Ownership of Real Property Subjects Us to Environmental Regulation, Which Creates Uncertainty Regarding Future Environmental Expenditures and Liabilities.

We may be required to incur costs to comply with environmental requirements, such as those relating to discharges to air, water and land; the handling and disposal of solid and hazardous waste; and the cleanup of properties affected by hazardous substances. Under these and other environmental requirements we may be required to investigate and clean up hazardous or toxic substances or chemical releases at one of our properties. As an owner or operator, we could also be held responsible to a governmental entity or third party for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination. Environmental laws typically impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. The liability under those laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of the responsibility. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our property. We are not currently aware of any material environmental risks regarding our properties. However, we may be required to incur costs to remediate potential environmental hazards or to mitigate environmental risks in the future.

The Suspension or Termination of Any of our Business Licenses May Have a Negative Impact On Our Business

We maintain a variety of standard business licenses issued by federal, state and city government agencies that are renewable on a periodic basis. We cannot guarantee that we will be successful in renewing all of our licenses on a periodic basis. The suspension, termination or expiration of one or more of these licenses could have a significant adverse affect on our revenues and profits. In addition, any changes to the licensing requirements for any of our

licenses could affect our ability to maintain the licenses.

We Are Dependent Upon the Services of Our Executive Officers and Consultants.

Our success is heavily dependent on the continued active participation of our executive officers. Loss of the services of one or more of these officers could have a material adverse effect upon our business, financial condition or results of operations. In particular, we place substantial reliance upon the efforts and abilities of Dale Van Voorhis, Chairman of the Board of Directors and Chief Executive Officer and Jim Meikle, President of Wild Animal-Georgia and Wild Animal-Missouri, a member of the Company's Board of Directors and also the Company's Chief Operating Officer. The loss of Mr. Van Voorhis or Mr. Meikle's services could have a serious adverse effect on our business, operations, revenues or prospects.

Further, our success and achievement of our growth plans depend on our ability to recruit, hire, train and retain other highly qualified technical and managerial personnel. Competition for qualified employees among companies in the theme park industry is intense, and the loss of any such persons, or an inability to attract, retain and motivate any additional highly skilled employees required for the expansion of the Company's activities, could have a materially adverse effect on the Company. The inability of the Company to attract and retain the necessary personnel and consultants and advisors could have a material adverse effect on the Company's business, financial condition or results of operations.

Our Common Stock is Subject to the Penny Stock Rules of the SEC and the Trading Market in Our Securities is Limited, Which Makes Transactions In Our Stock Cumbersome and May Reduce the Value of an Investment in Our Stock.

The Securities and Exchange Commission has adopted Rule 15c-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

that a broker or dealer approve a person's account for transactions in penny stocks; and

the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

obtain financial information and investment experience objectives of the person; and

make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

sets forth the basis on which the broker or dealer made the suitability determination; and

that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

We Do Not Expect to Pay Dividends for Some Time, if At All.

No cash dividends have been paid on our common stock. We expect that any income received from operations will be devoted to our future operations and growth. We do not expect to pay cash dividends in the near future. Payment of dividends would depend upon our profitability at the time, cash available for those dividends, and other factors.

Future Capital Needs Could Result in Dilution to Investors; Additional Financing Could be Unavailable or Have Unfavorable Terms.

Our future capital requirements will depend on many factors, including cash flow from operations, progress in our present operations, competing market developments, and our ability to market our products successfully. It may be necessary to raise additional funds through equity or debt financings. Any equity financings could result in dilution to our then-existing stockholders. Sources of debt financing may result in higher interest expense. Any financing, if available, may be on terms unfavorable to us.

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

N/A

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. MINE SAFETY DISCLOSURES

N/A

ITEM 5. OTHER INFORMATION.

As of June 11, 2012 the Board of Directors of the Company approved an amendment to the Company's Bylaws to prohibit any Director that misses three or more regular or special meetings of the Board of Directors during any given fiscal year from receiving compensation for his or her service as a director during such fiscal year. An amended copy of the Company's bylaws was filed with our report on Form 8-K filed with the SEC on July 16, 2012.

ITEM 6. EXHIBITS.

Exhibit

Number Description of Exhibit

- | | |
|------|--|
| 31.1 | Certification by Chief Executive Officer as required by Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification by Chief Financial Officer as required by Rule 13a-14 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

In addition, the following are incorporated by reference:

Current Report on Form 8-K, Item 5.02 Departure of Directors or Certain Officers dated June 12, 2012

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.

By: /s/ Dale Van Voorhis

August 1, 2012

Dale Van Voorhis

Chief Executive Officer