BARFRESH FOOD GROUP INC.
Form 424B3
July 22, 2015

Prospectus Supplement No. 1 to Prospectus dated May 12, 2015 **Filed Pursuant to Rule to 424(b)(3) REGISTRATION STATEMENT NO. 333-203340**

16,780,333 Shares of Common Stock

This Prospectus Supplement No. 1 ("Supplement") supplements and amends our prospectus dated May 12, 2015 (the "Prospectus"), relating to the sale, from time to time, of up to 16,780,333 shares of our common stock by the selling shareholders listed under the caption "Selling Shareholders" in the Prospectus. We are filing this Supplement to update and supplement the information included or incorporated by reference in the Prospectus with the information contained in our Form 10-K for the period ended March 31, 2015, filed on July 7, 2015, and in our Current Report on Form 8-K, filed on June 23, 2015. The text of the Annual Report on Form 10-K and Current Report on Form 8-K is attached to and a part of this Supplement.

Our common stock is traded on the OTCQB under the symbol BRFH. On July 20, 2015, the last reported sale price of our common stock was $0.72 per share.

This Supplement should be read in conjunction with the Prospectus and may not be delivered or utilized without the Prospectus. To the extent there is a discrepancy between the information contained in this Supplement and the information in the Prospectus, the information contained herein supersedes and replaces such conflicting information.

INVESTING IN OUR COMMON STOCK INVOLVES SUBSTANTIAL RISK. IN REVIEWING THIS SUPPLEMENT AND THE PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DESCRIBED UNDER THE HEADING "RISK FACTORS" BEGINNING ON PAGE 3 OF THE PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THE PROSPECTUS, AS SUPPLEMENTED, IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus Supplement No. 1 is July 21, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 2015

or

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

For the transition period from _____ to _____

Commission File Number: 000-55131

BARFRESH FOOD GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**27-1994406** (I.R.S. Employer Identification No.)
8530 Wilshire Blvd., Suite 450, Beverly Hills, California (Address of principal executive offices)	**90211** (Zip Code)

310-598-7113

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered under Section 12(g) of the Act: **Common Stock, $0.000001 par value**

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “small reporting company” in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates (excluding voting shares held by officers and directors) as of September 30, 2014 was $18,488,500.

As of June 22, 2015, there were 79,229,533 outstanding shares of common stock of the registrant.

BARFRESH FOOD GROUP INC.

FORM 10-K

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Annual Report on Form 10-K ("Annual Report"), the other reports, statements, and information that we have previously filed or that we may subsequently file with the Securities and Exchange Commission ("SEC") and public announcements that we have previously made or may subsequently make include, may include, incorporate by reference or may incorporate by reference certain statements that may be deemed to be forward-looking statements. The forward-looking statements included or incorporated by reference in this Annual Report and those reports, statements, information and announcements address activities, events or developments that Barfresh Food Group Inc., a Delaware corporation (hereinafter referred to as "we", "us", "our", "Company" or "Barfresh") expects or anticipates will or may occur in the future. Any statements in this document about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "may", "should", "could", "predict", "potential", "believe", " likely result", "expect", "will continue", "anticipate", "seek", "estimate", "intend", "plan", "projection", "would", "outlook" an expressions. Accordingly, these statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. All forward-looking statements concerning economic conditions, rates of growth, rates of income or values as may be included in this document are based on information available to us on the dates noted, and we assume no obligation to update any such forward-looking statements.

Management cautions that forward-looking statements are qualified by their terms and/or important factors, many of which are outside of our control, involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made, including, but not limited to, the following risk factors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

Certain risks and uncertainties could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, and you should not place undue reliance on any such forward-looking statements. Actual results or outcomes may differ materially from those expressed in any forward-looking statements made by us, and you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made and we do not undertake any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. See "Risk Factors" set forth in Item 1A.

PART I

Item 1. Business.

Business Overview

Barfresh is a leader in the creation, manufacturing and distribution of ready to blend frozen beverages. The current portfolio of products includes smoothies, shakes and frappes. All of the products are portion controlled and ready to blend beverage ingredient packs or “beverage packs”. The beverage packs contain all of the ingredients necessary to make the beverage, including the base (either sorbet, frozen yogurt or ice cream), real fruit pieces, juices and ice – five ounces of water are added to the beverage pack before blending.

Domestic and international patents and patents pending are owned by Barfresh, as well as related trademarks for all of the products. In November 2011, the Company acquired the patent rights in the United States and Canada. The Canadian patent has been granted and the United States patent is “patent pending”. On October 15, 2013, the Company acquired all of the related international patent rights, which were filed pursuant to the Patent Cooperation Treaty and have been granted in 13 jurisdictions. The patents are pending in the remainder of the jurisdictions that have signed the treaty. In addition, on October 15, 2013, the Company purchased all of the trademarks related to the patented products.

The Company currently conducts and plans to conduct sales through two channels: directly to certain National Accounts, and through an exclusive nationwide distribution agreement with Sysco Corporation (“Sysco”) the U.S.’s largest broad line distributor, which was entered into during July 2014.

The process of obtaining sales orders for National Accounts generally follows several steps, including product demonstration, product testing, and exclusive flavor development for the larger National Accounts. We are currently in various stages of product development and testing with National Accounts representing over 20,000 restaurant locations. The Company recently moved into full roll out with a number of National Accounts, including a national entertainment theme park operator, and with Shari’s Café and Pies, a family dining chain in the Pacific Northwest operating 97 restaurants which are open 24 hours a day, 365 days a year.

In addition to the National Accounts, the Company sells to food distributors that supply products to the food services market place. Effective July 2, 2014, the Company entered into an agreement with Sysco Merchandising and Supply Chain Services, Inc. for resale by the Sysco Corporation ("Sysco") to the foodservice industry of the Company's ready-to-blend smoothies, shakes and frappes. All Barfresh products will be included in Sysco's national core selection of beverage items, making Barfresh its exclusive single-serve, pre-portioned beverage provider. The agreement is mutually exclusive; provided however, the products are supplied to other foodservice distributors, but only to the extent required for such foodservice distributors to service multi-unit chain operators with at least 20 units and where Sysco is not such multi-unit chain operators nominated distributor for our products. The Company has already started shipping to 20 of the 74 Sysco distribution centers under this agreement and anticipates a national rollout over the next 12 months.

Finally, the Company intends to monetize the international patents outside of the current area of operations, North America, by expanding contract manufacturing to other countries and selling either through selling agents or internal sales personnel. The Company will also consider entering into some form of license or royalty agreements with third parties.

Barfresh currently utilizes contract manufacturers to manufacture all of the products in the United States. Ice cream manufacturers are best suited to produce the products and two production lines are currently operational in our Salt Lake City contract manufacturer location. This manufacturer is currently producing products sold to existing customers as well as producing exclusive products developed for National Accounts. Currently annual production capacity with our existing contract manufacturer is 14 million units per year. The Company is currently in discussion with two additional contract manufacturing companies that would be able to produce an additional 100 million units per year.

Although there currently is not a contract in place with any suppliers for the raw materials needed to manufacture our products, there are a significant number of sources available and the company does not anticipate becoming dependent on any one supplier. As demand for the range of our products grows, we plan to contract a level of raw material requirements to ensure continuity of supply.

As of the end of the fiscal year we had 11 employees and 3 consultants. As of June 23, 2014 we have 25 employees and 3 consultants. There are currently 15 employees selling our products.

Most recently, as part of the Company's expansion due to the acquisition of the international patents, a leading regional Australian food ingredient supply and product developer has been engaged as the wholesaler and distributor for Barfresh products in Australia.

Corporate History and Background

The Company incorporated on February 25, 2010 in the state of Delaware. The Company was originally formed to acquire scripts for movie opportunities, to produce the related movies and to sell, lease, license, distribute and syndicate the movies and develop other related media products related to the movies. As the result of the reverse merger, more fully described below, the Company is now engaged in the manufacturing and distribution of ready to blend beverages, particularly, smoothies, shakes and frappes.

Reorganization and Recapitalization

During January, 2012, the Company entered into a series of transactions pursuant to which Barfresh Inc., a Colorado corporation ("Barfresh CO"), was acquired, spun-out prior operations to the former principal shareholder, completed a private offering of securities for an aggregate purchase price of approximately $999,998, conducted a four for one forward stock split and changed the name of the Company. The following describes the foregoing transactions:

Acquisition of Barfresh CO. We acquired all of the outstanding capital stock of Barfresh CO in exchange for the issuance of 37,333,328 shares of our $0.000001 par value common stock pursuant to a Share Exchange Agreement between us, our former principal shareholder, Barfresh CO and the former shareholders of Barfresh CO. As a result of this transaction, Barfresh CO became our wholly owned subsidiary and the former shareholders of Barfresh CO became our controlling shareholders.

Spinout of prior business. Immediately prior to the acquisition of Barfresh CO, we spun-out our previous business operations to a former officer, director and principal shareholder, in exchange for all of the shares of our common stock held by that person. Such shares were cancelled immediately following the acquisition.

Financing transaction. Immediately following the acquisition of Barfresh, we sold an aggregate of 1,333,332 shares of our common stock and five-year warrants to purchase 1,333,332 shares of common stock at a per share exercise price of $1.50 in a private offering for gross proceeds of $999,998, less expenses of $26,895.

Change of name. Subsequent to the merger, we changed the name of the Company from Moving Box Inc. to Barfresh Food Group Inc.

Forward stock split. Subsequent to the merger, we conducted a four for one forward stock split of the Company's common stock.

Products

All of the products are portion controlled beverage ingredient packs, suitable for smoothies, shakes and frappes that can also be utilized for cocktails and mocktails. They contain all of the ingredients necessary to make a smoothie, shake or frappe, including the ice. Simply add water, empty the packet into a blender, blend and serve.

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The following flavors are available for sale as part of the standard line:

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In addition to the standard product range, the Company has developed a number of exclusive flavors for several National Accounts that are currently engaged in the pre-rollout testing process.

Some of the key product benefits for operators include:

- Portion controlled
- Zero waste
- Product consistency – every time a smoothie, shake or frappe is made
- Easy inventory control
- Long shelf life (24 months)
- Minimal capital investment necessary
- Faster and easier to make (less than 60 seconds)
- Ability to itemize the ingredients of the beverages on menus
- Products require less retail space

Some of the key benefits of the products for the end consumers that drink the products include:

- From as little as 150 calories (per serving)
- Real fruit in every smoothie
- Dairy free options
- Kosher approved
- Gluten Free

Customer Marketing Material

A wide range of consumer marketing materials has been created to assist customers in selling blended beverages.

Research and Development

An incurrence of $51,465 and $47,035 in research and development expenses for the fiscal years ended March 31, 2015, and 2014, respectively.

Competition

There is significant competition in the smoothie market at both the consumer purchasing level and also the product level.

The competition at the consumer level is primarily between specialized juice bars (e.g. Jamba Juice) and major fast casual and fast food restaurant chains (such as McDonalds). Barfresh does not compete specifically at this level but intends to supply its product to customers that fall within these segments to enable them to compete for consumer demand.

There may also be new entrants to the smoothie market that may alter the current competitor landscape.

The existing competition from a product perspective can be separated into three categories:

Specialized juice bar products: The product is made in-store and each ingredient is added separately.

Syrup based products: The fruit puree is supplied in bulk and not portion controlled for each smoothie. These types of products still require the addition of juice, milk or water and/or yogurt and ice. While there are a number of competitors for this style of product, the two dominant competitors are Island Oasis and Minute Maid, which are both owned by Coca Cola.

Portion pack products: These products contain only the fruit and yogurt and require the addition of juice or milk and ice. The two dominant competitors are General Mills' Yoplait Smoothies and Inventure Group's Jamba Smoothies.

The Company believes that its products ease of use, portion control, premium quality, and minimal capital investment required to enable a customer to begin to carry Barfresh beverage products all add up to represent a very significant competitive advantage that will allow us to quickly gain traction in the market and secure long-term agreements with customers. The Company also believes that the product's attributes will make it more attractive to customers. However, there are other factors that may influence the adoption of a particular product by customers, including their dependence on prior relationships with competition.

Intellectual Property

Barfresh owns the domestic and intellectual property rights to its products' sealed pack of ingredients.

In November 2011, the Company acquired patent applications filed in the United States (Patent Application number 11/660415) and Canada (Patent Application number 2577163) from certain related parties. The United States patent was originally filed on December 4, 2007 and its current status is patent pending. The Canadian patent was originally filed on August 16, 2005 and it has been granted.

On October 15, 2013, the Company acquired all of the related international patent rights, which were filed pursuant to the Patent Cooperation Treaty, have been granted in 13 jurisdictions and are pending in the remainder of the jurisdictions that have signed the PCT. In addition, the Company purchased all of the trademarks related to the patented products.

Governmental Approval and Regulation

The Company is not aware of the need for any governmental approvals of its products.

The Company utilizes a contract manufacturer. Before entering into any manufacturing contract, the Company determines that the manufacturer has met all government requirements.

The Company will be subject to certain labeling requirements as to the contents and nutritional information of our products.

Environmental Laws

The Company does not believe that it will be subject to any environmental laws, either state or federal. Any laws concerning manufacturing will be the responsibility of the contract manufacturer.

Employees

Currently, the Company has 25 full time employees. We expect to hire additional employees, particularly in the sales area, as we roll out our products to all 74 Sysco distribution centers over the next approximately twelve months.

Item 1A. Risk Factors

An investment in the Company’s securities involves significant risks, including the risks described below. The risks included below are not the only ones that the Company faces. Additional risks presently unknown to us or that we currently consider immaterial or unlikely to occur could also impair our operations. If any of the risks or uncertainties described below or any such additional risks and uncertainties actually occur, our business, prospects, financial condition or results of operations could be negatively affected.

Risks Related to Our Business

We have a history of operating losses and there can be no assurance that we can achieve or maintain profitability.

We have a history of operating losses and may not achieve or sustain profitability. These operating losses have been generated while we market to potential customers. We cannot guarantee that we will become profitable. Even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may be unable to sustain or increase profitability and our failure to do so would adversely affect the Company's business, including our ability to raise additional funds.

A worsening of economic conditions or a decrease in consumer spending may adversely impact our ability to implement our business strategy.

Our success depends to a significant extent on discretionary consumer spending, which is influenced by general economic conditions and the availability of discretionary income. While there are signs that economic conditions may be improving, there is no certainty that this trend will continue or that credit and financial markets and confidence in economic conditions will not deteriorate again. Accordingly, we may experience declines in revenue during economic turmoil or during periods of uncertainty. Any material decline in the amount of discretionary spending, leading cost-conscious consumers to be more selective in restaurants visited, could have a material adverse effect on our revenue, results of operations, business and financial condition.

The challenges of competing with the many food services businesses may result in reductions in our revenue and operating margins.

We compete with many well-established companies, food service and otherwise, on the basis of taste, quality and price of product offered, customer service, atmosphere, location and overall guest experience. Our success depends, in part, upon the popularity of our products and our ability to develop new menu items that appeal to consumers across all four day parts. Shifts in consumer preferences away from our products, our inability to develop new menu items that appeal to consumers across all day parts, or changes in our menu that eliminate items popular with some consumers could harm our business. We compete with other smoothie and juice bar retailers, specialty coffee retailers, yogurt and ice cream shops, bagel shops, fast-food restaurants, delicatessens, cafés, take-out food service companies, supermarkets and convenience stores. Our competitors change with each of the four day parts, ranging from coffee bars and bakery cafés to casual dining chains. Many of our competitors or potential competitors have substantially greater financial and other resources than we do, which may allow them to react to changes in the market quicker than we can. In addition, aggressive pricing by our competitors or the entrance of new competitors into our markets, as evidenced by McDonald's Corporation's inclusion of fruit smoothies on their menu, could reduce our revenue and operating margins. We also compete with other employers in our markets for hourly workers and may become subject to higher labor costs as a result of such competition.

Fluctuations in various food and supply costs, particularly fruit and dairy, could adversely affect our operating results.

Supplies and prices of the various ingredients that we are going to use to can be affected by a variety of factors, such as weather, seasonal fluctuations, demand, politics and economics in the producing countries.

These factors subject us to shortages or interruptions in product supplies, which could adversely affect our revenue and profits. In addition, the prices of fruit and dairy, which are the main ingredients in our products, can be highly volatile. The fruit of the quality we seek tends to trade on a negotiated basis, depending on supply and demand at the time of the purchase. An increase in pricing of any fruit that we are going to use in our products could have a significant adverse effect on our profitability. We cannot assure you that we will be able to secure our fruit supply.

Our business depends substantially on the continuing efforts of our senior management and other key personnel, and our business may be severely disrupted if we lose their services.

Our future success heavily depends on the continued service of our senior management and other key employees. If one or more of our senior executives is unable or unwilling to continue to work for us in his present position, we may have to spend a considerable amount of time and resources searching, recruiting, and integrating a replacement into our operations, which would substantially divert management's attention from our business and severely disrupt our business. This may also adversely affect our ability to execute our business strategy. In addition, of any of our senior executives joins a competitor or forms a competing company, we may lose customers, suppliers, knowhow and key employees.

Our senior management's limited experience managing a publicly traded company may divert management's attention from operations and harm our business.

With the exception of our Chief Financial Officer, our senior management team has relatively limited experience managing a publicly traded company and complying with federal securities laws, including compliance with recently adopted disclosure requirements on a timely basis. Our management will be required to design and implement appropriate programs and policies in responding to increased legal, regulatory compliance and reporting requirements, and any failure to do so could lead to the imposition of fines and penalties and harm our business.

We may be unable to attract and retain qualified, experienced, highly skilled personnel, which could adversely affect the implementation of our business plan.

Our success depends to a significant degree upon our ability to attract, retain and motivate skilled and qualified personnel. As we become a more mature company in the future, we may find recruiting and retention efforts more challenging. If we do not succeed in attracting, hiring and integrating excellent personnel, or retaining and motivating existing personnel, we may be unable to grow effectively. The loss of any key employee, including members of our senior management team, and our inability to attract highly skilled personnel with sufficient experience in our industries could harm our business.

Product liability exposure may expose us to significant liability.

We may face an inherent business risk of exposure to product liability and other claims and lawsuits in the event that the development or use of our technology or prospective products is alleged to have resulted in adverse effects. We may not be able to avoid significant liability exposure. Although we believe our insurance coverage to be adequate, we may not have sufficient insurance coverage, and we may not be able to obtain sufficient coverage at a reasonable cost. An inability to obtain product liability insurance at acceptable cost or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our products. A product liability claim could hurt our financial performance. Even if we avoid liability exposure, significant costs could be incurred that could hurt our financial performance and condition.

Our inability to protect our intellectual property rights may force us to incur unanticipated costs.

Our success will depend, in part, on our ability to obtain and maintain protection in the United States and internationally for certain intellectual property incorporated into our products. Our intellectual property rights may be challenged, narrowed, invalidated or circumvented, which could limit our ability to prevent competitors from marketing similar solutions that limit the effectiveness of our patent protection and force us to incur unanticipated costs. In addition, existing laws of some countries in which we may provide services or solutions may offer only limited protection of our intellectual property rights.

Our products may infringe the intellectual property rights of third parties, and third parties may infringe our proprietary rights, either of which may result in lawsuits, distraction of management and the impairment of our business.

As the number of patents, copyrights, trademarks and other intellectual property rights in our industry increases, products based on our technology may increasingly become the subject of infringement claims. Third parties could assert infringement claims against us in the future. Infringement claims with or without merit could be time consuming, result in costly litigation, cause product shipment delays or require us to enter into royalty or licensing agreements. Royalty or licensing agreements, if required, might not be available on terms acceptable to us, or at all. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Litigation to determine the validity of any claims, whether or not the litigation is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel from productive tasks. If there is an adverse ruling against us in any litigation, we may be required to pay substantial damages, discontinue the use and sale of infringing products and expend significant resources to develop non-infringing technology or obtain licenses to infringing technology. Our failure to develop or license a substitute technology could prevent us from selling our products.

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If securities or industry analysts do not continue to publish research, or publish inaccurate or unfavorable research, about our business, our share price and trading volume could decline.

The trading market for our common stock may be impacted, in part, by the research and reports that securities or industry analysts publish about our business or us. There can be no assurance that analysts will cover us, continue to cover us or provide favorable coverage. If one or more analysts downgrade our stock or change their opinion of our stock, our share price may decline. In addition, if one or more analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We will continue to incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance initiatives and corporate governance practices.

As a public company, we will continue to incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and make some activities more time-consuming and costly.

We cannot predict or estimate the amount of additional costs we may incur to continue to operate as a public company, nor can we predict the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

We have identified material weaknesses in our internal control over financial reporting. If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we are required to furnish a report by our management on our internal control over financial reporting. As such, our management has conducted this evaluation and, as of March 31, 2015, identified the following material weaknesses in the Company’s internal control over financial reporting:

We did not have an audit committee: While we are not currently obligated to have an audit committee, including a member who is an “audit committee financial expert,” as defined in Item 407 of Regulation S-K, under applicable regulations or listing standards; however, it is management’s view that such a committee is an important internal control over financial reporting, the lack of which may result in ineffective oversight in the establishment and monitoring of internal controls and procedures.

We do not have a majority of independent directors on our board of directors, which may result in ineffective oversight in the establishment and monitoring of required internal controls and procedures.

Inadequate Segregation of Duties: We have an inadequate number of personnel to properly implement certain control procedures related to segregation of duties.

Management believes that these material weaknesses have not had an effect our financial results and has concluded that disclosure controls and procedures remain effective. Nonetheless, effective internal control over financial reporting is necessary to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed. We will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to modify and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Continued identification of one or more material weaknesses in our internal control over financial reporting could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We are operating with less than a majority of independent directors.

We do not have a majority of independent directors. The Company is operated without the oversight of a majority of independent directors and material agreements and transactions, including those with related parties, are not approved with the oversight of a majority of independent directors.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

As a Delaware corporation, we are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Some foreign companies, including some that may compete with our Company, may not be subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur from time-to-time in countries in which we conduct our business. However, our employees or other agents may engage in conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Ownership of Our Common Stock

Riccardo Delle Coste, Steven Lang, Arnold Tinter and Joseph M Cugine have voting control over matters submitted to a vote of the shareholders, and they may take actions that conflict with the interests of our other shareholders and holders of our debt securities.

Riccardo Delle Coste, Steven Lang, Arnold Tinter and Joseph M. Cugine together, control more than 50% of the votes eligible to be cast by shareholders in the election of directors and generally. As a result, Messrs. Delle Coste, Lang, Tinter and Cugine have the power to control all matters requiring the approval of our shareholders, including the election of directors and the approval of mergers and other significant corporate transactions.

Our common stock is quoted on the OTCQB, which may have an unfavorable impact on our stock price and liquidity.

Our common stock is quoted on the OTCQB, which is a significantly more limited trading market than the New York Stock Exchange, NYSE MKT or the NASDAQ Stock Market. The quotation of the Company’s shares on the OTCQB may result in a less liquid market available for existing and potential shareholders to trade shares of our common stock, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future.

There is limited liquidity on the OTCQB, which may result in stock price volatility and inaccurate quote information.

When fewer shares of a security are being traded on the OTCQB, volatility of prices may increase and price movement may outpace the ability to deliver accurate quote information. Due to lower trading volumes in shares of our common stock, there may be a lower likelihood of one's orders for shares of our common stock being executed, and current prices may differ significantly from the price one was quoted at the time of one's order entry.

If we are unable to adequately fund our operations, we may be forced to voluntarily file for deregistration of our common stock with the SEC.

Compliance with the periodic reporting requirements required by the SEC consumes a considerable amount of both internal, as well external, resources and represents a significant cost for us. If we are unable to continue to devote adequate funding and the resources needed to maintain such compliance, while continuing our operations, we could be forced to deregister with the SEC. After the deregistration process, our common stock would only be tradable on the "Pink Sheets" and could suffer a decrease in or absence of liquidity.

Because we became public by means of a "reverse merger", we may not be able to attract the attention of major brokerage firms.

Additional risks may exist since we became public through a "reverse merger". Securities analysts of major brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our common stock. We cannot assure you that brokerage firms will want to conduct any secondary offerings on behalf of our Company in the future.

Future sales of our common stock in the public market could lower the price of our common stock and impair our ability to raise funds in future securities offerings.

Future sales of a substantial number of shares of our common stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of our common stock and could make it more difficult for us to raise funds in the future through a public offering of our securities.

Our common stock is thinly traded, so you may be unable to sell at or near asking prices or at all if you need to sell your shares to raise money or otherwise desire to liquidate your shares.

Currently, the Company's common stock is quoted in the OTCQB and future trading volume may be limited by the fact that many major institutional investment funds, including mutual funds, as well as individual investors follow a policy of not investing in OTCQB stocks and certain major brokerage firms restrict their brokers from recommending OTCQB stocks because they are considered speculative, volatile and thinly traded. The OTCQB market is an inter-dealer market much less regulated than the major exchanges and our common stock is subject to abuses, volatility and shorting. Thus, there is currently no broadly followed and established trading market for the Company's common stock. An established trading market may never develop or be maintained. Active trading markets generally result in lower price volatility and more efficient execution of buy and sell orders. Absence of an active trading market reduces the liquidity of the shares traded there.

The trading volume of our common stock has been and may continue to be limited and sporadic. As a result of such trading activity, the quoted price for the Company's common stock on the OTCQB may not necessarily be a reliable indicator of its fair market value. Further, if we cease to be quoted, holders would find it more difficult to dispose of our common stock or to obtain accurate quotations as to the market value of the Company's common stock and as a result, the market value of our common stock likely would decline.

Our common stock is subject to price volatility unrelated to our operations.

The market price of our common stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results of other companies in the same industry, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting the Company's competitors or the Company itself. In addition, the OTCQB is subject to extreme price and volume fluctuations in general. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

We are subject to penny stock regulations and restrictions and you may have difficulty selling shares of our common stock.

Our common stock is currently quoted on the OTCQB. Our common stock is subject to the requirements of Rule 15(g)-9, promulgated under the Securities Exchange Act as long as the price of our common stock is below $5.00 per share. Under such rule, broker-dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including a requirement that they make an individualized written suitability determination for the purchaser and receive the purchaser's consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990, also requires additional disclosure in connection with any trades involving a stock defined as a penny stock. Generally, the Commission defines a penny stock as any equity security not traded on a national exchange that has a market price of less than $5.00 per share. The required penny stock disclosures include the delivery, prior to any transaction, of a disclosure schedule explaining the penny stock market and the risks associated with it. Such requirements could severely limit the market liquidity of the securities and the ability of purchasers to sell their securities in the secondary market.

Because we do not intend to pay dividends, shareholders will benefit from an investment in our common stock only if it appreciates in value.

We have never declared or paid any cash dividends on our preferred stock or common stock. For the foreseeable future, it is expected that earnings, if any, generated from our operations will be used to finance the growth of our

business, and that no dividends will be paid to holders of the Company's common stock. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There can be no guarantee that our common stock will appreciate in value.

The price of our common stock may become volatile, which could lead to losses by investors and costly securities litigation.

The trading price of our common stock is likely to be highly volatile and could fluctuate in response to factors such as:

- actual or anticipated variations in our operating results;
- announcements of developments by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- adoption of new accounting standards affecting the our industry;
- additions or departures of key personnel;
- introduction of new products by us or our competitors;
- sales of our common stock or other securities in the open market; and
- other events or factors, many of which are beyond our control.

The stock market is subject to significant price and volume fluctuations. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been initiated against such a company. Litigation initiated against us, whether or not successful, could result in substantial costs and diversion of our management's attention and Company resources, which could harm our business and financial condition.

Investors may experience dilution of their ownership interests because of the future issuance of additional shares of our common stock.

We intend to continue to seek financing through the issuance of equity or convertible securities to fund our operations. In the future, we may also issue additional equity securities resulting in the dilution of the ownership interests of our present shareholders. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for our common stock in connection with hiring or retaining employees, future acquisitions or for other business purposes. The future issuance of any such additional shares of common stock will result in dilution to our shareholders and may create downward pressure on the trading price of our common stock.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our certificate of incorporation and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Item 2. Properties.

Our principal executive offices are located at 8530 Wilshire Blvd., Suite 450, Beverly Hills, CA 90121. We lease this space for $7,600 per month.

Item 3. Legal Proceedings.

Neither the Company nor its subsidiaries are party to or have property that is the subject of any material pending legal proceedings. We may be subject to ordinary legal proceedings incidental to our business from time to time that are not required to be disclosed under this Item 1.

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

Our common stock is currently traded on the OTCQB under the symbol "BRFH". Our common stock had been quoted on the OTC Bulletin Board since July 27, 2011 under the symbol MVBX. Effective February 29, 2012, our symbol changed to BRFH based on the forward split and name change. On March 21, 2012, our common stock was delisted to Pink Sheets. On January 21, 2014, we registered our common stock under Section 12(g) of the Exchange Act. The following table sets forth the range of high and low bid quotations for the applicable period. These quotations as reported by the OTCQB reflect inter-dealer prices without retail mark-up, markdown or commissions and may not necessarily represent actual transactions.

	Bid Quotation	
Financial Quarter Ended	High ($)	Low ($)
March 31, 2015	0.64	0.42
December 31, 2014	0.72	0.39
September 30, 2014	0.85	0.57
June 30, 2014	0.84	0.45
March 31, 2014	0.84	0.40
December 31, 2013	0.62	0.30
September 30, 2013	0.50	0.24
June 30, 2013	0.36	0.22

Holders

At June 22, 2015, there were 79,229,533 shares of our common stock outstanding. Our shares of common stock are held by approximately 59 stockholders of record. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers and registered clearing agencies.

Dividends

We have never declared or paid a cash dividend. Any future decisions regarding dividends will be made by our board of directors. We currently intend to retain and use any future earnings for the development and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Our board of directors has complete discretion on whether to pay dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information, as of March 31, 2015, with respect to equity securities authorized for issuance under our equity compensation plans:

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 securities reflected in Column (a))(c)
Equity compensation plans approved by security holders	750,000	$ 0.50	14,250,000
Equity compensation plans not approved by security holders	800,000	$ 0.50	0
TOTAL	1,550,000	$ 0.50	14,250,000

Transfer Agent

Our transfer agent, Action Stock Transfer, is located at 2469 E. Fort Union Blvd, Suite 214, Salt Lake City, Utah 84121, and its telephone number is (801) 274-1088.

Recent Sales of Unregistered Securities

There were no sales of equity securities during the period covered by this Annual Report that were not registered under the Securities Act that were not included in a Quarterly Report on Form 10Q or a Current Report on Form 8K.

Item 6. Selected Financial Data.

Not applicable because we are a smaller reporting company.

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

The information and financial data discussed below is derived from the audited financial statements of Barfresh for its fiscal years ended March 31, 2015 and 2014. The financial statements of Barfresh were prepared and presented in accordance with generally accepted accounting principles in the United States. The information and financial data discussed below is only a summary and should be read in conjunction with the historical financial statements and related notes of Barfresh contained elsewhere in this Annual Report. This discussion and analysis may contain forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors. See "Cautionary Note Regarding Forward Looking Statements" above for a discussion of forward-looking statements and the significance of such statements in the context of this Annual Report.

Barfresh is a leader in the creation, manufacturing and distribution of ready to blend frozen beverages. The current portfolio of products includes smoothies, shakes and frappes. All of the products are portion controlled and ready to blend beverage ingredient packs or "beverage packs". The beverage packs contain all of the solid ingredients necessary to make the beverage, including the base (either sorbet, frozen yogurt or ice cream), real fruit pieces, juices and ice – five ounces of water are added before blending.

Domestic and international patents and patents pending are owned by Barfresh, as well as related trademarks for all of the products. In November 2011, the Company acquired the patent rights in the United States and Canada. The Canadian patent has been granted and the United States patent is "patent pending". On October 15, 2013, the Company acquired all of the related international patent rights, which were filed pursuant to the Patent Cooperation Treaty and have been granted in 13 jurisdictions. The patents are pending in the remainder of the jurisdictions that have signed the treaty. In addition, on October 15, 2013, the Company purchased all of the trademarks related to the patented products.

The Company currently conducts and plans to conduct sales through two channels: National Accounts, and through an exclusive nationwide distribution agreement with Sysco Corporation ("Sysco"), the U.S.'s largest broadline distributor, which was entered into during July 2014.

The process of obtaining sales orders for National Accounts generally follows several steps, including product demonstration, product testing, and exclusive flavor development for the larger National Accounts. We are currently in various stages of product development and testing with National Accounts representing over 20,000 restaurant

locations. The Company recently moved into full roll out with a number of National Accounts, including a national entertainment theme park operator, and with Shari's Café and Pies, a family dining chain in the Pacific Northwest operating 97 restaurants which are open 24 hours a day, 365 days a year.

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In addition to the National Accounts, the Company sells to food distributors that supply products to the food services market place. Effective July 2, 2014, the Company entered into an agreement with Sysco Merchandising and Supply Chain Services, Inc. for resale by the Sysco Corporation ("Sysco") to the foodservice industry of the Company's ready-to-blend smoothies, shakes and frappes. All Barfresh products will be included in Sysco's national core selection of beverage items, making Barfresh its exclusive single-serve, pre-portioned beverage provider. The agreement is mutually exclusive; provided however, the products are supplied to other foodservice distributors, but only to the extent required for such foodservice distributors to service multi-unit chain operators with at least 20 units and where Sysco is not such multi-unit chain operators nominated distributor for our products. The Company has already started shipping to 20 of the 74 Sysco distribution centers under this agreement and anticipates a national rollout over the next 12 months.

Finally, the Company intends to monetize the international patents outside of the current area of operations, North America, by expanding contract manufacturing to other countries and selling either through selling agents or internal sales personnel. The Company will also consider entering into some form of license or royalty agreements with third parties.

Barfresh currently utilizes contract manufacturers to manufacture all of the products in the United States. Ice cream manufacturers are best suited to produce the products and two production lines are currently operational in our Salt Lake City contract manufacturer location. This manufacturer is currently producing products sold to existing customers as well as producing exclusive products developed for National Accounts. Currently annual production capacity with our existing contract manufacturer is 14 million units per year. The Company is currently in discussion with two additional contract manufacturing companies that would be able to produce an additional 100 million units per year.

Although there currently is not a contract in place with any suppliers for the raw materials needed to manufacture our products, there are a significant number of sources available and the company does not anticipate becoming dependent on any one supplier. As demand for the range of our products grows, we plan to contract a level of raw material requirements to ensure continuity of supply.

As of the end of the fiscal year we had 12 employees and 3 consultants. As of June 23, 2015 we have 25 employees and 3 consultants. There are currently 15 employees selling our products.

Most recently, as part of the Company's expansion due to the acquisition of the international patents, a leading regional Australian food ingredient supply and product developer has been engaged as the wholesaler and distributor for Barfresh products in Australia.

Critical Accounting Policies

Our financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and our wholly owned subsidiaries Barfresh Inc. and Smoothie Inc. All inter-company balances and transactions among the companies have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the years reported. Actual results may differ from these estimates.

Fair Value Measurement

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, ASC 820 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. ASC 820 defines the hierarchy as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reported date. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on the New York Stock Exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, but are either directly or indirectly observable as of the reported date. The types of assets and liabilities in Level 2 are typically either comparable to actively traded securities or contracts or priced with models using highly observable inputs.

Level 3 - Significant inputs to pricing that are unobservable as of the reporting date. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as complex and subjective models and forecasts used to determine the fair value of financial transmission rights.

Our financial instruments consist of accounts receivable, accounts payable, accrued expenses, notes payable, and convertible notes. The carrying value of our financial instruments approximates their fair value due to their relative short maturities.

Accounts Receivable

Accounts receivable are typically unsecured. Our credit policy calls for payment generally within 30 days. The credit worthiness of a customer is evaluated prior to a sale. As of March 31, 2015 there is an allowance for doubtful accounts $65,000.

Intangible Assets

Intangible assets are comprised of patents, net of amortization. The patent costs are being amortized over the life of the patent, which is twenty years from the date of filing the patent application. In accordance with ASC Topic 350 *Intangibles - Goodwill and Other* ("ASC 350"), the costs of internally developing other intangible assets, such as patents, are expensed as incurred. However, as allowed by ASC 350, costs associated with the acquisition of patents from third parties, legal fees and similar costs relating to patents have been capitalized.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. Leasehold improvements are being amortized over the shorter of the useful life of the asset or the lease term that includes any expected renewal periods that are deemed to be reasonably assured. The estimated useful lives used for financial statement purposes are:

Furniture and fixtures: 5 years

Equipment: 7 years

Leasehold improvements: 2 years

Vehicles 5 years

Revenue Recognition

We recognize revenue when there is persuasive evidence of an arrangement, delivery has occurred or services have been rendered, the sales price is determinable, and collection is reasonably assured.

Research and Development

Expenditures for research activities relating to product development and improvement are charged to expense as incurred. We incurred $51,465 and $47,035, in research and development expenses for the years ended March 31, 2015 and 2014, respectively.

Rent Expense

We recognize rent expense on a straight-line basis over the reasonably assured lease term as defined in ASC Topic 840, *Leases* (“ASC 840”). In addition, our lease agreement provides for rental payments commencing at a date other than the date of initial occupancy. We include the rent holidays in determination of straight-line rent expense. Therefore, rent expense is charged to expense beginning with the occupancy date. Deferred rent was $1,484 and $1,866 at March 31, 2015 and 2014 respectively and will be charged to rent expense over the life of the lease.

Earnings per Share

We calculate net loss per share in accordance with ASC Topic 260, *Earnings per Share*. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period, and diluted earnings per share is computed by including common stock equivalents outstanding for the period in the denominator. At March 31, 2015 and 2014 any equivalents would have been anti-dilutive as we had losses for the years then ended.

Recent Pronouncements

From time to time, new accounting pronouncements are issued that we adopt as of the specified effective date. We believe that the impact of recently issued standards that are not yet effective may have an impact on our results of

operations and financial position. ASU Update 2014-09 Revenue From Contracts With Customers (Topic 606) issued May 28, 2014 by FASB and IASB converged guidance on recognizing revenue in contracts with customers with an effective date after December 15, 2016 will be evaluated as to impact and implemented accordingly. In addition, ASU Update 2014-15 Presentation of Financial Statements-Going Concern (Sub Topic 205-40) issued August 27, 2014 by FASB defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern. The additional disclosure requirement is effective after December 15, 2016 and will be evaluated as to impact and implemented accordingly.

Results of Operations

Results of Operation for the Year Ended March 31, 2015 as Compared to the Year Ended March 31, 2014

(References to 2015 and 2014 are to the years ended March 31, 2015 and 2014 respectively, unless otherwise specified.)

Revenue and cost of revenue

Revenue for 2015 was $211,467 as compared to $110,085 in 2014. Our business grew primarily from the addition of a major broad line food distributor, Sysco Corporation ("Sysco"). We began shipping to that customer in July 2014. In addition we are shipping to a number of quick serve restaurants that we did not ship to in 2014.

Cost of revenue for 2015 was $126,804 as compared to $48,534 in 2014. Our gross profit was $84,663 (40.0%) and $61,551 (55.9%) for 2015 and 2014, respectively. There were no significant change in our selling prices. Sales in both 2015 and 2014 included sales of blenders and freezers. We only make a nominal profit on these items as they are to accommodate our customers. We have no specific plan as to major sales of equipment to customers in the future. We anticipate that our gross profit percentage going forward will improve over the current percentage.

Operating expenses

Our operations during 2015 and 2014 were directed towards increasing sales and finalizing flavor profiles. The addition of Sysco necessitated our increasing our selling general and administrative costs. We are continuing to add sales personnel to assist Sysco in selling and marketing efforts to their customers. We also have added additional staff to our marketing department as well as our accounting department. Our overhead has increased significantly as the cost of supporting the new business and personnel required it.

Our general and administrative expenses increased $944,638 as we grew the business and may not necessarily be indicative of future rates of growth.

The following is a breakdown of our selling, general and administrative expenses for 2015 and 2014:

	2015	2014	Difference
Personnel costs	$1,042,870	$877,646	$165,224
Stock based compensation/options	685,906	291,631	394,275
Legal and professional fees	261,489	176,334	85,155
Travel	246,387	166,621	79,766
Marketing and selling	193,806	109,104	84,702
Consulting fees	183,680	259,346	(75,666)
Investor and public relations	165,308	122,224	43,084
Rent	95,181	77,007	18,174
Research and development	51,465	47,035	4,430
Director fees	50,333	-	50,333
Other expenses	235,483	140,322	95,161
	$3,211,908	$2,267,270	$944,638

Personnel cost represents the cost of employees including salaries, employee benefits and employment taxes and continues to be our largest cost. Personnel cost increased $165,224 (18.8%) from $877,646 in 2014 to $1,042,870 in 2015. At March 31, 2015 we had had 11 full time employees as compared to 6 at March 31, 2014. We currently have 25 full time employees. We anticipate personnel cost to increase in the future as we add more staff.

Stock based compensation is used as an incentive to attract new employees and to compensate existing employees. Stock based compensation includes stock issued and options granted to employees and non-employees and increased $394,275 (135%) from $291,631 in 2014 to $685,906 in 2015. The amount in 2015 represents the amortization of stock grants and option grants to our directors. The fair value of the stock was based on the trading value of the shares on the date of grant and are being amortized over any vesting period. The fair value of the stock options was calculated using the Black-Sholes model using the following assumptions: expected life in years, 5; volatility, 91.0% to 91.8%; risk free rate of return, 1.35% to 1.45% and no annual dividends and are being amortized over any vesting period. We anticipate making additional grants in the future. We anticipate making additional grants in the future.

Legal and professional fees, which include accounting and legal services, increased $85,155 (48.3%) from $176,334 in 2014 to $261,489 in 2015, as a result of increased activity. We anticipate legal fees related to ongoing Securities and Exchange Commission reporting to remain the same and additional legal fees to be related to the number of contracts we are negotiating, which are increasing.

Travel and entertainment expenses increased $79,766 (47.9%) from $166,621 in 2014 to $246,387 in 2015. The increase is due to increased travel related to selling and marketing activities. We anticipate that travel and entertainment cost will increase as we increase the number of customers that we are selling to.

Consulting fees decreased $75,666 (30%) from $259,346 in 2014 to $183,680 in 2015. Prior to growing our staff we relied on consultants for services that are now being provided by employees. We anticipate consultancy costs to remain close to the current level.

Investor relations fees increased $43,084 (35.3%) from $122,224 in 2014 to $165,308 in 2015. In 2014 we were paying a lower monthly retainer than we currently are. In addition we attended more investor conferences in 2015 than in 2014. We anticipate that our investor relations cost will remain at the current level.

Rent expense increased 18,174 (23.6%) from $77,007 in 2014 to $95,181 in 2015. Rent expense is primarily for our location in Beverly Hills, California. Our rent expense is approximately $7,600 per month. The lease on the office commenced in October 2012, expired in October 2014 and was renewed and now expires in November 2016. Rent expense also includes monthly parking fees as well as an offsite storage facilities. During 2014 we had a subtenant that leased a portion of our space. We no longer have that subtenant. We anticipate an increase in rent in future periods.

Research and development expenses increased $4,430 (9.42%) from $47,035 in 2014 to $51,465 in 2015. Research and development represents the cost of developing flavor profiles of our products and the development of future equipment. We anticipate cost continuing in future periods, the amounts of which cannot be estimated at this point in time. Our research and development cost will be dependent on new formulations and new flavor profiles as our customer base increases.

In 2014 we did not have any director fees. We currently pay our non-employee directors $12,500 per quarter.

Other expenses consist of ordinary operating expenses such as office, telephone, insurance, and stock related costs. These expenses directly correlate to our overall activity. We anticipate that these cost will continue to rise as we our business activity.

We had operating losses of $3,261,466 and $2,290,562 for 2015 and 2014, respectively.

Interest expense increased $224,127 (76.5%) from $292,888 in 2014 to $517,015 in 2015. Interest primarily relates to convertible debt that was issued in August 2012 and renewed in September 2013 and short term notes that were issued in December 2013 and renewed in December 2014. The stated interest rate on the convertible debt is 12%. After giving effect to the debt discount the effective rate of interest on the short term debt is estimated to be approximately 53% and approximately 74% on the convertible notes. Interest expense includes direct interest of $68,044 and $66,842

for 2015 and 2014, respectively, calculated based on the interest rates stated in our various debt instruments. In addition, interest expense includes non-cash amortization of the debt discount of $448,971 and $224,680 for 2015 and 2014, respectively.

We had net losses of $3,778,481 ($0.06 per share) and $2,583,450 ($0.05 per share) for 2015 and 2014, respectively.

Liquidity and Capital Resources

As of March 31, 2015 we had working capital of $3,994,297.

During the year ended March 31, 2015 we used cash of $2,282,083 in operations, $271,927 for the purchase of equipment and $12,158 for patents and trademarks. We generated cash flow from the sale of equipment of $15,709.

We generated $5,283,788 in financing activity from the sale of common stock during the year ended March 31, 2015.

Our operations to date have been financed by the sale of securities, the issuance of convertible debt and the issuance of short-term debt, including related party advances. If we are unable to generate sufficient cash flow from operations with the capital raised we will be required to raise additional funds either in the form of capital or debt. There are no assurances that we will be able to generate the necessary capital or debt to carry out our current plan of operations.

We lease office space under a non-cancelable operating lease, which expires November, 2016.

The aggregate minimum requirements under non-cancelable leases as of March 31, 2015 is as follows:

Fiscal Years ending March 31,	
2016	$91,252
2017	53,231
	$144,483

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Subsequent to March 31, 2015, we renegotiated the short term notes that were due June 2015. We repaid one note in full ($25,000) 50% of three notes were paid ($350,000) and one note was converted to 71,429 shares of our common stock. The balance of the notes due, $350,000, are payable on September 20, 2015 and bear interest at 12% per annum.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

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

Not applicable because we are a smaller reporting company.

Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements are included beginning immediately following the signature page to this report. See Item 15 for a list of the consolidated financial statements included herein.

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

None.

Item 9A. Controls and Procedures.

Management’s Annual Report on Internal Control over Financial Reporting

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Principal Accounting Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Securities and Exchange Act of 1934 Rules 13a-15(f). Based on this evaluation, our Chief Executive Officer and our Principal Accounting Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2015.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for the Company.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect material misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2015. The framework used by management in making that assessment was the criteria set forth in the document entitled "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992 which assessment identified material weaknesses in internal control over financial reporting. A material weakness is a control deficiency, or a combination of deficiencies in internal control over financial reporting that creates a reasonable possibility that a material misstatement in annual or interim financial statements will not be prevented or detected on a timely basis.

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Under the supervision and with the participation of our management, including our Chief Executive Officer and our Principal Accounting Officer we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Securities and Exchange Act of 1934 Rules 13a-15(f). Based on this evaluation, our Chief Executive Officer and our Principal Accounting Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2015.

However, management has identified the following material weaknesses in our internal control over financial reporting:

We do not have an audit committee: While we are not currently obligated to have an audit committee, including a member who is an "audit committee financial expert," as defined in Item 407 of Regulation S-K, under applicable regulations or listing standards; however, it is management's view that such a committee is an important internal control over financial reporting, the lack of which may result in ineffective oversight in the establishment and monitoring of internal control.

We do not have a majority of independent directors on our board of directors, which may result in ineffective oversight in the establishment and monitoring of our internal control.

Inadequate Segregation of Duties: We have an inadequate number of personnel to properly implement internal controls.

Since the assessment of the effectiveness of our internal control over financial reporting did identify material weaknesses, management considers its internal control over financial reporting to be ineffective.

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect material misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

Management believes that the material weakness set forth above did not have an effect on our financial results.

In an effort to remediate the identified material weakness and enhance our internal control over financial reporting, we plan to engage additional accounting personnel to ensure that we are able to properly implement internal control procedures at such time as funds are available.

This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of our fiscal year ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following sets forth information about our directors and executive officers as of the date of this Report:

Name	Age	Position
Riccardo Delle Coste	36	President, Chief Executive Officer and Chairman
Joseph S. Tesoriero	62	Chief Financial Officer
Steven Lang	62	Director
Arnold Tinter	70	Principal Accounting Officer, Secretary and Director
Joseph M. Cugine	54	Director
Alice Elliot	58	Director

Riccardo Delle Coste has been the Chairman of our board of directors, President and Chief Executive Officer since January 10, 2012. He has also been the President and Chief Executive Officer of Barfresh Inc., a Colorado corporation and our wholly owned subsidiary ("Barfresh CO"), since its inception. Mr. Delle Coste is the inventor of the patent pending technology and the creator of Smoo Smoothies. Mr. Delle Coste started the business in 2005 and developed a unique system using controlled pre-packaged portions, to deliver a freshly made smoothie that is quick, cost efficient, healthy and with no waste. In building the business, he is responsible for securing new business tenders and maintaining key client relationships. He is also responsible for the development of new product from testing to full-scale production, establishment of the manufacturing facilities that have all necessary accreditation (HACCP, Halal, and Kosher), technology development, product improvement and R&D with new product launches. Mr. Delle Coste also has over five years of investment banking experience. Mr. Delle Coste attended Macquarie University, Sydney, Australia while studying for a Bachelor of Commerce for 3.5 years but left to pursue business interests and did not receive a degree.

Qualifications: Mr. Delle Coste has 17 years of experience within retail, hospitality and dairy manufacturing.

Joseph S. Tesoriero was appointed as Chief Financial Officer of the Company on May 18, 2015. Mr. Tesoriero has served as an independent director of Smart & Final Stores, Inc. (NYSE: SFS) since July of 2014, where he serves as Chairman of the Audit Committee and a member of the Nominating and Governance Committee. He was most recently engaged as a financial advisor for Dole Asia Holdings, Ltd. Pte., a Singapore based wholly owned subsidiary

of Itochu Corporation of Japan, from April 2013 to October 2013. Prior to this consulting engagement, Mr. Tesoriero served as Executive Vice Present and Chief Financial Officer of Dole Food Company Inc. from February 2010 to April 2013, as its Vice President and Chief Financial Officer from August 2004 to February 2010 and as its Vice President of Tax from September 2002 to August 2004. Prior to joining Dole, Mr. Tesoriero was Senior Vice President of Tax of Global Crossing (1998-2002), Vice President of Tax of Coleman Camping Equipment (1997-1998), International Tax Attorney with Revlon Cosmetics (1989-1997) and Tax Attorney with IBM (1980-1988). Mr. Tesoriero began his career in 1978 as a Tax Associate with Haskins & Sells (now Deloitte Touche). Mr. Tesoriero holds a B.S. in Accounting from Villanova University, a J.D. from New York Law School and an LL.M. in Taxation from Boston University. He has been a member of the New York State Bar since 1978.

Qualifications: Mr. Tesoriero has over 30 years of experience in corporate finance leadership positions.

Steven Lang was appointed as Director of the Company on January 10, 2012. He has also served as Secretary of Barfresh CO since its inception. Prior to joining Barfresh CO, from 2003 to 2007, Mr. Lang was a director of Vericap Finance Limited, a company that specializes in providing advice to and investing in Australian companies with international growth potential. From 1990 to 1999, he served as a director of Babcock & Brown's Australian operations where he was responsible for international structured finance transactions. Mr. Lang received a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales in 1976 and a Master of Laws from the University of Sydney in 1984. He has been a member of the Institute of Chartered Accountants in Australia and was licensed to practice foreign law in New York.

Qualifications: Mr. Lang has over 35 years of experience in business, accounting, law and finance and served as Chairman of an Australian public company.

Arnold Tinter was appointed as Director, Chief Financial Officer and Secretary of the Company on January 10, 2012. Mr. Tinter resigned his position as Chief Financial Officer on May 18, 2015 and was appointed as Principal Accounting Officer. Mr. Tinter founded Corporate Finance Group, Inc., a consulting firm located in Denver, Colorado, in 1992, and is its President. Corporate Finance Group, Inc., is involved in financial consulting in the areas of strategic planning, mergers and acquisitions and capital formation. He is the chief financial officer to two other public companies: LifeApps Digital Media Inc. and Arvana Inc. From 2006 to 2010 he was the chief financial officer of Spicy Pickle Franchising, Inc., a public company, where his responsibilities included oversight of all accounting functions, including SEC reporting, strategic planning and capital formation. From May 2001 to May 2003, he served as chief financial officer of Bayview Technology Group, LLC, a privately held company that manufactured and distributed energy-efficient products. From May 2003 to October 2004, he also served as that company's chief executive officer. Prior to 1990, Mr. Tinter was chief executive officer of Source Venture Capital, a holding company with investments in the gaming, printing and retail industries. Mr. Tinter currently serves as a director of LifeApps Digital Media Inc., a public company. Mr. Tinter received a B.S. degree in Accounting in 1967 from C.W. Post College, Long Island University, and is licensed as a Certified Public Accountant in Colorado.

Qualifications: Mr. Tinter has over 40 years of experience as a Certified Public Accountant and a financial consultant. During his career he served as a director of numerous public companies.

Joseph M. Cugine was appointed as Director of the Company on July 29, 2014 and on April 27, 2015, was appointed president of our wholly owned subsidiary, Smoothie Inc. Mr. Cugine is the owner and president of Cugine Foods and JC Restaurants, a franchisee of Taco Bell and Pizza Hut in New York. He is also president and owner of Restaurant Consulting Group LLC. Prior to owning and operating his own firms, Mr. Cugine held a series of leadership roles with PepsiCo, lastly as chief customer officer and senior vice president of PepsiCo's Foodservice division. Mr. Cugine also serves on the board of directors of The Chef's Warehouse, Inc., a publicly traded specialty food products distributor in the U.S., as well as Ridgefield Playhouse and R4 Technology. He received his B.S. degree from St. Joseph's University in Philadelphia.

Qualifications: Mr. Cugine's career in sales, marketing, operations and supply chain spans more than 25 years. He has extensive industry contacts and proven experience leading and advising numerous successful food distribution companies.

Alice Elliot was appointed as Director of the Company on October 15, 2014. Ms. Elliot is the founder and chief executive of The Elliot Group, a global retained executive search firm specializing in the hospitality, foodservice, retail and service sectors. For more than 20 years, Ms. Elliot has hosted the exclusive invitation only 'Elliot Leadership Conference.' She was a co-founder of 'The Elliot Leadership Institute,' a nonprofit organization dedicated to leadership development and advancement in the foodservice industry, and is known for her philanthropic and educational endeavors and contributions. Throughout her career, Ms. Elliot has received various industry honors, including the Trailblazer Award from the Women's Foodservice Forum and induction into the National Restaurant Association Educational Foundation's College of Diplomates. She was also recently named to the Nation's Restaurant News list of the 50 Most Powerful People in Foodservice.

Qualifications: Well recognized for the placement of senior-level executives at public and privately held restaurant organizations nationwide, Ms. Elliot is sought out for their intellectual and strategic thought leadership.

Employment Agreements

On April 27, 2015, Smoothie, Inc. entered into an executive employment agreement with Riccardo Delle Coste, its Chief Executive Officer and director. Mr. Delle Coste is also the Chief Executive Officer and Chairman of the Company. Pursuant to the employment agreement, he will receive a base salary of $350,000 and performance bonuses of 75% of his base salary based on mutually agreed upon performance targets. In addition, Mr. Delle Coste will receive up to an additional 500,000 performance options, on an annual basis. All options granted under the

employment agreement are subject to the Company's 2015 Equity Incentive Plan.

On April 27, 2015, Smoothie, Inc. entered into an executive employment agreement with Joseph M. Cugine to serve as President of Smoothie, Inc. Pursuant to the employment agreement, Mr. Cugine will receive a base salary of $300,000 and performance bonuses of 75% of his base salary based on mutually agreed upon performance targets. In addition, Mr. Cugine will receive 8-year options to purchase up to 600,000 shares of Barfresh, one-half vesting on each of the second and third anniversaries of the date of Mr. Cugine's employment agreement. In addition, he will receive up to an additional 500,000 performance options, on an annual basis. All options granted under the employment agreement are subject to the Company's 2015 Equity Incentive Plan

The Company entered into an executive employment agreement with Joseph S. Tesoriero on May 18, 2015, pursuant to which he agreed to serve as Chief Financial Officer. Pursuant to the employment agreement, Mr. Tesoriero will receive a base salary of $250,000 and performance bonuses of 75% of his base salary, based upon performance targets determined by the Board of Directors. In addition, Mr. Tesoriero was granted 350,000 shares of common stock of Barfresh and 8-year options to purchase up to 500,000 shares of common stock of Barfresh. One-half of each of the share and option grants vests on each of the second and third anniversaries of the date of commencement of Mr. Tesoriero's employment. Mr. Tesoriero will also receive 8-year performance options to purchase up to an additional 350,000 shares on an annual basis. All shares and options granted under the employment agreement are subject to the Company's 2015 Equity Incentive Plan.

Term of Office

Directors are appointed for a one-year term to hold office until the next annual general meeting of shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until the earlier of resignation or removal.

Director Independence

We use the definition of “independence” standards as defined in the NASDAQ Stock Market Rule 5605(a)(2) provides that an “independent director” is a person other than an officer or employee of the company or any other individual having a relationship, which, in the opinion of the Company’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. We have determined that only one of our directors is independent, which constitutes less than a majority.

Board Committees

We currently have an audit, and a compensation committee. The audit committee is primarily responsible for reviewing the services performed by our independent auditors and evaluating our accounting policies and our system of internal controls. None of the members of the audit committee are independent, as defined above. In the future we will have an independent member of the committee. The compensation committee is primarily responsible for reviewing and approving our salary and benefits policies (including stock options) and other compensation of our executive officers.

Family Relationships

There are no family relationships among any of our officers or directors.

Legal Proceedings

To the best of our knowledge, none of our executive officers or directors are parties to any material proceedings adverse to the Company, have any material interest adverse to the Company or have, during the past ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against him/her or any business of which he/she was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time;

been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, futures, commodities or banking activities;

been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

been subject to, or party to, any judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (i) any Federal or State securities or commodities law or regulation, (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Code of Ethics

Our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer are bound by a Code of Ethics that complies with Item 406 of Regulation S-K of the Exchange Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) requires our directors and executive officers and beneficial holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our equity securities.

To our knowledge, based solely upon a review of Forms 3 and 4 and amendments thereto furnished to Barfresh under 17 CFR 240.16a-3(e) during our most recent fiscal year and Forms 5 and amendments thereto furnished to Barfresh with respect to our most recent fiscal year or written representations from the reporting persons, we believe that during the fiscal year ended March 31, 2015 our directors, executive officers and persons who own more than 10% of our common stock complied with all Section 16(a) filing requirements, with the exception of the following: Joseph M. Cugine and Alice Elliot each filed a late Form 3 and Form 4 filings.

Item 11. Executive Compensation.

The following table summarizes all compensation for fiscal years 2015 and 2014 received by our principal executive officer and principal financial officer, who were the only executive officers of the Company in fiscal year 2014, our "Named Executive Officers":

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Riccardo Delle Coste, Chief Executive Officer	2015	266,666		204,000	89,790				560,456
	2014	117,517							117,517
Arnold Tinter, Chief Financial Officer	2015	96,000			44,895				140,895
	2014	72,000		160,000					232,000

Outstanding Equity Awards at Fiscal Year-End Table

At March 31, 2015, the Company had no outstanding equity awards to its Named Executive Officers.

Employment Agreements

On April 27, 2015, The Company entered into an executive employment agreement with Riccardo Delle Coste, its Chief Executive Officer and director. Mr. Delle Coste is also the Chief Executive Officer and Chairman of the Company. Pursuant to the employment agreement, he will receive a base salary of $350,000 and performance bonuses of 75% of his base salary based on mutually agreed upon performance targets. In addition, Mr. Delle Coste will receive up to an additional 500,000 performance options, on an annual basis. All options granted under the employment agreement are subject to the Company's 2015 Equity Incentive Plan.

On April 27, 2015, Smoothie entered into an executive employment agreement with Joseph M. Cugine to serve as President of Smoothie, Inc. Pursuant to the employment agreement, Mr. Cugine will receive a base salary of $300,000 and performance bonuses of 75% of his base salary based on mutually agreed upon performance targets. In addition, Mr. Cugine will receive 8-year options to purchase up to 600,000 shares of Barfresh, one-half vesting on each of the second and third anniversaries of the date of Mr. Cugine's employment agreement. In addition, he will receive up to an additional 500,000 performance options, on an annual basis. All options granted under the employment agreement are subject to the Company's 2015 Equity Incentive Plan.

The Company entered into an executive employment agreement with Joseph S. Tesoriero on May 18, 2015, pursuant to which he agreed to serve as Chief Financial Officer. Pursuant to the employment agreement, Mr. Tesoriero will receive a base salary of $250,000 and performance bonuses of 75% of his base salary, based upon performance targets determined by the Board of Directors. In addition, Mr. Tesoriero was granted 350,000 shares of common stock of Barfresh and 8-year options to purchase up to 500,000 shares of common stock of Barfresh. One-half of each of the share and option grants vests on each of the second and third anniversaries of the date of commencement of Mr. Tesoriero's employment. Mr. Tesoriero will also receive 8-year performance options to purchase up to an additional 350,000 shares on an annual basis. All shares and options granted under the employment agreement are subject to the Company's 2015 Equity Incentive Plan.

Compensation of Directors

The following table summarizes the compensation paid to our directors for the fiscal year ended March 31, 2015:

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Riccardo Delle Coste	$ -	-	-	-	-	$ -
Arnold Tinter	$ -	-	-	-	-	$ -
Steven Lang	$ 15,000	-	44,895	-	-	$69,895
Alice Elliot	$ -	-	57,209	-	-	$57,209
Joseph M. Cugine	$ -	50,000	-	-	-	$50,000

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

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding our shares of common stock beneficially owned as of June 22, 2015 for (i) each shareholder known to be the beneficial owner of 5% or more of our outstanding shares of common stock, (ii) each Named Executive Officer and director, and (iii) all executive officers and directors as a group. A person is considered to beneficially own any shares: (i) over which such person, directly or indirectly, exercises sole or shared voting or investment power, or (ii) of which such person has the right to acquire beneficial ownership at any time within 60 days through an exercise of stock options or warrants or otherwise. Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner’s spouse or children.

For purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares of common stock that such person has the right to acquire within 60 days of June 22, 2015. For purposes of computing the percentage of outstanding shares of our common stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days of June 22, 2015 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise specified, the address of each of the persons set forth below is in care of Barfresh Food Group Inc., 8530 Wilshire Blvd., Suite 450, Beverly Hills, CA 90211.

Name and address of beneficial owner [1]	Amount and nature of beneficial ownership	Percent of class o/s
Riccardo Delle Coste [2] [3] [4] [5][6]	20,049,310	25.37 %
R.D. Capital Holdings Pty Ltd.	18,966,664	23.94 %
Steven Lang [7] [8] [9][10]	20,249,310	25.35 %
Sidra Pty Limited	19,249,310	24.21 %
Arnold Tinter [11][12]	800,000	1.20 %
Joseph M. Cugine [13][140[15]	1,714,100	2.16 %
Alice Elliot [16] [17] [18]	490,000	0.62 %
All directors and officers as a group (5 persons)	43,302,720	53.69 %
Lazarus Investment Partners LLLP 3200 Cherry Creek South Drive Suite 670 Denver, CO 80209 [19]	18,093,295	20.27 %
Wolverine Flagship Fund Trading Limited 175 West Jackson Blvd., Suite 340 Chicago, IL 60604 [20]	6,000,000	7.39 %
Bruce Grossman c/o Dillon Hill Capital LLC 200 Business Park Drive, Suite 306 Armonk, NY 10504 [21]	4,500,000	5.57 %

(1) The address of all officers and directors listed is c/o Barfresh Food Group Inc., 8530 Wilshire Blvd,, Suite 450, Beverly Hills, CA 90211.

(2) Mr. Delle Coste is the Chief Executive Officer, President and a Director of the Company.

(3) Includes 18,966,664 shares owned by R.D. Capital Holdings PTY Ltd. and of which Riccardo Delle Coste is deemed to be a beneficial owner.

(4) Includes 200,000 shares underlying convertible debt and 200,000 shares underlying warrants related to the convertible debt owned by the Delle Coste Family Trust. Mr. Delle Coste may be deemed to indirectly beneficially own these shares but disclaims beneficial ownership of these shares pursuant to Rule 13d-4 promulgated under the Securities Exchange Act of 1 934, as amended.

(5) Includes 300,000 shares underlying options granted.

(6) Includes 282,646 shares underlying warrants issued in connection with a promissory note the holder of which is the Delle Coste Family Trust. Mr. Delle Coste may be deemed to indirectly beneficially own these shares but disclaims beneficial ownership of these shares pursuant to Rule 13d-4 promulgated under the Securities Exchange Act of 1934, as amended.

(7) Mr. Lang is a Director of the Company.

(8) Includes 18,966,664 shares owned by Sidra Pty Limited of which Steven Lang is deemed to be a beneficial owner.

(9) Includes 950,000 shares underlying options granted.

(10) Includes 282,6469 shares underlying warrants issued in connection with a promissory note the holder of which is Sidra PTY Limited.

(11) Mr. Tinter is the Chief Financial Officer, Secretary and a Director of the Company.

(12) Includes 150,000 shares underlying options granted

(13) Mr. Cugine is a Director of the Company.

(14) Includes 500,000 shares owned by Restaurant Consulting Group LLC of which Joe Cugine is deemed to be a beneficial owner.

(15) Includes 50,000 shares underlying warrants issued in connection with purchase of common stock.

(16) Ms. Elliot is a Director of the Company.

(17) Includes 160,000 shares owned by Elliot-Herbst LP of which Alice Elliot is deemed to be a beneficial owner.

(18) Includes 30,000 shares underlying warrants issued in connection with purchase of common stock.

(19) Includes 10,033,333 shares underlying warrants issued in connection with purchase of common stock. Lazarus Management Company LLC, a Colorado limited liability company ("Lazarus Management"), is the investment adviser and general partner of Lazarus Investment Partners LLLP ("Lazarus Partners"), and consequently may be deemed to have voting control and investment discretion over securities owned by Lazarus Partners. Justin B. Borus is the managing member of Lazarus Management. As a result, Mr. Borus may be deemed to be the beneficial owner of any shares deemed to be beneficially owned by Lazarus Management. The foregoing should not be construed in and of itself as an admission by Lazarus Management or Mr. Borus as to beneficial ownership of the shares owned by Lazarus Partners. Each of Lazarus Management and Mr. Borus disclaims beneficial ownership of the securities, except to the extent of its or his pecuniary interests therein.

(20) Includes 2,000,000 shares underlying warrants issued in connection with purchase of common stock. Wolverine Asset Management, LLC ("WAM") is the investment manager of Wolverine Flagship Fund Trading Limited and has voting and dispositive power over these securities. The sole member and manager of WAM is Wolverine Holdings, L.P. ("Wolverine Holdings"). Robert R. Bellick and Christopher L. Gust may be deemed to control Wolverine Trading Partners, Inc., the general partner of Wolverine Holdings.

(21) Dillon Hill Capital, LLC, of which the Mr. Grossman is the sole member, directly owns 2,000,000 shares are common stock and warrants to purchase an additional 1,000,000 shares of common stock. Dillon Hill Investment Company, LLC, the sole member of which is a trust of which Mr. Grossman's spouse is a co-trustee, directly owns 1,000,000 shares of common stock and warrants to purchase an additional 500,000 shares of common stock. By virtue of the relationships described above, the Mr. Grossman n may be deemed to have sole voting and dispositive power over the shares and warrants held by Dillon Hill Capital LLC and shared voting and dispositive power over the shares and warrants held by Dillon Hill Investment Company, LLC.

Changes in control.

None

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

Certain Relationships and Related Transactions

The following includes a summary of transactions since the beginning of fiscal 2015, or any currently proposed transaction, in which we were or are to be a participant and the amount involved exceeded or exceeds the lesser of $120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years and in which any related person had or will have a direct or indirect material interest (other than compensation described under "Executive Compensation"). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to or better than terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions.

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Our principal executive offices were located at 90 Madison Street, Suite 701, Denver, Colorado 80206 through March 2015. The executive office was co-located with the office of Corporate Finance Group, a company that is owned by Arnold Tinter, a director and former Chief Financial Officer. We used this property free of charge. We no longer occupy those premises.

The Company's policy with regard to related party transactions requires any related party loans that are (i) non-interest bearing and in excess of $100,000 or (ii) interest bearing, irrespective of amount, must be approved by the Company's board of directors. All issuances of securities by the Company must be approved by the board of directors, irrespective of whether the recipient is a related party. Each of the foregoing transactions, if required by its terms, was approved in this manner.

Director Independence

We use the definition of "independence" standards as defined in the NASDAQ Stock Market Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of the company or any other individual having a relationship, which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. We have determined that only one of our directors is independent, which constitutes less than a majority.

Item 14. Principal Accounting Fees and Services.

Aggregate fees for professional services rendered to the Company by Eide Bailly LLP for the years ended March 31, 2015 and 2014 were as follows.

	Fiscal 2015	Fiscal 2014
Audit fees	$34,588	$37,264
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	$34,588	$37,264

As defined by the SEC, (i) "audit fees" are fees for professional services rendered by our principal accountant for the audit of our annual financial statements and review of financial statements included in our Form 10-K, or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for

those fiscal years; (ii) "audit-related fees" are fees for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "audit fees;" (iii) "tax fees" are fees for professional services rendered by our principal accountant for tax compliance, tax advice, and tax planning; and (iv) "all other fees" are fees for products and services provided by our principal accountant, other than the services reported under "audit fees," "audit-related fees," and "tax fees."

Audit Fees. The aggregate fees billed for the years ended March 31, 2015 and 2014 were for the audits of our financial statements and reviews of our interim financial statements included in our annual and quarterly reports.

Audit Related Fees. The aggregate fees billed for the years ended March 31, 2015 and 2014 were for the audit or review of our financial statements that are not reported under Audit Fees.

Tax Fees. Eide Bailly LLP did not provide us with professional services related to tax compliance, tax advice and tax planning for the years ended March 31, 2015 and 2014.

All Other Fees. Eide Bailly LLP did not provide us with professional services related to "Other Fees" for the years ended March 31, 2015 and 2014.

Audit Committee Pre-Approval Policies and Procedures

Under the SEC's rules, an audit committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to ensure that they do not impair the auditors' independence. The SEC's rules specify the types of non-audit services that an independent auditor may not provide to its audit client and establish the audit committee's responsibility for administration of the engagement of the independent registered public accounting firm. The Company has established an Audit Committee subsequent to the start of the audit. Accordingly, none of audit services and non-audit services described in this Item 14 were pre-approved by an Audit Committee.

There were no hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

PART IV

Item 15. Exhibits and Financial Statements

(a) 1. Financial Statements

See Index to Financial Statements in Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

2. Financial Statement Schedules

All other financial statement schedules have been omitted because they are either not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

See the Exhibit Index, which follows the signature page of this Annual Report on Form 10-K, which is incorporated herein by reference.

(b) Exhibits

See Item 15(a) (3) above.

(c) Financial Statement Schedules

See Item 15(a) (2) above.

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SIGNATURES

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

BARFRESH FOOD GROUP INC.

Date: July 7, 2015 By:*/s/ Riccardo Delle Coste*
Riccardo Delle Coste

Chief Executive Officer

(Principal Executive Officer)

Date: July 7, 2015 By:*/s/ Arnold Tinter*
Arnold Tinter
Principal Accounting Officer

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

Signature	**Capacity**	**Date**
/s/ Riccardo Delle Coste Riccardo Delle Coste	President, Chief Executive Officer and Director (Principal Executive Officer)	July 7, 2015
/s/ Arnold Tinter Arnold Tinter	Chief Financial Officer, Secretary and Director (Principal Financial Officer)	July 7, 2015
/s/ Steven Lang Steven Lang	Director	July 7, 2015
/s/ Joseph M. Cugine Joseph M. Cugine	Director	July 7, 2015
/s/ Alice Elliot Alice Alliot	Director	July 7, 2015

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Barfresh Food Group Inc.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of Barfresh Food Group Inc.

We have audited the accompanying consolidated balance sheets of Barfresh Food Group Inc. (the "Company") as of March 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended March 31, 2015. Barfresh Food Group Inc.'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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 Barfresh Food Group Inc. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

/s/ Eide Bailly LLP

Greenwood Village, Colorado
July 6, 2015

Barfresh Food Group Inc.

Consolidated Balance Sheets

March 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash	$5,364,657	$2,632,612
Accounts Receivable	46,096	68,640
Inventory	165,847	76,913
Prepaid expenses and other current assets	6,386	12,007
Total current assets	5,582,986	2,790,172
Property, plant and equipment, net of depreciation	545,454	362,078
Intangible asset, net of amortization	651,433	700,654
Deposits	16,451	14,461
Total Assets	$6,796,324	$3,867,365
Liabilities And Stockholders' Equity		
Current liabilities:		
Accounts payable	$133,254	$175,851
Accrued expenses	424,262	242,820
Deferred rent liability	1,484	1,866
Short-term notes payable - related party, net of discount	157,393	492,015
Short-term notes payable, net of discount	539,631	52,731
Convertible note, net of discount	325,114	-
Current portion of long term debt	7,551	-
Total current liabilities	1,588,689	965,283
Long term debt	28,916	-
Convertible note, net of discount	-	193,059
Total liabilities	1,617,605	1,158,342
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, $0.000001 par value, 5,000,000 shares authorized, none issued or outstanding	-	-
Common stock, $0.000001 par value; 95,000,000 shares authorized; and 77,720,828 and 65,247,660, shares issued and outstanding at March 31, 2015 and 2014, respectively	78	65
Additional paid in capital	14,034,623	7,739,117
Accumulated deficit	(8,808,640)	(5,030,159)
Unearned services	(47,342)	-
Total stockholders' equity	5,178,719	2,709,023
Total Liabilities and Stockholders' Equity	$6,796,324	$3,867,365

See the accompanying notes to the consolidated financial statements

Barfresh Food Group Inc.

Consolidated Statements of Operations

For the Years Ended March 31, 2015 and 2014

	2015	2014
Revenue	$211,467	$110,085
Cost of revenue	126,804	48,534
Gross profit	84,663	61,551
Operating expenses:		
General and administrative	3,211,908	2,267,270
Depreciation Amortization	134,221	84,843
Total operating expenses	3,346,129	2,352,113
Operating loss	(3,261,466)	(2,290,562)
Other expenses		
Interest	517,015	292,888
Net (loss)	$(3,778,481)	$(2,583,450)
Per share information - basic and fully diluted:		
Weighted average shares outstanding	66,651,993	57,276,274
Net (loss) per share	$(0.06)	$(0.05)

See the accompanying notes to the consolidated financial statements

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Barfresh Food Group, Inc.

Statement of Stockholders' Equity

For the Years Ended March 31, 2015 and 2014

	Common Stock Shares	Amount	Additional paid in capital	Accumulated Deficit	Unearned services	Total
Balance April 1, 2013	50,366,660	$ 50	$2,355,328	$(2,446,709)	$-	$(91,331)
Issuance of common stock and warrants for cash, net of expenses of $295,320	14,226,000	14	4,511,166	-	-	4,511,180
Effect of beneficial conversion and issuance of warrants in relation to convertible debt	-	-	268,778	-	-	268,778
Effect of issuance of warrants in relation to debt	-	-	298,232	-	-	298,232
Issuance of stock for services to non-employees	55,000	-	28,730	-	-	28,730
Issuance of stock for services to employee	600,000	1	239,999	-	-	240,000
Stock based compensation	-	-	155,119	-	-	155,119
Adjustment to stock based comp	-	-	(118,235)	-	-	(118,235)
Net loss for the year ended March 31, 2014	-	-	-	(2,583,450)	-	(2,583,450)
Balance March 31, 2014	65,247,660	65	7,739,117	(5,030,159)	-	2,709,023
Issuance of common stock and warrants for cash, net of expenses of $238,212	11,044,000	11	5,283,777	-	-	5,283,788
Effect of issuance of warrants in relation to debt (debt discount)	-	-	164,638	-	-	164,638
Issuance of stock for services to non-employees	155,000	-	113,845	-	-	113,845
Issuance of stock for services to employee and directors	964,100	1	496,457	-	(41,665)	454,793
Stock based compensation	-	-	236,790	-	(57,209)	179,581
Amortization of unearned services	-	-	-	-	51,532	51,532
Conversion of warrants	310,068	1	(1)	-	-	-
Net loss for the year ended March 31, 2015	-	-	-	(3,778,481)	-	(3,778,481)
	77,720,828	$ 78	$14,034,623	$(8,808,640)	$(47,342)	$5,178,719

See the accompanying notes to the consolidated financial statements

Barfresh Food Group Inc.

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2015 and 2014

	2015	2014
Cash flow from operating activities:		
Net loss for the period	$(3,778,481)	$(2,583,450)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	72,842	53,951
Equity based compensation	748,219	305,614
Amortization of intellectual property	61,379	30,892
Amortization of debt discount	448,971	228,164
Amortization of unearned services	51,532	-
Reserve for bad debt	(65,000)	-
Purchase of assets for long term debt	37,751	-
Changes in operating assets and liabilities		
Accounts receivable	87,544	(61,227)
Receivable from related party	-	13,540
Inventory	(88,934)	(64,201)
Prepaid expenses	5,621	214,594
Deposits	(1,990)	(3,730)
Accounts payable	(42,597)	(71,831)
Accrued expenses	181,442	55,724
Deferred rent	(382)	(3,200)
Net cash used in operations	(2,282,083)	(1,885,160)
Cash flow from investing activities:		
Purchase of fixed assets	(271,927)	(104,532)
Disposition of fixed assets	15,709	
Purchase of patents	(12,158)	(699,561)
Net Cash used in investing activities	(268,376)	(804,093)
Cash flow from financing activities:		
Issuance of common stock and warrants for cash	5,283,788	4,511,180
Issuance of short term notes	-	775,000
Repayment of long term debt	(1,284)	-
Repayment of convertible debt	-	(40,000)
Issuance of convertible debt	-	20,000
Advance from related party	-	485,132
Repayment to related party	-	(515,404)
Net cash provided by financing activities	5,282,504	5,235,908
Net increase (decrease) in cash	2,732,045	(2,546,655)

Cash at beginning of period	2,632,612	85,957
Cash at end of period	$5,364,657	$2,632,612
Supplemental disclosure of cash flow information:		
Cash paid for interest	$81,185	$63,875
Cash paid for income taxes	$-	$-
Non-cash financing activities:		
Common stock issued for services/stock based compensation	$847,092	$268,730
Fair value of warrants issued with convertible notes	$164,638	$142,873
Value of beneficial conversion of convertible notes	$-	$125,905
Fair value of warrants issued with notes payable	$-	$298,232

See the accompanying notes to the consolidated financial statements

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies

Barfresh Food Group Inc., ("we," "us," "our," and the "Company") was incorporated on February 25, 2010 in the State of Delaware. We are engaged in the manufacturing and distribution of ready to blend beverages, particularly, smoothies, shakes and frappes.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and our wholly owned subsidiaries Barfresh Inc. and Smoothie Inc. All inter-company balances and transactions among the companies have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the years reported. Actual results may differ from these estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less, at the time of purchase, to be cash equivalents.

Concentration of Credit Risk

The amount of cash on deposit with financial institutions exceeds the $250,000 federally insured limit at March 31, 2015. However, we believe that cash on deposit that exceeds $250,000 in the financial institutions is financially sound and the risk of loss is minimal.

Fair Value Measurement

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, ASC 820 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. ASC 820 defines the hierarchy as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reported date. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on the New York Stock Exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, but are either directly or indirectly observable as of the reported date. The types of assets and liabilities in Level 2 are typically either comparable to actively traded securities or contracts or priced with models using highly observable inputs.

Level 3 - Significant inputs to pricing that are unobservable as of the reporting date. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as complex and subjective models and forecasts used to determine the fair value of financial transmission rights.

Our financial instruments consist of accounts receivable, accounts payable, accrued expenses, amounts due to a related party, notes payable, and convertible notes. The carrying value of our financial instruments approximates their fair value due to their relative short maturities.

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Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

Accounts Receivable

Accounts receivable are typically unsecured. Our credit policy calls for payment generally within 30 days. The credit worthiness of a customer is evaluated prior to a sale. As of March 31, 2015 there is an allowance for doubtful accounts $65,000.

Intangible Assets

Intangible assets are comprised of patents, net of amortization. The patent costs are being amortized over the life of the patent, which is twenty years from the date of filing the patent application. In accordance with ASC Topic 350 *Intangibles - Goodwill and Other* ("ASC 350"), the costs of internally developing other intangible assets, such as patents, are expensed as incurred. However, as allowed by ASC 350, costs associated with the acquisition of patents from third parties, legal fees and similar costs relating to patents have been capitalized.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. Leasehold improvements are being amortized over the shorter of the useful life of the asset or the lease term that includes any expected renewal periods that are deemed to be reasonably assured. The estimated useful lives used for financial statement purposes are:

Furniture and fixtures: 5 years

Equipment: 7 years

Leasehold improvements: 2 years

Vehicles 5 years

Revenue Recognition

We recognize revenue when there is persuasive evidence of an arrangement, delivery has occurred or services have been rendered, the sales price is determinable, and collection is reasonably assured.

Research and Development

Expenditures for research activities relating to product development and improvement are charged to expense as incurred. We incurred $51,465 and $47,035, in research and development expenses for the years ended March 31, 2015 and 2014, respectively.

Rent Expense

We recognize rent expense on a straight-line basis over the reasonably assured lease term as defined in ASC Topic 840, *Leases* (“ASC 840”). In addition, our lease agreement provides for rental payments commencing at a date other than the date of initial occupancy. We include the rent holidays in determination of straight-line rent expense. Therefore, rent expense is charged to expense beginning with the occupancy date. Deferred rent was $1,484 and $1,866 at March 31, 2015 and 2014 respectively and will be charged to rent expense over the life of the lease.

Earnings per Share

We calculate net loss per share in accordance with ASC Topic 260, *Earnings per Share*. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period, and diluted earnings per share is computed by including common stock equivalents outstanding for the period in the denominator. At March 31, 2015 and 2014 any equivalents would have been anti-dilutive as we had losses for the years then ended.

Recent Pronouncements

From time to time, new accounting pronouncements are issued that we adopt as of the specified effective date. We believe that the impact of recently issued standards that are not yet effective may have an impact on our results of operations and financial position. ASU Update 2014-09 Revenue From Contracts With Customers (Topic 606) issued May 28, 2014 by FASB and IASB converged guidance on recognizing revenue in contracts with customers with an effective date after December 15, 2016 will be evaluated as to impact and implemented accordingly. In addition, ASU Update 2014-15 Presentation of Financial Statements-Going Concern (Sub Topic 205-40) issued August 27, 2014 by FASB defines management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern. The additional disclosure requirement is effective after December 15, 2016 and will be evaluated as to impact and implemented accordingly.

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

Note 2. Property Plant and Equipment

Major classes of property and equipment at March 31, 2015 and 2014 consist of the following:

	2015	2014
Furniture and fixtures	$10,794	$13,331
Equipment	632,596	372,617
Leasehold Improvements	3,300	3,300
Vehicles	58,752	-
	705,442	389,248
Less: accumulated depreciation	(159,988)	(87,146)
	545,454	302,102
Equipment not in service	-	59,976
Property and equipment, net of depreciation	$545,454	$362,078

We recorded depreciation expense related to these assets of $72,103 and $53,951 for the years ended March 31, 2015 and 2014, respectively.

Note 3. Intangible Assets

As of March 31, 2015 and 2014, intangible assets primarily consists of patent costs of $748,806 and $736,648, less accumulated amortization of $97,373 and $35,994, respectively.

During the year ended March 31, 2014, we acquired at a cost of $672,157, all of the international patent rights for a pre-portioned, ready to blend packet for beverages, particularly, smoothies, shakes and frappes.

The amounts carried on the balance sheet represent cost to acquire, legal fees and similar costs relating to the patents incurred by the Company. Amortization is calculated through the expiration date of the patent, which is December, 2025. The amount charged to expenses for amortization of the patent costs was $61,378 and $30,892 for the years ended March 31, 2015 and 2014, respectively.

Estimated future amortization expense related to intangible property as of March 31, 2015 is as follows:

Years ending March 31,	Total Amortization
2015	$ 60,513
2017	60,513
2018	60,513
2019	60,513
2020	60,513
Later years	348,868
	$ 651,433

Note 4. Advance from Related Party

During the year ended March 31, 2014 we received a cash advance from an affiliate of a director and shareholder of the Company in the amount of $672,157 (Australian $710,000), which was used for the purchase of certain international patent rights. The advance was repaid with interest calculated at 6.0% per annum, $5,617. The repayment was made in the form of a note in the amount $200,000 and cash of $451,495, which was net of a foreign exchange gain of $26,280, as payments were due in Australian dollars.

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

During the years ended March 31, 2014 we received cash advances in the amounts of $12,975 from a relative of an officer of the Company. The advances bear no interest and were repaid.

Note 5. Short-Term Notes Payable (Related and Unrelated)

In December 2013, we closed an offering of $775,000 in short-term notes payable ("Short-Term Notes"), $500,000 of which was purchased by a significant shareholder, $100,000 was purchased by the family trust of an officer, director and significant shareholder and $100,000 was purchased by a company controlled by a director and significant shareholder. During 2014 the $100,000 that was purchased by the family trust of an officer, director and significant shareholder is no longer considered to be owned by the officer as he is no longer, nor is any other related party, the trustee and does not exercise control over the trust and is not classified as a related party debt. The Short-Term Notes bear interest at a rate of 2% per annum and were due and payable on December 20, 2014. We also issued 1,291,667 warrants to the Short-Term Note holders for the right to purchase shares of our common stock. Each warrant entitles the holder to purchase one share of our common stock at a price of $0.45 per share, may be exercised on a cashless basis and are exercisable for a period of five years.

In accordance with the guidance in ASC Topic 470-20 *Debt with Conversion and Other Options* ("ASC 470"), we first calculated the fair value of the warrants issued and then determined the relative value of the Short-Term Notes.

The relative value of the warrants was $298,232, which was the amount recorded as debt discount. The amounts recorded as debt discount was amortized over the life of the note, one year, and charged to interest expense. We estimated the effective interest rate as calculated to be approximately 52% but paid cash at a rate of 2% per annum.

We exercised our right to extend the due date of the Short-Term Notes to June 20, 2015. The extended Short-Term Notes bear at the rate of 3% per annum and required us to issue additional warrants ("Extension Warrants"). We issued 898,842 warrants to the Short-Term Note holders for the right to purchase shares of our common stock. Each warrant entitles the holder to purchase one share of our common stock at a price of $0.485 per share, may be exercised on a cashless basis and are exercisable for a period of three years.

As discussed above we accounted for the warrants as per the guidance in ASC 470. The relative value of the new warrants, $164,638, was the amount recorded as the new debt discount. The amounts recorded as debt discount is being amortized over the life of the note, six months, and charged to interest expense. We estimated the effective interest rate as calculated to be approximately 53% but pay cash at a rate of 3% per annum.

The fair value of the warrant, $0.23 per share, was calculated using the Black-Sholes option pricing model using the following assumptions:

Expected life (in years)	3
Volatility (based on a comparable company)	76.88%
Risk Free interest rate	1.10 %
Dividend yield (on common stock)	- %

The balance at March 31, 2015 was comprised of:

Convertible notes payable, related and unrelated parties	$775,000
Unamortized Debt discount	(77,976)
	$697,024

Interest expenses includes direct interest of $17,644 and amortization of debt discount of $316,917 for the year ended March 31, 2015 for this note.

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

Note 6. Convertible Note (Related and Unrelated)

In August 2012, we closed an offering of $440,000 of convertible notes

The notes bear interest at a rate of 12% per annum and were due and payable on September 6, 2013. In addition, the notes were convertible at any time after the original issue date until the notes are no longer outstanding into our common stock at a conversion price of $0.372 per share. We also issued 956,519 warrants to the note holders for the right to purchase shares of our common stock. Each warrant entitled the holder to purchase one share of our common stock at a price of $0.46 per share for a term of seven years.

When the convertible notes were due we settled the notes by repaying $40,000 of the notes in cash, issuing new convertible notes in the amount of $400,000 and received payment for another note in the amount of $20,000. The new notes bear interest at a rate of 12% per annum and are due and payable on September 6, 2015. In addition the new notes are convertible at any time after the original issue date until the new notes are no longer outstanding, into our common stock at a conversion price of $0.25 per share. We also issued warrants to the new note holders for the right to purchase shares of our common stock. Each warrant entitles the holder to purchase one share of our common stock at a price of $0.25 per share. There were 1,680,000 warrants issued. The warrants issued with the original notes were cancelled.

In accordance with the guidance in ASC 470, we first calculated the fair value of the warrants issued and then determined the relative value of the notes and determined that there was a beneficial conversion feature.

The fair value of the warrants, $0.13 per share, ($216,531 in the aggregate) was calculated using the Black-Sholes option pricing model using the following assumptions:

Expected life (in years)	3
Volatility (based on a comparable company)	85 %
Risk Free interest rate	0.91%

Dividend yield (on common stock)	-

The relative value of the warrants to the notes was $142,873, which was the amount recorded as a portion of the debt discount. We also recorded a beneficial conversion feature on the convertible notes of $125,905. The amounts recorded as debt discount are being amortized over the life of the notes, two years, and charged to interest expense. We estimated the effective interest rate as calculated to be approximately 74% but will be paying cash at a rate of 12% per annum.

The balance at March 31, 2015 was comprised of:

Convertible notes payable, related and unrelated parties	$420,000
Unamortized Debt discount	(94,886)
	$325,114

Interest expenses includes direct interest of $50,400 and amortization of debt discount of $132,054 for the year ended March 31, 2015 for this note.

Note 7. Long term Debt

Long term debt at March 31, 2015 consists of installment payments on two vehicles maturing in November 2019 and April 2020. The installment agreements bears no interest. Monthly payments are $629 per month.

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

Note 8. Commitments and Contingencies

We lease office space under a non-cancelable operating lease, which expires October 31, 2014. We renewed the lease and it will now expire on November 7, 2016.

The aggregate minimum requirements under non-cancelable leases as of March 31, 2015 is as follows:

Fiscal Years ending March 31,	
2016	$91,881
2017	54,529
	$145,410

Note 9. Stockholders' Equity

During the year ended March 31, 2014, we completed an offering of common stock units at a price of $0.25 per unit. Each unit consists of one share of common stock and a three year warrant to purchase one-half (1/2) share of our common stock at an exercise price of $0.50 per share ("Unit" or "Units"). We sold 1,600,000 units representing 1,600,000 shares and warrants to purchase 800,000 shares for total consideration of $400,000.

The fair value of the warrants, $123,496, was estimated at the date of grant using the Black-Scholes option pricing model, with an allocation of the proceeds applied to the warrants. The difference between the warrant allocation and the proceeds was allocated to the shares of common stock issued. The fair value of the warrants has been included in the total additional paid in capital. The following assumptions were used in the Black-Scholes option pricing model:

Expected life (in years)	3
Volatility (based on a comparable company)	100 %
Risk Free interest rate	0.36%

Dividend yield (on common stock)	-

During July and August of 2013 we completed an offering of common stock units at a price of $0.25 per unit. Each unit consisted of one share of common stock, a three-year warrant to purchase one share of our common stock at an exercise price of $0.25 per share (which may be exercised on a cashless basis), and a five-year warrant to purchase one-half (1/2) share of our common stock at an exercise price of $0.50 per share (“Unit” or “Units) for total consideration of $1,906,500 less $267,645 in cost for a net amount received of $1,638,855.

The fair value of the warrants, estimated at the date of grant using the Black-Scholes option pricing model was $3,089,919. The estimated value was higher than the proceeds received from the sale of the units. Accordingly, the proceeds received less the par value of the common stock, has been included in the total additional paid in capital. The following assumptions were used in the Black-Scholes option pricing model:

Expected life (in years)	3 - 5
Volatility (based on a comparable company)	87 - 106 %
Risk Free interest rate	0.67 - 1.38 %
Dividend yield (on common stock)	-

During March 2014 we completed an offering of common stock units at a price of $.50 per unit. Each unit consists of one share of common stock, a three-year warrant to purchase one share of our common stock at an exercise price of $0.60 per share (which may be exercised on a cashless basis), and a five-year warrant to purchase one-half (1/2) share of our common stock at an exercise price of $0.50 per share for total consideration of $2,500,000 less $27,675 in cost for a net amount received of $2,472,325. Included in the cost of the offering is value of Units issued to legal counsel for services in connection with the offering.

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

The fair value of the warrants, estimated at the date of grant using the Black-Scholes option pricing model was $1,001,396. The estimated value was higher than the proceeds received from the sale of the units. Accordingly, the proceeds received less the par value of the common stock, has been included in the total additional paid in capital. The following assumptions were used in the Black-Scholes option pricing model:

Expected life (in years)	3
Volatility (based on a comparable company)	83 %
Risk Free interest rate	0.91 %
Dividend yield (on common stock)	-

During the year ended March 31, 2014, we terminated a contract with a non-employee. All previously unvested stock option expense attributed to the non-employee, in the amount of $14,747 was reversed and credited to general and administrative expenses.

Certain previously granted restricted stock rights and stock options were subject to performance conditions. As a result of the employee termination the performance conditions will not be met. In accordance with ASC Topic 718, Compensation - Stock Compensation (“ASC 718”), previously recognized unvested equity based compensation cost of $103,488 has been reversed during the year ended March 31, 2014.

During the year ended March 31, 2014 we issued 600,000 shares of common stock to officers and directors of the Company for services rendered. In accordance with ASC 718 compensation expense in the amount of $240,000 was recognized in the statement of operations for the year ended March 31, 2014. The fair value of the stock was based on the trading value of the shares on the date of grant.

During the year ended March 31, 2014, we issued 55,000 shares of our common stock to non-employees for consulting services. Pursuant to the guidance in ASC 505, the value of the shares was charged to expense in the amount of $28,730. The fair value of the stock was based on the trading value of the shares on the date of grant.

During the year ended March 31, 2014, we issued options to purchase 800,000 shares of our common stock at an exercise price of $0.50 per share to a Director of the Company. The options vested immediately and are exercisable for a period of 3 years from the date of issuance, February 14, 2014. The fair value of the options, $115,119, which was charged to expenses, was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Expected life (in years)	3
Volatility (based on a comparable company)	84 %
Risk Free interest rate	0.91%
Dividend yield (on common stock)	-

All other previously outstanding stock options issued to employees were cancelled during the year ended March 31, 2014.

During the year ended March 31, 2015 we completed two offerings of common stock units at a price of $0.50 per unit. Each unit consists of one share of common stock and a five year warrant to purchase one-half (1/2) share of our common stock at an exercise price of $0.60 per share (“Unit” or “Units”). We sold a total of 11,044,000 units representing 11,044,000 shares and warrants to purchase 5,522,000 shares for total consideration of $5,522,000.

The fair value of the warrants, $1,842,613 was estimated at the date of grant using the Black-Scholes option pricing model, with an allocation of the proceeds applied to the warrants. The difference between the warrant allocation and the proceeds was allocated to the shares of common stock issued. The fair value of the warrants has been included in the total additional paid in capital. The following assumptions were used in the Black-Scholes option pricing model:

Expected life (in years)	5
Volatility (based on a comparable company)	100 %
Risk Free interest rate	0.36%
Dividend yield (on common stock)	-

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

During the year ended March 31, 2015 we issued 900,000 shares of common stock to an officer and two employees of the Company for services rendered. In accordance with ASC Topic 718, Compensation - Stock Compensation ("ASC 718"), compensation expense in the amount of $446,460 was recognized in the statement of operations.

Also during the year ended March 31, 2015, we issued 155,000 shares of our restricted common stock to legal counsel and a consultant to the Company. In accordance with ASC Topic 505, Equity-Based Payments to Non-Employees ("ASC 505"), expense in the amount of $113,845 was recognized in the statement of operations.

Additionally, during the year ended March 31, 2015 we issued 64,100 shares of our Common Stock to a Director. The fair value of the stock was based on the trading value of the shares on the date of grant. The shares vest over a one year period and are being amortized over that period. The unamortized balance is shown as Unearned Services in the equity section of the Balance Sheet.

We also issued options to purchase 600,000 shares of our common stock at an exercise price of $0.45 per share to two officers and directors and a director of the Company. The options vested immediately and are exercisable for a period of 5 years from the date of issuance, January 21, 2014. The fair value of the options, $179,581, which was charged to expenses, was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Expected life (in years)	5
Volatility (based on a comparable company)	91 %
Risk Free interest rate	1.35%
Dividend yield (on common stock)	-

During the year ended March 31, 2015 we issued 150,000 options to a director of the Company. The exercise price of the options is $0.54 per share, which was the fair market value of the option on the date of grant and is exercisable for a period of 5 years. The options vest on the first anniversary of the issuance, October 14, 2015. The unamortized balance is shown as Unearned Services in the equity section of the Balance Sheet.

The fair value of the option, $0.3814 per share, ($57,209 in the aggregate) was calculated using the Black-Sholes option pricing model using the following assumptions and is being written off over a 1 year period:

Expected life (in years)	5
Volatility (based on a comparable company)	91.8%
Risk Free interest rate	1.45%
Dividend yield (on common stock)	-

The following is a summary of outstanding stock options issued to employees and directors as of Mach 31, 2015:

	Number of Options	Exercise price per share $	Average remaining term in years	Aggregate intrinsic value at date of grant $
Outstanding April 1, 2013	625,000	1.00		-
Issued	800,000	0.50		-
Cancelled	625,000	1.00	-	-
Outstanding March 31, 2014	800,000	0.50	-	-
Issued	750,000	0.45 - 0.54	4.25	-
Cancelled	-	-	-	-
Outstanding March 31, 2015	1,550,000	0.45 - 0.54	4.25	-
Exercisable	1,400,000	0.45 – 0.50	3.02	-

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

Note 10. Outstanding Warrants

The following is a summary of all outstanding warrants as of March 31, 2015:

	Number of warrants	Exercise price per share $	Average remaining term in years	Aggregate intrinsic value at date of grant
Warrants issued in connection with private placements of common stock	22,664,312	0.25 - 1.50	2.63	$1,907,650
Warrants issued in connection with private placement of convertible notes	1,680,000	0.25	1.45	$-
Warrants issued in connection with short-term notes payable	2,190,509	.45	3.23	$64,583

Note 11. Interest Expense

Interest expense includes direct interest of $68,044 and $63,276 for the years ended March 31, 2015 and 2014, respectively, calculated based on the interest rate stated in our debt instruments.

In addition as more fully described in Note 6 above, interest expense includes non-cash amortization of the debt discount of $448,970 and $228,165 for the years ended March 31, 2015 and 2014, respectively.

Interest expense also included various finance charges of $1,447 for the year ended March 31, 2014.

Note 12. Income Taxes

Income tax provision (benefit) for the years ended March 31, 2015 and 2014 is summarized below:

	2015	2014
Current:		
Federal	$-	$-
State	-	-
Total current	-	-
Deferred:		
Federal	(1,015,700)	(790,200)
State	(98,600)	(76,700)
Total deferred	(1,114,300)	(866,900)
Increase in valuation allowance	1,114,300	866,900

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate before provision for income taxes. The sources and tax effect of the differences are as follows:

	2015	2014
Income tax provision at the federal statutory rate	34.0 %	34.0 %
State income taxes, net of federal benefit	3.3 %	3.3 %
Effect of net operating loss	(37.3%)	(37.3%)
	- %	- %

Components of the net deferred income tax assets at March 31, 2015 and 2014 were as follows:

	2015	2014
Net operating loss carryover	$2,820,800	$1,706,500
Valuation allowance	(2,820,800)	(1,706,500)
	$-	$-

ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of evidence, it is more than likely than not that some portion or all of the deferred tax assets will not be recognized. After consideration of all the evidence, both positive and negative, management has determined that a $2,820,800 and $1,706,500 allowance at March 31, 2015 and 2014, respectively, is necessary to reduce the deferred tax assets to the amount that will more likely than not be realized. The change in the valuation allowance for the current year is $1,114,300.

As of March 31, 2015, we have a net operating loss carry forward of approximately $7,562,400. The loss will be available to offset future taxable income. If not used, this carry forward will expire as follows:

2030	$1,000
2031	$63,800
2032	$345,900

2033 $1,840,300
2034 $2,324,100
2035 $2,987,300

As of March 31, 2015 we did not have any significant unrecognized uncertain tax positions.

Note 13. Business Segments

During the years ended March 31, 2015 and 2014 we operate in only one segment and sold to two geographic location as follows:

	2015	2014
Australia	$6,968	$65,760
United States	204,499	44,325
	$211,467	$110,085

All of our assets are located in the United States.

Barfresh Food Group Inc.

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

The following is a breakdown of customers representing more than 10% of sales for the year ended March 31, 2015

	Revenue from customer	Percentage of total revenue	
Customer A	$58,911	28.0	%
Customer B	52,195	24.8	%
Customer C	24,234	11.5	%
	$135,340	64.3	%

The following is a breakdown of customers representing more than 10% of sales for the year ended March 31, 2014:

	Revenue from customer	Percentage of total revenue	
Customer C	$67,760	59.7	%
Customer D	20,160	18.3	%
Customer E	12,960	11.8	%
	$100,880	89.8	%

Note 14. Subsequent Events

Management has evaluated all activity and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements except as for the following:

Subsequent to March 31, 2015, we renegotiated the short term notes that were due June 2015. We repaid one note in full ($25,000), 50% of three notes were paid ($350,000) and one note was converted to 71,429 shares of our common stock. The balance of the notes due, $350,000, are payable on September 20, 2015 and bear interest at 10% per annum.

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Exhibit Index

Exhibit Number	Description
2.1	Share Exchange Agreement dated January 10, 2012 by and among Moving Box Inc., Andreas Wilcken, Jr., Barfresh Inc. and the shareholders of Barfresh Inc. (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K as filed January 17, 2012)
3.1	Certificate of Incorporation of Moving Box Inc. dated February 25, 2010 (incorporated by reference to Exhibit 3.1 to Form S-1 (Registration No. 333-168738) as filed August 11, 2010)
3.2	Amended and Restated Bylaws of Barfresh Food Group Inc. (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K as filed August 4, 2014)
3.3	Certificate of Amendment of Certificate of Incorporation of Moving Box Inc. dated February 13, 2012 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K as filed February 17, 2012)
3.4	Certificate of Amendment of Certificate of Incorporation of Smoothie Holdings Inc. dated February 16, 2012 (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K as filed February 17, 2012)
4.1	Form of Series A Warrant (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K as filed January 17, 2012)
4.2	Form of Series B Warrant (incorporated by reference to Exhibit 4.2 to Form 10K for the period ending March 31, 2014, as filed June 30, 2014)
4.3	Form of Series C Warrant (incorporated by reference to Exhibit 4.3 to Form 10K for the period ending March 31, 2014, as filed June 30, 2014)
4.4	Form of Series D Warrant (incorporated by reference to Exhibit 4.4 to Form 10K for the period ending March 31, 2014, as filed June 30, 2014)
4.5	Form of Series PA Warrant (incorporated by reference to Exhibit 4.5 to Form 10K for the period ending March 31, 2014, as filed June 30, 2014)
4.6	Form of Series CN Warrant (incorporated by reference to Exhibit 4.6 to Form 10K for the period ending March 31, 2014, as filed June 30, 2014)
4.7	Form of Series N Warrant**
4.8	Form of Series E Warrant**
4.9	

	Form of Series G Warrant (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K as filed February 16, 2015)
4.10	Form of Note dated December 20, 2013 by Barfresh Food Group Inc. in favor of certain investors (incorporated by reference to Exhibit 4.1 to Form 10Q for the period ending December 31, 2013, as filed February 13, 2014)
10.1	Form of Registration Rights Agreement dated December 20, 2013 (incorporated by reference to Exhibit 4.2 to Form 10Q for the period ending December 31, 2013, as filed February 13, 2014)
10.2	Intellectual Property Sale Deed by and between National Australia Bank Limited and Barfresh Inc. dated October 15, 2013 (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q as filed November 20, 2013)
10.3	Agreement of Sale, dated January 10, 2012, by and among Moving Box Inc. and Andreas Wilcken, Jr. (incorporated by reference to Exhibit 10.1 of Current Report on Form 8-K as filed January 17, 2012)
10.4	Form of Subscription Agreement dated January 10, 2012 by and between Moving Box, Inc. and certain investors. (incorporated by reference to Exhibit 10.2 of Current Report on Form 8-K as filed January 17, 2012)
10.5	Form of Lock Up Agreement dated January 10, 2012 (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K as filed January 17, 2012)
10.6	Amendment No. 2, dated January 10, 2012 to Agreement dated March 21, 2010, by and among Moving Box Inc., Moving Box Entertainment LLC, Garrett LLC, Ian McKinnon, Brad Miller, Andreas Wilckin, Jr. and Uptone Pictures, Inc. (incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K, as filed January 17, 2012)
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10.7	Investor Release dated January 10, 2012, by and among Moving Box Inc., Andreas Wilcken, Jr., Garrett LLC, Ian McKinnon and Brad Miller (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K as filed January 17, 2012)
10.8	Form of Registration Rights Agreement dated March 13, 2015 (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K as filed February 16, 2015)
10.9	Barfresh Food Group, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to Annual Report Form 10-K filed June 30, 2014)+
10.10	Barfresh Food Group, Inc. 2015 Equity Incentive Plan*+
10.11	Executive Employment Agreement by and between Smoothie, Inc. and Riccardo Delle Coste dated April 27, 2015*+
10.12	Executive Employment Agreement by and between Smoothie, Inc. and Joseph M. Cugine dated April 27, 2015*+
10.13	Executive Employment Agreement by and between Barfresh Food Group, Inc. and Joseph S. Tesoriero dated May 18, 2015*+
21.1	Subsidiaries*
31.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Principal Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith

+ Compensatory plan

In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.

Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Exhibit 10.10

BARFRESH FOOD GROUP INC.

2015 EQUITY INCENTIVE PLAN

1. PURPOSE. The Barfresh Food Group Inc. 2015 Equity Incentive Plan has two complementary purposes: (a) to attract and retain outstanding individuals to serve as officers, employees, directors, consultants and advisors to the Company and its Affiliates, and (b) to increase stockholder value. The Plan will provide participants with incentives to increase stockholder value by offering the opportunity to acquire shares of the Company's Common Stock or receive monetary payments based on the value of such Common Stock, on the potentially favorable terms that this Plan provides.

2. EFFECTIVE DATE. The Plan shall become effective upon its adoption by the Board of Directors of the Company, subject to approval by the stockholders of the Company within twelve (12) months of the effective date. Any Awards granted under the Plan prior to such stockholder approval shall be conditioned on such approval.

3. DEFINITIONS. Capitalized terms used in this Plan have the following meanings:

(a) "Affiliate" means any entity that, directly or through one or more intermediaries, is controlled by, controls, or is under common control with, the Company within the meaning of Code Sections 414(b) or (c), provided that, in applying such provisions, the phrase "at least fifty percent (50%)" shall be used in place of "at least eighty percent (80%)" each place it appears therein.

(b) "Award" means a grant of Options (as defined below), Stock Appreciation Rights (as defined in Section 3(w) hereof), Performance Shares (as defined in Section 3(p) hereof), Restricted Stock (as defined in Section 3(s) hereof), or Restricted Stock Units (as defined in Section 3(t) hereof).

(c) "Bankruptcy" shall mean (i) the filing of a voluntary petition under any bankruptcy or insolvency law, or a petition for the appointment of a receiver or the making of an assignment for the benefit of creditors, with respect to the Participant, or (ii) the Participant being subjected involuntarily to such a petition or assignment or to an attachment or other legal or equitable interest with respect to the Participant's assets, which involuntary petition or assignment or

attachment is not discharged within 60 days after its date, and (iii) the Participant being subject to a transfer of its Issued Shares by operation of law (including by divorce, even if not insolvent), except by reason of death.

(d) “Board” means the Board of Directors of the Company.

(e) “Change of Control” shall be deemed to have occurred as of the first day that any one or more of the following conditions is satisfied, including, but not limited to, the signing of documents by all parties and approval by all regulatory agencies, if required:

(i) The stockholders approve a plan of complete liquidation or dissolution of the Company; or

(ii) The consummation of (A) an agreement for the sale or disposition of all or substantially all of the Company’s assets (other than to an Excluded Person (as defined below)), or (B) a merger, consolidation or reorganization of the Company with or involving any other corporation, other than a merger, consolidation or reorganization that would result in the holders of voting securities of the Company outstanding immediately prior thereto continuing to hold (either by remaining outstanding or by being converted into voting securities of the surviving entity), at least fifty percent (50%) of the combined voting power of the voting securities of the Company (or such other surviving entity) outstanding immediately after such merger, consolidation or reorganization.

An Excluded Person means: (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock in the Company.

Notwithstanding the foregoing, with respect to an Award that is considered deferred compensation subject to Code Section 409A, if the definition of “Change of Control” results in the payment of such Award, then such definition shall be amended to the minimum extent necessary, if at all, so that the definition satisfies the requirements of a change of control under Code Section 409A.

(f) “Code” means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision and the regulations promulgated under such provision.

(g) “Committee” means the Compensation Committee of the Board (or a successor committee with similar authority) or if no such committee is named by the Board, than it shall mean the Board.

(h) “Common Stock” means the Common Stock of the Company, par value $0.001 per share.

(i) “Company” means Barfresh Food Group Inc., a Delaware corporation, or any successor thereto.

(j) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time. Any reference to a specific provision of the Exchange Act shall be deemed to include any successor provision thereto.

(k) “Fair Market Value” means, per Share on a particular date, the value as determined by the Committee using a reasonable valuation method within the meaning of Code Section 409A, based on all information in the Company’s possession at such time, or if applicable, the value as determined by an independent appraiser selected by the Board or Committee.

(l) “Issued Shares” means, collectively, all outstanding Shares issued pursuant to an Award and all Option Shares.

(m) “Option” means the right to purchase Shares at a stated price upon and during a specified time. “Options” may either be “incentive stock options” which meet the requirements of Code Section 422, or “nonqualified stock options” which do not meet the requirements of Code Section 422.

(n) “Option Shares” mean outstanding Shares that were issued to a Participant upon the exercise of an Option.

(o) “Participant” means an officer or other employee of the Company or its Affiliates, or an individual that the Company or an Affiliate has engaged to become an officer or employee, or a consultant or advisor who provides services to the Company or its Affiliates, including a non-employee director of the Board, whom the Committee designates to receive an Award.

(p) “Performance Shares” means the right to receive Shares to the extent the Company, Subsidiary, Affiliate or other business unit and/or Participant achieves certain goals that the Committee establishes over a period of time the Committee designates.

(q) “Permitted Transferee” means, in connection with a transfer made for bona fide estate planning purposes, either during a Participant’s lifetime or on death by will or intestacy, to his or her spouse, child (natural or adopted), or any other direct lineal descendant of such Participant (or his or her spouse) (all of the foregoing collectively referred to as “family members”), or any other relative approved unanimously by the Board of Directors of the Company, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by, such Participant or any such family members.

(r) “Plan” means this Barfresh Food Group Inc. 2015 Equity Incentive Plan, as amended from time to time.

(s) “Restricted Stock” means Shares that are subject to a risk of forfeiture and/or restrictions on transfer (including but not limited to stock grants with the recipient having the right to make an election under Section 83(b) of the Code), which may lapse upon the achievement or partial achievement of performance goals during a specified period and/or upon the completion of a period of service or upon the occurrence of other events, as determined by the Committee.

(t) “Restricted Stock Unit” means the right to receive a Share, or a cash payment, the amount of which is equal to the Fair Market Value of a Share, which is subject to a risk of forfeiture which may lapse upon the achievement or partial achievement of performance goals during a specified period and/or upon the completion of a period of service or upon the occurrence of other events, as determined by the Committee.

(u) “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(v) “Share” means a share of Common Stock.

(w) “Stock Appreciation Right” or “SAR” means the right of a Participant to receive cash, and/or Shares with a Fair Market Value, equal to the excess of the Fair Market Value of a Share over the grant price.

(x) “Subsidiary” means any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the chain) owns stock possessing more than fifty percent (50%) of the total combined voting power of all classes of stock in one of the other corporations in the chain.

(y) “10% Owner-Employee” means an employee who, at the time an incentive stock option is granted, owns (directly or indirectly, within the meaning of Code Section 424(d)) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Subsidiary.

4. <u>ADMINISTRATION</u>.

(a) *Committee Administration*. The Committee has full authority to administer this Plan, including the authority to (i) interpret the provisions of this Plan, (ii) prescribe, amend and rescind rules and regulations relating to this Plan, (iii) correct any defect, supply any omission, or reconcile any inconsistency in any Award or agreement covering an Award in the manner and to the extent it deems desirable to carry this Plan into effect, and (iv) make all other determinations necessary or advisable for the administration of this Plan. All actions or determinations of the Committee are made in its sole discretion and will be final and binding on any person with an interest therein. If at any time the Committee is not in existence, the Board shall administer the Plan and references to the Committee in the Plan shall mean the Board.

(b) *Delegation to Committees or Officers*. To the extent applicable law permits, the Board may delegate to another committee of the Board or to one or more officers of the Company, or the Committee may delegate to a sub-committee, any or all of the authority and responsibility of the Committee. If the Board or Committee has made such a delegation, then all references to the Committee in this Plan include such committee, sub-committee or one or more officers to the extent of such delegation.

(c) *No Liability*. No member of the Committee, and no individual or officer to whom a delegation under subsection (b) has been made, will be liable for any act done, or determination made, by the individual in good faith with respect to the Plan or any Award. The Company will indemnify and hold harmless such individual to the maximum extent that the law and the Company’s bylaws permit.

5. DISCRETIONARY GRANTS OF AWARDS. Subject to the terms of this Plan and applicable law, the Committee has full power and authority to: (a) designate from time to time the Participants to receive Awards under this Plan; (b) determine the type or types of Awards to be granted to each Participant; (c) determine the number of Shares with respect to which an Award relates; and (d) determine any terms and conditions of any Award including but not limited to permitting the delivery to the Company of Shares or the relinquishment of an appropriate number of vested Shares under an exercisable Option in satisfaction of part of all of the exercise price of, or withholding taxes with respect to, an Award or payment through a "net exercise" procedure established by the Company such that, without the payment of any funds, the Participant may exercise the Option and receive the net number of Shares. Method of payment, in the case of an incentive stock option, shall be determined at the time of grant. Awards may be granted either alone or in addition to, in tandem with, or in substitution for any other Award (or any other award granted under another plan of the Company or any Affiliate). The Committee's designation of a Participant in any year will not require the Committee to designate such person to receive an Award in any other year.

6. SHARES RESERVED UNDER THIS PLAN.

(a) *Plan Reserve*. An aggregate of fifteen million (15,000,000) Shares are reserved for issuance under this Plan, all of which may be issued as any form of Award.

(b) *Replenishment of Shares Under this Plan*. If an Award lapses, expires, terminates or is cancelled without the issuance of Shares or payment of cash under the Award, then the Shares subject to or reserved for in respect of such Award, or the Shares to which such Award relates, may again be used for new Awards as determined under subsection (a), including issuance pursuant to incentive stock options. If Shares are delivered to (or withheld by) the Company in payment of the exercise price or withholding taxes of an Award, then such Shares may be used for new Awards under this Plan as determined under subsection (a), including issuance pursuant to incentive stock options. If Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares may be used for new Awards under this Plan as determined under subsection (a), but excluding issuance pursuant to incentive stock options.

7. OPTIONS. Subject to the terms of this Plan, the Committee will determine all terms and conditions of each Option, including but not limited to:

(a) Whether the Option is an incentive stock option or a nonqualified stock option; provided that in the case of an incentive stock option, if the aggregate Fair Market Value (determined at the time of grant) of the Shares with respect to which such option and all other incentive stock options issued under this Plan (and under all other incentive stock option plans of the Company or any Affiliate that is required to be included under Code Section 422) are first exercisable by the Participant during any calendar year exceeds $100,000, such Option automatically shall be treated as a nonqualified stock option to the extent this limit is exceeded. Only employees of the Company or a Subsidiary are eligible to be granted incentive stock options;

(b) The number of Shares subject to the Option;

(c) The exercise price per Share, which may not be less than the Fair Market Value of a Share as determined on the date of grant; provided that an incentive stock option granted to a 10% Owner-Employee must have an exercise price that is at least one hundred ten percent (110%) of the Fair Market Value of a Share on the date of grant;

(d) The terms and conditions of exercise; and

(e) The termination date, except that each Option must terminate no later than the tenth (10th) anniversary of the date of grant and each incentive stock option granted to any 10% Owner-Employee must terminate no later than the fifth (5th) anniversary of the date of grant.

In all other respects, the terms of any incentive stock option should comply with the provisions of Code Section 422 except to the extent the Committee determines otherwise.

8. STOCK APPRECIATION RIGHTS. Subject to the terms of this Plan, the Committee will determine all terms and conditions of each SAR, including but not limited to:

(a) The number of Shares to which the SAR relates;

(b) The grant price, provided that the grant price shall not be less than the Fair Market Value of the Shares subject to the SAR as determined on the date of grant;

(c) The terms and conditions of exercise or maturity;

(d) The term, provided that an SAR must terminate no later than the tenth (10th) anniversary of the date of grant; and

(e) Whether the SAR will be settled in cash, Shares or a combination thereof.

9. PERFORMANCE SHARE AWARDS. Subject to the terms of this Plan, the Committee will determine all terms and conditions of each Performance Share Award, including but not limited to:

(a) The number of Shares to which the Performance Share Award relates;

(b) The terms and conditions of each Award, including, without limitation, the selection of the performance goals that must be achieved for the Participant to realize all or a portion of the benefit provided under the Award; and

(c) Whether all or a portion of the Shares subject to the Award will be issued to the Participant, without regard to whether the performance goals have been attained, in the event of the Participant's death, disability, retirement or other circumstance.

10. RESTRICTED STOCK AND RESTRICTED STOCK UNIT AWARDS. Subject to the terms of this Plan, the Committee will determine all terms and conditions of each award of Restricted Stock or Restricted Stock Units, including but not limited to:

(a) The number of Shares or Restricted Stock Units to which such Award relates;

(b) The period of time over which, and/or the criteria or conditions that must be satisfied so that, the risk of forfeiture and/or restrictions on transfer imposed on the Restricted Stock or Restricted Stock Units will lapse;

(c) Whether all or a portion of the Restricted Shares or Restricted Stock Units will be released from a right of repurchase and/or be paid to the Participant in the event of the Participant's death, disability, retirement or other circumstance;

(d) With respect to awards of Restricted Stock, the manner of registration of certificates for such Shares, and whether to hold such Shares in escrow pending lapse of the risk of forfeiture, right of repurchase and/or restrictions on transfer or to issue such Shares with an appropriate legend referring to such restrictions;

(e) With respect to awards of Restricted Stock, whether dividends paid with respect to such Shares will be immediately paid or held in escrow or otherwise deferred and whether such dividends shall be subject to the same terms and conditions as the Award to which they relate; and

(f) With respect to awards of Restricted Stock Units, whether to credit dividend equivalent units equal to the amount of dividends paid on a Share and whether such dividend equivalent units shall be subject to the same terms and conditions as the Award to which they relate.

11. TRANSFERABILITY. Except as set forth in Section 15 hereof, each award granted under this plan is not transferable other than by will or the laws of descent and distribution, or to a revocable trust, or as permitted by Rule 701 of the Securities Act.

12. TERMINATION AND AMENDMENT.

(a) *Term*. Subject to the right of the Board or Committee to terminate the Plan earlier pursuant to Section 12(b), the Plan shall terminate on, and no Awards may be granted after the tenth (10th) anniversary of the Plan's effective date.

(b) *Termination and Amendment*. The Board or Committee may amend, alter, suspend, discontinue or terminate this Plan at any time, provided that:

(i) the Board must approve any amendment of this Plan to the extent the Company determines such approval is required by: (a) action of the Board, (b) applicable corporate law, or (c) any other applicable law or rule of a self-regulatory organization;

(ii) stockholders must approve any of the following Plan amendments: (a) an amendment to materially increase any number of Shares specified in Section 6(a) (except as permitted by Section 14(a)) or expand the class of individuals eligible to receive an Award to the extent required by the Code, the Company's bylaws or any other applicable law, (b) any other amendment if required by applicable law or the rules of any self-regulatory organization, or (c) an

amendment that would diminish the protections afforded by Section 12(e); provided, that such stockholder approval may be obtained within 12 months of the approval of such amendment by the Board or Committee.

(c) *Amendment, Modification or Cancellation of Awards*. Except as provided in subsection (e) and subject to the restrictions of this Plan, the Committee may modify or amend an Award or waive any restrictions or conditions applicable to an Award (including relating to the exercise, vesting or payment thereof), and the Committee may modify the terms and conditions applicable to any Award (including the terms of the Plan), and the Committee may cancel any Award, provided that the Participant (or any other person as may then have an interest in such Award as a result of the Participant's death or the transfer of an Award) must consent in writing if any such action would adversely affect the rights of the Participant (or other interested party) under such Award. Notwithstanding the foregoing, the Committee need not obtain Participant (or other interested party) consent for the amendment, modification or cancellation of an Award pursuant to the provisions of Section 14(a), or the amendment or modification of an Award to the extent deemed necessary to comply with any applicable law, the listing requirements of any principal securities exchange or market on which the Shares are then traded, or to preserve favorable accounting treatment of any Award for the Company.

(d) *Survival of Committee Authority and Awards*. Notwithstanding the foregoing, the authority of the Committee to administer this Plan and modify or amend an Award, and the authority of the Board or Committee to amend this Plan, shall extend beyond the date of this Plan's termination. In addition, termination of this Plan will not affect the rights of Participants with respect to Awards previously granted to them, and all unexpired Awards will continue in full force and effect after termination of this Plan except as they may lapse or be terminated by their own terms and conditions.

(e) *Repricing Prohibited*. Notwithstanding anything in this Plan to the contrary, neither the Committee nor any other person may decrease the exercise price of any Option or the grant price of any SAR nor take any action that would result in a deemed decrease of the exercise price or grant price of an Option or SAR under Code Section 409A, after the date of grant, except in accordance with Section 1.409A-1(b)(5)(v)(D) of the Treasury Regulations (26 C.F.R.), or in connection with a transaction which is considered the grant of a new Option or SAR for purposes of Section 409A of the Code, provided that the new exercise price or grant price is not less than the Fair Market Value of a Share on the new grant date.

(f) *Foreign Participation*. To assure the viability of Awards granted to Participants employed or residing in foreign countries, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of this Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement or alternative versions that the Committee approves for purposes of using this Plan in a foreign country will not affect the terms of this Plan for any other country.

13. TAXES.

(a) *Withholding*. In the event the Company or any Affiliate is required to withhold any foreign, Federal, state or local taxes or other amounts in respect of any income recognized by a Participant as a result of the grant, vesting, payment or settlement of an Award or disposition of any Shares acquired under an Award, the Company may deduct (or require an Affiliate to deduct) from any payments of any kind otherwise due the Participant cash, or with the consent of the Committee, Shares otherwise deliverable or vesting under an Award, to satisfy such tax obligations. Alternatively, the Company may require such Participant to pay to the Company, in cash, promptly on demand, or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such taxes and other amounts required to be withheld. If Shares are deliverable upon exercise or payment of an Award, the Committee may permit a Participant to satisfy all or a portion of the foreign, Federal, state and local withholding tax obligations arising in connection with such Award by electing to (a) have the Company withhold Shares otherwise issuable under the Award, (b) tender back Shares received in connection with such Award, or (c) deliver other previously owned Shares; provided that the amount to be withheld may not exceed the total minimum foreign, federal, state and local tax withholding obligations associated with the transaction to the extent needed for the Company to avoid an accounting charge. If an election is provided, the election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Company requires. In any case, the Company may defer making payment or delivery under any Award if any such tax may be pending unless and until indemnified to its satisfaction.

(b) *No Guarantee of Tax Treatment*. Notwithstanding any provisions of the Plan, the Company does not guarantee to any Participant or any other person with an interest in an Award that any Award intended to be exempt from Code Section 409A shall be so exempt, nor that any Award intended to comply with Code Section 409A shall so comply, nor that any Award designated as an incentive stock option within the meaning of Code Section 422 qualifies as such, and neither the Company nor any Affiliate shall indemnify, defend or hold harmless any individual with respect to the tax consequences of any such failure.

14. ADJUSTMENT PROVISIONS; CHANGE OF CONTROL.

(a) *Adjustment of Shares*. If (i) the Company shall at any time be involved in a merger or other transaction in which the Shares are changed or exchanged; (ii) the Company shall subdivide or combine the Shares or the Company shall declare a dividend payable in Shares, other securities or other property; (iii) the Company shall effect a cash dividend the amount of which, on a per Share basis, exceeds ten percent (10%) of the Fair Market Value of a Share at the time the dividend is declared, or the Company shall effect any other dividend or other distribution on the Shares in the form of cash, or a repurchase of Shares, that the Committee determines by resolution is special or extraordinary in nature or that is in connection with a transaction that is a recapitalization or reorganization involving the Shares; or (iv) any other event shall occur, which, in the case of this subsection (iv), in the judgment of the Committee necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then, in each case, the Committee shall, in such manner as it may deem equitable, adjust any or all of: (w) the number and type of Shares subject to this Plan (including the number and type of Shares that may be issued

pursuant to incentive stock options), (x) the number and type of Shares subject to outstanding Awards, (y) the grant, purchase, or exercise price with respect to any Award, and (z) the performance goals established under any Award.

(i) In any such case, the Committee may also make provision for a cash payment, in an amount determined by the Committee, to the holder of an outstanding Award in exchange for the cancellation of all or a portion of the Award (without the consent of the holder of an Award), effective at such time as the Committee specifies (which may be the time such transaction or event is effective); provided that any such adjustment to an Award that is exempt from Code Section 409A shall be made in a manner that permits the Award to continue to be so exempt, and any adjustment to an Award that is subject to Code Section 409A shall be made in a manner that complies with the provisions thereof. However, with respect to Awards of incentive stock options, no such adjustment may be authorized to the extent that such authority would cause this Plan to violate Code Section 422(b). Further, the number of Shares subject to any Award payable or denominated in Shares must always be a whole number.

(ii) Without limitation, in the event of any reorganization, merger, consolidation, combination or other similar corporate transaction or event, whether or not constituting a Change of Control, other than any such transaction in which the Company is the continuing corporation and in which the outstanding Common Stock is not being converted into or exchanged for different securities, cash or other property, or any combination thereof, the Committee may provide that awards, without limitation, will be assumed by the surviving corporation or its parent, will have the vesting accelerated or will be cancelled with or without consideration, in all cases without the consent of the Participant.

(iii) Notwithstanding the foregoing, in the case of a stock dividend (other than a stock dividend declared in lieu of an ordinary cash dividend) or subdivision or combination of the Shares (including a reverse stock split), adjustments contemplated by this subsection that are proportionate shall nevertheless automatically be made as of the date of such stock dividend or subdivision or combination of the Shares.

(b) *Issuance or Assumption*. Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Committee may authorize the cancellation, with or without consideration, issuance, assumption or acceleration of vesting of awards upon such terms and conditions as it may deem appropriate, in all cases without the consent of the Participant.

(c) *Change of Control*. Upon a Change of Control, the Committee may, in its discretion, determine that any or all outstanding Awards held by Participants who are then in the employ or service of the Company or any Affiliate shall vest or be deemed to have been earned in full, and:

(i) If the successor or surviving corporation (or parent thereof) so agrees, all outstanding Awards shall be assumed, or replaced with the same type of award with similar terms and conditions, by the successor or surviving corporation (or parent thereof) in the Change of Control. If applicable, each Award which is assumed by the successor or surviving corporation (or parent thereof) shall be appropriately adjusted, immediately after such Change of Control, to apply to the number and class of securities which would have been issuable to the Participant upon the consummation of such

Change of Control had the Award been exercised or vested immediately prior to such Change of Control, and such other appropriate adjustments in the terms and conditions of the Award shall be made.

(ii) If the provisions of paragraph (i) do not apply, then all outstanding Awards shall be cancelled as of the date of the Change of Control and, at the option of the Committee, may be exchanged for a payment in cash and/or Shares (which may include shares or other securities of any surviving or successor entity or the purchasing entity or any parent thereof) equal to:

(1) In the case of an Option or SAR, the excess of the Fair Market Value of the Shares on the date of the Change of Control covered by the vested portion of the Option or SAR that has not been exercised over the exercise or grant price of such Shares under the Award;

(2) In the case of Restricted Stock Units, the Fair Market Value of a Share on the date of the Change of Control multiplied by the number of vested units, unless otherwise provided in the Award agreement and subject to the repurchase right set forth in Section 15 hereof; and

(3) In the case of a Performance Share Award, the Fair Market Value of a Share on the date of the Change of Control multiplied by the number of earned Shares.

(d) *Parachute Payment Limitation*.

(i) Except as may be set forth in a written agreement by and between the Company and the holder of an Award, in the event that the Company's auditors determine that any payment or transfer by the Company under the Plan to or for the benefit of a Participant (a "Payment") would be nondeductible by the Company for federal income tax purposes because of the provisions concerning "excess parachute payments" in Code Section 280G, then the aggregate present value of all Payments shall be reduced (but not below zero) to the Reduced Amount (defined herein). For purposes of this Section 14(d), the "Reduced Amount" shall be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by the Company because of Code Section 280G.

(ii) If the Company's auditors determine that any Payment would be nondeductible by the Company because of Code Section 280G, then the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Participant may then elect, in his or her sole discretion, which and how much of the Payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount) and shall advise the Company in writing of his or her election within ten (10) days of receipt of notice. If no such election is made by the Participant within such ten (10) day period, then the Company may elect which and how much of the Payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount) and shall notify the Participant promptly of such election. For purposes of this Section 14(d), present value shall be determined in accordance with

Code Section 280G(d)(4). All determinations made by the Company's auditors under this Section 14(d) shall be binding upon the Company and the Participant and shall be made within sixty (60) days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Participant such amounts as are then due to him or her under the Plan and shall promptly pay or transfer to or for the benefit of the Participant in the future such amounts as become due to him or her under the Plan.

(iii) Except to the extent such payment was made in connection with a Change of Control, as a result of uncertainty in the application of Code Section 280G at the time of an initial determination by the Company's auditors hereunder, it is possible that Payments will have been made by the Company that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Company's auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Participant that the auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Participant which he or she shall repay to the Company, together with interest at the applicable federal rate provided in Code Section 7872(f)(2); provided, however, that no amount shall be payable by the Participant to the Company if and to the extent that such payment would not reduce the amount subject to taxation under Code Section 4999. In the event that the auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Participant, together with interest at the applicable federal rate provided in Code Section 7872(f)(2).

(iv) For purposes of this Section 14(d), the term "Company" shall include affiliated corporations to the extent determined by the auditors in accordance with Code Section 280G(d)(5).

15. STOCK TRANSFER RESTRICTIONS.

(a) *Restriction on Transfer of Options*. No Option shall be transferable by the Participant otherwise than by will or by the laws of descent and distribution and all Options shall be exercisable, during the Participant's lifetime, only by the Participant, or by the Participant's legal representative or guardian in the event of the Participant's incapacity. The Participant may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company, and any such beneficiary may exercise the Participant's Option in the event of the Participant's death to the extent provided herein. If the Participant does not designate a beneficiary, or if the designated beneficiary predeceases the Participant, the legal representative of the Participant may exercise the Option in the event of the Participant's death to the extent provided herein. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide in the Award agreement regarding a given Option that the Participant may transfer, without consideration for the transfer, his or her Options to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option.

(b) *Issued Shares*. No Issued Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless such transfer is in compliance with the terms of the applicable Award, all applicable securities laws (including, without limitation, the Securities Act and the Exchange Act), and with the terms and conditions of this Section 15. In connection with any proposed transfer, the Committee may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor and the Company, satisfactory to the Committee, that such transfer is in compliance with all foreign, federal and state securities laws (including, without limitation, the Securities Act). Any attempted disposition of Issued Shares not in accordance with the terms and conditions of this Section 15 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Issued Shares as a result of any such disposition, shall otherwise refuse to recognize any such disposition and shall not in any way give effect to any such disposition of Issued Shares.

(c) *Legends*. The Company may cause a legend or legends to be put on any certificates for shares to make appropriate references to any applicable legal restrictions on transfer.

(d) *Adjustments for Changes in Capital Structure*. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the outstanding Shares of the Company, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of shares of the Company's stock, the restrictions contained in this Section 15 shall apply with equal force to additional and/or substitute securities, if any, received by Participant in exchange for, or by virtue of his or her ownership of, Issued Shares.

16. **MISCELLANEOUS.**

(a) *Other Terms and Conditions*. The grant of any Award under this Plan may also be subject to other provisions (whether or not applicable to the Award awarded to any other Participant) as the Committee determines appropriate, subject to any limitations imposed in the Plan.

(b) *Code Section 409A*. The provisions of Code Section 409A are incorporated herein by reference to the extent necessary for any Award that is subject to Code Section 409A to comply therewith.

(c) *Employment or Service*. The issuance of an Award shall not confer upon a Participant any right with respect to continued employment or service with the Company or any Affiliate, or the right to continue as a consultant or director. Unless determined otherwise by the Committee, for purposes of the Plan and all Awards, the following rules shall apply:

(i) a Participant who transfers employment between the Company and any Affiliate, or between Affiliates, will not be considered to have terminated employment;

(ii) a Participant who ceases to be a consultant, advisor or non-employee director because he or she becomes an employee of the Company or an Affiliate shall not be considered to have ceased service with respect to any Award until such Participant's termination of employment with the Company and its Affiliates;

(iii) a Participant who ceases to be employed by the Company or an Affiliate of the Company and immediately thereafter becomes a non-employee director of the Company or any Affiliate, or a consultant to the Company or any Affiliate, shall not be considered to have terminated employment until such Participant's service as a director of, or consultant to, the Company and its Affiliates has ceased; and

(iv) a Participant employed by an Affiliate will be considered to have terminated employment when such entity ceases to be an Affiliate of the Company.

Notwithstanding the foregoing, with respect to an Award subject to Code Section 409A, a Participant shall be considered to have terminated employment (where termination of employment triggers payment of the Award) upon the date of his separation from service within the meaning of Code Section 409A.

(d) *No Fractional Shares*. No fractional Shares or other securities may be issued or delivered pursuant to this Plan, and the Committee may determine whether cash, other securities or other property will be paid or transferred in lieu of any fractional Shares or other securities, or whether such fractional Shares or other securities or any rights to fractional Shares or other securities will be canceled, terminated or otherwise eliminated.

(e) *Unfunded Plan*. This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits. This Plan does not establish any fiduciary relationship between the Company and any Participant. To the extent any person holds any rights by virtue of an Award granted under this Plan, such rights are no greater than the rights of the Company's general unsecured creditors.

(f) *Requirements of Law*. The granting of Awards under this Plan and the issuance of Shares in connection with an Award are subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan or any award agreement, the Company has no liability to deliver any Shares under this Plan or make any payment unless such delivery or payment would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity. In such event, the Company may substitute cash for any Share(s) otherwise deliverable hereunder without the consent of the Participant or any other person.

(g) *Governing Law*. This Plan, and all agreements under this Plan, shall be construed in accordance with and governed by the laws of the State of Delaware, without reference to any conflict of law principles. Any legal action or proceeding with respect to this Plan, any Award or any award agreement, or for recognition and enforcement of any judgment in respect of this Plan, any Award or any award agreement, may only be brought and determined in a court sitting in the State of California, County of Los Angeles.

(h) *Limitations on Actions*. Any legal action or proceeding with respect to this Plan, any Award or any Award agreement, must be brought within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint.

(i) *Construction*. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Titles of sections are for general information only, and the Plan is not to be construed with reference to such titles.

(j) *Severability*. If any provision of this Plan or any award agreement or any Award (i) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or (ii) would disqualify this Plan, any award agreement or any Award, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, award agreement or Award, then such provision should be stricken as to such jurisdiction, person or Award, and the remainder of this Plan, such award agreement and such Award will remain in full force and effect.

[End of Document]

C E R T I F I C A T I O N

On behalf of the Company, the undersigned hereby certifies that this Barfresh Food Group Inc. 2015 Equity Incentive Plan has been approved by the Board of Directors of the Company on April 27, 2015 and by the stockholders of the Company on May 8, 2015.

BARFRESH FOOD GROUP INC.

By: */s/ Riccardo Delle Coste*
Name: Riccardo Delle Coste
Title: Chief Executive Officer/Director

Exhibit 10.11

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made as of April 27, 2015, by and between Barfresh Food Group Inc., a Delaware corporation (the "Company") and Riccardo Delle Coste, an individual (the "Executive").

RECITALS

WHEREAS*, Company desires to employ Executive on the terms set forth in this Agreement; and*

WHEREAS*, Executive desires to be employed by the Company on the terms set forth in this Agreement.*

NOW, THEREFORE*, for good and valuable consideration of the mutual benefits and obligations set forth in this agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:*

AGREEMENT

1. TERM OF EMPLOYMENT/AT-WILL EMPLOYMENT. Executive's employment under this Agreement shall commence on April 27, 2015 (the "Effective Date") and continue until terminated as provided hereunder (the "Term"). Executive and the Company agree that Executives employment with the Company constitutes at-will employment.

2. NATURE OF DUTIES. During the Term, Executive shall serve as Chief Executive Officer of the Company and as Chief Executive Officer of its subsidiaries, Barfresh Inc. and Smoothie Inc. (together with the Company, the "Group"). In addition, during the Term, Executive shall be nominated to serve as a member of the Board of Directors of the Company, and Executive shall serve and continue to serve, if and when elected and re-elected, as a member of the Board. Executive shall report to the Board, and shall have all the customary powers and duties associated with his positions. Executive shall be subject to the Company's policies, procedures and approval practices, as generally in effect from time to time for all senior executives of the Company. Executive shall perform his duties and responsibilities from any location Executive deems necessary.

Except for sick leave, reasonable vacations and excused leaves of absence, Executive shall devote substantially all of his business time and effort to the performance of his duties for the Group, which he shall perform faithfully and to the best of his ability. However, nothing in this Agreement shall preclude Executive from participating in the affairs of any governmental, educational or other charitable institution and serving as a member of the board of directors of a corporation, except for a competitor of the Group, provided Executive notifies the Board prior to his participating in any such activities and as long as the Board does not determine, in the exercise of its reasonable judgment, that any such activities interfere with or diminish Executive's obligations under the Agreement. Unless otherwise in conflict with Company policy, Executive shall be entitled to retain all fees and other compensation derived from such activities, in addition to the compensation and benefits payable to him under this Agreement.

3. COMPENSATION AND RELATED MATTERS.

(a) Base Salary. During the Term, Executive shall receive an annual base salary ("Base Salary") at the rate of $350,000, subject to a minimum 5% annual increase. The term "Base Salary" as used in this Agreement shall mean, at any point in time, Executive's annual base salary at such time. The Base Salary shall be payable in substantially equal semi-monthly installments and shall in no way limit or reduce the obligations of the Company hereunder.

(b) Performance Bonuses. In addition to the Base Salary, Executive shall receive annual performance bonuses (collectively, the "Performance Bonuses") as follows:

(i) a bonus equal to 50% of Executive's Base Salary for that calendar year, based on targets determined by the Board after consultation with Executive no later than ninety (90) days after the start of the applicable fiscal year, which amount will be paid no later than March 15 of the following year; and

(ii) a bonus equal to 25% of Executive's Base Salary for that calendar year, based on targets determined by the Board after consultation with Executive no later than ninety (90) days after the start of the applicable fiscal year, which amount will be paid in three (3) equal annual installments, with the first installment due no later than March 15 of the following year and subsequent payments being made on March 31 of the following applicable year.

For purposes of this Section 3(b), if Executive and the Board fail to agree on performance targets within ninety (90) days after the start of an applicable fiscal year, the target proposal last submitted by Executive prior to the end of such ninety (90) day period shall become effective for that fiscal year.

(c) Performance Options. In addition to Base Salary and Performance Bonuses, Executive is eligible to receive incentive compensation in the form of "Performance Options" in accordance with the Company's 2015 Equity Incentive Plan ("Plan") and subject to the approval of the Board and applicable securities laws, as set forth below:

(i) On the Effective Date and each anniversary of the effective date, Executive shall receive a grant of 250,000 Performance Options (based on targets determined by the Board after consultation with Executive) at an exercise price equal to the closing bid price on the date of the grant, which will vest in equal increments on each of the first, second and third anniversaries of the date of grant; and

(ii) On each anniversary of the Effective Date, Executive shall receive an additional grant of 250,000 additional Performance Options (based on targets determined by the Board after consultation with Executive no later than ninety (90) days after the start of the fiscal year in which such grant occurs) at an exercise price equal to the closing bid price on the date of the grant, which will vest in equal increments on each of the first, second and third anniversaries of the date of grant. Notwithstanding the preceding sentence, if the performance targets for an applicable fiscal year have not been determined prior to an anniversary of the Effective Date, Executive will receive a grant of 250,000 options in lieu of the Performance Options for such year.

Performance Options shall have a term of 8 years from the date of grant. For clarity and notwithstanding anything else provided in this Agreement, vesting of Performance Options that have been granted shall not accelerate other than upon a Change in Control (as defined below), and upon a "Discharge Other Than for Cause or Resignation for Good Reason" as provided for in Section 4(c) below. For all purposes in this Agreement, "Change in Control" shall have the meaning set forth Plan, except that for purposes of this Agreement, a Change in Control shall be defined by replacing the term "Company" in each place in which it occurs in Sections 3(e)(i) and (ii) of the Plan with the phrase "Company or Smoothie Inc."

(d) Expenses. Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him during the Term (in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers and subject to Section 8(d) below) in performing services hereunder, provided that Executive properly accounts therefore in accordance with Company policy.

(e) Other Benefits. Executive shall be entitled to participate in or receive benefits generally made available to the employees of the Company (401(k), etc.) or as explicitly provided hereunder. Any other benefits must be agreed to in writing by the Board.

(f) Vacations. Commencing 90 days after the Effective Date, Executive shall be entitled to 20 days paid vacation in each calendar year, pro-rated for any partial year. As of the date of this Agreement, Executive has accrued vacation days that shall not be affected by this Agreement. Executive may only accrue up to an additional 20 days of paid vacation during the term of this Agreement.

(g) Car Allowance. Executive shall receive an annual car allowance of $9,600 (with payments to Executive being made monthly).

(h) Indemnification. During and following the Term, the Company shall fully indemnify Executive for any liability to the fullest extent permitted by applicable law. In addition, the Company agrees to continue and maintain, at the Company's sole expense, a directors' and officers' liability insurance policy covering Executive both during and, while potential liability exists, after the Term that is no less favorable than the policy covering active directors and senior officers of the Company from time to time.

4. TERMINATION.

(a) Discharge for Cause. The Company may terminate Executive's employment at any time if it believes in good faith that it has Cause to terminate his employment. As used herein, "Cause" means (i) Executive's conviction in any court of competent jurisdiction of an act of fraud or dishonesty, the purpose or effect of which materially and adversely affects the Group, (ii) Executive's failure or refusal to attempt in good faith to perform his job duties under this Agreement (other than by reason of physical or mental illness, injury, or condition); provided however, in each instance Executive must be provided notice from the Board of his failure to do so and an opportunity to cure such breach within 10 business days or such longer time as prescribed in the written notice or reasonably required to cure any such breach, and/or (iii) Executive becoming barred or prohibited by any governmental or regulatory agency from holding his position with the Company or fulfilling his duties hereunder or subjecting the Company to "bad actor disqualification" under Rule 506(d) of the Securities Act of 1933.

Upon Executive's discharge for Cause, the Company shall pay to Executive any unpaid and earned Base Salary, any then vested and unpaid Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment and all of Executive's unvested Performance Options shall terminate; provided, however, that in exchange for Executive's execution of a release in accordance with Section 4(g), Executive shall have a period of 90 days from the date of termination to exercise any vested Performance Options and any other vested options, pursuant

to the terms of the Plan.

(b) Termination for Disability. Except as prohibited by applicable law and, if required by applicable law, subject to the Company providing Executive with reasonable accommodations, the Company may terminate Executive's employment on account of Disability. "Disability" means a physical or mental illness, injury, or condition that prevents Executive from performing substantially all of his duties under this Agreement for at least 90 consecutive calendar days or for at least 180 calendar days, whether or not consecutive, in any 365 calendar day period. If Company terminates Executive due to a Disability, Company shall pay Executive any unpaid earned Base Salary, any then vested and unpaid Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment and all of Executive's unvested Performance Options shall terminate; provided, however, that in exchange for Executive's execution of a release in accordance with Section 4(g), Executive's Base Salary shall be continued for 3 months after the date of termination and all of Executive's vested Performance Options and any other vested options shall be exercisable for a period of 90 days from the date of termination.

(c) Discharge Other Than for Cause or Resignation for Good Reason. The Company may terminate Executive's employment at any time for any reason, and without advance notice. Additionally, Executive may resign from employment for "Good Reason" (as described below). If the Company discharges Executive other than for Cause or Executive resigns for Good Reason, the Company shall pay to Executive any unpaid earned Base Salary, and unpaid and vested Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment, and all Executive shall retain ownership of all then vested Performance Options; provided, however, that in exchange for Executive's execution of a release in accordance with Section 4(g), Executive shall be entitled to the following special benefits: (A) a lump sum payment equal to 36 months of Executive's Base Salary; (B) a lump sum payment equal to the Performance Bonus Executive would have received in the year of his termination of employment (determined based on actual performance through the date of termination and paid at the time the Performance Bonus would have been paid under Section 3(b)); (C) a lump sum payment equal to the aggregate value of all then unvested tranches of any Performance Bonus, determined after fully accelerating all then unvested tranches, (D) Executive's then outstanding unvested Performance Options shall continue to vest (based on actual performance as of each vesting date)(except that all such options shall fully vest if such termination is in connection with a Change in Control) and all his vested Performance Options and other vested options shall become exercisable for a period of one year from the date of termination; (E) if such termination occurs prior to the grant of the Performance Options that would have otherwise been granted in the year of such termination (the "Make-whole Performance Options"), Executive shall receive a lump sum payment equal to the grant date value of the Make-whole Performance Options, and (F) subject to Executive timely electing COBRA, the Company shall continue to contribute towards health insurance premiums under the Company's group health plan on behalf of Executive and his covered dependents as of immediately prior to the date of Executive's termination of employment in the same dollar amount as it contributed immediately prior to the date of Executive's termination of employment (or, if such contributions are prohibited or penalized under then-applicable law, reimburse to Executive, upon submission of proof of payment by Executive, an equivalent dollar amount) until the earlier of 18 months after the date of Executive's termination of employment or such time as Executive becomes eligible for substantially similar benefits from another employer. Notwithstanding anything in this Agreement to the contrary, in the event Executive is terminated without Cause or Executive resigns for Good Reason during the one-year period immediately following a Change in Control, the payments made pursuant to Section 4(c)(B) and Section 4(c)(D) above shall be determined based on target performance instead of actual performance.

For purposes of this Section 4(c), "Good Reason" shall mean any of the following: (i) a material diminution of Executive's Base Salary, (ii) a material diminution in Executive's authority, duties or responsibilities, and (iii) any material breach of this Agreement by the Company. Additionally, any resignation by Executive during the one-year period immediately following a Change in Control shall be deemed to be a resignation for Good Reason. Notwithstanding anything in this Agreement to the contrary, Executive cannot resign from employment with the Company on the basis of Good Reason unless Executive has provided written notice to the Company of the circumstances providing grounds for resignation for Good Reason within 90 days of the initial existence of such grounds (except where Good Reason is based on a Change in Control, in which case Executive may provide notice at any time during the one-year period immediately following such Change in Control) and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances. Failure by Executive to provide written notice of Good Reason as described above shall not constitute a waiver or preclude Executive from notifying the Company of any future event giving rise to Good Reason, including an event of a similar nature.

(d) Resignation without Good Reason. Except as provided in Section 4(c) above, Executive promises not to resign his employment without giving the Company at least 60 days' advance written notice. If Executive resigns without Good Reason, the Company may accept his resignation effective on the date set forth in his notice or the date of the Company's receipt of his notice. Upon Executive's resignation without Good Reason, the Company shall pay Executive any unpaid earned Base Salary, and earned and unpaid vested Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment and Executive's unvested Performance Options shall terminate; provided, however, that in exchange for 60 days' advance written notice of Executive's resignation and Executive's execution of a release in accordance with Section 4(g), Executive shall have a period of 90 days from the date of termination to exercise any vested Performance Options and other vested options, pursuant to the terms of the Plan.

(e) Death. If Executive dies, the Company shall pay to Executive's estate any accrued unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment, and, in exchange for execution of a release by Executive's estate in accordance with Section 4(g), Executive's vested Performance Options shall be exercisable by the estate for a period of twelve (12) months from the date of termination.

(f) Disputes Under This Section. All disputes relating to this Agreement, including disputes relating to this Section 4, shall be resolved by final and binding arbitration under Section 7. In the event of any dispute under this Section (4) or any other provision of this Agreement, the Company shall continue to make all payments, and provide all benefits, to Executive until the dispute is finally resolved in accordance with Section 7 or, if applicable, by judicial determination; provided that if the Executive is subject to a final adverse determination, the Company may seek to recover any amounts paid to the Executive during the period in which the Executive's conduct has been determined to be in violation of this Agreement. In the event that the Company initiates any proceeding to terminate the Executive for "cause" hereunder, the Executive shall be provided with written notice of the grounds underlying the allegation of "cause" and a reasonable opportunity to appear with counsel before the Board to contest such allegations.

(g) Execution of Release. Executive will only receive the special benefits that are conditioned upon his execution of a general release if Executive signs the release (which shall be in the form attached as Annex A) and he does not subsequently properly revoke the release. Any payment conditioned upon Executive's execution of a general release shall be paid on the date that is 60 days following Executive's termination of employment, provided Executive timely executed the general release and does not subsequently revoke it.

(h) Termination of Options. Notwithstanding anything contained herein to the contrary, no Performance Option is exercisable after expiration of its 8-year term.

5. CONFIDENTIALITY. During the term of Executive's employment, in exchange for his promises to use such information solely for the Company's benefit, the Company will provide Executive with Confidential Information concerning, among other things, its business, operations, customers, vendors, owners, investors, and business partners.

“Confidential Information” refers to information not generally known by others in the form in which it is used by the Company, and which gives the Company a competitive advantage over other companies which do not have access to this information, including secret, confidential, or proprietary information or trade secrets of the Company and its subsidiaries and affiliates, conveyed orally or reduced to a tangible form in any medium, including information concerning the operations, future plans, customers, business models, strategies, and business methods of the Company and its subsidiaries and affiliates, as well as information about the Company’s customers, clients and business partners and their respective operations and confidential information. “Confidential Information” does not include: (a) information that: (i) Executive knew prior to his employment with the Company or any predecessor company; (ii) subsequently came into Executive’s possession other than through his work for the Company or any predecessor company and not as a result of a breach of any duty owed to the Company; or (iii) is generally known within the relevant industry; or (b) any prior knowledge, information or know-how which Executive legally obtained from a source other than the Company.

(a) Promise Not to Disclose. Executive promises never to use or disclose any Confidential Information before it has become generally known within the relevant industry through no fault of Executive. Notwithstanding this paragraph, Executive may disclose Confidential Information: (i) during his employment for the benefit of the Company; (ii) as required to do so by court order, subpoena, or otherwise as required by law, provided that upon receiving such order, subpoena, or request and prior to disclosure, to the extent permitted by law, Executive shall provide written notice to the Company of such order, subpoena, or request and of the content of any testimony or information to be disclosed and shall cooperate fully with the Company to lawfully resist disclosure of the information; and (iii) to an attorney for the purpose of securing professional advice.

(b) Promise Not to Solicit. Executive agrees that, during his employment with the Company and for 12 months after his termination for any reason (together, the "Restricted Period"): (1) as to any client or business partner of the Company with whom Executive had dealings or about whom Executive acquired Confidential Information during his employment, Executive will not solicit, attempt to solicit, assist others to solicit, or accept any unsolicited request from the client or business partner to do business with any person or entity other than the Company or its affiliates; and (2) Executive will not solicit, attempt to solicit, assist others to solicit, hire, or assist others to hire for employment any person who at the time of Executive's termination of employment is, or within the 12 months preceding such termination was, an officer, manager, employee, or consultant of the Company. Executive agrees that the restrictions set forth in this paragraph do not and will not prohibit him from engaging in his livelihood and do not foreclose him his working with clients or business partners not identified in this paragraph.

(c) Promise Not to Engage in Certain Employment. Executive agrees that, during the Restricted Period, he will not, without the prior written consent of the Company, accept any employment; provide any services, advice or information; or assist or engage in any activity (whether as an employee, consultant, or in any other capacity, whether paid or unpaid) with any business or other entity in the business, directly or indirectly, for profit or not, of developing, distributing or marketing compounds or technologies for the manufacture and distribution of smoothies, or smoothie-like beverages in the United States or elsewhere.

(d) Return of Information. When Executive's employment with the Company ends, he will promptly deliver to the Company, or, at its written instruction, destroy, all documents, data, drawings, manuals, letters, notes, reports, electronic mail, recordings, and copies of the same, of or pertaining to it or any other Group member in his possession or control. Notwithstanding the foregoing, Executive may retain his personal effects, files, benefit information, or other property to the extent such materials do not contain any of the Company's Confidential Information. In addition, during his employment with the Company or the Group and subsequently, Executive agrees to meet with Company personnel and, based on knowledge or insights he gained during his employment with the Company and the Group, answer any question they may have related to the Company or the Group as reasonably requested.

(e) Intellectual Property. Intellectual property (including such things as all ideas, concepts, inventions, plans, developments, software, data, configurations, materials (whether written or machine-readable), designs, drawings, illustrations, and photographs, developed, created, conceived, made, or reduced to practice during Executive's employment with the Company (except intellectual property that has no relation to the Group or any Group customer that Executive developed, etc., purely on his own time and at his own expense), shall be the sole and exclusive property of the Company, and Executive does now assign all rights, title, and interest in any such intellectual property to the Company.

(f) Enforcement of This Section. This Section 5 shall survive the termination of this Agreement or Executive's employment for any reason. Executive acknowledges that: (a) this section's terms are reasonable and necessary to protect the Company's legitimate interests; (b) this section's restrictions will not prevent him from earning or seeking a livelihood; (c) this section's restrictions shall apply wherever permitted by law; and (d) the violation of any of this section's terms would irreparably harm the Company. Accordingly, Executive agrees that, if he violates any of the provisions of this section, the Company or any Group member shall be entitled to, in addition to other remedies available to it, to seek an injunction to be issued by any court of competent jurisdiction restraining Executive from committing or continuing any such violation, without the need to prove the inadequacy of money damages or post any bond or for any other undertaking.

6. CONFLICT OF INTEREST. In keeping with Executive's fiduciary duties to the Company, Executive agrees that while employed by the Company he shall not, acting alone or in conjunction with others, directly or indirectly, become involved in a conflict of interest or, upon discovery thereof, allow such a conflict to continue. Moreover, Executive agrees that he shall immediately disclose to the Company any facts that might involve any reasonable possibility of a conflict of interest. It is agreed that any direct or indirect interest, connection with or benefit from any outside activities, where such interest might in any way adversely affect the Company, involves a possible conflict of interest. Circumstances in which a conflict of interest on the part of Executive might arise, and which must be reported immediately by Executive to the Company, include, but are not limited to, the following:

(a) ownership of a material interest in any supplier, contractor, subcontractor, customer, or other entity with which the Company does business;

(b) acting in any capacity, including director, officer, partner, consultant, employee, distributor, agent, or the like for a supplier, contractor, subcontractor, customer, or other entity with which the Company does business;

(c) accepting, directly or indirectly, payment, service, or loans from a supplier, contractor, subcontractor, customer, or other entity with which the Company does business, including, but not limited to, gifts, trips, entertainment, or other favors of more than a nominal value;

(d) misuse of the Company's information or facilities to which Executive has access in a manner which will be detrimental to the Company's interest, such as utilization for Executive's own benefit of know-how, inventions, or information developed through the Company's business activities;

(e) disclosure or other misuse of Confidential Information of any kind obtained through Executive's connection with the Company;

(f) appropriation by Executive or the diversion to others, directly or indirectly, of any business opportunity in which it is known or could reasonably be anticipated that the Company would be interested; and

(g) ownership, directly or indirectly, of a material interest in an enterprise in competition with the Company, or acting as an owner, director, principal, officer, partner, consultant, employee, agent, servant, or otherwise of any enterprise which is in competition with the Company.

7. ARBITRATION OF DISPUTES. Except as expressly prohibited by law and except for the Company's right to seek injunctive relief as set forth in Section 5(f), all disputes between the Company and Executive ("Arbitratable Disputes"), including disputes under Section 3 and Section 4, are to be resolved by final and binding arbitration in accordance with this Section 7. This section shall remain in effect after the termination of this Agreement or Executive's employment.

(a) Scope of Agreement. This arbitration agreement applies to, among other things, disputes concerning Executive's employment with or termination from the Company and the validity, interpretation, enforceability or effect of this Agreement or alleged violations of it.

(b) The Arbitration. The arbitration shall take place under the auspices of the American Arbitration Association ("AAA") in its office nearest to the location where Executive last worked for the Company and conducted in accordance with the AAA's National Rules for the Resolution of Employment Disputes then in effect before an experienced employment law arbitrator licensed to practice law in that jurisdiction who has been selected in accordance with such rules. The arbitrator may not modify or change this Agreement in any way except as expressly set forth herein. The arbitration shall be governed by the substantive law of Colorado (excluding where it mandates the use of another jurisdiction's laws).

(c) Fees and Expenses. Regardless of which party initiates the arbitration, the Company shall pay that portion of the initial filing fee that exceeds the filing fee for commencing an action in a state or federal court in Colorado, after which each party shall pay the fees of their attorneys, the expenses of its witnesses, and any other costs and expenses that the party incurs in connection with the arbitration. All other costs of the arbitration, including the fees of the arbitrator, the cost of any record or transcript of the arbitration, administrative fees and other fees and costs shall be paid one-half by the Company and one-half by Executive. Notwithstanding the foregoing, if Executive prevails in any arbitration proceeding, the Company shall reimburse Executive for all fees, expenses and other costs incurred by Executive in connection with the proceedings.

(d) Exclusive Remedy. The arbitration in this manner shall be the exclusive remedy for any Arbitratable Dispute.

(e) Judicial Enforcement. Nothing in this Section 7 shall preclude any party to this agreement from seeking judicial enforcement of an arbitrator's award. Judgment may be entered on the arbitrator's award in any court having jurisdiction. In the event that Executive is required to seek judicial enforcement of an arbitrator's award, the Company shall reimburse Executive for any fees, expenses or costs associated with such action.

8. TAXES; SECTION 409A.

(a) The Company shall withhold taxes from payments it makes pursuant to this Agreement as it reasonably determines to be required by applicable law.

(b) This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.

(c) Notwithstanding any other provision of this Agreement, if at the time of Executive's termination of employment, he is a "specified employee", determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A that are provided to Executive on account of his separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of Executive's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date with interest (determined using the prime rate published by the *Wall Street Journal* on the date of Executive's separation from service) and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. If Executive dies before the Specified Employee Payment Date, any delayed payments shall be paid to Executive's estate in a lump sum within 30 days of Executive's death.

(d) To the extent required by Section 409A and without limiting any other requirement set forth in this Agreement, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

9. CODE SECTION 280G.

(a) Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to Executive or for Executive's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Code Section 280G and would, but for this Section 9 be subject to the excise tax imposed under Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to Executive if the

Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(b) To the extent the Covered Payments must be reduced pursuant to Section 9(a) above, the Covered Payments shall be reduced in a manner that maximizes Executive's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

(c) Any determination required under this Section 9 shall be made in writing in good faith by an independent accounting firm selected by the Company that is reasonably acceptable to Executive (the "Accountants"), which shall provide detailed supporting calculations to the Company and Executive as requested by the Company or Executive. The Company and Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 9. For purposes of making the calculations and determinations required by this Section 9, the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Code Sections 280G and 4999. The Accountants' determinations shall be final and binding on the Company and Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 9.

10. AMENDMENT. No provisions of this Agreement may be modified, waived or discharged except by a written document signed by a duly authorized Company officer and Executive. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time in the future.

11. NOTICES. For all purposes of this Agreement, all communications, including but not limited to notices, consents, request or approvals, required, permitted, or which may be given hereunder shall be in writing and either delivered personally to an officer of the addressee or mailed to those addresses provided on the signature page below, by certified or registered mail, postage prepaid, by facsimile transmission or electronic mail (with receipt confirmed) and shall be deemed given (i) when so delivered personally; (ii) if mailed, five (5) days after the time of mailing; or (iii) if faxed or sent by electronic mail, twenty four (24) hours after the confirmed transmission of the fax or electronic mail.

12. CHOICE OF LAW. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Colorado (excluding any that mandate the use of another jurisdiction's laws).

13. SUCCESSORS. This Agreement shall be binding upon, and shall inure to the benefit of, Executive and his estate, but Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which he participates. The Company shall not assign this Agreement to any affiliate or to a successor to substantially all the business unless such affiliate or successor agrees to enter into a written agreement acceptable to Executive providing for the affiliate's or successor's assumption of obligations under this Agreement.

14. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

16. HEADINGS. The section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

17. GENDER AND PLURALS. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

18. ENTIRE AGREEMENT. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement. All prior written employment agreements between Executive and the Company are declared null and void, and have no further effect.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement through their duly authorized representatives as of the Effective Date set forth above.

"COMPANY" **"EXECUTIVE"**

BARFRESH FOODS GROUP INC.,
a Delaware corporation

By: ***/s/ Arnold Tinter*** ***/s/ Riccardo Delle Coste***
Name: Arnold Tinter **RICCARDO DELLE COSTE**
Title: Chief Financial Officer/ Secretary

ANNEX A – General Release of Claims

GENERAL RELEASE AGREEMENT

This General Release Agreement (the "**Agreement**") is entered into by and between Barfresh Food Group, Inc., a Delaware corporation (the "**Company**"), and Riccardo Delle Coste ("**Executive**").

WHEREAS, the Company and Executive are parties to an Employment Agreement ("**Employment Agreement**") entered into on April __, 2015, whereby Executive is entitled to certain severance benefits from Company in exchange for executing this Agreement;

WHEREAS, Executive's employment with Company [will terminate][terminated] effective [DATE] ("**Termination Date**"), pursuant to Section [INSERT SECTION] of the Employment Agreement;

WHEREAS, the parties desire to settle all claims and issues arising out of or in any way related to the acts, transactions or occurrences between Executive and the Company to date;

WHEREFORE, in consideration of the promises and the mutual covenants set forth below, the parties agree as follows:

1. Consideration. In consideration for executing this Agreement and in exchange for the promises, covenants, releases and waivers herein, provided that Executive has not revoked the Agreement as set forth below, the Company will provide Executive with the severance payments and/or benefits described in Section [INSERT SECTION] of the Employment Agreement. The severance payments and/or benefits described in Section [INSERT SECTION] shall commence or be paid, as applicable, on the first payroll period following the "Release Effective Date" (as defined below), and the first payment shall include all payments that would have been made from the Termination Date. In addition, Executive shall be reimbursed for (i) any remaining charges for Company expenses on Executive's personal credit cards incurred prior to the Termination Date and (ii) any outstanding and unpaid business expenses incurred by the Executive through the Termination Date, in each case in accordance with Company policy. Executive understands and agrees that the severance payments and/or benefits are in addition to anything of value to which Executive is otherwise entitled from the Company if she does not execute this Agreement.

2. Tax Treatment. All payments and benefits provided to Executive pursuant to Paragraph 1 of this Agreement are subject to any applicable employment or tax withholdings or deductions. In addition, the parties hereby agree that it is their intention that all payments or benefits provided under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and this Agreement shall be interpreted accordingly. In no event shall the timing of the Executive's execution of this Agreement, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Agreement could be made in more than one taxable year, payment shall be made in the later taxable year. Notwithstanding the foregoing, the Company does not guarantee the tax treatment of any payments or benefits under this Agreement, including, without limitation, under the Code, federal, state or local laws.

3. Releases.

(a) In consideration for the consideration described above, to which Executive is not otherwise entitled, as a full and final settlement, Executive, for Executive and Executive's heirs, executors, administrators, successors and assigns, hereby releases and forever discharges the Company, its current and former parents, direct or indirect equity holders, subsidiaries, affiliated or related entities and their respective officers and directors (hereinafter collectively referred to as "**Releasees**") from all causes of action, claims, charges, complaints, liabilities, obligations, promises, covenants, agreements, contracts, suits, judgments, damages, or demands, in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, which Executive ever had or now has regarding any matter arising on or before the date of Executive's execution of this Agreement including those arising directly or indirectly out of or in any way connected with Executive's employment with the Company, including, but not limited to, claims relating to Executive's employment, or termination thereof, discrimination based upon race, color, age, sex, sexual orientation, age, marital status, religion, national origin, handicap, disability, or any other protected category, or retaliation, any contracts (express or implied), any claim for or involving equitable relief or recovery of punitive, compensatory, or other damages or monies, wages, vacation pay, employee fringe benefits, attorneys' fees, libel, slander, and any other tort. Executive understands and agrees that this Release includes any claim that could arise under Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Act; the Civil Rights Act of 1866; the Equal Pay Act; the Pregnancy Discrimination Act; the Americans With Disabilities Act of 1990; 42 U.S.C. § 1981; the Employee Retirement Income Security Act of 1974; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1991; the Worker Adjustment and Retraining Notification Act of 1988; the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act, the False Claims Act; the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. § 1514A, also known as the Sarbanes Oxley Act; any claim under the Colorado Anti-Discrimination Act; the California Labor Code (including the California Private Attorney General Act), California Business & Professions Code, California Wage Orders, City of Los Angeles Living Wage Ordinance; and any other federal, state or local laws, rules or regulations, whether equal employment opportunity laws, rules or regulations or otherwise, or any right under any pension, welfare, or equity plans.

(b) Executive acknowledges reading and understanding the meaning and effect of section 1542 of the California Civil Code which in its entirety states:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the creditor.

Executive waives and relinquishes any right or benefit that Executive may have under section 1542 of the California Civil Code and understands that by signing this Release, Executive is giving up claims that Executive may not presently know or suspect to exist.

(c) Notwithstanding the broad scope of this release, this release is not intended to bar (i) any claims that, as a matter of law, whether by statute or otherwise, may not be waived, such as claims for workers' compensation benefits or

unemployment insurance benefits, (ii) any claims with respect to indemnification under the Company's by-laws, charter or any other operative agreements or with respect to coverage arising under any D&O policy in effect, (iii) any claims by the Executive for any matter arising under this Agreement or (iv) any claims by the Executive in his capacity as a shareholder of the Company or with respect to any equity interest he may own or control in the Company. Nothing in this Agreement is intended to interfere with Executive's right to file a charge or participate in an administrative investigation or proceeding; *provided, however*, that Executive expressly releases and waives her right to recovery of any type in any administrative or court action, whether local, state or federal, and whether brought by her or on her behalf, related in any way to the matters released herein.

(d) By signing this Agreement and accepting the consideration described in Paragraph 1, Executive understands and acknowledges that Executive is waiving any right to sue the Releasees for any claims released by this Agreement.

(e) The Company for itself and its current and former parents, direct or indirect equity holders, members, subsidiaries, affiliated or related entities and their respective members, shareholders, officers, directors, successors and assigns (collectively, the "**Company Releasors**") hereby release and forever discharge the Executive from all causes of action, claims, charges, complaints, liabilities, obligations, promises, covenants, agreements, contracts, suits, judgments, damages, or demands, in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, which the Company Releasors ever had or now have regarding any matter relating to Executive's employment with or equity interest in the Company arising on or before the date of Executive's execution of this Agreement including, but not limited to, any claim for or involving equitable relief or recovery of punitive, compensatory, or other damages or monies, attorneys' fees, libel, slander, and any other tort; *provided*, *that*, the foregoing release by the Company Releasors is not intended to and does not bar any claims by the Company Releasors for any matters arising (i) under this Agreement or the Termination Agreement, (ii) from events, acts or omissions occurring after the parties' execution of this Agreement; or (iii) from any acts of Executive involving criminal activity or fraud.

4. Non-Admission Clause. This Agreement does not constitute an admission by the Company or Executive (or any Releasee or Company Releasor) of a violation of any federal, state, or local law, statute, rule or regulation or any common law right.

5. Representations. By Executive's signature below, Executive represents that: (i) Executive is not aware of any unpaid wages, vacation, bonuses, expense reimbursements or other amounts owed to Executive by the Company, other than that specifically provided for in this Agreement; and (ii) Executive has not filed any charge or claim or initiated any proceedings against any of the Releasees in any forum or with any municipal, state or federal agency charged with the enforcement of any law.

6. Confidentiality of this Agreement. Except as provided by law, Executive and the Company shall keep the existence and terms of this Agreement confidential and shall not disclose to any third party, except in the case of the Executive, to the Executive's immediate family, tax and legal advisors and as required by law, and except in the case of the Company, in connection with the Company's disclosure obligations to its tax, accounting and legal advisors, to any officer, director, manager or employee with a business need to know, and as required by law.

7. Non-Disparagement/Statements. Executive covenants and agrees that he will not make any disparaging or derogatory comments about the business or reputation of the Releasees, except where the making of any truthful statements may be required by law or is necessary to enforce his rights under this Agreement. The Company covenants and agrees that it shall not, and the management employees of the Company shall be instructed not to, make any disparaging or derogatory comments concerning the Executive, except where the making of any truthful statements may be required by law or necessary to enforce its rights under this Agreement.

8. Governing Law. The construction, interpretation and performance of this Agreement shall be governed by the laws of the State of Colorado, without regard to its conflicts of law provisions. Executive agrees to and hereby consents and waives any objection to the exclusive jurisdiction of any and all state and federal courts located in the State of Colorado in connection with any proceeding concerning this Agreement.

9. Headings. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision hereof.

10. Severability. If any provision or portion thereof contained in this Agreement is held to be invalid or unenforceable, the remainder of this Agreement will be considered severable, shall not be affected and shall remain in full force and effect. Specifically, the invalidity of any such provision shall have no effect upon, and shall not impair the enforceability of the release language set forth in Paragraph 3.

11. Binding on Successors. The parties agree that this Agreement shall be binding on, and inure to the benefit of, Executive's and the Company's respective successors, heirs and/or assigns.

12. Entire Agreement; Counterparts. This Agreement constitutes the entire agreement between Executive and the Company on the subject matter herein and supersedes and cancels any prior written and oral agreements between Executive and the Company regarding such subject matter, except the surviving provisions of the Employment Agreement. No amendment of this Agreement or waiver of any of its provisions shall be effective unless agreed to in writing by Executive and the Company. This Agreement may be executed in two or more counterparts, which when taken together, shall constitute an original agreement. Executed originals transmitted by electronically as PDF files (or their equivalent) shall have the same force and effect as a signed original. Unless otherwise defined herein, capitalized terms have the meaning set forth in the Employment Agreement.

13. Acknowledgments: Without detracting in any respect from any other provision of this Agreement, Executive acknowledges and agrees that:

(a) this Agreement constitutes a knowing and voluntary waiver of all rights or claims Executive has or may have against Releasees as set forth herein, including any claims under the Age Discrimination in Employment Act; and Executive has no physical or mental impairment of any kind that has interfered with Executive's ability to read and understand the meaning of this Agreement or its terms, and that Executive is not acting under the influence of any medication or mind-altering chemical of any type in entering into this Agreement;

(b) by entering into this Agreement, Executive does not waive rights or claims that may arise after the date of Executive's execution of this Agreement, including without limitation any rights or claims that Executive may have to secure enforcement of the terms and conditions of this Agreement;

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(c) the consideration provided to Executive under this Agreement is in addition to anything of value to which Executive is already entitled;

(d) Executive is advised to consult with an attorney regarding this Agreement; and

(e) Executive was informed that Executive had at least twenty-one (21) days in which to review and consider this Agreement, and to consult with an attorney regarding the terms and effect of this Agreement.

14. Right to Revoke. Executive may revoke this Agreement within seven (7) days from the date Executive signs this Agreement, in which case this Agreement shall be null and void and of no force or effect on either the Company or Executive. Any revocation must be in writing and received by the undersigned by 5:00 p.m. on or before the seventh day after this Agreement is executed by Executive. For purposes of this Agreement, the "**Release Effective Date**" shall be the eighth (8^{th}) day following the Termination Date, so long as the Executive has not revoked this Agreement in a timely manner prior to such date.

[Signature Page Follows]

Sincerely,

Barfresh
Food
Group
Inc.

By:
Name:
Title:

EXECUTIVE EXPRESSLY ACKNOWLEDGES, REPRESENTS, AND WARRANTS THAT EXECUTIVE HAS READ THIS AGREEMENT CAREFULLY; THAT EXECUTIVE FULLY UNDERSTANDS THE TERMS, CONDITIONS, AND SIGNIFICANCE OF THIS AGREEMENT; THAT THE COMPANY HAS ADVISED EXECUTIVE TO CONSULT WITH AN ATTORNEY CONCERNING THIS AGREEMENT; THAT EXECUTIVE UNDERSTANDS THAT THIS AGREEMENT HAS BINDING LEGAL EFFECT; AND THAT EXECUTIVE HAS EXECUTED THIS AGREEMENT FREELY, KNOWINGLY AND VOLUNTARILY.

PLEASE READ CAREFULLY. THIS AGREEMENT HAS IMPORTANT LEGAL CONSEQUENCES.

Riccardo
Delle
Coste

Date:

Exhibit 10.12

EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("Agreement") is made as of July 6, 2015, by and between Smoothie Inc., a Colorado corporation (the "Company") and Joe Cugine, an individual (the "Executive"). This Agreement amends, restates and supersedes in its entirety that certain Employment Agreement entered into by and between the parties dated April 27, 2015 to correct certain clerical errors.

RECITALS

***WHEREAS**, Company desires to employ Executive on the terms set forth in this Agreement;*

***WHEREAS**, Executive desires to be employed by the Company on the terms set forth in this Agreement;*

***WHEREAS,** the Company is the wholly owned operating subsidiary of Barfresh Food Group, Inc., a Delaware corporation ("BRFH");*

***WHEREAS,** Executive and the Company are parties to that certain Stock Award Agreement dated April 16, 2015 ("Stock Award Agreement") pursuant to which Executive was the recipient of an award of 1,000,000 shares of common stock of BRFH ("BRFH Shares")*

***NOW, THEREFORE**, for good and valuable consideration of the mutual benefits and obligations set forth in this agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:*

AGREEMENT

1. TERM OF EMPLOYMENT/AT-WILL EMPLOYMENT. Executive's employment under this Agreement shall commence on April 27, 2015 (the "Effective Date") and continue until terminated as provided hereunder (the "Term"). Executive and the Company agree that Executives employment with the Company constitutes at-will employment.

2. NATURE OF DUTIES. During the Term, Executive shall serve as the President of the Company. As such, Executive shall devote his full business time and effort to the performance of his duties for the Company, which he shall perform faithfully and to the best of his ability. Executive shall have all of the customary powers and duties associated with his position. Executive shall be subject to the Company's policies, procedures and approval practices, as generally in effect from time to time for all employees of the Company. Executive will report directly to the Company's Chief Executive Officer. Notwithstanding the foregoing, nothing contained herein shall preclude the Executive from: (a) serving on the boards of directors of other companies or organizations with the approval of the Company (not to be unreasonably withheld) or serving on the boards of directors of not-for-profit companies or organizations without the approval of the Company; (b) investing in and managing passive investments; or (c) pursuing his personal, financial and legal affairs provided that such activity does not interfere with the performance of the Executive's obligations under this Agreement.

3. COMPENSATION AND RELATED MATTERS.

(a) Base Salary. During the Term, Executive shall receive an annual base salary ("Base Salary") at the rate of $300,000, subject to a 5% annual increase. The term "Base Salary" as used in this Agreement shall mean, at any point in time, Executive's annual base salary at such time. The Base Salary shall be payable in substantially equal semi-monthly installments and shall in no way limit or reduce the obligations of the Company hereunder.

(b) Performance Bonuses. In addition to the Base Salary, Executive shall receive annual performance bonuses (collectively, the "Performance Bonuses") as follows:

(i) a bonus equal to 50% of Executive's Base Salary for that calendar year, based on targets determined by the board of directors of the Company after consultation with Executive, which amount will be paid no later than March 15 of the following year; and

(ii) a bonus equal to 25% of Executive's Base Salary for that calendar year, based on targets determined by the board of directors of the Company after consultation with Executive, which amount will be paid in three (3) equal annual installments, with the first installment due no later than March 15 of the following year and subsequent payments no later than March 31 of the following applicable year.

(c) Incentive Compensation. In addition to Base Salary and Performance Bonuses, Executive is eligible to receive incentive compensation in accordance with the 2015 Equity Incentive Plan ("Plan") of the Company's parent company, Barfresh Food Group, Inc., a Delaware corporation ("BRFH") and subject to the approval of the board of directors of each of the Company and BRFH and applicable securities laws, as set forth below:

(i) Stock Option Grant. Executive shall receive options ("BRFH Options") to purchase 500,000 shares of common stock of BRFH ("BRFH Shares") at an exercise price of $0.50 per share, subject to applicable securities laws and vesting as follows: 50% of the Stock Option Grant shall vest on the second anniversary of the Effective Date and the remainder shall vest on the third anniversary of the Effective Date. BRFH Options shall have a term of 8 years from the date of grant.

(ii) Performance Options. In addition to the BRFH Option, Executive shall receive additional "Performance Options" to purchase BRFH Shares on an annual basis, as follows:

(1) an option to purchase 250,000 BRFH Shares at an exercise price equal to the closing bid price on the date of the grant, which will vest in equal increments on each of the first, second and third anniversaries of the date of grant; and

(2) an option to purchase up to 250,000 additional BRFH Shares (based on targets determined by the board of directors of the Company after consultation with Executive) at an exercise price equal to the closing bid price on the date of the grant, with performance targets established within 90 days of the date of grant to allow incremental vesting on each of the first, second and third anniversaries of the date of grant.

Performance Options shall have a term of 8 years from the date of grant.

Notwithstanding anything contained herein to the contrary, all BRFH Shares, BRFH Options and Performance Options shall vest immediately upon a Change of Control of BRFH as defined in the Plan, except that for purposes of this Agreement, a Change of Control shall be defined by replacing the term “Company” in each place in which it occurs in Sections 3(e)(i) and (ii) of the Plan with the phrase “Company or Smoothie, Inc.” or the resignation or termination of Riccardo Delle Coste as the Chief Executive Officer and Chairman of the Board of Directors of BRFH. For clarity and notwithstanding anything else provided in this Agreement, vesting of BRFH Shares, BRFH Options and Performance Options that have been granted shall not accelerate other than upon a Change of Control or “Discharge Other Than for Cause”, subject to Section 4(c) below.

(a) Expenses. Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him during the Term (in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers) in performing services hereunder, provided that Executive properly accounts therefore in accordance with Company policy.

(b) Other Benefits. Executive shall be entitled to participate in or receive benefits generally made available to the employees of the Company (401(k), etc.) or as explicitly provided hereunder. Any other benefits must be agreed to in writing by the Chief Executive Officer of BRFH.

(c) Vacations. Commencing 90 days after the Effective Date, Executive shall be entitled to 15 days paid vacation in each calendar year, pro-rated for any partial year. Executive may only accrue up to 15 days of paid vacation at any time.

4. TERMINATION.

(a) Discharge for Cause. The Company may terminate Executive's employment at any time if it believes in good faith that it has Cause to terminate his employment. As used herein, "Cause" means (i) Executive's conviction in any court of competent jurisdiction of an act of fraud or dishonesty, the purpose or effect of which materially and adversely affects the Group, (ii) Executive's failure or refusal to attempt in good faith to perform his job duties under this Agreement or to follow the reasonable directions of the Board (other than by reason of physical or mental illness, injury, or condition); provided however, in each instance Executive must be provided notice from the Board of his failure to do so and an opportunity to cure such breach within 10 business days or such longer time as prescribed in the written notice or reasonably required to cure any such breach, and/or (iii) Executive becoming barred or prohibited by any governmental or regulatory agency from holding his position with the Company or fulfilling his duties hereunder or subjecting the Company to "bad actor disqualification" under Rule 506(d) of the Securities Act of 1933. Upon Executive's discharge for Cause, the Company shall pay to Executive any unpaid accrued Base Salary, Performance Bonuses, expense reimbursements and vacation days, and all of Executive's BRFH Options and Performance Options shall terminate; provided however, in exchange for execution of a release by Executive, Executive shall have a period of 90 days from the date of termination to exercise any vested BRFH Options and Performance Options.

(b) Termination for Disability. Except as prohibited by applicable law and, if required by applicable law, subject to the Company providing Executive with reasonable accommodations, the Company may terminate Executive's employment on account of Disability. "Disability" means a physical or mental illness, injury, or condition that prevents Executive from performing substantially all of his duties under this Agreement for at least 30 consecutive calendar days or for at least 45 calendar days, whether or not consecutive, in any 365 calendar day period. If Company terminates Executive due to a Disability, Company shall pay Executive any unpaid accrued Base Salary, Performance Bonuses, expense reimbursements and vacation days; provided however, in exchange for Executive's execution of a release in accordance with Section 4(h), Executive's Base Salary shall be continued for 3 months after the date of

termination and all of Executive's vested BRFH Options and vested Performance Options shall be exercisable for a period of 90 days from the date of termination.

(c) Discharge Other Than for Cause. The Company may terminate Executive's employment at any time for any reason, and without advance notice. If the Company discharges Executive other than for Cause, the Company shall pay to Executive any accrued unpaid Base Salary Performance Bonuses, expense reimbursements and vacation days, and Executive's BRFH Options and Performance Options shall terminate; provided however, in exchange for Executive's execution of a release in accordance with Section 4(h), Executive shall be entitled to the following special benefits: (A) continuation of executive's Base Salary for a period of 12 months after termination; (B) all of Executive's outstanding BRFH Options shall immediately vest and become exercisable for a period of 90 days from the date of termination; (C) all of Executive's outstanding Performance Options shall immediately vest and become exercisable and Executive shall have a period of 90 days from the date of termination to exercise any of his Performance Options, pursuant to the terms of the Plan; and (D) all of the BRFH Shares shall vest and be issued to Executive.

(d) Resignation Other Than for Good Reason. Executive promises not to resign his employment unless he has Good Reason to do so, and, in any event, not without giving the Company at least 60 days' advance written notice. If Executive resigns "other than for Good Reason", the Company may accept his resignation effective on the date set forth in his notice. Upon Executive's resignation other than for Good Reason, the Company shall pay Executive any accrued unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days and Executive's BRFH Options and Performance Options shall terminate; provided however, in exchange for 60 days' advance written notice of Executive's resignation and Executive's execution of a release in accordance with Section 4(h), Executive shall be entitled to the following special benefits: Executive shall have a period of 90 days from the date of termination to exercise any vested BRFH Options and vested Performance Options.

(e) Resignation for Good Reason. If Executive resigns for Good Reason, his employment will end on his last date of work, the Company shall pay to Executive any accrued unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days and Executive's vested and unvested BRFH Options and Performance Options shall terminate; provided however, in exchange for Executive's execution of a release in accordance with Section 4(h), Executive shall be entitled to the following special benefits: (A) all of Executive's outstanding BRFH Options shall immediately vest and become exercisable for a period of 90 days, (B) Executive shall have a period of 90 days from the date of termination to exercise any vested Performance Options and (C) all of the BRFH Shares shall vest and be issued to Executive. "Good Reason" means the resignation or termination of Riccardo Delle Coste as the Chief Executive Officer and Chairman of the Board of Directors of BRFH.

(f) Death. If Executive dies, the Company shall pay to Executive any accrued unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment, and, in exchange for execution of a release by Executive's estate in accordance with Section 4(h), Executive's vested BRFH Options and vested Performance Options shall be exercisable for a period of 90 days from the date of termination by Executive's estate.

(g) Disputes Under This Section. All disputes relating to this Agreement, including disputes relating to this Section 4, shall be resolved by final and binding arbitration under Section 7.

(h) Execution of Release. Executive will only receive special benefits set forth in this Section 4 that are conditioned upon his execution of a general release if Executive signs the form submitted by the Company (substantially in the Form attached hereto as Annex A) within 21 days after his employment ends (or such other time frame set forth in the release) and he does not subsequently properly revoke the release.

(i) Termination of Options. Notwithstanding anything contained herein to the contrary, no BRFH Option or Performance Option is exercisable after expiration of its 8-year term.

5. CONFIDENTIALITY. During the term of Executive's employment, in exchange for his promises to use such information solely for the Company's benefit, the Company will provide Executive with Confidential Information concerning, among other things, its business, operations, customers, vendors, owners, investors, and business partners. "Confidential Information" refers to information not generally known by others in the form in which it is used by the Company, and which gives the Company a competitive advantage over other companies which do not have access to this information, including secret, confidential, or proprietary information or trade secrets of the Company and its subsidiaries and affiliates, conveyed orally or reduced to a tangible form in any medium, including information concerning the operations, future plans, customers, business models, strategies, and business methods of the Company and its subsidiaries and affiliates, as well as information about the Company's customers, clients and business partners and their respective operations and confidential information. "Confidential Information" does not include: (a) information that: (i) Executive knew prior to his employment with the Company or any predecessor company; (ii) subsequently came into Executive's possession other than through his work for the Company or any predecessor company and not as a result of a breach of any duty owed to the Company; or (iii) is generally known within the relevant industry; or (b) any prior knowledge, information or know-how which Executive legally obtained from a source other than the Company.

(a) Promise Not to Disclose. Executive promises never to use or disclose any Confidential Information before it has become generally known within the relevant industry through no fault of Executive. Notwithstanding this paragraph, Executive may disclose Confidential Information: (i) during his employment for the benefit of the Company; (ii) as required to do so by court order, subpoena, or otherwise as required by law, provided that upon receiving such order, subpoena, or request and prior to disclosure, to the extent permitted by law Executive shall provide written notice to the Company of such order, subpoena, or request and of the content of any testimony or information to be disclosed and shall cooperate fully with the Company to lawfully resist disclosure of the information; and (iii) to an attorney for the purpose of securing professional advice.

(b) Promise Not to Solicit. Executive agrees that, during his employment with the Company and for 12 months after his termination for any reason (together, the "Restricted Period"): (1) as to any client or business partner of the Company with whom Executive had dealings or about whom Executive acquired confidential information during his employment, Executive will not solicit, attempt to solicit, assist others to solicit, or accept any unsolicited request from the client or business partner to do business with any person or entity other than the Company or its affiliates; and (2) Executive will not solicit, attempt to solicit, assist others to solicit, hire, or assist others to hire for employment any person who is, or within the preceding 12 months was, an officer, manager, employee, or consultant of the Company. Executive agrees that the restrictions set forth in this paragraph do not and will not prohibit him from engaging in his livelihood and do not foreclose him working with clients or business partners not identified in this paragraph.

(c) Promise Not to Engage in Certain Employment. Executive agrees that, during the Restricted Period, he will not, without the prior written consent of the Company, accept any employment; provide any services, advice or information; or assist or engage in any activity (whether as an employee, consultant, or in any other capacity, whether paid or unpaid) with any business or other entity in the business, directly or indirectly, for profit or not, of developing, with a majority of its revenue derived from distributing or marketing compounds or technologies for the manufacture and distribution of smoothies, or smoothie-like beverages in the United States or elsewhere.

(d) Return of Information. When Executive's employment with the Company ends, he will promptly deliver to the Company, or, at its written instruction, destroy, all documents, data, drawings, manuals, letters, notes, reports, electronic mail, recordings, and copies of the same, of or pertaining to it or any other Group member in his possession or control. Notwithstanding the foregoing, Executive may retain his personal effects, files, benefit information, or other property to the extent such materials do not contain any of the Company's Confidential Information. In addition, during his employment with the Company or the Group and subsequently, Executive agrees to meet with Company personnel and, based on knowledge or insights he gained during his employment with the Company and the Group, answer any question they may have related to the Company or the Group as reasonably requested.

(e) Intellectual Property. Intellectual property (including such things as all ideas, concepts, inventions, plans, developments, software, data, configurations, materials (whether written or machine-readable), designs, drawings, illustrations, and photographs, that may be protectable, in whole or in part, under any patent, copyright, trademark, trade secret, or other intellectual property law), developed, created, conceived, made, or reduced to practice during Executive's employment with the Company (except intellectual property that has no relation to the Group or any Group customer that Executive developed, etc., purely on his own time and at his own expense), shall be the sole and exclusive property of the Company, and Executive does now assign all rights, title, and interest in any such intellectual property to the Company.

(f) Enforcement of This Section. This Section 5 shall survive the termination of this Agreement or Executive's employment for any reason. Executive acknowledges that: (a) this section's terms are reasonable and necessary to protect the Company's legitimate interests; (b) this section's restrictions will not prevent him from earning or seeking a livelihood; (c) this section's restrictions shall apply wherever permitted by law; and (d) the violation of any of this section's terms would irreparably harm the Company. Accordingly, Executive agrees that, if he violates any of the provisions of this section, the Company or any Group member shall be entitled to, in addition to other remedies available to it, an injunction to be issued by any court of competent jurisdiction restraining Executive from committing or continuing any such violation, without the need to prove the inadequacy of money damages or post any bond or for any other undertaking.

6. CONFLICT OF INTEREST. In keeping with Executive's fiduciary duties to the Company, Executive agrees that while employed by the Company he shall not, acting alone or in conjunction with others, directly or indirectly, become involved in a conflict of interest or, upon discovery thereof, allow such a conflict to continue. Moreover, Executive agrees that he shall immediately disclose to the Company any facts that might involve any reasonable possibility of a conflict of interest. It is agreed that any direct or indirect interest, connection with or benefit from any outside activities, where such interest might in any way adversely affect the Company, involves a possible conflict of interest. Circumstances in which a conflict of interest on the part of Executive might arise, and which must be reported immediately by Executive to the Company, include, but are not limited to, the following:

(a) ownership of a material interest in any supplier, contractor, subcontractor, customer, or other entity with which the Company does business;

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(b) acting in any capacity, including director, officer, partner, consultant, employee, distributor, agent, or the like for a supplier, contractor, subcontractor, customer, or other entity with which the Company does business;

(c) accepting, directly or indirectly, payment, service, or loans from a supplier, contractor, subcontractor, customer, or other entity with which the Company does business, including, but not limited to, gifts, trips, entertainment, or other favors of more than a nominal value;

(d) misuse of the Company's information or facilities to which Executive has access in a manner which will be detrimental to the Company's interest, such as utilization for Executive's own benefit of know-how, inventions, or information developed through the Company's business activities;

(e) disclosure or other misuse of Confidential Information of any kind obtained through Executive's connection with the Company;

(f) appropriation by Executive or the diversion to others, directly or indirectly, of any business opportunity in which it is known or could reasonably be anticipated that the Company would be interested; and

(g) ownership, directly or indirectly, of a material interest in an enterprise in competition with the Company, or acting as an owner, director, principal, officer, partner, consultant, employee, agent, servant, or otherwise of any enterprise which is in competition with the Company.

7. ARBITRATION OF DISPUTES. Except as expressly prohibited by law and except for the Company's right to seek injunctive relief as set forth in Section 5(f), all disputes between the Company and Executive ("Arbitratable Disputes"), including disputes under Section 3 and Section 4, are to be resolved by final and binding arbitration in accordance with this Section 7. This section shall remain in effect after the termination of this Agreement or Executive's employment.

(a) Scope of Agreement. This arbitration agreement applies to, among other things, disputes concerning Executive's employment with or termination from the Company; the validity, interpretation, enforceability or effect of this Agreement or alleged violations of it; claims of discrimination under federal or state law; or other statutory or common law claims.

(b) The Arbitration. The arbitration shall take place under the auspices of the American Arbitration Association ("AAA") in its office nearest to the location where Executive last worked for the Company and conducted in accordance with the AAA's National Rules for the Resolution of Employment Disputes then in effect before an experienced employment law arbitrator licensed to practice law in that jurisdiction who has been selected in accordance with such rules. The arbitrator may not modify or change this Agreement in any way except as expressly set forth herein. The arbitration shall be governed by the substantive law of Colorado (excluding where it mandates the use of another jurisdiction's laws).

(c) Fees and Expenses. Regardless of which party initiates the arbitration, the Company shall pay that portion of the initial filing fee that exceeds the filing fee for commencing an action in a state or federal court in Colorado, after which each party shall pay the fees of their attorneys, the expenses of its witnesses, and any other costs and expenses that the party incurs in connection with the arbitration. All other costs of the arbitration, including the fees of the arbitrator, the cost of any record or transcript of the arbitration, administrative fees and other fees and costs shall be paid one-half by the Company and one-half by the Executive. Notwithstanding the foregoing, the arbitrator may, in his or her discretion, award reasonable attorney's fees (in addition to any other damages, expenses or relief awarded) to the prevailing party.

(d) Exclusive Remedy. The arbitration in this manner shall be the exclusive remedy for any Arbitratable Dispute.

(e) Judicial Enforcement. Nothing in this Section 7 shall preclude any party to this agreement from seeking judicial enforcement of an arbitrator's award. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

8. CODE SECTION 280G.

(a) Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to Executive or for Executive's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Code Section 280G and would, but for this Section 8 be subject to the excise tax imposed under Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(b) To the extent the Covered Payments must be reduced pursuant to Section 8(a) above, the Covered Payments shall be reduced in a manner that maximizes Executive's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

(c) Any determination required under this Section 8 shall be made in writing in good faith by an independent accounting firm selected by the Company that is reasonably acceptable to Executive (the "Accountants"), which shall provide detailed supporting calculations to the Company and Executive as requested by the Company or Executive. The Company and Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. For purposes of making the calculations and determinations required by this Section 8, the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Code Sections 280G and 4999. The Accountants' determinations shall be final and binding on the Company and Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 8.

(d) Notwithstanding the provisions of the Plan, equity awards under Section 3(c) and any other payments payable to Executive under this or any other Agreement upon or related to a Change of Control (as defined in the Plan, and as modified herein) that are considered to be “excess parachute payments” under Section 280G of the United States Internal Revenue Code of 1986 (the “Code”) will not be subject to the 280G “cut-back” provisions set forth in Section 14(d) of the Plan shall not apply to Executive.

9. AMENDMENT. No provisions of this Agreement may be modified, waived or discharged except by a written document signed by a duly authorized Company officer and Executive. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time in the future.

10. NOTICES. For all purposes of this Agreement, all communications, including but not limited to notices, consents, request or approvals, required, permitted, or which may be given hereunder shall be in writing and either delivered personally to an officer of the addressee or mailed to those addresses provided on the signature page below, by certified or registered mail, postage prepaid, by facsimile transmission or electronic mail (with receipt confirmed) and shall be deemed given (i) when so delivered personally; (ii) if mailed, five (5) days after the time of mailing; or (iii) if faxed or sent by electronic mail, twenty four (24) hours after the confirmed transmission of the fax or electronic mail.

11. CHOICE OF LAW. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Colorado (excluding any that mandate the use of another jurisdiction's laws).

12. SUCCESSORS. This Agreement shall be binding upon, and shall inure to the benefit of, Executive and his estate, but Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which he participates. Without Executive's consent, the Company may assign this Agreement to any affiliate or to a successor to substantially all the business and assets of the Company.

13. TAXES. The Company shall withhold taxes from payments it makes pursuant to this Agreement as it reasonably determines to be required by applicable law.

14. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

16. HEADINGS. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

17. GENDER AND PLURALS. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

18. ENTIRE AGREEMENT. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement and the Stock Award Agreement. All other prior written or oral employment or equity award agreements between Executive and the Company are declared null and void, and have no further effect.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement through their duly authorized representatives as of the Effective Date set forth above.

"COMPANY"

SMOOTHIE INC.,
a Colorado corporation

By**:** */s/ Riccardo Delle Coste*
Name: Riccardo Delle Coste
Title: Chief Executive Officer

"EXECUTIVE"

/s/ Joe Cugine
JOE CUGINE

ANNEX A – General Release of Claims

GENERAL RELEASE AGREEMENT

This General Release Agreement (the "**Agreement**") is entered into by and between Barfresh Food Group, Inc., a Delaware corporation (the "**Company**"), and Joe Cugine ("**Executive**").

WHEREAS, the Company and Executive are parties to an Employment Agreement ("**Employment Agreement**") entered into on April __, 2015, whereby Executive is entitled to certain severance benefits from Company in exchange for executing this Agreement;

WHEREAS, Executive's employment with Company [will terminate][terminated] effective [DATE] ("**Termination Date**"), pursuant to Section [INSERT SECTION] of the Employment Agreement;

WHEREAS, the parties desire to settle all claims and issues arising out of or in any way related to the acts, transactions or occurrences between Executive and the Company to date;

WHEREFORE, in consideration of the promises and the mutual covenants set forth below, the parties agree as follows:

1. Consideration. In consideration for executing this Agreement and in exchange for the promises, covenants, releases and waivers herein, provided that Executive has not revoked the Agreement as set forth below, the Company will provide Executive with the severance payments and/or benefits described in Section [INSERT SECTION] of the Employment Agreement. The severance payments and/or benefits described in Section [INSERT SECTION] shall commence or be paid, as applicable, on the first payroll period following the "Release Effective Date" (as defined below), and the first payment shall include all payments that would have been made from the Termination Date. In addition, Executive shall be reimbursed for (i) any remaining charges for Company expenses on Executive's personal credit cards incurred prior to the Termination Date and (ii) any outstanding and unpaid business expenses incurred by the Executive through the Termination Date, in each case in accordance with Company policy. Executive understands and agrees that the severance payments and/or benefits are in addition to anything of value to which Executive is otherwise entitled from the Company if she does not execute this Agreement.

2. Tax Treatment. All payments and benefits provided to Executive pursuant to Paragraph 1 of this Agreement are subject to any applicable employment or tax withholdings or deductions. In addition, the parties hereby agree that it is their intention that all payments or benefits provided under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and this Agreement shall be interpreted accordingly. In no event shall the timing of the Executive's execution of this Agreement, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Agreement could be made in more than one taxable year, payment shall be made in the later taxable year. Notwithstanding the foregoing, the Company does not guarantee the tax treatment of any payments or benefits under this Agreement, including, without limitation, under the Code, federal, state or local laws.

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3. Releases.

(a) In consideration for the consideration described above, to which Executive is not otherwise entitled, as a full and final settlement, Executive, for Executive and Executive's heirs, executors, administrators, successors and assigns, hereby releases and forever discharges the Company, its current and former parents, direct or indirect equity holders, subsidiaries, affiliated or related entities and their respective officers and directors (hereinafter collectively referred to as "**Releasees**") from all causes of action, claims, charges, complaints, liabilities, obligations, promises, covenants, agreements, contracts, suits, judgments, damages, or demands, in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, which Executive ever had or now has regarding any matter arising on or before the date of Executive's execution of this Agreement including those arising directly or indirectly out of or in any way connected with Executive's employment with the Company, including, but not limited to, claims relating to Executive's employment, or termination thereof, discrimination based upon race, color, age, sex, sexual orientation, age, marital status, religion, national origin, handicap, disability, or any other protected category, or retaliation, any contracts (express or implied), any claim for or involving equitable relief or recovery of punitive, compensatory, or other damages or monies, wages, vacation pay, employee fringe benefits, attorneys' fees, libel, slander, and any other tort. Executive understands and agrees that this Release includes any claim that could arise under Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Act; the Civil Rights Act of 1866; the Equal Pay Act; the Pregnancy Discrimination Act; the Americans With Disabilities Act of 1990; 42 U.S.C. § 1981; the Employee Retirement Income Security Act of 1974; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1991; the Worker Adjustment and Retraining Notification Act of 1988; the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act, the False Claims Act; the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. § 1514A, also known as the Sarbanes Oxley Act; any claim under the Colorado Anti-Discrimination Act; the California Labor Code (including the California Private Attorney General Act), California Business & Professions Code, California Wage Orders, City of Los Angeles Living Wage Ordinance; and any other federal, state or local laws, rules or regulations, whether equal employment opportunity laws, rules or regulations or otherwise, or any right under any pension, welfare, or equity plans.

(b) Executive acknowledges reading and understanding the meaning and effect of section 1542 of the California Civil Code which in its entirety states:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the creditor.

Executive waives and relinquishes any right or benefit that Executive may have under section 1542 of the California Civil Code and understands that by signing this Release, Executive is giving up claims that Executive may not presently know or suspect to exist.

(c) Notwithstanding the broad scope of this release, this release is not intended to bar (i) any claims that, as a matter of law, whether by statute or otherwise, may not be waived, such as claims for workers' compensation benefits or unemployment insurance benefits, (ii) any claims with respect to indemnification under the Company's by-laws, charter or any other operative agreements or with respect to coverage arising under any D&O policy in effect, (iii) any claims by the Executive for any matter arising under this Agreement or (iv) any claims by the Executive in his capacity as a shareholder of the Company or with respect to any equity interest he may own or control in the Company. Nothing in this Agreement is intended to interfere with Executive's right to file a charge or participate in an administrative investigation or proceeding; *provided, however*, that Executive expressly releases and waives her right to recovery of any type in any administrative or court action, whether local, state or federal, and whether brought by her or on her behalf, related in any way to the matters released herein.

(d) By signing this Agreement and accepting the consideration described in Paragraph 1, Executive understands and acknowledges that Executive is waiving any right to sue the Releasees for any claims released by this Agreement.

(e) The Company for itself and its current and former parents, direct or indirect equity holders, members, subsidiaries, affiliated or related entities and their respective members, shareholders, officers, directors, successors and assigns (collectively, the "**Company Releasors**") hereby release and forever discharge the Executive from all causes of action, claims, charges, complaints, liabilities, obligations, promises, covenants, agreements, contracts, suits, judgments, damages, or demands, in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, which the Company Releasors ever had or now have regarding any matter relating to Executive's employment with or equity interest in the Company arising on or before the date of Executive's execution of this Agreement including, but not limited to, any claim for or involving equitable relief or recovery of punitive, compensatory, or other damages or monies, attorneys' fees, libel, slander, and any other tort; *provided*, *that*, the foregoing release by the Company Releasors is not intended to and does not bar any claims by the Company Releasors for any matters arising (i) under this Agreement or the Termination Agreement, (ii) from events, acts or omissions occurring after the parties' execution of this Agreement; or (iii) from any acts of Executive involving criminal activity or fraud.

4. Non-Admission Clause. This Agreement does not constitute an admission by the Company or Executive (or any Releasee or Company Releasor) of a violation of any federal, state, or local law, statute, rule or regulation or any common law right.

5. Representations. By Executive's signature below, Executive represents that: (i) Executive is not aware of any unpaid wages, vacation, bonuses, expense reimbursements or other amounts owed to Executive by the Company, other than that specifically provided for in this Agreement; and (ii) Executive has not filed any charge or claim or initiated any proceedings against any of the Releasees in any forum or with any municipal, state or federal agency charged with the enforcement of any law.

6. Confidentiality of this Agreement. Except as provided by law, Executive and the Company shall keep the existence and terms of this Agreement confidential and shall not disclose to any third party, except in the case of the Executive, to the Executive's immediate family, tax and legal advisors and as required by law, and except in the case of the Company, in connection with the Company's disclosure obligations to its tax, accounting and legal advisors, to any officer, director, manager or employee with a business need to know, and as required by law.

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7. Non-Disparagement/Statements. Executive covenants and agrees that he will not make any disparaging or derogatory comments about the business or reputation of the Releasees, except where the making of any truthful statements may be required by law or is necessary to enforce his rights under this Agreement. The Company covenants and agrees that it shall not, and the management employees of the Company shall be instructed not to, make any disparaging or derogatory comments concerning the Executive, except where the making of any truthful statements may be required by law or necessary to enforce its rights under this Agreement.

8. Governing Law. The construction, interpretation and performance of this Agreement shall be governed by the laws of the State of Colorado, without regard to its conflicts of law provisions. Executive agrees to and hereby consents and waives any objection to the exclusive jurisdiction of any and all state and federal courts located in the State of Colorado in connection with any proceeding concerning this Agreement.

9. Headings. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision hereof.

10. Severability. If any provision or portion thereof contained in this Agreement is held to be invalid or unenforceable, the remainder of this Agreement will be considered severable, shall not be affected and shall remain in full force and effect. Specifically, the invalidity of any such provision shall have no effect upon, and shall not impair the enforceability of the release language set forth in Paragraph 3.

11. Binding on Successors. The parties agree that this Agreement shall be binding on, and inure to the benefit of, Executive's and the Company's respective successors, heirs and/or assigns.

12. Entire Agreement; Counterparts. This Agreement constitutes the entire agreement between Executive and the Company on the subject matter herein and supersedes and cancels any prior written and oral agreements between Executive and the Company regarding such subject matter, except the surviving provisions of the Employment Agreement. No amendment of this Agreement or waiver of any of its provisions shall be effective unless agreed to in writing by Executive and the Company. This Agreement may be executed in two or more counterparts, which when taken together, shall constitute an original agreement. Executed originals transmitted by electronically as PDF files (or their equivalent) shall have the same force and effect as a signed original. Unless otherwise defined herein, capitalized terms have the meaning set forth in the Employment Agreement.

13. Acknowledgments: Without detracting in any respect from any other provision of this Agreement, Executive acknowledges and agrees that:

(a) this Agreement constitutes a knowing and voluntary waiver of all rights or claims Executive has or may have against Releasees as set forth herein, including any claims under the Age Discrimination in Employment Act; and Executive has no physical or mental impairment of any kind that has interfered with Executive's ability to read and understand the meaning of this Agreement or its terms, and that Executive is not acting under the influence of any medication or mind-altering chemical of any type in entering into this Agreement;

(b) by entering into this Agreement, Executive does not waive rights or claims that may arise after the date of Executive's execution of this Agreement, including without limitation any rights or claims that Executive may have to secure enforcement of the terms and conditions of this Agreement;

(c) the consideration provided to Executive under this Agreement is in addition to anything of value to which Executive is already entitled;

(d) Executive is advised to consult with an attorney regarding this Agreement; and

(e) Executive was informed that Executive had at least twenty-one (21) days in which to review and consider this Agreement, and to consult with an attorney regarding the terms and effect of this Agreement.

14. Right to Revoke. Executive may revoke this Agreement within seven (7) days from the date Executive signs this Agreement, in which case this Agreement shall be null and void and of no force or effect on either the Company or Executive. Any revocation must be in writing and received by the undersigned by 5:00 p.m. on or before the seventh day after this Agreement is executed by Executive. For purposes of this Agreement, the "**Release Effective Date**" shall be the eighth (8^{th}) day following the Termination Date, so long as the Executive has not revoked this Agreement in a timely manner prior to such date.

[Signature Page Follows]

Sincerely,

Barfresh
Food
Group
Inc.

By:
Name:
Title:

EXECUTIVE EXPRESSLY ACKNOWLEDGES, REPRESENTS, AND WARRANTS THAT EXECUTIVE HAS READ THIS AGREEMENT CAREFULLY; THAT EXECUTIVE FULLY UNDERSTANDS THE TERMS, CONDITIONS, AND SIGNIFICANCE OF THIS AGREEMENT; THAT THE COMPANY HAS ADVISED EXECUTIVE TO CONSULT WITH AN ATTORNEY CONCERNING THIS AGREEMENT; THAT EXECUTIVE UNDERSTANDS THAT THIS AGREEMENT HAS BINDING LEGAL EFFECT; AND THAT EXECUTIVE HAS EXECUTED THIS AGREEMENT FREELY, KNOWINGLY AND VOLUNTARILY.

PLEASE READ CAREFULLY. THIS AGREEMENT HAS IMPORTANT LEGAL CONSEQUENCES.

Joe
Cugine

Date:

Exhibit 10.13

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made as of May 18, 2015, by and between Barfresh Food Group, Inc., a Delaware corporation (the "Company") and Joseph S. Tesoriero, an individual (the "Executive").

RECITALS

WHEREAS*, Company desires to employ Executive on the terms set forth in this Agreement; and*

WHEREAS*, Executive desires to be employed by the Company on the terms set forth in this Agreement.*

NOW, THEREFORE*, for good and valuable consideration of the mutual benefits and obligations set forth in this agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:*

AGREEMENT

1. TERM OF EMPLOYMENT/AT-WILL EMPLOYMENT. Executive's employment under this Agreement shall commence on May 18, 2015 (the "Effective Date") and continue until terminated as provided hereunder (the "Term"). Executive and the Company agree that Executives employment with the Company constitutes at-will employment.

2. NATURE OF DUTIES. During the Term, Executive shall serve as the Chief Financial Officer of the Company. Executive's duties shall be performed at the Company's headquarters located in Beverly Hills, California. As such, Executive shall devote his full business time and effort to the performance of his duties for the Company, which he shall perform faithfully and to the best of his ability. Executive shall have all of the customary powers and duties associated with his position. Executive shall be subject to the Company's policies, procedures and approval practices, as generally in effect from time to time for all employees of the Company. Executive will report to the Company's Chief Executive Officer.

3. COMPENSATION AND RELATED MATTERS.

(a) Base Salary. During the Term, Executive shall receive an annual base salary ("Base Salary") at the rate of $250,000, subject to a 5% annual increase. The term "Base Salary" as used in this Agreement shall mean, at any point in time, Executive's annual base salary at such time. The Base Salary shall be payable in substantially equal semi-monthly installments and shall in no way limit or reduce the obligations of the Company hereunder.

(b) Performance Bonuses. In addition to the Base Salary, Executive shall receive (i) a bonus equal to 50% of Executive's Base Salary for that calendar year, based on targets determined by the board of directors of the Company, which amount will be paid no later than March 15 of the following year; and (ii) a bonus equal to 25% of Executive's Base Salary for that calendar year, based on targets determined by the board of directors of the Company, which amount will be paid in three (3) equal annual installments commencing March 15 of the following year ((i) and (ii) collectively "Performance Bonuses"). Performance targets for the 2015 calendar year shall be established within 90 days of the Effective Date; performance targets for subsequent years shall be established by March 31, 2015 of each subsequent year.

(c) Incentive Compensation. In addition to Base Salary and Performance Bonuses, Executive is eligible to receive incentive compensation in accordance with the Company's 2015 Equity Incentive Plan ("Plan") and the following specific awards shall be granted on the Effective Date:

(i) Restricted Share Grant. On the Effective Date, the Company shall issue to Executive 350,000 shares of unregistered common stock of the Company, which shall vest (become non-forfeitable) as to 50% of the award on the second anniversary of the Effective Date, and as to the remaining 50% of the award on the third anniversary of the Effective Date (the "BRFH Shares").

(ii) Stock Option Grant. On the Effective Date, Executive shall receive an option to purchase 500,000 BRFH Shares at an exercise price ("BRFH Options") at an exercise price based on the closing price of the common stock on the Effective Date, vesting as follows: 250,000 BRFH Options shall vest on each of the second and third anniversaries of the Effective Date during Executive's continued employment by the Company pursuant to this Agreement. BRFH Options shall have a term of 8 years from the date of grant.

(iii) Performance Options. In addition to the BRFH Shares and BRFH Options, Executive shall receive additional "Performance Options" to purchase BRFH Shares on an annual basis on the anniversary of the Effective Date, as follows:

(1) an option to purchase 175,000 BRFH Shares at an exercise price equal to the closing bid price on the date of the grant, which will vest in equal increments on each of the first, second and third anniversaries of the date of grant; and

(2) an option to purchase up to 175,000 additional BRFH Shares at an exercise price equal to the closing bid price on the date of the grant, the actual number of options available for exercise will be determined based on targets reasonably determined by the board of directors of the Company (the "Board"), with performance targets established within 90 days of the date of grant to allow incremental vesting on each of the first, second and third anniversaries of the date of grant.

Performance Options shall have a term of 8 years from the date of grant.

Notwithstanding anything contained herein to the contrary, all BRFH Shares, BRFH Options and Performance Options that have been granted shall vest immediately upon a Change of Control, as defined in the Plan. For clarity and notwithstanding anything else provided in this Agreement, vesting of BRFH Shares, BRFH Options and Performance Options that have been granted shall not accelerate other than upon a Change of Control, as defined in the Plan, and "Discharge Other Than for Cause" subject to Section 4(c) below.

(d) Expenses. Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him during the Term (in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers) in performing services hereunder, provided that Executive properly accounts therefore in accordance with Company policy.

(e) Other Benefits. Executive shall be entitled to participate in or receive benefits generally made available to the employees of the Company (401(k), etc.) or as explicitly provided hereunder. Any other benefits must be agreed to in writing by the Chief Executive Officer of BRFH.

(f) Vacations. Commencing 90 days after the Effective Date, Executive shall be entitled to 15 days paid vacation in each calendar year, pro-rated for any partial year. Executive may only accrue up to 26 days of paid vacation at any time.

4. TERMINATION.

(a) Discharge for Cause. The Company may terminate Executive's employment at any time if it believes in good faith that it has Cause to terminate his employment. As used herein, "Cause" means (i) Executive's conviction in any court of competent jurisdiction of an act of fraud or dishonesty, the purpose or effect of which materially and adversely affects the Group, (ii) Executive's failure or refusal to attempt in good faith to perform his job duties under this Agreement or to follow the reasonable directions of the Board (other than by reason of physical or mental illness, injury, or condition); provided however, in each instance Executive must be provided notice from the Board of his failure to do so and an opportunity to cure such breach within 10 business days or such longer time as prescribed in the written notice or reasonably required to cure any such breach, and/or (iii) Executive becoming barred or prohibited by any governmental or regulatory agency from holding his position with the Company or fulfilling his duties hereunder or subjecting the Company to "bad actor disqualification" under Rule 506(d) of the Securities Act of 1933. Upon Executive's discharge for Cause, the Company shall pay to Executive any unpaid accrued Base Salary, Performance Bonuses, expense reimbursements and vacation days, and all of Executive's BRFH Options and Performance Options shall terminate; provided however, in exchange for execution of a release by Executive, Executive shall have a period of 90 days from the date of termination to exercise any vested BRFH Options and Performance Options.

(b) Termination for Disability. Except as prohibited by applicable law and, if required by applicable law, subject to the Company providing Executive with reasonable accommodations, the Company may terminate Executive's employment on account of Disability. "Disability" means a physical or mental illness, injury, or condition that prevents Executive from performing substantially all of his duties under this Agreement for at least 30 consecutive calendar days or for at least 45 calendar days, whether or not consecutive, in any 365 calendar day period. If Company terminates Executive due to a Disability, Company shall pay Executive any unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment; provided however, in exchange for Executive's execution of a release in accordance with Section 4(g), Executive's Base Salary shall be continued for 3 months after the date of termination and all of Executive's vested BRFH Options and vested Performance Options shall be exercisable for a period of 90 days from the date of termination.

(c) Discharge Other Than for Cause. The Company may terminate Executive's employment at any time for any reason, and without advance notice. If the Company discharges Executive other than for Cause, the Company shall pay to Executive any accrued unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment, and Executive's BRFH Options and Performance Options shall terminate; provided however, in exchange for Executive's execution of a release in accordance with Section 4(g), Executive shall be entitled to the following special benefits: (A) continuation of executive's Base Salary for a period of 6 months after termination; (B) all of Executive's BRFH Shares shall immediately vest; (C) all of Executive's outstanding BRFH Options shall immediately vest and become exercisable for a period of 90 date from the date of termination; and (D)

all of Executive's outstanding Performance Options shall immediately vest and become exercisable for a period of 90 date from the date of termination.

(d) Resignation. Executive promises not to resign his employment without giving the Company at least 60 days' advance written notice. If Executive resigns, for no reason or for any reason, the Company may accept his resignation effective on the date set forth in his notice or the date of the Company's receipt of his notice. Upon Executive's resignation, the Company shall pay Executive any unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment. Executive's BRFH Options and Performance Options shall terminate; provided however, in exchange for 60 days' advance written notice of Executive's resignation and Executive's execution of a release in accordance with Section 4(g), Executive shall be entitled to the following special benefits: Executive shall have a period of 90 days from the date of termination to exercise any vested BRFH Options and vested Performance Options, pursuant to the terms of the Plan.

(e) Death. If Executive dies, the Company shall pay to Executive any accrued unpaid Base Salary, Performance Bonuses, expense reimbursements and vacation days accrued prior to termination of employment, and, in exchange for execution of a release by Executive's estate in accordance with Section 4(g), Executive's vested BRFH Options and vested Performance Options shall be exercisable for a period of 90 days from the date of termination by Executive's estate.

(f) Disputes Under This Section. All disputes relating to this Agreement, including disputes relating to this Section 4, shall be resolved by final and binding arbitration under Section 7.

(g) Execution of Release. Executive will only receive special benefits set forth in this Section 4 that are conditioned upon his execution of a general release if Executive signs the form submitted by the Company (substantially in the Form attached hereto as Annex A) within 21 days after his employment ends (or such other time frame set forth in the release) and he does not subsequently properly revoke the release.

(h) Termination of Options. Notwithstanding anything contained herein to the contrary, no BRFH Option or Performance Option is exercisable after expiration of its 8-year term.

5. CONFIDENTIALITY. During the term of Executive's employment, in exchange for his promises to use such information solely for the Company's benefit, the Company will provide Executive with Confidential Information concerning, among other things, its business, operations, customers, vendors, owners, investors, and business partners. "Confidential Information" refers to information not generally known by others in the form in which it is used by the Company, and which gives the Company a competitive advantage over other companies which do not have access to this information, including secret, confidential, or proprietary information or trade secrets of the Company and its subsidiaries and affiliates, conveyed orally or reduced to a tangible form in any medium, including information concerning the operations, future plans, customers, business models, strategies, and business methods of the Company and its subsidiaries and affiliates, as well as information about the Company's customers, clients and business partners and their respective operations and confidential information. "Confidential Information" does not include: (a) information that: (i) Executive knew prior to his employment with the Company or any predecessor company; (ii)

subsequently came into Executive's possession other than through his work for the Company or any predecessor company and not as a result of a breach of any duty owed to the Company; or (iii) is generally known within the relevant industry; or (b) any prior knowledge, information or know-how which Executive legally obtained from a source other than the Company.

(a) Promise Not to Disclose. Executive promises never to use or disclose any Confidential Information before it has become generally known within the relevant industry through no fault of Executive. Notwithstanding this paragraph, Executive may disclose Confidential Information: (i) during his employment for the benefit of the Company; (ii) as required to do so by court order, subpoena, or otherwise as required by law, provided that upon receiving such order, subpoena, or request and prior to disclosure, to the extent permitted by law Executive shall provide written notice to the Company of such order, subpoena, or request and of the content of any testimony or information to be disclosed and shall cooperate fully with the Company to lawfully resist disclosure of the information; and (iii) to an attorney for the purpose of securing professional advice.

(b) Promise Not to Solicit. Executive agrees that, during his employment with the Company and for 12 months after her termination for any reason (together, the "Restricted Period"): (1) Executive will not, on Executive's own behalf or on behalf of any other person, firm, or corporation, call on any of the customers or business partners of the Group, for the purpose of soliciting or providing to any of the customers or business partners smoothies or smoothie-like beverages, and the Executive will not, in any way, directly or indirectly, on Executive's own behalf, or on behalf of any other person, firm, or corporation, solicit, divert, or take away any customer or business partner of the Group; and (2) Executive will not solicit, attempt to solicit, assist others to solicit, hire or assist others to hire for employment any person who is, or within the preceding 6 months was, an officer, manager, employee or consultant of the Company. Executive agrees that the restrictions set forth in this paragraph do not and will not prohibit him from engaging in his livelihood and do not foreclose him working with customers or business partners not identified in this paragraph. Executive further agrees that he will not furnish to or for the benefit of any competitor of the Group, the name of any person who is employed by the Group.

(c) Promise Not to Engage in Certain Employment. Executive agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to the Group, Executive will not, during Restricted Period, engage, directly or indirectly, in any business, enterprise, or employment that is directly competitive with the Group's business of developing, distributing or marketing compounds or technologies for the manufacture and distribution of smoothies, or smoothie-like beverages, in the United States or elsewhere.

(d) Return of Information. When Executive's employment with the Company ends, he will promptly deliver to the Company, or, at its written instruction, destroy, all documents, data, drawings, manuals, letters, notes, reports, electronic mail, recordings, and copies of the same, of or pertaining to it or any other Group member in his possession or control. Notwithstanding the foregoing, Executive may retain his personal effects, files, benefit information, or other property to the extent such materials do not contain any of the Company's Confidential Information. In addition, during his employment with the Company or the Group and subsequently, Executive agrees to meet with Company personnel and, based on knowledge or insights he gained during his employment with the Company and the Group, answer any question they may have related to the Company or the Group as reasonably requested.

(e) Intellectual Property. Intellectual property (including such things as all ideas, concepts, inventions, plans, developments, software, data, configurations, materials (whether written or machine-readable), designs, drawings, illustrations, and photographs, developed, created, conceived, made, or reduced to practice during Executive's employment with the Company (except intellectual property that has no relation to the Group or any Group customer that Executive developed, etc., purely on his own time and at his own expense), shall be the sole and exclusive property of the Company, and Executive does now assign all rights, title, and interest in any such intellectual property to the Company.

(f) Enforcement of This Section. This Section 5 shall survive the termination of this Agreement or Executive's employment for any reason. Executive acknowledges that: (a) this section's terms are reasonable and necessary to protect the Company's legitimate interests; (b) this section's restrictions will not prevent him from earning or seeking a livelihood; (c) this section's restrictions shall apply wherever permitted by law; and (d) the violation of any of this section's terms would irreparably harm the Company. Accordingly, Executive agrees that, if he violates any of the provisions of this section, the Company or any Group member shall be entitled to, in addition to other remedies available to it, an injunction to be issued by any court of competent jurisdiction restraining Executive from committing or continuing any such violation, without the need to prove the inadequacy of money damages or post any bond or for any other undertaking. Executive further agrees and stipulates that the agreements and covenants not to compete contained in Section 5(c) are fair and reasonable in light of all the facts and circumstances of the relationship between Executive and the Company; however, Executive and the Company are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Executive and the Company agree that if a court or arbitrator should decline to enforce the provisions of Section 5(c), Section 5(c) must be considered modified to restrict Executive's competition with the Group to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

6. CONFLICT OF INTEREST. In keeping with Executive's fiduciary duties to the Company, Executive agrees that while employed by the Company he shall not, acting alone or in conjunction with others, directly or indirectly, become involved in a conflict of interest or, upon discovery thereof, allow such a conflict to continue. Moreover, Executive agrees that he shall immediately disclose to the Company any facts that might involve any reasonable possibility of a conflict of interest. It is agreed that any direct or indirect interest, connection with or benefit from any outside activities, where such interest might in any way adversely affect the Company, involves a possible conflict of interest. Circumstances in which a conflict of interest on the part of Executive might arise, and which must be reported immediately by Executive to the Company, include, but are not limited to, the following:

(a) ownership of a material interest in any supplier, contractor, subcontractor, customer, or other entity with which the Company does business;

(b) acting in any capacity, including director, officer, partner, consultant, employee, distributor, agent, or the like for a supplier, contractor, subcontractor, customer, or other entity with which the Company does business;

(c) accepting, directly or indirectly, payment, service, or loans from a supplier, contractor, subcontractor, customer, or other entity with which the Company does business, including, but not limited to, gifts, trips, entertainment, or other favors of more than a nominal value;

(d) misuse of the Company's information or facilities to which Executive has access in a manner which will be detrimental to the Company's interest, such as utilization for Executive's own benefit of know-how, inventions, or information developed through the Company's business activities;

(e) disclosure or other misuse of Confidential Information of any kind obtained through Executive's connection with the Company;

(f) appropriation by Executive or the diversion to others, directly or indirectly, of any business opportunity in which it is known or could reasonably be anticipated that the Company would be interested; and

(g) ownership, directly or indirectly, of a material interest in an enterprise in competition with the Company, or acting as an owner, director, principal, officer, partner, consultant, employee, agent, servant, or otherwise of any enterprise which is in competition with the Company.

7. ARBITRATION OF DISPUTES. Except as expressly prohibited by law and except for the Company's right to seek injunctive relief as set forth in Section 5 (f), all disputes between the Company and Executive ("Arbitratable Disputes"), including disputes under Section 3 and Section 4, are to be resolved by final and binding arbitration in accordance with this Section 7. This section shall remain in effect after the termination of this Agreement or Executive's employment.

(a) Scope of Agreement. This arbitration agreement applies to, among other things, disputes concerning Executive's employment with or termination from the Company; the validity, interpretation, enforceability or effect of this Agreement or alleged violations of it; claims of discrimination under federal or state law; or other statutory or common law claims.

(b) The Arbitration. The arbitration shall take place under the auspices of the American Arbitration Association ("AAA") in one of its offices located in Los Angeles County, California and conducted in accordance with the AAA's National Rules for the Resolution of Employment Disputes then in effect before an experienced employment law arbitrator licensed to practice law in that jurisdiction who has been selected in accordance with such rules. The arbitrator may not modify or change this Agreement in any way except as expressly set forth herein. The arbitration shall be governed by the substantive law of California (excluding where it mandates the use of another jurisdiction's laws).

(c) Fees and Expenses. Regardless of which party initiates the arbitration, the Company shall pay that portion of the initial filing fee that exceeds the filing fee for commencing an action in a state or federal court in California, after which each party shall pay the fees of their attorneys, the expenses of its witnesses, and any other costs and expenses that the party incurs in connection with the arbitration. All other costs of the arbitration, including the fees of the arbitrator, the cost of any record or transcript of the arbitration, administrative fees and other fees and costs shall be paid one-half by the Company and one-half by the Executive. Notwithstanding the foregoing, the arbitrator may, in his or her discretion, award reasonable attorney's fees (in addition to any other damages, expenses or relief awarded) to the prevailing party.

(d) Exclusive Remedy. The arbitration in this manner shall be the exclusive remedy for any Arbitratable Dispute.

(e) Judicial Enforcement. Nothing in this Section 7 shall preclude any party to this agreement from seeking judicial enforcement of an arbitrator's award. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

8. CODE SECTION 280G.

(a) Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to Executive or for Executive's benefit pursuant to the terms of this Agreement or otherwise ("**Covered Payments**") constitute parachute payments ("**Parachute Payments**") within the meaning of Code Section 280G and would, but for this Section 8 be subject to the excise tax imposed under Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "**Excise Tax**"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "**Reduced Amount**"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(b) To the extent the Covered Payments must be reduced pursuant to Section 8(a) above, the Covered Payments shall be reduced in a manner that maximizes Executive's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

(c) Any determination required under this Section 8 shall be made in writing in good faith by an independent accounting firm selected by the Company that is reasonably acceptable to Executive (the "**Accountants**"), which shall provide detailed supporting calculations to the Company and Executive as requested by the Company or Executive. The Company and Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. For purposes of making the calculations and determinations required by this Section 8, the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Code Sections 280G and 4999. The Accountants' determinations shall be final and binding on the Company and Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 8.

(d) Notwithstanding the provisions of the Plan, equity awards under Section 3(c) and any other payments payable to Executive under this or any other Agreement upon or related to a Change of Control (as defined in the Plan, and as modified herein) that are considered to be "excess parachute payments" under Section 280G of the United States Internal Revenue Code of 1986 (the "Code") will not be subject to the 280G "cut-back" provisions set forth in Section 14(d) of the Plan shall not apply to Executive.

9. AMENDMENT. No provisions of this Agreement may be modified, waived or discharged except by a written document signed by a duly authorized Company officer and Executive. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time in the future.

10. NOTICES. For all purposes of this Agreement, all communications, including but not limited to notices, consents, request or approvals, required, permitted, or which may be given hereunder shall be in writing and either delivered personally to an officer of the addressee or mailed to those addresses provided on the signature page below, by certified or registered mail, postage prepaid, by facsimile transmission or electronic mail (with receipt confirmed) and shall be deemed given (i) when so delivered personally; (ii) if mailed, five (5) days after the time of mailing; or (iii) if faxed or sent by electronic mail, twenty four (24) hours after the confirmed transmission of the fax or electronic mail.

11. CHOICE OF LAW. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of California (excluding any that mandate the use of another jurisdiction's laws).

12. SUCCESSORS. This Agreement shall be binding upon, and shall inure to the benefit of, Executive and his estate, but Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which he participates. Without Executive's consent, the Company may assign this Agreement to any affiliate or to a successor to substantially all the business and assets of the Company.

13. TAXES. The Company shall withhold taxes from payments it makes pursuant to this Agreement as it reasonably determines to be required by applicable law.

14. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

16. HEADINGS. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

17. GENDER AND PLURALS. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

18. ENTIRE AGREEMENT. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement. All prior written employment agreements between Executive and the Company are declared null and void, and have no further effect.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement through their duly authorized representatives as of the Effective Date set forth above.

"COMPANY"		**"EXECUTIVE"**
BARFRESH FOOD GROUP INC., a Delaware corporation		
By:	*<u>/s/ Riccardo Delle Coste</u>*	***<u>/s/ JOSEPH S. TESORIERO</u>***
Name:	Riccardo Delle Coste	**JOSEPH S. TESORIERO**
Title:	Chief Executive Officer	

ANNEX A – General Release of Claims

GENERAL RELEASE AGREEMENT

This General Release Agreement (the "**Agreement**") is entered into by and between Barfresh Food Group, Inc., a Delaware corporation (the "**Company**"), and Joseph S. Tesoriero ("**Executive**").

WHEREAS, the Company and Executive are parties to an Employment Agreement ("**Employment Agreement**") entered into on May __, 2015, whereby Executive is entitled to certain severance benefits from Company in exchange for executing this Agreement;

WHEREAS, Executive's employment with Company [will terminate][terminated] effective [DATE] ("**Termination Date**"), pursuant to Section [INSERT SECTION] of the Employment Agreement;

WHEREAS, the parties desire to settle all claims and issues arising out of or in any way related to the acts, transactions or occurrences between Executive and the Company to date;

WHEREFORE, in consideration of the promises and the mutual covenants set forth below, the parties agree as follows:

1. Consideration. In consideration for executing this Agreement and in exchange for the promises, covenants, releases and waivers herein, provided that Executive has not revoked the Agreement as set forth below, the Company will provide Executive with the severance payments and/or benefits described in Section [INSERT SECTION] of the Employment Agreement. The severance payments and/or benefits described in Section [INSERT SECTION] shall commence or be paid, as applicable, on the first payroll period following the "Release Effective Date" (as defined below), and the first payment shall include all payments that would have been made from the Termination Date. In addition, Executive shall be reimbursed for (i) any remaining charges for Company expenses on Executive's personal credit cards incurred prior to the Termination Date and (ii) any outstanding and unpaid business expenses incurred by the Executive through the Termination Date, in each case in accordance with Company policy. Executive understands and agrees that the severance payments and/or benefits are in addition to anything of value to which Executive is otherwise entitled from the Company if she does not execute this Agreement.

2. Tax Treatment. All payments and benefits provided to Executive pursuant to Paragraph 1 of this Agreement are subject to any applicable employment or tax withholdings or deductions. In addition, the parties hereby agree that it is their intention that all payments or benefits provided under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and this Agreement shall be interpreted accordingly. In no event shall the timing of the Executive's execution of this Agreement, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Agreement could be made in more than one taxable year, at the option of Executive, payment shall be made in the later taxable year. Notwithstanding the foregoing, the Company does not guarantee the tax treatment of any payments or benefits under this Agreement, including, without limitation, under the Code, federal, state or local laws.

3. Releases.

In consideration for the consideration described above, to which Executive is not otherwise entitled, as a full and final settlement, Executive, for Executive and Executive's heirs, executors, administrators, successors and assigns, hereby releases and forever discharges the Company, its current and former parents, direct or indirect equity holders, subsidiaries, affiliated or related entities and their respective officers and directors (hereinafter collectively referred to as "**Releasees**") from all causes of action, claims, charges, complaints, liabilities, obligations, promises, covenants, agreements, contracts, suits, judgments, damages, or demands, in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, which Executive ever had or now has regarding any matter arising on or before the date of Executive's execution of this Agreement including those arising directly or indirectly out of or in any way connected with Executive's employment with the Company, including, but not limited to, claims relating to Executive's employment, or termination thereof, discrimination based upon race, color, age, sex, sexual orientation, age, marital status, religion, national origin, handicap, disability, or any other protected category, or retaliation, any contracts (express or implied), any claim for or involving equitable relief or

(a) recovery of punitive, compensatory, or other damages or monies, wages, vacation pay, employee fringe benefits, attorneys' fees, libel, slander, and any other tort. Executive understands and agrees that this Release includes any claim that could arise under Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Act; the Civil Rights Act of 1866; the Equal Pay Act; the Pregnancy Discrimination Act; the Americans With Disabilities Act of 1990; 42 U.S.C. § 1981; the Employee Retirement Income Security Act of 1974; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1991; the Worker Adjustment and Retraining Notification Act of 1988; the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act, the False Claims Act; the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. § 1514A, also known as the Sarbanes Oxley Act; the California Labor Code (including the California Private Attorney General Act), California Business & Professions Code, California Wage Orders, City of Los Angeles Living Wage Ordinance; and any other federal, state or local laws, rules or regulations, whether equal employment opportunity laws, rules or regulations or otherwise, or any right under any pension, welfare, or equity plans.

(b) Executive acknowledges reading and understanding the meaning and effect of section 1542 of the California Civil Code which in its entirety states:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the creditor.

Executive waives and relinquishes any right or benefit that Executive may have under section 1542 of the California Civil Code and understands that by signing this Release, Executive is giving up claims that Executive may not presently know or suspect to exist.

(c) Notwithstanding the broad scope of this release, this release is not intended to bar (i) any claims that, as a matter of law, whether by statute or otherwise, may not be waived, such as claims for workers' compensation benefits or unemployment insurance benefits, (ii) any claims with respect to indemnification under the Company's by-laws, charter or any other operative agreements or with respect to coverage arising under any D&O policy in effect, (iii)

any claims by the Executive for any matter arising under this Agreement or (iv) any claims by the Executive in his capacity as a shareholder of the Company or with respect to any equity interest he may own or control in the Company. Nothing in this Agreement is intended to interfere with Executive's right to file a charge or participate in an administrative investigation or proceeding; *provided, however*, that Executive expressly releases and waives her right to recovery of any type in any administrative or court action, whether local, state or federal, and whether brought by her or on her behalf, related in any way to the matters released herein.

(d) By signing this Agreement and accepting the consideration described in Paragraph 1, Executive understands and acknowledges that Executive is waiving any right to sue the Releasees for any claims released by this Agreement.

(e) The Company for itself and its current and former parents, direct or indirect equity holders, members, subsidiaries, affiliated or related entities and their respective members, shareholders, officers, directors, successors and assigns (collectively, the "**Company Releasors**") hereby release and forever discharge the Executive from all causes of action, claims, charges, complaints, liabilities, obligations, promises, covenants, agreements, contracts, suits, judgments, damages, or demands, in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, which the Company Releasors ever had or now have regarding any matter relating to Executive's employment with or equity interest in the Company arising on or before the date of Executive's execution of this Agreement including, but not limited to, any claim for or involving equitable relief or recovery of punitive, compensatory, or other damages or monies, attorneys' fees, libel, slander, and any other tort; *provided*, *that*, the foregoing release by the Company Releasors is not intended to and does not bar any claims by the Company Releasors for any matters arising (i) under this Agreement or the Termination Agreement, (ii) from events, acts or omissions occurring after the parties' execution of this Agreement; or (iii) from any acts of Executive involving criminal activity or fraud.

4. Non-Admission Clause. This Agreement does not constitute an admission by the Company or Executive (or any Releasee or Company Releasor) of a violation of any federal, state, or local law, statute, rule or regulation or any common law right.

5. Representations. By Executive's signature below, Executive represents that: (i) Executive is not aware of any unpaid wages, vacation, bonuses, expense reimbursements or other amounts owed to Executive by the Company, other than that specifically provided for in this Agreement; and (ii) Executive has not filed any charge or claim or initiated any proceedings against any of the Releasees in any forum or with any municipal, state or federal agency charged with the enforcement of any law.

6. Confidentiality of this Agreement. Except as provided by law, Executive and the Company shall keep the existence and terms of this Agreement confidential and shall not disclose to any third party, except in the case of the Executive, to the Executive's immediate family, tax and legal advisors and as required by law, and except in the case of the Company, in connection with the Company's disclosure obligations to its tax, accounting and legal advisors, to any officer, director, manager or employee with a business need to know, and as required by law.

7. Non-Disparagement/Statements. Executive covenants and agrees that he will not make any disparaging or derogatory comments about the business or reputation of the Releasees, except where the making of any truthful statements may be required by law or is necessary to enforce his rights under this Agreement. The Company covenants and agrees that it shall not, and the management employees of the Company shall be instructed not to, make any disparaging or derogatory comments concerning the Executive, except where the making of any truthful statements may be required by law or necessary to enforce its rights under this Agreement.

8. Governing Law. The construction, interpretation and performance of this Agreement shall be governed by the laws of the State of California, without regard to its conflicts of law provisions. Executive agrees to and hereby consents and waives any objection to the exclusive jurisdiction of any and all state and federal courts located in the State of California in connection with any proceeding concerning this Agreement.

9. Headings. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision hereof.

10. Severability. If any provision or portion thereof contained in this Agreement is held to be invalid or unenforceable, the remainder of this Agreement will be considered severable, shall not be affected and shall remain in full force and effect. Specifically, the invalidity of any such provision shall have no effect upon, and shall not impair the enforceability of the release language set forth in Paragraph 3.

11. Binding on Successors. The parties agree that this Agreement shall be binding on, and inure to the benefit of, Executive’s and the Company’s respective successors, heirs and/or assigns.

12. Entire Agreement; Counterparts. This Agreement constitutes the entire agreement between Executive and the Company on the subject matter herein and supersedes and cancels any prior written and oral agreements between Executive and the Company regarding such subject matter, except the surviving provisions of the Employment Agreement. No amendment of this Agreement or waiver of any of its provisions shall be effective unless agreed to in writing by Executive and the Company. This Agreement may be executed in two or more counterparts, which when taken together, shall constitute an original agreement. Executed originals transmitted by electronically as PDF files (or their equivalent) shall have the same force and effect as a signed original. Unless otherwise defined herein, capitalized terms have the meaning set forth in the Employment Agreement.

13. Acknowledgments: Without detracting in any respect from any other provision of this Agreement, Executive acknowledges and agrees that:

(a) this Agreement constitutes a knowing and voluntary waiver of all rights or claims Executive has or may have against Releasees as set forth herein, including any claims under the Age Discrimination in Employment Act; and Executive has no physical or mental impairment of any kind that has interfered with Executive's ability to read and understand the meaning of this Agreement or its terms, and that Executive is not acting under the influence of any medication or mind-altering chemical of any type in entering into this Agreement;

(b) by entering into this Agreement, Executive does not waive rights or claims that may arise after the date of Executive's execution of this Agreement, including without limitation any rights or claims that Executive may have to secure enforcement of the terms and conditions of this Agreement;

(c) the consideration provided to Executive under this Agreement is in addition to anything of value to which Executive is already entitled;

(d) Executive is advised to consult with an attorney regarding this Agreement; and

(e) Executive was informed that Executive had at least twenty-one (21) days in which to review and consider this Agreement, and to consult with an attorney regarding the terms and effect of this Agreement.

14. Right to Revoke. Executive may revoke this Agreement within seven (7) days from the date Executive signs this Agreement, in which case this Agreement shall be null and void and of no force or effect on either the Company or Executive. Any revocation must be in writing and received by the undersigned by 5:00 p.m. on or before the seventh day after this Agreement is executed by Executive. For purposes of this Agreement, the "**Release Effective Date**" shall be the eighth (8^{th}) day following the Termination Date, so long as the Executive has not revoked this Agreement in a timely manner prior to such date.

[Signature Page Follows]

Sincerely,

Barfresh
Food
Group
Inc.

By:
Name:
Title:

EXECUTIVE EXPRESSLY ACKNOWLEDGES, REPRESENTS, AND WARRANTS THAT EXECUTIVE HAS READ THIS AGREEMENT CAREFULLY; THAT EXECUTIVE FULLY UNDERSTANDS THE TERMS, CONDITIONS, AND SIGNIFICANCE OF THIS AGREEMENT; THAT THE COMPANY HAS ADVISED EXECUTIVE TO CONSULT WITH AN ATTORNEY CONCERNING THIS AGREEMENT; THAT EXECUTIVE UNDERSTANDS THAT THIS AGREEMENT HAS BINDING LEGAL EFFECT; AND THAT EXECUTIVE HAS EXECUTED THIS AGREEMENT FREELY, KNOWINGLY AND VOLUNTARILY.

PLEASE READ CAREFULLY. THIS AGREEMENT HAS IMPORTANT LEGAL CONSEQUENCES.

/s/ Joseph S. Tesoriero
Joseph S.
Tesoriero

Date:

Exhibit 21.1

SUBSIDIARIES

(1) Barfresh, Inc., a Nevada corporation, wholly owned subsidiary

(2) Smoothie, Inc., a Colorado corporation, wholly owned subsidiary

Exhibit 31.1

Certification of

Principal Executive Officer

Pursuant to 18 U.S.C. 1350

(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Riccardo Delle Coste, certify that:

1. I have reviewed this annual report on Form 10-K of Barfresh Food Group Inc., a Delaware corporation ("Annual Report");

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report;

4. The small business issuer's other certifying officer(s) 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 small business issuer 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 small business issuer, including its consolidated 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 small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer'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 small business issuer's internal control over financial reporting.

July 7, 2015

By: */s/ Riccardo Delle Coste*
Name: Riccardo Delle Coste
Title: Principal Executive Officer

Exhibit 31.2

Certification of

Principal Financial Officer

Pursuant to 18 U.S.C. 1350

(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Arnold Tinter, certify that:

1. I have reviewed this annual report on Form 10-K of Barfresh Food Group Inc., a Delaware corporation (“Annual Report”);

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report;

4. The small business issuer's other certifying officer(s) 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 small business issuer 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 small business issuer, including its consolidated 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 small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer'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 small business issuer's internal control over financial reporting.

July 7, 2015

By: */s/ Arnold Tinter*
Name: Arnold Tinter
Title: Principal Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Barfresh Food Group Inc., a Delaware corporation, on Form 10-K for the year ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Riccardo Delle Coste, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 7, 2015

By: */s/ Riccardo Delle Coste*
Name: Riccardo Delle Coste
Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Barfresh Food Group Inc., a Delaware corporation, on Form 10-K for the year ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Arnold Tinter, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 7, 2015

By: */s/ Arnold Tinter*
Name: Arnold Tinter
Title: Principal Financial Officer

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 23, 2015 (June 19, 2015)**

BARFRESH FOOD GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**000-55131**	**27-1994406**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

8530 Wilshire Blvd., Suite 450

Beverly Hills, California 90211

(Address of principal executive offices)

Registrant's telephone number, including area code: **(310) 598-7113**

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On June 19, 2015, Barfresh Food Group, Inc., a Delaware corporation, ("Barfresh"), amended and restated certain outstanding promissory notes ("Original Notes") in the aggregate principal amount of $700,000 (collectively, "Amended Notes"). The Original Notes, in the aggregate principal amount of $775,000, were issued on December 20, 2013 and, as extended pursuant to their terms, matured on June 20, 2015. Pursuant to the Amended Notes, Barfresh paid off all accrued and unpaid interest plus 50% of the principal amount on June 22, 2015, and the balance, plus accrued and unpaid interest accruing at the rate of 10% per annum, is due and payable on September 20, 2015.

Of the $700,000, an Amended Note in the amount of $100,000 was issued to an entity controlled by Steven Lang, a director of the Company, an Amended Note in the amount of $100,000 was issued to a trust that is controlled by a family member of Riccardo Delle Coste, the Chairman and Chief Executive Officer of the Company, and an Amended Note in the amount of $500,000 was issued to Lazarus Investment Partners LLP, a greater than 10% beneficial shareholder of the Company.

On June 20, 2015, Barfresh entered into a Note Conversion Agreement with another holder of one of the Original Notes in the principal amount of $50,000. Pursuant to the agreement, in exchange for 71,429 shares of common stock of Barfresh and a cash payment in the amount of any unpaid and accrued interest, the Holder agreed to cancel the Original Note.

The remaining outstanding Original Note in the principal amount of $25,000 was paid off in full by Barfresh, pursuant to its terms.

Item 3.02 Unregistered Sales of Equity Securities

The disclosures set forth in Item 1.01 are incorporated herein by this reference. The issuance of the securities is exempt from registration under Section 4(2) of the Securities Act of 1933 on the basis that there was no public offering and the securities were issued to accredited investors with whom Barfresh has a pre-existing relationship.

SIGNATURES

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

Barfresh Food Group Inc.,

a Delaware corporation

(Registrant)

Date: June 23, 2015 By: */s/ Joseph S. Tesoriero*
Name: Joseph S. Tesoriero
Its: Chief Financial Officer