

OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

DNA BRANDS INC

2) Address of the issuer's principal executive offices

Company Headquarters

Address 1: 3577 NW 9th Ave
Oakland Park FL 33309

Address 2: _____

Address 3: _____

Phone: _____

Email: info@dnabrandsinc.com

Website(s): www.dnabrandsinc.com

IR Contact

Address 1: _____

Address 2: _____

Address 3: _____

Phone: _____

Email: _____

Website(s): _____

3) Security Information

Trading Symbol: DNAX _____

Exact title and class of securities outstanding: _____

CUSIP: _____

Par or Stated Value: (\$0.00001)

Total shares authorized: 25 Billion as of: 5/19/2017

Total shares outstanding: 14 317,531,899 as of: 5/19/2017

Additional class of securities (if necessary):

Trading Symbol: _____

Preferred Series C 400K Shares Par Value (\$0.001)

Preferred Series E 1,800,000 Par Value (\$0.001)

Preferred Series F 500,000 Par Value (\$0.001)

Preferred Series G Redeemable Preferred 2,000,000 Shares Par Value (\$0.001)

Exact title and class of securities outstanding: _____

CUSIP: _____

Par or Stated Value: _____

Total shares authorized: _____ as of: _____

Total shares outstanding: _____ as of: _____

Transfer Agent

Name: _____

Address 1: Corporate Stock Transfer
3200 Cherry creek Drive South STE 430
Denver Colorado 80209

Address 2: _____

Address 3: _____

Phone: _____

Is the Transfer Agent registered under the Exchange Act?* Yes: 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.

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

Changed Par Value to (\$0.00001)

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

Convertible Debt

- 1) Tide Pool Ventures 1.5 Billion Shares Issued
- 2) Tangiers, 1,405,000,000 shares issued
- 3) Coventry 1.5 Billion shares Issued
- 4) Rutherford 200,000,000 Shares Issued
- 5) WMV 805,000,000 Shares Issued

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);
506

B. Any jurisdictions where the offering was registered or qualified;

C. The number of shares offered;

_____ 10 Billion

D. The number of shares sold;
2.5 Billion

E. The price at which the shares were offered, and the amount actually paid to the issuer;
(\$0.00005)

F. The trading status of the shares; and

-
- G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.
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5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;
1400 Sq Foot Warehouse/ office

-
- B. Date and State (or Jurisdiction) of Incorporation:
1997

-
- C. the issuer's primary and secondary SIC Codes;

0001419995

- D. the issuer's fiscal year end date; DEC 31

-
- E. principal products or services, and their markets;
Energy Drinks/ Beverage
-

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Adrian McKenzie Sole Directing officer

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- B. Legal/Disciplinary History. Please identify whether any 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);

NO

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;

NO

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

NO

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.

NO

- C. **Beneficial Shareholders.** Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Adrian McKenzie 355K Shares Series F

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

Name: Andrew Telsey

Andrew Telsey PLC

Firm: _____

Address 1: 12835 Arepahoe Rd tower 1 set 803
Centennial CO 80112

Address 2: _____

Phone: 303-768-9221

Email: _____

Accountant or Auditor

Name: Wendell Hecker

Firm: _____

Address 1: 3577 NW 9th Ave
Oakland Park FL 33309

Address 2: _____

Phone: 561-654 5722

Email: info@dnabrandsync.com

Investor Relations Consultant

Name: _____

Firm: _____

Address 1: _____

Address 2: _____

Phone: _____

Email: _____

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: _____

Firm: _____

Address 1: _____

Address 2: _____

Phone: _____

Email: _____

10) Issuer Certification

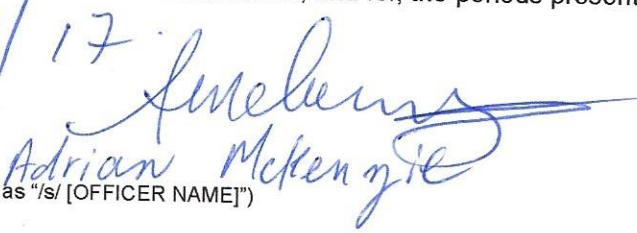
The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, [identify the certifying individual] certify that:

1. I have reviewed this [specify either annual or quarterly disclosure statement] of [identify issuer];
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.

____ [Date] 5/19/17

____ [CEO's Signature] 

____ [CFO's Signature] Adrian McKenzie

____ [Title] CEO

.(Digital Signatures should appear as "/s/ [OFFICER NAME]")

DNA BRANDS INC.
BALANCE SHEET
(UNAUDITED)

MARCH 31, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$	73,693
Net Receivables		
Inventory		
Other Current Assets		989

Total Current Assets		<u>74,682</u>
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Property, Net		-
Other Assets		-

TOTAL ASSETS	\$	<u>74,682</u>
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	\$	107,752
Current Long Term Debt		1,371,866
Other Current Liabilities		166,448

Long Term Debt		-
Other Liabilities		-

Total Liabilities		<u>1,646,066</u>
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Shareholder's Equity

Preferred Stock-Series A-F		2,100
Common Stock par value \$.00001 , 25,000,000,000 shares authorized ; 15,267,000,000 shares issued and outstanding as of March 31, 2017		5,095,345
Additional Paid-in Capital		23,599,717
Accumlated Deficit		(30,268,546)

Total Shareholders' Deficit		<u>(1,571,384)</u>
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Total Liabilities and Shareholder's Equity		<u>74,682</u>
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* Decrease Retired Long Term Debt from Convertible Debentures

DNA BRANDS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (UNAUDITED)
 FOR PERIOD JANUARY-MARCH, 2017

Sales	\$	-
Cost of Goods Sold		-
Gross Margin		-
		=====
Operating Expenses		
Compensation and Benefits	-	
General and Administrative Expenses		63,719
Professional and Outside Services		
Selling and Marketing Expenses		
Total Operating Expenses		63,719
		=====
Loss from Operations		(63,719)
		=====
Other Income (Expense)		-
Loss before Income Taxes		(63,719)
		=====
Income Taxes		-
		=====
Net Loss		(63,719)
		=====

DNA BRANDS INC
STATEMENT OF CASH FLOW
YEAR 2017

QTR 1
3/31/2017

Net Income (63,719)

Operating Activities

Depreciation

Adjustments to Net Income

Changes in Liabilities

Changes in Account Receivables

Changes in Inventories

Changes in Other Operating Activities

Total Cash Flow From Operating Activities (63,719)

Investing Activities

Capital Expenditures

Investments

Other Cash Flows From Investing Activities

Total Cash Flow From Investing Activities

Financing Activities

Dividends Paid

Sale/Purchase of Stock 75,000

Net Borrowings

Other Cash Flows From Financing Activities

Total Cash Flow From Financing Activities 75,000

Effect of Exchange Rate Changes

Change in Cash and Equivalents 11,281

DNA Brands, Inc.
Notes to Financial Statements

Company Overview and History

DNA Brands, Inc. (hereinafter referred to as “us,” “our,” “we,” the “Company” or “DNA ”) was incorporated in the State of Colorado on May 23, 2007 under the name Famous Products, Inc. Prior to July 6, 2010 we were a beverage company. We are looking to reproduce, market and sell a proprietary line of five carbonated blends of DNA Energy Drink®, Citrus, Sugar Free Citrus, Original (a unique combination of Red Bull® and Monster® energy drinks), Cryo- Berry (a refreshing mix of cranberry and raspberry) and Molecular Melon (a cool and refreshing taste); as well as three milk based energy coffees with fortified with Omega 3. These flavors are Mocha, Vanilla Latte and Carmel Macchiato.

Our current business commenced in May 2006 in the State of Florida under the name Grass Roots Beverage Company, Inc. (“Grass Roots”). Initial operations of Grass Roots included development of our energy drinks, sampling and other marketing efforts and initial distribution in the State of Florida. In May 2006 we formed DNA Beverage Corporation, a Florida corporation (“DNA Beverage”). Our early years were devoted to brand development, creating awareness through heavy sampling programs and creating credibility among our then core demographic by concentrating marketing efforts on action sports locations and events (surf, motocross, skate, etc.).

Effective July 6, 2010, we executed agreements to acquire all of the assets, liabilities and contract rights of DNA Beverage and 100% of the common stock of DNA Beverage’s wholly owned subsidiary Grass Roots Beverage Company, Inc. (“Grass Roots”) in exchange for the issuance of 31,250,000 shares of our common stock. The share issuance represented approximately 94.6% of our outstanding shares at the time of issuance. As a result of this transaction we also changed our name to “DNA Brands, Inc.”

Grass Roots was dissolved and ceased activity on December 31, 2013. Whereby DNA Brands Inc has been the surviving entity.

DNA Brands, Inc.
Notes to Financial Statements (Continued)

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

The Company derives revenues from the sale of carbonated energy drinks and other related products. Revenue is recognized when all of the following elements are satisfied: (i) there are no uncertainties regarding customer acceptance; (ii) there is persuasive evidence that an agreement exists; (iii) delivery has occurred; (iv) legal title to the products has transferred to the customer; (v) the sales price is fixed or determinable; and (vi) collectability is reasonably assured. **At this time the company is in a reorganization phase and has no Revenue**

Fair Value of Financial Instruments

The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses, derivative liabilities, and loans payable. The carrying values of the financial instruments approximate their fair value due to the short-term nature of these instruments. The fair values of the loans payable have interest rates that approximate market rates.

Derivative Instruments

The Company does not enter into derivative contracts for purposes of risk management or speculation. However, from time to time, the Company enters into contracts, namely convertible notes payable, that are not considered derivative financial instruments in their entirety, but that include embedded derivative features.

In accordance with Financial Accounting Standards Board ("FASB") ASC Topic 815-15, *Embedded Derivatives*, and guidance provided by the SEC Staff, the Company accounts for these embedded features as a derivative liability or equity at fair value.

The recognition of the fair value of the derivative instrument at the date of issuance is applied first to the debt proceeds. The excess fair value, if any, over the proceeds from a debt instrument, is recognized immediately in the statement of operations as interest expense. The value of derivatives associated with a debt instrument is recognized at inception as a discount to the debt instrument and amortized to interest expense over the life of the debt instrument. A determination is made upon settlement, exchange, or modification of the debt instruments to determine if a gain or loss on the extinguishment has been incurred based on the terms of the settlement, exchange, or modification and on the value allocated to the debt instrument at such date.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost and consist of bank deposits. The carrying amount of cash and cash equivalents approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts

The Company will bill its customers after its products are shipped. The Company bases its allowance for doubtful accounts on estimates of the creditworthiness of customers, analysis of delinquent accounts, payment histories of its customers and judgment with respect to the current economic conditions. The Company generally does not require collateral. The Company believes the allowances are sufficient to cover uncollectible accounts. The Company reviews its accounts receivable aging on a regular basis for past due accounts, and writes off any uncollectible amounts against the allowance.

Inventory

No Inventory at present or for Fiscal year 2016

Inventory is stated at the lower of cost or market. Cost is principally determined by using the average cost method that approximates the First-In, First-Out (FIFO) method of accounting for inventory. Inventory consists of raw materials as well as finished goods held for sale. The Company's management monitors the inventory for excess and obsolete items and makes necessary valuation adjustments when required.

The Company is in the process of pricing and ordering Inventory

DNA Brands, Inc.
Notes to Financial Statements (Continued)

Property and Equipment

None at present or for fiscal year 2016

Property and equipment is recorded at cost less accumulated depreciation. Replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Impairment of Long-Lived Assets

None at present or for fiscal year 2016

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate the book value of the assets may not be recoverable. In accordance with Accounting Standards Codification (“ASC”) 360-10-35-15 *Impairment or Disposal of Long-Lived Assets*, recoverability is measured by comparing the book value of the asset to the future net undiscounted cash flows expected to be generated by the asset.

No events or changes in circumstances have been identified which would impact the recoverability of the Company’s long-lived assets reported at December 31, 2016 and 2015.

Stock-Based Compensation

None for fiscal year 2016

The Company applies ASC 718 *Compensation – Stock Compensation* to stock-based compensation awards. ASC 718 requires the measurement and recognition of non-cash compensation expense for all share-based payment awards made to employees and directors. The Company records common stock issued for services or for liability extinguishments at the closing market price for the date in which obligation for payment of services is incurred.

DNA Brands, Inc.
Notes to Financial Statements (Continued)

Stock compensation arrangements with non-employee service providers are accounted for in accordance with ASC 505-50 *Equity-Based Payments to Non-Employees*, using a fair value approach. The compensation costs of these arrangements are subject to re-measurement over the vesting terms as earned.

Stock Purchase Warrants

All Prior Warrants issued have expired worthless as of Dece 31 2016

Going Concern

As reflected in the accompanying financial statements, the Company has recorded net losses of \$318,272 and \$104,273 for the years ended December 31, 2016 and 2015, respectively.. These matters raise a substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on management's plans, which includes implementation of its business plan and continuing to raise funds through debt or equity raises. The Company will likely continue to rely upon related-party debt or equity financing in order to ensure the continuing existence of the business. Additionally the Company is working on generating new sales from additional retail outlets, distribution centers or through sponsorship agreements; and allocating sufficient resources to continue with advertising and marketing efforts.

DNA Brands, Inc.
Notes to Financial Statements (Continued)

6. Prepaid Expenses and Other Assets

None

DNA Brands, Inc.

Notes to Financial Statements (Continued)

8. Accrued Liabilities

None for fiscal year 2016

9. Loans payable

The composition of loans payable at December 31, 2016 and December 31, 2015 was as follows:

In June 2013, the Company entered into a loan agreement with Beverage LLC and received gross proceeds of \$265,000. In accordance with ACS 810-10-55, the Company considered its relationship with, and the terms of its interest in, Beverage LLC and determined that it was a VIE that should be consolidated into its financial statements. The Company's involvement with Beverage LLC is that it serves as an entity to obtain inventory financing for DNA.

As of December 31, 2013 and December 2012 the amounts included in the consolidated liabilities, which are reported in loans payable (before discount) total \$530,000 and \$-0- respectively, relating to Beverage LLC. The loans payable bear interest at a rate of 6% per annum and are scheduled to be repaid to the lenders in equal installments of 66.67% of the original principal on September 30, 2013, December 31, 2013 and March 31, 2014. The aggregate value of the repayment installments totals \$530,000 plus interest and penalties. September and December installment payments were not made. The loan is in default and the default interest rate of 10% per annum.

DNA Brands, Inc.

Notes to Financial Statements (Continued)

Convertible Debentures

In February 2011, the Company issued a convertible debenture to an existing shareholder in the amount of \$500,000. The debenture bears interest at 12% per annum and carries an annual transaction fee of \$30,000, of which both are payable in quarterly installments commencing in May 2011. These costs are recorded as interest expense in the Company's financial statements. In addition, as further inducement for loaning the Company funds, the Company issued 125,000 restricted shares of its common stock to the holder upon execution. The common shares were valued at \$31,250, their fair market value, and recorded as discount to the debenture. These costs will be amortized using

the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

In June 2011, the Company issued a convertible debenture to an existing shareholder in the amount of \$125,000. The debenture bears interest at 12% per annum, which is payable in the Company's common stock at the time of maturity. The debenture is convertible at any time prior to maturity into 150,000 shares of the Company's common stock. This beneficial conversion feature was valued at \$90,750, using Black-Scholes methodology, and recorded as a discount to the debenture. These costs will be amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

In July and August 2011, the Company issued a series of secured convertible debentures to accredited investors aggregating \$275,000 in gross proceeds. All proceeds from these debentures are to be utilized solely for the purpose of funding raw materials and inventory purchases through the use of an escrow agent. The debentures bear interest at 12% per annum, payable in monthly installments. The debentures are convertible at any time prior to maturity at a conversion price equal to 80% of the average share price of the Company's common stock for the 10 previous trading days prior to conversion, but not less than \$0.70. In addition, as further inducement for loaning the Company funds, the Company issued the lenders 68,750 restricted shares of its common stock and 137,500 common stock warrants exercisable at \$1.25 per share. As a result, the Company had to allocate fair market value to each the beneficial conversion feature, restricted shares and warrants. The common shares were valued at \$30,938, their fair market value. The Company determined the fair market value of the warrants as \$94,255 using the Black-Scholes valuation model. Since the combined fair market value allocated to the warrants and beneficial conversion feature cannot exceed the convertible debenture amount, the beneficial conversion feature was valued at \$149,807, the ceiling of its intrinsic value. These costs will be amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

In February 2012, the Company issued a convertible debenture to an existing shareholder in the amount of \$75,000. The debenture bears interest at 12% per annum, which is payable in the Company's common stock at the time of maturity. The debenture is convertible at any time prior to maturity into 280,000 shares of the Company's common stock. As further inducement, the Company issued the lender 280,000 common stock warrants exercisable at \$1.50 per share. If unexercised, the warrants will expire on January 31, 2017. Using the Black-Scholes model, the warrants were valued at \$63,620 and recorded as a discount to the principal amount of the debenture. This discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

In February and June 2012, the Company converted \$524,950 of its loans payable to officers into convertible debentures. These debentures were offered by the Company's officers to certain accredited investors and a majority portion of the proceeds therefrom were deposited with the Company. The debentures had no maturity date and bear no interest. Therefore these debentures were payable on demand and were originally classified as a current liability. The debentures were convertible at any time into 3,499,667 shares, or \$0.15 per share of common stock. The Company determined that these terms created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$524,950, the ceiling of its intrinsic value. Due to the nature of the debentures, the full value of the beneficial conversion feature was immediately recorded as interest expense in the Company's financial statements. In August 2012, these convertible debentures were converted into 3,499,666 shares of the Company's common stock.

On April 9, 2012, the Company executed an Investment Banking and Advisory Agreement with Charles Morgan Securities, Inc., New York, NY ("CMI"), wherein CMI agreed to provide consulting, strategic business planning,

financing on a "best efforts" basis and investor and public relations services, as well as to assist the Company in its efforts to raise capital through the issuance of debt or equity. The agreement provided for CMI to engage in two separate private offerings with the initial private placement offering up to \$3.0 million and the second private placement offering up to an additional \$3.0 million; each on a "best efforts" basis. In connection with this agreement the Company issued 750,000 shares valued at \$0.25 per share or a total value of \$187,500. This amount was fully amortized in the Company's financial statements as of December 31, 2012.

In July 2012, the Company received proceeds from convertible debentures totaling \$182,668 in connection with the CMI agreement. The debentures bear interest at 12% per annum, which is payable in cash or the Company's common stock at the time of conversion or maturity. The debentures are convertible at any time prior to maturity at a conversion price equal to the lesser of 75% of the average share price of the Company's common stock for the five previous trading days prior to conversion or \$0.35, but not less than \$0.15. In the event that the Company offers or issues shares of its common stock at a share price less than \$0.15, the floor conversion price will adjust to the new lower price. The Company determined that the terms of the debentures created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$160,813 and recorded as a discount to the principal amount of the debentures. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

On August 7, 2012, the Company issued a convertible debenture in the amount of \$50,000. The debenture does not bear interest. As an inducement, the Company agreed to issue the lender 20,000 shares of its common stock. The common shares were valued at their trading price on the date of the agreement and recorded as interest expense in the Company's results of operations. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$50,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements. During the second quarter of 2013, the conversion terms of this note were modified and the note was converted into 1,500,000 shares of common stock.

On September 25, 2012, the Company issued a convertible debenture in the amount of \$50,000. The debenture bears interest at 6% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 70% of the lowest closing bid price of the Company's common stock on the four previous trading days prior to and day of conversion, but not less than \$0.0001. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$50,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements. During the second quarter of 2013, the lender converted \$23,000 of principal into 919,403 shares of common stock in accordance with the conversion terms of the debenture.

On November 1, 2012, the Company issued a convertible debenture in the amount of \$80,000. The debenture bears interest at 12% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 70% of the average closing bid price of the Company's common stock on the 30 previous trading days prior to the day of conversion. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$56,286, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective

interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

DNA Brands, Inc.
Notes to Financial Statements (Continued)

During the second quarter of 2013, the Company recorded \$65,000 in gross proceeds from the issuance of three convertible debentures. The debentures bear interest at 12% per annum, which is payable in cash at the time of maturity. The debentures are convertible at any time prior to maturity into 216,667 shares of the Company's common stock. As further inducement, the Company issued the lenders 216,667 common stock warrants exercisable at \$1.50 per share. If unexercised, the warrants will expire on February 28, 2017. Using the Black-Scholes model, the warrants were valued at \$69,455 and recorded as a discount up to the principal amount of the debentures. This discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements. As of December 31, 2013, two of the debentures totaling \$35,000 in principal value were converted into 316,667 shares of common stock. Some of the original conversion terms were modified prior to the notes' conversions. The remaining \$30,000 debenture is in default, as its maturity date was April 25, 2013.

On September 17, 2013, the Company issued a convertible debenture in the amount of \$50,000. The debenture bears interest at 6% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 70% of the lowest closing bid price of the Company's common stock on the four previous trading days prior to and day of conversion, but not less than \$0.0001. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$50,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

On October 31, 2013, the Company issued a convertible debenture in the amount of \$204,000. The debenture bears interest at 18% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 50% of the lowest closing bid price of the Company's common stock on the twenty previous trading days prior to and day of conversion. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$204,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

On November 6, 2013, the Company issued a convertible debenture in the amount of \$53,000. The debenture bears interest at 8% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 58% of the average of the 3 lowest share closing bid prices of the Company's common stock on the ten previous trading days prior to

and day of conversion. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$48,533, its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

On November 6, 2013, the Company issued a convertible debenture in the amount of \$125,000. The debenture bears interest at 10% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 50% of the lowest share closing bid price of the Company's common stock on the twenty previous trading days prior to and day of conversion. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$125,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

On November 6, 2013, the Company issued a convertible debenture in the amount of \$80,000. The debenture bears no interest and is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 50% of the average share closing bid price of the Company's common stock on the thirty previous trading days prior to and day of conversion. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$80,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

On November 21, 2013, the Company issued a convertible debenture in the amount of \$100,000. The debenture bears interest at 12% per annum, which is payable in the Company's common stock at the time of conversion or maturity. The debenture is convertible at any time prior to maturity at a conversion price equal to 50% of the lowest share intra-day price of the Company's common stock on the ten previous trading days prior to and day of conversion. The Company determined that the terms of the debenture created a beneficial conversion feature. Using the Black-Scholes model, the beneficial conversion feature was valued at \$100,000, the ceiling of its intrinsic value, and recorded as a discount to the principal amount of the debenture. The discount is amortized using the effective interest method over the term of the debenture and recorded as interest expense in the Company's financial statements.

Notes to Financial Statements (Continued)

14) Convertible Debentures

April 22 2014 the company issued a 1 year convertible debenture of \$77,500, maturing April 22 2015, to Tidepool Ventures Inc. Bearing 10% interest per annum. This note has a Conversion factor of 45% of market price. Market price is calculated by the average of the lowest Bid price for the trailing ten business days to the market. (Representing a 55% discount to market price). This note was sold to WMV inc and converted into common stock.

April 22 2014 the company issued a 1 year maturity convertible debenture of \$110,000 to Iconic Holding LLC. Bearing 5% interest per annum, maturing April 22 2015. This note has a Conversion factor of 50% of market price. Market price is calculated by the average of the lowest Bid price for the trailing ten business days. (Representing a 50% discount to market price). \$32,250 Was converted into Common stock for 2016. This Note is Delinquent.

May 2 2014, the company issued a 1 year convertible debenture to LG Capital funding LLC of \$35,000 maturing May 2 2015. Bearing 8% annual interest. This note has a conversion factor of 50% of market price. Market price is calculated by taking the average of the lowest Bid price for the trailing ten business days. (Representing a 50% discount to market price). This note is in default. The creditor has taken no action.

June 10 2014 the company issued a 1 year maturity convertible debenture of \$75,000 to Coventry Enterprises LLC bearing 8% interest per annum maturing June 10th 2015. This note has a conversion factor of 60% of market price. Market price is calculated by taking the average of the lowest Bid price for the trailing ten business days. (Representing a 40% discount to market price). This note is in default. \$63K, was converted into Common stock for the year 2016.

Oct 7 2014 , the Company issued a 1 year Convertible Debenture to Coventry Enterprises LLC for \$30,000. Bearing 8% per annum. Maturing Oct 7 2015. This note has a Conversion ratio with a 50% of market price. Market price is Calculated by taking the average of the lowest Bid price for the trailing ten business days. (Representing a 50% discount to market price). This note is in default. No action has been taken

Jan 14 2016 the company issued a convertible debenture to Darren Marks for \$25,000 bearing 8% interest per annum. Maturing Jan 14 2015. This note has a Conversion factor of 40% of market price. Market price is calculated by the average of the lowest bid price of the trailing 5 business days (Representing a 60% discount to market). This note is in default. No action has been taken

Jan 14 2016 the company issued a convertible debenture to Darren Marks for \$50,000 bearing 8% interest per annum. Maturing Jan 14 2015. This note has a Conversion factor of 40% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 60% discount to market price). This note is in Default, no action has been taken, for fiscal year 2016

Jan 14 2016 the company issued a convertible debenture to Melvin Leiner for \$50,000 bearing 8% interest per annum. Maturing Jan 14 2017 . This note has a Conversion factor of 40% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 60% discount to market price). This note is in default. No action has been taken for fiscal year 2016

Feb 1 2016 the company issued a convertible debenture to Andrew Telsey for \$30,000, bearing 8% Interest per annum. Maturing Feb 1 2017. This note has a conversion of 60% of market value. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 40% discount to market price). This Note is in default. No action has been taken for fiscal year 2016

Feb 1 2016, the Company issued a convertible Note to Darren Marks for \$70,500, bearing 8% interest per annum. Maturing Feb 1 2017. This note has a conversion factor of 40% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 60% discount to market Price). This Note is in default. No action has been taken for fiscal year 2016.

Feb 1 2016, the Company issued a convertible Note to Melvin Leiner for \$106,632.70, bearing 8% interest, with a conversion ratio, of 40% market price. Maturing Feb 1 2017. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. Discount to market. (Representing a 60% discount to market price). This Note is in default. No action has been taken for fiscal year 2016

April 16 2016 the company issued a convertible debenture to Tidepool Ventures group for \$10,000 bearing 5% interest per annum. Maturing April 16 2017. This note has a conversion ratio of 45% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. . (Representing a 55% discount to market.)

April 26 2016 the company issued a convertible debenture to Iconic Holdings LLC for \$25,000 bearing 10% interest per annum Maturing April 26 2017. This note has a conversion ratio of 50% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days.(Representing a 50% discount to market price).

June 10 2016 the company issued a convertible debenture to Tidepool Ventures LLC for \$3,000 bearing 5% interest per annum. Maturing June 10 2017. This note has a conversion ratio of 50% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing 50% discount to market price).

June 29 2016 the company issued a convertible debenture to Tidepool Ventures LLC \$8750 bearing 5% interest per annum. Maturing June 29 2017. This Note has a conversion factor of 50% of market price. Market price is . calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 50% discount to market price).

August 12, 2016 the company issued a convertible debenture to Tidepool Ventures LLC \$3,000 bearing 5% interest per annum. Maturing August 12 2017. This note has a conversion factor of 50% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 50% discount to market price)

Sept 7, 2016 the company issued a convertible debenture to Dr. Rutherford for \$20,000 Bearing 5% interest per annum. Maturing September 7 2017. This note has a conversion of 50% discount of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 50% discount to market price).

April 22nd 2014 company issued a convertible debenture of \$77,500 to Tidepool Ventures Inc bearing 10% interest per annum

April 22nd 2014 company issued a convertible debenture of \$110,000 to Iconic Holding LLC. Bearing 5% interest per annum

May 2nd 2014, company issued a convertible debenture to LG Capital funding LLC \$35,000 8% annual interest.

June 10th 2014 Company issued a convertible debenture of \$75,000 to Coventry Enterprises LLC bearing 8% interest per annum.

Jan 14 2016 Company issued a convertible debenture to Darren Marks for \$25,000 bearing 8% interest per annum

Jan 14 2016 Company issued a convertible debenture to Darren Marks for \$50,000 bearing 8% interest per annum

Jan 14 2016 Company issued a convertible debenture to Melvin Leiner for \$50,000 bearing 8% interest per annum

Feb 1st 2016 Company issued a convertible debenture to Andrew Telsey for \$30,000, bearing 8% Interest per annum

April 16th 2016 Company issued a convertible debenture to Tidepool Ventures group \$10,000 bearing 5% interest per annum

April 26th 2016 Company issued a convertible debenture to Iconic Holdings LLC \$25,000 bearing 10% interest per annum

June 10th 2016 Company issued a convertible debenture to Tidepool Ventures LLC \$3,000 bearing 5% interest per annum

June 29th 2016 Company issued a convertible debenture to Tidepool Ventures LLC \$8750 bearing 5% interest per annum

August 12, 2016 Company issued a convertible debenture to Tidepool Ventures LLC \$3,000 bearing 5% interest per annum

Sept 7, 2016 Company issued a convertible debenture to Dr. Rutherford for \$20,000 Bearing 5% interest per annum

Feb 1st 2017 Company issued a Convertible debenture to Adrian McKenzie for \$89K bearing an interest rate of 9.875%, for Annual Back salaries owed and Annual Bonus.

March 31 2017 Company issued a convertible note to Adrian McKenzie for \$8K bearing 9.875% interest for Back salaries for the month of Feb and March 2017.

DNA Brands, Inc.
Notes to Financial Statements (Continued)

Equity

Preferred and Common Stock

As of March 31 2017, the company is Authorized to issue 25Billion shares. Of which as of March 31 2017, there are 15,267,000,000 common shares issued and outstanding

As of Dec 31 2016 the company is Authorized to issues 25 billion Common shares . Of which as of December 31 2016 , 11.7 Billion shares are issued and outstanding .

Sole Office and Director Adrian McKenzie Hold 355K Series F preferred, which have voting rights of 75,000 votes per share. (Control Block)

At December 31, 2016 the Company was authorized to issue 10,000,000 shares of \$0.001 Preferred Stock and 400,000,000 shares of \$0.001 par value Common Stock. The holders of common stock are entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors. Each share of common stock is entitled to one vote.

On May 3, 2013 the Company authorized the issuance of 300,000 shares of Series C Preferred Stock ("Series C") and issued 150,000 shares of Series C to Darren Marks, an officer and director of the Company, in settlement of \$100,000 owed by the Company to Mr. Marks; and issued 150,000 shares of its Series C to Mel Leiner, an officer and director of the Company, in settlement of \$100,000 owed by the Company to Mr. Leiner. Each Series C share entitles the holder to 300 votes on all matters submitted to a vote of the Company's shareholders.

On October 21, 2013 the Company authorized the issuance of 1,800,000 shares of Series D Preferred Stock ("Series D") and issued 900,000 shares of Series D to Darren Marks in settlement of \$900,000 owed by the Company to Mr. Marks; and issued 900,000 shares of its Series D to Mel Leiner in settlement of \$900,000 owed by the Company to Mr. Leiner. Each share of Series D Convertible Preferred Stock is convertible into 68.2721 shares of our Common Stock. If all of these shares are converted it would result in the issuance of 122,448,780 shares.

On December 27, 2013 Messrs. Marks and Leiner returned their Series D shares and these shares were cancelled. Additionally on December 27, 2013 the Company authorized the issuance of 1,800,000 shares of Series E Preferred Stock ("Series E") and issued 900,000 shares of Series E to Darren Marks in settlement of \$50,000 owed by the Company to Mr. Marks; and issued 900,000 shares of its Series E to Mel Leiner in settlement of \$50,000 owed by the Company to Mr. Leiner. Each share of Series E stock has voting rights equal to 68.02721 common shares. The Series E is not convertible into any of our common shares.

At December 31, 2016 and 2015, preferred stock issued and outstanding 2,100,000 and 0 shares, respectively. At December 31, 2016 and 2015, common stock issued and outstanding totaled 11.7 Billion ,and 6.7 Billion shares, respectively.

Adrian McKenzie Holds possession of 355K shares of Series F (Control Block)

Historically, the Company has issued and sold preferred stock, common stock and common stock warrants in order to fund a significant portion its operations. Additionally, the Company has issued shares of its common stock to compensate its employees, pay service providers and retire debt.

Stock Options

Any stock options that have been issued in the past have expired worthless

As of December 31, 2016 and 2015, there was \$-0- in unrecognized compensation related to stock options outstanding. All outstanding stock options are vested. Since the inception of the Company, no stock options have been exercised.

DNA Brands, Inc.
Notes to Financial Statements (Continued)

Stock Warrants

The following table reflects all outstanding and exercisable warrants for the years ended December 31, 2016 and 2015. All stock warrants are immediately vested upon issuance and are exercisable for a period five years from the date of issuance.

All Prior Warrants have now expired as of Jan 31 2017

DNA Brands, Inc.
Notes to Financial Statements (Continued)

Stock Based Compensation

For the years ended December 31, 2016 and 2015 we recorded \$0 and \$0, respectively, in stock based compensation.

Income Taxes

The actual income tax expense for 2016 and 2015 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 34.4% to income before provision for income taxes) as follows:

	<u>2016</u>	<u>Effective Tax Rate</u>	<u>2015</u>	<u>Effective Tax Rate</u>
Federal taxes at statutory rate	\$ (0)	34.40 %	\$ 0	34.4 %
State income taxes, net of federal tax benefit	(0)	3.61 %	(0)	3.61 %
Change in valuation allowance	1,176,201	(38.01 %)	1,689,206	(38.01 %)
Total	<u>\$ —</u>	<u>0.00 %</u>	<u>\$ —</u>	<u>0.00 %</u>

DNA Brands, Inc.
Notes to Consolidated Financial Statements (Continued)

The net operating loss is comprised as follows:

Loss from Operations 2016	(\$318,272)
Loss from Operations 2015	(\$104,373)
Loss From Operation 2014	(\$801,213)

Commitments

As of December 1, 2016 the company is committed to \$1600 per month for a warehouse facility ,that it leases annually.
