BARISTAS COFFEE COMPANY, INC.

FORM 10-Q
(Quarterly Report)

Filed 12/15/15 for the Period Ending 09/30/15

Address	6185 4TH AVE. S.
	SEATTLE, WA 98108
Telephone	(800) 988-7735
CIK	0001586468
Symbol	BCCI
SIC Code	5810 - Eating And Drinking Places
Fiscal Year	12/31

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10–Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2015**

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ________________

Commission file number: 000-55254

Baristas Coffee Company, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**20-3118202**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

411 Washington Ave. N., Kent, WA 98032
(Address of principal executive offices)

(800) 988-7735
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of December 14, 2015, there were 371,000,545 shares of the issuer's common stock, par value $0.001, outstanding.

BARISTAS COFFEE COMPANY, INC.

FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015
TABLE OF CONTENTS

		PAGE
PART I – FINANCIAL INFORMATION		
ITEM 1.	FINANCIAL STATEMENTS	3
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	23
ITEM 4.	CONTROLS AND PROCEDURES	23
PART II – OTHER INFORMATION		
ITEM 1.	LEGAL PROCEEDINGS	24
ITEM 1A.	RISK FACTORS	24
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	24
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	24
ITEM 4.	MINE SAFETY DISCLOSURES	24
ITEM 5.	OTHER INFORMATION	24
ITEM 6.	EXHIBITS	25
SIGNATURES		26

Table of Conetnts

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Baristas Coffee Company Inc.
Condensed Consolidated Balance Sheets

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current Assets		
Cash	$ 12,577	$ 21,471
Accounts receivables	77,309	75,000
Inventory	29,153	29,281
Prepaid expenses	3,090	12,360
Total Current Assets	122,129	138,112
Loan receivable	300,000	300,000
Marketable securities	34,433	82,084
Property & equipment, net	189,412	267,068
Goodwill	2,770,651	2,770,651
Intangible assets, net	157,667	188,542
Other assets	9,950	9,750
TOTAL ASSETS	$ 3,584,242	$ 3,756,207
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,381,273	$ 2,895,083
Notes payable - related parties	563,431	564,115
Notes payable	240,350	286,432
Total Current Liabilities	2,185,054	3,745,630
STOCKHOLDERS' EQUITY		
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; 368,889,039 and 297,091,258 shares issued and outstanding, respectively	368,889	297,091
Additional paid-in capital	11,994,545	9,545,477
Accumulated deficit	(10,657,416)	(7,952,506)
Accumulated other comprehensive loss	(309,582)	(1,924,426)
Total Baristas Coffee Company Inc. stockholders' equity (deficit)	1,423,764	(7,036)
Noncontrolling interest	(24,576)	17,613
Total equity	1,399,188	10,577
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,584,242	$ 3,756,207

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

Table of Conetnts

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

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenues	$ 282,714	$ 296,302	$ 936,752	$ 912,095
OPERATING EXPENSES				
Direct costs	96,678	116,238	327,627	326,841
Compensation	129,300	170,147	435,280	465,055
Depreciation and amortization	29,407	38,892	112,884	115,976
General and administrative	98,142	108,255	328,020	255,286
Professional expenses	32,976	31,115	105,300	74,782
Stock-based compensation	21,175	20,000	226,350	35,000
Total Operating Expenses	407,678	484,647	1,535,461	1,272,940
OPERATING LOSS	(124,964)	(188,345)	(598,709)	(360,845)
OTHER (INCOME) EXPENSE				
Beneficial conversion fee	67,669	-	269,769	-
Impairment of marketable securities other than temporary	-	-	1,620,230	-
Interest expense	15,516	89,154	214,907	167,423
Gain on loan settlement	(19,799)	(137,500)	(34,482)	(137,500)
Realized loss on sales of marketable securities	38,841	-	38,841	-
Unrealized gain on marketable securites	-	-	-	-
Total Other Expenses	102,227	(48,346)	2,109,265	29,923
NET LOSS	(227,191)	(139,999)	(2,707,974)	(390,768)
Net loss attributable to the noncontrolling interest	12,246	20,992	42,189	65,768
NET LOSS ATTRIBUTABLE TO THE SHAREHOLDERS OF BARISTAS COFFEE COMPANY INC.	(214,945)	(119,007)	(2,665,785)	(325,000)
OTHER COMPREHENSIVE INCOME (LOSS)				
Impairment of marketable securities	-	-	1,620,230	-
Realized loss on sales of marketable securities	37,600	-	37,600	-
Unrealized loss on marketable securities	(3,822)	(54,723)	(42,986)	58,371
Other comprehensive income attributable to the noncontrolling interest	-	-	-	-
NET OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE SHAREHOLDERS OF BARISTAS COFFEE COMPANY INC.	33,778	(54,723)	1,614,844	58,371
NET LOSS AND OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO THE SHAREHOLDERS OF BARISTAS COFFEE COMPANY INC.	$ (181,167)	$ (173,730)	$ (1,050,941)	$ (266,629)
Basic and Diluted Loss per Common Share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Basic and Diluted Weighted Average Common Shares Outstanding	311,696,942	295,258,068	303,270,389	296,955,907

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

Table of Conetnts

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

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,665,785)	$ (325,000)
Adjustment to reconcile net loss to net cash provided by operations:		
Beneficial Conversion Fee	269,769	-
Depreciation and amortization	112,884	115,976
Loss on loan settlement	(34,482)	(137,500)
Impairment loss on marketable securities	1,620,230	-
Minority interest in net loss of consolidated entities	(42,189)	(65,768)
Realized loss on marketable securities	38,841	-
Stock-based and non-cash compensation	226,350	35,000
Unrealized gain on marketable securities	-	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,309)	-
Inventory	128	-
Prepaid	9,270	(4,625)
Other assets	(200)	-
Accounts payable and accrued liabilities	197,794	54,029
Net cash used in operating activities	(269,699)	(327,888)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,353)	(176,018)
Proceed from sell of marketable securities	3,459	-
Purchase of intangible assets	-	(39,344)
Purchase of marketable securities	(35)	-
Net cash used in investing activities	(929)	(215,362)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of preferred stock	-	152,500
Proceeds from issuance of notes payable	167,100	189,415
Repayment on notes payable	(5,682)	-
Proceeds from issuance of shareholder loans	105,316	103,732
Repayment on shareholder loans	(5,000)	-
Proceeds from minority interest	-	115,000
Net cash provided by financing activities	261,734	560,647
Net (decrease) increase in cash and cash equivalents	(8,894)	17,397
Cash and cash equivalents - beginning of period	21,471	-
Cash and cash equivalents - end of period	$ 12,577	$ 17,397
Supplemental Cash Flow:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Noncash investing and financing activities:		
Common shares issued for accrued interest	$ 22,355	$ 6,616
Notes payable settled by common shares	$ 101,000	$ 155,544
Shareholder loans settled by common shares	$ 207,500	$ -
Common shares issued / granted for intangible assets	$ -	$ 33,000
Purchases of treasury stock	$ (446,000)	$ -
Common shares issued from treasury stock	$ 446,000	$ -

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

Baristas Coffee Company Inc.
Notes to Interim Consolidated Financial Statements
September 30, 2015
(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 specialty drive-through beverage retailers 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"). The accompanying interim unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the Company's opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2015 are not necessarily indicative of the results for the full years. While management of the Company believes that the disclosures presented herein are adequate and not misleading, these interim financial statements should be read in conjunction with the audited consolidated financial statements and the footnotes thereto for the year ended December 31, 2014.

Principles of Consolidation

The consolidated financial statements reflect the financial position and operating results of Baristas and include our 51% investee, Barista Coffee Company of Florida, LLC, as of January 1, 2014. Intercompany transactions and balances have been eliminated.

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 September 30, 2015 and December 31, 2014, the Company had $12,577 and $21,471, respectively.

Accounts Receivables

The Company's accounts receivable consists of trade receivables from franchisee and other trade receivables.

Franchisee Receivable

Franchise fee revenue from an individual franchise sale is recognized, with an appropriate provision for estimated uncollectible amounts, when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. Continuing franchise fees are reported as revenue as the fees are earned and become receivable from the franchisee.

Allowance for Doubtful Accounts

The Company evaluates the collectability of its accounts receivables on an on-going basis and writes off the amount when it is considered to be uncollectible. At September 30, 2015 and December 31, 2014, the Company does not have an allowance for doubtful accounts.

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 impairment loss of $1,620,230, an unrealized loss of $42,986 and a realized loss of $37,600 for the nine months ended September 30, 2015 and an unrealized gain of $58,371 for the nine months ended September 30, 2014, respectively.

Fair Value of Financial Instruments

The carrying amount of the Company's cash, accounts receivables, 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 September 30, 2015 Fair Value Measuring Using				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities, available-for-sale	$ 34,433	$ 34,433	-	-	$ 34,433
Total	$ 34,433	$ 34,433	-	-	$ 34,433

	As at December 31, 2014 Fair Value Measuring Using				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities, available-for-sale	$ 82,084	$ 82,084	-	-	$ 82,084
Total	$ 82,084	$ 82,084	-	-	$ 82,084

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows of the financial asset that can be reliably estimated. The Company recognized $1,620,230 and $0 impairment loss on marketable securities during the periods ended September 30, 2015 and 2014, respectively.

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 September 30, 2015 and December 31, 2014 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 September 30, 2015 and 2014.

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 other intangible asset impairment charges recorded during the periods ended September 30, 2015 and 2014.

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 and fees from franchised coffee stores operated by conventional franchisees.

Consolidated revenues are presented net of intercompany eliminations for investees controlled by us. Additionally, consolidated 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.

Revenues from conventional franchised restaurants include initial fees and royalties based on a percent of sales. Initial fees are recognized upon opening of a restaurant or granting of a new franchise term, which is when the Company has performed substantially all initial services required by the franchise arrangement. Royalties are recognized in the period earned.

The Company recognized $0 initial franchise fees, during the period ended September 30, 2015 and 2014. The Company recognized $1,547 and $0 franchise royalties, during the period ended September 30, 2015 and 2014, respectively.

Marketing & Advertising
Advertising costs are expensed as incurred. Advertising costs totaled $31,069 and $15,156 for the period ended September 30, 2015 and 2014, 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 $226,350 and $35,000, for period ended September 30, 2015 and 2014, respectively.

Income Taxes
The Company uses the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and the tax basis of assets, liabilities, the carry forward of operating losses and tax credits, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

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 September 30, 2015 and 2014, 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 September 30, 2015, convertible shareholder loans of $563,431, convertible notes payable of $240,350 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 September 30, 2015, the Company has a loss from operations of $2,707,974 and an accumulated deficit of $10,657,416. 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, 2015.

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:

	September 30, 2015	December 31, 2014
Coffee and merchandise held for sale	$ 29,153	$ 29,281

NOTE 4 – MARKETABLE SECURITIES

The following tables show the Company's marketable security as of September 30, 2015 and December 31, 2014. The fair value for Reeltime Rentals, Inc ("RLTR") is based on closing market price, less a marketability discount of 0% and 15% as at September 30, 2015 and December 31, 2014, 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.

During the six months ended June 30, 2015, the Company recognized an impairment loss of $1,620,230 on RLTR shares based on the highest price of $0.018 per share, during April 1, 2013 to March 31, 2015.

During the nine months ended September 30, 2015, the Company sold 2,350,000 RLTR shares for $3,459 and realized a loss of $38,841. Accordingly, $37,600 previous unrealized loss was recognized. During the nine months ended September 30, 2015 and 2014, the Company recognized an unrealized loss of $42,986 and $58,371 unrealized gain, respectively.

September 30, 2015

	Cost	Other than Temporary Impairment and Realized Losses	Unrealized Losses	Fair Value
RLTR - 19,110,000 common shares	$ 2,001,810	$ 1,657,830	$ 309,582	$ 34,398
BUCS - 2,576,389 common shares	-	-	-	-
Dreyfus	35	-	-	35
Total	$ 2,001,845	$ 1,657,830	$ 309,582	$ 34,433

December 31, 2014

	Cost	Realized Losses	Unrealized Losses	Fair Value
RLTR – 21,460,000 common shares	$ 2,006,510	$ -	$ 1,924,426	$ 82,084
BUCS – 2,576,389 common shares	-	-	-	-
Total	$ 2,006,510	$ -	$ 1,924,426	$ 82,084

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT, NET

	September 30, 2015	December 31, 2014
Buildings and leaseholds	$ 402,963	$ 402,963
Machinery and equipment	219,353	215,000
Computer equipment	17,382	17,382
Furniture and fixtures	19,065	19,065
Property, plant and equipment, gross	658,763	654,410
Less accumulated depreciation	(469,351)	(387,342)
Property, plant and equipment, net	$ 189,412	$ 267,068

The Company recorded $82,009 and $82,601 depreciation for the periods ended September 30, 2015 and 2014, respectively.

NOTE 6 – INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table summarizes information related to indefinite-lived intangible assets:

	September 30, 2015	December 31, 2014
Goodwill	$ 2,770,651	$ 2,770,651

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 September 30, 2015 and December 31, 2014, the Company determined that no such impairment existed based on the following financial and non-financial considerations:

- As at December 31, 2014 the company's market capitalization was approximately $11,000,000 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 has signed a franchising agreement that is currently adding additional locations.
- The Company is expanding into additional product lines and actively developing additional sources of revenues.

Definite-Lived Intangible Assets

The following table summarizes information related to definite-lived intangible assets:

	September 30, 2015	December 31, 2014
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
	342,500	342,500
Accumulated amortization	(184,833)	(153,958)
Definite-lived intangibles, net	$ 157,667	$ 188,542

Total amortization expense for intangible assets subject to amortization was $30,875 and $33,375 for the periods ended September 30, 2015 and 2014, respectively.

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities consist of the followings:

	September 30, 2015	December 31, 2014
Accounts payable	$ 125,912	$ 73,456
Accrued liabilities	919,360	2,453,646
Prepaid gift card	21,961	20,324
Taxes payable	314,040	347,657
	$ 1,381,273	$ 2,895,083

NOTE 8 – RELATED PARTY TRANSACTIONS

Accounts Payable

During the three months ended September 30, 2015, these 60,000,000 shares were issued to these two officers for acrued liabilities. During the nine months ended September 30, 2015, the Company granted 7,500,000 shares to two officers of the Company (3,750,000 shares each) for their services with a value of $190,000. These shares were not yet issued as at September 30, 2015 and the amounts due to these officers were recorded as accrued liabilities.

On April 28 , 2015, the Company repurchased 4,000,000 common shares from two officers of the Company (2,000,000 common shares each officer) and returned those shares to treasury. The Company promised to issue 8,000,000 common shares back these two officers (4,000,000 common shares each officer) once the increase in authorized shares is approved. The value of the 4,000,000 common shares repurchased from the officers was $162,000 and recorded as accrued liabilities. The value of the additional 4,000,000 common shares which will be issued to the officers was $162,000 and recorded as interest expenses.

On June 15, 2015, the Company repurchased 10,000,000 common shares from one of our officers. The Company promised to reissue 10,000,000 common shares to the officer once the increase in authorized shares is approved. The value of the 10,000,000 common shares repurchased from the officer was $284,000 and 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 was $300,000 as at September 30, 2015 and December 31, 2014. The Company will evaluate the collectability of the loan quarterly.

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 September 30, 2015 and December 31, 2014 were $563,431 and $564,115, respectively. The Company plans to pay the loans back as cash flows become available.

During the periods ended September 30, 2015, and 2014, the Company recognized $105,316 and $0 beneficial conversion fee on convertible shareholder loans respectively.

NOTE 9 – 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 September 30, 2015 and December 31, 2014 and were $240,350 and $286,432, respectively. During the periods ended September 30, 2015 and 2014, the Company recognized a $164,453 and $0 beneficial conversion fee on convertible loans from un-related parties respectively.

NOTE 10 – 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 2014.

During the year ended December 31, 2014, the Company issued the following shares of Series A Convertible Preferred Stock:

- 300,000 shares to a non-affiliated investor for cash of $15,000.
- 7,965,000 shares to officers and directors for cash of $186,800.
- 11,750,000 shares to officers and director to replace 11,750,000 shares of common stock, which were cancelled.

No preferred shares were issued during the nine months ended September 30, 2015.

As at September 30, 2015 and December 31, 2014, 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, subscriptive, conversion or cumulative voting rights, and there are no redemption or sinking find 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.

During the year ended December 31, 2014, the Company issued the following shares of common stock:

- 2,650,000 shares in exchange for services and prepaid valued at $147,000.
- 1,650,000 shares in exchange for advertising and promotion valued at $135,975.
- 9,307,953 shares in exchange for debt and accrued interest valued at $200,856.
- 11,750,000 shares of common stock were retired and replaced by 11,750,000 shares of Series A convertible preferred stock.

During the nine months ended September 30, 2015, the Company issued the following shares of common stock:

- 10,797,781 shares in exchange for debt of $137,095 and accrued interest of $9,934.
- 6 1,000,000 shares in exchange for accrued liabilities to related parties valued at $2,342,400.
- 14,000,000 shares were returned to treasury and 14,000,000 shares were re-issued from treasury.

There were 368,889,039 and 297,091,258 common shares issued and outstanding as at September 30, 2015 and December 31, 2014, respectively.

Treasury Stock

Following our Board of Directors authorization, on April 28, 2015, the Company repurchased 4,000,000 common shares from two officers of the Company for an aggregate purchase price of $162,000 and on June 15, 2015, the Company repurchased 10,000,000 common shares from one of our officers for an aggregate purchase price of $284,000. Repurchased shares become a part of treasury stock.

During the nine months ended September 30, 2015, the Company reissued the following common shares from treasury:

- 13,500,000 shares in exchange for debt of $171,405 and accrued interest of $12,420.
- 50 0,000 shares in exchange for services valued at $19,200.

At September 30, 2015 and 2014, treasury stock balance was zero.

Minority Interest

Certain unrelated third parties hold 49% of Baristas Coffee Company of Florida, LLC, a consolidated subsidiary. During the period ended September 30, 2015, the minority interest recognized $42,189 in losses from the operations. During the period ended September 30, 2014, the minority interest contributed $115,000 in equipment and expenses and recognized $65,768 in losses from the operations.

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.

	September 30, 2015	December 31, 2014
Accumulated other comprehensive loss – opening balance	$ (1,924,426)	$ (1,964,556)
Impairment loss on marketable securities	1,620,230	-
Net unrealized loss on available-for-sale securities	(42,986)	40,130
Realized loss on sales of available-for-sale securities	37,600	-
Accumulated other comprehensive loss – ending balance	$ (309,582)	$ (1,924,426)

NOTE 11 – 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 September 30, 2015, the Company had $563,431 and $564,115 in convertible shareholder loans, respectively, $240,350 and $286,432 convertible notes payable 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 September 30, 2015 and 2014.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net loss	$ (227,191)	$ (139,999)	$ (2,707,974)	$ (390,768)
Weighted average common shares outstanding, basic and diluted	311,696,942	295,258,068	303,270,389	296,955,907
Net loss per share, basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Leases

Rental expense under operating lease agreements:

	September 30, 2015	September 30, 2014
Total rentals	$ 149,540	$ 116,711

Minimum future rental payments under non-cancelable operating leases as of September 30, 2015:

Fiscal Year Ending

2015	$ 32,395
2016	120,341
2017	93,131
2018	31,284
Thereafter	-
Total minimum lease payments	$ 277,151

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.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to September 30, 2015, the Company issued 2,111,506 shares of common stock in exchange for services valued at $10,000 and accrued interest of $558.

Management has evaluated subsequent events through the date the financial statements were issued and determined there are no additional items to disclose.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Statements

Except for historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed herein as well as in the "Description of Business – Risk Factors" section in our Registration Statement on Form 10-12G/A, as filed on July 24, 2015. You should carefully review the risks described in our Form 10 and in other documents we file from time to time with the Securities and Exchange Commission. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements.

All references in this Form 10-Q to the "Company," "Baristas", "we," "us," or "our" are to Baristas Coffee Company, Inc.

Critical Accounting Policies

We prepare our interim consolidated financial statements in conformity with GAAP, which requires management to make certain estimates and apply judgments. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the interim consolidated financial statements are prepared. Due to the need to make estimates about the effect of matters that are inherently uncertain, materially different amounts could be reported under different conditions or using different assumptions. On a regular basis, we review our critical accounting policies and how they are applied in the preparation of our interim consolidated financial statements.

While we believe that the historical experience, current trends and other factors considered support the preparation of our interim consolidated financial statements in conformity with GAAP, actual results could differ from our estimates and such differences could be material.

Results of Operations

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Revenue was $282,714 for the three months ended September 30, 2015 compared to $296,302 for the three months ended September 30, 2014, a decrease of $13,588 or 4.59%. The decrease was primarily due to a reduction in advertising and promotion done by the Company during the quarter.

The changes in our operating expenses are as follows:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	$ Change	% Change
Direct costs	$ 96,678	$ 116,238	$ (19,560)	(16.83)
Compensation	129,300	170,147	(40,847)	(24.01)
Depreciation and amortization	29,407	38,892	(9,485)	(24.39)
General and administrative	98,142	108,255	(10,113)	(9.34)
Professional expenses	32,976	31,115	1,861	5.98
Stock-based compensation	21,175	20,000	1,175	5.88
Total Operating Expenses	$ 407,678	$ 484,647	$ (76,969)	(15.88)

Direct costs for generating sales was $96,678 for the three months ended September 30, 2015 compared to $116,238 for the three months ended September 30, 2014, a decrease of 19,560 or 16.83%. The decrease in direct costs for the three months ended September 30, 2015 was primarily the result of decrease of purchases related to decreased sales.

Compensation was $129,300 for the three months ended September 30, 2015 compared to $170,147 in the three months ended September 30, 2014, a decrease of 40,847 or 24.01%. The decrease in compensation for the three months ended September 30, 2015 was primarily due to fewer staff compared to the three months ended September 30, 2014.

Depreciation and amortization expenses for the three months ended September 30, 2015 was $29,407, a decrease of $9,485 or 24.39%, compared to $38,892 in the three months ended September 30, 2014.

General and administrative expenses consisted of expenses covering office, supplies, shipping, telephone, internet insurance, and other general operating costs related to our business. General and administrative expenses was $98,142 for the three months ended September 30, 2015 compared to $108,255 for the three months ended September 30, 2014, a decrease of $10,113 or 9.34%. The decrease was the result of a decline in business activity during the quarter.

Professional expenses was $32,976 for the three months ended September 30, 2015 compared to $31,115 in the three months ended September 30, 2014, an increase of $1,861 or 5.98%. The Company's professional expenses were primarily used to meet regulatory filing requirements.

Stock-based compensation consisted of $21,175 in stock issued / granted for compensation in the three months ended September 30, 2015, compared to $20,000 in the three months ended September 30, 2014, an increase of $1,175 or 5.88%.

The changes in other (incomes) expenses were as follows:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	$ Change	% Change
Beneficial conversion fee	$ 67,669	$ -	$ 67,669	100.00
Interest expense	15,516	89,154	(73,638)	(82.60)
Gain on loan settlement	(19,799)	(137,500)	117,701	(85.60)
Realized loss on sales of marketable securities	38,841	-	38,841	100.00
Total Other Expenses	$ 102,227	$ (48,346)	$ 150,573	(311.45)

The Company has issued a number of notes with various maturity dates to related parties for advances. These notes are convertible either at a fixed dollar amount or 50% of the market price and accrue interest at an average rate of 8% per annum. During the periods ended September 30, 2015, and 2014, the Company recognized $15,316 and $0 beneficial conversion fee on convertible shareholder loans respectively.

The Company has issued a number of notes with various maturity dates to unrelated parties. These notes are convertible at a fixed dollar amount and accrue interest at 8% per annum. During the periods ended September 30, 2015 and 2014, the Company recognized $52,353 and $0 beneficial conversion fee on convertible loans from un-related parties respectively.

During the three months ended September 30, 2015, 8,915,935 shares were issued, in exchange for debt of $116,603 and accrued interest of $8,710, result a $19,799 gain on settlement. During the period ended September 30, 2014, 7,231,992 shares were issued, in exchange for debt valued at $162,160, resulting in a $137,500 gain on settlement.

During the three months ended September 30, 2015, 2,373,730 shares were re-issued from treasury in exchange for debt of $21,251 and accrued interest of $2,486, resulting in a $10,444 loss on settlement that was reflected in additional paid in capital and retained earnings. During the three months ended September 30, 2014, no loans were settled by treasury stocks.

During the three months ended September 30, 2015, the Company sold 2,350,000 of Reeltime Rentals, Inc ("RLTR") shares for $3,459 and realized a loss of $38,841.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Revenue was $936,752 for the nine months ended September 30, 2015 compared to $912,095 for the nine months ended September 30, 2014, an increase of $24,657 or 2.7%. The increase was primarily due to increase advertising and promotion done by the Company.

The changes in our operating expenses are as follows:

	Nine Months Ended September 30,			
	2015	2014	$ Change	% Change
Direct costs	$ 327,627	$ 326,841	$ 786	0.24
Compensation	435,280	465,055	(29,775)	(6.40)
Depreciation and amortization	112,884	115,976	(3,092)	(2.67)
General and administrative	328,020	255,286	72,734	28.49
Professional expenses	105,300	74,782	30,518	40.81
Stock-based compensation	226,350	35,000	191,350	546.71
Total Operating Expenses	$ 1,535,461	$ 1,272,940	$ 262,521	20.62

Direct costs for generating sales was $327,627 for the nine months ended September 30, 2015 compared to $326,841in the nine months ended September 30, 2014, an increase of 786 or 0.24%. The increase in direct costs for the nine months ended September 30, 2015 was primarily the result of increases in purchases related to increased sales.

Compensation was $435,280 for the nine months ended September 30, 2015 compared to $465,055 for the nine months ended September 30, 2014, a decrease of 29,775 or 6.40%. The decrease in compensation for the nine months ended September 30, 2015 was primarily due to fewer staff compared to the nine months ended September 30, 2014.

Depreciation and amortization expenses for the nine months ended September 30, 2015 was $112,884, a decrease of $3,092 or 2.67%, compared to $115,976 in the nine months ended September 30, 2014.

General and administrative expenses consisted of expenses covering office, supplies, shipping, telephone, internet insurance, and other general operating costs related to our business. General and administrative expenses were $328,020 for the nine months ended September 30, 2015 compared to $255,286 for the nine months ended September 30, 2014, an increase of $72,734 or 28.49%. The increase was the result of increased business activity during the nine months ended September 30, 2015.

Professional expenses were $105,300 for the nine months ended September 30, 2015 compared to $74,782 for the nine months ended September 30, 2014, an increase of $30,518 or 40.81%. The Company's professional expenses were primarily used to meet regulatory filing requirements.

Stock-based compensation consisted of $226,350 in stock issued / granted for compensation in the nine months ended September 30, 2015, compared to $35,000 in the three months ended September 30, 2014, an increase of $191,350 or 546.71%. The increase in stock-based compensation was primarily due to 7,500,000 shares granted to two officers of the Company (3,750,000 shares each) for their services with a value of $190,000.

The changes in our other (incomes) expenses are as follows:

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	$ Change	% Change
Beneficial conversion fee	$ 269,769	$ -	$ 269,769	100.00
Realized loss on impairment of marketable securities	1,620,230	-	1,620,230	100.00
Interest expense	214,907	167,423	47,484	28.36
Gain on loan settlement	(34,482)	(137,500)	103,018	(74.92)
Realized loss on sales of marketable securities	38,841	-	38,841	100.00
Total Other Expenses	$ 2,109,265	$ 29,923	$ 2,079,342	6,948.98

The Company has issued a number of notes with various maturity 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. During the nine months ended September 30, 2015, and 2014, the Company recognized $105,316 and $0 beneficial conversion fee on convertible shareholder loans respectively.

The Company has issued a number of notes with various maturity dates to unrelated parties. These notes are convertible at a fixed dollar amount and accrue interest at 8% per annum. During the nine months ended September 30, 2015 and 2014, the Company recognized $164,453 and $0 beneficial conversion fee on convertible loans from un-related parties respectively.

During the nine months ended September 30, 2015, the Company recognized an impairment loss of $1,620,230 on marketable securities based on the highest price of $0.018 per share during April 1, 2013 to March 31, 2015.

During the nine months ended September 30, 2015, 10,797,781 shares were issued, in exchange for debt of $137,095 and accrued interest of $9,934, resulting in a $34,482 gain on settlement. During the nine months ended September 30, 2014, 7,231,992 shares were issued, in exchange for debt valued at $162,160, resulting in a $137,500 gain on settlement.

During the three months ended September 30, 2015, 13,500,000 shares were re-issued from treasury, in exchange for debt of $171,405 and accrued interest of $12,420, resulting in a $34,125 loss on settlement that was reflected in retained earnings. During the three months ended September 30, 2014, no loans were settled by treasury shares.

During the nine months ended September 30, 2015, the Company sold 2,350,000 RLTR shares for $3,459 and realized a loss of $38,841.

Liquidity and Capital Resources

The Company's liquidity may be affected by the general decrease in revenues during the holiday months and by the need to allocate startup costs for potential expansion.

Baristas forecasts opening ten new franchise locations in addition to maintaining our existing locations, during the next 12 month period. We will receive a franchise fee of $25,000 for each new location ($250,000 in revenue) and anticipate expenses in supporting each new franchise location to be $17,500 ($175,000 in expenses) for an additional net profit of $75,000 before royalties and other revenues. We anticipate hiring an operations manager as franchises are acquired.

We believe that we do not have enough cash on hand and from operations to operate for the next 12 months. We will require additional financing if we are to complete our expansion plan for the next 12 months. While we are optimistic that we can generate the revenue from new franchise fees and refinancing of our existing properties, we do not have any current financing available to us. If we are unable to generate additional fees through franchising, in order to execute our plan of expansion, we would be required to raise funds through a sale of equities, the issuance of debt or a combination thereof. We have no assurances that we would be successful in raising the requite financing.

Going Concern

We have a history of operating losses as we have focused our efforts on raising capital and building our brand and expanding our business locations. The report of our independent auditors issued on our consolidated financial statements as of and for the year ended December 31, 2014, expresses substantial doubt about our ability to continue as a going concern. For the period ended September 30, 2015, we were successful in raising net proceeds of $261,734 through debt financing in order to fund the development and growth of our operations. For the period ended September 30, 2014, the Company received $115,000 cash from minority interest, $152,500 proceeds from issuance of preferred stock and $293,147 net proceeds through debt financing. Our ability to continue as a going concern is dependent on our obtaining additional adequate capital to fund additional operating losses until we become profitable. If we are unable to obtain adequate capital, we could be forced to cease operations.

The following table presents a summary of our net cash provided by (used in) operating, investing and financing activities for the periods ended September 30, 2015 and 2014:

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net cash used in operating activities	$ (269,699)	$ (327,888)
Net cash used in investing activities	(929)	(215,362)
Net cash provided by financing activities	261,734	560,647
Net (decrease) increase in cash	$ (8,894)	$ 17,397

For the nine months ended September 30, 2015, we incurred a net loss of $2,665,785. Net cash used in operating activities was $269,698, a net cash used in investing activities was $929 and net cash provided by financing activities was $261,734. For the nine months ended September 30, 2014, we incurred a net loss of $325,000. Net cash used in operating activities was $327,888, net cash used in investing activities was $215,362 and net cash provided by financing activities was $560,647.

Working Capital Information

The following table presents a summary of our cash and working capital deficiency at the end of each period:

	September 30, 2015	December 31, 2014	$ Change	% Change
Cash	$ 12,577	$ 21,471	$ (8,894)	(41.42)
Current assets	$ 122,129	$ 138,112	$ (15,983)	(11.57)
Current liabilities	2,185,054	3,745,630	(1,560,576)	(41.66)
Working capital deficiency	$ (2,062,925)	$ (3,607,518)	$ 1,544,593	(42.82)

As of September 30, 2015, the Company had a working capital deficiency of $2,062,925, compared to $3,607,518 at December 31, 2014, or a decrease in working capital deficit of $1,544,593 (42.82%). As of September 30, 2015, the Company had cash and cash equivalents of $12,577 as compared to $21,471 on December 31, 2014. For September 30, 2015, current assets decreased $15,983 (11.57%) primarily due to decreases of $8,894 in cash. Current liabilities increased $1,560,576 (41.66%), primarily due to an increase in accounts payable and accrued expenses of $1,513,810 (52.29%), an increase in shareholder loans of $684 (0.12%), and a decrease in notes payable of $46,082 (16.09%).

Funding Requirements:

We expect to incur substantial expenses and generate ongoing operating losses for the foreseeable future as we prepare for the ongoing development and launch of our sports bar business, grow the existing base of our coffee store locations and support business and further expand this business into additional facilities and locations. If we are unable to raise an adequate amount of capital, however, we could be forced to curtail or cease operations. Our future capital uses and requirements depend on numerous forward-looking factors.

These factors include the following:

- the time and expense needed to complete the successful launch of the sports bar business;
- the expense associated with building a network of coffee shops to market the brand;
- the degree and speed of developing our franchises with franchisees

During 2014, we entered joint venture agreements to launch franchises in new states and as well to develop a sports bar. We have yet to achieve profitability as a result of the Company's non-operating expenses, and the issuance of shares of our common stock to third parties for various services rendered. As we grow, the use of our common stock as currency will decline as our cash availability grows.

In view of these matters, realization of certain of the assets in the accompanying balance sheet is dependent upon our continued operations, which in turn is dependent upon our ability to meet our financial requirements, raise additional financing, and the success of our future operations.

Additional funding may not be available to us on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. For example, if we raise additional funds by issuing equity securities or by selling debt securities, if convertible, further dilution to our existing stockholders would result. To the extent our capital resources are insufficient to meet our future capital requirements, we will need to finance our future cash needs through public or private equity offerings, collaboration agreements, debt financings or licensing arrangements.

If adequate funds are not available, we may be required to terminate, significantly modify or delay the development and launch of our businesses, reduce our planned commercialization efforts, or obtain funds through means that may require us to relinquish certain rights that we might otherwise seek to protect and retain. Further, we may elect to raise additional funds even before we need them if we believe the conditions for raising capital are favorable.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company”, we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon those evaluations, management concluded that our disclosure controls and procedures were not effective as of September 30, 2015, in light of the material weaknesses that were found during an assessment of our internal control over financial reporting to cause the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods prescribed by SEC, and that such information is accumulated and communicated to management, including our chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee, (2) lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (3) inadequate segregation of duties consistent with control objectives; and (4) management dominated by a single individual without adequate compensating controls. The aforementioned material weaknesses were identified by our Chief Executive and Financial Officer in connection with the review of our financial statements as of September 30, 2015.

Management believes that the material weaknesses set forth above did not have an effect on our financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors on our board of directors results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Securities Exchange Act Rule 13a-15 or Rule 15d-15 that occurred in the period ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our company.

ITEM 1A. RISK FACTORS.

As a "smaller reporting company", we are not required to provide the information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the period ended September 30, 2015, the Company issued the following shares of common stock:

- 10,797,781 shares in exchange for debt of $137,095 and accrued interest of $9,934.
- 6 1,000,000 shares in exchange for services valued at $2,342,400.
- 14,000,000 shares were returned to treasury and 14,000,000 shares were re-issued from treasury.

Subsequent to September 30, 2015, and through to date of this form, the Company issued the following shares of common stock and preferred stock:

- 2,111,506 shares of common stock in exchange for services valued at $10,000 and accrued interest of $558.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer.
32.1*	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BARISTAS COFFE COMPANY, INC.

Dated: December 15, 2015

/s/ Barry Henthorn
Barry Henthorn
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION

I, Barry Henthorn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baristas Coffee Company, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 15, 2015

/s/ Barry Henthorn

Barry Henthorn
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Barry Henthorn, Chief Executive Officer and Chief Financial Officer, of Baristas Coffee Company, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002* , that:

(1) the Quarterly Report on Form 10-Q of Baristas Coffee Company, Inc. for the period ended September 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the *Securities Exchange Act of 1934* ; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Baristas Coffee Company, Inc.

Dated: December 15, 2015

/s/ Barry Henthorn
Barry Henthorn
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Principal Financial
Officer and Principal Accounting Officer)