Bergio International, Inc.
Form 10-Q
August 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2011

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____________ to __________

Commission File Number: 333-150029

Bergio International, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	27-1338257
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

12 Daniel Road E.
Fairfield, New Jersey 07004
(Address of principal executive offices)

(973) 227-3230
(Registrant's telephone number)

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 [X] Yes [ ] 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 (§ 229.405 of this chapter) during the preceeding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] 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.

[ ] Accelerated filer

[ ] Large accelerated filer
Accelerated filer
[ ] Non-accelerated filer [X] Smaller reporting company

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 24,323,860 as of August 2, 2011.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our financial statements included in this Form 10-Q are as follows:

BERGIO INTERNATIONAL, INC.
BALANCE SHEETS (UNAUDITED)

	June 30, 2011	December 31, 2010
Assets:		
Current Assets:		
Cash	$--	$4,262
Accounts Receivable – Net	385,406	474,212
Inventory	1,558,020	1,602,680
Prepaid Expenses	2,510	9,353
Other Receivables	137,500	175,000
Total Current Assets	2,083,436	2,265,507
Property and Equipment – Net	116,846	118,135
Other Assets:		
Investment in Unconsolidated Affiliate	5,000	5,000
Total Assets	$2,205,282	$2,388,642

See notes to financial statements.

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BERGIO INTERNATIONAL, INC.
BALANCE SHEETS (UNAUDITED)

	June 30, 2011	December 31, 2010
Liabilities and Stockholders' Equity:		
Liabilities		
Current Liabilities:		
Cash Overdraft	$19,173	$--
Accounts Payable and Accrued Expenses	239,727	417,144
Bank Lines of Credit – Net	197,272	200,866
Convertible Debt - Net	26,380	112,069
Current Maturities of Notes Payable	100,949	110,060
Current Maturities of Capital Leases	3,078	14,656
Advances from Stockholder – Net	361,101	317,601
Derivative Liability	155,356	67,988
Total Current Liabilities	1,103,036	1,240,384
Long-Term Liabilities		
Notes Payable	41,600	51,626
Convertible Debt – Net	36,192	--
Total Long-Term Liabilities	77,792	51,626
Commitments and Contingencies	--	--
Total Liabilities	1,180,828	1,292,010
Stockholders' Equity		
Common Stock - $.001 Par Value, 200,000,000 Shares Authorized, 24,323,860 and 11,159,574 Shares Issued and Outstanding as of June 30, 2011 and December 31, 2010, respectively	24,323	11,159
Additional Paid-In Capital	4,188,472	4,021,593
Accumulated Deficit	(3,188,341)	(2,936,120)
Total Stockholders' Equity	1,024,454	1,096,632
Total Liabilities and Stockholders' Equity	$2,205,282	$2,388,642

See notes to financial statements.

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BERGIO INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Sales – Net	$364,661	$437,893	$635,212	$548,995
Cost of Sales	122,290	179,740	303,343	202,213
Gross Profit	242,371	258,153	331,869	346,782
Selling Expenses	128,637	95,830	196,241	134,240
General and Administrative Expenses				
Share-Based Services	--	--	--	242,900
Other	121,484	124,561	302,303	248,127
Total General and Administrative Expenses	121,484	124,561	302,303	491,027
Total Operating Expenses	250,121	220,391	498,544	625,267
Income (Loss) from Operations	(7,750)	37,762	(166,675)	(278,485)
Other Income [Expense]				
Interest Expense	(12,620)	(10,418)	(29,775)	(31,078)
Amortization of Debt Discount	(15,355)	(36,412)	(31,505)	(45,844)
Change in Fair Value of Derivative	(40,016)	13,380	(25,616)	18,306
Gain on Sale of Subsidiary	--	--	--	225,000
Financing Costs – Shared Based	--	(535,150)	--	(595,160)
Loss on Disposal of Equipment	--	--	--	(18,945)
Other income	1,350	--	1,350	--
Total Other Income [Expense]	(66,641)	(568,610)	(85,546)	(447,721)
Net Loss	$(74,391)	$(530,848)	$(252,221)	$(726,206)
Net Loss Per Common Share – Basic and Diluted	$(0.00)	$(0.06)	$(0.02)	$(0.11)
Weighted Average Common Shares Outstanding – Basic and Diluted	20,375,152	8,608,383	16,098,130	6,859,980

See notes to financial statements.

BERGIO INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating Activities		
Net Loss	$(252,221)	$(726,206)
Adjustments to Reconcile Net Loss to Net Cash Used		
for by Operating Activities:		
Depreciation and Amortization	21,514	27,947
Share-Based Services	--	242,900
Share-Based Financing Costs	--	595,160
Allowance for Doubtful Accounts	--	(6,000)
Amortization of Debt Discount	31,505	45,844
Change in Fair Value of Derivative	25,616	(18,306)
Gain on Sale of Subsidiary	--	(225,000)
Loss on Disposal of Equipment	--	18,945
Sales returns and allowances reserve	--	(34,808)
Changes in Assets and Liabilities		
[Increase] Decrease in:		
Accounts Receivable	88,806	14,029
Inventory	44,660	(214,869)
Prepaid Expenses	6,843	(6,064)
Increase [Decrease] in:		
Accounts Payable and Accrued Expenses	(116,624)	(19,312)
Total Adjustments	102,320	420,466
Net Cash Used for Operating Activities	(149,901)	(305,740)
Investing Activities:		
Capital Expenditures	(20,225)	(18,095)
Proceeds from Sale of Subsidiary	37,500	50,000
Payments for Disposal	--	(2,145)
Net Cash Provided by Investing Activities	17,275	29,760
Financing Activities:		
Increase [Decrease] in Cash Overdraft	19,173	(11,519)
Advances under Bank Lines of Credit – Net	(3,594)	(12,985)
Proceeds from Convertible Debt	100,000	160,000
Repayments of Notes Payable	(19,137)	(19,773)
Advances from Stockholder – Net	43,500	141,700
Repayments of Capital Leases	(11,578)	(11,443)
Proceeds from Sale of Stock	--	30,000
Net Cash Provided by Financing Activities	128,364	275,980
Net Change in Cash	(4,262)	--

Cash – Beginning of Periods	4,262	--
Cash – End of Periods	$--	$--

See notes to financial statements.

BERGIO INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30, 2011	2010
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the years for:		
Interest	$19,000	$40,000
Income Taxes	$--	$--
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Debt Discount from Fair Value of Imbedded Derivative	$61,752	$118,336
Issuance of Common Stock for Convertible Debt and Accrued Interest	$99,841	$--
Issuance of Common Stock for Accrued Payroll – Related Party	$23,558	$--
Issuance of Convertible Note for Settlement Agreement	$25,000	$--
Issuance of Common Stock for Deferred Offering Costs	$--	$519,160
Issuance of Common Stock for Bank Line of Credit	$--	$699,999
Issuance of Common Stock for Stockholder Advances	$--	$401,759
Notes Payable Settled with Inventory	$--	$21,500
Issuance of Common Stock for Vendor Payables and Accrued Expenses	$--	$280,333
Issuance of Common Stock for Share Liability	$--	$180,000

See notes to financial statements.

[1] Nature of Operations and Basis of Presentation

Nature of Operations – Bergio International, Inc. [the "Company"] was incorporated in the State of Delaware on July 24, 2007 under the name Alba Mineral Exploration, Inc. On October 21, 2009, as a result of a Share Exchange Agreement (defined below), the corporate name was changed to Bergio International, Inc. and the Company implemented a 12 for 1 forward stock split of its common shares. Effective December 27, 2010, the Company implemented a 1-for-12 reverse stock split. All share and per share data has been adjusted to reflect such stock splits. The Company is engaged in the product design, manufacturing and distribution of fine jewelry in the United States, Europe and Asia and is headquartered from its corporate office in Fairfield, New Jersey. Based on the nature of operations, the Company's sales cycle experiences significant seasonal volatility with the first two quarters of the year representing 15% - 25% of annual sales and the remaining two quarters representing the remaining portion of annual sales.

On October 19, 2009, the Company entered into a Share Exchange Agreement (the “Exchange Agreement”), with Diamond Information Institute, Inc. (“Diamond”), a New Jersey corporation. Pursuant to the Exchange Agreement the Company acquired all the issued and outstanding common stock of Diamond, and Diamond became a wholly-owned subsidiary of the Company. In addition, the Company acquired all Diamond’s assets and liabilities effective as of the date of the Exchange Agreement. Per the Exchange Agreement, the Company issued 2,585,175 shares of the Company’s common stock to the shareholders of Diamond (approximately .21884 shares of Company common stock for each share of Diamond common stock), representing approximately 60% of the Company’s aggregate issued and outstanding common stock following the closing of the Exchange Agreement and the Stock Agreement (defined below). The acquisition of Diamond was treated as a recapitalization, and the business of Diamond became the business of the Company. At the time of the recapitalization, the Company was in the exploration development stage and was not engaged in any active business. The accounting rules for recapitalizations require that beginning October 19, 2009, the date of the recapitalization, the balance sheet reflects the consolidated assets and liabilities of Bergio International, Inc. and the equity accounts were recapitalized to reflect the newly capitalized company. The results of operations reflect the operations of Diamond, which became the operations of the Company, for all periods presented. In February 2010, the Company sold all its shares in Diamond to an unrelated third party for $225,000 and recognized a gain from the sale of $225,000.

In conjunction with the Exchange Agreement, the Company, on October 20, 2009, entered into a Stock Purchase Agreement (the “Stock Agreement”) with certain stockholders of the Company (the “former stockholders”). Pursuant to the Stock Agreement, the Company spun out its 100% interest in Alba Mineral Exploration, Inc., an Alberta, Canada Corporation (“Alba Canada”) to the former stockholders for nominal consideration and the cancellation of all of the shares of common stock of the Company then owned by the former stockholders. As a result, a total of 3,310,000 shares were cancelled.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Basis of Presentation - The accompanying unaudited interim financial statements as of June 30, 2011, and for the three and six months ended June 30, 2011 and 2010 have been prepared in accordance with accounting principles generally accepted for interim financial statement presentation and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. In the opinion of management, the financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of June 30, 2011, results of operations for the three and six months ended June 30, 2011 and 2010 and cash flows for the six months ended June 30, 2011 and 2010. The results of operations for the six months ended June 30, 2011 are not necessarily indicative of the results to be expected for the full year.

[2] Summary of Significant Accounting Policies

Other significant accounting policies are set forth in Note 2 of the audited financial statements included in the Company's 2010 Form 10-K.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenue is recognized upon the shipment of products to customers with the price to the buyer being fixed and determinable and collectability reasonably assured

Inventories - Inventory consists primarily of finished goods and is valued at the lower of cost or market. Cost is determined using the weighted average method and average cost is recomputed after each inventory purchase or sale.

Fair Value of Financial Instruments – The Company follows guidance issued by the FASB on "Fair Value Measurements" for assets and liabilities measured at fair value on a recurring basis. This guidance establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements.

The FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the FASB requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions

The Company discloses the estimated fair value for all financial instruments for which it is practicable to estimate fair value. As of June 30, 2011, the fair value of short-term financial instruments including cash overdraft, accounts receivable, accounts payable and accrued expenses, approximates book value due to their short-term maturity. The fair value of property and equipment is estimated to approximate its net book value. The fair value of debt obligations, other than convertible debt obligations, approximates their face values due to their short-term maturities and/or the variable rates of interest associated with the underlying obligations.

The fair value of the Company's convertible debt is measured on a recurring basis (see Note 6).

The following table presents fair value measurements for major categories of the Company's financial liabilities measured at fair value on a recurring basis:

	June 30, 2011 Fair Value Measurements Using				December 31, 2010 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Convertible Debt	$ --	$ 62,572	$ --	$ 62,572	$ --	$ 112,069	$ --	$ 112,069

In addition, the FASB issued, "The Fair Value Option for Financial Assets and Financial Liabilities. This guidance expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value option for any of its qualifying financial instruments.

Subsequent Events – The Company evaluated subsequent events, which are events or transactions that occurred after June 30, 2011 through the issuance of the accompanying financial statements.

Recently Issued Accounting Pronouncements – There are several new accounting pronouncements issued or proposed by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or results of operations.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

[3] Property and Equipment

Property and equipment and accumulated depreciation and amortization are as follows:

	June 30, 2011	December 31, 2010
Selling Equipment	$8,354	$8,354
Office and Equipment	345,755	325,530
Leasehold Improvements	7,781	7,781
Furniture and Fixtures	18,487	18,487
Total – At Cost	380,377	360,152
Less: Accumulated Depreciation and Amortization	263,531	242,017
Property and Equipment – Net	$116,846	$118,135

Depreciation and amortization expense for the three months ended June 30, 2011 and 2010 and the six months ended June 30, 2011 and 2010 amount to approximately $9,000, $14,000, $22,000 and $28,000, respectively.

[4] Notes Payable

	June 30, 2011	December 31, 2010
Notes payable due in equal monthly installments, of $2,500 and one payment on June 30, 2011 equal to the outstanding balance; interest rate of 7.60%. The notes are collateralized by the assets of the Company. (1)	$79,871	$91,517
Notes payable due in equal monthly installments, over 60 months, maturing through April 2014 at interest rates of 10.52%. The notes are collateralized by specific assets of the Company.	62,678	70,169
Total	142,549	161,686
Less: Current Maturities Included in Current Liabilities	100,949	110,060
Total Long-Term Portion of Debt	$41,600	$51,626

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Maturities of long-term debt are as follows:

Twelve months ended June 30,		
2012	$	100,949
2013		21,698
2014		19,902
Total	$	142,549

(1) Terms are per the Post Judgment Payment and Forbearance Agreement dated October 9, 2009 between the company and the bank. In the event of a default, the bank may immediately enforce its rights of collection for the full amount under the judgement, less credits for payment made through the date of default. The Company is in the process of negotiating an extension of the payment terms with the bank.

[5] Bank Lines of Credit

A summary of the Company’s credit facilities is as follows:

	June 30, 2011	December 31, 2010
Credit Line of $55,000 monthly payments of $500 and one payment on June 30, 2011 equal to outstanding balance; interest at the bank's prime rate plus .75%. At June 30, 2011 and December 31, 2010, the interest rate was 4.00%. Collateralized by the assets of the Company. (1)	$38,171	40,153
Various unsecured Credit Cards of $161,000, minimum payment of principal and interest are due monthly at the credit card's annual interest rate. At June 30, 2011 and December 31, 2010, the interest rates ranged from 3.99% to 24.90%.	159,101	160,713
Total	197,272	200,866
Less: Current maturities included in current liabilities	197,272	200,866
Total Long-Term Portion	$--	$--

The Company's CEO and majority shareholder also serves as a guarantor of the Company's debt.

(1) Terms are per the Post Judgement Payment and Forbearance Agreement dated October 9, 2009 between the company and the bank. In the event of a default, the bank may immediately enforce its rights of collection for the full amount under the judgement, less credits for payment made through the date of default. The Company is in the

process of negotiating an extension of the payment terms with the bank.

[6] Convertible Debt

Asher

On February 1, 2010, the Company issued an 8% secured convertible note (the "February 2010 Note") in the amount of $50,000 to Asher Enterprises, Inc. ("Asher"). The principal and accrued interest is payable on January 2, 2011 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In 2010, $47,000 of the principal was converted into 538,829 shares of company common stock. In January 2011, the balance of the convertible note of $3,000 and $2,000 of accrued interest was converted into 100,000 shares of common stock.

On March 12, 2010, the Company issued an 8% secured convertible note (the "March 2010 Note") in the amount of $30,000 to Asher. The principal and accrued interest is payable on December 13, 2010 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In February and March 2011, the convertible note of $30,000 and accrued interest of $1,200 was converted into 1,121,975 shares of common stock.

In April 2010, the Company issued an 8% secured convertible note (the "April 2010 Note") in the amount of $40,000 to Asher. The principal and accrued interest is payable on January 13, 2011 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In April 2011, the convertible note and accrued interest was converted into 3,847,321 shares of common stock.

In May 2010, the Company issued an 8% secured convertible note (the "May 2010 Note") in the amount of $40,000 to Asher. The principal and accrued interest is payable on February 11, 2011 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In May and June 2011, the convertible note and accrued interest was converted into 3,999,843 shares of common stock.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

In April 2011, the Company issued an 8% convertible note (the "April 2011 Note") in the amount of $50,000 to Asher. The principal and accrued interest is payable on January 18, 2012 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten day trading period ending one day prior to the date of conversion.

Asher is entitled to have all shares issued upon conversion of the above notes listed upon each national securities exchange or other automated quotation system, if any, upon which shares of the Company common stock are then listed.

Tangiers

Effective January 2011, the Company entered into a 7% convertible promissory note agreement (the "January 2011 Note") in the amount of $25,000 with Tangiers Capital, LLC ("Tangiers") for the settlement of an accrued termination fee related to the securities purchase agreement with Tangiers. The principal and accrued interest is payable on June 18, 2012 or such earlier date as defined in the agreement. The note, including any accrued interest, is convertible into shares of the Company's common stock at a price of 80% of the lowest trading price, determined on the then current trading market for the Company's common stock, for the ten trading days prior to conversion, at the option of the holder. In March and April 2011, the convertible note and accrued interest was converted into 1,965,254 shares of common stock.

On November 16, 2009, the Company issued a 7% Secured Convertible Debenture (the "November 2009 Debenture") in the amount of $25,000 to Tangiers. The principal and accrued interest is payable on August 16, 2010 or such earlier date as defined in the agreement. Upon issuance, the November 2009 Debenture, including any accrued interest, was convertible into shares of the Company's common stock at a price of 80% of the average of the two lowest trading prices, determined on the then current trading market for the Company's common stock, for the ten trading days prior to conversion, at the option of the holder. The holder is entitled to "piggyback" registration rights on shares of common stock issued upon conversion. During the year ended December 31, 2010, $18,750 of the convertible note was converted into 290,144 shares of common stock. In February 2011, the balance of the note of $6,250 and accrued interest of $1,694 was converted into 141,839 shares of common stock.

Strategic

In May 2011, the Company issued a 15% convertible note (the "May 2011 Note") in the amount of $50,000 to Strategic Business Initiatives, LLC ("Strategic"). The principal and accrued interest is payable on November 30, 2011 or such earlier date as defined in the agreement. The Company must give 10 days' notice to Strategic about its intent to prepay the note. During the ten day period, prior to the Company's prepayment, Strategic has the option to convert all or a portion of the principal and/or accrued interest into shares of the Company's common stock at a price of 80% of the five day average closing price immediately prior to the conversion date.

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The Company accounts for the fair value of the conversion features in accordance with ASC Topic No. 815-15 "Derivatives and Hedging; Embedded Derivatives" ("Topic No. 815-15"). Topic No. 815-15 requires the Company to bifurcate and separately account for the conversion features as an embedded derivative contained in the Company's convertible debt. The Company is required to carry the embedded derivative on its balance sheet at fair value and account for any unrealized change in fair value as a component of results of operations. The Company valued the embedded derivative using the Black-Scholes pricing model. The fair values upon issuance of the January 2011 Note of $12,478, the April 2011 Note of $32,704 and the May 2011 Note of $16,570 were recorded as a derivative liability and a discount to the convertible debt. Amortization of debt discount amounted to $31,505 and $45,844 for the six months ended June 30, 2011 and 2010, respectively. The derivative liability is revalued each reporting period using the Black-Scholes model. For the six months ended June 30, 2011 and 2010, the Company recorded an unrealized (loss) gain from the change in the fair value of the derivative liability of $(25,616) and $18,306, respectively. Convertible debt as of June 30, 2011 and December 31, 2010, is shown net of debt discount of $37,428 and $7,181, respectively.

The Black-Scholes model was valued with the following inputs:

Stock Price – The Stock Price was based on the average closing price of the Company's stock as of the Valuation Date. Stock Prices ranged from $0.01 to $0.12 in the period 1-01-2011 through 6-30-2011.

Variable Conversion Price – The variable conversion price was based on: (i) 80% of the lowest Stock Price out of the last 10 trading days prior to the Valuation Date (Tangiers); and (ii) 62.5% of the average of the 3 lowest Stock Prices out of the last 10 trading days prior to the Valuation Date (Asher) and (iii) 80% of the stock price for the last 5 trading days prior to valuation date (Strategic).

Time to Maturity – The time to maturity was determined based on the length of time between the Valuation Date and the maturity of the debt. Time to maturity ranged from 0 months to 9 months in the period 1-01-2011 through 6-30-2011.

Risk Free Rate – The risk free rate was based on the Treasury Note rate as of the Valuation Dates with term commensurate with the remaining term of the debt. The risk free rate ranged from 0.18% to 0.30% in the period 1-01-2011 through 6-30-2011.

Volatility – The volatility was based on the historical volatility of three comparable companies as historical volatility of the Company was not useful in developing the expected volatility due to the limited trading history of its stock. The average volatility for the comparable companies ranged from 55.77% to 56.92% in the period 1-01-2011 through 6-30-2011.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

[7] Equipment Held Under Capital Leases

The Company's equipment held under the capital lease obligations is summarized as follows:

	June 30, 2011	December 31, 2010
Showroom Equipment	$40,000	$40,000
Less: Accumulated Amortization	28,667	24,667
Equipment Held under Capitalized Lease Obligations - Net	$11,333	$15,333

Amortization related to the equipment held under capital leases is calculated using the straight-line method over the five year useful lives of the assets. Amortization for the three months ended June 30, 2011 and 2010 and the six months ended June 30, 2011 and 2010 amounted to $2,000, $2,000, 4,000 and $4,000 approximately, respectively.

As of June 30, 2011, the future minimum lease payments under the capital leases are as follows:

2012	$3,141
Less: Amount Representing Imputed Interest	63
Present Value of Net Minimum Capital Lease Payments	3,078
Less: Current Portion of Capitalized Lease Obligations	3,078
Non Current Portion of Capitalized Lease Obligations	$--

Interest expense related to capital leases for the three months ended June 30, 2011 and 2010 and the six months ended June 30, 2011 and 2010 amounted to $200, $1,000, $500, and $2,000 approximately, respectively.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

[8] Income Taxes

Deferred income tax assets [liabilities] are as follows:

	June 30, 2011	December 31, 2010
Deferred Income Tax Assets:		
Net Operating Loss Carryforwards	$238,141	$289,716
Allowance for Doubtful Accounts	12,145	14,293
Start-up Costs	17,630	18,237
Totals	267,916	322,246
Deferred Income Tax Liabilities:		
Property and Equipment	(8,601)	(20,135)
Totals	(8,601)	(20,135)
Gross Deferred Tax Asset [Liability]	259,315	302,111
Valuation Allowance for Deferred Taxes	(259,315)	(302,111)
Net Deferred Tax Asset [Liability]	$--	$--

At December 31, 2010, the Company had approximately $660,000 of federal net operating tax loss carryforwards expiring at various dates through 2030. The Tax Reform Act of 1986 enacted a complex set of rules which limits a company's ability to utilize net operating loss carryforwards and tax credit carryforwards in periods following an ownership change. These rules define an ownership change as a greater than 50 percent point change in stock ownership within a defined testing period which is generally a three-year period. As a result of stock which may be issued by us from time to time and the conversion of warrants, options or the result of other changes in ownership of our outstanding stock, the Company may experience an ownership change and consequently our utilization of net operating loss carryforwards could be significantly limited.

Based upon the net losses historically incurred and, the prospective global economic conditions, management believes that it is not more likely than not that the deferred tax asset will be realized and has provided a valuation allowance of 100% of the deferred tax asset. The valuation allowance decreased by approximately $43,000 and $127,000 in the six months ended June 30, 2011 and the year ended December 31, 2010, respectively.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

[9] Stockholders' Equity

The Company is authorized to issue 200,000,000 shares of common stock, par value $.001 per share. At June 30, 2011 and December 31, 2010, there were 24,323,680 and 11,159,574 common shares issued and outstanding, respectively. In October 2009, the Company effected a 12 for 1 forward split of its common stock. Effective December 27, 2010, the Company implemented a 1-for-12 reverse stock split. All share and per share data has been retroactively adjusted to reflect such stock splits.

In March 2011, the Company issued an aggregate of 1,988,054 shares of common stock valued at $23,558 to its Chief Executive Officer pursuant to his employment agreement (see Note 11).

In January, February, March, April and May 2011, the Company issued an aggregate of 9,069,139 shares of common stock to Asher for full conversion of its convertible debt and accrued interest. The shares are valued at $122,170 (see Note 6).

In February, March and April 2011, the Company issued an aggregate of 2,107,093 shares of common stock to Tangiers for full conversion of its convertible debt and accrued interest. The shares are valued at $34,315 (see Note 6).

[10] Related Party Transactions

The Company receives periodic advances from its principal shareholder and Chief Executive Officer ("CEO") based upon the Company's cash flow needs. At June 30, 2011 and December 31, 2010, $361,101 and $317,601, respectively was due to the shareholder. Interest expense is accrued at an average annual market rate of interest which was 3.25% at June 30, 2011 and December 31, 2010, respectively. No terms for repayment have been established. As a result, the amount is classified as a Current Liability.

In the six months ended June 30, 2011, the Company issued an aggregate of 1,988,054 shares of common stock to its CEO in accordance with his employment agreement (See Note 11). The shares are valued at $23,558, which is equal to the amount of unpaid compensation owed the CEO. At June 30, 2011, the CEO is owed accrued compensation of $26,442.

BERGIO INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

[11] Commitment and Contingencies

Employment Agreement - Effective February 28, 2010, the Company entered into an employment agreement with its CEO. The agreement, which is for a five year term, provides for an initial base salary of $175,000 per year with a 3% annual increase thereafter (the “Base Salary”). The CEO is also entitled to certain bonuses based on net profits before taxes and other customary benefits, as defined in the agreement. In addition, since it is understood that the Company is employing the CEO during a time of economic decline throughout the U.S. and at times and from time to time, the Company may not be in a position to pay the full amount of Base Salary owed the CEO it is understood and agreed to by the Board, that as long as the Company is unable to pay the CEO the full amount of his Base Salary that the Board shall issue to him, from time to time, an amount of shares that will allow him to remain in possession of fifty-one percent (51%) of the Company’s then outstanding common stock. Such issuances shall be made to the CEO at any time when his total share holdings are reduced to an amount less than fifty-one percent (51%) as a result of issuance of shares made on behalf of the Company. The CEO waived the 3% annual increase for 2011.

Operating Leases - The Company leases certain office and manufacturing facilities and equipment. The Company’s office and manufacturing facilities are currently leased on a month to month basis at $1,800 per month. The equipment lease agreements are non-cancelable and expire at various dates through 2011. All these leases are classified as operating leases.

Rent expense for the Company's operating leases for the three months ended June 30, 2011 and 2010 and the six months ended June 30, 2011 and 2010 amounted to approximately $5,000, $5,000, $11,000 and $11,000, respectively.

Litigation - The Company, in the normal course of business, is involved in certain legal matters for which it carries insurance, subject to certain exclusions and deductibles. As of June 30, 2011 and through the date of issuance of these financial statements, there was no asserted or unasserted litigation, claims or assessments warranting recognition and/or disclosure in the financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This quarterly report on Form 10-Q and other reports filed by the Bergio International Inc. ("Bergio" or the "Company") from time to time with the U.S. Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements and information that are (collectively, the "Filings") based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC, relating to the Company's industry, the Company's operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this report.

Plan of Operation

We are entering into our 20th year of operations and concentrate on boutique, upscale jewelry stores. We currently sell our jewelry to approximately 150 independent jewelry retailers across the United States and have spent over $3 million in branding the Bergio name through tradeshows, trade advertising, national advertising and billboard advertising since launching the line in 1995. Our products consist of a wide range of unique styles and designs made from precious metals such as, gold, platinum, and Karat gold, as well as diamonds and other precious stones. We have approximately 50 to 75 product styles in our inventory, with prices ranging from $400 to $200,000. We have manufacturing control over our line as a result of having a manufacturing facility in New Jersey as well as subcontracts with facilities in Italy and Bangkok.

It is our intention to establish Bergio International as a holding company for the purpose of acquiring established jewelry design and manufacturing firms who possess branded product lines. Branded product lines are products and/or collections whereby the jewelry manufacturers have established their products within the industry through advertising in consumer and trade magazines as well as possibly obtaining federally registered trademarks of their products and collections. This is in line with our strategy and belief that a brand name can create an association with innovation, design and quality which helps add value to the individual products as well as facilitate the introduction of new products.

We intend to acquire design and manufacturing firms throughout the United States and Europe. If and when we pursue any potential acquisition candidates, we intend to target the top 10% of the world's jewelry manufactures that have already created an identity and brand in the jewelry industry. We intend to locate potential candidates through our relationships in the industry and expect to structure the acquisition through the payment of cash, which will most likely be provided from third party financing, as well as our common stock but not cash generated from our operations. In the event we obtain financing from third parties for any potential acquisitions, Bergio International may agree to issue our common stock in exchange for the capital received. However, as of the date of this report, we do not have any binding agreements with any potential acquisition candidates or arrangements with any third parties for financing.

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

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Result of Operations for the Three and Six Months Ended June 30, 2011 and 2010

The following income and operating expenses tables summarize selected items from the statement of operations for the three and six months ended June 30, 2011 compared to the three and six months ended June 30, 2010.

INCOME:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Sales – net	$364,661	$437,893	$635,212	$548,995
Cost of Sales	122,290	179,740	303,343	202,213
Gross Profit	$242,371	$258,153	$331,869	$346,782
Gross Profit as a Percentage of Revenue	66 %	59 %	52 %	63 %

Sales

Net sales for the three months ended June 30, 2011 were $364,661 compared to $437,893 for the three months ended June 30, 2010. This resulted in a decrease of $73,232 from the comparable period. Net sales for the six months ended June 30, 2011 were $635,212 compared to $548,995 for the six months ended June 30, 2010. This resulted in an increase of $86,217 from the comparable period. The six month increase is primarily a result of a bulk sale of diamonds in the amount of approximately $100,000 in the first quarter of 2011. The three month decrease is due to the lack of consumer confidence in the U.S. economy and the continuing high level of unemployment. Such lack of confidence has resulted in a slowdown in discretionary spending which has continued to negatively affect our sales. We have tried to offset the U.S. slowdown by expanding our customer base into Europe and Asia, however, those economies have also experienced slowdowns in the second quarter of 2011.

Typically, revenues experience significant seasonal volatility in the jewelry industry. The first two quarters of any given year typically represent approximately 15%-25% of total year revenues, based on historic results. The holiday buying season during the last two quarters of every year typically account for the remainder of annual sales.

Cost of Sales

Cost of sales for the three months ended June 30, 2011 was $122,290 a decrease of $57,450 from $179,740 for the three months ended June 30, 2010. Cost of sales for the six months ended June 30, 2011 was $303,343 an increase of approximately $101,130 from $202,213 for the three months ended June 30, 2010. The decrease in cost of sales in the three month period is related to reduced material costs and the decrease in overall sales. The increase in cost of sales in the six month period is primarily related to the bulk sale of diamonds with a cost in the amount of approximately $95,000 which generated a very low profit margin of 5% on labor costs we incurred.

Gross Profit:

During the three months ended June 30, 2011, our gross profit as a percentage of sales was 66%, compared to a gross profit as a percentage of sales of 59% for the three months ended June 30, 2010. During the six months ended June 30, 2011, our gross profit as a percentage of sales was 52%, compared to a gross profit as a percentage of sales of 63% for the six months ended June 30, 2010. Our increased gross profit during the three month period was a result of our decrease in cost of sales (as described above) and a concerted effort to limit the amount of sales returns allowed which began at the end of 2009. Our decrease in gross profit percentage during the six month period was primarily attributable to the bulk sale of diamonds as described above.

OPERATING EXPENSES:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Selling Expenses	$128,637	$95,830	$196,241	$134,240
Total General and Administrative Expenses	121,484	124,561	302,303	491,027
Total Operating Expenses	250,121	220,391	498,544	625,267
Other Income (Expenses)	(66,641)	(568,610)	(85,546)	(447,721)
Net Loss	$(74,391)	$(530,848)	$(252,221)	$(726,206)

Selling Expenses

Total selling expenses were $128,637 for the three months ended June 30, 2011, an increase of $32,807 from $95,830 for the three months ended June 30, 2010. Total selling expenses were $196,241 for the six months ended June 30, 2011, an increase of $62,001 from $134,240 for the six months ended June 30, 2010. Selling expenses include advertising, trade show expenses, travel and selling commissions. The increase in selling expenses during the three and six months ended June 30, 2011 is a result of increased advertising and travel expenses as we continue to implement our strategic plan to increase our customer base outside the United States.

General and Administrative Expenses

General and administrative expenses were $121,484 for the three months ended June 30, 2011 compared to $124,561 for the three months ended June 30, 2010, a decrease of $3,077. General and administrative expenses were $302,303 for the six months ended June 30, 2011 compared to $491,027 for the six months ended June 30, 2010, a decrease of $188,724. General and administrative expenses were fairly consistent during the three month periods. The decrease in general and administrative expenses during the six month periods primarily results from a decrease in share-based costs of $242,900. This decrease was offset by increases in payroll costs and professional fees, incurred in the implementation of our plan to expand our customer base and in our efforts to raise capital.

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Income [Loss] from Operations

During the three months ended June 30, 2011, we had a loss from operations totaling $7,750 which represented a decrease of $45,512 from the income from operations of $37,762 for the three months ended June 30, 2010. During the six months ended June 30, 2011, we had a loss from operations totaling $166,675 which represented a decrease of $111,810 from the loss from operations of $278,485 for the six months ended June 30, 2010. As discussed above, fluctuations in material and operating costs were the primary reason for the fluctuations in income [loss] from operations.

Other Income [Expense]

Other Income [Expense] decreased $501,969 from Other [Expense] of [$568,610] in the three months ended June 30, 2010 to Other [Expense] of [$66,641] in the three months ended June 30, 2011. Other Income [Expense] decreased $362,175 from Other [Expense] of [$447,721] in the six months ended June 30, 2010 to Other [Expense] of [$85,546] in the six months ended June 30, 2011. The change in Other Income [Expense] in the three month periods was primarily a result of [$535,150] from the expense of share-based financing costs in 2010 and the fair value change in our derivative of [$40,016] in 2011 compared to $13,380 in 2010. Other Income [Expense] in the six months ended June 30, 2010 is comprised primarily of the $225,000 gain from the sale of our subsidiary, Diamond, [$595,160] from the expense of share-based financing costs, the fair value change in our derivative of $18,306, amortization of debt discount of $45,844, and loss on disposal of equipment of $18,945. In the six months ended June 30, 2011 Other Income [Expense] is comprised of the fair value change in our derivative of [$25,616] and amortization of debt discount of $31,505. Interest expense in the three months ended June 30, 2011 and 2010 and the six months ended June 30, 2011 and 2010 amounted to $12,620, 10,418, $29,775 and $31,078, respectively.

Net Loss

The Company incurred a net loss of $74,391 for the three months ended June 30, 2011 compared to a net loss of $530,848 for the three months ended June 30, 2010. The Company incurred a net loss of $252,221 for the six months ended June 30, 2011 compared to a net loss of $726,206 for the six months ended June 30, 2010. This represented decreases in our net loss of $456,457 in the three month periods and $473,985 in the six month periods attributable to the various factors as discussed above.

Liquidity and Capital Resources

The following table summarizes working capital at June 30, 2011 compared to December 31, 2010.

	June 30, 2011	December 31, 2010	Increase/ (Decrease)
Current Assets	$2,083,436	$2,265,507	$(182,071)
Current Liabilities	$1,103,036	$1,240,384	$(137,348)
Working Capital	$980,400	$1,025,123	$(44,723)

At June 30, 2011, we had a cash overdraft of $19,173, compared to cash of $4,262 at December 31, 2010. Over the next twelve months we believe that our existing capital combined with cash flow from operations will be sufficient to sustain our current operations. It is anticipated that we will need to sell additional equity and/or debt securities in order to complete or enter into potential mergers and/or acquisitions.

Our working capital decreased by approximately $45,000 during the six months ended June 30, 2011 primarily due to the following:

Accounts receivable at June 30, 2011 was $385,406 compared to $474,212 at December 31, 2010, which represents a decrease of approximately $89,000 or 19%. We typically offer our customers 60, 90 or 120 day payment terms on sales, depending upon the product mix purchased. When setting terms with our customers, we also consider the term of the relationship with individual customers and management’s assessed credit risk of the respective customer, and may at management’s discretion, increase or decrease payment terms based on those considerations. The decrease in accounts receivable is primarily attributable to our collection efforts during the period.

Inventory at June 30, 2011 and December 31, 2010 was $1,558,020 and $1,602,680, respectively. Our management seeks to maintain a very consistent inventory level that it believes is commensurate with current market conditions and manufacturing requirements related to anticipated sales volume. We historically do not have an inventory reserve for slow moving or obsolete products due to the nature of our inventory of precious metals and stones, which are commodity-type raw materials and rise in value based on quoted market prices established in actively trade markets. This allows for us to resell or recast these materials into new products and/or designs as the market evolves. We had a decrease in inventory of approximately $45,000 or 3% primarily attributable to a purchase of diamonds in the last quarter of 2010 in the amount of approximately $95,000 which was sold in the first quarter of 2011.

Accounts payable and accrued expenses at June 30, 2011 were $239,727 compared to $417,144 at December 31, 2010, which represents a 43% decrease. We utilized cash from the collection of accounts receivable and advances from our major stockholder to pay down payables.

Advances from our major stockholder at June 30, 2011 were $361,101 compared to $317,601 at December 31, 2010. The increase is a result of additional advances received in 2011.

Bank Lines of Credit and Notes Payable

Our indebtedness is comprised of various term loans, capital leases and credit cards intended to provide capital for the ongoing manufacturing of our jewelry line, in advance of receipt of the payment from our retail distributors. As of June 30, 2011, we had 2 outstanding term loans. One of the term loans is for $100,000 with Leaf Financial Corp., which is payable in monthly installments and matures in April 2014. The note bears an annual interest rate of 10.52% and as of June 30, 2011, there was an outstanding balance of $62,678. We also have a $300,000 term loan with JPMorgan Chase Bank, which is payable in monthly installments and matures in June 2011. The note bears an annual interest rate of 7.60% and as of June 30, 2011 there was an outstanding balance of $79,871. The Company is in the process of negotiating an extension of the payment terms with the bank. Both of these notes are collateralized by our assets as well as a personal guarantee by our CEO, Berge Abajian.

We had a bank line of credit of $55,000 with JPMorgan Chase Bank, which was converted to a term loan and requires a monthly payment of $500 and matures in June 2011. The interest rate is calculated at the bank's prime rate plus 0.75%. As of June 30, 2011, we had an outstanding balance of $38,171 at an effective annual interest rate of 4.00%. The loan is collateralized by our assets as well as a personal guarantee by our CEO, Berge Abajian. The Company is in the process of negotiating an extension of the payment terms with the bank.

In addition to term loans, we have a number of various unsecured credit card obligations. These obligations require minimal monthly payments of interest only and as of June 30, 2011 we have outstanding balances of $159,101, which have interest rates ranging from 3.99% to 24.90%.

Convertible Debt

Asher

On February 1, 2010, the Company issued an 8% secured convertible note (the "February 2010 Note") in the amount of $50,000 to Asher Enterprises, Inc. ("Asher"). The principal and accrued interest is payable on January 2, 2011 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In 2010, $47,000 of the principal was converted into 538,829 shares of company common stock. In January 2011, the balance of the convertible note of $3,000 and $2,000 of accrued interest was converted into 100,000 shares of common stock.

On March 12, 2010, the Company issued an 8% secured convertible note (the "March 2010 Note") in the amount of $30,000 to Asher. The principal and accrued interest is payable on December 13, 2010 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In February and March 2011, the convertible note of $30,000 and accrued interest of $1,200 was converted into 1,121,975 shares of common stock.

In April 2010, the Company issued an 8% secured convertible note (the "April 2010 Note") in the amount of $40,000 to Asher. The principal and accrued interest is payable on January 13, 2011 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In April 2011, the convertible note and accrued interest was converted into 3,847,321 shares of common stock.

In May 2010, the Company issued an 8% secured convertible note (the "May 2010 Note") in the amount of $40,000 to Asher. The principal and accrued interest is payable on February 11, 2011 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six month anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten trading day period ending one day prior to the date of conversion. In May and June 2011, the convertible note and accrued interest was converted into 3,999,843 shares of common stock.

In April 2011, the Company issued an 8% convertible note (the "April 2011 Note") in the amount of $50,000 to Asher. The principal and accrued interest is payable on January 18, 2012 or such earlier date as defined in the agreement. The note is convertible by Asher at any time after the six moth anniversary of the issue date and by the Company at any time after issue with conversion periods as defined in the agreement. The note is convertible into shares of the Company's common stock at a price of 62.5% of the average of the three lowest trading prices of the stock during the ten day trading period ending one day prior to the date of conversion.

Asher is entitled to have all shares issued upon conversion of the above notes listed upon each national securities exchange or other automated quotation system, if any, upon which shares of the Company common stock are then listed.

Tangiers

Effective January 2011, the Company entered into a 7% convertible promissory note agreement (the "January 2011 Note") in the amount of $25,000 with Tangiers Capital, LLC ("Tangiers") for the settlement of an accrued termination fee related to the securities purchase agreement with Tangiers. The principal and accrued interest is payable on June 18, 2012 or such earlier date as defined in the agreement. The note, including any accrued interest, is convertible into shares of the Company's common stock at a price of 80% of the lowest trading price, determined on the then current trading market for the Company's common stock, for the ten trading days prior to conversion, at the option of the holder. In March and April 2011, the convertible note and accrued interest was converted into 1,965,254 shares of common stock.

On November 16, 2009, the Company issued a 7% Secured Convertible Debenture (the "November 2009 Debenture") in the amount of $25,000 to Tangiers. The principal and accrued interest is payable on August 16, 2010 or such earlier date as defined in the agreement. Upon issuance, the November 2009 Debenture, including any accrued interest, was convertible into shares of the Company's common stock at a price of 80% of the average of the two lowest trading prices, determined on the then current trading market for the Company's common stock, for the ten trading days prior to conversion, at the option of the holder. The holder is entitled to "piggyback" registration rights on shares of common stock issued upon conversion. During the year ended December 31, 2010, $18,750 of the convertible note was converted into 290,144 shares of common stock. In February 2011, the balance of the note of $6,250 and accrued interest of $1,694 was converted into 141,839 shares of common stock.

Strategic

In May 2011, the Company issued a 15% convertible note (the “May 2011 Note”) in the amount of $50,000 to Strategic Business Initiatives, LLC (“Strategic”). The principal and accrued interest is payable on November 30, 2011 or such earlier date as defined in the agreement. The Company must give 10 days’ notice to Strategic about its intent to prepay the note. During the ten day period, prior to the Company’s prepayment, Strategic has the option to convert all or a portion of the principal and/or accrued interest into shares of the Company’s common stock at a price of 80% of the five day average closing price immediately prior to the conversion date.

The Company accounts for the fair value of the conversion features in accordance with ASC Topic No. 815-15 “Derivatives and Hedging; Embedded Derivatives” (“Topic No. 815-15”). Topic No. 815-15 requires the Company to bifurcate and separately account for the conversion features as an embedded derivative contained in the Company’s convertible debt. The Company is required to carry the embedded derivative on its balance sheet at fair value and account for any unrealized change in fair value as a component of results of operations. The Company valued the embedded derivative using the Black-Scholes pricing model. The fair values upon issuance of the January 2011 Note of $12,478, the April 2011 Note of $32,704 and the May 2011 Note of $16,570 were recorded as a derivative liability and a discount to the convertible debt. Amortization of debt discount amounted to $31,505 and $45,844 for the six months ended June 30, 2011 and 2010, respectively. The derivative liability is revalued each reporting period using the Black-Scholes model. For the six months ended June 30, 2011 and 2010, the Company recorded an unrealized (loss) gain from the change in the fair value of the derivative liability of $(25,616) and $18,306, respectively. Convertible debt as of June 30, 2011 and December 31, 2010, is shown net of debt discount of $37,428 and $7,181, respectively.

The Black-Scholes model was valued with the following inputs:

Stock Price – The Stock Price was based on the average closing price of the Company’s stock as of the Valuation Date. Stock Prices ranged from $0.01 to $0.12 in the period 1-01-2011 through 6-30-2011.

Variable Conversion Price – The variable conversion price was based on: (i) 80% of the lowest Stock Price out of the last 10 trading days prior to the Valuation Date (Tangiers); and (ii) 62.5% of the average of the 3 lowest Stock Prices out of the last 10 trading days prior to the Valuation Date (Asher) and (iii) 80% of the stock price for the last 5 trading days prior to valuation date (Strategic).

Time to Maturity – The time to maturity was determined based on the length of time between the Valuation Date and the maturity of the debt. Time to maturity ranged from 0 months to 9 months in the period 1-01-2011 through 6-30-2011.

Risk Free Rate – The risk free rate was based on the Treasury Note rate as of the Valuation Dates with term commensurate with the remaining term of the debt. The risk free rate ranged from 0.18% to 0.30% in the period 1-01-2011 through 6-30-2011.

Volatility – The volatility was based on the historical volatility of three comparable companies as historical volatility of the Company was not useful in developing the expected volatility due to the limited trading history of its stock. The average volatility for the comparable companies ranged from 55.77% to 56.92% in the period 1-01-2011 through 6-30-2011.

Satisfaction of our cash obligations for the next 12 months.

A critical component of our operating plan impacting our continued existence is to efficiently manage the production of our jewelry lines and successfully develop new lines through our Company or through possible acquisitions and/or mergers. Our ability to obtain capital through additional equity and/or debt financing, and joint venture partnerships will also be important to our expansion plans. In the event we experience any significant problems assimilating acquired assets into our operations or cannot obtain the necessary capital to pursue our strategic plan, we may have to reduce the growth of our operations. This may materially impact our ability to increase revenue and continue our growth.

Over the next twelve months we believe that our existing capital combined with cash flow from operations and advances from our major stockholder will be sufficient to sustain our current operations. However, in the event we locate potential acquisitions and/or mergers we will most likely need to obtain additional funding through the sale of equity and/or debt securities. There can be no assurance that if additional funding is required we will be able to secure it on terms that are favorable to us or at all.

Summary of product and research and development that we will perform for the term of our plan.

We are not anticipating significant research and development expenditures in the near future.

Expected purchase or sale of plant and significant equipment.

We do not anticipate the purchase or sale of any plant or significant equipment; as such items are not required by us at this time.

Significant changes in the number of employees.

We currently have 3 full-time employees and 2 part-time employees. Of our current employees, 1 is sales and marketing personnel, 2 are manufacturing and 2 hold administrative and executive positions. None of our employees are subject to any collective bargaining agreements. We do not anticipate a significant change in the number of full time employees over the next 12 months.

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, results or operations, liquidity, capital expenditures or capital resources that is deemed material.

Critical Accounting Policies

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Preparing financial statements in accordance with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reported period.

Accounts Receivable. Management periodically performs a detailed review of amounts due from customers to determine if accounts receivable balances are impaired based on factors affecting the collectability of those balances. Management has provided an allowance for doubtful accounts of approximately $30,000 at June 30, 2011.

Long-Lived Assets. In accordance with generally accepted accounting principles, long-lived tangible assets subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an asset is determined to be impaired, the loss is measures by the excess of the carrying amount of the asset over its fair value as determined by an estimate of undiscounted future cash flows. As these factors are difficult to predict and are subject to future events that may alter management’s assumptions, the future cash flows estimated by management in their impairment analyses may not be achieved.

Equity-Based Compensation. The Company accounts for equity based compensation transactions with employees under the provisions of ASC Topic No. 718, “Compensation: Stock Compensation” (“Topic No. 718”). Topic No. 718 requires the recognition of the fair value of equity-based compensation in net income. The fair value of common stock issued for compensation is measured at the market price on the date of grant. The fair value of the Company’s equity instruments, other than common stocks, is estimated using a Black-Scholes option valuation model. This model requires the input of highly subjective assumptions and elections including expected stock price volatility and the estimated life of each award. In addition, the calculation of equity-based compensation costs requires that the Company estimate the number of awards that will be forfeited during the vesting period. The fair value of equity-based awards granted to employees is amortized over the vesting period of the award and the Company elected to use the straight-line method for awards granted after the adoption of Topic No. 718.

The Company accounts for equity based transactions with non-employees under the provisions of ASC Topic No. 505-50, "Equity-Based Payments to Non-Employees" ("Topic No. 505-50"). Topic No. 505-50 establishes that equity-based payment transactions with non-employees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The fair value of common stock issued for payments to non-employees is measured at the market price on the date of grant. The fair value of equity instruments, other than common stock, is estimated using the Black-Scholes option valuation model. In general, the Company recognizes an asset or expense in the same manner as if it was to receive cash for the goods or services instead of paying with or using the equity instrument.

Revenue Recognition. The Company's management recognizes revenue when realized or realizable and earned. In connection with revenue, the Company established a sales return and allowance reserve for anticipated merchandise to be returned based on historical operations. The Company's sole revenue producing activity as a manufacturer and distributor of upscale jewelry is affected by movement in fashion trends and customer desire for new designs, varying economic conditions affecting consumer spending and changing product demand by retailers affecting their desired inventory levels. Realizing that this may, and in some periods has, resulted in a significant amount of sales returns, management revised the Company policy of accepting merchandise returns. Whereas under prior policy customers had up to 360 days to return merchandise and were allowed credits as offsets to their outstanding accounts receivable, under the current return policy merchandise, with limited exceptions, cannot be returned.

Recently Issued Accounting Standards

There are several new accounting pronouncements issued or proposed by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's principal executive officer ("CEO") and principal financial officer ("CFO"), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on this evaluation, the CEO and CFO concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective to ensure that information that is required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management’s Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of our internal control over financial reporting as of June 30, 2011. In making this assessment, management used the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The objective of this assessment is to determine whether our internal control over financial reporting was effective as of June 30, 2011. Based on our assessment utilizing the criteria issued by COSO, management has concluded that our internal control over financial reporting was not effective as of June 30, 2011. Management’s assessment identified the following material weaknesses:

- As of June 30, 2011, there was a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles (“GAAP”) in the U.S. and the financial reporting requirements of the SEC.

- As of June 30, 2011, there were insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements.

- As of June 30, 2011, there was a lack of segregation of duties, in that we only had one person performing all accounting-related duties.

Notwithstanding the existence of these material weaknesses in our internal control over financial reporting, our management believes that the financial statements included in its reports fairly present in all material respects the Company’s financial condition, results of operations and cash flows for the periods presented. We continue to evaluate the effectiveness of internal controls and procedures on an on-going basis. We plan to further address these issues once cash flows from operations improve to a level where we are able to hire additional personnel in financial reporting.

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter 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 are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries’ officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A: Risk Factors

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on March 31, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In April and May 2011, the Company issued an aggregate of 7,847,164 shares of common stock to Asher for partial conversion of its convertible debt and accrued interest. The shares are valued at $85,970.

In April 2011, the Company issued an aggregate of 1,203,059 shares of common stock to Tangiers for partial conversion of its convertible debt and accrued interest. The shares are valued at $13,871.

Item 3. Defaults upon Senior Securities

There has been no default in payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. (Removed and Reserved)

Item 5. Other Information

There is no other information required to be disclosed under this item which was not previously disclosed.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from Bergio International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 is formatted in XBRL: (i) the Unaudited Balance Sheets, (ii) the Unaudited Statements of Operations, (iii) the Unaudited Statements of Cash Flows, and (iv) the Notes to Financial Statements, tagged as blocks of text.

* Submitted electronically herewith

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bergio International, Inc.

Date: August 5, 2011

By: /s/ Berge Abajian
Berge Abajian
Title: Chief Executive Officer and Director