

DNA BRANDS INC
Form 10-Q
May 18, 2012

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

Quarterly Report Under the Securities Exchange Act of 1934

For Quarter Ended: March 31, 2012

DNA BRANDS, INC.

(Exact name of small business issuer as specified in its charter)

Colorado	000-53086	26-0394476
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer ID No.)

506 NW 77th Street Boca Raton, Florida, 33487
(Address of principal executive offices)

(954) 970-3826
(Issuer's Telephone Number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 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 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

The number of shares of the registrant's only class of common stock issued and outstanding as of May 18, 2012 was 48,209,366 shares.

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

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DNA BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2012 (unaudited)	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 45,144	\$ -
Accounts receivable, net	26,752	86,410
Inventory	131,761	179,363
Loans receivable from related party	-	18,247
Prepaid expenses and other current assets	116,757	31,647
Total current assets	320,414	315,667
Property and equipment, net	28,286	31,624
Other assets	25,699	25,199
Total assets	\$ 374,399	\$ 372,490
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Bank overdrafts	\$ -	\$ 19,157
Accounts payable	589,476	702,301
Accrued liabilities	1,412,162	1,355,576
Loans payable, current portion	1,837	3,178
Loans payable to officers	1,225,038	1,303,388
Convertible debentures, current portion, net of discount	524,950	-
Total current liabilities	3,753,463	3,383,600
Convertible debentures, net of discounts	620,701	566,045
Total liabilities	4,374,164	3,949,645
Commitments and contingencies	-	-
Stockholders' deficit		
Preferred stock, \$0.001 par value, 10,000,000 authorized, zero and zero issued and outstanding, respectively	-	-
Common stock, \$0.001 par value, 100,000,000 authorized, 46,916,366 and 45,425,135 issued and outstanding, respectively	46,916	45,425
Additional paid-in capital	18,886,279	17,809,281
Accumulated deficit	(22,932,960)	(21,431,861)
Total stockholders' deficit	(3,999,765)	(3,577,155)
Total liabilities and stockholders' deficit	\$ 374,399	\$ 372,490

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

DNA BRANDS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2012 AND 2011

	2012	2011
Sales	\$ 82,209	\$ 265,817
Cost of goods sold	46,253	180,714
Gross margin	35,956	85,103
Operating expenses		
Compensation and benefits	397,813	480,335
Depreciation expense	3,338	5,900
General and administrative expenses	203,503	231,557
Professional and outside services	209,276	205,468
Selling and marketing expenses	118,642	219,455
Total operating expenses	932,572	1,142,715
Loss from operations	(896,616)	(1,057,612)
Other expense		
Interest expense	(604,483)	(9,065)
Total other expense	(604,483)	