Vodka Brands Corp

First Quarter Report

March 31, 2024

Vodka Brands Corp

Index to Condensed Financial Statements

March 31, 2024

Vodka Brands Corp
Condensed Balance Sheet
March 31, 2024

	March 31, 2024	March 31, 2023
Assets		
Current Assets		
Cash	27,193	2,420
Accounts Receivable, net	70,357	41,467
Accounts Receivable, net - Related Party	23,835	23,835
Inventory	60,948	89,152
Total Current Assets	182,333	156,874
Property, Plant, Equipment		
Office Equipment	931	931
Less: Accumulated Depreciation	(931)	(931)
Total Property, Plant, Equipment	-	-
Other Assets		
Trademarks	32,194	32,194
Accumulated Amortization	(25,868)	(23,712)
Total Other Assets	6,326	8,482
Total Assets	188,658	165,356
Liabilities & Shareholders' Equity		
Current Liabilities		
Accounts Payable	5,024	5,402
Accounts Payable - Related Party	16,562	16,562
Interest Payable - Related Party	15,750	15,750
Advances Payable - Related Party	36,816	207,464
Notes Payable - Related Party	101,388	101,388
Notes Payable	7,000	7,000
Accrued Expenses	125	125
Total Current Liabilities	182,665	353,691
Stockholders' Equity		
Common Stock, no par value, 100,000 shares authorized; 12,988,869 issued and 12,907,969 shares outstanding as of March 31, 2024 and 12,741,183 shares outstanding as of March 31, 2023 and 12,741,183 shares outstanding	781,055	781,055
Subscription Receivable	(11,000)	(11,000)
Treasury Stock, at cost 80,900 shares at March 31, 2024 and 80,900 at March 31, 2023	(27,900)	(27,900)
Acumulated Deficit	(736,162)	(930,490)
Total Stockholders' Equity	5,993	(188,335)
Total Liabilities & Stockholders' Equity	188,658	165,356

Vodka Brands Corp

Condensed Statement of Operations

March 31, 2024

	March 31, 2024	March 31, 2023
Sales	450	1,710
Cost of Sales	320	1,122
Gross Profit	130	588
Operating Expenses		
Selling Expenses	9,940	-
General and Administrative Expenses	1,148	1,531
Total Operating Expenses	11,088	1,531
Other Income		
Cancellation of Debt	200,559	50,000
Net Income (Loss)	189,601	49,057
Basic and Diluted Loss Per Common Share	0.01460	0.00378

Vodka Brands Corp

Condensed Statement of Changes in Stockholders' Equity

March 31, 2024

	Common Stock (No Par Value)		Treasury Stock (No Par Value)		Subscriptions	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Receivables	Deficit	Equity (Deficit)
Balance at December 31, 2023	12,988,869	781,055	(80,900)	(27,900)	(11,000)	(925,763)	(183,608)
Prior Period Adjustment							-
Net Income (Loss)						189,601	189,601
Balance at March 31, 2024	12,988,869	781,055	(80,900)	(27,900)	(11,000)	(736,162)	5,993

	Common Stock (No Par Value)		Treasury Stock (No Par Value)		Subscriptions	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Receivable	Deficit	Equity (Deficit)
Balance at December 31, 2022	12,988,869	781,055	(80,900)	(27,900)	(11,000)	(977,057)	(234,902)
Prior Period Adjustment						(2,490)	(2,490)
Net Income (Loss)	-	-	-	-	-	49,057	49,057
Balance at March 31, 2023	12,988,869	781,055	(80,900)	(27,900)	(11,000)	(930,490)	(188,335)

Vodka Brands Corp
Condensed Statement of Cash Flows
March 31, 2024

Cash Flows From Operating Activities	March 31, 2024	March 31, 2023
Net Income (Loss)	189,601	49,057
Adjustments to Reconcile Net Loss to net cash used for operations:		
Depreciation/Amortization	1,078	1,078
(Increase) Decrease in:		
Accounts Receivable	(450)	
Advance to broker		
Inventory	504	62,446
Increase (Decrease) in:		
Accounts Payable	-	(55,372)
Interest Payable		750
Net Cash Used in Operating Activities	190,733	57,959
Cash Flows From Financing Activities		
Increase (Decrease) Loan Payable - Related Party	(163,743)	(55,192)
Total Property, Plant, Equipment	(163,743)	(55,192)
Net Increase (Decrease) in Cash	26,990	2,407
Cash - Beginning of Year	203	13
Cash - End of Year	27,192	2,420

Note 1 – Condensed Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) as promulgated by the Financial Accounting Standards Board (FASB)'s Accounting Standards Codification (ASC). In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the financial information for the interim periods reported have been made.

Note 2 – Organization and Business

Vodka Brands Corp (the Company) was incorporated on April 17, 2014 (Inception) as a Pennsylvania corporation with a year-end of December 31. The Company is primarily engaged in the import and distribution of alcoholic beverages. From Inception through March of 2015, the Company imported its alcoholic beverages through a related party. The Company obtained its own importing license in April 2015. The Company distributes in the United States. Its products are primarily sold to wholesale distributors as well as to state alcohol control agencies.

Note 3 – Going Concern

These accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2024, the Company had a net profit of $189,601. $200,559 of the company's debt to its majority shareholder has been expunged and included in net profit of $189,601 as cancellation of debt income. As of March 31, 2024 the Company has an accumulated deficit of $736,162. The Company expects to incur additional operating losses in the immediate future. Given the operating loss and expected future operating losses, the Company's ability to realize its assets and discharge its liabilities depends on its ability to generate cash from capital financing and generate future profitable operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is planning on obtaining additional financing through the issuance of equity or debt. To the extent that the funds generated from any private placements, public offerings and/or bank financing are insufficient, the Company will have to raise additional working capital through other channels.

Note 4 – Summary of Significant Accounting Policies

Basis of Presentation
These financial statements are presented in U.S. dollars and are prepared in accordance with U.S. GAAP.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's significant accounting policies are those that are both most important to the Company's financial condition and results of operations and require the most difficult, subjective, or complex judgments on the part of management in their application, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Because of the uncertainty of factors surrounding the estimates or judgments used in the preparation of the financial statements, actual results may materially vary from these estimates. Significant estimates included the allowance for doubtful accounts and valuation of trademarks.

Revenue Recognition

Revenue from Contracts with Customers

Sales Revenue

Historically, 100% of the Company's revenue is derived from the sale of its inventory of alcoholic beverages. The Company recognizes revenue when the customer takes ownership of the applicable goods and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of a sale exists, and the sales price is fixed or determinable and can be allocated to the performance obligation. Title passes when delivery has occurred. For the Company, the performance obligation consists of delivering the applicable goods to the customer, and the full amount of the transaction price is allocated to this performance obligation. Accordingly, revenue is recognized at a point in time once the performance obligation has been satisfied. Provisions for discounts and rebates to customers are provided for in the same period the related sales are recorded. The Company accounts for rebates as a reduction of revenue and accrues for the estimated amounts to be paid.

Shipping and Handling
Shipping and handling costs relating to the delivery of the applicable goods are recorded in costs of sales.

Concentrations of Credit Risk
Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash, accounts receivable, accounts payable, and accrued expenses and approximate their fair value due to the short maturities of those instruments.

Cash
The Company maintains its cash in non-interest-bearing accounts at various banking institutions that are insured by the Federal Deposit Insurance Company up to $250,000. The Company's deposits may, from time to time, exceed the $250,000 limit; however, management believes that there is no unusual risk present, as the company places its cash with financial institutions which management considers being of high quality.

Accounts Receivable
The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on management's experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote. The allowance for doubtful accounts was $0 as of March 31, 2024 and March 31, 2023. The Company does not have any off-balance-sheet credit exposure related to its customers. Collections on accounts receivable previously written-off are included in income as received.

Inventory
Inventories are stated at the lower of cost, as determined on a weighted average basis, or market. Costs of inventories include purchase and related costs incurred in bringing the products to their present location and condition. Market value is determined by reference to selling prices after the balance sheet date or to management's estimates based on prevailing market conditions. Management writes down the inventories to market value if it is below cost. Management regularly evaluates the composition of the Company's inventories to identify slow-moving and obsolete inventories to determine if a valuation allowance is required. The allowance for slow-moving and obsolete inventories was $0 as of March 31, 2024 and March 31, 2023.

Property, plant, and equipment
Property, plant, and equipment are stated at cost less depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs, and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of property, plant and equipment is calculated based on cost, less their estimated residual value, if any, using the straight- line method over their estimated useful lives.

Trademarks
Trademarks represent the trade names contributed by the founder through his wholly owned company Trademark Holding, LLC. The three trademarks are Blue Diamond, Diamond Girl, and White Diamond. Trademarks were initially measured at the carryover basis of the founder. Amortization of the trademarks is calculated based upon cost using a straight- line method over their estimated useful lives from registration and are stated at a historical cost.

Impairment of Long- Lived Assets
In accordance with Financial Accounting Standards Board (FASB) ASC 360, Long- Lived Assets, such as property, plant and equipment and intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of

the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company determined that there was no impairment as of March 31, 2024 and March 31, 2023.

Advertising and Promotional Costs

The Company expenses advertising and promotional costs as incurred or the first time the advertising or promotion takes place, whichever is earlier, in accordance with FASB ASC 720, Other Expenses.

Research and Development Costs

The Company charges research and development costs to expense when incurred in accordance with FASB ASC 730, Research and development. Research and development costs for the three months ended March 31, 2024 and 2023 was $0.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, Income Taxes, (ASC 740) which requires that deferred tax assets and liabilities be recognized for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, ASC 740 requires recognition of future tax benefits, such as carry forwards, to the extent that realization of such benefits is more likely than not that a valuation allowance be provided when it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company has an accumulated deficit and a loss from operations. Realization of the net deferred tax asset is dependent upon taxable income, if any, the amount and timing of which are uncertain. Accordingly, the net deferred asset has been offset by a full valuation allowance.

The Company accounts for income taxes in interim periods in accordance with FASB ASC 740-270, Income Taxes-Interim Reporting. The Company has determined an estimated annual effective tax rate which will be revised, if necessary, as of the end of each successive interim period during the Company's fiscal year to its best current estimate. The estimated annual effective tax rate is applied to the year-to-date ordinary income (or loss) at the end of the interim period.

Basic and Diluted Loss per Share

The Company reports loss per share in accordance with FASB ASC 260, Earnings per share. The Company's basic earnings per share are computed using the weighted average number of shares outstanding for the periods presented.

Diluted earnings per share are computed based on the assumption that any dilutive options or warrants were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, the Company's outstanding stock options are assumed to be exercised, and funds thus obtained were assumed to be used to purchase common stock at the average market price during the period. There were no dilutive instruments outstanding during the three months ended March 31, 2024 and 2023.

Comprehensive Income

Net profit is the Company's only component of comprehensive income or loss for the three months ended March 31, 2024 and 2023.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value provisions of ASC 718, Compensation – Stock Compensation that requires the recognition of compensation expense, using a fair- value based method, for costs related to all stock-based payments including stock options and restricted stock. This topic requires companies to estimate the fair value of the stock-based awards on the date of grant for options are issued to employees and directors. The Company uses a Black-Scholes valuation model as the most appropriate valuation method for pricing these options. Awards for consultants are accounted for under ASC 505-50, Equity Based Payments to Non-Employees. Any Compensation expense related to consultants is marked-to-market over the applicable vesting period as they vest. There are customary limitations on the sale or transferred of the stock. There was no stock based compensation paid during the three-month periods ending March 31, 2024 and 2023.

	Three Months Ended March 31,	
	2023	2022
Shares issued for compensation	-	-
Fair value per share	$ 0.30	$ 0.30
Stock-based compensation expense	$ -	$ -

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions.

All transactions shall be recorded at fair value of the goods or services exchanged. Property purchased from a related party is recorded at the cost to the related party and any payment to or on behalf of the related party in excess of the cost is reflected as a distribution to related party.

Recent Accounting Pronouncements

From time to time the Financial Accounting Standards Board (FASB) issues statements that will become effective in future years.

The Company believes that there were no pending accounting standards recently issued that had or are expected to have a material impact on our financial position or results of operations.

Reclassification

Certain reclassifications have been made to prior year amounts to conform with the current year presentation.

Note 5 – Common Stock

The Articles of Incorporation authorized Vodka Brands Corp to issue 100,000,000 shares of common stock with no par value.

Each share of our common stock entitles the holder to one (1) vote, either in person or by proxy, at meetings of shareholders. The shareholders are not permitted to vote their shares cumulatively. Accordingly, the holders of more than fifty percent (50%) of the total voting rights on matters presented to our common stockholders can elect all of our directors and, in such event, the holders of the remaining minority shares will not be able to elect any such directors. The vote of the holders of a majority of the holders entitled to vote matters submitted to our common stockholders including of our preferred stock described below is sufficient to authorize, affirm, ratify, or consent to such act or action, except as otherwise provided by law.

There were no new shares issued during the three months from January 1, 2024 through March 31, 2024.

For the three months from January 1, 2024 through March 31, 2024, no shares of the Company's stock were issued for consulting and professional services.

For the three months from January 1, 2024 through March 31, 2024, no shares of the Company's common stock were issued as stock-based compensation.

Note 6 – Income Tax

The Company has operating losses that may be applied against future taxable income. The potential tax benefits arising from this loss carry forwards, which expire beginning in the year 2034, are offset by a valuation allowance due to the uncertainty of profitable operations in the future. The U.S. federal statutory tax rate is 21.0%. The Company's effective tax rate for the three months ended March 31, 2024 and 2023 was 0%.

The Company's tax years open to examination will begin with the 2019 federal and state income tax returns. The Company's policy is to record estimated interest and penalty related to the underpayment of income taxes or unrecognized tax benefit as a component of its income tax provision. The Company has not recognized any interest or penalties for the underpayment of income taxes or unrecognized tax benefits. The change in the valuation allowance is a result of loss carry forwards which will begin to expire in 2034.

Note 7 – Related Party Transactions

BBI paid third parties for storage and administrative services on behalf of the Company. These amounts were charges to cost of sales in the years paid. The total amount paid was $0 for the three months ended March 31, 2024 and 2023.

The Company owes $16,562 and $16,562 to this related party and these amounts are included in accounts payable – related party at March 31, 2024 and March 31, 2023, respectively.

In March 2017, the Company entered into a term note agreement to BBI for purchase of White Diamond vodka inventory, at cost. The term of the note was payable at maturity on December 29, 2020 with annual interest rate payments due 3.00% per annum. However, the note has not been called and the maturity date has been extended by the noteholder. As of March 31, 2024 and March 31, 2023, $71,388 is reflected in note payable to related party in the accompanying balance sheets, respectively.

In March 2017, the Company entered into a term note agreement to BBI for the purchase of the White Diamond vodka trademark. The term of the note was payable at maturity, on December 29, 2020 with annual interest rate payments due 3.00% per annum. However, the note has not been called and the maturity date has been extended by the noteholder. As of March 31, 2024 and March 31, 2023, $30,000 is reflected in note payable to related party in the accompanying balance sheets, respectively.

During 2016, the Company entered into an interest free, unsecured advance from its CEO. As of March 31, 2024 and March 31, 2023, $36,816 and $207,464 is reflected in advance payable – related party in the accompanying balance sheets, respectively.

See additional transactions with related parties in Note 9.

Note 8 – Concentrations

The Company's revenues include three major customers, the Pennsylvania Liquor Control Board, the North Carolina Alcoholic Beverage Control Commission, and the Ohio Division of Liquor Control, which account for 85% and 100% of revenues for the three months ended March 31, 2024 and 2023, respectively.

The Company imports and distributes alcoholic beverages from one supplier which accounted for 100% of the Company's purchases for the three months ended March 31, 2024 and 2023. All purchases require prepayment terms.

Note 9 – Commitments and Contingencies

Control by principal stockholder and CEO

The CEO owns beneficially and, in the aggregate, the majority of the common shares of the Company. Accordingly, the CEO has the ability to control the approval of most corporate actions, including approving significant expenses, increasing the authorized capital stock and the dissolution, merger or sale of the Company's assets.

Reliance on other parties and related parties

The Company currently is primarily engaged in the business of importing and distributing alcoholic beverages in the United States. However, from April 17, 2014 (Inception) through March 2015, the Company did not have a permit to import and distribute alcoholic beverages in the US, nor did it have a permit to distribute alcoholic beverages within the United US.

The Company contracted with BBI, to import alcoholic beverage from Europe to the U.S. under BBI's federal importing permit. Once imported, the inventory is stored in a bonded warehouse operated by a third party licensed by the federal government.

When the Company sold alcoholic beverage to its customer, the Pennsylvania Liquor Control Board, it used a third party who has an alcoholic beverage sale permit in the U.S., to enter into purchase orders with the customer. The third party would not transact with the Company until the federal importing permit was obtained. Therefore, BBI acted as a conduit between the Company and the third party. There were no fees or expenses paid to or retained by BBI with regards to this arrangement.

In April 2015, the Company obtained its own federal importing permit.

When the Company sells alcoholic beverages to certain of its customers, specifically the Mississippi Department of Revenue and the West Virginia Alcohol Beverage Control Administration, the alcoholic beverages are sent to a bailment warehouse, operated by the Mississippi Department of Revenue or and the West Virginia Alcohol Beverage Control Admission.

When the alcoholic beverage leaves the bonded warehouse, the Company retains a third party as a customer broker to process the paperwork with United States Customs and advance the federal tax payment for the alcoholic beverages sold. Payment of the tax is due as the product leaves the bonded warehouse.

Note 10 – Property, Plant and Equipment

The net book value related to this property, plant and equipment was the following:

	March 31, 2024	March 31, 2023
Cost	$ 931	$ 931
Accumulated depreciation	(931)	(931)
Property, plant and equipment	$ -	$ -

Depreciation of these assets for the three months ended March 31, 2024 and 2023 was $0 and $0, respectively.

The estimated useful lives of the assets are as follows:

Office equipment and furniture	3-5 years

Note 11 – Trademarks

The net book value related to these trademarks was the following:

	March 31, 2024	March 31, 2023
Cost	$ 32,194	$ 32,194
Accumulated amortization	(25,868)	(23,712)
Trademarks, net	$ 6,326	$ 8,482

Amortization expense related to these trademarks for the three months ended March 31, 2024 was $1,078.

The Company acquired the trademark to White Diamond vodka for $30,000 on December 29, 2017.

The future cash flows of the Company are significantly affected by the Company's ability to renew the trademarks with the United States Patent and Trademark Office.

The estimated useful lives of the assets are as follows:

Trademarks	10 years

Note 12 – Revenue Recognition

Sources and Timing of Sales Revenue

	Three Months Ended March 31,	
	2024	2023
Sales revenue		
Pennsylvania Liquor Control Board	$ 450	$ 1,710
North Carolina Alcoholic Beverage Control Commission	-	-
Ohio Division of Liquor Control	-	
Miscellaneous	200,559	
Total	$ 201,009	$ 1,710

All revenue from contracts with customers is recognized at a point in time, when the performance obligation has been satisfied (i.e., the applicable goods have been transferred to the customer). The full transaction price is allocated to the corresponding performance obligation for each customer.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable on the Balance Sheet. Generally, billing occurs alongside revenue recognition. Accordingly, the Company does not recognize any unearned revenues (contract liabilities) on the Balance Sheet.

The beginning and ending contract balances were as follows:

	March 31, 2024	March 31, 2023
Accounts receivable	$ 70,357	$ 41,467

Note 13 – Operating Expense

Selling expenses consisted of the following:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Spirits Broker	$ 4,000	
OTC Markets	5,940	
Total	$ 9,940	$ 0

General and administrative expenses consisted of the following:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Depreciation and amortization	$ 1,078	$ 1,078
Compensation	-	-
Professional fees	-	
Consulting fees	-	
Other general and admin	70	453
Total	$ 1,148	$ 1,531

Note 14 – Inventories

Inventories consist of the following:

	March 31, 2024	March 31, 2023
Finished goods	$ 60,948	$ 89,152
Excise taxes		
Total	$ 60,948	$ 89,152
Allowances	-	-
Total	$ 60,948	$ 89,152

Capitalized excise taxes represent taxes paid for the removal of finished goods from the bonded warehouse and transported to the West Virginia Alcohol Beverage Control Administration and the Mississippi Department of Revenue's bailment warehouses. These costs are recognized as cost of sales once the inventory is sold to the ultimate customer by the West Virginia Alcohol Beverage Control Administration and the Mississippi Department of Revenue.

Note 15 – Subsequent Events

Subsequent events have been evaluated through May 15, 2024, which is the date the financial statements were available to be issued. Management did not identify any events requiring recording or disclosure in the financial statements for the three-month period January 1, 2024 through March 31, 2024.