

***2011***

**Annual Report**

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

**For the Year ended  
December 31**

# **BARISTAS COFFEE COMPANY INC.**

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

**BARISTAS COFFEE COMPANY, INC.**

**CUSIP: 22766J 10 6**

**TRADING SYMBOL: BCCI**

**ANNUAL REPORT FOR THE**

**YEAR ENDED**

**DECEMBER 31, 2011**

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

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 34,915.78	\$ 15,910
Notes Receivable	13,013	8,189
Shareholder and employee receivables	-	54,004
Prepaid Expenses and Other Current Assets	<u>67,534</u>	<u>10,428</u>
Total current assets	115,463	88,531
Fixed Assets - Net	762,821	502,638
TOTAL ASSETS	<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	\$ 1,489,976	\$ 291,699
Notes Payable	-	70,315
Total current liabilities	<u><u>1,489,976</u></u>	<u><u>362,014</u></u>
TOTAL LIABILITIES	1,489,976	362,014
Stockholders' Equity		
Common stock, \$.001 par value, 300,000,000 shares authorized, 210,218,641 shares issued and outstanding at December 31, 2011 and 164,878,641 shares issued and outstanding at December 31, 2010	210,219	164,870
Preferred Stock, \$.001 par value, 30,000,000 shares authorized and 1,460,000 shares issued and outstanding at December 31, 2011 and December 31, 2010	1,460	1,460
Paid-in-capital	1,067,723	982,523
Retained deficit	(1,891,095)	(918,246)
TOTAL STOCKHOLDERS' EQUITY	<u><u>(611,693)</u></u>	<u><u>65,737</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<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

	For the Quarter Ending <u>December 31, 2011</u>	For the Year To Date <u>December 31, 2011</u>	From Inception (December 23, 2004) <u>To December 31, 2011</u>
Sales	\$ 284,652	\$ 1,022,418	\$ 2,046,750
Cost of Sales	<u>65,753</u>	<u>244,221</u>	<u>523,213</u>
Gross Profit	218,899	778,197	1,523,537
Expenses			
Personnel	66,012	252,394	956,654
General and Administration	26,947	100,700	675,584
Operations	<u>46,074</u>	<u>180,181</u>	<u>380,604</u>
	139,034	533,275	2,012,843
Net Operating Loss/Profit	79,865	244,923	(489,305)
Extraordinary Loss	-	-	(59,839)
Net Profit (Loss)	<u>\$ 79,865</u>	<u>\$ 244,923</u>	<u>\$ (429,466)</u>

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

	For the Quarter Ending December 31, 2011	For the Year To Date December 31, 2011	From Inception (December 23, 2004) To December 31, 2011
Net Profit (Loss)	\$ 79,865	\$ 244,922	\$ (673,324)
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)	(95,508)	(51,733)
(Incr) Decr in Other Assets	(50,497)	8,288	598,685
Incr (Decr) in Accounts Payable	48,154	(11,484)	306,350
Incr (Decr) in Shareholder Loans	-	-	32,680
Incr (Decr) in Deferred Compensation	-	-	-
Total Adjustments	<u>(47,766)</u>	<u>(86,358)</u>	<u>1,080,738</u>
Net cash provided by (used in) operating activities	<u>32,099</u>	<u>158,564</u>	<u>407,414</u>
Cash flows from financing activities:			
Capital Stock	14,590	58,980	58,980
Additional Paid in Capital	115,000	200,200	200,200
	<u>129,590</u>	<u>259,180</u>	<u>259,180</u>
Cash flows from investing activities:			
Purchases of equipment	(243,000)	(522,267)	(895,111)
Investments	-	-	-
Sales of common stock	-	-	99,500
Net cash provided by (used in) Financing activities	<u>(243,000)</u>	<u>(522,267)</u>	<u>(795,611)</u>
Cash and cash equivalents beginning of period	42,916	165,925	175,232
Cash and cash equivalents end of period	<u>\$ 34,916</u>	<u>\$ 34,916</u>	<u>\$ 34,916</u>

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

	Common Stock		Preferred Stock		Decifit 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
Balance - December 31, 2009	99,708,350	99,708	29,200,000	29,200	(769,204)	1,349,740	709,444
Conversion of Debt.....	-	-	-	-	-	-	-
Net loss for the quarter ending March 31, 2010	-	-	-	-	(241,818)	-	(241,818)
Balance - March 31, 2010	99,708,350	99,708	29,200,000	29,200	(1,011,022)	1,349,740	467,626
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
Balance - June 30, 2010	164,878,641	164,879	1,460,000	1,460	(1,011,022)	1,023,551	178,868
Net profit for the quarter ending September 30, 2010	-	-	-	-	14,558	(64,836)	(50,278)
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
Balance - December 31, 2010	164,878,641	164,879	1,460,000	1,460	(918,246)	982,523	230,616
Net profit for the quarter ending March 31, 2011	-	-	-	-	124,626	-	124,626
Balance - March 31, 2011	164,878,641	164,879	1,460,000	1,460	(793,620)	982,523	355,242
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
Balance - June 30, 2011	194,678,641	194,679	1,460,000	1,460	(737,454)	952,723	411,408
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	-	-	-	-	62,483	115,000	177,483
Balance - September 30, 2011	209,268,641	209,269	1,460,000	1,460	(674,971)	1,067,723	603,481
Stock issued for Professional Fees	950,000	950	-	-	-	-	950
Net profit for the quarter ended December 31, 2011 and adjustment for non recorded debt	-	-	-	-	(1,216,124)	-	(1,216,124)
Balance - December 31, 2011	210,218,641	\$ 210,219	1,460,000	\$ 1,460	\$ (1,891,095)	\$ 1,067,723	\$ (611,693)

## **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.

#### ***E. Long Term Debt***

Prior balance sheets have reflected the debt incurred since Baristas commenced coffee and media operations. The accounts have been adjusted to reflect the long-term debt of the predecessor corporation.