Bergio International, Inc.
Form 10-K
April 03, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2011**

[ ] **TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

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	(I.R.S. Employer Identification No.

12 Daniel Road E.

Fairfield, NJ 07007
(Address of principal executive offices)

(973) 227-3230
(Registrant s telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 checkmark whether the registrant has submitted electronically and posted on its corporate Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	[ ]	Non-accelerated filer	[ ]
Accelerated filer	[ ]	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]

The aggregate market value of registrant s voting and non-voting common equity held by non-affiliates (as defined by Rule 12b-2 of the Exchange Act) computed by reference to the average bid and asked price of such common equity on June 30, 2011, was $337,541.78. As of April 2, 2012, the registrant has one class of common equity, and the number of shares outstanding of such common equity was 55,281,662.

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PART I

Item 1. Business.

Company Overview

We were incorporated as Alba Mineral Exploration, Inc. on July 24, 2007, in the State of Delaware for the purpose of engaging in the exploration of mineral properties. On October 21, 2009, we entered into an exchange agreement with Diamond Information Institute, whereby we acquired all of the issued and outstanding common stock of Diamond Information Institute, Inc. (Diamond Information Institute) and changed the name of the Company to Bergio International Inc. (the Exchange Agreement).

We are entering into our 18th year of operations and concentrate on boutique, upscale jewelry stores. We currently sell our jewelry to approximately 50 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 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 may agree to issue our common stock in exchange for the capital received. However, as of the date hereof, we do not have any binding agreements with any potential acquisition candidates.

Our future operations are contingent upon increasing revenues and raising capital for on-going operations and expansion of our product lines. Because we have a limited operating history, you may have difficulty evaluating our business and future prospects.

We also face the risk that we may not be able to effectively implement our business plan. If we are not effective in addressing these risks, we may not operate profitably and we may not have adequate working capital to meet our obligations as they become due.

Principal Products and Services

We have historically sold our products directly to distributors, retailers and other wholesalers, who then in turn sell their products to consumers through retail stores. Independent retail jewelers that offer the current Bergio line are not under formal contracts and most sell competing products as well.

Our products consist of a wide range of unique jewelry styles and designs made from precious metals such as gold, platinum and Karat gold, as well as other precious stones. We continuously innovate and change our designs based upon consumer trends. As a result of new designs being created we believe we are able to differentiate ourselves from our competition and strengthen our brands. We sell our products to our customers at price points that reflect the market price of the base material plus a markup reflecting our design fee and processing fees.

Each year, most jewelry manufacturers bring new products to market. We believe that we are a trendsetter in jewelry manufacturing. As a result, we come out with a variety of products throughout the year that we believe have commercial potential to meet what we feel are new trends within the industry. The Bergio designs consist of upscale jewelry that includes white diamonds, yellow diamonds, pearls, and colored stones, in 18K gold, platinum, and palladium. We currently design and produce approximately 75 to 100 product styles. Current retail prices for our products range from $400 to $200,000.

Our product range is divided into three fashion lines: (i) 18K gold line, (ii) a bridal line, and (iii) a couture and/or one of kind pieces. Our officer and director, Mr. Abajian, consults regularly with the design teams of his Italian manufacturers, which usually results in a constant continuation of new products and sometimes entire lines being developed. Typically, new products come on line approximately every year and most recently, Bergio International introduced its latest collection, Byzantine, Cestino, and Safari Collections, which launched in June 2010 and consists of approximately 35 pieces made with pink gold and diamonds. In 2011, we introduced two additional collections, Sistina and Rocca Collections. Depending on the timing and styling at any point in time, our products and collections would fall in one of the various categories shown below:

(1)

Whimsical. The whimsical line includes charms, crosses and other add-on pieces.

(2)

Fine. The proposed middle line will consist of fashion jewelry utilizing colored stones, diamonds and pearls applied to a variety of applications such as necklaces, pendants, earrings, bracelets and rings. The metals that we intend to use for the Middle line include platinum, 18K white & yellow gold.

(3)

Couture. The Couture line is our most luxurious line, and consists of one-of-a-kind pieces, new showcase products each year, and predominantly utilizes diamonds, platinum and other precious metals and stones of the highest grade and quality available.

(4)

Bridal. The Bridal line is our core business. We attempt to stay on the forefront of trends and designs in the bridal market with the latest in wedding sets, engagement rings and wedding bands for both men and women.

Each year, we attempt to expand and/or enhance these lines, while constantly seeking to identify trends that we believe exist in the market for new styles or types of merchandise. Design and innovation are the primary focus of our manufacturing and we are less concerned with the supply and capacity of raw materials. Over the last 18 years, Mr. Abajian has been the primary influencer over the Bergio collections. Mr. Abajian with his contacts, which are located mostly overseas, regularly meets to discuss, conceptualize and develop Bergio s various products and collections. When necessary, additional suppliers and design teams can be brought in as the market needs dictate. Management intends to maintain a diverse line of jewelry to mitigate concentration of sales and continuously expand our market reach.

Distribution Methods and Marketing

We continue to devote our efforts towards brand development and utilize marketing concepts in an attempt to enhance the marketability of our products. During the past several years, we have carried out our brand development strategy based on our product quality and design excellence, which is highlighted through our sales personnel. We have established significant networks and relationships with retailers which allow our products to be promoted and sold nationwide. We maintain a broad base of customers and concentrate on retailers that sell fashionable and high end jewelry. We also work with our customers to adjust product strategies based on the customer s feedback to try and decrease the likelihood of overstocked or undesired products.

We intend to further promote our products and brand by participating in trade shows and various exhibitions, consumer and trade advertisements, billboard advertisements, as well as make specialty appearances in retail stores carrying our products.

Sources and Availability of Raw Materials and Principal Suppliers

Most of the inventory and raw materials we purchase occurs through our manufacturers located in Europe. The inventory that we directly maintain is based on recent sales and revenues of our products but ultimately is at the discretion of Mr. Abajian and his experience in the industry. Our inventories are commodities that can be incorporated into future products or can be sold on the open market. Additionally, we perform physical inventory inspections on a quarterly basis to assess upcoming styling needs and consider the current pricing in metals and stones needed for our products.

We acquire all raw gemstones, precious metals and other raw materials used for manufacturing our products on the open market. We are not constrained in our purchasing by any contracts with any suppliers and acquire raw material based upon, among other things, availability and price on the open wholesale market.

Approximately 95% of our product line is now produced in our facility in Fairfield, New Jersey and 5% is contracted to our manufacturing supplier in Italy, who then procure the raw materials in accordance with the specifications and designs submitted by Bergio International. However, the general supply of precious metals and stones used by us can be reasonably forecast even though the prices will fluctuate. Any price differentials in the precious metals and stones will typically be passed on to the customer.

For the raw materials not procured by contracted manufacturers, we have approximately five suppliers that compete for our business, with our largest gold suppliers being ASD Casting Inc. Most of our precious stones are purchased from various diamond dealers. We do not have any formal agreements with any of our suppliers but have established an ongoing relationship with each of our suppliers.

Customers

During the year ended December 31, 2011, the Company did not have one customer that accounted for approximately 5% or more of our annual sales. All of our sales are generated from our customer base of 50 customers, which includes luxury department store retailer Neiman Marcus.

Intellectual Property

Bergio is a federally registered trademarked name that we own. Since the first trademark of Bergio was filed, all advertising, marketing, trade shows and overall presentation of our product to the public has prominently displayed this trademark. As additional lines are designed and added to our products, we may trademark new names to distinguish the particular products and jewelry lines.

Employees

As of April 2, 2012, we had 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. No personnel are covered by a collective bargaining agreement. We intend to use the services of independent consultants and contractors when possible or until we are able to hire internal personnel.

Competition and Market Overview

The jewelry design and manufacture industry is extremely competitive and has low barriers to entry. We compete with other jewelry designers and manufacturers of upscale jewelry as well as retail jewelry stores. There are over 2,500 jewelry design and manufacture companies worldwide, several of which have greater experience, brand name recognition and financial resources than Bergio International.

Our management believes that the jewelry industry competes in the global marketplace and therefore must be adaptable to remain competitive. Recently the U.S. economy has encountered a slowdown and Bergio International anticipates the U.S. economy will most likely remain weak at least through the end of 2012. Consumer spending for discretionary goods such as jewelry is sensitive to changes in consumer confidence and ultimately consumer confidence is affected by general business considerations in the U.S. economy. Consumer discretionary spending generally declines during times of falling consumer confidence, which may affect the retail sale of our products. U.S. consumer confidence reflected these slowing conditions throughout 2011. The impact of the slowing U.S. economy is not usually known until the third quarter of any given year in our industry, thus it is hard to estimate the actual impact the slowing economy will have on our business.

According to the United States Department of Commerce outlook, the United States apparent consumption of precious metal jewelry was expected to grow over the next few years at a slow but steady rate, before picking up considerably in 2013. A stronger economy, more spending by the baby boomers and young professionals with an overall trend toward luxury products will lead to future growth. From 2007 to 2011, apparent consumption of precious metal jewelry was expected to increase by an average of 3.9% per year, totaling $14.0 billion in 2011. Therefore, we intend to make strong efforts to maintain our brand in the industry through our focus on the innovation and design of our products as well as being able to consolidate and increase cost efficiency when possible through acquisitions.

Environmental Regulation and Compliance

The United States environmental laws do not materially impact our manufacturing as we are using state of the art equipment that complies with all relevant environmental laws.

Approximately 5% of the Company s manufacturing is contracted to quality suppliers in the vicinity of Valenza, Italy, with the remaining 95% of setting and finishing work being conducted in Bergio International s Fairfield, New Jersey facility. The setting and finishing work done in our New Jersey facility involves the use of precision lasers, rather than using old soldering procedures which uses gas and oxygen to assemble different elements. Soap and water is used as a standard to clean the jewelry. Also, a standard polishing compound is used for the finishing work but it does not have a material impact on our cost and effect of compliance with environmental laws.

Government Regulation

Currently, we are subject to all of the government regulations that regulate businesses generally such as compliance with regulatory requirements of federal, state, and local agencies and authorities, including regulations concerning workplace safety, labor relations, and disadvantaged businesses. In addition, our operations are affected by federal and state laws relating to marketing practices in the retail jewelry industry. We are subject to the jurisdiction of federal, various state and other taxing authorities. From time to time, these taxing authorities review or audit our business.

Reports to Security Holders

We are subject to the informational requirements of the Exchange Act. Accordingly, we file annual, quarterly and other reports and information with the U.S. Securities and Exchange Commission. You may read and copy these reports, statements, or other information we file at the SEC s public reference room at 100 F. Street, N.E., Washington D.C. 20549. Our filings are also available to the public from commercial document retrieval services and the Internet worldwide website maintained by the U.S. Securities and Exchange Commission at www.sec.gov.

Item 1A. Risk Factors.

Risks Related To Our Business and Industry

A DECLINE IN DISCRETIONARY CONSUMER SPENDING MAY ADVERSELY AFFECT OUR INDUSTRY, OUR OPERATIONS, AND ULTIMATELY OUR PROFITABILITY.

Luxury products, such as fine jewelry, are discretionary purchases for consumers. Any reduction in consumer discretionary spending or disposable income may affect the jewelry industry more significantly than other industries. Many economic factors outside of our control could affect consumer discretionary spending, including the financial markets, consumer credit availability, prevailing interest rates, energy costs, employment levels, salary levels, and tax rates. Any reduction in discretionary consumer spending could materially adversely affect our business and financial condition.

OUR OPERATING RESULTS MAY BE ADVERSELY IMPACTED BY WORLDWIDE POLITICAL AND ECONOMIC UNCERTAINTIES AND SPECIFIC CONDITIONS IN THE MARKETS WE ADDRESS.

In the recent past, general worldwide economic conditions have experienced a downturn due to slower economic activity, concerns about inflation, increased energy costs, decreased consumer confidence, reduced corporate profits and capital spending, and adverse business conditions. Any continuation or worsening of the current global economic and financial conditions could materially adversely affect (i) our ability to raise, or the cost of, needed capital, (ii) demand for our current and future products and (iii) our ability to commercialize products. We cannot predict the timing, strength, or duration of any economic slowdown or subsequent economic recovery, worldwide, or in the display industry.

BECAUSE WE ARE HIGHLY DEPENDENT ON OUR KEY EXECUTIVE OFFICER FOR THE SUCCESS OF OUR BUSINESS PLAN AND MAY BE DEPENDENT ON THE EFFORTS AND RELATIONSHIPS OF THE PRINCIPALS OF FUTURE ACQUISITIONS AND MERGERS, IF ANY OF THESE INDIVIDUALS BECOME UNABLE TO CONTINUE IN THEIR ROLE, OUR BUSINESS COULD BE ADVERSELY AFFECTED.

We believe our success will depend, to a significant extent, on the efforts and abilities of Berge Abajian, our Chief Executive Officer. If we lost Mr. Abajian, we would be forced to expend significant time and money in the pursuit of a replacement, which would result in both a delay in the implementation of our business plan and the diversion of limited working capital. We can give you no assurance that we could find a satisfactory replacement for Mr. Abajian at all, or on terms that are not unduly expensive or burdensome.

If we grow and implement our business plan, we will need to add managerial talent to support our business plan. There is no guarantee that we will be successful in adding such managerial talent. These professionals are regularly recruited by other companies and may choose to change companies. Given our relatively small size compared to some of our competitors, the performance of our business may be more adversely affected than our competitors would be if we lose well-performing employees and are unable to attract new ones.

BECAUSE WE INTEND TO ACQUIRE BUSINESSES AND SUCH ACTIVITY INVOLVES A NUMBER OF RISKS, OUR CORE BUSINESS MAY SUFFER.

We may consider acquisitions of assets or other business. Any acquisition involves a number of risks that could fail to meet our expectations and adversely affect our profitability. For example:

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The acquired assets or business may not achieve expected results;

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We may incur substantial, unanticipated costs, delays or other operational or financial problems when integrating the acquired assets;

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We may not be able to retain key personnel of an acquired business;

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Our management s attention may be diverted; or

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Our management may not be able to manage the acquired assets or combined entity effectively or to make acquisitions and grow our business internally at the same time.

If these problems arise we may not realize the expected benefits of an acquisition.

BECAUSE THE JEWELRY INDUSTRY IN GENERAL IS AFFECTED BY FLUCTUATIONS IN THE PRICES OF PRECIOUS METALS AND PRECIOUS AND SEMI-PRECIOUS STONES, WE COULD EXPERIENCE INCREASED OPERATING COSTS THAT WILL AFFECT OUR BOTTOM LINE.

The availability and prices of gold, diamonds, and other precious metals and precious and semi-precious stones may be influenced by cartels, political instability in exporting countries and inflation. Shortages of these materials or sharp changes in their prices could have a material adverse effect on our results of operations or financial condition. A significant change in prices of key commodities, including gold, could adversely affect our business or reduce operating margins and impact consumer demand if retail prices increased significantly, even though we historically incorporate any increases in the purchase of raw materials to our consumers. Additionally, a significant disruption in our supply of gold or other commodities could decrease the production and shipping levels of our products, which

may materially increase our operating costs and ultimately affect our profit margins.

BECAUSE WE DEPEND ON OUR ABILITY TO IDENTIFY AND RESPOND TO FASHION TRENDS, IF WE MISJUDGE THESE TRENDS, OUR ABILITY TO MAINTAIN AND GAIN MARKET SHARE WILL BE EFFECTED.

The jewelry industry is subject to rapidly changing fashion trends and shifting consumer demands. Accordingly, our success may depend on the priority that our target customers place on fashion and our ability to anticipate, identify, and capitalize upon emerging fashion trends. If we misjudge fashion trends or are unable to adjust our products in a timely manner, our net sales may decline or fail to meet expectations and any excess inventory may be sold at lower prices.

OUR ABILITY TO MAINTAIN OR INCREASE OUR REVENUES COULD BE HARMED IF WE ARE UNABLE TO STRENGTHEN AND MAINTAIN OUR BRAND IMAGE.

We have spent significant amounts of time and money in branding our Bergio and Bergio Bridal lines. We believe that primary factors in determining customer buying decisions, especially in the jewelry industry, are determined by price, confidence in the merchandise and quality associated with a brand. The ability to differentiate products from competitors of the Company has been a factor in attracting consumers. However, if the Company s ability to promote its brand fails to garner brand recognition, its ability to generate revenues may suffer. If the Company fails to differentiate its products, its ability to sell its products wholesale will be adversely affected. These factors could result in lower selling prices and sales volumes, which could adversely affect its financial condition and results of operations.

IF WE WERE TO EXPERIENCE SUBSTANTIAL DEFAULTS BY OUR CUSTOMERS ON ACCOUNTS RECEIVABLE, THIS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR LIQUIDITY AND RESULTS OF OPERATIONS.

Approximately $386,000 of our working capital consists of accounts receivable from customers. If customers responsible for a large amount of accounts receivable were to become insolvent or otherwise unable to pay for our products, or to make payments in a timely manner, our liquidity and results of operations could be materially adversely affected. An economic or industry downturn could materially affect the ability to collect these accounts receivable, which could then result in longer payment cycles, increased collections costs and defaults in excess of management s expectations. A significant deterioration in the ability to collect on accounts receivable could affect our cash flow and working capital position.

WE MAY NOT BE ABLE TO INCREASE SALES OR OTHERWISE SUCCESSFULLY OPERATE OUR BUSINESS, WHICH COULD HAVE A SIGNIFICANT NEGATIVE IMPACT ON OUR FINANCIAL CONDITION.

We believe that the key to our success is to increase our revenues and available cash. We may not have the resources required to promote our business and its potential benefits. If we are unable to gain market acceptance of our business, we will not be able to generate enough revenue to achieve and maintain profitability or to continue our operations.

We may not be able to increase our sales or effectively operate our business. To the extent we are unable to achieve sales growth, we may continue to incur losses. We may not be successful or make progress in the growth and operation of our business. Our current and future expense levels are based on operating plans and estimates of future sales and revenues and are subject to increase as strategies are implemented. Even if our sales grow, we may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall.

Further, if we substantially increase our operating expenses to increase sales and marketing, and such expenses are not subsequently followed by increased revenues, our operating performance and results would be adversely affected and, if sustained, could have a material adverse effect on our business. To the extent we implement cost reduction efforts to align our costs with revenue, our sales could be adversely affected.

WE MAY BE UNABLE TO MANAGE GROWTH, WHICH MAY IMPACT OUR POTENTIAL PROFITABILITY.

Successful implementation of our business strategy requires us to manage our growth. Growth could place an increasing strain on our management and financial resources. To manage growth effectively, we will need to:

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Establish definitive business strategies, goals and objectives;

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Maintain a system of management controls; and

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Attract and retain qualified personnel, as well as, develop, train and manage management-level and other employees.

If we fail to manage our growth effectively, our business, financial condition or operating results could be materially harmed, and our stock price may decline.

Risks Related to Our Common Stock

IF WE FAIL TO REMAIN CURRENT ON OUR REPORTING REQUIREMENTS, WE COULD BE REMOVED FROM THE OTC BULLETIN BOARD WHICH WOULD LIMIT THE ABILITY OF BROKER-DEALERS TO SELL OUR SECURITIES AND THE ABILITY OF STOCKHOLDERS TO SELL THEIR SECURITIES IN THE SECONDARY MARKET.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. More specifically, the Financial Industry Regulatory Authority (FINRA) has enacted Rule 6530, which determines eligibility of issuers quoted on the OTC Bulletin Board by requiring an issuer to be current in its filings with the Commission. Pursuant to Rule 6530(e), if we file our reports late with the Commission three times our securities will be removed from the OTC Bulletin Board for failure to timely file. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

OUR COMMON STOCK IS CONSIDERED A PENNY STOCK, AND IS SUBJECT TO ADDITIONAL SALE AND TRADING REGULATIONS THAT MAY MAKE IT MORE DIFFICULT TO SELL.

Our common stock is considered to be a penny stock since it does not qualify for one of the exemptions from the definition of penny stock under Section 3a51-1 of the Securities Exchange Act for 1934, as amended, or the Exchange Act. Our common stock is a penny stock because it meets one or more of the following conditions (i) the stock trades at a price less than $5.00 per share; (ii) it is NOT traded on a recognized national exchange; (iii) it is NOT quoted on the Nasdaq Stock Market, or even if so, has a price less than $5.00 per share; or (iv) is issued by a company that has been in business less than three years with net tangible assets less than $5 million.

The principal result or effect of being designated a penny stock is that securities broker-dealers participating in sales of our common stock will be subject to the penny stock regulations set forth in Rules 15-2 through 15g-9 promulgated under the Exchange Act. For example, Rule 15g-2 requires broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document at least two business days before effecting any transaction in a penny stock for the investor's account. Moreover, Rule 15g-9 requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult and time consuming for holders of our common stock to resell their shares to third parties or to otherwise dispose of them in the market or otherwise.

BECAUSE OUR CURRENT CHIEF EXECUTIVE OFFICER AND SOLE DIRECTOR, MR. BERGE ABAJIAN, OWNS A SIGNIFICANT PERCENTAGE OF OUR COMPANY, HE WILL BE ABLE TO EXERCISE SIGNIFICANT INFLUENCE OVER OUR COMPANY, DESPITE YOUR ABILITY TO VOTE.

Berge Abajian, our chief executive officer and sole director, beneficially owns a significant percentage of our common stock. Accordingly, Mr. Abajian will be able to determine the composition of our board of directors, will retain the effective voting power to approve all matters requiring shareholder approval, will prevail in matters requiring shareholder approval, including, in particular the election and removal of directors, and will continue to have significant influence over our business. As a result of his ownership and position in the Company, Mr. Abajian is able to influence all matters requiring shareholder action, including significant corporate transactions. In addition, sales of significant amount of shares held by Mr. Abajian, or the prospect of these sales, could adversely affect the market price of our common stock.

TRADING OF OUR STOCK MAY BE RESTRICTED BY THE U.S. SECURITIES & EXCHANGE COMMISSION S PENNY STOCK REGULATIONS, WHICH MAY LIMIT A STOCKHOLDER S ABILITY TO BUY AND SELL OUR STOCK.

The U.S. Securities and Exchange Commission has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors . The term accredited investor refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the U.S. Securities and Exchange Commission, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer s account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer s confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser s written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

WE CURRENTLY HAVE A LIMITED ACCOUNTING STAFF, AND IF WE FAIL TO DEVELOP OR MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROLS, WE MAY NOT BE ABLE TO REPORT OUR FINANCIAL RESULTS TIMELY AND ACCURATELY OR PREVENT FRAUD, WHICH WOULD LIKELY HAVE A NEGATIVE IMPACT ON THE MARKET PRICE OF OUR COMMON UNITS.

We are subject to the public reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act). Effective internal controls are necessary for us to provide reliable and timely financial reports, prevent fraud and to operate successfully as a publicly traded partnership. We prepare our consolidated financial statements in accordance with GAAP, but our internal accounting controls may not meet all standards applicable to companies with publicly traded securities. Our efforts to develop and maintain our internal controls may not be successful, and we may be unable to maintain effective controls over our financial processes and reporting in the future or to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002, which we refer to as Section 404. For example, Section 404 requires us, among other things, to annually review and report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal controls over financial reporting. Based on management s evaluation, as of December 31, 2011, our management concluded that we had several material weaknesses related to our internal controls over financial reporting (See Item 9A).

WE HAVE NOT PAID DIVIDENDS IN THE PAST AND DO NOT EXPECT TO PAY DIVIDENDS FOR THE FORESEEABLE FUTURE. ANY RETURN ON INVESTMENT MAY BE LIMITED TO THE VALUE OF OUR COMMON STOCK.

No cash dividends have been paid on the Company s common stock. We expect that any income received from operations will be devoted to our future operations and growth. The Company does not expect to pay cash dividends in the near future. Payment of dividends would depend upon our profitability at the time, cash available for those dividends, and other factors as the Company s board of directors may consider relevant. If the Company does not pay dividends, the Company s common stock may be less valuable because a return on an investor s investment will only occur if the Company s stock price appreciates.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Currently, we lease a 1,730 square feet design and manufacturing facility located in Fairfield, New Jersey. The lease expired in August 31, 2010, and is being renewed on a month-to-month basis. We also rent office space at this facility. We pay approximately $1,100 per month. Our Fairfield, New Jersey facility is presently adequate for the performance of all company functions, which includes manufacturing, design and administrative needs.

Additionally, we anticipate opening additional offices and/or design facilities in other locations as we continue to implement our business plan throughout the United States, when and if any acquisitions are completed in the future. At the current time, our expansion plans are in the preliminary stages with no formal negotiations being conducted. Most likely no expansions will take place until additional revenues can be achieved or additional capital can be raised to help offset the costs associated with any expansion.

Item 3. Legal Proceedings.

The Company is currently a defendant in a litigation filed by Moti Ganz USA, Ltd., as plaintiff, involving the return of a piece of jewelry valued at approximately $12,000. The Company is currently finalizing negotiations to have the jewelry returned.

The Company is currently a plaintiff in a litigation filed against Macau Consultants and Advisory Services, Inc., Diamond International, Inc. Stanley Larson, Merlin Larson, Dennis Atkins, Paul Crawford, et al, as defendants. The litigation involves the sale of Diamond International, Inc. to Macau Consultants and Advisory Services, Inc. for a purchase price of $225,000. To date, only $152,500 has been paid and $72,500 remains outstanding.

Other than the matters described above, 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 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Market Information

The Company s Common Stock is listed on the OTC Bulletin Board market and trades under the symbol BRGO.OB.

The following table sets forth the range of the high and low bid quotations of the Common Stock for the past two years in the over-the-counter market, as reported by the OTC Bulletin Board and in the Pink Sheets. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

Calendar Quarter Ended:

	High		Low	
2011				
March 31	$	0.11	$	0.01
June 30		0.07		0.01
September 30		0.12		0.01
December 31		0.09		0.01
2010				
March 31	$	0.04	$	0.04
June 30		0.02		0.02
September 30		0.25		0.12
December 31		0.35		0.07

(b) Holders

As of April 2, 2012, we estimate that there were approximately 5,000 holders of record of our common stock. This figure does not take into account those shareholders whose certificates are held in the name of broker-dealers or other nominees.

(c) Dividends

We have never paid any cash dividends on our common shares, and we do not anticipate that we will pay any dividends with respect to those securities in the foreseeable future. Our current business plan is to retain any future earnings to finance the expansion development of our business.

Recent Sales of Unregistered Securities

On January 26, February 3, February 8, March 10 and March 22, 2011, we issued 100,000 shares, 200,000 shares, 238,663 shares, 437,158 shares and 246,154 shares for an aggregate of 1,221,975 shares of common stock to Asher for partial conversion of its convertible debt and accrued interest.

On February 8 and March 22, 2011, we issued 141,839 shares and 762,195 shares for an aggregate of 904,034 shares of common stock to Tangiers for partial conversion of its convertible debt and accrued interest.

On March 31, 2011, we 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.

On April 1, April 6, April 12, April 20, April 26, April 29, May 4, May 26, June 10, June 23 and June 30, 2011, we issued 659,341 shares, 659,341 shares, 769,231 shares, 721,649 shares 448,718 shares, 589,041 shares, 684,932 shares, 720,000 shares, 707,965 shares, 705,128 shares, and 1,181,818 shares for 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.

On April 18, 2011, we 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.

On August 26, 2011, we issued 533,553 shares of common stock for payment of legal fees. The shares are valued at $34,681, the fair value at date of issuance.

On October 17, 2011, we issued 400,000 shares of common stock to a consultant for professional services rendered.

On October 21, October 24, October 25, October 26 and November 1, 2011, we issued 338,983 shares, 421,941 shares, 578,512 shares, 330,579 shares and 439,560 shares of common stock to Asher for conversion of its convertible debt and accrued interest in the aggregate amount of $52,000.

On November 9, November 17, November 28, and December 2, 2011, we issued 389,105 shares, 662,252 shares, 712,758 shares and 569,019 shares of common stock to Asher for conversion of its convertible debt in the aggregate amount of $39,522.

On November 15, 2011, we issued an aggregate of 1,040,133 shares of common stock to Caesar for conversion of its convertible debt in the amount of $31,100.

On November 18 and December 19, 2011, we issued 500,000 shares and 600,000 shares of common stock to Panache Capital, LLC (Panache) for conversion of its convertible debt in the aggregate amount of $16,369.

On December 6, 2011, we issued 2,517,483 shares of common stock to Genesis Capital Management, LLC for settlement of accounts payable in the amount of $36,000.

On December 23, 2011, we issued 1,736,111 shares of common stock to TCA Global Credit Master Fund, LP for payment of 25% ($31,250) of the facility fee per the Committed Equity Facility Agreement dated November 28, 2011.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This report and other reports filed by our Company from time to time with the United States Securities and Exchange Commission (collectively the Filings) contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, our management as well as estimates and assumptions made by our 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 us or our management identify forward-looking statements. Such statements reflect our current view with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including those set forth in the Risk Factors on page 7. 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 we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, we do 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 18th year of operations and concentrate on boutique, upscale jewelry stores. We currently sell our jewelry to approximately 50 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.

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.

Results of Operations for the Years Ended December 31, 2011 and 2010

The following income and operating expenses tables summarize selected items from the statement of operations for the year ended December 31, 2011 compared to the year ended December 31, 2010.

INCOME:

	Years Ended December 31, 2011	2010	Increase/ (Decrease)
Sales - Net	$ 1,621,011	$ 1,445,570	12%
Cost of Sales	926,684	812,831	14%
Gross Profit	$ 694,327	$ 632,739	10%
Gross Profit as a Percentage of Revenue	43 %	44 %	(--) %

Sales

Net sales for the year ended December 31, 2011 were $1,621,011, compared to $1,445,570 for the year ended December 31, 2010. This resulted in an increase of approximately $175,000 or 12% from the comparable period. The increase in sales is primarily a result of our efforts to introduce new products and to expand our customer base outside the United States and into Europe and Asia.

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 year ended December 31, 2011 was $926,684 an increase of approximately $114,000, or 14%, from $812,831 for the year ended December 31, 2010. The increase in cost of sales relative to sales primarily related to a bulk sale of diamonds in the third quarter of 2011 which generated very low profit margins. These sales occur infrequently as we are not in the business of selling raw materials..

Gross Profit

During the year ended December 31, 2011, our gross profit as a percentage of sales was 43%, compared to a gross profit as a percentage of sales of 44% for the year ended December 31, 2010. Our decrease in gross profit percentage during 2011 was primarily attributable to the bulk sales of diamonds as described above. Our gross profit margin on fourth quarter 2011 sales was 56%.

OPERATING EXPENSES:

	Years Ended December 31, 2011		2010	Increase/ (Decrease)
Selling Expenses	$	412,276	$ 317,463	30%
Total General and Administrative Expenses		523,058	655,851	(20)%
Total Operating Expenses	$	935,334	$ 973,314	(4)%
Other Income [Expense]	$	(167,321)	$ (498,424)	(66)%
Net Loss	$	(408,328)	$ (838,999)	(51)%

Selling Expenses

Total selling expenses were $412,276 for the year ended December 31, 2011, which was approximately a $95,000 or 30% increase from $317,463 for the year ended December 31, 2010. Selling expenses include advertising, trade show expenses, travel and selling commissions. The increase in selling expenses during the year ended December 31, 2011 is a result of increased selling commissions, advertising and travel expenses as we implement our strategic plan to increase our customer base outside the United States.

General and Administrative Expenses

General and administrative expenses were $523,058 for the year ended December 31, 2011 versus $655,851 for the year ended December 31, 2010, a decrease of approximately $133,000 or 20%. The decrease in general and administrative expenses primarily results from a decrease in share-based services of $242,900, offset by increases in payroll costs and professional fees, incurred in the implementation our expansion plans and in our efforts to raise capital.

Loss from Operations

During the year ended December 31, 2011, we had a loss from operations totaling $241,007 which was a decrease of approximately $100,000 (29%) from the loss of $340,575 for the year ended December 31, 2010. As discussed above, reductions in our general and administrative expenses was the primary reason for the significant decrease in our operating loss.

Other Income [Expense]

Other Income [Expense] in the year ended December 31, 2011, is comprised primarily of the fair value change in our derivative of $176,841 net of interest expense of $66,332, amortization of debt discount of $199,895, write-down of other receivable of $72,500 and amortization of deferred financing costs of $6,785. Other Income [Expense] in the year ended December 31, 2010, is comprised primarily of the $225,000 gain from the sale of our subsidiary, Diamond, and the fair value change in our derivative of $60,206 net of share-based financing costs of $595,160, interest expense of $68,240, and amortization of debt discount of $120,230.

Net Loss

We incurred a net loss of $408,328 for the year ended December 31, 2011, compared to a net loss of $838,999 for the year ended December 31, 2010. This represented a decrease in our net loss of approximately $431,000 (51%) from the comparable period, attributable to the various factors as discussed above.

Liquidity and Capital Resources

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

	December 31, 2011	December 31, 2010	Increase/ (Decrease)
Current Assets	$ 2,183,826	$ 2,265,507	$ (81,681)
Current Liabilities	$ 1,214,369	$ 1,240,384	$ (26,015)
Working Capital	$ 969,457	$ 1,025,123	$ (55,666)

At December 31, 2011, we had cash of $128,238, compared to a cash balance of $4,262 at December 31, 2010, an increase of $123,976. Over the next twelve months we believe that our existing capital combined with available borrowing under our bank line of credit and anticipated cash flow from operations will be sufficient to sustain our current operations. Additionally, our major stockholder has agreed to continue, at time to time as needed, to advance funds under similar terms as his current advances. It is anticipated that we will need to sell additional equity and/or debt securities in the event we locate potential mergers and/or acquisitions.

Our working capital decreased by 5% as of December 31, 2011, as discussed below.

Accounts receivable at December 31, 2011 and 2010 was $385,642 and $474,212, respectively, representing a decrease of $88,570 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 increased collection efforts. Additionally, we increased our allowance for doubtful accounts by $12,152.

Inventory at December 31, 2011 and 2010 was $1,529,394 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.

Accounts payable and accrued expenses at December 31, 2011 were $119,231 compared to $417,144 at December 31, 2010, which represents a 71% decrease.

Advances from our major stockholder at December 31, 2011 were $323,086 compared to $317,601 at December 31, 2010. The slight increase is a result of additional advances in 2011.

Bank Lines of Credit and Notes Payable

Our indebtedness is comprised of various bank credit lines, 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 December 31, 2011, we had one outstanding term loan. The term loan, with Leaf Financial Corp., which is payable in monthly installments and matures in April 2014 had an original balance of $100,000. The note bears an annual interest rate of 10.52% and as of December 31, 2011, there was an outstanding balance of $51,626.

The note is collateralized by our assets as well as a personal guarantee by our CEO, Berge Abajian. We also had a $300,000 term loan with JPMorgan Chase, which had an outstanding balance of $72,371 and was paid in the fourth quarter through an assignment and convertible debenture agreement with Panache Capital, LLC, as discussed below.

In December 2011, we entered into a $75,000 bank line of credit agreement with Columbia Bank. Interest is at the bank s prime rate plus 1.75% with a minimum rate of 5.75%. The credit line has not been utilized in 2011. The line is 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 had an outstanding balance of $36,971 and was paid in the fourth quarter through an assignment and convertible debenture agreement with Asher Enterprises, Inc., as discussed below.

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 December 31, 2011 have interest rates ranging from 3.99% to 8.75%. As of December 31, 2011, we have outstanding balances of $104,326.

Convertible Debt

We have convertible debt notes maturing in various months during 2012 with the latest maturity of December 31, 2012. The notes interest rates range from 8% to 12%. The conversion feature is accounted for as an embedded derivative carried on our balance sheet at fair value and any unrealized change in fair value is a component on our statement of operations. The embedded derivative is valued using the Black-Scholes pricing model. At December 31, 2011 convertible debt of $563,274 is shown net of debt discount of $198,723. For the year ended December 31, 2011 amortization of debt discount amounted to $199,895 and unrealized gain from the change in the fair value of the derivative liability amounted to $176,841.

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 available borrowing under our bank line of credit and anticipated cash flow from operations will be sufficient to sustain our current operations. In addition, our major stockholder has agreed to continue, at time to time as needed, to advance funds under similar terms as his current advances. 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 $48,000 and $36,000 at December 31, 2011 and 2010, respectively.

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.

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:

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Level 1:

Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

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Level 2:

Observable market-based inputs or unobservable inputs that are corroborated by market data.

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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 December 31, 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.

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

	December 31, 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	$ --	$ 364,551	$ --	$ 364,551	$ --	$ 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.

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Deferred Offering and Deferred Financing Costs - We defer certain costs associated with financing activities related to the issuance of equity securities (deferred offering costs) and debt securities (deferred financing costs). These costs consist primarily of legal, banking and other professional fees related to the transactions. Upon successful completion of the offering of equity securities, deferred offering costs are recorded as a reduction of the net proceeds in paid in capital. If the offering is not successful, such costs will be expensed. Deferred financing costs are amortized over the life of the related debt.

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

On May 12, 2011, the FASB issued ASU 2011-04. The ASU is the result of joint efforts by the FASB and the International Accounting Standards Board (IASB) to develop a single, converged fair value framework. Thus, there are few differences between the ASU and its international counterpart, IFRS 13. This ASU is largely consistent with existing fair value measurement principles in U.S. GAAP; however it expands ASC 820 s existing disclosure requirements for fair value measurements and makes other amendments. The ASU is effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the provisions of ASU 2011-04 to have a material effect on the financial position, results of operations or cash flows of the Company.

On June 16, 2011, the FASB issued ASU 2011-05, which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in ASC 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. The ASU does not change the items that must be reported in other comprehensive income. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the provisions of ASU 2011-05 to have a material effect on the financial position, results of operations or cash flows of the Company.

Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not Applicable.

Item 8. Financial Statements and Supplementary Data.

Our financial statements are contained in pages F-1 through F-24 which appear at the end of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports we file pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act) are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our Principal Executive Officer (PEO) and Principal Financial Officer (PFO), to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide a reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Management designed the disclosure controls and procedures to provide reasonable assurance of achieving the desired control objectives.

We carried out an evaluation, under the supervision and with the participation of our management, including our PEO and PFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report. Based upon that evaluation, the PEO and PFO concluded that the Company s disclosure controls and procedures were ineffective.

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

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f). A system of internal control over financial reporting is a process designed 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.

Under the supervision and with the participation of management, including the principal executive officer and the principal financial officer, the Company s management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2010, based on the criteria established in a report entitled Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and the interpretive guidance issued by the Commission in Release No. 34-55929. Based on this evaluation, the Company s management has evaluated and concluded that the Company s internal control over financial reporting was ineffective as of December 31, 2011, and identified the following material weaknesses:

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There is a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles in the US (GAAP) and the financial reporting requirements of the U.S. Securities and Exchange Commission.

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There are 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.

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There is 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 consolidated 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.

The Company will continue its assessment on a quarterly basis. We plan to hire personnel and resources to address these material weaknesses. We believe these issues can be solved with hiring in-house accounting support and plan to do so as soon as we have funds available for this.

This annual report does not include an attestation report of the Company s independent registered public accounting firm regarding internal control over financial reporting. The Company s registered public accounting firm was not required to issue an attestation on its internal controls over financial reporting pursuant to temporary rules of the Securities and Exchange Commission. The Company will continue to evaluate the effectiveness of internal controls and procedures on an on-going basis.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act) during the year ended December 31, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Offices and Corporate Governance.

Directors and Executive Officers

The following table and text sets forth the names and ages of all our directors and executive officers and our key management personnel as of April 2, 2012. All of our directors serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Executive officers serve at the discretion of the board of directors, and are elected or appointed to serve until the next Board of Directors meeting following the annual meeting of stockholders. Also provided is a brief description of the business experience of each director and executive officer and the key management personnel during the past five years and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

Name	Age	Position
Berge Abajian	52	Chief Executive Officer, Chairman
Arpi Abajian	49	Secretary

Following is a brief summary of the background and experience of each director and executive officer of Bergio International, Inc.:

Berge Abajian became the Chief Executive Officer of Bergio International in October 2009. Prior to that, Mr. Abajian served as CEO of the Diamond Information Institute, the predecessor company to Bergio International, from 1988 to October 2009. Mr. Abajian has a BS in Business Administration from Fairleigh Dickinson University and is well known and respected in the jewelry industry. Since 2005, Mr. Abajian has served as the President of the East Coast branch of the Armenian Jewelry Association and has also served as a Board Member on MJSA (Manufacturing Jewelers and Suppliers of America), New York Jewelry Association, and the 2001-2002 Luxury Show.

Arpi Abajian, was appointed our Secretary on October 29, 2009, by the Company s Board of Directors. For the past 10 years, Ms. Abajian has worked at Bergio (formerly known as Diamond Information Institute) in various administrative positions. Ms. Abajian is currently married to the Chief Executive Officer and Chairman of our company and does not serve on the board of any other companies.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board, except to the extent governed by an employment agreement.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to our present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Meetings of Our Board of Directors

Our board of directors did not hold any meetings during the most recently completed fiscal year end. Various matters were approved by consent resolution, which in each case was signed by each of the members of the Board then serving.

Committees of the Board

We do not currently have a compensation committee, executive committee, or stock plan committee.

Audit Committee

We do not have a separately-designated standing audit committee. The entire Board of Directors performs the functions of an audit committee, but no written charter governs the actions of the Board when performing the functions of what would generally be performed by an audit committee. The Board approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the Board reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

Nomination Committee

Our board of directors does not maintain a nominating committee. As a result, no written charter governs the director nomination process. Our size and the size of our Board, at this time, do not require a separate nominating committee.

When evaluating director nominees, our directors consider the following factors:

.

The appropriate size of our board of directors;

.

Our needs with respect to the particular talents and experience of our directors;

.

The knowledge, skills and experience of nominees, including experience in finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;

.

Experience in political affairs;

.

Experience with accounting rules and practices; and

.

The desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by new Board members.

Our goal is to assemble a Board that brings together a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Board will also consider candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the Board may also consider such other factors as it may deem are in our best interests as well as our stockholders. In addition, the Board identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service or if the Board decides not to re-nominate a member for re-election, the Board then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Board are polled for suggestions as to individuals meeting the criteria described above. The Board may also engage in research to identify qualified individuals. To date, we have not engaged third parties to identify or evaluate or assist in identifying potential nominees, although we reserve the right in the future to retain a third party search firm, if necessary. The Board does not typically consider shareholder nominees because it believes that its current nomination process is sufficient to identify directors who serve our best interests.

Section 16(a) Beneficial Ownership Reporting Compliance

Our officers, directors and shareholders owning greater than ten percent of our shares are not required to comply with Section 16(a) of the Securities Exchange Act of 1934 because we do not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934.

Code of Ethics

We do not currently have a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or Controller, or persons performing similar functions. Because we have only limited business operations and four officers and directors, we believe a code of ethics would have limited utility. We intend to adopt such a code of ethics as our business operations expand and we have more directors, officers and employees.

Item 11. Executive Compensation.

Overview

The following is a discussion of our program for compensating our named executive officers and directors. Currently, we do not have a compensation committee, and as such, our board of directors is responsible for determining the compensation of our named executive officers.

Compensation Program Objectives and Philosophy

The primary goals of our policy of executive compensation are to attract and retain the most talented and dedicated executives possible, to assure that our executives are compensated effectively in a manner consistent with our strategy and competitive practice and to align executive compensation with the achievement of our short- and long-term business objectives.

The board of directors considers a variety of factors in determining compensation of executives, including their particular background and circumstances, such as their training and prior relevant work experience, their success in attracting and retaining savvy and technically proficient managers and employees, increasing our revenues, broadening our product line offerings, managing our costs and otherwise helping to lead our Company through a period of rapid growth.

In the near future, we expect that our board of directors will form a compensation committee charged with the oversight of executive compensation plans, policies and programs of our Company and with the full authority to determine and approve the compensation of our chief executive officer and make recommendations with respect to the compensation of our other executive officers. We expect that our compensation committee will continue to follow the general approach to executive compensation that we have followed to date, rewarding superior individual and company performance with commensurate cash compensation.

Employment Agreements

On September 1, 2011, the Company entered into an amended and restated employment agreement (the Amended Agreement) with Mr. Abajian, the Company s Chief Executive Officer, restating that certain employment agreement by and between parties as of February 28, 2010.

Pursuant to the terms of the Amended Agreement, Mr. Abajian shall serve as the Company s Chief Executive Officer for a period of five years, commencing retroactively on February 28, 2010, and expiring on February 28, 2015 (the Term). Upon conclusion of the Term, the Amended Agreement shall be automatically renewed for successive one year periods upon the same terms and conditions unless terminated by either of the parties in accordance with the Amended Agreement s terms.

Mr. Abajian is to receive a base salary in the amount of $175,000 per annum for year one, commencing on February 28, 2010, and shall increase at a rate of three percent (3%) per annum for each consecutive year after 2010, or at such rates as are approved from time to time by the Company s board of directors. In addition, Mr. Abajian is to receive an annual bonus equal to one-half percent (0.5%) based upon the Company s annual net profit before taxes. Mr. Abajian is also eligible to participate in the Company s medical insurance plan, life insurance plan or any 401(k), pension or similar plans that are now or may be in the future established, for the general benefit of the Company s senior executives. Further, and pursuant to the terms of the Amended Agreement, the Company issued to Mr. Abajian 51 shares of the Company s Series A Preferred Stock, par value $0.001 per share, subject to certain increases.

Retirement Benefits

Currently, we do not provide any Company sponsored retirement benefits to any employee, including the named executive officers.

Perquisites

We have historically, provided only modest perquisites to our named executive officers. We do not view perquisites as a significant element of our compensation structure, but do believe that perquisites can be useful in attracting, motivating and retaining the executive talent for which we compete. It is expected that our historical practices regarding perquisites will continue and will be subject to periodic review by our by our board of directors.

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our executive officers for all services rendered in all capacities to us for the years ended December 31, 2011, 2010 and 2009.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Option Awards ($)	Stock Awards ($)	Non-Equity Incentive Plan Comp. ($)	Nonqualified Deferred Comp. Earnings ($)	All Other Comp. ($)	Total ($)
Berge Abajian Chief Executive Officer, Chief Financial Officer, Chairman	2011	77,885	0	0	0	0	0	15,189 (1)	93,074
	2010	141,666	0	0	0	0	0		159,539

								17,873 (1)	
	2009	13,413	0	0	20,000 (2)	0	0	17,856 (1)	51,269
Arpi Abajian	2011	0	0	0	0	0	0	0	0
Secretary	2010	0	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0	0

(1)

Other compensation was made up of Mr. Abajian s car expense and health insurance expenses.

(2)

The amounts shown in this column reflect the expense recognized for financial statement reporting purposes for the fiscal year ended December 31, 2011, 2010 and 2009, in accordance with FAS 123(R). On February 11, 2009, Mr. Abajian was issued 10,942 shares of common stock as compensation in advance for serving on Diamond Information Institute s Board of Directors for the 2009 fiscal year. None of the shares owned by Mr. Abajian have any registration rights attached to them.

Incentive Stock and Award Plan

On May 9, 2011, the Company s Board of Directors approved, authorized and adopted the 2011 Incentive Stock and Award Plan (the Plan). Subject to adjustment for mergers, reorganizations, consolidation, recapitalization, stock dividend or other change in corporate structure, a total of 5,000,000 shares of common stock, par value $0.001 per share is subject to the Plan. Under the Plan, the Company may grant non-qualified options (the Non-qualified Options), incentive options (the Incentive Options and together with the Non-qualified Options, the Options) and restricted stock (the Restricted Stock) to directors, officers, consultants, attorneys, advisors and employees. Subject to a tax exception, if any Option or Restricted Stock expires or is canceled prior to its exercise or vesting in full, the shares of common stock issuable under the Option or Restricted Stock may be issuable pursuant to future Options or Restricted Stock under the Plan.

The Plan shall be administered by a committee consisting of one (1) director (the Committee). In the absence of such a Committee, the Company s Board of Directors shall administer the Plan.

Each Option shall contain the following material terms:

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(i) the exercise price, which shall be determined by the Committee at the time of grant, shall not be less than 100% of the Fair Market Value (defined as the closing price on the final trading day immediately prior to the grant on the principal exchange or quotation system on which the Common Stock is listed or quoted, as applicable) of the Common Stock of the Company on the date the Option is granted, *provided* that if the recipient of the Option owns more than ten percent (10%) of the total combined voting power of the Company, the exercise price shall be at least 110% of the Fair Market Value;

(ii) the term of each Option shall be fixed by the Committee, *provided* that such Option shall not be exercisable more than ten (10) years after the date such Option is granted, and *provided further* that with respect to an Incentive Option, if the recipient owns more than ten percent (10%) of the total combined voting power of the Company, the Incentive Stock Option shall not be exercisable more than five (5) years after the date such Incentive Option is granted;

(iii) subject to acceleration in the event of a Change of Control of the Company (as further described in the Plan), the period during which the Options vest shall be designated by the Committee or, in the absence of any Option vesting periods designated by the Committee at the time of grant, shall vest and become exercisable in equal amounts on each fiscal year of the Company through the five (5) year anniversary of the date on which the Option was granted;

(iv) no Option is transferable and each is exercisable only by the recipient of such Option except in the event of the death of the recipient; and

(v) with respect to Incentive Stock Options, the aggregate Fair Market Value of Common Stock that may be issued for the first time during any calendar year shall not exceed $100,000.

Each award of Restricted Stock is subject to the following material terms:

(i) no rights to an award of Restricted Stock is granted to the intended recipient of Restricted Stock unless and until the grant of Restricted Stock is accepted within the period prescribed by the Committee;

(ii) Restricted Stock shall not be delivered until they are free of any restrictions specified by the Committee at the time of grant;

(iii) shares of Restricted Stock are forfeitable until the terms of the Restricted Stock grant have been satisfied; and

(iv) the Restricted Stock are not transferable until the date on which the Committee has specified such restrictions have lapsed.

Stock Option Grants

We have not granted any stock options to the executive officers or directors since the adoption of the Plan.

Director Compensation

None.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of April 2, 2012, certain information as to shares of our common stock owned by (i) each person known by us to beneficially own more than 5% of our outstanding common stock, (ii) each of our directors, and (iii) all of our executive officers and directors as a group:

Names and Address of Directors, Officers and 5% Stockholders (1)	Number of Shares Owned	Percent
Berge Abajian Chief Executive Officer, Chief Financial Officer, Chairman	7,441,300	13.46%
Arpi Abajian Secretary	5,471	*%
All Directors and Officers as a Group (2 persons)	7,446,771	13.46%

(1)

Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants, or convertible debt currently exercisable or convertible, or exercisable or convertible within 60 days of April 2, 2012, are deemed outstanding for computing the percentage of the person holding such option or warrant. Percentages are based on a total of 55,281,662 shares of common stock outstanding on April 2, 2012, and shares issuable upon the exercise of options, warrants exercisable, and debt convertible on or within 60 days of March 30, 2012, as described above. The inclusion in the aforementioned table of those shares, however, does not constitute an admission that the named shareholder is a direct or indirect beneficial owner of those shares. Unless otherwise indicated, to our knowledge based upon information produced by the persons and entities named in the table, each person or entity named in the table has sole voting power and investment power, or shares voting and/or investment power with his or her spouse, with respect to all shares of capital stock listed as owned by that person or entity.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Except as follows, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction over the last two years or in any presently proposed transaction which, in either case, has or will materially affect us.

The Company receives periodic advances from its principal stockholder based upon the Company s cash flow needs. As of December 31, 2011, $323,086 was due to the principal shareholder. No terms for repayment have been established. As a result, the amount is classified as a current liability.

Item 14. Principal Accountant Fees and Services.

Summary of Principal Accountant Fees for Professional Services Rendered

The following table presents the aggregate fees for professional audit services and other services rendered by Silberstein Ungar, PLLC, our independent registered public accountants in 2011 and 2010.

	Fiscal Year Ended December 31, 2011		Fiscal Year Ended December 31, 2010	
Audit and Audit Related Fees	$	16,800	$	18,000
Tax Fees	$	-	$	-
All Other Fees (1)	$	11,300	$	11,300

(1)

For 2011 and 2010, all other fees paid to Silberstein Ungar, PLLC are related to reviewing the Company s quarterly reports and various traveling expenses associated therewith.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Exhibit No.	Description
3.1	Certificate of Amendment to Certificate of Incorporation, as filed with the Secretary of state of Delaware on February 23, 2010.*
31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Accounting Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Principal Accounting Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BERGIO INTERNATIONAL INC.

Date: April 3, 2012	By: */s/ Berge Abajian* Name: Berge Abajian Title: Chief Executive Officer (Principal Executive Officer) Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Berge Abajian Berge Abajian	Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer) Chairman of the Board	April 3, 2012
/s/ Arpi Abajian Arpi Abajian	Secretary	April 3, 2012

BERGIO INTERNATIONAL, INC.

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YEARS ENDED DECEMBER 31, 2011 AND 2010

Silberstein Ungar, PLLC **CPAs and Business Advisors**

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Bingham Farms, MI 48025-4586

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of

Bergio International, Inc.

Fairfield, New Jersey

We have audited the accompanying balance sheets of Bergio International, Inc. (the Company) as of December 31, 2011 and 2010, and the related statements of operations, stockholders equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergio International, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Silberstein Ungar, PLLC

Bingham Farms, Michigan

March 26, 2012

BERGIO INTERNATIONAL, INC.
BALANCE SHEETS

	December 31, 2011		December 31, 2010	
Assets:				
Current Assets:				
Cash	$	128,238	$	4,262
Accounts Receivable - Net		385,642		474,212
Inventory		1,529,394		1,602,680
Prepaid Expenses		14,863		9,353
Other Receivable - Net		65,000		175,000
Deferred Financing Costs		60,689		--
Total Current Assets		2,183,826		2,265,507
Property and Equipment - Net		104,597		118,135
Other Assets:				
Deferred Offering Costs		175,000		--
Investment in Unconsolidated Affiliate		5,000		5,000
Total Other Assets		180,000		5,000
Total Assets	$	2,468,423	$	2,388,642

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

BERGIO INTERNATIONAL, INC.
BALANCE SHEETS

	December 31, 2011	December 31, 2010
Liabilities and Stockholders Equity:		
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 119,231	$ 417,144
Bank Lines of Credit - Net	104,326	200,866
Convertible Debt, Net	364,551	112,069
Current Maturities of Notes Payable	20,591	110,060
Current Maturities of Capital Leases	--	14,656
Advances from Stockholder - Net	323,086	317,601
Derivative Liability	282,584	67,988
Total Current Liabilities	1,214,369	1,240,384
Long-Term Liabilities		
Notes Payable	31,035	51,626
Commitments and Contingencies	--	--
Total Liabilities	1,245,404	1,292,010
Stockholders Equity		
Series A Preferred Stock - $.001 Par Value, 51 Shares Authorized, 51 and -0- Shares Issued and Outstanding as of December 31, 2011 and 2010, respectively (see Note 11)	--	--
Common Stock - $.001 Par Value, 200,000,000 Shares Authorized, 41,302,182 and 11,159,574 Shares Issued and Outstanding as of December 31, 2011 and 2010, respectively	41,302	11,159
Additional Paid-In Capital	4,526,165	4,021,593
Accumulated Deficit	(3,344,448)	(2,936,120)
Total Stockholders Equity	1,223,019	1,096,632
Total Liabilities and Stockholders Equity	$ 2,468,423	$ 2,388,642

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

BERGIO INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS

	Years Ended December 31, 2011	2010
Sales - Net	$ 1,621,011	$ 1,445,570
Cost of Sales	926,684	812,831
Gross Profit	694,327	632,739
Selling Expenses	412,276	317,463
General and Administrative Expenses		
Share-Based Services	--	242,900
Other	523,058	412,951
Total General and Administrative Expenses	523,058	655,851
Total Operating Expenses	935,334	973,314
Loss from Operations	(241,007)	(340,575)
Other Income [Expense]		
Interest Expense	(66,332)	(68,240)
Amortization of Debt Discount	(199,895)	(120,230)
Change in Fair Value of Derivative	176,841	60,206
Amortization of Deferred Financing Costs	(6,785)	--
Other	(71,150)	--
Gain on Sale of Subsidiary	--	225,000
Financing Costs - Share-Based	--	(595,160)
Total Other Income [Expense]	(167,321)	(498,424)
Net Loss	(408,328)	(838,999)
Net Loss Per Common Share - Basic and Diluted	$ (0.02)	$ (0.10)
Weighted Average Common Shares Outstanding - Basic and Diluted	21,641,233	8,718,321

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

BERGIO INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity
	Shares	Par Value	Shares	Par Value			
Balance - January 1, 2010	--	$ --	4,308,625	$ 4,308	$ 1,675,042	$ (2,097,121)	$ (417,771)
Issuance of common stock for professional services	--	--	135,499	135	97,925	--	98,060
Issuance of common stock for related party debt and accrued interest	--	--	157,142	158	401,602	--	401,760
Issuance of common stock for cash ($30,000) and financing costs ($60,000)	--	--	125,000	125	89,875	--	90,000
Issuance of common stock for deferred offering costs	--	--	92,593	93	499,907	--	500,000
Issuance of common stock for payment of debt	--	--	1,190,249	1,190	698,809	--	699,999
Issuance of common stock for payment of accounts payable	--	--	714,473	714	246,286	--	247,000
Issuance of common stock for share liability	--	--	375,000	375	179,625	--	180,000
Issuance of common stock for accrued compensation	--	--	3,232,020	3,232	67,601	--	70,833
Issuance of common stock for debt conversion	--	--	828,973	829	64,921	--	65,750
Net loss	--	--	--	--	--	(838,999)	(838,999)
Balance - December 31, 2010	--	$ --	11,159,574	$ 11,159	$ 4,021,593	$ (2,936,120)	$ 1,096,632
Issuance of common stock for accrued compensation	--	--	1,988,054	1,988	21,570	--	23,558
	--	--	19,236,424	19,237	281,139	--	300,376

Issuance of common stock for debt conversion							
Issuance of common stock for professional services	--	--	533,553	534	34,147	--	34,681
Issuance of common stock for payment of accounts payable	--	--	1,040,133	1,040	30,060	--	31,100
Issuance of common stock for deferred offering cost	--	--	2,136,111	2,136	49,114	--	51,250
Common stock issuable for deferred offering cost	--	--	5,208,333	5,208	88,542	--	93,750
Issuance of preferred stock to CEO	51	--	--	--	--	--	--
Net loss	--	--	--	--	--	(408,328)	(408,328)
Balance - December 31, 2011	**51**	**$ --**	**41,302,182**	**$ 41,302**	**$ 4,526,165**	**$ (3,344,448)**	**$ 1,223,019**

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

BERGIO INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2011	2010
Operating Activities:		
Net Loss	$ (408,328)	$ (838,999)
Adjustments to Reconcile Net Loss		
to Net Cash Used in Operating Activities:		
Depreciation and Amortization	43,031	54,282
Allowance for Doubtful Accounts	12,152	(50,620)
Amortization of Debt Discount	199,895	120,230
Change in Fair Value of Derivative	(176,841)	(60,206)
Amortization of Deferred Offering Cost	6,785	--
Allowance for Doubtful Account - Receivable Other	72,500	--
Share-Based Services	--	242,900
Share-Based Financing Cost	--	595,160
Gain on Sale of Subsidiary	--	(225,000)
Loss on Disposal of Equipment	--	18,945
Sales Returns and Allowance Reserve	--	(34,808)
Changes in Assets and Liabilities		
[Increase] Decrease in:		
Accounts Receivable	76,418	(81,897)
Inventory	73,286	(245,909)
Prepaid Expenses	(5,510)	(6,416)
Increase [Decrease] in:		
Accounts Payable and Accrued Expenses	(160,290)	147,535
Total Adjustments	141,426	474,196
Net Cash Used in Operating Activities	(266,902)	(364,803)
Investing Activities:		
Capital Expenditures	(29,493)	(28,910)
Proceeds from Sale of Subsidiary	37,500	50,000
Payments for Disposal	--	(2,145)
Net Cash Provided by Investing Activities	8,007	18,945
Financing Activities:		
Increase [Decrease] in Cash Overdraft	--	(13,717)
Repayments of Bank Lines of Credit - Net	(59,569)	(21,098)
Proceeds from Convertible Debt	566,000	160,000
Repayments of Notes Payable	(37,689)	(36,647)
Advances from Stockholder - Net	5,485	256,018
Repayments of Capital Leases	(14,656)	(24,436)
Deferred Financing Costs	(46,700)	--
Deferred Offering Costs	(30,000)	--
Proceeds from Sale of Stock	--	30,000

Net Cash Provided by Financing Activities		382,871		350,120
Net Increase in Cash		123,976		4,262
Cash - Beginning of Year		4,262		--
Cash - End of Year	$	128,238	$	4,262

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

BERGIO INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2011	2010
Supplemental Disclosures of Cash Flow Information:		
Interest	$ 56,000	$ 67,000
Income Taxes	$ --	$ --
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Debt Discount from Fair Value of Embedded Derivative	$ 391,437	$ 118,336
Issuance of Common Stock for Deferred Offering Costs	$ 51,250	$ 535,160
Issuance of Convertible Debt for Bank Line of Credit	$ 36,971	$ 699,999
Issuance of Common Stock for Vendor Payables	$ 65,781	$ 247,000
Issuance of Common Stock for Accrued Payroll - Related Party	$ 23,558	$ 70,833
Issuance of Common Stock for Convertible Debt and Accrued Interest	$ 300,376	$ 65,750
Issuance of Convertible Debt for Notes Payable	$ 72,371	$ --
Issuance of Convertible Debt for Deferred Financing Costs	$ 20,774	$ --
Common Stock Issuable for Deferred Offering Cost	$ 93,750	$ --
Issuance of Common Stock for Stockholder Advances	$ --	$ 401,759
Notes Payable Settled with Inventory	$ --	$ 21,500
Issuance of Common Stock for Share Liability	$ --	$ 180,000

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

BERGIO INTERNATIONAL, INC.

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, distribution of fine jewelry primarily in the United States 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.

[2] Summary of Significant Accounting Policies

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

Cash and Cash Equivalents - Cash equivalents are comprised of certain highly liquid instruments with a maturity of three months or less when purchased. The Company did not have any cash equivalents on hand at December 31, 2011 and 2010.

Accounts Receivable - Accounts receivable is generated from sales of fine jewelry to retail outlets throughout the United States. At December 31, 2011 and 2010, accounts receivable were substantially comprised of balances due from retailers.

An allowance for doubtful accounts is provided against accounts receivable for amounts management believes may be uncollectible. The Company determines the adequacy of this allowance by regularly reviewing the composition of its accounts receivable aging and evaluating individual customer receivables, considering the customer s financial condition, credit history and current economic circumstance. As of December 31, 2011, and 2010 an allowance for doubtful accounts of $47,939 and $35,787, respectively has been provided.

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.

Concentrations of Credit Risk - Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivables. The Company places its cash with high credit quality financial institutions. The Company, from time to time, maintains balances in financial institutions beyond the insured amounts. At December 31, 2011 and 2010, the Company had no cash balances beyond the federally insured amounts.

Concentrations of credit risk with respect to accounts receivable is limited due to the wide variety of customers and markets into which the Company s services are provided, as well as their dispersion across many different geographical areas. As is characteristic of the Company s business and of the jewelry industry generally, the Company extends its customers seasonal credit terms. The carrying amount of receivables approximates fair value. The Company routinely assesses the financial strength of its customers and believes its credit risk exposure on accounts receivable is limited. Based on management s review of accounts receivable, an allowance for doubtful accounts has been recorded for the years ending December 31, 2011 and 2010. The Company does not require collateral to support these financial instruments.

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Property and Equipment and Depreciation - Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives ranging from five (5) to seven (7) years.

Expenditures for repairs and maintenance are charged to expense as incurred whereas expenditures for renewals and improvements that extend the useful life of the assets are capitalized. Upon the sale or retirement, the cost and the related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is reported within the Statements of Operations in the period of disposal.

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 the assets exceed their fair value as determined by an estimate of undiscounted future cash flows.

Losses on assets held for disposal are recognized when management has approved and committed to a plan to dispose of the assets, and the assets are available for disposal.

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 December 31, 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 8).

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

	December 31, 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	$ --	$ 364,551	$ --	$ 364,551	$ --	$ 112,069	$ --	$ 112,069

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

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.

Investments in Unconsolidated Affiliates - Investments in unconsolidated affiliates, in which the Company owns less than 20% or otherwise does not exercise significant influence, are stated at cost. At December 31, 2011 and 2010, the Company had an investment in which the Company owned less than 1% interest in an unconsolidated affiliate and therefore the investment is carried at cost.

Deferred Offering and Deferred Financing Costs - We defer certain costs associated with financing activities related to the issuance of equity securities (deferred offering costs) and debt securities (deferred financing costs). These costs consist primarily of legal, banking and other professional fees related to the transactions. Upon successful completion of the offering of equity securities, deferred offering costs are recorded as a reduction of the net proceeds in paid in capital. If the offering is not successful, such costs will be expensed. Deferred financing costs are amortized over the life of the related debt.

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, which ever 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.

Advertising and Promotional Costs - Advertising and promotional costs are expensed as incurred and are recorded as part of Selling Expenses in the Statement of Operations. The total cost for the years ended December 31, 2011 and 2010 was approximately $187,000 and $168,000, respectively.

During the year, the Company prepays costs associated with trade shows which are recorded as Prepaid Expenses in the Balance Sheet and are charged to the Statement of Operations upon the trade shows being conducted. For the years ended December 31, 2011 and 2010, approximately $27,000 and $31,000, respectively, of trade show expenses have been recorded.

Reclassification - Certain 2010 items have been reclassified to conform to 2011 presentation.

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Income Taxes - The Company accounts for income taxes under the provisions of FASB ASC Topic No. 740 Income Taxes which requires the use of the liability method of accounting for income taxes. The liability method measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax basis of assets and liabilities and their reported amounts on the financial statements. The resulting deferred tax assets or liabilities are adjusted to reflect changes in tax laws as they occur. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized. At December 31, 2011 and 2010, the entire deferred tax asset has been fully reserved because management has determined that it is not more likely than not that the net operating loss carry forwards will be realized in the future.

The Company does not believe it has any uncertain tax position deemed material as of December 31, 2011 and 2010. With few exceptions, the Company believes it is no longer subject to U.S. federal and state tax examinations by tax authorities for tax periods prior to 2008. The Company s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of December 31, 2011 and 2010, the Company had no accrued interest or penalties. The Company currently has no federal or state tax examinations in progress nor has it had any federal or state examinations since inception.

Basic and Diluted Loss Per Share - Basic earnings per share includes no dilution and is computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Dilutive earnings per share reflect the potential dilution of securities that could occur through the effect of common shares issuable upon the exercise of stock options, warrants and convertible securities. Equity instruments that may dilute earnings per share in the future are listed in Note 8.

Subsequent Events - The Company evaluated subsequent events, which are events or transactions that occurred after December 31, 2011 through the issuance of the accompanying financial statements.

[3] New Authoritative Accounting Guidance

On May 12, 2011, the FASB issued ASU 2011-04. The ASU is the result of joint efforts by the FASB and the International Accounting Standards Board (IASB) to develop a single, converged fair value framework. Thus, there are few differences between the ASU and its international counterpart, IFRS 13. This ASU is largely consistent with existing fair value measurement principles in U.S. GAAP; however, it expands ASC 820 s existing disclosure requirements for fair value measurements and makes other amendments. The ASU is effective for interim and annual periods beginning after December 15, 2011. The Company does not expect the provisions of ASU 2011-04 to have a material effect on the financial position, results of operations or cash flows of the Company.

On June 16, 2011, the FASB issued ASU 2011-05, which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in ASC 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. The ASU does not change the items that must be reported in other comprehensive income. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the provisions of ASU 2011-05 to have a material effect on the financial position, results of operations or cash flows of the Company.

Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying financial statements.

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

[4] Other Receivable

In February 2010, the Company sold all its shares in Diamond Information Institute, Inc. to an unrelated party for $225,000, and recognized a gain from the sale of $225,000. Payments due on the receivable are in arrears and the Company has initiated legal proceedings against the purchaser. The receivable balance as of December 31, 2011 and 2010, is $137,500 and $175,000, respectively. Subsequent to December 31, 2011, the Company received a $65,000 payment on the receivable. Management believes the remaining balance will be collected, but due to its uncertainty, has recorded an allowance of the full amount owed of $72,500 as other expenses.

[5] Property and Equipment

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

	December 31, 2011	December 31, 2010
Selling Equipment	$ 8,354	$ 8,354
Office and Equipment	355,024	325,530
Leasehold Improvements	7,781	7,781
Furniture and Fixtures	18,487	18,487
Total - At Cost	389,646	360,152
Less: Accumulated Depreciation and Amortization	285,049	242,017
Property and Equipment - Net	$ 104,597	$ 118,135

Depreciation and amortization expense for the years ended December 31, 2011 and 2010 was approximately $43,000 and $54,000, respectively.

[6] Notes Payable

	December 31, 2011	December 31, 2010
Notes payable due in equal monthly installments, monthly payments 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)	$ --	$ 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.	51,626	70,169
Total	51,626	161,686
Less: Current Maturities Included in Current Liabilities	20,591	110,060
Total Long-Term Portion of Debt	$ 31,035	$ 51,626

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Maturities of long-term debt are as follows:

Years ended December 31,		
2012	$	20,591
2013		22,865
2014		8,170
Total	$	51,626

(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 judgment, less credits for payment made through the date of default. The note payable was paid off in November 2011 through an assignment and convertible debt agreement with Panache Capital, LLC.

[7] Bank Lines of Credit

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

	December 31, 2011	December 31, 2010
Credit line of $75,000 as of December 16, 2011, due June 1, 2012. Monthly payments of accrued unpaid interest due beginning February 1, 2012. Principal plus all accrued unpaid interest due on June 1, 2012. Interest rate is bank s prime rate plus 1.75%, minimum of 5.75%. Collateralized by the assets of the company.	$ --	$ --
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 December 31, 2010 and 2009, the interest rate was 4.00%. Collateralized by the assets of	--	40,153

the Company. (1)				
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 December 31, 2011 and 2010, the interest rates ranged from 3.99% to 8.75% and 3.99% to 24.90%, repectively.		104,326		160,713
Total		104,326		200,866
Less: Current maturities included in current liabilities		104,326		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 credit line was paid off in November 2011, through an assignment and convertible debt agreement with Asher Enterprises, Inc.

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

[8] Convertible Debt

Asher

In April 2011, the Company issued an 8% convertible note (the April 2011 Note) in the amount of $50,000 to Asher Enterprises, Inc. (Asher). The principal and accrued interest was due 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. In October and November 2011, the convertible note and $2,000 of accrued interest were converted into 2,109,575 shares of common stock.

In July 2011, the Company issued an 8% convertible note (the July 2011 Note) in the amount of $32,500 to Asher. The principal and accrued interest is payable on April 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.

In August 2011, the Company issued an 8% convertible note (the August 2011 Note) in the amount of $32,500 to Asher. The principal and accrued interest is payable on May 29, 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 60.0% 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.

In September 2011, the Company issued an 8% convertible note (the September 2011 Note) in the amount of $37,500 to Asher. The principal and accrued interest is payable on June 28, 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.

In November 2011, the Company issued a 10% convertible note (the November 2011 Note) in the amount of $39,522 to Asher in consideration for payment of a line of credit (See Note 7). The principal and accrued interest is payable on December 31, 2012, or such earlier date as defined in the agreement. The note is convertible by Asher at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 61% 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. In November 2011, the November 2011 Note was converted into 2,333,134 shares of common stock.

In November 2011, the Company issued an 8% convertible note (the November 2011 Note #2) in the amount of $32,500 to Asher. The principal and accrued interest is payable on September 5, 2012, or such earlier date as defined in the agreement. The note is convertible by Asher at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 61% 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.

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. During 2011 and 2010, $3,000 and $47,000 of the convertible note was converted into 100,000 and 538,829 shares of common stock, respectively.

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

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 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 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 was converted into 3,999,843 shares of common stock.

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.

<u>Tangiers</u>

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.

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.

In November 2011, the Company settled the note in full through an exchange agreement with Genesis Capital Management, LLC (see below).

BERGIO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Panache

In November 2011, the Company issued a 10% convertible Note (the November 2011 Note #3) in the amount of $50,000 to Panache Capital, LLC (Panache). The principal and accrued interest is payable on November 16, 2012 or such earlier date as defined in the agreement. The note is convertible by Panache at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 65% 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.

In November 2011, the Company issued a 10% convertible note (the November 2011 Note #4) in the amount of $75,000 to Panache in consideration for payment of a note payable (See Note 6). The principal and accrued interest is payable on November 16, 2012 or such earlier date as defined in the agreement. The note is convertible by Panache at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 65% 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. In November and December 2011, $16,369 of principal was converted into 1,100,000 shares of common stock.

Caesar

In November 2011, the Company issued a 12% convertible note (the November 2011 Note #5) in the amount of $31,000 to Caesar Capital Group, LLC (Caesar). The principal and accrued interest is payable on August 11, 2012 or such earlier date as defined in the agreement. The note is convertible by Caesar at any time after the six month anniversary of the issue date with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 35% of the lesser of closing bid price one day prior to conversion or the average of the five trading days ending one day prior to conversion.

TCA Global

In November 2011, the Company issued a 12% convertible note (the November 2011 Note #6) in the amount of $200,000 to TCA Global Credit Master Fund, LP (TCA Global). The principal and accrued interest is payable on December 22, 2012, or such earlier date as defined in the agreement. The note is convertible by TCA Global at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 95% of the average of the five lowest trading prices of the stock during the ten day trading period ending one day prior to the date of conversion.

Genesis

In November 2011, the Company issued an 8% convertible note (the November 2011 Note #7) in the amount of $64,643 through an exchange agreement with Genesis Capital Management, LLC (Genesis). The new note settled in full the note with Strategic in the principal amount of $50,000 plus accrued interest of $3,869. In addition, the Company incurred finance costs of $10,774. The principal and accrued interest is payable on November 30, 2012, or such earlier date as defined in the agreement. The note is convertible by Genesis at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 65% 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. In December 2011, $36,000 of principal was converted into 2,517,483 shares of common stock.

In November 2011, the Company issued a 10% convertible note (the November 2011 Note #8) in the amount of $60,000 to Genesis. The principal and accrued interest is payable on June 1, 2012, or such earlier date as defined in the agreement. The note is convertible by Genesis at any time after issue with conversion periods as defined in agreement. The note is convertible into shares of the Company s common stock at a price of 65% 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.

BERGIO INTERNATIONAL, INC.

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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, April 2011 Note of $32,704, May 2011 Note of $16,570, July 2011 Note of $30,962, August 2011 Note of $32,500, September 2011 Note of $21,507, November 2011 Note of $28,344, November 2011 Note #2 of $32,500, November 2011 Note #3 of $12,488, November 2011 Note #4 of $18,731, November 2011 Note #5 of $31,000, November 2011 Note #6 of $22,982, November 2011 Note #7 of $64,643 and November 2011 Note #8 of $34,028 were recorded as a derivative liability and a discount to the convertible debt. Amortization of debt discount amounted to $199,895 and $120,230 for the years ended December 31, 2011 and 2010, respectively. The derivative liability is revalued each reporting period using the Black-Scholes model. For the years ended December 31, 2011 and 2010, the Company recorded an unrealized gain from the change in the fair value of the derivative liability of $176,841 and $60,026, respectively. Convertible debt as of December 31, 2011 ($563,274) and December 31, 2010 ($119,250), is shown net of debt discount in the amount of $198,723 and $7,181, respectively.

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

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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 from January 1, 2011 to December 31, 2011.

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Variable Conversion Price - The variable conversion price was based on: (i) 80% of the lowest Stock Price out of the last ten trading days prior to the Valuation Date (Tangiers); (ii) 62.5%, 61% and 60% of the average of the three lowest Stock Prices out of the last ten trading days prior to the Valuation Date (Asher); (iii) 80% of the five day average Stock Price for the last five trading days prior to Valuation Date (Strategic); (iv) 35% of the lesser of Stock Price one day prior to conversion or the average of the five trading days ending one day prior to Valuation Date (Caesar); (v) 65% of the average of the three lowest Stock Prices out of the last ten trading days prior to the Valuation Date (Panache) and (Genesis) and (vi) 95% of the average of the five lowest Stock Price during the ten trading days ending one day prior to the Valuation Date (TCA Global).

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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 14 months to 0 months in the period from January 1, 2011 to December 31, 2011.

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Risk Free Rate - The risk free rate was based on the Treasury Note rates as of the Valuation Dates with term commensurate with the remaining term of the debt. The risk free rate ranged from 0.10% to 0.30% in the period from January 1, 2011 to December 31, 2011.

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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 52.60% to 57.96% in the period from January 1, 2011 to December 31, 2011.

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[9] Equipment Held Under Capital Leases

The Company s equipment held under the capital lease obligations as of December 31, 2011 and 2010, is summarized as follows:

	December 31, 2011	December 31, 2010
Showroom Equipment	$ 40,000	$ 40,000
Less: Accumulated Amortization	32,667	24,667
Equipment Held under Capitalized Lease Obligations - Net	$ 7,333	$ 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. For the years ended December 31, 2011 and 2010, amortization was approximately $8,000 and $9,000, respectively.

The capital lease obligation was paid in full during 2011.

Interest expense related to capital leases for the years ended December 31, 2011 and 2010 was approximately $500 and $4,000, respectively.

[10] Income Taxes

Deferred income tax assets [liabilities] are as follows:

	December 31, 2011	December 31, 2010
Deferred Income Tax Assets:		
Net Operating Loss Carryforwards	$ 413,718	$ 289,716
Allowance for Doubtful Accounts	48,104	14,293
Start-up Costs	15,501	18,237
Totals	477,323	322,246
Deferred Income Tax Liabilities:		
Property and Equipment	(23,651)	(20,135)
Gross Deferred Tax Asset [Liability]	453,672	302,111
Valuation Allowance for Deferred Taxes	(453,672)	(302,111)
Net Deferred Tax Asset [Liability]	$ --	$ --

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Reconciliation of the Federal statutory income tax rate to the effective income tax rate is as follows:

	2011	2010
U.S. statutory rate	(34%)	(34%)
State income taxes - net of federal benefit	6%	6%
Change in valuation allowance and other	28%	28%
Effective rate	--	--

At December 31, 2011, the Company had approximately $1,045,000 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 increased (decreased) by approximately $152,000 and $(127,000) in the years ended December 31, 2011 and 2010, respectively.

[11] Stockholders Equity

The Company is authorized to issue 200,000,000 shares of common stock, par value $0.001 per share and 10,000,000 shares of preferred stock, par value $0.001 per share.

<u>Common Stock</u>

At December 31, 2011 and 2010, there were 41,302,182 and 11,159,574 common shares issued and outstanding, respectively. At December 31, 2011, an approximate additional 41,000,000 shares of common stock are reserved for issuance under the Incentive Stock and Award Plan and for outstanding convertible debt. In October 2009, the Company affected 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.

Preferred Stock

The preferred stock may be issued from time to time in one or more series as designated by the Company s Board of Directors. Effective September 1, 2011, the Board of Directors authorized the issuance and the Company issued 51 shares of Series A Preferred Stock, par value $0.001 to its Chief Executive Officer (CEO), pursuant to his employment agreement (see Note 12). The Series A Preferred Stock, initially, will pay no dividends and has no conversion rights. The Series A Preferred Stock ranks senior to the Company s common stock and to any other series of capital stock hereafter created, unless specifically designated as senior by the Board of Directors. Upon liquidation, the holders of Series A Preferred Stock are entitled to receive net assets on a pro rata basis. Each share of Series A Preferred Stock has voting rights such that the holder of 51 shares of Series A Preferred Stock will effectively maintain majority voting control of the Company.

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 12).

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During fiscal 2011, the Company issued an aggregate of 13,511,848 shares of common stock to Asher for conversion of its convertible debt and accrued interest as follows: February 2010 Note remaining debt of $3,000, March 2010 Note of $30,000 and accrued interest of $3,200, April 2010 Note of $40,000 and accrued interest of $3,121, May 2010 Note of $40,000 and accrued interest of $2,849, April 2011 Note of $50,000 and accrued interest of $2,000 and November 2011 Note of $39,522. The shares are valued at $213,692 (see Note 8).

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 notes and accrued interest were November 2009 Note remaining debt of $6,250 plus accrued interest of $1,694 and June 2010 Note of $25,000 plus accrued interest of $1,371. The shares are valued at $34,315 (see Note 8).

In August 2011, the Company issued 533,553 shares of common stock for payment of legal fees. The shares are valued at $34,681, the fair value at date of issuance.

In October 2011, the Company issued 400,000 shares of common stock for deferred offering costs. The shares are valued at $20,000, the fair value at date of issuance.

In November 2011, the Company issued 1,040,133 shares of common stock for payment of accounts payable. The shares are valued at $31,100.

In November and December 2011, the Company issued 1,100,000 shares of common stock to Panache for partial conversion of its November 2011 Note #4 of $75,000 convertible debt. The shares are valued at $16,369 (See Note 8).

In December 2011, the Company issued 2,517,483 shares of common stock to Genesis for partial conversion of its November 2011 Note #7 of $64,643 convertible debt. The shares are valued at $36,000 (See Note 8).

In December 2011, the Company issued 1,736,111 shares of common stock to TCA Global for deferred offering cost. The shares are valued at $31,250. The Company also recorded 5,208,333 common shares issuable to TCA Global for deferred offering costs. The shares are valued at $93,750 (See Note 13).

In January 2010, the Company finalized a Securities Purchase Agreement with Tangiers Investments, LP (Tangiers) (See Note 13). Pursuant to the agreement the Company issued Tangiers 92,593 shares of common stock valued at the market price of $500,000 for a one-time commitment fee.

In January 2010, the Company issued 157,142 shares of common stock to Caesar Capital Group, LLC (Caesar) to settle approximately $402,000 of stockholder advances and accrued interest.

In February 2010, the Company sold 125,000 shares of common stock to Caesar for $30,000. The value of the stock on the date of sale based on the market price was $90,000 and the Company recorded an expense for financing costs of $60,000.

In February 2010, through an agreement with Socius CG II, Ltd (Socius), the Company settled a $699,999 payment of its credit line with Columbia Bank with the issuance of 1,190,249 shares of common stock to Socius.

In 2010, the Company issued an aggregate of 19,666 shares of common stock for legal services rendered for the registration of securities with the SEC. The shares are valued at $23,160 the market price, and are recorded as financing costs.

In March 2010, the Company issued 90,833 shares of common stock to a consultant for services rendered. The shares are valued at the market price of $62,900 and are recorded as share-based consulting expense.

In 2010, the Company issued an aggregate of 714,473 shares of common stock to Socius for settlement of approximately $247,000 in payables.

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In April 2010, the Company issued 25,000 shares of common stock for accounting services rendered for the registration of securities with the SEC. The shares are valued at $12,000 and are recorded as financing costs.

In April 2010, the Company issued 375,000 shares of common stock valued at $180,000 to settle share liability. The accrued share liability was expensed as share based services.

In 2010, the Company issued an aggregate of 3,232,020 shares of common stock to its Chief Executive Officer pursuant to his employment agreement (see Note 13).

In 2010, the Company issued an aggregate of 538,829 shares of common stock to Asher for partial conversion of its convertible debt. The shares are valued at $47,000.

In 2010, the Company issued an aggregate of 290,144 shares of common stock to Tangiers Capital, LLC for partial conversion of its convertible debt. The shares are valued at $18,750.

Incentive Stock and Award Plan

On May 9, 2011, the Company s Board of Directors approved, authorized and adopted the 2011 Incentive Stock and Award Plan (the Plan). Subject to adjustment for mergers, reorganizations, consolidation, recapitalization, stock dividend or other change in corporate structure, a total of 5,000,000 shares of common stock, par value $0.001 per share is subject to the Plan. Under the Plan, the Company may grant non-qualified options (the Non-qualified Options), incentive options (the Incentive Options and together with the Non-qualified Options, the Options) and restricted stock (the Restricted Stock) to directors, officers, consultants, attorneys, advisors and employees. Subject to a tax exception, if any Option or Restricted Stock expires or is canceled prior to its exercise or vesting in full, the shares of common stock issuable under the Option or Restricted Stock may be issuable pursuant to future Options or Restricted Stock under the Plan.

On August 26, 2011, the Company granted 533,553 shares of common stock under the Plan valued at $34,681, the fair value at date of grant, to its attorney. As of December 31, 2011, there are 4,466,447 shares available for issuance under the Plan. No options have been granted under the plan.

[12] Related Party Transactions

The Company receives periodic advances from its principal stockholder based upon the Company s cash flow needs. At December 31, 2011 and 2010, $323,086 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 December 31, 2011 and 2010, respectively. No terms for repayment have been established. As a result, the amount is classified as a Current Liability.

In the years ended December 31, 2011 and 2010, the Company issued an aggregate of 1,988,054 and 3,232,020 shares of common stock and 51 shares of Series A preferred stock to its CEO, in accordance with his employment agreement (See Note 13), respectively. The common shares were valued at $23,558 and $70,833 the amount of unpaid compensation owed the CEO, respectively.

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[13] 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.

Effective September 1, 2011, the Company and CEO entered into an Amended and Restated Employment Agreement (the Amended Agreement), which primarily retains the term and compensation of the original agreement. The Amended Agreement, however, removes the section which previously provided for the issuance of Company common stock to the CEO, from time to time, when the Company is unable to pay the CEO the full amount of his Base Salary which would allow the CEO to maintain a fifty-one percent (51%) share of the Company s outstanding common stock. However, the CEO does have the right to request all or a portion of his unpaid Base Salary be paid with the Company s restricted common stock. In addition, the Amended Agreement provides for the issuance of 51 shares of newly authorized Series A Preferred Stock to be issued to the CEO. As defined in the Certificate of Designations, Preferences and Rights of the Series A Preferred Stock, each share of Series A Preferred Stock has voting rights such that the holder of 51 shares of Series A Preferred Stock will effectively maintain majority voting control of the Company. Effective November 3, 2011, the CEO notified the Company that for the one year period, retroactive from April 1, 2011, through March 31, 2012, he would reduce his Base Salary to $100,000.

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 were non-cancelable and expired at various dates through 2011. All these leases are classified as operating leases. Effective January 2012, the monthly lease for office and manufacturing was revised to $1,100 per month (November and December 2011 monthly rent was waived as part of new agreement).

Rent expense for the Company s operating leases for the years ended December 31, 2011 and 2010 was approximately $18,000 and $22,000, respectively.

Acquisition - The Company entered into an Asset Purchase Agreement with Mario Panelli & C. s.a.s. (the Seller), an Italian distributor of high-end jewelry, and Mario Panelli and Mogni Viviana, wherein the Company agreed to purchase the inventory of the Seller. The Company agreed to pay the Seller an amount equal to 100% of the book value of the Seller s inventory as determined in accordance with U.S. generally accepted accounting principles. The closing date has been extended pending the Company obtaining adequate financing to complete the transaction.

Equity Financing Agreement - In January 2010, the Company finalized a securities purchase agreement with Tangiers Investors, LP (Tangiers), pursuant to which at its discretion the Company can periodically sell to Tangiers shares of common stock up to a maximum purchase of $25,000,000. The selling price will be 88% of the lowest volume weighted average price, as defined in the agreement, for the five days immediately following the notice of sale date. In addition, the Company issued Tangiers 92,593 shares of common stock valued at $500,000 for a one-time commitment fee which is recorded as deferred offering costs. Effective, June 22, 2010, the Company terminated the securities purchase agreement with Tangiers and recorded an expense of $535,160 as share-based financing costs which included the $500,000 commitment fee and $35,160 of professional fees related to a registration statement for common shares to be issued pursuant to the agreement, which was also terminated.

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Consulting Agreement - The Company entered into an agreement for business development services with a consultant. Pursuant to the agreement, the Company issued 375,000 shares of Company common stock for the services, which primarily were rendered in the first quarter of 2010. The shares, which were issued in April 2010, are valued at the market price of $180,000.

Committed Equity Facility Agreement - In November 2011, the Company entered into a committed equity facility agreement with TCA Global to issue and sell from time to time up to $2,500,000 of the Company s common stock at 95% of the market price to TCA Global, as defined in the agreement. The Company incurred a non-refundable facility fee of $125,000 (5%) payable in shares of the Company s common stock which was recorded as deferred offering cost. The fee is to be paid in four quarterly installments. The first installment was paid at the execution of the agreement. The Company issued 1,736,111 shares of common stock valued at $31,250 for the first installment. The Company also recorded common stock issuable for the remaining three installments in the amount of 5,208,333 common shares valued at $93,750. The number of shares of common stock issuable will be adjusted based on the future market value of the common stock, as defined in the agreement.

Litigation - The Company is currently a defendant in a litigation filed by Moti Ganz USA, Ltd., as plaintiff, involving the return of a piece of jewelry valued at approximately $12,000. The Company is currently finalizing negotiations to have the jewelry returned.

The Company is currently a plaintiff in a litigation filed against Macau Consultants and Advisory Services, Inc., Diamond International, Inc., Stanley Larson, Merlin Larson, Dennis Atkins, Paul Crawford, et al, as defendants. The litigation involves the sale of Diamond International, Inc. to Macau Consultants and Advisory Services, Inc. for a purchase price of $135,000. To date, only $65,000 has been paid and $70,000 remains outstanding.

Other than the matters described above, 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.

[14] Subsequent Events

In January 2012, the Company issued 1,985,955 shares of common stock for conversion of debt. The shares are valued at $19,304 per the terms of the various convertible debt agreements.

In February 2012, the Company issued 7,238,901 shares of common stock for conversion of debt. The shares are valued at $50,164 per the terms of the various convertible debt agreements.

In March 2012, the Company issued 8,523,372 shares of common stock for conversion of debt. The shares are valued at $66,237 pre the terms of the various convertible debt agreements.