

***2011***

**Third Quarter Report**

**Including Financial Statements and disclosures  
prescribed by OTC Pink Market for Alternative  
Reporting Standards.**

**For the Three Months ended  
September 30**

# **BARISTAS COFFEE COMPANY INC.**

**A Nevada Corporation Listed on the OTC Pink Market**

**BARISTAS COFFEE COMPANY, INC.**

**CUSIP: 22766J 10 6**

**TRADING SYMBOL: BCCI**

**QUARTERLY REPORT FOR THE**

**THREE MONTHS ENDED**

**September 30, 2011**

**Item 1: Exact name of the issuer and address of its principal executive offices**

Name of issuer: Baristas Coffee Company, Inc.  
(formerly Innovative Communications, Inc.)

Principal Executive Offices: 411 Washington Avenue N  
Kent, Washington 98032  
Website: [www.baristas.tv](http://www.baristas.tv)  
Phone: 800/764-8711  
Fax: 206/653-7202

**Investor Relations Contact: Barry Henthorn**  
**(at Principal Executive Office)**  
**barry@baristas.tv**

**Item 2: The number of shares or total amount of the securities outstanding for each class of securities.**

The following tables set forth information concerning the securities of Baristas Coffee Company, Inc. :

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<b>Class</b>	<b>Date</b>	<b>Number of Shares Authorized</b>	<b>Number of Shares Outstanding</b>	<b>Freely Tradable Shares (public float)</b>	<b>Total Number of Shareholders of Record</b>
Preferred	September 30, 2011	30,000,000	1,460,000	0	0
	June 30, 2011	30,000,000	1,460,000	0	5
	March 31, 2011	30,000,000	1,460,000	0	5
	December 31, 2010	30,000,000	1,460,000	0	5
	December 31, 2009	30,000,000	1,460,000	0	5

<b>Class</b>	<b>Date</b>	<b>Number of Shares Authorized</b>	<b>Number of Shares Outstanding</b>	<b>Freely Tradable Shares (public float)</b>	<b>Total Number of Shareholders of Record</b>
Common	September 30, 2011	300,000,000	209,268,641	17,365,641	257
	June 30, 2011	300,000,000	194,678,641	17,365,641	132
	March 31, 2011	300,000,000	164,878,641	17,365,641	132
	December 31, 2010	300,000,000	164,878,641	17,365,641	132
	December 31, 2009	100,000,000	99,978,035	47,321,827	72

**Baristas Coffee Company, Inc.**  
(A Nevada Corporation)  
**COMPARATIVE BALANCE SHEET**  
September 30, 2011 and December 31, 2010  
Unaudited

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 19,192.00	\$ 15,910
Notes Receivable	13,013	8,189
Shareholder and employee receivables	-	54,004
Prepaid Expenses and Other Current Assets	65,724	10,428
Total current assets	<u>97,929</u>	<u>88,531</u>
Fixed Assets - Net	780,355	502,638
<b>TOTAL ASSETS</b>	<u><u>\$ 878,283</u></u>	<u><u>\$ 591,169</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts Payable and Other Current Liabilities	\$ 274,802	\$ 291,699
Notes Payable	-	70,315
Total current liabilities	<u>274,802</u>	<u>362,014</u>
<b>TOTAL LIABILITIES</b>	274,802	362,014
Stockholders' Equity		
Common stock, \$.001 par value, 300,000,000 shares authorized, 209,268,641 shares issued and outstanding at September 30, 2011 and 164,878,641 shares issued and outstanding at December 31, 2010	209,269	164,870
Preferred Stock, \$.001 par value, 30,000,000 shares authorized and 1,460,000 shares issued and outstanding at September 30, 2011 and December 31, 2010	1,460	1,460
Paid-in-capital	1,067,723	982,523
Retained deficit	(674,971)	(918,246)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>603,481</u>	<u>65,737</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$ 878,283</u></u>	<u><u>\$ 591,169</u></u>

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**Baristas Coffee Company, Inc.**  
(A Nevada Corporation)  
**COMPARATIVE STATEMENT OF OPERATIONS**  
Unaudited

	<u>For the Quarter Ending September 30, 2011</u>	<u>For the Year To Date September 30, 2011</u>	<u>From Inception (December 23, 2004) To September 30, 2011</u>
Sales	\$ 263,610	\$ 737,766	\$ 1,762,098
Cost of Sales	64,243	178,468	457,460
Gross Profit	199,367	559,298	1,304,638
Expenses			
Personnel	65,716	186,381	890,642
General and Administration	25,997	73,753	648,637
Operations	45,171	134,107	334,530
	136,884	394,241	1,873,809
Net Operating Loss/Profit	62,483	165,057	(569,171)
Extraordinary Loss	-	-	(59,839)
Net Profit (Loss)	\$ 62,483	\$ 165,057	\$ (509,332)

**Baristas Coffee Company, Inc.**  
(A Nevada Corporation)  
**COMPARATIVE STATEMENT OF CASH FLOW**  
Unaudited

	For the Quarter Ending September 30, 2011	For the Year To Date September 30, 2011	From Inception (December 23, 2004) To September 30, 2011
Net Profit (Loss)	\$ 62,483	\$ 165,057	\$ (753,189)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	12,346	29,877
Common stock issued for conversion of debt	-	-	164,879
Changes in assets and liabilities:			
(Incr) Decr in Prepaid Expenses	(45,423)	(50,085)	(6,310)
(Incr) Decr in Other Assets	(50,497)	58,785	649,182
Incr (Decr) in Accounts Payable	48,154	(59,638)	258,196
Incr (Decr) in Shareholder Loans	-	-	32,680
Incr (Decr) in Deferred Compensation	-	-	-
Total Adjustments	<u>(47,766)</u>	<u>(38,592)</u>	<u>1,128,504</u>
Net cash provided by (used in) operating activities	<u>14,717</u>	<u>126,465</u>	<u>375,315</u>
Cash flows from financing activities:			
Capital Stock	14,590	44,390	44,390
Additional Paid in Capital	115,000	85,200	85,200
	<u>129,590</u>	<u>129,590</u>	<u>129,590</u>
Cash flows from investing activities:			
Purchases of equipment	(243,000)	(279,267)	(652,111)
Investments	-	-	-
Sales of common stock	-	-	99,500
Net cash provided by (used in) Financing activities	<u>(243,000)</u>	<u>(279,267)</u>	<u>(552,611)</u>
Cash and cash equivalents beginning of period	42,916	123,009	132,316
Cash and cash equivalents end of period	<u>\$ 19,192</u>	<u>\$ 19,192</u>	<u>\$ 19,192</u>

**Baristas Coffee Company, Inc.**  
(A Nevada Corporation)  
STATEMENT IN SHAREHOLDERS EQUITY  
Unaudited

	Common Stock		Preferred Stock		Deficit Accumulated During the Development Stage	Paid-in Capital	Total Stockholders Equity
	Shares	Amount	Shares	Amount			
Balance 12/31/2008	77,978,000	\$ 77,978	29,200,000	\$ 29,200	\$ (582,983)	\$ 942,810	\$ 467,005
Issuance of Common Stock	21,730,350	21,730	-	-	-	-	21,730
Net loss for the year ending	-	-	-	-	(186,221)	406,930	220,709
<b>Balance - December 31, 2009</b>	<b>99,708,350</b>	<b>99,708</b>	<b>29,200,000</b>	<b>29,200</b>	<b>(769,204)</b>	<b>1,349,740</b>	<b>709,444</b>
Conversion of Debt.....	-	-	-	-	-	-	-
Net loss for the quarter ending March 31, 2010	-	-	-	-	(241,818)	-	(241,818)
<b>Balance - March 31, 2010</b>	<b>99,708,350</b>	<b>99,708</b>	<b>29,200,000</b>	<b>29,200</b>	<b>(1,011,022)</b>	<b>1,349,740</b>	<b>467,626</b>
20:1 Reverse Stock Split	(94,722,933)	(94,723)	(27,740,000)	(27,740)	-	(1,282,253)	(1,404,716)
Issuance of stock for greater than a 60% interest in Pangea Networks, Inc. and conversion of debt to common stock	144,893,223	144,893	-	-	-	956,064	1,100,957
Conversion of Debt.....	15,000,000	15,000	-	-	-	-	15,000
Net loss for the quarter ending June 30, 2010	-	-	1,460,000	1,460	-	-	1,460
<b>Balance - June 30, 2010</b>	<b>164,878,641</b>	<b>164,879</b>	<b>1,460,000</b>	<b>1,460</b>	<b>(1,011,022)</b>	<b>1,023,551</b>	<b>178,868</b>
Net profit for the quarter ending September 30, 2010	-	-	-	-	-	-	-
Balance - September 30, 2010	164,878,641	164,879	1,460,000	1,460	(996,464)	958,715	128,590
Net profit for the quarter ending December 31, 2010	-	-	-	-	78,218	23,808	102,026
<b>Balance - December 31, 2010</b>	<b>164,878,641</b>	<b>164,879</b>	<b>1,460,000</b>	<b>1,460</b>	<b>(918,246)</b>	<b>982,523</b>	<b>230,616</b>
Net profit for the quarter ending March 31, 2011	-	-	-	-	124,626	-	124,626
<b>Balance - March 31, 2011</b>	<b>164,878,641</b>	<b>164,879</b>	<b>1,460,000</b>	<b>1,460</b>	<b>(793,620)</b>	<b>982,523</b>	<b>355,242</b>
Issuance (redemption) of stock exchange for debt, bonus, Pangea Networks, Inc. stock and rescission of transactions	29,800,000	29,800	-	-	-	(29,800)	-
Net profit for the quarter ending June 30, 2011	-	-	-	-	56,166	-	56,166
<b>Balance - June 30, 2011</b>	<b>194,678,641</b>	<b>194,679</b>	<b>1,460,000</b>	<b>1,460</b>	<b>(737,454)</b>	<b>952,723</b>	<b>411,408</b>
Stock issued for Professional Fees and Rent	5,590,000	5,590	-	-	-	-	5,590
Stock issued for Asset Purchase	9,000,000	9,000	-	-	-	-	9,000
Net profit for the quarter ending September 30, 2011	0	-	-	-	62,483	115,000	177,483
<b>Balance - September 30, 2011</b>	<b>209,268,641</b>	<b>\$ 209,269</b>	<b>1,460,000</b>	<b>\$ 1,460</b>	<b>\$ (674,971)</b>	<b>\$ 1,067,723</b>	<b>\$ 603,481</b>



## **NOTE 1: NATURE OF OPERATIONS**

Baristas Coffee Company, Inc. (“Baristas” or the “Company”) is a Nevada corporation, doing business as Baristas. Formerly known as Innovative Communications, Inc. (ICTN:PK), Baristas is listed on OTC Pink (BCCI:PK). Baristas is a specialty drive through beverage retailer with attractive female models as servers. Baristas provides its customers the ability to drive up and order their choice of a custom-blended espresso drink, freshly brewed coffee, or other beverages. Baristas is offering a high-quality option to the fast-food, gas station, or institutional coffee.

**Baristas offers its patrons the finest hot and cold beverages, specializing in specialty coffees, blended teas, and other custom drinks. In addition, Baristas offers smoothies, fresh-baked pastries and other confections. Seasonally, Baristas adds beverages such as hot apple cider, hot chocolate, frozen coffees, and more. Another revenue stream will be in promoting and selling Baristas merchandise; alluring calendars, mugs, t-shirts and hats are some of the promotional items that will be sold. Historically, all stands have been company owned. However, the Company has begun franchising.**

**On December 29, 2009, the company announced that it had reached an agreement to acquired a controlling interest in Pangea Networks, Inc. (PGEA:PK) doing business as Baristas Coffee Company. The initial closing occurred on December 22, 2009, when an agreement was reached for Baristas to purchase in excess of 60% of the issued and outstanding shares of Pangea. Under the terms of the transaction, shareholders in Pangea would receive shares in Baristas. At that time, subject to concurrence and approval of the Financial Industry Regulatory Authority (“FINRA”), Baristas began to focus its operating activities in Pangea, operating as Baristas Coffee Company. See Subsequent Events below.**

The year-end of the Company is December 31.

## **NOTE 2: BASIS OF PRESENTATION AND GOING CONCERN UNCERTAINTIES**

**The revenue from current operations is minimal; therefore, the Company is considered to be in the development stage.**

**Since the Company has only recently generated positive cash flows, the ability of the Company to continue as a going concern is in doubt and dependent upon achieving a profitable level of operations and on the ability of the Company to obtain necessary financing to fund ongoing operations. Management believes that its current and future plans enable it to continue as a going concern for the next twelve months.**

To meet these objectives, the Company continues to seek other sources of financing in order to support existing operations and expand the range and scope of its business. However, there are no assurances that any such financing can be obtained on acceptable terms and timely manner, if at all. The failure to obtain the necessary working capital would have a material adverse effect on the business prospects and, depending upon the shortfall, the Company may have to curtail or cease its operations.

**The accompanying financial statements do not include any adjustment to the recorded assets or liabilities that might be necessary should Baristas have to curtail operations or be unable to continue in existence.**

## **NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

### ***A. Use of Estimates***

**The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 amount of revenue and expenses during the reported period. Actual results could differ materially from the estimates.**

## **B. Fixed Assets**

**Fixed assets are stated at cost of the espresso stands purchased by the Company. The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of the fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment.**

## **C. Revenue Recognition**

**Revenue is generated through the sale of custom-blended espresso drinks, freshly brewed coffee, or other beverages, fresh-baked pastries and other confections, and Baristas merchandise.**

## **D. Income Taxes**

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and operating loss and tax credit carryforwards using enacted tax rates in effect for the year in which the differences and carryforwards are expected to reverse.

In July 2006, the FASB issued FIN No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109." This interpretation clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS No. 109. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. It also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this interpretation did not have a material impact on the Company's results of operations or financial position. As such, the Company has not recorded any liabilities for uncertain tax positions or any related interest and penalties. The acceptability of the tax positions of the Company by the taxing authorities for the tax years open to Internal Revenue Service audit, the fiscal years 2005 through 2009, has not been determined.

## **Item 4. Management's discussion and analysis or plan of operation**

### **A & B - Plan of Operation and Management's Discussion and Analysis of Financial Condition**

The company has generated profits and positive cash flows for the quarterly reporting period. But, its ability to continue as a going concern is in doubt and dependent upon continuing profitable operations and on its ability to obtain necessary financing to fund ongoing operations. Management believes that its current and future plans will enable it to continue as a going concern and to profitably and dramatically grow.

The Company continues to seek external sources of financing in order to support existing operations, to expand through internal and franchise growth, and to expand the range and scope of its business. While there are no assurances that financing can be obtained on acceptable terms and or in a timely manner management has taken the following steps to improve its position:

1. Continue to identify and close unprofitable or marginally profitable stores
  2. Continue evaluating and negotiating management agreements entered into in conjunction with acquisitions
  3. Continue identifying new suppliers and negotiating more favorable terms with existing suppliers
  4. Pursuing and entering into franchising arrangements and financing arrangements enabling the Company to expand with no capital outlays while achieving both immediate and long-term cash flow.
- C. Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements.

Forward looking statements-the use of forward looking statements is discussed in conjunction with the Company's initial application and is herein incorporated by reference. The user of this statement is strongly encouraged to refer to that document and to stay abreast of Company announcements.

#### **Item 5. Legal proceedings**

The Company is not involved in any legal proceedings.

#### **Item 6. Defaults on senior securities**

None

#### **Item 7. Other information**

Current update-No significant events have occurred outside the normal course of business and which have not been announced by appropriate public notice and press releases.

The Company opened two new stores and closed none during the current reporting period.

#### **Item 8. Exhibits**

Articles of Incorporation and Bylaws-The information required by this item was filed in conjunction with the Company's Initial Application and is herein incorporated by reference. There have been no amendments to the Articles of Incorporation or Bylaws from the date of filing through the period covered by this quarterly report.

Material contracts-The information required by this item was filed in conjunction with the Company's Initial Application and is herein incorporated by reference. There have been no modifications to that agreement and no additional material agreements or contracts have been entered into from the date of original filing through the period covered by this quarterly report.

**Item 9. Certification**

I, Barry Henthorn, as Chief Executive Officer and Director of Baristas Coffee Company, Inc. (“the Company”) certify that:

1. I have reviewed this Financial Statements for the Company for the periods ended September 30, 2011.
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.
3. Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this disclosure document.

Date: October 26, 2011

/s/ Barry Henthorn

Barry Henthorn

Chief Executive Officer/Director