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PCS EDVENTURES COM INC
Form 10QSB
August 23, 2004

United States Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 000-49990

PCS EDVENTURES!.COM, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

IDAHO

(State or Other Jurisdiction of
incorporation or organization)

82-0475383

(I.R.S. Employer I.D. No.)

345 Bobwhite Court, Suite #200
Boise, Idaho 83706

(Address of Principal Executive Offices)

Issuer's Telephone Number: (208) 343-3110

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Not applicable.

Check whether the Registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes No
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APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

25,627,039

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June 30, 2004

Transitional Small Business Disclosure Format (Check One): Yes No
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements of the Registrant required to be filed with this 10-QSB Quarterly Report were prepared by management, and commence on the following page, together with Related Notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Registrant.

PCS EDVENTURES!.COM, INC.

AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2004 and March 31, 2004

PCS EDVENTURES!.COM, INC.

AND SUBSIDIARY

Consolidated Balance Sheets

ASSETS

	June 30, 2004	March 31, 2004
	-----	-----
	(Unaudited)	
CURRENT ASSETS		
Cash	\$ 149,516	\$ 113,820
Accounts receivable	359,123	449,518
Inventory	12,507	-
Note receivable	-	50,000
Prepaid expenses	-	6,084
	-----	-----
Total Current Assets	521,146	619,422
	-----	-----
FIXED ASSETS (NET)	-	-
	-----	-----
OTHER ASSETS		
Deposit on distribution rights	45,000	45,000
Deposits	6,175	6,175
	-----	-----
Total Other Assets	51,175	51,175
	-----	-----
TOTAL ASSETS	\$ 572,321	\$ 670,597
	=====	=====

The accompanying notes are an integral part of these consolidated financial

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statements.

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	June 30, 2004	March 31, 2004
	-----	-----
	(Unaudited)	
CURRENT LIABILITIES		
Accounts payable	\$ 95,816	\$ 55,665
Wages payable	38,436	38,436
Payroll taxes payable	123,337	182,949
Accrued interest	70,842	60,563
Accrued expenses	225,702	256,818
Unearned revenue	170,712	204,404
Notes payable - related parties	155,228	165,882
Notes payable	203,724	349,810
	-----	-----
Total Current Liabilities	1,083,797	1,314,527
	-----	-----
Total Liabilities	1,083,797	1,314,527
	-----	-----
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, no par value, authorized 10,000,000 shares, 82,850 and 82,850 shares issued and outstanding, respectively	120,473	120,473
Common stock, no par value, authorized 50,000,000 shares; 25,627,039 and 24,230,874 shares issued and outstanding, respectively	23,796,850	23,023,323
Expenses prepaid with common stock	(46,042)	(67,292)
Variable deferred consulting fees	(293,333)	-
Accumulated deficit	(24,089,424)	(23,720,434)
	-----	-----
Total Stockholders' Equity (Deficit)	(511,476)	(643,930)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 572,321	\$ 670,597
	=====	=====

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)

For the Three Months Ended
June 30,

2004 2003

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REVENUES

Lab Revenue	\$ 395,729	\$ 449,126
License Revenue	45,961	38,478
Subscription Revenue	3,008	3,750
	-----	-----
Total Revenues	444,698	491,354
	-----	-----
COST OF GOODS SOLD	147,472	185,266
	-----	-----
GROSS PROFIT	297,226	306,088
	-----	-----
OPERATING EXPENSES		
Salaries and wages	116,859	127,641
Depreciation expense	-	14,408
Stock options issued for consulting services	322,442	-
General and administrative	242,722	148,979
	-----	-----
Total Operating Expenses	682,023	291,028
	-----	-----
OPERATING INCOME (LOSS)	(384,797)	15,060
	-----	-----
OTHER INCOME AND (EXPENSES)		
Gain on settlement of debt (Note 4)	43,990	-
Interest income	949	-
Interest expense	(30,438)	(25,280)
Other income	7,293	-
Other expense	(1,467)	-
	-----	-----
Total Other Income and (Expenses)	20,327	(25,280)
	-----	-----
LOSS BEFORE INCOME TAXES	(364,470)	(10,220)
	-----	-----
INCOME TAX EXPENSE (BENEFIT)	-	-
	-----	-----
NET LOSS	\$ (364,470)	\$ (10,220)
	=====	=====
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.00)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTIVE	24,692,361	17,909,075
	=====	=====

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
Balance, March 31, 2003	17,832,301	\$ 22,105,987	-	\$ -

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Common stock issued for extinguishment of debt and interest at \$0.09 per share	35,000	3,150	-	-
Options issued to directors for accrued directors fees (Note 11)	-	17,857	-	-
Contribution to capital (Note 11)	-	27,143	-	-
Common stock issued for conversion of accounts payable at \$0.09 per share	11,111	1,000	-	-
Common stock issued to related party for conversion of accrued interest at \$0.10 per share	202,234	20,223	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	19,050	191	-	-
Repriced options granted below market value	-	6,000	-	-
Options granted below market value	-	8,250	-	-
Balance Forward	18,099,696	\$22,189,801	-	\$ -

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
	-----	-----	-----
Balance, March 31, 2003	\$ -	\$ -	\$(23,530,460)
Common stock issued for extinguishment of debt and interest at \$0.09 per share	-	-	-
Options issued to directors for accrued director's fees	-	-	-
Contribution of capital	-	-	-
Common Stock issued for conversion of accounts payable at \$0.09 per share	-	-	-

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Common stock issued to related party for conversion of accrued interest at \$0.10 per	-	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	-	-	-
Repriced options granted below market value	-	-	-
Options granted below market value	-	-	-
Balance Forward	\$ -	\$ -	\$(23,530,460)

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

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance Forward	18,099,696	\$22,189,801	-	\$ -
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	5,000	5,000
Preferred stock issued for cash at \$1.00 per share	-	-	5,000	5,000
Discount on preferred stock	-	-	-	2,500
Common stock issued for extension of debt at \$0.10 per share	57,600	5,760	-	-
Common stock issued for conversion of debt at \$0.10 per share	150,000	15,000	-	-
Common stock issued for cash at \$0.01 per share	150,000	15,000	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	6,000	60	-	-

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Common stock issued for cash at \$0.10 per share	550,000	55,000	-	-
Revaluation of repriced and outstanding options	-	(500)	-	-
Balance forward	19,013,296	\$ 22,280,121	10,000	\$ 12,500

[CONTINUED]

PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
	-----	-----	-----
Balance forward	\$ -	\$ -	\$ (23,530,460)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Preferred stock issued for cash at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(2,500)
Common stock issued for extension of debt at \$0.10 per share	-	-	-
Common stock issued for conversion of debt at \$0.10 per share	-	-	-
Common stock issued for cash at \$0.01 per share	-	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	-	-	-
Common stock issued for cash at \$0.10 per share	-	-	-
Revaluation of repriced and outstanding options	-	-	-
Balance forward	\$ -	\$ -	\$ (23,532,960)

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

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PCS EDVENTURES!.COM, INC.

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AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance forward	19,013,296	\$ 22,280,121	10,000	\$ 12,500
Common stock issued for cash at \$0.10 per share	200,000	20,000	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	6,000	60	-	-
Common stock issued for cash at \$0.10 per share	250,000	25,000	-	-
Common stock issued for cash at \$0.10 per share	200,000	20,000	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	3,000	30	-	-
Common stock issued for cash at \$0.10 per share	200,000	20,000	-	-
Common stock issued for cash at \$0.12 per share	200,000	24,000	-	-
Common stock issued for cash at \$.012 per share	200,000	24,000	-	-
Common stock issued for services and prepaid services at \$0.12	680,000	85,000	-	-
Balance forward	<u>20,952,296</u>	<u>\$ 22,498,211</u>	<u>10,000</u>	<u>\$ 12,500</u>

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
Balance forward	\$ -	\$ -	\$ (23,532,960)
Common stock issued for cash at \$0.10 per share	-	-	-
Common stock issued for the conversion of warrants at \$0.01 per			

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share	-	-	-
Common stock issued for cash at \$0.10 per share	-	-	-
Common stock issued for cash at \$0.10 per share	-	-	-
Common stock issued for the conversion of warrants at \$0.01 per share	-	-	-
Common stock issued for cash at \$0.10 per share	-	-	-
Common stock issued for cash at \$0.12 per share	-	-	-
Common stock issued for cash at \$.012 per share	-	-	-
Common stock issued for services and prepaid services at \$0.12	(67,292)	-	-
Balance forward	\$ (67,292)	\$ -	\$ (23,532,960)
	=====	=====	=====

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

PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
Balance forward	20,952,296	\$ 22,498,211	10,000	\$ 12,500
Common stock issued for accrued interest at \$0.12	103,207	12,385	-	-
Common stock issued for accrued legal fees at \$.012	106,384	12,766	-	-
Common stock issued for cash at \$0.12 per share	100,000	12,000	-	-
Common stock issued for cash at \$0.12 per share	75,000	15,000	-	-
Preferred stock issued for cash at \$1.00 per share	-	-	12,000	12,000
Discount on preferred stock	-	-	-	3,000
Common stock issued for cash				

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at \$0.20 per share	50,000	10,000	-	-
Common stock issued for cash at \$0.20 per share	50,000	10,000	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	11,614	11,613
Discount on preferred stock	-	-	-	2,903
Balance forward	21,436,887	\$22,570,362	33,614	\$ 42,016

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
	-----	-----	-----
Balance forward	\$ (67,292)	\$ -	\$ (23,532,960)
Common stock issued for accrued interest at \$0.12	-	-	-
Common stock issued for accrued legal fees at \$.012	-	-	-
Common stock issued for cash at \$0.12 per share	-	-	-
Common stock issued for cash at \$0.12 per share	-	-	-
Preferred stock issued for cash at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(3,000)
Common stock issued for cash at \$0.20 per share	-	-	-
Common stock issued for cash at \$0.20 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(2,903)
Balance forward	\$ (67,292)	\$ -	\$ (23,538,863)

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance forward	21,436,887	\$22,570,362	33,614	\$ 42,016
Common stock issued for conversion of preferred at \$0.20 per share	58,070	11,613	(11,614)	(11,613)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	15,165	15,165
Discount on preferred stock	-	-	-	3,791
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	25,275	25,274
Discount on preferred stock	-	-	-	(2,527)
Common stock issued for conversion of preferred at \$0.20 per share	126,375	25,274	(25,275)	(25,274)
Common stock issued for cash at \$0.12 per share	166,667	20,000	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	15,181	15,181
Discount on preferred stock	-	-	-	3,795
Common stock issued for cash at \$.125 per share	400,000	50,000	-	-
Balance forward	22,187,999	\$22,677,249	52,346	\$ 70,862

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
Balance forward	\$ (67,292)	\$ -	\$ (23,538,863)
Common stock issued for conversion of preferred at			

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\$0.20 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(3,791)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(2,527)
Common stock issued for conversion of preferred at \$0.20 per share	-	-	-
Common stock issued for cash at \$0.12 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(3,795)
Common stock issued for cash at \$0.125 per share	-	-	-
Balance forward	\$ (67,292)	\$ -	\$(23,548,976)

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance forward	22,187,999	\$22,677,249	52,346	\$ 70,862
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	10,134	10,134
Common stock issued for conversion of preferred at \$0.20 per share	50,670	10,134	(10,134)	(10,134)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	5,069	5,069

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Discount on preferred stock	-	-	-	1,267
Common stock issued for cash at \$0.20 per share	125,000	25,000	-	-
Common stock issued for cash at \$.016 per share	1,562,500	250,000	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	10,154	10,154
Discount on preferred stock	-	-	-	2,538
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	5,092	5,092
Discount on preferred stock	-	-	-	1,273
Balance forward	23,926,169	\$22,962,383	72,661	\$ 96,255

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
	-----	-----	-----
Balance forward	\$ (67,292)	\$ -	\$ (23,548,976)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Common stock issued for conversion of preferred at \$0.20 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(1,267)
Common stock issued for cash at \$0.20 per share	-	-	-
Common stock issued for cash at \$.016 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(2,538)

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Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(1,273)
Balance forward	\$ (67,292)	\$ -	\$(23,554,054)

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance forward	23,926,169	\$22,962,383	72,661	\$ 96,255
Common stock issued for cash at \$0.20 per share	50,000	10,000	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	40,746	40,745
Discount on preferred stock	-	-	-	8,149
Common stock issued for conversion of preferred at \$0.25 per share	203,730	40,745	(40,746)	(40,745)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	10,189	10,189
Discount on preferred stock	-	-	-	2,547
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	10,195	10,195
Discount on preferred stock	-	-	-	2,039
Common stock issued for conversion of debt at \$0.25 per share	50,975	10,195	(10,195)	(10,195)
Pro-rata cumulative non-cash preferred stock dividend	-	-	-	1,294
Net loss for the year ended March 31, 2004	-	-	-	-
Balance, March 31, 2004	24,230,874	\$23,023,323	82,850	\$ 120,473

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock -----	Variable Deferred Consulting -----	Accumulated Deficit -----
Balance forward	\$ (67,292)	\$ -	\$(23,554,054)
Common stock issued for cash at \$0.20 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(8,149)
Common stock issued for conversion of preferred at \$0.25 per share	-	-	-
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(2,547)
Preferred stock issued for conversion of debt at \$1.00 per share	-	-	-
Discount on preferred stock	-	-	(2,039)
Common stock issued for conversion of debt at \$0.25 per share	-	-	-
Pro-rata cumulative non-cash preferred stock dividend	-	-	(1,294)
Net loss for the year ended March 31, 2004	-	-	(152,351)
Balance, March 31, 2004	\$ (67,292)	\$ -	\$(23,720,434)

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

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PCS EDVENTURES!.COM, INC.
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Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

Common Shares -----	Preferred Shares -----
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	Shares -----	Amount -----	Shares -----	Amount -----
Balance, March 31, 2004	24,230,874	\$23,023,323	82,850	\$ 120,473
Stock options issued to consultants for variable deferred consulting fees (unaudited)	-	507,877	-	-
Intrinsic value of stock options issued to Board Member below market for services (unaudited)	-	3,000	-	-
Common stock issued for services at \$0.17 per share (unaudited)	30,000	5,100	-	-
Stock offering costs (unaudited)	-	(5,100)	-	-
Common stock issued for services at \$0.17 per share (unaudited)	240,000	40,800	-	-
Stock offering costs (unaudited)	-	(40,800)	-	-
Common stock issued for conversion of debt at \$0.20 per share (unaudited)	376,165	75,232	-	-
Common stock issued for cash at \$0.10 per share (unaudited)	750,000	75,000	-	-
Amortization of expenses prepaid with common stock (unaudited)	-	-	-	-
Amortization and revaluation of variable deferred consulting fees (unaudited)	-	107,898	-	-
Balance Forward	----- 25,627,039 -----	----- \$23,792,330 -----	----- 82,850 -----	----- \$ 120,473 -----

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock -----	Variable Deferred Consulting -----	Accumulated Deficit -----
Balance, March 31, 2004	\$ (67,292)	\$ -	\$ (23,720,434)

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Stock options issued to consultants for variable deferred consulting fees (unaudited)	-	(507,877)	-
Intrinsic value of stock options issued to Board Member below market for services (unaudited)	-	-	-
Common stock issued for services at \$0.17 per share (unaudited)	-	-	-
Stock offering costs (unaudited)	-	-	-
Common stock issued for services at \$0.17 per share (unaudited)	-	-	-
Stock offering costs (unaudited)	-	-	-
Common stock issued for conversion of debt at \$0.20 per share (unaudited)	-	-	-
Common stock issued for cash at \$0.10 per share (unaudited)	-	-	-
Amortization of expenses prepaid with common stock (unaudited)	21,250	-	-
Amortization and revaluation of variable deferred consulting fees (unaudited)	-	214,544	-
Balance Forward	\$ (46,042)	\$(293,333)	\$(23,720,434)

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance Forward	25,627,039	\$23,792,330	82,850	\$ 120,473
Pro-rata cumulative				

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non-cash preferred Stock dividend (unaudited)	-	4,520	-	-
Net loss for the three months ended June 30, 2004 (unaudited)	-	-	-	-
Balance, June 30, 2004 (Unaudited)	25,627,039	\$23,796,850	82,850	\$ 120,473

[CONTINUED]

PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
Balance Forward	\$ (46,042)	\$(293,333)	\$(23,720,434)
Pro-rata cumulative non-cash preferred Stock dividend (unaudited)	-	-	(4,520)
Net loss for the three months ended June 30, 2004 (unaudited)	-	-	(364,470)
Balance, June 30, 2004 (Unaudited)	\$ (46,042)	\$(293,333)	\$(24,089,424)

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended June 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$(364,470)	\$(10,220)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	-	14,408
Gain on extinguishment	(43,990)	-
Stock options issued for consulting services	322,442	-
Stock options issued for board compensation	3,000	-
Amortization of expenses prepaid with common stock	21,250	-
Amortization of debt offering and extension costs	-	5,299

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Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	90,395	(35,167)
Decrease in prepaid expenses	6,084	99,900
(Increase) in inventory	(12,507)	(762)
Increase (decrease) in accounts payable and accrued liabilities	(6,587)	78,544
Increase (decrease) in interest payable	12,511	(19,825)
(Decrease) in unearned revenue	(33,692)	(8,100)
	-----	-----
Net Cash Provided (Used) by Operating Activities	(5,564)	124,077
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipt on notes receivable	50,000	-
	-----	-----
Net Cash Provided by Investing Activities	50,000	-
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in cash overdraft	-	(8,053)
Payments to related parties	(10,654)	-
Payments on long-term debt	(73,086)	(164,811)
Proceeds from long-term debt	-	67,379
Proceeds from common stock	75,000	-
	-----	-----
Net Cash Used by Financing Activities	(8,740)	(105,485)
	-----	-----
NET INCREASE IN CASH	35,696	18,592
CASH AT BEGINNING OF PERIOD	113,820	11,449
	-----	-----
CASH AT END OF PERIOD	\$149,516	\$ 30,041
	=====	=====

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Cash Flows (Continued)
(Unaudited)

	For the Three Months Ended June 30,	
	2004	2003
	-----	-----
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of stock for payment on notes payable and interest	\$ 75,232	\$ 23,373
Common stock issued for stock offering costs	\$ 45,900	\$ -
Common stock issued for payment on accounts payable	\$ -	\$ 28,143
Stock options issued for consulting services	\$ 322,442	\$ -
Stock options issued for board compensation	\$ 3,000	\$ -
	-----	-----
Cash Paid For:		
Interest	\$ -	\$ 16,367
Income taxes	\$ -	\$ -

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Notes to the Consolidated Financial Statements
June 30, 2004 and March 31, 2004

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed consolidated financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its March 31, 2004 Annual Report on Form 10-KSB. Operating results for the three months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ending March 31, 2005.

NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other material assets, nor does it have an established source of revenues sufficient to cover its operating costs. Additionally, the Company has accumulated significant losses, has negative working capital, and a deficit in stockholders' equity. All of these items raise substantial doubt about its ability to continue as a going concern. The Company has expanded its product line to include three additional educational labs, which they believe will significantly boost future revenues. The Company also intends to continue offerings of its common stock to raise the capital necessary to cover operating costs not provided for by current revenues. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish this plan and to eventually attain profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - DILUTIVE INSTRUMENTS

a. Stock Options

The Company applied Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for all stock option plans. Under APB Opinion 25, compensation cost is recognized for stock options granted to employees when the option price is less than the market price of the underlying common stock on the date of grant.

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Notes to the Consolidated Financial Statements
June 30, 2004 and March 31, 2004

NOTE 3 - DILUTIVE INSTRUMENTS (Continued)

a. Stock Options (Continued)

During the quarter ended June 30, 2004, the Company issued options to purchase 150,000 shares of common stock to a newly appointed member of the Board of Directors for services rendered. The options are exercisable at \$0.15 per share for 10 years. The issuance of these options resulted in \$3,000 in non-cash director expenses included in general and administrative expense.

Due to the death of a member of the Company's Board of Directors and in accordance with the terms of the related option agreements, options to purchase up to 880,951 shares of the Company's common stock were allowed to expire unexercised.

During the quarter ended June 30, 2004, the Company issued options to purchase 6,000,000 shares of its common stock for prepaid consulting fees. The options are exercisable immediately with 2,000,000 options exercisable at a price of \$0.10 per share for 60 days while 4,000,000 are exercisable at a price of \$0.25 per share for 120 days. During the quarter, 750,000 options were exercised at \$0.10 and 1,250,000 were allowed to expire unexercised. The issuance of these options resulted in the recording of \$372,988 in variable deferred consulting fees.

In accordance with EITF 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", and due to the options being issued for ongoing services, the options are being valued as the services are completed. In order to capture the changes in the fair value of the options over the term of service, changes in the fair values at interim reporting dates are attributed in accordance with FIN 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans". FIN 28 states that consulting expense should be measured at the end of each period as the amount by which the fair value of the options covered by a grant exceeds the option price or value specified under the plan and should be accrued as a charge to expense over the periods the grantee performs the related services. Changes in the quoted market value are being reflected as adjustments of deferred consulting and consulting expense in the period and will continue until the date the services are complete. Consulting deferred during the service period is being adjusted in subsequent periods up to the measurement date for changes, either increases or decreases, in the fair value of the options covered by the grant but shall not be adjusted below zero. The offsetting adjustment is being made to consulting expense of the period in which changes in the fair value occur. The issuance of these options resulted in the recording of an increase in deferred valuation of \$34,787 and \$287,775 in non-cash consulting expense during the quarter ended June 30, 2004.

During the quarter ended June 30, 2004, the Company issued options to purchase 800,000 shares of its common stock for prepaid consulting fees. The options are exercisable immediately in groups of 200,000 at prices of \$0.10, \$0.20, \$0.30 and \$0.35 per share for one year. The issuance of these options resulted in the recording of \$134,889 in variable deferred consulting fees. In accordance with EITF 96-18 and FIN 48, the issuance of these options resulted in the recording of an increase in deferred valuation of \$73,111 and \$34,667 in non-cash consulting expense during the quarter ended June 30, 2004.

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SFAS No. 148, requires the Company to provide pro forma information regarding net loss and net loss per share as if compensation costs for the Company's stock option plans and other stock awards had been determined in accordance with the fair value based method prescribed in SFAS No. 148. The current year pro forma net loss includes \$13,722 of prior

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Notes to the Consolidated Financial Statements
June 30, 2004 and March 31, 2004

NOTE 3 - DILUTIVE INSTRUMENTS (Continued)

a. Stock Options (Continued)

year option expense amortization. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model.

	For the Three Months Ended June 30,	
	2004	2003
Net loss:		
As reported	\$ (364,470)	\$ (10,220)
Pro Forma	(390,401)	(80,921)
Net loss per share:		
As reported	\$ (0.01)	\$ (0.00)
Pro Forma	(0.02)	(0.02)

The Company has the following outstanding options as of June 30, 2004:

Description	Date of Grant	Exercise Number	Exercise Price	Amount Exercised	Amount Exp/Cnld	Amount Vested
1) Employee	10-24-01	50,000	\$ 0.30	0	0	50,000
2) Employee	12-01-01	24,230	\$ 0.15	0	0	24,230
3) Board Members	12-10-01	1,000,000	\$ 0.30	0	(250,000)	750,000
4) Board Members	06-03-02	1,000,000	\$ 0.16	0	(250,000)	750,000
5) Employees	07-01-02	335,000	\$ 0.16	0	0	335,000
6) Employee	07-15-02	15,000	\$ 0.16	0	0	15,000
7) Employee	08-15-02	5,000	\$ 0.16	0	0	5,000
8) Board Members	10-21-02	499,998	\$ 0.09	0	(166,666)	333,332
9) Board Members	05-15-03	892,855	\$ 0.07	0	(214,285)	678,570
10) Employee	05-20-03	100,000	\$ 0.07	0	0	100,000
11) Employee	07-25-03	25,000	\$ 0.10	0	0	25,000
12) Employee	09-05-03	150,000	\$ 0.07	0	0	150,000
13) Employee	09-25-03	25,000	\$ 0.15	0	0	0
14) Employee	04-28-04	150,000	\$ 0.15	0	0	150,000
15) Consultant	04-28-04	2,000,000	\$ 0.10	(750,000)	(1,250,000)	0
16) Consultant	04-28-04	4,000,000	\$ 0.25	0	0	4,000,000
17) Consultant	04-28-04	200,000	\$ 0.10	0	0	200,000
18) Consultant	04-28-04	200,000	\$ 0.20	0	0	200,000
19) Consultant	04-28-04	200,000	\$ 0.30	0	0	200,000
20) Consultant	04-28-04	200,000	\$ 0.35	0	0	200,000

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11,072,083 (750,000) (2,130,951) 8,166,132
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PCS EDVENTURES!.COM, INC.
 AND SUBSIDIARY
 Notes to the Consolidated Financial Statements
 June 30, 2004 and March 31, 2004

NOTE 3 - DILUTIVE INSTRUMENTS (Continued)

a. Stock Options (Continued)

Description	Fair Value	Risk-Free Interest Rate	Expected Life	Expected Volatility
1) Employees	\$ 0.19	3.76%	3.00	100.52%
2) Employee	\$ 0.14	3.76%	3.00	99.80%
3) Board Members	\$ 0.20	3.76%	10.00	99.80%
4) Board Members	\$ 0.15	5.69%	10.00	128.9%
5) Employee	\$ 0.14	5.48%	3.50	157.77%
6) Employee	\$ 0.14	2.84%	3.50	152.96%
7) Employee	\$ 0.14	2.84%	3.30	163.77%
8) Board Members	\$ 0.09	2.84%	10.00	158.83%
9) Board Members	\$ 0.09	3.94%	10.00	151.61%
10) Employee	\$ 0.06	3.94%	4.00	151.61%
11) Employee	\$ 0.12	2.81%	4.00	156.24%
12) Employee	\$ 0.11	2.81%	4.00	152.03%
13) Employee	\$ 0.11	3.07%	5.85	152.03%
14) Employee	\$ 0.17	4.43%	10.00	344.55%
15) Consultant	\$ 0.08	0.98%	0.17	187.13%
16) Consultant	\$ 0.05	0.98%	0.33	187.13%
17) Consultant	\$ 0.17	1.55%	1.00	537.80%
18) Consultant	\$ 0.17	1.55%	1.00	537.80%
19) Consultant	\$ 0.17	1.55%	1.00	537.80%
20) Consultant	\$ 0.17	1.55%	1.00	537.80%

b. Warrants

During the quarter ended June 30, 2004, warrants representing rights to purchase 159,784 shares of common stock were allowed to expire unexercised and there are no warrants remaining at June 30, 2004.

NOTE 4 - MATERIAL EVENTS

During July 2004, the Company agreed to a Release of All Claims and Settlement Agreement (the Settlement) with Xerox Capital Services, LLC in regard to a past due notes payable and copier lease payments. The Settlement calls for the payment of \$44,252 in installments as follows: \$7,500 upon execution; \$10,000 on or before August 5, 2004; \$10,000 on or before August 19, 2004; \$12,500 on or before September 15, 2004; and \$4,252 on or before October 15, 2004. In addition, the Company agreed to return the copier. The Company has recognized a gain on extinguishment of debt of \$43,990 as a result of this Settlement.

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PCS EDVENTURES!.COM, INC.
 AND SUBSIDIARY
 Notes to the Consolidated Financial Statements

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June 30, 2004 and March 31, 2004

NOTE 5 - SUBSEQUENT EVENTS

During July 2004, the Company issued 250,000 shares of common stock to its Chief Executive Officer for the non-cash exercise of options, reducing related party debt by \$17,500.

During July 2004, the Company issued options to purchase 5,000 shares of its common stock for consulting services rendered. The options are exercisable immediately at a price of \$0.15 per share for five years.

During July 2004, the Company issued options to purchase 153,533 shares of its common stock to an employee. The options are exercisable at \$0.15 per share as follows: 50,000 on or after July 29, 2005; 50,000 on or after July 29, 2006; and, 53,533 on or after July 29, 2007. The options expire on July 29, 2009.

During July 2004, the Company issued options to purchase 50,000 shares of its common stock to an employee. The options are exercisable at \$0.13 per share as follows: 10,000 on or after July 10, 2005; 20,000 on or after July 10, 2006; and, 20,000 on or after July 10, 2007. The options expire on July 10, 2009.

During August 2004, the Company issued options to purchase 50,000 shares of its common stock to an employee. The options are exercisable at \$0.13 per share as follows: 10,000 on or after July 10, 2005; 20,000 on or after July 10, 2006; and, 20,000 on or after July 10, 2007. The options expire on July 10, 2009.

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Item 2. Management's Discussion and Analysis or Plan of Operation.

Results of Operations.

Three months ended June 30, 2004, compared to three months ended June 30, 2003.

Revenues for the three-month period ended June 30, 2004, decreased by \$46,656, or (9.5%) to \$444,698 as compared to \$491,354 for the three-month period ended June 30, 2003. Revenues decreased due to a policy change in the fourth quarter of fiscal year 2004. PCS changed its policy to give our customers more choice in their lab materials. Under the new policy, our customers can choose where to purchase their lab materials (e.g. LEGO (Registered) manipulatives) and they simply purchase the PCS curriculum, customized furniture unit and site license materials from PCS. There is no effect on our gross profit as our revenues are reduced by same amount as our cost of goods sold. PCS sold 279 labs during the three-month period ended June 30, 2004, which is an increase of 84.8%, or 128 labs, as compared to 151 labs for the three-month period ended June 30, 2003.

General and administrative costs have increased by \$93,743, or 62.9% to \$242,722 for the three-month period ended June 30, 2004, as compared to \$148,979 for the three-month period ended June 30, 2003. This increase is primarily due to increased commission expense, due to a restructuring of our employee sales department commission agreements; an increase in outside consulting services; and an increase in marketing expenses, including travel, trade shows and marketing brochures.

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Operating expenses for the three-month period ended June 30, 2004, included a non-cash expenditure for \$322,442 associated with stock options which were granted to a consultant. The scope of said consulting agreement includes advisement and consultation regarding distribution strategies, evaluation of potential acquisition targets and the structuring of any such transactions, and business development strategies, including geographic and service expansion plans. The approximate total non-cash cost of this consulting agreement at June 30, 2004, is \$615,775, with the remainder, \$293,333, (\$615,775-\$322,442), to be amortized over the remaining life of the agreement.

Interest expense for the three-month period ended June 30, 2004, increased to \$30,438 as compared to \$25,280 for the three month period ended June 30, 2003.

We had a net loss of (\$364,470), or (\$0.01) per share, for the three months ended June 30, 2004, as compared to a net loss of (\$10,220), or (\$0.00) per share, for the quarterly period ended June 30, 2003. The net loss for the three months ended June 30, 2004, after removing the costs of stock for services of \$322,442, is (\$42,028), or (\$0.00) per share.

Liquidity and Capital Resources.

We had a cash balance of \$149,516 at June 30, 2004. Management believes that the cash received from delivered sales orders, as well as continued limited offerings of our common stock, will be sufficient to meet our operating expenses.

Item 3. Controls and Procedures.

As of the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic Securities and Exchange Commission reports. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls over financial reporting, and there have been no changes in our internal controls or in other factors in the last fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 2. Changes in Securities and Small Business Issuer Purchases of Equity Securities.

Sales of Unregistered Securities During the Last Quarter.

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Description	Common Shares	Amount	Preferred Shares	Amount
-----	-----	-----	-----	-----
Hazen & Josephine Sandwick	10,110	(1)		
David Levosky	11,614	(1)		
John Ariko, Jr.	15,165	(1)		
Dave & Sue Kimball	10,134	(1)		
Sina Leatha	20,373	(1)		
Charles Bradley	20,373	(1)		
Steve Womack	10,195	(1)		
Frank Klescewski	30,000	(2)		
Ralph & Vera Long	51,380	(3)		
Mark Boland	36,015	(3)		
Diane Stump	5,145	(3)		
Trevor Brown	51,460	(3)		
Paul Kuen	25,730	(3)		
Barbara Harris	77,300	(3)		
Kenneth Flint	25,730	(3)		
Ronald Scheeler	25,805	(3)		
Tammy Reuben	25,855	(3)		
Fred & Debbie Harper	51,745	(3)		
Javan Khazali	750,000	\$75,000	(4)	

(1) These shares were issued to correct the number of shares issued for a previous conversion of indentured trust debt into common stock. The original conversion shares were issued at \$0.25/share, but should have been issued at \$0.20/share. These are the additional shares due said investors.

(2) Issued for services.

(3) These shares were issued for conversion of indentured trust debt at \$0.20/share.

(4) These shares were issued in conjunction with PCS' Form S-8 Filing in April, 2004, for consulting services.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

None; not applicable.

Item 5. Other Information.

None; not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

31.1 302 Certification of Anthony A. Maher

31.2 302 Certification of Christina M. Vaughn

32 906 Certifications

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SB-2 Registration Statement Filed with an Effective Date
of May 11, 2001*

* Incorporated by Reference.

(b) Reports on Form 8-K.

8-K Current Report Dated July 1, 2004, and filed with the
Securities and Exchange Commission on July 2, 2004.

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 thereunto duly authorized.

PCS EDVENTURES.COM, INC.

Date: 8/23/2004

By:/s/Anthony A. Maher

Anthony A. Maher
Chief Executive Officer, President and
Chairman of the Board of Directors

Date: 8/23/2004

By:/s/Christina M. Vaughn

Christina M. Vaughn
Chief Financial Officer

Date: 8/23/2004

By:/s/Donald J. Farley

Donald J. Farley
Secretary and Director

Date: 8/23/2004

By:/s/Michael McMurray

Michael McMurray
Director