

# **Baristas Coffee Company, Inc.**

## **Annual Report and Disclosure Document**

For the period ending December 31, 2016

March 31, 2017

19930 68<sup>th</sup> Ave. N.E.

Kenmore, WA 98028

Trading Symbol RLTR

Baristas Coffee Company, Inc. ("BCCI") is a Nevada Corporation that was originally formed on October 18, 1996. Its fiscal year end date is December 31st. Neither the issuer nor any of its predecessors has ever been in bankruptcy, receivership or any other similar proceeding. Our independent public accounting firm has issued a going concern opinion, in our prior financial statements. This means that our auditors believed there is substantial doubt that we can continue as an on-going business for the next 12 months.

The Company was originally formed as InfoSpi.com in 1996, and developed software programs, hired programmers and procured funding from a venture capital group prior to merging with Innovative Communications Technologies in 2001. At this time the company was renamed Innovative Communications Technologies, Inc. In 2009, Innovative Communications Technologies, Inc. was looking for new opportunities, as its discount long distance business was decreasing and winding down. Pangea was accumulating coffee shops, formulating a business model and procedures for the Baristas brand. On December 22, 2009, Innovative Communications Technologies, Inc. acquired greater than a 60% interest in Pangea Networks, Inc. ("Pangea"), DBA Baristas and Inc., for cash, stock, and other consideration, including numerous coffee stands in the greater Seattle area. In May of 2010, the Company changed its name to Baristas Coffee Company, Inc. The transaction was structured as a partial stock purchase. After the acquisition, the assets and operations were transferred to Innovative Communications Technologies, Inc., and it was renamed to Baristas Coffee Company. In April 2010, Pangea became inactive.

The company is not in default on the terms of any indebtedness or financing arrangement requiring it to make payments, nor has it had a change of control.

In conjunction with the above discussed acquisition of Pangea, the acquisition of certain coffee shops and the conversion of debt to equity, the Company issued common stock shares that increased the number of shares outstanding by more than 10%. The Company effected a 20:1 reverse split resulting in

the number of shares outstanding at June 30, 2010, being more than 10% less than the number of shares outstanding at December 31, 2009.

The Company's common stock is currently quoted for trading on the OTC Markets' Pink Sheets under the symbol BCCI.

On March 15, 2017, the Company filed a Form 15-12G, Certificate and Notice of Termination of Registration under Section 12(g) of The Securities Exchange of the 1934 Act. The Form 15-12G terminates the registration of the Company's Common Stock which was registered under 12(g) of The Securities Exchange Act of 1934 on July 24, 2015.

**Baristas Company Headquarters is located at:**

19930 68<sup>th</sup> Ave. N.E.  
Kenmore, WA 98028

**Baristas Investor Relations**

19930 68<sup>th</sup> Ave. N.E.  
Kenmore, WA 98028  
Email: info@baristas.tv

**Security Information**

Trading Symbol: RLTR

Exact title and class of securities outstanding: Series A Preferred

CUSIP: NONE

Par or Stated Value: \$0.001

Total shares authorized: 30,000,000 as of: 03/31/2017

Total shares outstanding: 27,328,358 as of: 03/31/2017

Additional class of securities:

Trading Symbol: RLTR

Exact title and class of securities outstanding: Common

CUSIP: 067594309

Par or Stated Value: \$0.001

Total shares authorized: 600,000,000 as of: 03/31/2017

Total shares outstanding: 84,625,137 as of: 03/31/2017

**Transfer Agent**

Continental Stock Transfer & Trust Company

17 Battery Pl,

New York, NY 10004

Phone (212) 509-4000

Is the Transfer Agent registered under the Exchange Act? \* Yes: X ☐ No: ☐

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

### **Issuance History**

A complete Master Control from 01/12/2015 – 12/30/2016 is included as a separate document titled "Issuance History" has been filed in conjunction with this document.

### **Financial Statements**

**Baristas Coffee Company Inc.**  
**Balance Sheets**  
**(Unaudited)**

	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 4,470	\$ -
Inventory	8,124	20,496
Prepaid expenses	5,205	3,434
Total Current Assets	17,799	23,930
Loan receivable	282,214	296,308
Marketable securities	44	4,555
Property & equipment, net	190,500	74,355
Goodwill	2,770,651	2,770,651
Intangible assets, net	105,792	148,417
Other assets	-	8,650
<b>TOTAL ASSETS</b>	<b>\$ 3,367,000</b>	<b>\$ 3,326,866</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Bank overdraft	\$ -	\$ 2,276
Accounts payable and accrued liabilities	1,392,846	1,441,798
Notes payable - related parties	462,917	579,431
Notes payable	245,750	259,850
Total Current Liabilities	2,101,513	2,283,355
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock, \$0.001 par value, 30,000,000 shares authorized: Series A Preferred Stock, \$0.001 par value, 30,000,000 shares authorized, 27,328,358 and 27,328,358 shares issued and outstanding, respectively	27,328	27,328
Common Stock, \$0.001 par value, 600,000,000 shares authorized; 81,011,109 and 37,204,585 shares issued and outstanding, respectively	81,011	37,205
Additional paid-in capital	14,390,060	12,364,914
Accumulated deficit	(13,230,976)	(11,141,847)
Accumulated other comprehensive loss	(1,936)	(159,425)
Total Baristas Coffee Company Inc. stockholders' equity	1,265,487	1,128,175
Noncontrolling interest	-	(84,664)
Total equity	1,265,487	1,043,511
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,367,000</b>	<b>\$ 3,326,866</b>

*The notes are an integral part of these financial statements.*

**Baristas Coffee Company Inc.**  
**Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

	Year ended	
	December 31, 2016	
	2016	2015
Revenues	\$ 560,690	\$ 1,206,771
<b>OPERATING EXPENSES</b>		
Direct costs	126,600	439,550
Compensation	310,291	577,246
Depreciation and amortization	67,844	140,602
General and administrative	405,246	536,980
Professional expenses	82,096	115,011
Stock-based compensation	282,806	263,220
Total Operating Expenses	1,274,883	2,072,609
<b>OPERATING LOSS</b>	<b>(714,193)</b>	<b>(865,838)</b>
<b>OTHER (INCOME) EXPENSE</b>		
Beneficial conversion fee	220,500	307,769
Impairment of marketable securities	-	1,620,230
Gain on disposal of subsidiary	(664,959)	-
Impairment of loans receivable	-	296,308
Interest expense (recovery)	189,573	209,716
Loss (Gain) on loan settlement	1,050,286	(60,974)
Gain on disposal of assets	(304,621)	96,589
Realized loss on sales of marketable securities	155,588	213,325
Total Other Expenses	646,367	2,682,963
<b>NET LOSS</b>	<b>(1,360,560)</b>	<b>(3,548,801)</b>
Net loss attributable to the noncontrolling interest	-	102,277
<b>NET LOSS ATTRIBUTABLE TO</b>		
<b>THE SHAREHOLDERS OF BARISTAS COFFEE COMPANY INC.</b>	<b>(1,360,560)</b>	<b>(3,446,524)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Impairment of marketable securities	-	1,620,230
Realized gain on marketable securities	157,500	199,600
Unrealized gain (loss) on marketable securities	(11)	(54,829)
<b>NET OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO</b>		
<b>THE SHAREHOLDERS OF BARISTAS COFFEE COMPANY INC.</b>	<b>157,489</b>	<b>1,765,001</b>
<b>NET LOSS AND OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO</b>		
<b>THE SHAREHOLDERS OF BARISTAS COFFEE COMPANY INC.</b>	<b>\$ (1,203,071)</b>	<b>\$ (1,681,523)</b>
Basic and Diluted Loss per Common Share	\$ (0.03)	\$ (0.12)
Basic and Diluted Weighted Average Common Shares Outstanding	62,268,669	30,327,039 *

\*Adjusted for 10:1 stock split that occurred on February 22, 2016

*The notes are an integral part of these financial statements.*

**Baristas Coffee Company Inc.**  
**Statements of Stockholders' Equity**  
**(Unaudited)**

	Baristas Coffee Company, Inc. Shareholders											
									Accumulated Other Comprehensive		Total Stockholders'	
	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit			Noncontrolling Interest	Equity	
	Number of Shares	Amount	Number of Shares	Amount								
Balance December 31, 2013	7,313,358	\$ 7,313	29,523,331	\$ 29,523	\$ 8,331,337	\$ -	\$ (4,191,490)	(1,964,556)	\$ -	\$ 2,212,127		
Purchase of subsidiary shares from NCI	-	-	-	-	-	-	-	-	115,000	115,000		
Stock issued for cash	8,265,000	8,265	-	-	193,535	-	-	-	-	201,800		
Stock issued for debt	-	-	930,795	931	801,200	-	-	-	-	802,131		
Stock issued for services	-	-	430,000	430	282,545	-	-	-	-	282,975		
Common stock converted to preferred stock	11,750,000	11,750	(1,175,000)	(1,175)	(10,575)	-	-	-	-	-		
Beneficial conversion fees on convertible loans	-	-	-	-	214,817	-	-	-	-	214,817		
Net loss	-	-	-	-	-	-	(3,761,016)	-	(97,387)	(3,858,403)		
Other comprehensive income	-	-	-	-	-	-	-	40,130	-	40,130		
Balance - December 31, 2014	27,328,358	27,328	29,709,126	29,709	9,812,859	\$ -	(7,952,506)	(1,924,426)	17,613	\$ 10,577		
Stock issued for debt	-	-	1,395,459	1,396	238,258	-	-	-	-	239,654		
Stock issued for services	-	-	6,100,000	6,100	2,336,300	-	-	-	-	2,342,400		
Beneficial conversion fees on convertible loans	-	-	-	-	(22,503)	-	-	-	-	(22,503)		
Purchase of treasury stock	-	-	(1,400,000)	-	-	(446,000)	-	-	-	(446,000)		
Stock issued from treasury	-	-	1,400,000	-	-	446,000	(39,125)	-	-	406,875		
Net loss	-	-	-	-	-	-	(3,150,216)	-	(102,277)	(3,252,493)		
Other comprehensive income	-	-	-	-	-	-	-	1,765,001	-	1,765,001		
Balance - December 31, 2015	27,328,358	\$ 27,328	37,204,585	\$ 37,205	\$ 12,364,914	\$ -	\$ (11,141,847)	\$ (159,425)	(84,664)	\$ 1,043,511		
Stock issued for debt	-	-	33,656,524	33,656	1,893,892	-	-	-	-	1,927,548		
Stock issued for services	-	-	10,150,000	10,150	240,160	-	-	-	-	250,310		
Disposal of non controlling interest	-	-	-	-	-	-	(728,569)	-	84,664	(643,905)		
Beneficial conversion fees on convertible loans	-	-	-	-	(108,907)	-	-	-	-	(108,907)		
Net loss	-	-	-	-	-	-	(1,360,560)	-	-	(1,360,560)		
Other comprehensive income	-	-	-	-	-	-	-	157,489	-	157,489		
Balance - Current	-	\$ 27,328	81,011,109	\$ 81,011	\$ 14,390,060	\$ -	\$ (13,230,976)	\$ (1,936)	-	\$ 1,265,487		

**Baristas Coffee Company Inc.**  
**Statements of Cash Flows**  
**(Unaudited)**

	Year ended	
	December 31, 2016	December 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,203,071)	\$ (3,150,216)
Adjustment to reconcile net loss to net cash provided by operations:		
Beneficial Conversion Fee	220,500	307,769
Depreciation and amortization	53,044	140,602
Bad debt and non-cash expenses	-	102,309
Interest expense (income)	189,573	(21,308)
Impairment loss on marketable securities	-	1,620,230
Impairment of goodwill	-	-
Realized loss on sales of marketable securities	155,588	-
Minority interest in net loss of consolidated entities	84,664	(102,277)
Gain on disposal of subsidiary	(664,959)	
Loss on loan settlement	1,050,286	(60,974)
Realized gain on marketable securities	157,500	213,325
Stock-based and non-cash compensation	282,806	263,220
Changes in operating assets and liabilities:		
Accounts receivable	-	(2,309)
Inventory	12,372	8,785
Prepaid	(1,771)	8,926
Other assets	8,650	1,100
Accounts payable and accrued liabilities	(61,380)	223,676
Net cash provided by (used in) operating activities	283,802	(447,142)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(4,353)
Gain on disposal of assets	(304,621)	96,589
Purchase of marketable securities	-	-
Proceeds from sale of marketable securities	6,412	8,975
Net cash used in investing activities	(298,209)	101,211
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank overdraft	(2,276)	2,276
Proceeds from issuance of notes payable	181,000	213,100
Repayment on notes payable	(15,898)	(7,182)
Proceeds from issuance of shareholder loans	44,000	128,316
Repayment on shareholder loans	(187,949)	(12,050)
Net cash provided by (used in) financing activities	18,877	324,460
<b>Net increase in cash and cash equivalents</b>	4,470	(21,471)
<b>Cash and cash equivalents - beginning of period</b>	-	21,471
<b>Cash and cash equivalents - end of period</b>	<u>\$ 4,470</u>	<u>\$ -</u>
<b>Supplemental Cash Flow:</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 1,877</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
<b>Non-cash investing and financing activities:</b>		
Common shares issued for accrued interest	<u>\$ 15,898</u>	<u>\$ 23,759</u>
Notes payable settled by common shares	<u>\$ 160,514</u>	<u>\$ 101,000</u>
Shareholder loans settled by common shares	<u>\$ 195,100</u>	<u>\$ 232,500</u>
Purchase of treasury stock	<u>\$ -</u>	<u>\$ (446,000)</u>
Common shares issued from treasury stock	<u>\$ -</u>	<u>\$ 446,000</u>
Common shares issued for accrued share-based compensation	<u>-</u>	<u>2,342,400</u>
Treasury stock issued for accrued share-based compensation	<u>\$ -</u>	<u>\$ 19,200</u>

*The notes are an integral part of these financial statements.*

**Baristas Coffee Company Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**  
**(Unaudited)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

Baristas Coffee Company, Inc. ("Baristas" "The Company") is a Nevada C Corporation that was originally formed as InfoSpi.com on October 18, 1996. On December 22, 2009, it acquired greater than a 60% interest in Pangea Networks, Inc. ("Pangea")/ DBA Baristas and Inc., and it acquired for cash, stock, and other consideration, numerous coffee stands in the greater Seattle area through the acquisition of Pangea; In May of 2010, the Company changed its name to Baristas Coffee Company, Inc. The Company's fiscal year end is December 31.

Baristas operates a specialty drive-through beverage retailer with attractive female theme-costumed models as servers. Baristas provides its customers the ability of drive up and order their choice of a custom-blended espresso drink, freshly brewed coffee, or other beverages. We generate revenue by offering our patrons the finest hot and cold beverages, specializing in specialty coffees, blended teas and other custom drinks. In addition, we offer smoothies, fresh-baked pastries and other confections.

***Basis of Presentation***

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

***Reclassifications***

Certain prior year amounts have been reclassified to conform with the current year presentation for comparative purposes.

***Estimates and Assumptions***

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Examples include, but are not limited to, estimates for asset and goodwill impairments, stock-based compensation forfeiture rates, future asset retirement obligations, and inventory reserves; assumptions underlying self-insurance reserves and income from unredeemed stored value cards; and the potential outcome of future tax consequences of events that have been recognized in the financial statements. Actual results and outcomes may differ from these estimates and assumptions.

***Financial Instruments***

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2016 and December 31, 2015, the Company had \$4,470 and \$0 cash, respectively.

***Marketable Securities***

The Company's marketable equity securities have been classified and accounted for as available-for-sale. Management determines the appropriate classification of its investments at the time of purchase and reevaluates the designations at each balance sheet date. The Company classifies its marketable equity securities as either short-term or long-term based on the nature of each security and its availability for use in current operations. The Company's marketable equity securities are carried at fair value, with the unrealized gains or losses reported as a component of shareholder's equity except impairment.

Adjustments resulting from the change in fair value, included in accumulated other comprehensive income in shareholder's equity, were an unrealized loss on marketable securities of \$11 and a realized gain on marketable securities of \$157,500 for the year ended December 31, 2016, and an unrealized loss on marketable securities of \$54,829, and a realized gain on marketable securities of \$199,600, for the year ended December 31, 2015.

***Fair Value of Financial Instruments***

The carrying amount of the Company's cash, accounts payables and accrued liabilities approximates their estimated fair values due to the short-term maturities of those financial instruments.

The Company has adopted a single definition of fair value, a framework for measuring fair value, and providing expanded disclosures concerning fair value whereby estimated fair value is the price to be paid for an asset or the amount to settle a liability in an orderly

transaction between market participants at the measurement date. Accordingly, fair value is a market-based measurement and not an entity-specific measurement.

The Company utilizes the following hierarchy in fair value measurements:

Level 1 – Inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs use other inputs that are observable, either directly or indirectly. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 – Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

		As at December 31, 2016 Fair Value Measuring Using				
		Carrying Value	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities, available-for-sale		\$ 44	\$ 44	-	-	\$ 44
Total		\$ 44	\$ 44	-	-	\$ 44

		As at December 31, 2015 Fair Value Measuring Using				
		Carrying Value	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities, available-for-sale		\$ 4,555	\$ 4,555	-	-	\$ 4,555
Total		\$ 4,555	\$ 4,555	-	-	\$ 4,555

### ***Inventories***

Inventories are stated at the lower of cost or market. Cost is computed using weighted average cost, which approximates actual cost, on a first-in, first-out basis. Inventories on hand are evaluated on an on-going basis to determine if any items are obsolete or in excess of future needs. Items determined to be obsolete are reserved for. The Company provides for the possible inability to sell its inventories by providing an excess inventory reserve. As at December 31, 2016 and December 31, 2015, the Company determined that no reserve was required.

### ***Property, Plant and Equipment***

Property, plant and equipment are carried at cost less accumulated depreciation. Cost includes all direct costs necessary to acquire and prepare assets for use, including internal labor and overhead in some cases. Depreciation of property, plant and equipment, which includes assets under capital leases, is provided on the straight-line method over estimated useful lives, generally ranging from 3 to 5 years for equipment and 5 years for buildings. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease life, generally 5 years. For leases with renewal periods at our option, we generally use the original lease term, excluding renewal option periods, to determine estimated useful lives. If failure to exercise a renewal option imposes an economic penalty to us, we may determine at the inception of the lease that renewal is reasonably assured and include the renewal option period in the determination of the appropriate estimated useful lives. The costs of repairs and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. When assets are retired or sold, the asset cost and related accumulated depreciation are eliminated with any remaining gain or loss recognized in net earnings.

### ***Goodwill***

We test goodwill for impairment on an annual basis, or more frequently if circumstances, such as material deterioration in performance or a significant number of store closures, indicate reporting unit carrying values may exceed their fair values. When evaluating goodwill for impairment, we may first perform a qualitative assessment to determine if the fair value of the reporting unit is more likely than not greater than its carrying amount. If we do not perform a qualitative assessment or if the fair value of the reporting unit is not more likely than not greater than its carrying amount, we calculate the implied estimated fair value of the reporting unit. If the carrying amount of goodwill exceeds the implied estimated fair value, an impairment charge to current operations is recorded to reduce the carrying value to the implied estimated fair value. There were no goodwill impairment charges recorded during the periods ended December 31, 2016 and 2015.

### ***Other Intangible Assets***

Definite-lived intangible assets, which mainly consist of acquired rights, trade secrets, trademarks and copyrights, are amortized over their estimated useful lives, and are tested for impairment when facts and circumstances indicate that the carrying values may not be recoverable. There were no intangible asset impairment charges recorded during the periods ended December 31, 2016 and 2015.

### ***Long-lived Assets***

Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. We did not recognize any impairment losses for any periods presented.

### ***Revenue Recognition***

The Company's revenues consist of sales by Company-operated coffee stores.

Revenues are presented net of intercompany eliminations for investees controlled by us. Additionally, revenues are recognized net of any discounts, returns, allowances and sales incentives, including coupon redemptions and rebates. Company-operated stores revenues are recognized when payment is tendered at the point of sale. Company-operated store revenues are reported net of sales, use or other transaction taxes that are collected from customers and remitted to taxing authorities. All revenue is recognized when (i) persuasive evidence of an arrangement exists; (ii) the service or sale is completed; (iii) the price is fixed or determinable; and (iv) the ability to collect is reasonably assured.

### ***Marketing & Advertising***

Advertising costs are expensed as incurred. Advertising costs totaled \$8,785 and \$68,799 for the year ended December 31, 2016, and 2015, respectively.

### ***Stock-based Compensation***

The Company accounts for employee stock-based compensation to employees, including grants of employee stock options, based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered.

Stock options and warrants issued to consultants and other non-employees are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined.

Stock-based expenses to employees and consultants for general and administration services totaled \$282,602 and \$263,220, for the year ended December 31, 2016, and 2015, respectively.

### ***Earnings per Share***

Basic earnings per common share equal net earnings or loss divided by the weighted average of shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. The Company incurred a net loss for periods ended December 31, 2016 and 2015, respectively and therefore, basic and diluted earnings per share for those periods are the same because all potential common equivalent shares would be anti-dilutive.

As at December 31, 2016, convertible shareholder loans of \$462,917, convertible notes payable of \$245,750 and 27,328,358 shares of preferred stock were considered to be anti-dilutive.

### ***Recent Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board issued guidance codified in Accounting Standards Codification ("ASC") 606, "Revenue Recognition - Revenue from Contracts with Customers," which amends the guidance in ASC 605, "Revenue Recognition," and becomes effective beginning January 1, 2017. The Company is currently evaluating the impact of the provisions of ASC 606.

Accounting standards that have been issued by the FASB or other standards setting bodies that do not require adoption until a future date are being evaluated by the Company to determine whether adoption will have a material impact on the Company's financial statements.

## NOTE 2 – GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As at December 31, 2016, the Company has a loss from operations of \$1,360,560 and an accumulated deficit of \$13,230,976. The Company intends to fund operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending December 31, 2017.

The ability of the Company to fully commence its operations is dependent upon, among other things, obtaining additional financing to continue operations, and execution of its business plan. In response to these concerns, management intends to raise additional funds through public or private placement offerings and through loans from officers and directors.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. There can be no assurance that management's plan will be successful.

## NOTE 3 – INVENTORY

Inventories were comprised of:

	December 31, 2016	December 31, 2015
Coffee and merchandise held for sale	\$ 8,124	\$ 20,496

## NOTE 4 – MARKETABLE SECURITIES

The following tables show the Company's available-for-sale security as of December 31, 2016 and December 31, 2015. The fair value for Reeltime Rentals, Inc ("RLTR") is based on closing market price as at December 31, 2016 and December 31, 2015, respectively. The fair value of Business Continuity Systems, Inc. (BUCS) is based on a 100% valuation allowance to the market price due to limited information and activity.

### December 31, 2016

	Cost	Sold	Realized Losses	Unrealized Losses	Fair Value
RLTR – 21,460,000 common shares	\$ 2,006,510	\$ 27,200	\$ 1,977,330	\$ 1,936	\$ 44
BUCS – 2,576,389 common shares	-	-	-	-	-
Total	\$ 2,006,510	\$ 27,200	\$ 1,977,330	\$ 1,936	\$ 44

### December 31, 2015

	Cost	Sold	Realized Losses	Unrealized Losses	Fair Value
RLTR – 21,460,000 common shares	\$ 2,006,510	\$ 22,700	\$ 1,819,830	\$ 159,425	\$ 4,555
BUCS – 2,576,389 common shares	-	-	-	-	-
Total	\$ 2,006,510	\$ 22,700	\$ 1,819,830	\$ 159,425	\$ 4,555

## NOTE 5 – PROPERTY, PLANT AND EQUIPMENT, NET

	December 31, 2016	December 31, 2015
Buildings and leaseholds	\$ 155,000	\$ 302,963
Machinery and equipment	50,000	179,353
Computer equipment	-	6,400
Furniture and fixtures	-	9,065
Property, plant and equipment, gross	200,000	497,781
Less accumulated depreciation	(9,500)	(423,426)

Property, plant and equipment, net	<u>\$ 190,500</u>	<u>\$ 74,355</u>
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The Company recorded \$18,844 and \$100,477 depreciation for the years ended December 31, 2016, and 2015, respectively.

#### NOTE 6 – INTANGIBLE ASSETS AND GOODWILL

	December 31, 2016	December 31, 2015
Goodwill	\$ 2,770,651	\$ 2,770,651
	December 31, 2016	December 31, 2015
Trademarks	\$ 100,000	\$ 100,000
Logo	80,000	80,000
Website	27,500	27,500
Policies and procedures	10,000	10,000
Ice cream intangibles	125,000	125,000
	<u>342,500</u>	<u>342,500</u>
Accumulated amortization	(236,708)	(194,083)
Definite-lived intangibles, net	<u>105,792</u>	<u>148,417</u>
Total intangible assets	<u>\$ 2,876,443</u>	<u>\$ 2,919,068</u>

The Company recorded \$49,000 and \$40,125 amortization for the periods ended December 31, 2016 and 2015, respectively.

#### *Goodwill*

The intangible assets were purchased along with the hard assets, in December 2009, for \$3.5 million in our common stock. After the assets and intangible assets were identified, the remaining \$2,770,651 was recorded as goodwill. The Company does not amortize goodwill. Instead, the Company evaluates goodwill annually in the fourth quarter and whenever events or changes in circumstances indicate that it is more likely than not that an impairment loss has been incurred.

As at December 31, 2016, the Company determined that no such impairment existed based on the following financial and non-financial considerations:

- As at December 31, 2016 the company's market capitalization was approximately \$4,000,000 and has historically exceeded goodwill.
- Management has been actively building brand awareness through obtaining a brand patent, establishing multiple locations, periphery product branding, and development of a pilot TV episode.
- The Company is expanding into additional product lines and actively developing additional sources of revenues.

#### NOTE 7 – RELATED PARTY TRANSACTIONS

##### *Accounts Payable*

Prior to December 31, 2015, the Company granted 10,000,000 shares to two officers of the Company (5,000,000 shares each) for their services with a value of \$222,100. During the year ended December 31, 2016, the 10,000,000 shares were issued and the Company granted another 2,500,000 shares to two officers of the Company (1,250,000 shares each) for their services with a value of \$282,500. These shares were not yet issued as at December 31, 2016 and the amounts due to these officers were recorded as accrued liabilities.

##### *Loan Receivable*

The Company has a receivable from a related party for services in prior years. Balance of this loan receivable with accrued interest was \$282,214 and \$296,308 as December 31, 2016 and December 31, 2015. The Company will evaluate the collectability of the loan quarterly. During the periods ended December 31, 2016 and 2015, the Company recognized \$9,469 and \$0 interest income.

##### *Shareholder loans*

The Company has issued a number of notes with various maturities dates to related parties for advances. These notes are convertible either at a fixed dollar amount or 50% of market price and accrue interest at an average rate of 8% per annum. Due to the short-term

nature of these loans they are recorded as current liabilities. The outstanding balances at December 31, 2016 and December 31, 2015 were \$462,917 and \$579,431, respectively. The Company plans to pay the loans back as cash flows become available. During the periods ended December 31, 2016, and 2015, the Company recognized \$44,000 and \$98,497 beneficial conversion fee on convertible shareholder loans, respectively.

#### **NOTE 8 – NOTE PAYABLE**

The Company has issued a number of notes with various maturities dates to unrelated parties. These notes are convertible at a fixed dollar amount and accrue interest at 8% per annum. Due to the short-term nature of these loans they are recorded as current liabilities. The outstanding balances at December 31, 2016 and December 31, 2015 were \$245,750 and \$259,850, respectively. During the periods ended December 31, 2016 and 2015, the Company recognized a \$220,500 and \$209,272 beneficial conversion fee on convertible loans from un-related parties, respectively.

#### **NOTE 9 – STOCKHOLDER'S EQUITY**

##### ***Preferred Stock***

The Company has authorized 30,000,000 preferred shares with a par value of \$0.001 per share. Board of Directors are authorized to divide the authorized shares of Preferred Stock into one or more series, each of which shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. The entire 30,000,000 shares of preferred stock were designated to be Series A Convertible Preferred Stock in 2015.

No preferred shares were issued during year ended December 31, 2016.

As at December 31, 2016 and December 31, 2015, there were 27,328,358 shares of Series A Convertible Preferred Stock issued and outstanding.

##### ***Common Stock***

The Company has authorized 600,000,000 common shares with a par value of \$0.001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the corporation is sought. Holders have equal ratable rights to dividends from funds legally available and are entitled to share in assets available for distribution upon liquidation. Holders do not have preemptive, subscription, conversion or cumulative voting rights, and there are no redemption or sinking fund provisions or rights. Holders of common stock have the right to approve any amendment of the Articles of Incorporation, elect directors, approve any plan of merger and approve a plan for the sale, lease or exchange of all of the Company's assets as proposed by the Board of Directors. There are no restrictions that limit the Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation.

On February 22, 2016, the Company effected a 1:10 stock split. All share and per share information has been retroactively restated for financial presentation of prior periods.

During the year ended December 31, 2015, the Company issued the following shares of common stock:

- 1,395,459 shares in exchange for debt of \$333,500 and accrued interest of \$23,759.
- 61,000,000 shares in exchange for accrued liabilities to related parties valued at \$2,342,400, which have subsequently been adjusted for the 1:10 stock split that occurred on February 22, 2016.
- 1,400,000 shares were returned to treasury and 14,000,000 shares were re-issued from treasury.

During the year ended December 31, 2016, the Company issued the following shares of common stock:

- 33,656,524 shares in exchange for principal debt and interest of \$398,947.
- 10,150,000 shares in exchange for services valued at \$250,310.

There were 81,011,109 and 37,204,585 common shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively.

##### ***Comprehensive Income (Loss)***

Comprehensive income (loss) is comprised of net earnings and other comprehensive income (loss). Accumulated other comprehensive loss reported on our balance sheets consists of unrealized losses on available-for-sale securities.

	December 31, 2016	December 31, 2015
Accumulated other comprehensive loss, opening balance	\$ (159,425)	\$ (1,924,426)
Net unrealized loss on available-for-sale securities	157,489	1,765,001
Accumulated other comprehensive loss, ending	<u>\$ (1,936)</u>	<u>\$ (159,425)</u>

#### NOTE 10 – NET INCOME (LOSS) PER SHARE OF COMMON STOCK

The Company follows ASC 260, "Earnings per Share," ("EPS") which requires presentation of basic EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation. In the accompanying financial statements, basic earnings (loss) per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted EPS include additional dilution from common stock equivalents, such as convertible notes, preferred stock, stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for periods presented. As at December 31 2016 and 2015, the Company had \$462,917 and \$579,431 in convertible shareholder loans, respectively, \$245,750 and \$259,850 convertible notes payable and respectively, 27,328,358 and 27,328,358 convertible preferred stock issued and outstanding, respectively, which have been omitted from diluted EPS.

The following table sets forth the computation of basic and diluted earnings per share, for the periods ended December 31, 2016, and 2015:

	Year ended December 31,	
	2016	2015
Net loss	\$ (1,203,071)	\$ (1,681,523)
Weighted average common shares outstanding, basic and diluted	62,268,669	30,327,039
Net loss per share, basic and diluted	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>

#### NOTE 11 – COMMITMENTS AND CONTINGENCIES

##### *Legal Matters*

From time to time the Company may become a party to litigation matters involving claims against the Company. Management believes that there are no current matters that would have a material effect on the Company's financial position or results of operations.

#### Describe the Issuer's Business, Products and Services

Baristas Coffee Company, Inc. ("Baristas" "The Company") is a Nevada C Corporation that was originally formed as InfoSpi.com on October 18, 1996. On December 22, 2009, it acquired greater than a 60% interest in Pangea Networks, Inc. ("Pangea")/ DBA Baristas and Inc., and it acquired for cash, stock, and other consideration, numerous coffee stands in the greater Seattle area through the acquisition of Pangea; In May of 2010, the Company changed its name to Baristas Coffee Company, Inc. The Company's fiscal year end is December 31.

Baristas operates a specialty drive-through beverage retailer with attractive female theme-costumed models as servers. Baristas provides its customers the ability of drive up and order their choice of a custom-blended espresso drink, freshly brewed coffee, or other beverages. We generate revenue by offering our patrons the finest hot and cold beverages, specializing in specialty coffees, blended teas and other custom drinks. In addition, we offer smoothies, fresh-baked pastries and other confections.

Baristas develops and markets retail consumer products such as single serve coffee cups, specialty beverages, and other Branded products.

The issuers primary CIK code is 0001586468

The issuer's fiscal year end date; December, 31

The Issuer's Facilities consist of two stand alone drive through retail locations as well as a corporate headquarters consisting of approximately 1700 feet of office, storage, and shipping facilities.

### Officers, Directors, and Control Persons

Name	Position Held with the Company	Age	Date First Elected or Appointed
Barry Henthorn	Chief Executive Officer, Chief Financial Officer, Secretary and Director	50	July 10, 2000
Troy Scott Steciw	President, Treasurer and Director	52	May 5, 2010

### Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of March 29, 2017, certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our common shares, as well as by each of our current directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)(2)(3)</sup>	Percentage of Class
Barry Henthorn 19930 68 <sup>th</sup> Ave. N.E. Kenmore, WA 89028	39,244,933 Common Shares Direct Ownership	10.49%
T. Scott Steciw 19930 68 <sup>th</sup> Ave. N.E. Kenmore, WA 89028	47,429,175 Common Shares Direct Ownership	12.67%
<b>Directors and Executive Officers as a Group</b>	<b>86,674,168 Common Shares</b>	<b>35.33%</b>

- Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on March 29, 2017. As of March 29, 2017 there were 84,625,137 shares of our company's common stock issued and outstanding.

**Legal/Disciplinary History.** None of the foregoing persons have in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None

## **9) Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

### **Legal Counsel**

Pat Russel  
Allen Vellone Wolf Helfrich & Factor P.C.  
1600 Stout St. # 1100,  
Denver, CO 80202  
(303) 543-4499

### **Accountant or Auditor**

PubCo Reporting Solutions, Inc.  
101 – 1500 Howe Street  
Vancouver, B.C., V6Z 2N1, Canada  
(305)396-1415  
info@pubcoreporting.com

### **Investor Relations Consultant**

None

### **Issuer Certification**

I, Barry Henthorn CEO of Baristas Coffee Company and Troy Scott Steciw CFO of Baristas Coffee Company certify that:

1. I have reviewed this 2016 Annual Report and Informational Document of Baristas Coffee Company, Inc..

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

03/31/2017

/s/ BarryHenthorn [CEO's Signature]

/s/ Troy Scott Steciw [CFO's Signature]