UNITED STATE S
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

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

For the transition period from __________ to __________

Commission File Number: 000-53586

THE PULSE BEVERAGE CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	**36-4691531**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

11678 N Huron St, Northglenn, CO 80234

(Address of principal executive offices, including zip code)

(720) 382-5476

(Telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.00001 per share

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

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

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 ☒ No ☐

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

As of the last business day of the second fiscal quarter, June 30, 2016, the aggregate market value of common stock held by non-affiliates was approximately $25,000,000 using the closing price on that day of $0.13.

As of April 15, 2017, there were 196,867,991 shares of the Company’s common stock issued and outstanding.

Documents Incorporated by Reference: None.

THE PULSE BEVERAGE CORPORATION

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

We desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This Annual Report on Form 10-K ("Report") contains several forward-looking statements that reflect management's current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this Report other than statements of historical fact, including statements that address operating performance, the economy, events or developments that management expects or anticipates will or may occur in the future, including statements related to potential strategic transactions, distributor channels, volume growth, revenues, profitability, new products, adequacy of funds from operations, cash flows and financing, our ability to continue as a going concern, statements regarding future operating results and non-historical information, are forward-looking statements. The words such as "believe," "expect," "intend," "anticipate," "estimate," "may," "will," "can," "plan," "predict," "could," "future," variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements and their absence does not mean that the statement is not forward-looking.

Readers should not place undue reliance on these forward-looking statements, which are based on management's current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions, and apply only as of April 15, 2017. Our actual results, performance or achievements could differ materially from historical results as well the results expressed in, anticipated or implied by these forward-looking statements. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Our business, including our financial condition and results of operations, may be impacted by several factors, including, but not limited to, the following:

- Our ability to successfully execute on our 2017 operating plan;
- Our ability to establish new, and maintain existing distribution arrangements with distributors, retailers, brokers and regional and national retail accounts, most of whom sell and distribute competing products, and whom we rely upon to employ sufficient efforts in managing and selling our products, including re-stocking retail shelves with our products, on which our business plan and future growth are dependent in part;
- Our continued ability to secure store listings, obtain favorable placement within each store and increase case sales through promotions with respect to Natural Cabana® Lemonade, Limeade and Coconut Water;
- Our ability to receive further loans from debt and/or equity sources;
- Our continued ability to use our working capital resources to efficiently finance the growth of our business, including building inventory levels and financing receivables from our customers and then to generate sufficient cash flow from operations to preserve our existing cash resources and achieve profitability;
- Our continued ability to manage our inventory levels and to predict the timing and amount of our sales;
- Our reliance on third-party contract manufacturers of our products, which could make management of our marketing and distribution efforts inefficient or unprofitable;
- Our continued ability to secure a continuous supply of raw materials, as well as other factors affecting our supply chain;
- Our continued ability to maintain brand image and product quality and the risk that we may suffer other product issues such as product recalls;
- Our ability to attract and retain key personnel, which would directly affect our efficiency and results of operations;
- Our ability to protect our trademarks and trade secrets, which may prevent us from successfully marketing our products and competing effectively;
- Litigation or legal proceedings, which could expose us to significant liabilities and damage to our reputation;
- Our ability to compete successfully against much larger established companies currently operating in the beverage industry, which tend to dominate shelf-space; and
- Our ability to comply with the many regulations to which our business is subject.

For a discussion of some of the factors that may affect our business, results and prospects, see "Item 1A. Risk Factors." Readers are also urged to carefully review and consider the various disclosures made by us in this Report and in our other reports filed with the Securities and Exchange Commission, including our periodic reports on Form 10-Q and current reports on Form 8-K, and those described from time to time in our press releases and other communications, which attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

REFERENCES

As used in this annual report: (i) the terms "we", "us", "our", "Pulse" and the "Company" mean The Pulse Beverage Corporation; (ii) "SEC" refers to the Securities and Exchange Commission; (iii) "Securities Act" refers to the United States *Securities Act of 1933* , as amended; (iv) "Exchange Act" refers to the United States *Securities Exchange Act of 1934* , as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

PART I

ITEM 1. BUSINESS

Our Business

We are a Northglenn, Colorado based beverage company formed in 2011 by beverage industry veterans for exploiting niche markets in the beverage industry. We own beverage brands: Natural Cabana® Lemonade/Limeade, Natural Cabana® Coconut Water and PULSE® Heart & Body Health functional beverages. We introduced our Natural Cabana® Lemonade in 2012 and since then have developed a comprehensive US domestic distribution system. By establishing a comprehensive distribution system, Pulse has secured thousands of listings for its Lemonades/Limeades and Coconut Waters with regional and national grocery and convenience chain stores. We have been in business with Natural Cabana® Lemonade for five years. We expanded this brand into Limeade, which started selling in January 2014, and into Coconut Water, which started selling in March 2014.

During 2016, we began eliminating several weaker, non-performing and slow-paying distributors and now have approximately 70 distributors and 20 wholesalers. This was a strategic decision as we moved our sales model concentration from direct store delivery through distributors to warehouse direct to retail which has led to reductions in overhead associated with direct store delivery distributors. The decrease in net sales was expected to grow net sales from a more profitable fixed expense base and to increase sales prices, reduce promotional programs, reduce freight-out which, collectively, will increase our contribution margin.

Some of the more notable regional and national grocery and convenience chain stores are: Albertsons/Safeway/Tom Thumb Markets, Walmart, Kroger/King Soopers/City Markets, Stater Bros, Food Max, Houchens/IGA/IGA Express/IGA Cross Roads, Kmart, 7-Eleven, United C-stores, Weis Markets, King Kullen, Dierbergs Markets, Hy-Vee Supermarket, WinCo Foods, Price Less Markets, Gristede's Foods, Toot n Totem, Travel America, Walgreens, Smashburger, Bolla Markets, Shop-Rite Grocery, Natural Foods, Flash Foods and Associated Foods.

We currently develop, produce, market, sell and distribute our brands through our strategic regional and international distribution system, which includes over 85% Class "A" distributors and wholesalers such as Sysco, The Sygma Network, UNFI and distributors for Anheuser Busch, Miller Coors, Pepsi, Coca-Cola, RC/7-Up and Cadbury Schweppes.

Our principal executive offices are located at 11678 N Huron Street, Northglenn, Colorado 80234, and our telephone number at this address is (720) 382-5476. Our website is *www.pulsebeverage.com*. Information contained on our website is not a part of this Annual Report on Form 10-K. We completed our initial public offering on February 15, 2011.

Overview and Mission

Our mission is to be one of the market leaders in the development and marketing of natural and functional beverage products that provide real health benefits to a significant segment of the population and are convenient and appealing to consumers. We have an experienced management team of beverage industry executives that have strong relationships in the industry and have successfully launched and/or managed the distribution for more than twenty-five major brands over the past twenty-six years.

Products

Natural Cabana® Lemonade/Limeade

Natural Cabana® Lemonade/Limeade is a line-up of refreshing, all-natural, "good-for-you", ready-to-drink lemonades/limeades in seven flavours: Natural Lemonade, Cherry Lemonade, Strawberry Lemonade, Mango Lemonade, Natural Limeade, Cherry Limeade and Raspberry Limeade. Natural Cabana® Lemonades/Limeades contain no artificial sweeteners or coloring with significant reduction in calories compared to competing products; having only 60 calories and 19 grams of sugar per 8 oz. serving. Lemonades and limeades are part of a high-growth market with few entrants. There is only one other all-natural lemonade in the marketplace that is offered in a 16oz glass format. We believe that the lemonade/limeade market is well established and that there is an immediate demand in North America and internationally.

Natural Cabana® Lemonades/Limeades are targeted to beverage consumers desiring a lower calorie, all natural, thirst quenching beverage for enjoyment and rehydration. Nationally, only a handful of companies' market ready-to-drink lemonades. We believe Natural Cabana® Lemonades/Limeades have competitive advantages over existing lemonade brands as follows: has 60 calories per 8oz. serving compared to over 100 calories of most competing beverages and is made of 100% all natural ingredients. The fact that Natural Cabana® Lemonades/Limeades contain no preservatives or artificial sweeteners means that they can be sold in health food stores such as Whole Foods, GNC Live Well, Vitamin Cottage, Sunflower and others. The following is a summary of our competition in the lemonade segment:

- Calypso® – many flavors, 20oz glass bottle, artificial coloring, high in calories, artificial sweeteners;
- Hubert's Lemonade® – all natural lemonade in a 16oz glass bottle;
- Simply Lemonade® - one flavor in a 13.5oz plastic bottle using natural lemon juice and high in calories;
- Arizona® Iced Tea – a lemonade/tea known as "Arnold Palmer" in a 24oz can; and
- Country Time Lemonade® - one flavor in a 12oz can, high in calories.

As part of our restructure, subsequent to December 31, 2016, we switched our packaging for Natural Cabana® Lemonade/Limeade from a 20oz glass bottle to a 16.9oz European style glass bottle used in the making of Citrus Tree and Pulse Heart Health. We had an inventory of more than 1,000,000 16.9oz glass bottles on hand which will reduce our cash outflow for glass bottles during 2017 by more than $300,000. This change has been well received in the market place and we expect to continue to deliver our products in this packaging.

Natural Cabana® Coconut Water

We introduced Natural Cabana® Coconut Water, in natural and pineapple flavours in a 16.9oz can, in March, 2014 as a major line extension to our Natural Cabana® Lemonades/Limeades. During 2016 we added a 11.2oz can as a 6 pack in a cardboard carton.

The rapidly emerging coconut water category has nearly doubled in revenue every year since 2005 per the Wall Street Journal, and targeting consumer trends – "healthy" and "natural." Dubbed "Mother Nature's Sports Drink," it is made from the highest quality coconuts from Thailand. High in electrolytes, naturally fat and cholesterol-free, coconut water is an excellent source of hydration, and contains healthy ingredients including calcium, potassium and magnesium. Natural Cabana® Coconut Water debuted at a price lower than its competitors and, per informal customer surveys, is the best-tasting coconut water in the market.

Coconut water is one of the fastest growing beverage categories in the United States, with consumers and health experts recognizing its natural hydrating qualities, exceptional nutritional benefits and great taste. Coconut water contains high levels of electrolytes, vitamins and minerals and less sugar than many sports drinks.

While there are a number of competing brands in this category, we believe our pricing strategy, established existing distribution network, and exceptional taste of our Natural Cabana® Coconut Water brand will give us a competitive advantage in the marketplace.

Business Value Drivers

Profitable Growth – We believe "functional", "image-based" and/or "better-for-you" brands properly supported by marketing and innovation, targeted to a broad consumer base, drive profitable growth. We are focused on maintaining and improving profit margins and believe that tailored branding, packaging, pricing and distribution channel strategies help achieve profitable growth. We are implementing these strategies with a view to achieving profitable growth.

International market development – The expansion into international markets with our Natural Cabana® Lemonades/Limeades and Coconut Waters remains a key value driver for our growth.

Cost Management – The principal focus of controlling cost inputs will continue to center around reducing input supply and production costs on a per-case basis, including raw material costs and co-packing fees. The converting raw materials into finished goods and finished goods into accounts receivable and the reduction of days to collect accounts receivable while aligning our overhead costs with our growth are key areas of focus in 2017.

Efficient Capital Structure – Our capital structure is intended to optimize our working capital to finance expansion, both domestically and internationally. We believe our strong capital position currently provides us with a competitive advantage.

We believe that, subject to increases in the costs of certain raw materials being contained, these value drivers, when properly implemented, will result in: (1) maintaining and increasing our gross profit margins; (2) providing additional leverage over time through reduced expenses as a percentage of net revenues; and (3) optimizing our cost of capital. The ultimate measure of success is and will be reflected in our current and future results of operations including positive cash flow.

Gross and net sales, gross profits, contribution to fixed expenses, operating income, net income and net income per share represent key measurements of the above value drivers. These measurements will continue to be a key management focus in 2017. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION for a full discussion of our operations for 2016 and 2015.

Growth Strategy

Our growth strategy includes:

- expanding our US distribution reach to service national chain stores;
- increase awareness of our Natural Cabana® Coconut Water brand in the United States;
- securing additional chain, convenience and key account store listings for all our brands nationwide and internationally;
- increasing our warehouse direct to retail channel;
- focusing on full service Class "A" distributors; and
- focusing on placing our products in produce, natural and cold sets as opposed to the grocery aisles.

Prominent Industry Acquisitions:

Monster Beverage Corporation – In 2014, Coca Cola purchased a 16.7% stake in Monster for $2.15 billion. Monster's sales over the last 12 months were more than $2.6 billion.

VOSS Water® - slightly more than a 50% interest was sold for $105 million to the Reignwood Group (the parent company of Red Bull China). Voss's sales increased by 25% in 2015 to $77.5 million.

Vita Coco® - a 25% interest was sold for $165 million resulting in a valuation of $660 million. Vita Coco's sales increased 31% in 2014 to $421 million.

Sweet Leaf Tea® and Tradewinds brands – Nestle purchased these brands for $100 million when sales were $53 million in 2010.

SUJA Juice - In 2015, Coca Cola invested $90 million for a 30% stake and the merchant banking arm of Goldman Sachs also agreed to pay $60 million for a 20% interest which places a value of $300 million. Sales were $42 million in 2014 and sales are projected to be more than $70 million for 2015.

Bai Brands - Dr Pepper Snapple has invested $15 million for a 3% interest which places a value of $500 million on the brand. Bai brands was projecting sales of $125 million for 2015.

Vitamin Water® - Coca-Cola® purchased Vitamin Water® for a reported $4.1 billion when they were selling approximately 10 million cases per year and had approximately $200 million in sales.

SOBE® - Pepsi-Cola® purchased SOBE® for a reported $378 million when they were selling approximately 3 million cases per year and had approximately $60 million in sales.

FUZE® - Coca-Cola® purchased FUZE® for a reported $300 million when FUZE®, at the time, was selling approximately 7 million cases per year and had approximately $140m in sales.

Arizona Iced Tea® - turned down an offer from Coca-Cola® for $2.1 billion. At the time of the offer, Arizona Iced Tea® was selling approximately 25 million cases per year and $500m in sales.

Industry Background

Non-alcoholic beverages are among the most widely distributed food products in the world and are being sold through more than 400,000 retailers in the United States, our core market. The United States has more than 2,600 beverage companies and 500 bottlers of beverage products. Collectively they account for more than $100 billion in annual sales. It is estimated that globally more than $300 billion worth of non-alcoholic beverages are sold annually. The beverage market is controlled by two giants, The Coca-Cola Company ("Coke") and PepsiCo, combining for over 70% of the non-alcoholic beverage market. Carbonated beverage sales are slipping, while non-carbonated beverage sales are growing. Experts predict that beverage companies that only offer carbonated beverages will have to work hard to off-set flagging demand. Industry watchers believe that growth will be largely confined to non-carbonated beverages and will chiefly affect functional drinks.

D istribution Systems

Our distribution systems are comprised of the following:

Direct Store Delivery ("DSD")

DSDs primarily distribute beverages, chips, snacks and milk and provide pre-sales, delivery and merchandising services to their customers. Service levels are daily and weekly and they require 25% to 30% gross profit from sales to their customers. We grant these independent distributors the exclusive right in defined territories to distribute finished cases of one or more of our products through written agreements. These agreements typically include compensation to those distributors in the event we provide product directly to one of our regional retailers located in the distributor's region. We are also obligated to pay termination fees for cancellations of most of these written distributor agreements, which have terms generally ranging from one to three years. We have chosen, and will continue to choose, our distributors based on their perceived ability to build our brand franchise in convenience stores and grocery stores.

Direct to Retail Channel ("Warehouse Direct")

We have secured listings with large retail convenience store and grocery store chains where we ship direct to the chain stores warehousing system. Retailers must have warehousing and delivery capabilities. Services to retailers are provided by an assigned broker, approved by us, to oversee pre-sale and merchandising services. Our direct to retail channel of distribution is an important part of our strategy to target large national or regional restaurant chains, retail accounts, including mass merchandisers and premier food-service businesses. Through these programs, we negotiate directly with the retailer to carry our products, and the account is serviced through the retailer's appointed distribution system. These arrangements are terminable at any time by these retailers or us, and contain no minimum purchase commitments.

P roduction Facilities

We outsource the manufacturing and warehousing of our products to independent contract manufacturers ("co-packers"). We purchase our raw materials from North American suppliers which deliver to our third-party co-packers. We currently use two co-packers located in Oregon and Virginia to manufacture and package our products. Once our products are manufactured, we store finished product in a warehouse adjacent to each co-packer or in third party warehouses. Our co-packers were chosen based on their proximity to markets covered by our distributors. Most of the ingredients used in the formulation of our products are off-the-shelf and thus readily available. No ingredient has a lead time greater than two weeks. Other than minimum case volume requirements per production run for most co-packers, we do not have annual minimum production commitments with our co-packers. Our co-packers may terminate their arrangements with us at any time, in which case we could experience disruptions in our ability to deliver products to our customers. We continually review our contract packing needs considering regulatory compliance and logistical requirements and may add or change co-packers based on those needs.

Raw Materials

Substantially all the raw materials used in the preparation, bottling and packaging of our products are purchased by us or by our contract manufacturers in accordance with our specifications. The raw materials used in the preparation and packaging of our products consist primarily of juice concentrates, natural flavors, stevia, pure cane sugar, bottles, labels, trays and enclosures. These raw materials are purchased from suppliers selected by us or by our contract manufacturers. We believe that we have adequate sources of raw materials, which are available from multiple suppliers.

Currently, we purchase our flavor concentrate from four flavor concentrate suppliers. Generally, all natural flavor suppliers own the proprietary rights to the flavors. About the development of new products and flavors, independent suppliers bear a large portion of the expense for product development, thereby enabling us to develop new products and flavors at relatively low cost. We anticipate that for future flavors and additional products, we may purchase flavor concentrate from other flavor houses with the intention of developing other sources of flavor concentrate for each of our products. If we must replace a flavor supplier, we could experience disruptions in our ability to deliver products to our customers, which could have a material adverse effect on our results of operations.

Q uality Control

To ensure that the flavor profiles of our products meet the needs of consumers' taste, health and life-style, we contract the services of Catalyst Development Inc. ("Catalyst"), a beverage product development firm located in Burnaby, BC, Canada. Catalyst's owner, Ron Kendrick, is our Chief of Product Development and oversees our beverage development, inventory supply chain, and quality assurance through his team of three persons.

We are committed to building products that meet or exceed the quality standards set by the U.S government. Our products are made from high quality all natural ingredients. We ensure that all our products satisfy our quality standards. Contract manufacturers are selected and monitored by our own quality control representatives to assure adherence to our production procedures and quality standards. Samples of our products from each production run undertaken by each of our contract manufacturers are analyzed and categorized in a reference library. The manufacturing process steps include source selection, receipt and storage, filtration, disinfection, bottling, packaging, in-place sanitation, plant quality control and corporate policies affecting quality assurance. In addition, we ensure that each bottle is stamped with a production date, time, and plant code to quickly isolate problems should they arise.

For every run of product, our contract manufacturers undertake extensive testing of product quality and packaging. This includes testing levels of sweetness, taste, product integrity, packaging and various regulatory cross checks. For each product, our contract manufacturers must transmit all quality control test results to us for reference following each production run. Testing also includes microbiological checks and other tests to ensure the production facilities meet the standards and specifications of our quality assurance program. Water quality is ensured through activated carbon and particulate filtration as well as alkalinity adjustment when required. Flavors are pre-tested before shipment to contract manufacturers from the flavor manufacturer. We are committed to ongoing product improvement with a view toward ensuring the high quality of our product through a stringent contract packer selection and training program.

Regulation

The production and marketing of our proprietary beverages are subject to the rules and regulations of various federal, provincial, state and local health agencies, and the U.S. Food and Drug Administration (FDA). The FDA also regulates labeling of our products. From time to time, we may receive notifications of various technical labeling or ingredient reviews with respect to our licensed products. We believe that we have a compliance program in place to ensure compliance with production, marketing and labeling regulations.

Our contract manufacturers presently offer non-refillable, recyclable containers in the U.S. and various other markets. Legal requirements have been enacted in jurisdictions in the U.S. requiring that deposits or certain eco-taxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other beverage container related deposit, recycling, eco-tax and/or product stewardship proposals have been introduced in various jurisdictions in the U.S. We anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels.

N ew Product Development

Our product philosophy wi ll continue to be based on developing products in those segments of the market that offer the greatest chance of success such as health, wellness and natural refreshment and rehydration, and we will continue to seek out underserved market niches. We believe we can quickly respond, given our technical and marketing expertise, to changing market conditions with new and innovative products. We are committed to developing products that are distinct, meet a quantifiable need, are proprietary, lend themselves to at least a 30% gross profit, project a quality and healthy image, and can be distributed through existing distribution channels. We are identifying brands of other companies with a view to acquiring them or taking on the exclusive distribution of their products.

Intellectual Property

We own the following intellectual property:

- the right from Baxter Healthcare Corporation to use the following side panel (label) statement for PULSE® Heart & Body Health™ : “PRODUCT FORMULATION DEVELOPED UNDER LICENSE FROM BAXTER HEALTHCARE CORPORATION”;
- water-based beverage formulations, specifications, manufacturing methods and related Canadian and US unregistered trademark for PULSE® - Heart Healthy™. This trademark is being used currently and will not expire as long as we continue to use it;
- registered trademarks: “PULSE” – USA & CANADA (a water-based beverage) U.S. No. 2698560, Canada: TMA 622,432 and “PULSE: NUTRITION MADE SIMPLE” – USA ONLY. U.S. No. 2819813. In general, trademark registrations expire 10 years from the filing date or registration date. All trademark registrations may be renewed for a nominal fee; and
- the trademark Natural Cabana® about our Natural Cabana® Lemonade, Limeade and Coconut Water.

Segment Information

We have one operating segment: Non-carbonated beverages; and one reportable geographic segment: North America.

Research and Development

During the year ended December 31, 2016 we spent $nil on research and development.

Seasonality

Our sales are seasonal and we experience fluctuations in quarterly results because of many factors. Historically, we have generated a greater percentage of our revenues during the warm weather months of April through September. Timing of customer purchases will vary each year and sales can be expected to shift from one quarter to another. Thus, we believe that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance or results expected for the entire fiscal year.

Employees

As of December 31, 2016, we had fourteen employees/consultants, including Robert E. Yates, who serves as our President and Principal Executive, Financial and Accounting Officer.

ITEM 1A. RISK FACTORS

An investment in our common stock is risky. You should carefully consider the following risks, as well as the other information contained in this Form 10-K, before investing. If any of the following risks occur, our business, business prospects, financial condition, cash flow and results of operations could be materially and adversely affected. In this case, the trading price of our common stock could decline, and you might lose part or all your investment. We may amend or supplement the risk factors described below from time to time by other reports we file with the SEC in the future.

Risk Factors Relating to Our Company and Our Business

We rely on key members of management; the loss of whose services could adversely affect our success and development.

Our success depends to a certain degree upon key members of our management. These individuals are a significant factor in our growth and ability to meet our business objectives. We have an experienced management team of beverage industry executives who have successfully launched and/or managed the distribution for more than twenty-five major brands over the past twenty-six years. They have strong relationships with distributors and buyers who supply thousands of retail outlets, supermarkets and convenience stores. The loss of our key management personnel could slow the growth of our business, or cause us to cease operations, which may result in the total loss of an investment in our securities.

Because we do not have long term contractual commitments with our distributors, our business may be negatively affected if we are unable to maintain these important relationships and distribute our products.

Our marketing and sales strategy depends in large part on the availability and performance of our independent distributors. We will continue our efforts to reinforce and expand our distribution network by partnering with new distributors and replacing underperforming distributors. We have entered written agreements with many of our distributors in the U.S. and Canada, with terms ranging from one to three years. We currently do not have, nor do we anticipate in the future that we will be able to establish, long-term contractual commitments from some of our distributors. In addition, despite the terms of the written agreements with many of our top distributors, there are no minimum levels of purchases required under some of those agreements, and most of the agreements may be terminated at any time by us, generally with a termination fee. We may not be able to maintain our current distribution relationships or establish and maintain successful relationships with distributors in new geographic distribution areas. Moreover, there is the additional possibility that we may have to incur additional expenditures to attract and maintain key distributors in one or more of our geographic distribution areas to profitably exploit our geographic markets.

Our inability to maintain our distribution network or attract additional distributors will likely adversely affect our revenues and financial results.

Because we rely on our distributors, retailers and brokers that distribute our competitors' products along with our own products, we have little control in ensuring our product will be delivered to our customers by our distributors, which could cause our sales to suffer.

Our ability to establish a market for our products in new geographic areas, as well as maintain and expand our existing markets, is dependent on our ability to establish and maintain successful relationships with reliable distributors, retailers and brokers strategically positioned to serve those areas. Most of our distributors, retailers and brokers sell and distribute competing products, including non-alcoholic and alcoholic beverages, and our products may represent a small portion of their business. To the extent that our distributors, retailers and brokers are distracted from selling our products or do not employ sufficient efforts in managing and selling our products, including re-stocking retail shelves with our products, our sales and results of operations could be adversely affected. Our ability to maintain our distribution network and attract additional distributors, retailers and brokers will depend on several factors, some of which are outside our control. Some of these factors include: the level of demand for our brands and products in a distribution area; our ability to price our products at levels competitive with those of competing products; and our ability to deliver products in the quantity and at the time ordered by distributors, retailers and brokers.

If any of the above factors work negatively against us, our sales will likely decline and our results of operations will be adversely affected.

Because our distributors are not required to place minimum orders with us, we need to manage our inventory levels, and it is difficult to predict the timing and amount of our sales.

Our independent distributors are not required to place minimum monthly or annual orders for our products. To reduce inventory costs, independent distributors endeavor to order products from us on a "just in time" basis in quantities, and at such times, based on the demand for the products in a distribution area. Accordingly, there is no assurance as to the timing or quantity of purchases by any of our independent distributors or that any of our distributors will continue to purchase products from us in the same frequencies and volumes as they may have in the past. To be able to deliver our products on a timely basis, we need to maintain adequate inventory levels of the desired products, but we cannot predict the number of cases sold by any of our distributors. If we fail to meet our shipping schedules, we could damage our relationships with distributors and/or retailers, increase our shipping costs or cause sales opportunities to be delayed or lost, which would unfavorably impact our future sales and adversely affect our operating results. In addition, if the inventory of our products held by our distributors and/or retailers is too high, they will not place orders for additional products, which would also unfavorably impact our future sales and adversely affect our operating results.

Our business plan and future growth is dependent in part on our distribution arrangements with retailers and regional retail accounts. If we are unable to establish and maintain these arrangements, our results of operations and financial condition could be adversely affected.

We currently have distribution arrangements with a few regional retail accounts to distribute our products directly through their venues. However, there are several risks associated with this distribution strategy. First, we do not have long-term agreements in place with any of these accounts and thus, the arrangements are terminable at any time by these retailers or us. Accordingly, we may not be able to maintain continuing relationships with any of these national accounts. A decision by any of these retailers, or any large retail accounts we may obtain, to decrease the amount purchased from us or to cease carrying our products could have a material adverse effect on our reputation, financial condition or results of operations. In addition, we may not be able to establish additional distribution arrangements with other national retailers.

Second, our dependence on national and regional retail chains may result in pressure on us to reduce our pricing to them or allow significant product discounts. Any increase in our costs for these retailers to carry our product, reduction in price, or demand for product discounts could have a material adverse effect on our profit margin.

Finally, our direct to retailer distribution arrangements may have an adverse impact on our existing relationships with our independent regional distributors, who may view our direct to retailer accounts as competitive with their business, making it more difficult for us to maintain and expand our relationships with independent distributors.

We rely on independent contract manufacturers of our products, and this dependence could make management of our marketing and distribution efforts inefficient or unprofitable.

We do not own the plants or the equipment required to manufacture and package our beverage products, and do not directly manufacture our products but instead outsource the manufacturing process to independent contract manufacturers (co-packers). We do not anticipate bringing the manufacturing process in-house in the future. Currently, our products are prepared, bottled and packaged by two primary co-packers. Our ability to attract and maintain effective relationships with contract manufacturers and other third parties for the production and delivery of our beverage products in a geographic distribution area is important to the success of our operations within each distribution area. Competition for contract manufacturers' business is intense, especially in the western U.S., and this could make it more difficult for us to obtain new or replacement manufacturers, or to locate back-up manufacturers, in our various distribution areas, and could also affect the economic terms of our agreements with our manufacturers. Our contract manufacturers may terminate their arrangements with us at any time, in which case we could experience disruptions in our ability to deliver products to our customers. We may not be able to maintain our relationships with current contract manufacturers or establish satisfactory relationships with new or replacement contract manufacturers, whether in existing or new geographic distribution areas. The failure to establish and maintain effective relationships with contract manufacturers for a distribution area could increase our manufacturing costs and thereby materially reduce profits realized from the sale of our products in that area. In addition, poor relations with any of our contract manufacturers could adversely affect the amount and timing of product delivered to our distributors for resale, which would in turn adversely affect our revenues and financial condition.

As is customary in the contract manufacturing industry for comparably sized companies, we are expected to arrange for our contract manufacturing needs sufficiently in advance of anticipated requirements. We continually evaluate which of our contract manufacturers to utilize based on the cost structure and forecasted demand for the geographic area where our contract manufacturers are located. To the extent demand for our products exceeds available inventory or the production capacity of our contract manufacturing arrangements, or orders are not submitted on a timely basis, we will be unable to fulfill distributor orders on demand. Conversely, we may produce more product than warranted by actual demand, resulting in higher storage costs and the potential risk of inventory spoilage. Our failure to accurately predict and manage our contract manufacturing requirements may impair relationships with our independent distributors and key accounts, which, in turn, would likely have a material adverse effect on our ability to maintain effective relationships with those distributors and key accounts.

Our business and financial results depend on the continuous supply and availability of raw materials.

The principal raw materials we use include glass bottles, labels, closures, flavorings, stevia, pure cane sugar and other natural ingredients. The costs of our ingredients are subject to fluctuation. If our supply of these raw materials is impaired or if prices increase significantly, our business would be adversely affected. Certain of our contract manufacturing arrangements allow such contract manufacturers to increase their charges based on certain of their own cost increases. While certain of our raw materials, like glass, are based on a fixed-price purchase commitment, the prices of any of the above or any other raw materials or ingredients may continue to rise in the future and we may not be able to pass any cost increases on to our customers.

We may not correctly estimate demand for our products. Our ability to estimate demand for our products is imprecise, particularly with new products, and may be less precise during periods of rapid growth, particularly in new markets. If we materially underestimate demand for our products or are unable to secure sufficient ingredients or raw materials including, but not limited to, glass, labels, flavors, and natural sweeteners, or sufficient packing arrangements, we might not be able to satisfy demand on a short-term basis. Moreover, industry-wide shortages of certain concentrates, supplements and sweeteners have been experienced and could, from time to time in the future, be experienced, which could interfere with and/or delay production of certain of our products and could have a material adverse effect on our business and financial results.

Rising raw material, fuel and freight costs as well as freight capacity issues may have an adverse impact on our sales and earnings.

The recent volatility in the global oil markets has resulted in unstable fuel and freight prices. Due to the price sensitivity of our products, we do not anticipate that we will be able to pass any increased costs on to our customers.

At the same time, the economy appears to be returning to pre-recession levels resulting in the rise of freight volumes which is exacerbated by carrier failures to meet demands and fleet reductions due to fewer drivers in the market. We may be unable to secure available carrier capacity at reasonable rates, which could have a material adverse effect on our operations.

We rely upon our ongoing relationships with our key flavor suppliers. If we are unable to source our flavors on acceptable terms from our key suppliers, we could suffer disruptions in our business.

Currently, we purchase our flavor concentrate from four suppliers, and we anticipate that we will purchase flavor concentrate from others with the intention of developing other sources of flavor concentrate for each of our products. The price of our concentrates is determined by our flavor houses, and may be subject to change. Generally, flavor suppliers hold the proprietary rights to their flavors. Consequently, we do not have the list of ingredients or formulas for our flavors and concentrates and we may be unable to obtain these flavors or concentrates from alternative suppliers on short notice. If we must replace a flavor supplier, we could experience disruptions in our ability to deliver products to our customers or experience a change in the taste of our products, all of which could have a material adverse effect on our results of operations.

If we are unable to maintain brand image and product quality, or if we encounter other product issues such as product recalls, our business may suffer.

Our success depends on our ability to maintain brand image for our existing products and effectively build up brand image for new products and brand extensions. There can be no assurance, however, that additional expenditures on advertising and marketing will have the desired impact on our products' brand image and on consumer preferences. Product quality issues, real or imagined, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products.

In addition, because of changing government regulations; or their implementation, or allegations of product contamination, we may be required from time to time to recall products entirely or from specific markets. Product recalls could affect our profitability and could negatively affect brand image.

The inability to attract and retain key personnel would directly affect our efficiency and results of operations.

Our success depends on our ability to attract and retain highly qualified employees in such areas as distribution, sales, marketing and finance. We compete to hire new employees, and, in some cases, must train them and develop their skills and competencies. Our operating results could be adversely affected by increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Any unplanned turnover, particularly involving our key personnel, could negatively impact our operations, financial condition and employee morale.

Our inability to protect our trademarks and trade secrets may prevent us from successfully marketing our products and competing effectively.

Failure to protect our intellectual property could harm our brand and our reputation, and adversely affect our ability to compete effectively. Further, enforcing or defending our intellectual property rights, including our trademarks, copyrights, licenses and trade secrets, could result in the expenditure of significant financial and managerial resources. We regard our intellectual property, particularly our trademarks and trade secrets to be of considerable value and importance to our business and our success. We rely on a combination of trademark and trade secrecy laws, confidentiality procedures and contractual provisions to protect our intellectual property rights. In addition, there can be no assurance that other parties will not assert infringement claims against us, and we may have to pursue litigation against other parties to assert our rights. Any such claim or litigation could be costly. In addition, any event that would jeopardize our proprietary rights or any claims of infringement by third parties could have a material adverse effect on our ability to market or sell our brands or profitably exploit our products.

If we are unable to maintain effective disclosure controls and procedures and internal control over financial reporting, our stock price and investor confidence in us could be materially and adversely affected.

We are required to maintain both disclosure controls and procedures and internal control over financial reporting that are effective. Because of its inherent limitations, internal control over financial reporting, however well designed and operated, can only provide reasonable, and not absolute, assurance that the controls will prevent or detect misstatements. Because of these and other inherent limitations of control systems, there is only the reasonable assurance that our controls will succeed in achieving their goals under all potential conditions. The failure of controls by design deficiencies or absence of adequate controls could result in a material adverse effect on our business and financial results.

Because we have losses since inception it is difficult to evaluate your investment in our stock.

We have been operating since February 15, 2011 and in production since September 22, 2011 and have not yet achieved positive cash flow from operations or profitability. We have generated start-up losses to date while we build our distribution network, which could adversely affect our stock price. For the period from inception through December 31, 2016, we have accumulated losses more than $16 million. We face several risks encountered by emerging growth companies, including our need to obtain long-term sources of financing, and our need to manage expanding operations in 2017. Our business strategy may not be successful, and we may not successfully address these risks. If we are unable to achieve profitable operations, investors may lose their entire investment in us.

We may not be able to successfully manage growth of our business.

Our future success will be highly dependent upon our ability to successfully manage the anticipated expansion of our operations. Our ability to manage and support growth effectively will be substantially dependent on our ability to implement adequate financial and management controls, reporting systems and other procedures, and attract and retain qualified technical, sales, marketing, financial, accounting, and administrative and management personnel.

Our future success also depends upon our ability to address potential market opportunities while managing expenses. This need to manage our expenses will place a significant strain on our management and operational resources. If we are unable to manage our expenses effectively, our business, results of operations and financial condition will be materially and adversely affected.

Risks Related to our Common Stock

Our securities are traded on the OTC Markets as a QB issuer , which may not provide us as much liquidity for our investors as more recognized senior exchanges such as the NYSE MKT and NASDAQ .

Our securities are quoted on the OTC Markets under the QB tier ("the OTC markets"). The OTC markets are inter-dealer, over-the-counter markets that provide significantly less liquidity than the NASDAQ Stock Market or other national or regional exchanges. Securities traded on these OTC markets are usually thinly traded, highly volatile, have fewer market makers and are not followed by analysts. The SEC's order handling rules, which apply to NASDAQ-listed securities, do not apply to securities quoted on the OTC markets. Quotes for stocks included on the OTC markets are not listed in newspapers. Therefore, prices for securities traded solely on the OTC markets may be difficult to obtain and holders of our securities may be unable to resell their securities at or near their original acquisition price, or at any price. ***A sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.***

If our stockholders sell substantial amounts of our common stock in the public market, the market price of our common stock could fall.

Any future equity or debt issuances by us may have dilutive or adverse effects on our existing shareholders.

We may issue additional shares of common due to warrants or options being exercised that could dilute your ownership in our company. Moreover, any issuances by us of equity securities may be at or below the prevailing market price of our common stock and in any event, may have a dilutive impact on our shareholders, which could cause the market price of our common stock to decline.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any returns on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors affecting us. If we do not pay dividends, our common stock may be less valuable.

Our stock price is volatile and you may not be able to sell your shares for more than what you paid .

Our stock price has been subject to significant volatility, and you may not be able to sell shares of common stock at or above the price you paid for them. The trading price of our common stock has been subject to fluctuations in the past. During the year ended December 31, 2016, our common stock traded at prices as low as $0.03 per share and as high as $0.20 per share.

The market price of the common stock could continue to fluctuate in the future in response to various factors, including, but not limited to:

- quarterly variations in operating results;
- our ability to control costs and improve cash flow;
- announcements of technological innovations or new products by us or by our competitors;
- changes in investor perceptions; and
- new products or product enhancements by us or our competitors.

The stock market in general has continued to experience volatility which may further affect our stock price.

Risk Factors Relating to Our Industry

We compete in an industry that is brand-conscious, so brand name recognition and acceptance of our products are critical to our success.

Our business is substantially dependent upon awareness and market acceptance of our products and brands by our target market. In addition, our business depends on acceptance by our independent distributors and retailers of our brands as beverage brands that have the potential to provide incremental sales growth.

Competition from traditional non-alcoholic beverage manufacturers may adversely affect our distribution relationships and may hinder development of our existing markets, as well as prevent us from expanding our markets.

The beverage industry is highly competitive. Due to our small size, it can be assumed that many of our competitors have significantly greater financial, technical, marketing and other competitive resources. We compete against giant names like The Coca-Cola Company and PepsiCo, which combine for over 70% of the non-alcoholic beverage market . We compete with other beverage companies not only for consumer acceptance but also for shelf space in retail outlets and for marketing focus by our distributors, all of whom also distribute other beverage brands. Our products compete with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources than ours.

Increased competitor consolidations, market-place competition, particularly among branded beverage products, and competitive product and pricing pressures could impact our earnings, market share and volume growth. If, due to such pressure or other competitive threats, we are unable to sufficiently maintain or develop our distribution channels, we may be unable to achieve our current revenue and financial targets. Competition, particularly from companies with greater financial and marketing resources than ours, could have a material adverse effect on our existing markets, as well as on our ability to expand the market for our products.

We compete in an industry characterized by rapid changes in consumer preferences and public perception, so our ability to continue developing new products to satisfy our consumers' changing preferences will determine our long-term success.

Failure to introduce new brands, products or product extensions into the marketplace as current ones mature and to meet our consumers' changing preferences could prevent us from gaining market share and achieving long-term profitability. Product lifecycles can vary and consumers' preferences change over time. Although we try to anticipate these shifts and develop new products to introduce to our consumers, there is no guarantee that we will succeed.

Our business is subject to many regulations and noncompliance is costly.

The production, marketing and sale of our beverages, including contents, labels, caps and containers, are subject to the rules and regulations of various federal, provincial, state and local health agencies. If a regulatory authority finds that a current or future product or production run is not in compliance with any of these regulations, we may be fined, or production may be stopped, thus adversely affecting our financial condition and results of operations. Similarly, any adverse publicity associated with any noncompliance may damage our reputation and our ability to successfully market our products. Furthermore, the rules and regulations are subject to change from time to time and while we closely monitor developments in this area, we have no way of anticipating whether changes in these rules and regulations will impact our business adversely. Additional or revised regulatory requirements, whether labeling, environmental, tax or otherwise, could have a material adverse effect on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Our principal executive offices are located at 11678 N Huron Street, Northglenn, Colorado 80234. We lease these facilities on a month-to-month basis at a cost of $5,587 per month. We lease warehouse space located in Denver, Colorado for $900 per month. We believe these facilities are suitable for our current needs.

ITEM 3. LEGAL PROCEEDINGS

We are or may be involved from time to time in various claims and legal actions arising in the ordinary course of business, including proceedings involving employee claims, contract disputes, product liability and other general liability claims, as well as trademark, copyright, and related claims and legal actions. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

As of April 15, 2017, there were no open known legal proceedings against us. No governmental agency has instituted proceedings, served, or threatened us with any complaints.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Prior to April 5, 2011, there was no public trading market for our securities. We completed our initial public offering on February 15, 2011. On April 11, 2011, our common stock started trading under the symbol "PLSB" on the OTCBB operated by the Financial Industry Regulatory Authority, Inc. ("FINRA") and the OTCQB operated by OTC Markets Group, Inc. On June 24, 2015 our common stock began trading on the OTCQX ® Best Marketplace and on January 1, 2017, due to the decrease in our stock price, we no longer qualify for the OTCQX and thus, we moved back to the OTCQB operated by OTC Markets Group Inc .

The following table sets forth the range of high and low bid prices for our common stock for each applicable quarterly period. The table reflects inter-dealer prices without retail mark-up, mark-down or commissions and may not represent actual transactions.

Fiscal Year Ended December 31, 2016:

	High	Low
First Quarter	$ 0.11	$ 0.07
Second Quarter	$ 0.20	$ 0.07
Third Quarter	$ 0.14	$ 0.06
Fourth Quarter	$ 0.07	$ 0.03

Fiscal Year Ended December 31, 2015:

	High	Low
First Quarter	$ 0.30	$ 0.16
Second Quarter	$ 0.20	$ 0.13
Third Quarter	$ 0.18	$ 0.09
Fourth Quarter	$ 0.12	$ 0.08

The closing price of our common stock on the OTCQB on April 12, 2017 was $0.0068 per share.

Number of Shareholders

As of April 15, 2017, there were 196,867,991 shares of our common stock issued and outstanding and approximately 2,500 shareholders. The transfer agent of our common stock is Transhare Corporation 2200 E. 104 th Avenue, Thornton, CO 80233.

Dividends

We have never paid cash dividends or distributions to our equity owners. We do not expect to pay cash dividends on our common stock, but instead, intend to utilize available cash to support the development and expansion of our business. Any future determination relating to our dividend policy will be made at the discretion of our Board of Directors and will depend on several factors, including but not limited to, future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements we may obtain or enter into, future prospects and in other factors our Board of Directors may deem relevant at the time such payment is considered. There is no assurance that we will be able or will desire to pay dividends soon or, if dividends are paid, in what amount.

Stock Repurchases

There were no shares repurchased during the fourth quarter of 2016.

Securities Issued in Unregistered Transactions

During the quarter ended December 31, 2016, we did not issue any securities in unregistered transactions.

Subsequent Sales of Unregistered Securities

After December 31, 2016, we issued the following securities in unregistered transactions:

On January 25, 2017, we entered into a Settlement Agreement with certain creditors whereby Rockwell Capital Inc. purchased debts from our creditors totaling $250,738 (the “Claim Amount”). In return Rockwell Capital Inc. converted the Claim Amount into 78,459,168 free-trading common shares pursuant to Section 3(a)(10) of the Securities Act.

In connection with the Settlement Agreement, above, we issued 625,000 common shares having a fair market value of $6,425 for a registered broker dealer to act on our behalf.

On January 26, 2017, we entered into a Debt Purchase Agreement (“DPA”) with Old Main Capital, LLC (“Old Main”) to assign up to $1,727,484 of principal owed to TCA Global Credit Master Fund LP (“TCA”) in exchange for up to $1,722,484 pursuant to terms of the DPA. To evidence this DPA we entered into a 10% Senior Replacement Convertible Promissory Note for any purchases made from TCA by Old Main. To date Old Main has purchased $170,000 of such debt by paying TCA a total of $163,000 and paying legal fees of $7,000 to legal counsel for Old Main and TCA. To date a total of $144,089 has been converted into 46,153,843 common shares.

On March 13, 2017, we issued 700,000 shares of common stock having a fair market value of $7,000 pursuant to two service contracts.

We relied upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933 with respect to the issuance of the shares listed above. The persons who acquired these securities were sophisticated investors who were provided full information regarding our business and operations. There was no general solicitation about the offer or sale of these securities. The persons acquired these securities for their own accounts. The shares cannot be sold unless pursuant to an effective registration statement or an exemption from registration. No commissions were paid to any person about the issuance of these securities.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion that follows is derived from our consolidated audited balance sheets as of December 31, 2016, and 2015 and the audited consolidated statements of operations and cash flows for the years ended December 31, 2016 ("2016") and December 31, 2015 ("2015").

	2016	201 5	Increase (Decrease)
Gross Sales	$ 2,833,387	$ 3,730,676	$ (897,289)
Less: Promotional allowances and slotting fees	(202,874)	(247,162)	44,288
Net Sales	2,630,513	3,483,514	(853,001)
Cost of Sales	1,818,897	2,405,874	586,977
Gross Profit	811,616	1,077,640	(266,024)
Expenses			
Advertising, samples and displays	66,479	80,269	(13,790)
Asset impairment	33,268	159,597	(126,329)
Freight-out	259,003	359,266	(100,263)
General and administration	1,101,100	1,288,224	(187,124)
Intangible assets written-off	1,031,540	-	1,031,540
Research and development	-	995	(995)
Salaries and benefits and broker/agent's fees	890,340	1,208,603	(318,263)
Stock-based compensation	3,939	606,556	(602,617)
Total Operating Expenses	3,385,669	3,543,913	(158,244)
Net Operating Loss	(2,574,053)	(2,466,273)	(107,780)
Total Other Expenses	(769,817)	(242,653)	(527,164)
Net Loss from Continuing Operations	(3,343,870)	$ (2,708,926)	(634,944)
Net Loss from Discontinued Operations	(103,680)	-	(103,680)
Net Loss	$ (3,447,550)	$ (2,708,926)	(738,624)

Net Sales

We introduced Natural Cabana® Lemonade in a 20oz glass bottle in 2012 and since then have developed a multi-national comprehensive distribution system. During 2016, we began eliminating a number of weaker, non-performing and slow-paying distributors and now have approximately 70 distributors and 20 wholesalers. This was a strategic decision as we moved our sales model concentration from direct store delivery through distributors to warehouse direct to retail which has led to reductions in overhead associated with direct store delivery distributors. The decrease in net sales was expected in order to grow net sales from a more profitable fixed expense base and to increase sales prices, reduce promotional programs, reduce freight-out which, collectively, will increase our contribution margin.

Some of the more notable regional and national grocery and convenience chain stores are: Albertsons/Safeway/Tom Thumb Markets, Walmart, Kroger/King Soopers/City Markets, Stater Bros, Food Max, Houchens/IGA/IGA Express/IGA Cross Roads, Kmart, 7-Eleven, United C-stores, Weis Markets, King Kullen, Dierbergs Markets, Hy-Vee Supermarket, WinCo Foods, Price Less Markets, Gristede's Foods, Toot n Totem, Travel America, Walgreens, Smashburger, Bolla Markets, Shop-Rite Grocery, Natural Foods, Flash Foods and Associated Foods.

We currently develop, produce, market, sell and distribute our brands through our strategic regional and international distribution system, which includes over 85% Class "A" distributors and wholesalers such as Sysco, The Sygma Network, UNFI and distributors for Anheuser Busch, Miller Coors, Pepsi, Coca-Cola, RC/7-Up and Cadbury Schweppes.

We have been in operation with our first product, Natural Cabana® Lemonade, for almost five years. We expanded this brand into Limeade, which started selling in January 2014, and into Coconut Water, which started selling in March 2014.

During 2016, our aggregate gross revenues compared to 2015 decreased by $897,289 to $2,833,387 (2015 - $3,730,676). During the last six months of 2016 we determined that it was necessary to re-structure how we organized our business to lower our overhead and increase our productivity so that we could, in the future, sell more product at a lower cost. In the short-term this, coupled with our cash crunch, impacted our ability to sell and deliver product which had a short-term negative impact on our sales. We believe that over the long-term these structural changes will enhance shareholder value. The impact of these decisions will be evident in all aspects of our business.

During 2016 gross revenues, on sale of 194,987 cases (2015 – 265,227 cases) of Natural Cabana® Lemonade/Limeade, declined by $786,479 to $2,284,121 (2015 - $3,070,600). In April 2016, we introduced our Lemonade/Limeade formula in a 16.9oz glass bottle package under a private label "Citrus tree" for Acme Markets. During 2016, we sold 5,570 cases for sales of $71,493.

During 2016 gross revenues, on sale of 43,442 cases (2015 – 58,474 cases) of Natural Cabana® Coconut Water, decreased by $152,471 to $477,772 (2015 - $630,243). During 2016, we introduced a smaller 11.2oz six-pack coconut water which some big box retailers find easier to sell.

During 2016 gross revenues, on sale of nil cases (2015 – 1,526 cases) of PULSE® Heart & Body Health, decreased by $29,832 to $nil (2015 - $29,832). We are currently discussing the future of this brand.

During 2016 our aggregate net sales, after promotional allowances and slotting fees, decreased by $853,001 to $2,630,513 (2015 - $3,483,514). During 2016, promotional allowances and slotting fees, decreased by $44,288 to $202,874 (2015 - $247,162). As a percentage of gross sales, promotional allowances and slotting fees increased to 7.16% (2015 – 6.63%). This is a temporary increase as we incurred one-time expenses getting our product into new stores with promotional campaigns behind the launch in each store.

As part of our restructure, subsequent to December 31, 2016, we switched our packaging for Natural Cabana® Lemonade/Limeade from a 20oz glass bottle to a 16.9oz European style glass bottle used in the making of Citrus Tree and Pulse Heart Health. We had an inventory of more than 1,000,000 16.9oz glass bottles on hand which will reduce our cash outflow for glass bottles during 2017 by more than $300,000. This change has been well received in the market place and we expect to continue to deliver our products in this packaging.

Cost of Sales

During 2016 cost of sales decreased by $586 ,977 to $1,818,897 (2015 – $2,405,874). This decrease was due to lower sales. As a percentage of net revenue, cost of sales remained constant at 69%. We expect cost of sales for the production of Natural Cabana® Lemonade/Limeade to remain stable throughout 2017 due to fairly stable raw material costs. We expect cost of sales for Natural Cabana® Coconut Water to continue to reduce due to the lower cost of coconut water sourced from our Asian manufacturer and lower ocean-shipping costs.

Gross Profit

During 2016, gross profit decreased by $266,024 to $811,616 (2015 - $1,077,640). This decrease was due to lower sales. As a percentage of net revenue, gross profit remained constant at 31%. We expect gross profit for the sale of Natural Cabana® Lemonade/Limeade to remain stable throughout 2017 due to stable sales prices, promotional programs and raw material costs. We expect gross profit for Natural Cabana® Coconut Water to increase due to the lower cost of coconut water sourced from our Asian manufacturer and lower ocean-shipping costs.

Expenses

Advertising, samples and displays

This expense includes in-store sampling, samples shipped to distributors, display racks, ice barrels, sell sheets, shelf strips and door decals. During 2016 advertising, samples and displays expense decreased by $13,790 to $66,479 (2015 - $80,269). As a percentage of net sales, this expense remained constant at 2.5% of net revenue. We reduced this cost due to less display racks and barrels being needed in 2016. We expect this expense to increase in proportion to increases in sales mainly due to the expansion of Natural Cabana® Coconut Water during 2017.

Freight-out

During 2016, freight-out decreased by $100,263 to $259,003 (2015 - $359,266). On a per case basis, freight-out decreased by $0.04 per case to $1.06 (2015 - $1.1 0). We expect freight-out, on a per case basis, to decrease due to lower transportation costs in the United States.

Contribution to fixed expenses

Beverage companies are often compared on a contribution to fixed expense basis which includes gross profit less variable expenses such as advertising, samples and displays and freight-out. This line item is not GAAP and therefore it is not disclosed separately in our consolidated financial statements. During 2016, as a percentage of net sales, contribution to fixed expense remained constant at 18.5%. We expect contribution to fixed expenses to increase due to the reasons disclosed under each category above.

Asset impairment

During 2016, we elected to write-off old coconut water inventory of $8,268 and we elected to write-down potentially unusable raw materials by $25,000 due to the switch to the 16.9oz bottle .

During 2015 , our asset impairment expense was $159,597. We elected to write-down an inventory deposit due from our previous coconut water supplier in the amount of $45,333. A note receivable was written-down to a negotiated amount resulting in a loss of $6,993. We wrote-off a total of $63,742 of raw materials that were obsolete or expired and $23,766 of damaged or discontinued finished goods. We wrote-down trademarks totalling $19,763.

Intangible assets written-off

In 2016, we recorded an impairment of $ 1,031,540 related to formulations, rights and patents related to the products offered under the Pulse Heart Health brand. We are not presently marketing this product as we have made a decision to reformulate and repackage the product. For conservatism, we have decided to write-down these assets to $nil. Without the effect of this one-time charge to earnings our net loss declined by $923,760 to $1,542,513 in 2016 compared to $2,466,273 in 2015 which reflects some of the effects of our restructuring.

General and administrative

Overall , we have rationalized our overhead to align our expenses to a new strategic way of conducting our business utilizing more warehouse direct distribution and utilizing strong international distributors that distribute, market and promote our brands in their territories. This reduces the amount of overhead we require to operate our business.

General and administration expenses for the years ended December 31, 2016 and 2015 consist of the following:

	201 6	201 5	Increase (Decrease)
Advisory and consulting fees	$ 108,875	$ 110,000	$ (1,125)
Amortization and depreciation	118,100	106,423	11,677
Bad debts	164,161	156,090	8,071
Legal, professional and regulatory fees	170,336	129,965	40,371
Office, rent and telephone	276,520	254,448	22,072
Shareholder, broker and investor relations	99,172	245,950	(146,778)
Trade shows	1,450	875	575
Travel and meals	162,486	284,473	(121,987)
	$ 1,101,100	$ 1,288,224	$ (187,124)

During 2016, general and administrative expenses decreased by $187,124 to $1,101,100 (2015 - $1,288,224). During 2016, we provided an additional $147,495 to fully allow for a doubtful account in Mexico. We expect to partially recover this account receivable in the future. Shareholder, broker and investor relations decreased by $146,778 to $99,172 (2015 - $245,950). Of this, a total of $51,041 (2015 - $230,000) was associated with the issuance of our common shares. In April 2016, we hired an investor relations consultant and paid them $26,000 cash and 500,000 shares (valued at $51,041). Travel and meals decreased by $121,987 to $162,486 (2015 - $284,473) due to an overall effort to decrease overhead. Legal, professional and regulatory fees increased by $40,371 due to our OTCQX listing fee of $12,500 and increase in legal expenses associated with various agreements. Expense categories such as: advisory/consulting fees, amortization/depreciation, fluctuated less than 10% when compared to 2015.

Salaries and benefits and broker/agent's fees

During 2016 salaries and benefits and broker/agent's fees decreased by $318,263 to $890,340 (2015 - $1,208,603). We rationalized the number and placement of salespeople in the field as we moved our business concentration from direct store delivery through distributors to warehouse direct to retailers . This reduced the number of salespeople needed. We concentrated on warehouse direct sales, chain store listings and international expansion which is where we see the majority of our growth coming from. These areas of future growth are generally handled by our two senior officers. Going into 2017 we expect this cost to be less than $65,000 per month .

Stock-based compensation

We have no further unrecognized stock-based compensation cost to record.

Other Income (Expense)

Other income (expense) for the years ended December 31, 2016 and 2015 consist of the following:

	201 6	2015	Increase (Decrease)
Contract settlement	$ -	$ (7,009)	$ (7,009)
Financing expense	(50,000)	(10,000)	40,000
Loss on derivative liability	(12,456)	-	12,456
Accretion of discount to convertible note	(9,630)	-	9,630
Interest (expense) income, net	(865,027)	(69,885)	795,142
Gain on disposal of assets	167,296	3,838	163,458
	$ (769,817)	$ (242,653)	$ 527,164

During 2016, we incurred interest expense of $865,027. We incurred interest expense of $15,606 on short-term loans, $3,225 on credit card debt, $144,942 on our revolving TCA loan balance, $1,450 on our convertible note, and $2,999 on promissory notes. We incurred a total of $742,870 of debt issuance costs associated with the closing and amendment of the Credit Facility discussed in Note 7 (b) to our consolidated financial statements. Pursuant to ASU 2015-3 these costs were amortized to interest expense over the term of the loan to November 6, 2016 resulting in an interest expense of $694,909 during 2016 (2015 - $47,961). We also incurred $9,500 of debt issuance costs associated with the closing of our convertible note with JSJ Investments Inc. These costs are amortized over the term of the convertible note to October 19,2017, resulting in an interest expense of $1,895.

During 2015 , we incurred a contract settlement cost of $7,009 to allow us to enter multiple other distribution agreements in a key geographic area.

During 2016, we incurred $50,000 of financing fees. We charged $40,000 to financing expense due to the expiration of a contract with a financier associated with a potential loan we elected not to take due to poor terms offered. We incurred a $10,000 financing fee associated with a loan we elected not to take due to poor terms offered.

During 2016, we sold the Canadian rights to our Natural Cabana® Lemonade/Limeade brand for gross proceeds of $181,000 resulting in a gain on sale of $167,296. During 2015 , we received $6,736 from insurance proceeds from a delivery van written-off resulting in a gain of $3,838.

Net Loss

During 2016 net loss increased by $738,624 to $3,447,550 (2015 - $2,708,926). Interest expense associated with amortization of debt issuance costs increased by$648,843. The increase in net loss was also due to lower sales and a decrease in gross profit of $266,024 and due to intangible assets written off of $1,031,540. These were offset by an overall reduction in general and administration of $187,124 and a reduction in salaries of $318,263, a reduction in stock-based compensation of $602,617 and a gain on sale of Canadian rights of $167,296.

Non-GAAP financial information not disclosed in the financial statements

During 2016 net loss, after adjustments to bring GAAP to net loss before corporation income taxes, depreciation and amortization, stock-based compensation and one-time charges (Adjusted EBITDA), increased by $133,610 to $1,411,921 (2015 - $1,278,311).

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the year ended December 31, 2016 our cash position decreased by $271,610 to $159,660 and our working capital position declined by $1,941,845 to negative $1,688,195. At December 31, 2016, our working capital consisted of: cash of $159,660; accounts receivable of $146,324; inventories of $781,469 (including finished product of $251,692, inventory deposit of $5,837 and raw materials of $523,940); and prepaid expenses of $21,595. Our current liabilities include accounts payable of $795,552, accrued expenses of $21,422, credit card indebtedness of $21,057, promissory notes payable of $71,587, convertible debenture of $2,025, derivative liability of $93,206, and loans payable of $1,792,384.

The following table sets forth the major sources and uses of cash for the year ended December 31, 2016 and 2015:

		2016		2015
Net cash used in operating activities	$	(914,050)	$	(1,347,360)
Net cash from (used in) investing activities		158,808		(78,708)
Net cash provided by financing activities		483,632		1,807,821
Net increase (decrease) in cash	$	(271,610)	$	(381,753)

Cash Used in Operating Activities

During 2016, we used cash of $914,050 in operating activities. This was made up of the net loss of $3,447,550 less adjustments for non-cash items such as: shares and options issued for services of $136,966 , amortization and depreciation of $118,100, asset impairment of $33,268, a bad debt allowance of $164,160, amortization to interest expense of debt issuance costs of $696,805, a gain on sale of assets of $167,295 and Loss on change in fair value of derivative liability of $12,456 and accretion of discount on convertible debenture of $9,630; all totaling $2,035,630 . After non-cash items, the net cash loss was $1,411,921 compared to a cash loss during 2015 of $1,278,311. Our net cash from operating activities as a result of changes in operating assets and liabilities was $497,871.

During 2015 , we used cash of $1,347,360 in operating activities. This was made up of the net loss of $2,708,926 less adjustments for non-cash items such as: shares and options issued for services of $871,581, amortization and depreciation of $106,423, asset impairment of $159,597, a bad debt allowance of $156,091, amortization to interest expense of debt issuance costs of $47,961, a gain on sale of assets of $3,838 and reduction of note receivable for services of $92,800; all totaling $1,430,615.

Cash Used in Investing Activities

During 2016, we received cash of $158,808 from investing activities. A total of $17,125 was spent on moulds and dies. We spent $5,422 on trademarks. We received $181,355 from the sale of our Canadian rights to Natural Cabana® Lemonade/Limeade .

During 2015 , we used cash of $78,708 in investing activities. A total of $64,981 was spent on moulds, dies and label artwork, $6,387 on computer equipment associated with Walmart online processing system and $5,500 on a delivery van for Northern California. We spent $4,573 on trademarks and $4,003 on formulation and testing associated with bringing our PULSE® Heart & Body Health brand of functional beverages available for commercial production. We received $6,736 from insurance proceeds from a delivery van written-off.

Cash Provided by Financing Activities

On March 22, 2016, we entered into Amendment No. 1 to the Senior Secured Revolving Credit Facility Agreement (the “Amended Credit Facility”) whereby we were approved for an additional $1,000,000 loan having the same terms as the initial $900,000 loan. During 2016, we received gross proceeds of $850,000. During 2016, we repaid loans and promissory notes by $447,518. We received $80,750 from a convertible note. On December 9, 2016, we issued 100,000 Series “A” Preferred Shares to our Chief Executive Officer for $400.

In 2015, we sold 10,050,000 Units at $0.10 per Unit for cash proceeds of $1,005,000 of which $100,000 was received as at December 31, 2014, $860,000 was received in cash and $45,000 was shares issued for debt. In 2015, we sold 750,000 Units at $0.10 per Unit for cash proceeds of $45,000, and debt settlement of $30,000. In November 2015, we received $758,770, net of $131,230 of cash debt issuance costs, associate with the initial loan from TCA. In September 2015, we received short-term loans totaling $145,000 of which $130,000 was received from a family trust of our Chief Executive Officer. These loans bear interest at 10% per annum, are unsecured and due on demand. As of April 15, 2017, no demand for repayment has been received.

Additional Capital

Our continuation as a going concern is dependent upon our ability to obtain necessary debt and/or equity financing to fund our growth strategy, pay debt when due, to continue operations, and to attain profitability. As at December 31, 2016 we had a working capital deficit of $1,688,195 and a stockholders' deficit of $16,459,156. All of these factors combined raises substantial doubt regarding our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. Since our inception through December 31, 2016, we have obtained funds primarily from the issuance of common stock and debt. Management believes this funding will continue, and is continually seeking new investors. Management believes the existing shareholders and lenders and prospective new investors will provide the additional cash needed to meet our obligations as they become due, and will allow the development of our core business.

We intend to continually monitor and adjust our business plan as necessary to respond to developments in our business, our markets and the broader economy. We believe our debt and equity financing alternatives will be made available to us to support our working capital needs in the future. These alternatives may require significant cash payments for interest and other costs or could be highly dilutive to our existing shareholders.

OFF BALANCE-SHEET ARRANGEMENTS

We have not had, and at December 31, 2016, do not have, any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements that have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). This preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. US GAAP provides the framework from which to make these estimates, assumptions and disclosures. We choose accounting policies within US GAAP that management believes are appropriate to accurately and fairly report our operating results and financial position in a consistent manner. Management regularly assesses these policies considering current and forecasted economic conditions. While there are several significant accounting policies affecting our financial statements, we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments:

Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. We regularly evaluate estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation, and deferred income tax asset valuation allowances. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments as to the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates.

Intangible Assets

Intangible assets are comprised primarily of the cost of trademarks that represent our exclusive ownership of "Natural Cabana®", used in connection with the manufacture, sale and distribution of our products. We do not amortize trademarks as they have an indefinite life; we amortize our website over a period of 5 years on a straight-line basis. We evaluate our trademarks annually for impairment or earlier if there is an indication of impairment. If there is an indication of impairment of identified intangible assets not subject to amortization, we compare the estimated fair value with the carrying amount of the asset. An impairment loss is recognized to write-down the intangible asset to its fair value if it is less than the carrying amount. The fair value is calculated using the income approach. However, preparation of estimated expected future cash flows is inherently subjective and is based on our best estimate of assumptions concerning expected future conditions. Based on our impairment analysis performed for the years ended December 31, 2016 and 2015, we identified impairment of formulations, intellectual property and trademarks of $1,031,540 and $nil, respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 2 to our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM,

To the Board of Directors and Stockholders of
The Pulse Beverage Corporation

We have audited the accompanying consolidated balance sheets of The Pulse Beverage Corporation and subsidiary (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the years in the two-year period ended December 31, 2016. The Pulse Beverage Corporation's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated 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 audit 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 audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pulse Beverage Corporation and subsidiary as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the accompanying financial statements, the Company has suffered recurring losses from operations and has an accumulated deficit as of December 31, 2016, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/RBSM, LLP

Larkspur, CA
April 15, 2017

The Pulse Beverage Corporation
Consolidated Balance Sheets
As of December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash	$ 159,660	$ 431,270
Accounts receivable, net (Note 3)	146,324	386,462
Inventories (Note 4)	781,469	988,910
Prepaid expenses	21,585	15,461
Total Current Assets	1,109,038	1,822,103
Property and equipment, net of accumulated depreciation of $310,604 and $266,099, respectively (Note 5)	151,235	247,235
Intangible assets, net of accumulated amortization of $61,927 and $52,683 (Note 5)	86,640	1,131,793
Total Assets	$ 1,346,913	$ 3,201,131
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued expenses	$ 816,974	$ 790,616
Credit card indebtedness	21,057	22,066
Promissory notes payable (Note 6)	71,587	-
Loans payable (Note 7)	1,792,384	755,771
Convertible Debenture (Note 8)	2,025	-
Derivative Liability (Note 9)	93,206	-
Total Current Liabilities	2,797,233	1,568,453
Stockholders' Equity (Deficit):		
Preferred stock, 1,000,000 shares authorized, $0.001 par value, 100,000 Series "A" preferred shares issued (2015 – none issued)	100	-
Common stock, 100,000,000 shares authorized, $0.00001 par value 70,924,980 and 68,447,202 issued and outstanding, respectively (Note 10)	709	684
Additional paid-in capital	15,243,587	14,879,160
Accumulated deficit	(16,694,716)	(13,247,166)
Total Stockholders' Equity (Deficit)	(1,450,320)	1,632,678
Total Liabilities and Stockholders' Equity (Deficit)	$ 1,346,913	$ 3,201,131

(The accompanying notes are integral to these consolidated financial statements)

The Pulse Beverage Corporation
Consolidated Statements of Operations
For the Years Ended December 31, 2016 and 2015

	2016	2015
Gross Sales	$ 2,833,387	$ 3,730,676
Less: Promotional Allowances and Slotting Fees	(202,874)	(247,162)
Net Sales	2,630,513	3,483,514
Cost of Sales	1,818,897	2,405,874
Gross Profit	811,616	1,077,640
Expenses		
Advertising, samples and displays	66,479	80,269
Asset impairment	33,268	159,597
Freight-out	259,003	359,266
General and administration	1,101,100	1,288,224
Intangible assets written-off	1,031,540	-
Research and development	-	995
Salaries and benefits and broker/agent’s fees	890,340	1,208,603
Stock-based compensation	3,939	606,556
Total Operating Expenses	3,385,669	3,543,913
Net Operating Loss	(2,574,053)	(2,466,273)
Other Income (Expense)		
Contract settlement	-	(7,009)
Financing expense	(50,000)	(10,000)
Loss on derivative liability revaluation	(12,456)	-
Accretion of discount to convertible note	(9,630)	-
Interest (expense), net	(865,027)	(69,885)
Gain on disposal of assets	167,296	3,838
Total Other Income (Expense)	(769,817)	(242,653)
Net Loss from Continuing Operations	(3,343,870)	(2,708,926)
Loss from Discontinued Operations	(103,680)	-
Net Loss	$ (3,447,550)	$ (2,708,926)
Net Loss Per Share from Continuing Operations – Basic and Diluted	$ (0.05)	$ (0.04)
Net Loss Per Share from Discontinued Operations – Basic and Diluted	-	-
Net Loss Per Share – Basic and Diluted	$ (0.05)	$ (0.04)
Weighted Average Shares Outstanding – Basic and Diluted	70,083,000	62,861,000

(The accompanying notes are integral to these consolidated financial statements)

The Pulse Beverage Corporation
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2016 and 2015

	Series "A" Preferred Shares Issued	Preferred Share Amount	Common Shares #	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance – December 31, 2014		$ -	54,276,037	$ 543	$ 13,277,720	$ (10,538,240)	$ 2,740,023
Shares issued for cash at $0.10 per share			10,500,000	105	949,895	-	950,000
Shares issued for debt settlement at $0.10 per share			100,000	1	9,999		10,000
Shares issued for share issuance costs at a fair value of $0.10 per share			200,000	2	(2)		-
Shares issued for employment services at an average fair value of $0.14 per share			96,165	1	13,024		13,025
Shares issued to a director at a fair value of $0.08 per share			275,000	2	21,998		22,000
Shares issued as security for an accrued liability (Note 7)			3,000,000	30	(30)		-
Stock-based compensation			-	-	606,556	-	606,556
Net loss			-	-	-	(2,708,926)	(2,708,926)
Balance – December 31, 2015		-	68,447,202	$ 684	$ 14,879,160	$ (13,247,166)	$ 1,632,678
Shares issued to a director at a fair value of $0.085 per share			477,778	5	40,606		40,611
Shares issued for debt settlement at $0.10 per share			1,200,000	12	119,988		120,000
Shares issued for services at an average fair value of $0.10 per share			550,000	6	54,911		54,917
Shares issued for financing expense at $0.15 per share			250,000	2	37,498		37,500
Common shares sold in market to settle an accrued liability					107,185		107,185
Stock-based compensation			-	-	3,939	-	3,939
Preferred shares issued	100,000	100			300		400
Net loss			-	-	-	(3,447,550)	(3,447,550)
Balance – December 31, 2016	100,000	$ 100	70,924,980	$ 709	$ 15,243,587	$ (16,694,716)	$ (1,450,320)

(The accompanying notes are integral to these consolidated financial statements)

The Pulse Beverage Corporation
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	201 6	2015
Cash Flow from Operating Activities		
Net loss	$ (3,447,550)	$ (2,708,926)
Adjustments to reconcile net loss to net cash used in operations:		
Amortization and depreciation	118,100	106,423
Intangible assets written-off	1,031,540	-
Loss on change in fair value of derivative liability	12,456	-
Accretion of discount on convertible debenture	9,630	-
Asset impairment	33,268	159,597
Bad debt allowance	164,160	156,091
Amortization of debt issuance costs	696,805	47,961
Gain on sale of assets	(167,295)	(3,838)
Reduction of long-term note for services	-	92,800
Shares and options issued for services and financing	136,966	871,581
Changes in operating assets and liabilities:		
Decrease in accounts receivable	75,977	2,196
(Increase) decrease in prepaid expenses	(6,124)	22,806
Decrease in inventories	174,174	24,369
Decrease in other assets	-	9,550
Increase (decrease) in accounts payable and accrued expenses	253,843	(127,970)
Net Cash Used in Operating Activities	(914,050)	(1,347,360)
Cash Flow to Investing Activities		
Proceeds from disposal of assets	181,355	6,736
Purchase of property and equipment	(17,125)	(76,868)
Acquisition of intangible assets	(5,422)	(8,576)
Net Cash From (Used in) Investing Activities	158,808	(78,708)
Cash Flow from Financing Activities		
Proceeds from loans, net of finance costs	850,000	913,770
Proceeds from convertible note	80,750	-
Repayment of loans payable	(409,719)	(55,949)
Repayment of promissory notes	(37,799)	-
Proceeds from sale of preferred shares	400	-
Proceeds from the sale of common stock, net of costs	-	950,000
Net Cash Provided by Financing Activities	483,632	1,807,821
Increase (Decrease) in Cash	(271,610)	381,753
Cash - Beginning of Year	431,270	49,517
Cash - End of Year	$ 159,660	$ 431,270
Non-Cash Financing and Investing Activities:		
Shares issued for services, finance, debt settlement and accrual reduction	$ 367,933	$ 881,581
Supplemental Disclosures:		
Interest paid	$ 349,845	$ 13,296
Income taxes paid	-	-

(The accompanying notes are integral to these consolidated financial statements)

The Pulse Beverage Corporation
Notes to Consolidated Financial Statements
(Audited)

1. Nature of Operations

Organizational h istory

Darlington Mines Ltd. ("Darlington") was incorporated in the State of Nevada on August 23, 2006. On February 15, 2011 Darlington Mines Ltd. closed a voluntary share exchange transaction with a private Colorado company, The Pulse Beverage Corporation, which was formed on March 17, 2010, by and among us, The Pulse Beverage Corporation and the stockholders of The Pulse Beverage Corporation. The Pulse Beverage Corporation became a wholly-owned subsidiary. On February 16, 2011 Darlington's name was changed to "The Pulse Beverage Corporation".

Nature of business

We manufacture and distribute Natural Cabana® Lemonade, Limeade and Coconut Water. Our product line, PULSE® Heart & Body Health functional beverage has been discontinued. Our products are distributed nationwide primarily through a series of distribution agreements with various independent local and regional distributors and on a warehouse direct basis with major retail chain stores.

Going concern

The accompanying financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities, and commitments in the normal course of business. We have generated significant revenues but have sustained substantial losses since inception and have never paid any dividends and are unlikely to pay dividends in the immediate or foreseeable future. Our continuation as a going concern is dependent upon our ability to obtain necessary debt and/or equity financing to fund our growth strategy, pay debt when due, to continue operations, and to attain profitability. As at December 31, 2016 we had a working capital deficit of $1,688,195 and a stockholders' deficit of $16,694,716. All of these factors combined raises substantial doubt regarding our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. Since our inception through December 31, 2016, we have obtained funds primarily from the issuance of common stock and debt. Management believes this funding will continue, and is continually seeking new investors. Management believes the existing shareholders and lenders and prospective new investors will provide the additional cash needed to meet our obligations as they become due, and will allow the development of our core business.

We intend to continually monitor and adjust our business plan as necessary to respond to developments in our business, our markets and the broader economy. We believe our debt and equity financing alternatives will be made available to us to support our working capital needs in the future. These alternatives may require significant cash payments for interest and other costs or could be highly dilutive to our existing shareholders.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements include the accounts of our wholly-owned Mexico subsidiary, Natural Cabana SA de CV and our wholly-owned California subsidiary, Natural Cabana Distribution Inc. and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and the Securities and Exchange Commission (SEC) rules and regulations applicable to financial reporting. All intercompany transactions are eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. We regularly evaluate estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation, and deferred income tax asset valuation allowances. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments as to the carrying values of assets and liabilities and the accrual of costs and expenses that are not clear from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents

We maintain cash balances with financial institutions that may exceed federally insured limits. We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash invested in money market accounts. As of December 31, 2016, there were no cash equivalents.

Accounts receivable

Accounts receivable primarily consists of trade receivables due from wholesalers, distributors and large chain stores. We evaluate the collectability of our trade accounts receivable based on a number of factors. In circumstances where we become aware of a specific customer's inability to meet its financial obligations to us, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. Accounts receivable is reported as the customers' outstanding balances less any allowance for doubtful accounts. We record an allowance for doubtful accounts based on specifically identified amounts that are believed to be uncollectible. After all attempts to collect a receivable have failed, the receivable is written-off against the allowance. The allowance for doubtful accounts was $nil and $156,090 at December 31, 2016 and 2015, respectively.

Inventory

Inventories consist of raw materials and finished goods and are stated at the lower of cost or market and include adjustments for estimated obsolete or excess inventory. Cost is based on actual cost on a first-in first-out basis. Raw materials that will be used in production in the next twelve months are recorded in inventory. We regularly review our inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand, production availability and/or our ability to sell the product(s) concerned. Demand for our products can fluctuate significantly. Factors that could affect demand for our products include unanticipated changes in consumer preferences, general market and economic conditions or other factors that may result in cancellations of advance orders or reductions in the rate of reorders placed by customers and/or continued weakening of economic conditions. Additionally, our estimates of future product demand may be inaccurate, which could result in an understated or overstated provision required for excess and obsolete inventory.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for repairs and maintenance are expensed as incurred; renewals and betterments are capitalized. Upon disposal of equipment and leasehold improvements, the accounts are relieved of the costs and related accumulated depreciation or amortization, and resulting gains or losses are reflected in the Statements of Operations. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Equipment consists of bottle molds, office and warehouse equipment, and display coolers, all of which have an estimated life of five years.

Long-Lived Assets

We account for long-lived assets in accordance with ASC Topic 360-10-05, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. We assess recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value.

Intangible Assets

Intangible assets are comprised primarily of the cost of trademarks that represent our exclusive ownership of "Natural Cabana®", used in connection with the manufacture, sale and distribution of our products. We do not amortize trademarks as they have an indefinite life; we amortize our website over a period of 5 years on a straight-line basis. We evaluate our trademarks annually for impairment or earlier if there is an indication of impairment. If there is an indication of impairment of identified intangible assets not subject to amortization, we compare the estimated fair value with the carrying amount of the asset. An impairment loss is recognized to write-down the intangible asset to its fair value if it is less than the carrying amount. The fair value is calculated using the income approach. However, preparation of estimated expected future cash flows is inherently subjective and is based on our best estimate of assumptions concerning expected future conditions. Based on our impairment analysis performed for the years ended December 31, 2016 and 2015, we identified impairment of formulations, intellectual property and trademarks of $1,031,540 and $nil, respectively.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Ownership and title of our products pass to customers upon delivery of the products to customers. Certain of our distributors may also perform a separate function as a co-packer on our behalf. In such cases, ownership of and title to our products that are co-packed on our behalf by those co-packers who are also distributors, passes to such distributors when we are notified by them that they have taken transfer or possession of the relevant portion of our finished goods. Net sales have been determined after deduction of discounts, slotting fees and other promotional allowances in accordance with ASC 605-50. All sales to distributors and customers are final; however, in limited instances, due to product quality issues or distributor terminations, we may accept returned product. To date, such returns have been de minimis.

Shipping and handling costs

The actual costs of shipping and handling for freight to our customers are included in operating expenses.

Comprehensive loss

We have no elements of comprehensive income or loss during the years ended December 31, 2016 and 2015.

Seasonality

Our sales are seasonal and we experience fluctuations in quarterly results as a result of many factors. Historically, we have generated a higher percentage of our revenues during the warm weather months of April through September. Timing of customer purchases will vary each year and sales can be expected to shift from one quarter to another. As a result, we believe that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance or results expected for the entire fiscal year.

Advertising costs

Advertising costs are expensed as incurred. During the years ended December 31, 2016 and 2015, we incurred advertising costs of $66,479 and $80,269, respectively.

Fair Value

ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC Topic 820-10 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 on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The three levels of the fair value hierarchy under ASC Topic 820-10 are described below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Valuations based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability. We have no level 3 assets or liabilities. The factors or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

	Carrying Value	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Derivative Liabilities – December 31, 2015	$ -	$ -	$ -	$ -
Derivative Liabilities – December 31, 2016	$ 93,206	$ -	$ -	$ 93,206

Financial Instruments

We have financial instruments whereby the fair value of the financial instruments could be different from that recorded on a historical basis. Our financial instruments consist of cash, accounts and loans receivables, accounts payable and accrued expenses. The carrying amounts of our financial instruments approximate their fair values as of December 31, 2016 and 2015 due to their short-term nature.

Income Taxes

We follow ASC subtopic 740-10 for recording the provision for income taxes. ASC 740-10 requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The determination of taxes payable includes estimates. We believe that we have appropriate support for the income tax positions taken, and to be taken, on our tax returns and that our accruals for tax liabilities are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. No reserves for an uncertain income tax position have been recorded for the years ended December 31, 2016 or 2015.

Concentration of Business and Credit Risk

Financial instruments and related items, which potentially subject us to concentrations of credit risk, consist primarily of cash and receivables. We place our cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. As of December 31, 2016, and 2015, we exceeded insurance limits by $nil and $139,381, respectively.

We review a customer's credit history before extending credit. At and for the year ended December 31, 2016 there were no customers with a balance owing to us of greater than 10% of accounts receivable. In 2015, there was one customer with a balance owing to us of 39% of accounts receivable. There was one customer representing 17% of net sales in 2016 and one customer representing 13% for 2015.

Stock-based Compensation

We account for stock-based payments to employees in accordance with ASC 718, “Stock Compensation” (“ASC 718”). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the statement of operations based on their fair values at the date of grant.

We account for stock-based payments to non-employees in accordance with ASC 718 and Topic 505-50, “Equity-Based Payments to Non-Employees.” Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

We calculate the fair value of option grants and warrant issuances utilizing the Black-Scholes pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered stock option or warrant. We estimate forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, we monitor both stock option and warrant exercises as well as employee termination patterns.

The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the requisite service period of the award.

Basic and Diluted Net Income (Loss) Per Share

Net loss per share is computed in accordance with ASC subtopic 260-10. We present basic loss per share (“EPS”) and diluted EPS on the face of our statements of operations. Basic EPS is computed by dividing reported earnings by the weighted average shares outstanding. Diluted EPS is computed by adding to the weighted average shares the dilutive effect if common stock was issued upon the exercise of stock options and warrants. For the years ended December 31, 2016 and 2015, the denominator in the diluted EPS computation is the same as the denominator for basic EPS due to the anti-dilutive effect of outstanding warrants on our net loss. Total potentially dilutive common share equivalents relating to stock purchase warrants and options granted or issued, at December 31, 2016 and 2015 were 14,198,330 and 34,230,080, respectively. At April 15, 2017, there were 11,347,777 potentially dilutive common share equivalents.

Reclassification of Prior Period

Certain prior-year amounts have been reclassified to conform to the current-year presentation. These reclassifications had no impact on reported net loss, total assets or liabilities.

Recent Pronouncements

We continually assess any new accounting pronouncements to determine their applicability to our operations and financial reporting. Where it is determined that a new accounting pronouncement affects our financial reporting, we undertake a study to determine the consequence of the change to our financial statements and assure that there are proper controls in place to ascertain that our financial statements properly reflect the change.

In September 2015, the FASB issued ASU 2015-16, “Simplifying the Accounting for Measurement –Period Adjustments.” Changes to the accounting for measurement-period adjustments relate to business combinations. Currently, an acquiring entity is required to retrospectively adjust the balance sheet amounts of the acquiree recognized at the acquisition date with a corresponding adjustment to goodwill as a result of changes made to the balance sheet amounts of the acquiree. The measurement period is the period after the acquisition date during which the acquirer may adjust the balance sheet amounts recognized for a business combination (generally up to one year from the date of acquisition). The changes eliminate the requirement to make such retrospective adjustments, and, instead require the acquiring entity to record these adjustments in the reporting period they are determined. The new standard is effective for both public and private companies for periods beginning after December 15, 2015. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory," which applies to inventory that is measured using first-in, first-out ("FIFO") or average cost. Under the updated guidance, an entity should measure inventory that is within scope at the lower of cost and net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory that is measured using last-in, first-out ("LIFO"). This ASU is effective for annual and interim periods beginning after December 15, 2016, and should be applied prospectively with early adoption permitted at the beginning of an interim or annual reporting period. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows.

In May 2015, the FASB issued ASU 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Further, the amendments remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. This ASU is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015, and early adoption is permitted. The new guidance should be applied on a retrospective basis to all periods presented. We adopted this guidance on January 1, 2016 . The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows.

In April 2015, the FASB issued ASU 2015-05, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement," which provides guidance about whether a cloud computing arrangement includes a software license. It also provides guidance related to a customer's accounting for fees paid in a cloud computing arrangement. This standard provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015, and early adoption is permitted. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows.

In February 2015, the FASB issued ASU 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis," which makes changes to both the variable interest model and voting interest model and eliminates the indefinite deferral of FASB Statement No. 167, included in ASU 2010-10, for certain investment funds. All reporting entities that hold a variable interest in other legal entities will need to re-evaluate their consolidation conclusions as well as disclosure requirements. This ASU is effective for annual periods beginning after December 15, 2015, and early adoption is permitted, including any interim period. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows .

In January 2015, the FASB issued ASU 2015-01, "Income Statement – Extraordinary and Unusual Items (Subtopic 225-20)," effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. This update eliminates from GAAP the concept of extraordinary items. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows.

In November 2014, the FASB issued ASU 2014-16, "Derivatives and Hedging (Topic 815)." Entities commonly raise capital by issuing different classes of shares, including preferred stock, that entitle the holders to certain preferences and rights over the other shareholders. The specific terms of those shares may include conversion rights, redemption rights, voting rights, and liquidation and dividend payment preferences, among other features. One or more of those features may meet the definition of a derivative under GAAP. Shares that include such embedded derivative features are referred to as hybrid financial instruments. The objective of this update is to eliminate the use of different methods in practice and thereby reduce existing diversity under GAAP in the accounting for hybrid financial instruments issued in the form of a share. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40), effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. This standard provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The guidance is effective for annual reporting periods ending after December 15, 2016, and early adoption is permitted. We adopted this guidance on January 1, 2016. The adoption of this guidance did not have a material impact on our financial position, results of operations or cash flows .

Recent Accounting Pronouncements Issued but Not Adopted as of December 31, 2016

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," on revenue recognition. This guidance provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The original effective date of this guidance was for interim and annual reporting periods beginning after December 15, 2016, early adoption is not permitted, and the guidance must be applied retrospectively or modified retrospectively. In July 2015, the FASB approved an optional one-year deferral of the effective date. As a result, we expect to adopt this guidance on January 1, 2018. We have not yet determined our approach to adoption or the impact the adoption of this guidance will have on our financial position, results of operations or cash flows, if any.

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-01, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The new standard is effective for fiscal years and interim periods beginning after December 15, 2017, and upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. We are currently evaluating the impact of adopting this guidance.

In February 2016, the FASB issued an accounting standards update which modifies the accounting for leasing arrangements, particularly those arrangements classified as operating leases. This update will require entities to recognize the assets and liabilities arising from operating leases on the balance sheet. This guidance is effective for fiscal and interim periods beginning after December 15, 2018 and is required to be applied retrospectively to all leasing arrangements. We are currently assessing the effects this guidance may have on our financial statements.

In March 2016, the FASB issued an accounting standards update which simplifies the accounting for share-based payment transactions, inclusive of income tax accounting and disclosure considerations. This guidance is effective for fiscal and interim periods beginning after December 15, 2016 and is required to be applied retrospectively to all impacted share-based payment arrangements. The adoption of this guidance is not expected to have a significant impact on our financial statements.

In August 2016, the FASB issued new guidance related to the statement of cash flows which clarifies how companies present and classify certain cash receipts and cash payments. The new standard is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017 with early adoption permitted. We are currently assessing the effects this guidance may have on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, Clarifying the Definition of a Business ("ASU 2017-01"). The standard clarifies the definition of a business by adding guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Under ASU 2017-01, to be considered a business, the assets in the transaction need to include an input and a substantive process that together significantly contribute to the ability to create outputs. Prior to the adoption of the new guidance, an acquisition or disposition would be considered a business if there were inputs, as well as processes that when applied to those inputs had the ability to create outputs. Early adoption is permitted for certain transactions. Adoption of ASU 2017-01 may have a material impact on our consolidated financial statements if we enter into future business combinations.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Simplifying the Test for Goodwill Impairment ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. ASU 2017-04 is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, and should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We do not anticipate the adoption of ASU 2017-04 will have a material impact on our consolidated financial statements.

3. Accounts Receivable

Accounts receivable consists of the following as of December 31:		**201 6**		**2015**
Trade accounts receivable	$	138,229	$	534,727
Less: Allowance for doubtful accounts		-		(156,090)
Trade accounts receivable - net		138,229		378,637
Value added tax recoverable		-		2,290
Due from suppliers of services		-		5,535
Other		8,095		-
Total Accounts Receivable	$	146,324	$	386,462

4. Inventories

Inventories consists of the following as of December 31:		**2016**		**2015**
Finished goods	$	251,692	$	344,764
Deposit on finished goods		5,837		-
Raw materials		523,940		644,146
Total Inventory	$	781,469	$	988,910

5. Property and Equipment and Intangible Assets

Property and equipment consists of the following as of December 31:

		201 6		**201 5**
Manufacturing, warehouse, display equipment and molds	$	289,759	$	337,253
Office equipment and furniture		41,581		41,581
Mobile display unit and vehicles		130,500		134,500
Less: depreciation		(310,605)		(266,099)
Total Property and Equipment	$	151,235	$	247,235

For the years ended December 31, 2016 and 2015, depreciation expense was $105,565 and $93,288, respectively

Intangible assets consist of the following as of December 31:		**201 6**		**201 5**
Formulations, rights and patents	$	-	$	969,696
Website		62,675		62,675
Less: amortization		(61,926)		(52,682)
Trademarks – not amortized due to indefinite life		85,891		152,104
Total Intangible Assets	$	86,640	$	1,131,793

For the years ended December 31, 2016 and 2015, amortization expense was $12,535 and $13,135, respectively. Estimated amortization expense to be recorded in 2017 is $748, thereafter, $nil. In 2016, we recorded an impairment of $ 1,031,540 related to formulations, rights and patents related to the products offered under the Pulse Heart Health brand. We are not presently marketing this product as we have made a decision to reformulate and repackage the product. For conservatism, we have decided to write-down these assets to $nil.

6. Promissory Notes Payable

On June 30, 2016, we negotiated settlements with two freight vendors by issuing promissory notes. These notes are unsecured as follows:

a) Promissory Note #1 - $46,673 repayable in escalating monthly instalments ending June 24, 2017 until paid. Interest is at 10%; and

b) Promissory Note #2 - $24,914 – no specific repayment terms.

7. Loans Payable

Loans payable consists of the following as of December 31:		**2016**		**2015**
Short-term loan – (a) below	$	14,069	$	15,000
Short-term loan – related party – (a) below		120,374		130,000
Total short-term loans		134,442		145,000
Senior Secured Revolving Note – (b) below		1,657,942		844,040
Less: unamortized debt issuance costs		-		(233,269)
Net carrying value		1,657,942		610,771
Total loans payable	$	1,792,384	$	755,771

a) In September 2015, we received short-term loans totaling $145,000 of which $130,000 was received from a family trust of our Chief Executive Officer. These loans bear interest at 10%, are unsecured and due on demand. As of April 15, 2017, no demand for repayment has been received.

b) On November 6, 2015, we entered into a Credit Agreement with TCA Global Credit Master Fund, LP (“TCA”). Under the terms of the Credit Agreement, TCA committed to lend up to $3,500,000 (the “Credit Facility”) pursuant to a senior secured revolving note (the “Note”). TCA has funded to date $1,750,000, $900,000 in fiscal 2015 and $850,000 in fiscal 2017. The Credit Facility is secured by a senior secured interest in all our assets. We are charged a 12% per annum rate of interest plus a 6% per annum administration fee on the daily loan balance outstanding. The Lender has the right, in the Event of Default, to convert any outstanding amounts under the Note into restricted shares of our common stock based on 85% of the weighted value average price of our common shares over the prior 5 trading days prior to conversion. However, the Lender may not convert any portion of the Note to the extent that after giving effect to the shares which would be received on conversion, the Lender would beneficially own more than 4.99% of our common stock. In connection with the Credit Facility and subsequent loans therein, we were obligated to pay a total of $500,000 in investment banking fees to TCA. As security for the initial fee of $150,000 we issued 3,000,000 common shares to TCA of which a total of 2,238,200 shares were sold for proceeds of $107,186 leaving an accrued liability of $42,814. This liability, together with the second investment banking fee commitment of $350,000 has been added to the principal owing to TCA as at December 31, 2016. During 2016, we repaid a total of $399,161 of principal and had unapplied principal repayments of $29,752 in our lockbox available for future principal repayments. The original maturity of the Note was November 6, 2016. We continue to work with TCA to repay this note (See Note 18 (c)). TCA has verbally agreed to extend the maturity date to a future date but as of April 15, 2017 we have not reached an agreement with TCA on this extension.

Associated with the Credit Facility we incurred $742,870 of debt issuance costs which was amortized to interest expense - debt issuance costs over the term of the loan to November 6, 2016.

8. Convertible Note

Convertible note consists of the following as of December 31:		**2016**		**2015**
Face value of convertible note on October 7, 2016	$	80,750	$	-
Less discount		(80,750)		-
Revaluation of note at December 31, 2016		9,630		
		9,630		-
Less: unamortized debt issuance costs		(7,605)		-
Net carrying value	$	2,025	$	-

On October 7, 2016, we issued a convertible note in the principal amount of $80,750 due on demand on or after October 7, 2017. We received a net amount of $75,000, after debt issuance costs of $7,500. The note has a cash redemption premium of 115% of the principal amount in the first 30 days following the execution date, of 125% for days 31-90 following the execution date, and 135% after the 91st day. After 180 days, cash redemption is only available upon approval by the holder at a cash redemption premium of 140%. The note bears interest at 9% per annum and is convertible into common shares at a 40% discount to the average of the three lowest trading prices during the previous 20 trading days to the date of conversion. The embedded conversion option qualifies for derivative accounting and bifurcation under ASC 815-15 “ *Derivatives and Hedging* ”. The initial fair value of the conversion feature of $90,575 resulted in a discount to the note payable of $80,750 and the recognition of a loss on derivatives of $9,825. During the year ended December 31, 2016, we recorded accretion of $9,630 increasing the carrying value of the note to $9,630. Accrued interest as at December 31, 2016 was $1,450. As of April 15, 2017, we have not received a conversion notice. We have reserved up to 37,000,000 shares for future conversion of this note.

9. Derivative Liability

The embedded conversion option of the convertible debenture described in Note 8 contains a conversion feature that qualifies for embedded derivative classification. The fair value of the liability will be re-measured at the end of every reporting period and the change in fair value will be reported in the statement of operations as a gain or loss on derivative financial instruments.

The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial liabilities:

	2016	2015
Balance at the beginning of period	$ -	$ -
Original discount limited to proceeds of notes	80,750	-
Fair value of derivative liabilities in excess of note proceeds received	9,825	-
Change in fair value of embedded conversion option	2,631	-
		$ -
Balance at the end of the period	$ 93,206	$ -

The Company uses Level 3 inputs for its valuation methodology for the embedded conversion option liabilities as their fair values were determined by using the Black-Scholes option pricing model based on various assumptions. The model incorporates the price of a share of the Company's common stock (as quoted on the Over the Counter Markets), volatility, risk free rate, dividend rate and estimated life. Significant changes in any of these inputs in isolation would result in a significant change in the fair value measurement. As required, these are classified based on the lowest level of input that is significant to the fair value measurement. The following table shows the assumptions used in the calculations:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
At issuance	156%	0.66%	0%	1.00
At December 31, 2016	189%	0.85%	0%	0.77

10 Common Stock

A Special Meeting of our shareholders was held on January 23, 2017. At the meeting a proposal was approved to amend the Company's Articles of Incorporation such that we would be authorized to issue up to 500,000,000 shares of common stock. We have 500,000,000 shares of common stock authorized at a par value of $0.00001.

Equity transactions d uring the year ended December 31, 2016:

a) On January 31, 2016 , we issued 238,889 common shares and on February 29, 2016 we issued 238,889 common shares having an aggregate fair value of $40,611 pursuant to an employment contract with an officer/director. This contract expired on March 8, 2016;

b) On April 12, 2016, we issued 50,000 common shares to a former Advisory Board Member for the past use of her name on our website. The value of these shares being $3,875 was charged to operations;

c) On May 5 and June 7, 2016, we issued 1,200,000 common shares to settle $120,000 of creditor debt. These shares were valued at $0.10 based on a negotiated settlement price dated April 21, 2016;

d) On May 11, 2016, we issued 250,000 common shares at $0.15 per share to a service provider pursuant to a Strategic Advisory and Services Agreement. These shares were valued at the 5-days weight average price prior to issuance. The service provider was to source new equity or debt capital. This contract expired and the value of these shares, being $37,500, has been charged to operations as a financing expense; and

e) From April 12, 2016 to September 22, 2016 we issued a total of 500,000 common shares at an average fair value of $0.10 per share to a service provider pursuant to a Consultant Agreement dated April 11, 2016. The aggregate value of these shares, being $51,041, was charged to operations.

Equity transactions d uring the year ended December 31, 2015:

a) On March 27, 2015 , we sold 10,050,000 Units at $0.10 per Unit for cash proceeds of $1,005,000 of which $100,000 was received at December 31, 2014. On May 27, 2015 , we sold 750,000 Units at $0.10 per Unit for cash proceeds of $45,000, debt settlement of $30,000. Each Unit consisted of one share of restricted common stock and one-half of a warrant. Each whole warrant allowed the holder to purchase one additional share at a price of $0.20 per share at any time between March 10, 2016 and May 27, 2016. These shares expired, unexercised.

b) During 2015 , we issued a total of 96,165 common shares, having an aggregate fair value of $13,025 to three employees for services rendered.

c) On November 6, 2015 , we issued 3,000,000 restricted common shares. See Note 7 (c) .

d) On December 31, 2015 , we issued 275,000 restricted common shares, having a fair value of $22,000, pursuant to an employment contract with a director.

11. Warrants

At December 31, 2016, we had 3,548,330 common stock purchases warrants outstanding having an average exercise price of $0.45 per common share and having an average expiration date of .19 years. During the year warrants to acquire 17,531,750 common shares expired unexercised. Subsequent to December 31, 2016 a further 2,850,553 common share purchase warrants expired unexercised.

12. Preferred Stock

There are 1,000,000 shares of preferred stock, par value $0.001, issuable in series with rights, preferences and limitations to be determined by the Board of Directors from time to time. On December 9, 2016, our Board of Directors created a series of Preferred Shares, $0.001 par value per share, designated as Series “A” Preferred Shares. The number of shares constituting Series “A” Preferred Shares is 300,000. Each Series “A” Preferred Share entitles the holder to 1,000 votes on all matters submitted to a vote of our shareholders. On December 9, 2016, we issued 100,000 Series “A” Preferred Shares to our Chief Executive Officer for $400.

13. Stock Options and Stock-based Compensation

On July 29, 2011, we adopted the 2011 Equity Incentive Plan (the “2011 Plan") under which were authorized to grant up to 4,500,000 shares of common stock. On December 31, 2015, we approved an increase in the number of shares authorized to be issued pursuant to the plan, to 20,000,000 shares.

In 2012, we granted stock options under the 2011 Plan to certain officers, directors, employees and consultants to purchase 3,075,000 common shares at $0.50 per common share. On December 31, 2015, we cancelled 675,000 stock options to certain employees and consultants due to the expiry or cancellation of a contract. We also cancelled 1,950,000 stock options granted to two directors and a consultant per agreement to issue new stock options.

On December 31, 2015, we granted stock options under the Amended 2011 Plan to certain officers, directors, employees and consultants to purchase 12,700,000 common shares at $0.10 per common share. During 2016, a director resigned and 2,500,000 stock options were cancelled.

The fair values of stock options granted were estimated at the date of grant using the Black-Scholes option-pricing model. During the years ended December 31, 2016 and 2015, we recorded stock-based compensation of $3,939 and $606,556, respectively.

The weighted average assumptions used for each of the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Expected dividend yield	-	0%
Risk-free interest rate	-	1.71%
Expected volatility	-	103%
Expected option life (in years)	-	5

The following table summarizes the continuity of our stock options:

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)		Aggregate Intrinsic Value
Outstanding, December 31, 2014	3,075,000	$	0.50	3.34	$	-
Granted	12,700,000		0.10	5.00		-
Forfeited/Cancelled	(2,625,000)		-	-		-
Exercised	-		-	-		-
Outstanding, December 31, 2015	13,150,000		0.50	3.34		-
Granted	-		-	-		-
Forfeited/cancelled	(2,500,000)		-	-		-
Exercised	-		-	-		-
Outstanding, December 31, 2016	10,650,000	$	0.10	3.99	$	-
Exercisable, December 31, 2016	10,650,000	$	0.10	3.99	$	-

A summary of the status of our non-vested stock options outstanding as of December 31, 2016, and changes during the years ended December 31, 2016 and 2015 is presented below:

Non-vested stock options	Number of Options		Weighted Average Grant Date Fair Value
Non-vested at December 31, 2014	-	$	-
Granted	12,700,000		0.06
Vested	(10,375,000)		0.06
Non-vested at December 31, 2015	2,325,000	$	0.06
Granted	-		
Forfeited/cancelled	(2,325,000)		(0.06)
Vested	-		-
Non-vested at December 31, 2016	-	$	-

The following table summarizes information about stock options outstanding and exercisable under our stock incentive plan at December 31, 2016:

	Number Exercisable	Weighted Average Remaining Contractual Life (Years)		Weighted Average Exercise Price
$0.10	10,200,000	4.00	$	0.10
$0.50	450,000	.33	$	0.50
	10,650,000	3.99	$	0.10

Stock-based compensation expense:

Stock-based compensation expense is recognized using the straight-line attribution method over the employees' requisite service period. We recognize compensation expense for only the portion of stock options or restricted stock expected to vest. Therefore, we apply estimated forfeiture rates that are derived from historical employee termination behavior. If the actual number of forfeitures differs from those estimated by management, additional adjustments to stock-based compensation expense may be required in future periods.

At December 31, 2016, we had no unrecognized compensation expense related to unvested stock options.

14. Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The significant components of deferred tax assets and liabilities are as follows:

		2016		**2015**
Deferred tax assets:				
Net operating loss	$	4,894,757	$	4,074,383
Stock-based compensation		860,652		859,192
Intangible assets		9,244		-
Other reserves		2,441		52,899
Total deferred tax assets		5,767,094		4,986,475
Deferred tax liabilities:				
Property, Plant & Equipment		(33,948)		(59,022)
Intangible assets		-		(354,507)
Net deferred tax assets		5,733,146		4,572,946
Less: Valuation allowance		(5,733,146)		(4,572,946)
Deferred tax asset, net of valuation allowance	$	-	$	-

The net change in the valuation allowance for the year ended December 31, 2016 was $1,160,200.

We have a net operating loss carryover of $13,209,151 available to offset future income for income tax reporting purposes, which will expire in various years through 2036, if not previously utilized. However, our ability to use the carryover net operating loss may be substantially limited or eliminated pursuant to

Internal Revenue Code Section 382.

Our policy regarding income tax interest and penalties is to expense those items as general and administrative expense but to identify them for tax purposes. During the years ended December 31, 2016 and 2015, there was no income tax or related interest and penalty items in the income statement, or liabilities on the balance sheet. We file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. We are no longer subject to U.S. federal income tax examinations by tax authorities for years beginning January 1, 2011 or state income tax examination by tax authorities for years beginning January 1, 2010. We are not currently involved in any income tax examinations.

15. Fair Value Measurements

There were no financial instruments that were measured at fair value on a recurring basis as of December 31, 2016 and 2015 .

The carrying amounts of our financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses as of December 31, 2016 and 2015 approximate fair value because of the short maturity of these instruments. Based on borrowing rates currently available to us for loans with similar terms, the carrying value of the notes payable approximates fair value.

There were no changes in valuation technique from prior periods.

16. Commitments

Operating Leases

We lease office and warehouse space, under operating leases that expire at various dates through the year ending December 31, 2017. Certain leases contain renewal options for varying periods and escalation clauses for adjusting rent to reflect changes in price indices. Certain leases require that we pay for insurance, taxes and maintenance applicable to the leased property.

Minimum aggregate future lease payments under non-cancelable operating leases as of December 31, 2016 are $37,739 for the year ended December 31, 2017.

Rent expense under all operating leases, including short-term rentals as well as cancelable and non-cancelable operating leases, gross, was $80,191 and $65,278 for the years ended December 31, 2016 and 2015, respectively.

Legal Proceedings

We are or may be involved from time to time in various claims and legal actions arising in the ordinary course of business, including proceedings involving employee claims, contract disputes, product liability and other general liability claims, as well as trademark, copyright, and related claims and legal actions. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

17. Loss from Discontinued Operations

During February 2016, we began a Southern California distributorship, Natural Cabana Distribution Inc. Through this subsidiary, we began selling our products to existing accounts while we searched for a suitable independent large distributorship in the area to replace our former distributor. We made this strategic decision to maintain existing regional retail accounts in the area. On May 31, 2016, we discontinued this temporary operation and moved our ongoing business to a large independent distributor.

During the period ended May 31, 2016 we received $73,740 of net revenue and cost of sales was $59,627 for a gross profit of $14,113. We incurred expenses of $94,724 and recorded bad debt expense of $23,069. Our net loss from discontinued operations was $103,680 which also represents negative operating cash flow from discontinued operations.

18. Subsequent Events

Subsequent to December 31, 2016 we have entered into the following debt and equity transactions:

a) On January 11, 2017, we borrowed $43,000 from Power Up Lending Group, Ltd (Power Up). The loan is evidenced by a promissory note which bears interest at 8% per year , due on October 17, 2017. On July 10, 2017 Power Up may convert the promissory note into our common shares. On March 10, 2017, we borrowed an additional $30,000 from Power Up. This additional loan is evidenced by a promissory note which bears interest at 8% per year , due on December 30, 2017. On July 10, 2017 Power Up may convert the $43,000 promissory note into our common shares and on September 6, 2017 Power Up may convert the $30,000 promissory note into our common shares. The conversion price of these loans is 61% of the average of the three lowest trading prices of our common shares during the 15-day trading period ending on the last trading day prior to the date of conversion. We have reserved 40,000,000 common shares for future issuances pursuant to a Reservation Letter dated March 10, 2017.

b) On January 25, 2017, we entered into a Settlement Agreement with certain creditors whereby Rockwell Capital Inc. purchased debts from our creditors totaling $250,738 (the "Claim Amount"). In return Rockwell Capital Inc. can convert the Claim Amount into free-trading common shares pursuant to Section 3(a) (10) of the Securities Act at a 40% discount of the 3 lowest traded prices over the prior 10 days. To date a total of $250,738 has been settled and converted into 78,459,168 common shares. In connection with the Settlement Agreement we issued 625,000 common shares having a fair market value of $6,425 for a registered broker dealer to act on our behalf. The Claim Amount has been fully extinguished as at March 28, 2017;

c) On January 26, 2017, we entered into a Debt Purchase Agreement ("DPA") with Old Main Capital, LLC ("Old Main") to assign up to $1,727,484 of principal owed to TCA Global Credit Master Fund LP ("TCA") in exchange for up to $1,722,484 pursuant to terms of the DPA. To evidence this DPA we entered into a 10% Senior Replacement Convertible Promissory Note for any purchases made from TCA by Old Main. To date Old Main has purchased $170,000 of such debt by paying TCA a total of $163,000 and paying legal fees of $7,000 to legal counsel for Old Main and TCA. Old Main has the right to convert this amount into our common shares at a 35% discount of the average of the two lowest traded prices in the prior 30 days. To date a total of $144,089 has been converted into 46,153,843 common shares.

d) On February 22, 2017, we entered into a Revenue Based Factoring Agreement with Strategic Funding whereby we received $44,500 for future receipts purchased totaling $61,098. We are repaying this Factoring Agreement at a daily rate of $332 over a 184-business day period.

e) On March 13, 2017, we issued 700,000 shares of common stock having a fair market value of $7,000 pursuant to two service contracts.

f) On April 3, 2017, we entered a financing arrangement with Old Main Capital, LLC, ("Old Main"), and delivered an installment Convertible Promissory Note (the "Note") to Old Main. Under the terms of the Note, Old Main loaned us $200,000 on April 4, 2017. An additional $50,000 to be loaned after we file to increase our authorized common stock to at least 1,000,000,000. Each loan under the Note is due nine months from date of advance and bears interest at 10% per annum. In addition, pursuant to an original issue discount provision, the principle of the Note was increased above the $250,000 received by us to $294,117, which provides additional consideration to the Lender. In addition, the principle and accrued interest on the Note is convertible in whole or in part at the option of Old Main into our common shares at a conversion price per share equal to 65% of the average of the two lowest traded prices for our common shares in the 30 days preceding conversion. We have reserved 120,000,000 common shares for future issuances pursuant to a Reservation Letter dated April 7, 2017.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the last two fiscal years, we have had no disagreements with our accountants on accounting and financial disclosure.

ITEM 9a. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Robert E. Yates, who is both our chief executive officer and our chief financial officer, is responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures are those procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2016. Based on that evaluation, it was concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Changes in Internal Control over Financial Reporting

The Certifying Officers have also indicated that there were no changes in internal controls over financial reporting during our last quarter of the fiscal year ended December 31, 2016.

Management's Anuual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America. Management evaluates the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – "Integrated Framework." Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2016 and concluded that it is ineffective in assuring that our financial reports are free from material errors or misstatements.

Our internal control over financial reporting includes those policies and procedures that:

- Lack of an independent financial expert on our Board. We also do not have an independent audit committee. The current board of directors does not include a majority of non-employee directors. The current board is composed of two members. There are an unlimited number of directors our Board can be expanded to under our By-Laws.

- Lack of adequate oversight/approval of transactions with related parties of the Company. The Company intends to adopt additional procedures for disbursing funds to officers and affiliates of the Company.

Our management, including the Certifying Officers, does not expect that our disclosure controls or our internal controls will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

This annual report does not include an attestation report by our registered independent public accounting firm regarding internal control over financial reporting.

Management's report was not subject to attestation by our registered public accounting firm pursuant to current rules of the SEC that permit us, as a smaller reporting company, to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION

See Item 5 of this report.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers and Directors

The names, ages, and respective positions of our directors and executive officers are set forth below.

Name	Age	Present Positions
Robert E. Yates	72	President, Chief Executive, Financial, and Accounting Officer, Treasurer and Director
Parley (Paddy) Sheya	61	Vice President, Secretary, National Sales Manager and Director

Robert E. Yates

Mr. Yates has been one of our officers and directors since February 15, 2011. Mr. Yates is qualified to be a director based on his extensive experience in the beverage industry.

Mr. Yates is a seasoned business executive with experience in growing and managing businesses. From 2006 to 2009, Mr. Yates served as a General Manager of Mobility Works, in Cincinnati, Ohio, a company engaged in providing specialty equipment and handicapped accessible vehicles in support of disabled populations. From 1993 to 2005, Mr. Yates was in charge of a start-up operation for Vancol with his areas of responsibility: product development, plant production and the distribution of Vancol's many products in both the United States and Canada. Under his guidance, Vancol's sales rose from less than $10 million to $50 million in three years. Over the last twenty years, Mr. Yates' beverage portfolio has included such brands as Monster; AriZona Tea; Rock Star, Vitamin Water, Perrier, Everfresh Juices, Ocean Spray, Miller Beer, Honest Tea and Fiji Water. In addition, Mr. Yates successfully launched his own brand, Quencher, which he built into a 2 million case brand in two years. Mr. Yates completed a management course at Oglethorpe University in Atlanta, Georgia, and has an associate's degree in business administration from Highland Park College, in Highland Park, Michigan and completed a Professional Personnel Management Course with the US Air Force.

Parley Sheya

Mr. Sheya has been one of our officers and directors since July 1, 2011. Mr. Sheya is qualified to be a director based on his extensive experience in the beverage industry.

Mr. Sheya brings over thirty years of international executive sales and distribution management experience in the beverage industry. He has an extensive track record in the development of brands and in building beverage brand sales and distribution systems from the ground up to multi-million case sales. He was sales manager for a beverage brand called Kwencher®. Mr. Sheya has managed a broad range of beverage brands including: Jolt Cola®, Hires Root Beer®; Crush® Soda; Bubble-Up®; Country Time Lemonade®; Hansen's Natural Sodas and Juices; New York Seltzer® and Evian Water®. From 2007 to 2008 Mr. Sheya was a self-employed beverage consultant and from 2008 to 2009 was the key account manager for New Leaf Brands Inc. managing national sales for Inspiration Beverage and from 2010 to June 2011 was sales manager for Bing Energy Drink.

Our directors serve until our next annual stockholders meeting or until their successors are duly elected and qualified. Officers hold their positions at the will of the board of directors.

Committees

We do not have a nominating, compensation or audit committees or committees performing similar functions. Our directors believe that it is not necessary to have such committees, at this time, because the functions of such committees can be adequately performed by the board of directors.

We do not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. The board of directors believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. We do not have any specific or minimum criteria for the election of nominees to the board of directors and we do not have any specific process or procedure for evaluating such nominees. The board of directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with our board of directors may do so by directing a written request addressed to our President and director, Robert E. Yates, at the address appearing on the first page of this annual report.

Involvement in Certain Legal Proceedings

None.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and our other equity securities. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2016, no persons have failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended

December 31, 2016.

Code of Ethics

We have not adopted a formal code of ethics that applies to our directors, officers or employees since we only have fifteen employees including our two officers.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation earned by Executive Officers during the last two fiscal years.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Comp - ensation ($)	Total ($)
Robert E. Yates	2016	78,000	Nil	Nil	Nil	Nil	Nil	Nil	78,000
President, Chief Executive Officer, Treasurer, Chief Financial and Accounting Officer	2015	90,500	Nil	Nil	148,158	Nil	Nil	Nil	238,658
Parley Sheya	2016	76,000	Nil	Nil	Nil	Nil	Nil	Nil	76,000
Vice President, Secretary	2015	86,750	Nil	Nil	148,158	Nil	Nil	Nil	234,908
and National Sales Manager	2016	25,000	Nil	40,611	3,939	Nil	Nil	Nil	234,908
Brian D. Corday Executive VP	2015	10,000	Nil	22,000	10,231	Nil	Nil	Nil	42,231

Stock Incentive Plan

On July 29, 2011, we adopted the 2011 Equity Incentive Plan (the "2011 Plan") under which were authorized to grant up to 4,500,000 shares of common stock. On December 31, 2015, we approved the increase in the number of shares authorized to be issued pursuant to the plan to 20,000,000 shares (the "Amended 2011 Plan").

In 2012, we granted stock options under the 2011 Plan to certain officers, directors, employees and consultants to purchase 3,075,000 common shares at $0.50 per common share. On December 31, 2015, we cancelled 675,000 stock options to certain employees and consultants due to the expiry or cancellation of a contract. We also cancelled 1,950,000 stock options granted to two directors and a consultant per agreement to issue new stock options.

On December 31, 2015, we granted stock options under the Amended 2011 Plan to certain officers, directors, employees and consultants to purchase 12,700,000 common shares at $0.10 per common share. During 2016, a director resigned and 2,500,000 stock options were cancelled.

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of December 31, 2016:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have N ot Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights Tha t Have Not Vested (#)
Robert Yates	2,500,000	-	-	0.10	December 31, 2020	-	-	-	-
Parley Sheya	2,500,000	-	-	0.10	December 31, 2020	-	-	-	-

Compensation of Directors

There was no compensation of our directors for the year ended December 31, 2015. We did not pay our directors, who also act as senior management/officers, any fees or other compensation for acting as directors during our fiscal year ended December 31, 2016 and 2015.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially as of April 15, 2017 by: (i) each person (including any group) known to us to own more than 5% of any class of our voting securities, (ii) each of our directors, (iii) each of our officers and (iv) our officers and directors as a group. Except as otherwise indicated, each shareholder listed possess sole voting and investment power with respect to the shares shown.

Name and address	Shares Owned	Percent of Class[1]
Robert E. Yates [2] - 11580 Quivas Way, Westminster, CO 80234	4,211,333	2.14%
Parley Sheya - 11678 N Huron St, Northglenn, CO 80234	613,333	0.31%
All executive officers and directors as a group (2 persons)	4,824,666	2.45%

[1] Based on 196,867,991 shares of common stock issued and outstanding as of April 15, 2017 .

[2] A total of 51,333 common shares are held of record by Jonni K. Yates, the wife of Mr. Yates.

Securities Authorized f or Issuance under Compensation Plans

The table set forth below present's information relating to our equity compensation plans as of the date of December 31, 2016:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a))
Amended 2011 Equity Incentive Plan	10,650,000	$ 0.10	6,850,000

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Party Transactions

On December 9, 2016, we issued 100,000 Series "A" Preferred Shares to our Chief Executive Officer for $400.

Review, Approval and Ratification of Related Party Transactions

Our Board of Directors has responsibility for establishing and maintaining guidelines relating to any transactions with our officers or directors. Any related party transaction with a director or officer must be referred to the non-interested directors, if any, for approval. We intend to adopt written guidelines for the board of directors which will set forth the requirements for review and approval of any related party transactions.

Director Independence

None of our directors is independent, as that term is defined in Section 803 of the listing standards of the NYSE MKT.

Conflicts Relating to Officers and Directors

To date, we do not believe that there are any conflicts of interest involving our officers or directors. With respect to transactions involving real or apparent conflicts of interest, we have adopted policies and procedures which require that: (i) the fact of the relationship or interest giving rise to the potential conflict be disclosed or known to the directors who authorize or approve the transaction prior to such authorization or approval, (ii) the transaction be approved by a majority of our disinterested outside directors, and (iii) the transaction be fair and reasonable to us at the time it is authorized or approved by our directors.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following is a summary of the fees billed to us by our current auditors, RBSM, LLP, during 2016 and 2015:

Fee Category	2016 Fees	2015 Fees
Audit Fees	40,000	34,679
Audit-Related Fees	17,250	13,500
Tax Fees	-	3,000
All Other Fees	-	-
Total Fees	$ 57,250	$ 51,179

Audit Fees consist of fees billed for professional services rendered for the audit of our financial statements and review of our interim financial statements included in quarterly reports and services that are normally provided by our auditors in connection with statutory and regulatory filings or engagements.

Audit Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees".

Tax Fees consist of fees billed for professional services for tax compliance, tax advice and tax planning.

All Other Fees consist of fees for products and services other than the services reported above. There were no management consulting or other services provided in fiscal 2016 or 2015.

Pre-Approval Policies and Procedures

We currently do not have a designated Audit Committee, and accordingly, our Board of Directors' policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to our Board of Directors regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. Our Board of Directors may also pre-approve particular services on a case-by-case basis.

Our Board of Directors has determined that the provision of non-audit services is compatible with maintaining the principal accountant's independence.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this Report are as follows:

1) Financial Statements: The financial statements, related notes and the report of the independent registered public accounting firm are included in Item 8 of Part II of this 2016 Annual Report on Form 10-K.

2) Financial Statement Schedules: All schedules have been omitted because they are not applicable or not required, or the required information is included in the financial statements or notes thereto.

3) Exhibits: The required exhibits are included at the end of this Report and are described in the exhibit index.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1 (1)	Share Exchange Agreement dated February 15, 2011
3.1 (1)	Articles of Merger dated February 17, 2011
3.2 (2)	Articles of Incorporation including all amendments to date
3.3 (2)	Bylaws
10.1 (3)	The Pulse Beverage Corporation 2011 Equity Incentive Plan
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101 .INS	XBRL Instance Document*
101 .SCH	XBRL Taxonomy Extension Schema Document*
101 .CAL	XBRL Taxonomy Calculation Linkbase Document*
101 .DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101 .LAB	XBRL Taxonomy Label Linkbase Document*
101 .PRE	XBRL Taxonomy Presentation Linkbase Document*

*Provided herewith

(1) Incorporated by reference from our current report on Form 8K filed February 22, 2011

(2) Incorporated by reference from our Current Report on Form 8-K as filed with the SEC on February 6, 2007

(3) Incorporated by reference from our Current Report on Form 8-K as filed with the SEC on July 31, 2012

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 15, 2017

The Pulse Beverage Corporation

By: /s/ Robert E. Yates

Name: Robert E. Yates

Title: Chief Executive Officer (principal executive officer)

In accordance with the Securities Exchange Act of 1934, this report has been signed by the following persons representing the majority of the Board of Directors on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert E. Yates	President, Chief Executive Officer, Principal Financial and Accounting Officer, and Director	April 15, 2017
/s/ Parley Sheya	Director	April 15, 2017

Exhibit 31.1

CERTIFICATIONS

I, Robert E. Yates, hereby certify that:

(1) I have reviewed this annual report on Form 10-K of The Pulse Beverage Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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

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

Dated: April 15, 2017

/s/ Robert E. Yates
Principal Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Robert E. Yates, hereby certify that:

(1) I have reviewed this annual report on Form 10-K of The Pulse Beverage Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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

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

Dated: April 15, 2017

/s/ Robert E. Yates
Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of The Pulse Beverage Corporation, a Nevada corporation (the "Company"), does hereby certify, to the best of his knowledge, that:

1.The Annual Report on Form 10-K for the year ended December 31, 2016 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert E. Yates,

Principal Executive and Financial Officer

Date: April 15, 2017