

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

PCS EDVENTURES COM INC  
Form 10QSB  
August 22, 2005

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, 2005

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  
-----

82-0475383  
-----

(State or Other Jurisdiction of  
incorporation or organization)

(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 Registrant (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 Registrant 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  
--- ---

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:

28,488,485

July 27, 2004

# Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Transitional Small Business Disclosure Format (Check One): Yes  No   
--- ---

## 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, 2005 and March 31, 2005

PCS EDVENTURES!.COM, INC.

AND SUBSIDIARY

Consolidated Balance Sheets

### ASSETS

	June 30, 2005	March 31, 2005
	-----	-----
	(Unaudited)	
<b>CURRENT ASSETS</b>		
Cash	\$ 66,013	\$ 16,752
Accounts receivable	238,493	130,569
Inventory	54,596	8,304
Deferred costs	-	110,367
Prepaid expenses	18,019	14,826
Other assets	1,000	-
	-----	-----
Total Current Assets	378,121	280,818
	-----	-----
<b>FIXED ASSETS (NET)</b>	13,242	11,917
	-----	-----
<b>OTHER ASSETS</b>		
Deposits	6,225	6,225
	-----	-----
Total Other Assets	6,225	6,225
	-----	-----
<b>TOTAL ASSETS</b>	\$ 397,588	\$ 298,960
	=====	=====

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

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

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

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	June 30, 2005	March 31, 2005
	-----	-----
	(Unaudited)	
CURRENT LIABILITIES		
Accounts payable	\$ 141,255	\$ 183,068
Accrued compensation	58,506	40,537
Payroll taxes payable	66,673	87,669
Accrued interest	70,805	75,044
Accrued expenses	59,284	59,079
Unearned revenue	159,256	269,571
Notes payable - related parties	117,054	117,054
Notes payable	122,116	205,465
	-----	-----
Total Current Liabilities	794,949	1,037,487
	-----	-----
Total Liabilities	794,949	1,037,487
	-----	-----
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, no par value, authorized 10,000,000 shares, 15,246 shares issued and outstanding	56,372	56,372
Common stock, no par value, authorized 50,000,000 shares; 28,402,585 shares issued and outstanding	24,065,117	23,868,669
Variable deferred consulting fees	-	(1,000)
Accumulated deficit	(24,518,850)	(24,662,568)
	-----	-----
Total Stockholders' Equity (Deficit)	(397,361)	(738,527)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 397,588	\$ 298,960
	=====	=====

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

F-3

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

	For the Three Months Ended June 30,	
	-----	-----
	2005	2004
	-----	-----
REVENUES		
Lab Revenue	\$ 889,522	\$ 395,729
License Revenue	44,132	45,961

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Subscription Revenue	1,318	3,008
	-----	-----
Total Revenues	934,972	444,698
	-----	-----
COST OF GOODS SOLD	382,211	147,472
	-----	-----
GROSS PROFIT	552,761	297,226
	-----	-----
OPERATING EXPENSES		
Salaries and wages	106,768	116,859
Depreciation expense	1,190	-
Stock options issued for consulting services	-	322,442
General and administrative	293,767	242,722
	-----	-----
Total Operating Expenses	401,725	682,023
	-----	-----
OPERATING INCOME (LOSS)	151,036	(384,797)
	-----	-----
OTHER INCOME AND (EXPENSES)		
Gain on settlement of debt (Note 4)	-	43,990
Interest income	5	949
Interest expense	(23,778)	(30,438)
Other income	16,455	7,293
Other expense	-	(1,467)
	-----	-----
Total Other Income and (Expenses)	(7,318)	20,327
	-----	-----
INCOME BEFORE INCOME TAXES	143,718	(364,470)
	-----	-----
INCOME TAX EXPENSE (BENEFIT)	-	-
	-----	-----
NET INCOME	\$ 143,718	\$ (364,470)
	=====	=====
BASIC INCOME (LOSS) PER SHARE	\$ 0.01	\$ (0.01)
	=====	=====
DILUTED INCOME (LOSS) PER SHARE	\$ 0.00	\$ (0.01)
	=====	=====
WEIGHTED AVERAGE NUMBER OF BASIC SHARES OUTSTANDING	26,515,013	24,692,361
	=====	=====
WEIGHTED AVERAGE NUMBER OF DILUTED SHARES OUTSTANDING	30,659,009	24,692,361
	=====	=====

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

F-4

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

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
Balance, March 31, 2004	24,230,874	\$ 23,023,323	82,850	\$120,473

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Common stock issued for services at \$0.17 per share	30,000	5,100	-	-
Stock offering costs	-	(5,100)	-	-
Common stock issued for services at \$0.17 per share	240,000	40,800	-	-
Stock offering costs	-	(40,800)	-	-
Options issued to employees below market value	-	3,000	-	-
Options issued to consultants below market value	-	507,877	-	-
Common stock issued for conversion of debt and interest at \$0.20 per share	376,165	75,232	-	-
Common stock issued for cash at \$0.10 per share for option exercise	750,000	75,000	-	-
Intrinsic value of employee options issued below market value	-	5,000	-	-
Common stock issued for related party note payable reduction at \$0.07 per share	250,000	17,500	-	-
Fair value of options issued to consultant	-	696	-	-
Common stock issued for conversion of preferred stock at \$0.20 per share	338,020	67,603	(67,604)	(67,603)
Options issued to directors for accrued director fees	-	9,241	-	-
Balance forward	26,215,059	\$23,784,472	15,246	\$ 52,870

F-5

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

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance forward	26,215,059	\$23,784,472	15,246	\$ 52,870
Contributed capital for				

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

accrued director fee	-	50,759	-	-
Pro-rata cumulative non-cash preferred stock dividend	-	-	-	3,502
Amortization of prepaid expense	-	-	-	-
Amortization and revaluation of consulting expense	-	(92,102)	-	-
Stock issued for marketing services at \$0.09 per share 250,000		22,500	-	-
Stock issued for legal services at \$0.09 per share 500,000		45,000	-	-
Stock issued for accounts payable at \$0.15 per share 45,833		6,875	-	-
Stock issued for note payable to related party at \$0.06 per share 344,559		20,674	-	-
Amortization of prepaid expense	-	-	-	-
Fair value of options issued to consultant	-	491	-	-
Options issued to directors for accrued director fees	-	28,416	-	-
Contributed capital for accrued director fees	-	1,584	-	-
Net loss, March 31, 2005	-	-	-	-
Balance, March 31, 2005	27,355,451	\$ 23,868,669	15,246	\$ 56,372

F-6

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

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance Forward	27,355,451	\$ 23,868,669	15,246	\$ 56,372
Options issued to directors for accrued director fees (unaudited)	-	15,000	-	-
Treasury stock issued for legal services (unaudited)	-	21,250	-	-

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Stock issued for the exercise of options for \$0.16 per share (unaudited)	15,000	2,400	-	-
Stock issued for cash for \$0.20 per share (unaudited)	35,000	7,000	-	-
Stock issued for public relations services for \$0.095/share (unaudited)	90,972	8,649	-	-
Stock issued for the exercise of options for \$0.13 per share (unaudited)	205,211	26,645	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	654,706	112,485	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	12,815	2,178	-	-
Stock issued for cash for \$0.17 per share (unaudited)	33,430	5,683	-	-
Amortization and revaluation of consulting expense (unaudited)	-	(7,667)	-	-
Options issued to employees below market value (unaudited)	-	2,825	-	-
Net income, June 30, 2005 (unaudited)	-	-	-	-
Balance, June 30, 2005 (unaudited)	28,402,585	\$24,065,117	15,246	\$ 56,372
	=====	=====	=====	=====

F-7

[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, March 31, 2004	\$ (67,292)	\$ -	\$ (23,720,434)
Common stock issued for services at \$0.17 per share	-	-	-
Stock offering costs	-	-	-
Common stock issued for			

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

services at \$0.17 per share	-	-	-
Stock offering costs	-	-	-
Options issued to employees below market value	-	-	-
Options issued to consultants below market value	-	(507,877)	-
Common stock issued for conversion of debt and interest at \$0.20 per share	-	-	-
Common stock issued for cash at \$0.10 per share for option exercise	-	-	-
Intrinsic value of employee options issued below market value	-	-	-
Common stock issued for related party note payable reduction at \$0.07 per share	-	-	-
Fair value of options issued to consultant	-	-	-
Common stock issued for conversion of preferred stock at \$0.20 per share	-	-	-
Options issued to directors for accrued director fees	-	-	-
Contributed capital for accrued director fees	-	-	-
Balance forward	\$ (67,292)	\$ (507,877)	\$ (23,720,434)

F-5

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)	\$ (507,877)	\$ (23,720,434)
Pro-rata cumulative non-cash preferred stock dividend	-	-	(3,502)
Amortization of prepaid expense	67,292	-	-



Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Amortization and revaluation of consulting expense	-	506,877	-
Stock issued for marketing services at \$0.09 per share	(22,500)	-	-
Stock issued for legal services at \$0.09 per share	(45,000)	-	-
Stock issued for accounts payable at \$0.15 per share	-	-	-
Stock issued for note payable to related party at \$0.06 per share	-	-	-
Amortization of prepaid expense	67,500	-	-
Fair value of options issued to consultant	-	-	-
Options issued to directors for accrued director fees	-	-	-
Contributed capital for accrued director fees	-	-	-
Net loss, March 31, 2005	-	-	(938,632)
Balance, March 31, 2005	\$ -	\$ (1,000)	\$ (24,662,568)

F-6

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	\$ -	\$ (1,000)	\$ (24,662,568)
Options issued to directors for accrued director fees (unaudited)	-	-	-
Treasury stock issued for legal services (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Stock issued for cash for \$0.20 per share (unaudited)	-	-	-
Stock issued for public relations services for \$0.095/share (unaudited)	-	-	-

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Stock issued for the exercise of options for \$0.13 per share (unaudited)	-	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	-	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	-	-	-
Stock issued for cash for \$0.17 per share (unaudited)	-	-	-
Amortization and revaluation of consulting expense (unaudited)	-	1,000	-
Options issued to employees below market value (unaudited)	-	-	-
Net income, June 30, 2005 (unaudited)	-	-	143,718
Balance, June 30, 2005 (unaudited)	-	\$ -	\$(24,518,850)

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

F-7

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

	For the Three Months Ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 143,718	\$(364,470)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,190	-
Gain on extinguishment	-	(43,990)
Stock options issued for consulting services	8,649	322,442
Stock options issued for board compensation	15,000	3,000
Stock options issued for employee compensation	2,825	-
Amortization of expenses prepaid with common stock	(7,667)	21,250
Stock issued for legal expenses	35,000	-
Gain on return of common stock	(13,750)	-
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(107,924)	90,395
Decrease in prepaid expenses	(4,193)	6,084
(Increase) in inventory	(46,291)	(12,507)

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Decrease in deferred costs	110,367	-
Increase (decrease) in accounts payable and accrued liabilities	(44,976)	(6,587)
Increase (decrease) in interest payable	(4,240)	12,511
(Decrease) in unearned revenue	(110,315)	(33,692)
	-----	-----
Net Cash Provided (Used) by Operating Activities	(22,607)	(5,564)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipt on notes receivable	-	50,000
Purchase of fixed assets	(2,515)	-
	-----	-----
Net Cash Provided (Used) by Investing Activities	(2,515)	50,000
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in cash overdraft	-	-
Payments to related parties	-	(10,654)
Payments on notes payable	(27,726)	(73,086)
Proceeds from notes payable	60,380	-
Proceeds from common stock	41,728	75,000
	-----	-----
Net Cash Provided (Used) by Financing Activities	74,382	(8,740)
	-----	-----
NET INCREASE IN CASH	49,260	35,696
CASH AT BEGINNING OF PERIOD	16,753	113,820
	-----	-----
CASH AT END OF PERIOD	\$ 66,013	\$ 149,516
	=====	=====

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

F-8

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

For the  
Three Months Ended  
June 30,

	2005	2004
	-----	-----
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of stock for payment on notes payable and interest	\$ 114,664	\$ 75,232
Common stock issued for stock offering costs	\$ -	\$ 45,900
Common stock issued for payment on accounts payable	\$ -	\$ -
Stock options issued for consulting services	\$ 8,649	\$ 332,442
Stock options issued for board compensation	\$ 15,000	\$ 3,000
Stock options issued for employee compensation	\$ 2,825	\$ -
Cash Paid For:		
Interest	\$ 13,199	\$ -
Income taxes	\$ -	\$ -

## Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

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

F-9

PCS EDVENTURES!.COM, INC.  
AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
June 30, 2005 and March 31, 2005

### 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, 2005 Annual Report on Form 10-KSB. Operating results for the three months ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ending March 31, 2006.

### NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles 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. Management's plans with respect to alleviating the adverse financial conditions that caused you to express substantial doubt about the Company's ability to continue as a going concern are as follows:

During the fiscal year ending March 2005, the Company opened discussions with several target companies for possible merger and acquisition activities. In addition, the Company also continued to investigate the feasibility of utilizing parts of our Learning Labs to create a line of specialty retail learning toys. The Company has also entered into several strategic alliances with K'NEX, Science Demo, and GibsonTechEd for further product development and enhancement. The Company has also strengthened its international position by naming agents and installing Learning Labs in Egypt, Dubai, and Saudi Arabia. Over the next fiscal year, the Company will continue to develop marketplace strategy for the US market as well as the international market.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the preceding paragraph and 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.

## Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

### NOTE 3 - DILUTIVE INSTRUMENTS

#### a. Stock Options

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 income(loss) includes \$17,675 of prior 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 with the following weighted average assumptions used for grants, respectively; dividend yield of zero percent for all years; expected volatility of 100% to 538% percent for all years; risk-free interest rates of 1% to 6%, and expected lives of 1 to 10 years.

	For the Three Months Ended June 30,	
	2005	2004
Net income(loss):		
As reported	\$ 143,718	\$ (364,470)
Pro Forma	173,396	(390,401)
Net income(loss) per share:		
As reported	\$ 0.01	\$ (0.01)
Pro Forma	0.00	(0.02)

F-10

PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
June 30, 2005 and March 31, 2005

### NOTE 3 - DILUTIVE INSTRUMENTS (Continued)

#### a. Stock Options (Continued)

The Company has granted the following options as of June 30, 2005:

Description	Date of Grant	Issue Number	Issue Price	Amount Exercised	Amount Expired/ Cancelled	Amount Outstanding
1) Board Members	12-10-01	1,000,000	\$ 0.30	0	(250,000)	750,000
2) Board Members	06-03-02	1,000,000	\$ 0.16	0	(250,000)	750,000
3) Employees	07-01-02	335,000	\$ 0.16	0	(10,000)	325,000
4) Employee	08-15-02	5,000	\$ 0.16	0	0	5,000
5) Board Members	10-21-02	499,998	\$ 0.09	0	(166,666)	333,332
6) Board Members	05-15-03	892,855	\$ 0.07	(250,000)	(214,285)	428,570
7) Employee	05-20-03	100,000	\$ 0.07	0	0	100,000
8) Employee	07-25-03	25,000	\$ 0.10	0	0	25,000
9) Employee	09-05-03	150,000	\$ 0.07	0	0	150,000
10) Employee	09-25-03	25,000	\$ 0.15	0	0	25,000
11) Board Member	04-28-04	150,000	\$ 0.15	0	0	150,000
12) Consultant	04-28-04	2,000,000	\$ 0.10	(750,000)	(1,250,000)	0
13) Consultant	04-28-04	4,000,000	\$ 0.25	0	(4,000,000)	0

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

14) Consultant	04-28-04	200,000	\$ 0.10	0	0	200,000
15) Consultant	04-28-04	200,000	\$ 0.20	0	0	200,000
16) Consultant	04-28-04	200,000	\$ 0.30	0	0	200,000
17) Consultant	04-28-04	200,000	\$ 0.35	0	0	200,000
18) Board Members	09-14-04	80,358	\$ 0.14	0	0	80,358
19) Board Members	09-14-04	93,750	\$ 0.12	0	0	93,750
20) Board Members	09-14-04	112,500	\$ 0.10	0	0	112,500
21) Board Members	09-14-04	48,912	\$ 0.23	0	0	48,912
22) Board Members	09-14-04	57,692	\$ 0.26	0	0	57,692
23) Employee	07-29-04	153,533	\$ 0.15	0	0	153,533
24) Employee	08-10-04	50,000	\$ 0.13	0	0	50,000
25) Employee	07-10-04	50,000	\$ 0.13	0	0	50,000
26) Employee	07-01-04	25,000	\$ 0.31	0	0	25,000
27) Consultant	07-29-04	5,000	\$ 0.15	0	0	5,000
28) Employee	11-15-04	100,000	\$ 0.10	0	0	100,000
29) Board Members	01-04-05	315,792	\$ 0.10	0	0	315,792
30) Consultant	01-06-05	4,500	\$ 0.10	0	0	4,500
31) Employee	06-01-04	75,000	\$ 0.31	0	0	75,000
32) Employee	06-14-04	250,000	\$ 0.31	0	0	250,000
33) Employee	06-01-04	50,000	\$ 0.31	0	0	50,000
34) Employee	06-01-04	75,000	\$ 0.31	0	0	75,000
35) Employee	06-16-04	150,000	\$ 0.31	0	0	150,000
36) Board Members	04-01-05	81,080	\$ 0.185	0	0	81,080
37) Employees	05-26-05	175,000	\$ 0.50	0	0	175,000
38) Officer	05-26-05	107,467	\$ 0.50	0	0	107,467
		-----				
		13,043,437		(1,000,000)	6,140,951	5,620,019
		=====		=====	=====	=====
Amount Exercisable						4,621,486
						=====

Description	Fair Value	Risk-Free Interest Rate	Expected Life	Expected Volatility
1) Board Members	\$ 0.20	5.69%	10.00	99.80%
2) Board Members	\$ 0.15	5.48%	10.00	128.91%
3) Employee	\$ 0.14	2.84%	3.50	157.77%
4) Employee	\$ 0.14	2.84%	3.30	163.77%
5) Board Members	\$ 0.09	3.94%	10.00	158.83%
6) Board Members	\$ 0.09	3.94%	10.00	151.61%
7) Employee	\$ 0.06	2.54%	4.00	151.61%
8) Employee	\$ 0.12	2.81%	4.00	156.24%
9) Employee	\$ 0.11	2.81%	4.00	152.03%
10) Employee	\$ 0.12	3.07%	5.85	152.03%
11) Board Member	\$ 0.17	4.43%	10.00	344.55%
12) Consultant	\$ 0.17	0.98%	0.17	187.13%
13) Consultant	\$ 0.17	0.98%	0.33	187.13%
14) Consultant	\$ 0.17	1.55%	1.00	537.80%
15) Consultant	\$ 0.17	1.55%	1.00	537.80%
16) Consultant	\$ 0.17	1.55%	1.00	537.80%
17) Consultant	\$ 0.17	1.55%	1.00	537.80%
18) Board Members	\$ 0.15	4.14%	10.00	247.04%
19) Board Members	\$ 0.15	4.14%	10.00	247.04%
20) Board Members	\$ 0.15	4.14%	10.00	247.04%
21) Board Members	\$ 0.15	4.14%	10.00	247.04%
22) Board Members	\$ 0.15	4.14%	10.00	247.04%
23) Employee	\$ 0.14	3.78%	5.00	250.60%
24) Employee	\$ 0.13	3.47%	5.00	247.04%
25) Employee	\$ 0.23	3.64%	5.00	250.60%
26) Employee	\$ 0.27	3.81%	5.00	240.27%

## Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

27) Consultant	\$	0.14	3.78%	5.00	250.60%
28) Employee	\$	0.10	3.53%	5.00	236.98%
29) Board Members	\$	0.09	4.29%	10.00	234.54%
30) Consultant	\$	0.11	3.65%	5.00	236.98%
31) Employee	\$	0.31	3.91%	5.00	235.04%
32) Employee	\$	0.26	3.98%	5.00	235.04%
33) Employee	\$	0.31	3.91%	5.00	235.04%
34) Employee	\$	0.31	3.91%	5.00	235.04%
35) Employee	\$	0.31	3.91%	5.00	235.04%
36) Board Members	\$	0.185	4.24%	10.00	237.88%
37) Employees	\$	0.50	3.91%	5.00	257.85%
38) Officer	\$	0.50	3.91%	5.00	257.85%

F-11

PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
June 30, 2005 and March 31, 2005

NOTE 4 - SUBSEQUENT EVENTS

During the month of July 2005, the Company issued 20,000 shares to certain individuals who helped with converting the last of the indentured trustholders' notes to common stock. The shares were issued valued at \$0.705 per share for a total commission expense of \$14,100.

During the month of July 2005, the Company issued 60,900 shares to an indentured trust holder who converted debt to common stock. This transaction is reflected in the above financial statements.

During the month of July 2005, the Company issued 5,000 shares to a consultant who was exercising options. These options were exercisable at a price of \$0.15 per share.

During July 2005, the Company signed a letter of intent (LOI) to acquire LabMentors, a Canadian based developer of hands-on virtual computer, networking, and server labs. PCS will acquire all LabMentor's stock in exchange for PCS' restricted stock; the final structure of the exchange has not been determined. The purchase price is \$450,000, payable in PCS restricted common stock. In addition to the purchase price, LabMentor's shareholders can earn additional PCS shares based on LabMentor's EBITDA (earnings before income taxes, depreciation/amortization) for three years after the initial purchase of LabMentors. The LOI will terminate on October 31, 2005, unless a definitive agreement is reached following PCS' due diligence.

F-12

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

---

Results of Operations.

---

Three months ended June 30, 2005, compared to three months ended June 30, 2004.

---

Revenues for the three-month period ended June 30, 2005, increased by \$490,274, or 110% to \$934,972 as compared to \$444,698 for the three-month period ended June 30, 2004. This increase is due to increased sales and marketing efforts throughout the country as well as increased

## Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

international sales. In addition, we received several large orders at the end of the previous fiscal year (ended March 31, 2005); these orders were delivered, and the revenue recognized, during this first quarter.

Cost of goods sold for the three-month period ended June 30, 2005, increased by \$234,739, or 159% to \$382,211 as compared to \$147,472 for the three-month period ended June 30, 2004. This increase is due to an increase in sales as well as an increase in shipping costs and slightly higher supplier pricing.

Operating expenses for the three-month period ended June 30, 2005, decreased by \$280,298, or 41% to \$401,725 as compared to \$682,023 for the three-month period ended June 30, 2004. This decrease is primarily due the non-recurring expense we booked during last year's period for non-cash consulting expense of \$322,442.

Interest expenses for the three-month period ended June 30, 2005, decreased 22%, or \$6,659 to \$23,778 as compared to \$30,438 for the three-month, period ended June 30, 2004. This decrease is due to our efforts to convert debt to equity. During this first quarter ended June 30, 2005, we converted approximately \$103,500 of indentured trust debt to equity.

### Liquidity and Capital Resources.

-----

We had a cash balance of \$66,013 at June 30, 2005. 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 for the foreseeable future.

### 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 effectively designed to ensure that information required to be disclosed or filed by us is recorded, processed or summarized, within the time periods specified in the rules and regulations of the Securities and Exchange Commission. 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. Unregistered Sales of Equity Securities and Use of Proceeds.

-----

Sales of Unregistered Securities During the Last Quarter.



Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

Description	Common		Preferred	
	Shares	Amount	Shares	Amount
Laura & Bill Baran	15,000	(1)		
Hazen & Josephine Sandwick	35,000	(2)		
Scott Peyron & Associates	90,972	(3)		
Anthony A. Maher	205,211	(4)		
Paul & Lynn Kalcic	12,815	(5)		
Matamo Corp. LLC	16,715	(6)		
Douglas Miller	16,715	(6)		
Trace G. Barnes	33,382	(5)		
Trevor Brown Living Trust	71,030	(5)		
William & Linda Hamm	81,000	(5)		
Mary Kalcic	75,000	(5)		
Armand LaSorsa	66,911	(5)		
Baker-Louderback Living Trust	39,539	(5)		
Rodney C. Luker	100,494	(5)		
Clifford W. Nichols	71,030	(5)		
Nelson Wooster	40,235	(5)		
John R. Coghlan	76,085	(5)		

(1) These shares were issued to an employee who exercised some options. These options were exercisable at \$0.16 per share.

(2) These shares were issued for cash at \$0.20 per share.

(3) These shares were issued for public relations services at \$0.095 per share.

(4) These shares were issued to an Officer/Board Member who exercised some options. These options were exercisable at \$0.13 per share.

(5) These shares were issued for the conversion of indentured trust debt and interest at \$0.17 per share.

(6) These shares were issued for cash at \$0.17 per share.

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.

Exhibits.

31.1 302 Certification of Anthony A. Maher

31.2 302 Certification of Christina M. Vaughn

Edgar Filing: PCS EDVENTURES COM INC - Form 10QSB

32 906 Certifications

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

\* Incorporated by Reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,  
the Registrant has duly caused this Quarterly Report to be signed on its  
behalf by the undersigned thereunto duly authorized.

PCS EDVENTURES.COM, INC.

Date: 8/22/2005

-----

By:/s/Anthony A. Maher

-----

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

Date: 8/22/2005

-----

By:/s/Christina M. Vaughn

-----

Christina M. Vaughn  
Chief Financial Officer

Date: 8/17/2005

-----

By:/s/Donald J. Farley

-----

Donald J. Farley  
Secretary and Director

Date: 8/15/2005

-----

By:/s/Cecil D. Andrus

-----

Cecil D. Andrus  
Director