

PCS EDVENTURES COM INC
Form 10-Q
November 19, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2013

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

For the transition period from _____ to _____

Commission File No. 000-49990

PCS EDVENTURES!.COM, INC.

(Exact name of Registrant as specified in its charter)

Idaho 82-0475383
(State or Other Jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

345 Bobwhite Court, Suite 200

Boise, Idaho 83706

(Address of Principal Executive Offices)

(208) 343-3110

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year,
if changed since last report)

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

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

Indicate by check mark 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 "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Not applicable.

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:

November 14, 2013: 52,504,350 shares of Common Stock

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The Financial Statements of the Registrant required to be filed with this 10-Q Quarterly Report were prepared by management and commence below, together with related notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Registrant.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY**Consolidated Balance Sheet (USD \$)****(Unaudited)**

	September 30, 2013 (unaudited)	March 31, 2013 (audited)
CURRENT ASSETS		
Cash	\$ 294,270	\$ 245,827
Accounts receivable, net of allowance for doubtful accounts of \$2,669 and \$4,805, respectively	133,448	98,732
Prepaid expenses	39,593	34,838
Finished goods inventory	123,418	93,717
Discontinued Assets		
Cash	—	1,419
Account receivable	—	21,108
Prepaid expenses	—	1,548
Other receivable	—	2,144
Total Current Assets	590,729	499,333
FIXED ASSETS , net of accumulated depreciation of \$108,648 and \$99,290, respectively	28,819	38,177
OTHER ASSETS		
Mold Cost	16,887	19,107
Deposits	7,371	7,371
Total Other Assets	24,258	26,478
TOTAL ASSETS	\$ 643,806	\$ 563,988

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

PCS EDVENTURES!.COM, INC. AND SUBSIDIARY**Consolidated Balance Sheets (USD \$)****(Unaudited)**

	September 30, 2013 (unaudited)	March 31, 2013 (audited)
CURRENT LIABILITIES		
Accounts payable and other current liabilities	\$577,163	\$427,082
Payroll liabilities payable	14,241	3,414
Accrued expenses	137,319	136,359
Deferred revenue	82,340	83,756
Note payable, convertible, net of discount	—	185,000
Note payable, convertible, related party, net of discount	—	80,000
Note payable, related party, net of discount	134,462	408,129
Lines of credit payable	30,458	32,061
Discontinued liabilities associated with discontinued assets		
Accounts payable	—	59,281
Payroll liabilities payroll	—	30,437
Total Current Liabilities	975,983	1,445,519
Notes payable, long term	24,600	25,000
Convertible notes payable, long term, net of discount	195,000	
Convertible notes payable, related party, long term, net of discount	416,500	66,500
Total Liabilities	1,612,083	1,537,019
STOCKHOLDERS' EQUITY		
Preferred stock, no par value, 20,000,000 authorized shares, no shares issued and outstanding	—	—
Common stock, no par value, 90,000,000 authorized shares, 52,504,350 and 49,293,845 shares issued and outstanding, respectively	36,705,069	36,199,846
Stock payable	55,150	40,640
Accumulated comprehensive loss	—	(4,546)
Accumulated deficit	(37,728,496)	(37,208,971)
Total Stockholders' Equity	(968,277)	(973,031)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$643,806	\$563,988

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

PCS EDVENTURES!.COM, INC. AND SUBSIDIARY**Consolidated Income Statement (USD \$)****(Unaudited)**

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2013	2012	2013	2012
REVENUES				
Lab revenue	\$421,624	\$1,292,615	\$747,806	\$1,651,414
International service revenue	2,046	2,626	3,314	110,144
Learning Center revenue	18,196	8,522	39,039	20,429
License and royalty revenue	4,572	6,853	10,065	15,997
Total Revenues	446,438	1,310,616	800,224	1,797,984
COST OF SALES	219,934	503,465	397,537	758,007
GROSS PROFIT	226,504	807,151	402,687	1,039,977
OPERATING EXPENSES				
Salaries and wages	145,884	230,076	295,183	498,822
Depreciation and amortization expense	4,679	4,679	9,358	9,358
General and administrative expenses	268,115	245,999	523,006	456,670
Total Operating Expenses	418,678	480,754	827,547	964,850
OPERATING LOSS	(192,174)	326,397	(424,860)	75,127
OTHER INCOME AND EXPENSES				
Change in fair value of derivatives	—	(128,044)	—	(205,271)
Interest income	—	—	12	—
Other income	—	2,422	—	3,677
Interest expense	(36,712)	(29,840)	(65,486)	(51,936)
Other expense	—	(1,000)	—	—
Total Other Income/(Expense)	(36,712)	(156,462)	(65,474)	(253,530)
LOSS FROM CONTINUING OPERATIONS	(228,886)	169,935	(490,334)	(178,403)
LOSS FROM DISCONTINUED OPERATIONS	(11,933)	(71,949)	(29,191)	(85,980)
NET INCOME/(LOSS)	(240,819)	97,986	(519,525)	(264,383)
NET COMPREHENSIVE INCOME/(LOSS)	(240,819)	97,986	(519,525)	(264,383)
Deemed Dividend	—	(8,236)	—	(8,236)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (240,819)	\$ 89,750	\$ (519,525)	\$ (272,619)
Basic and diluted net income (loss) per common share:				
Basic and diluted loss per share from continuing operations	\$ (0.0)	\$ 0.0	\$ (0.01)	\$ 0.0
Basic and diluted loss per share from discontinued operations	\$ 0.0	\$ (0.0)	\$ 0.0	\$ (0.0)
Basic and diluted net loss per share	\$ (0.0)	\$ (0.0)	\$ (0.01)	\$ (0.0)
Weighted Average Number of Shares Outstanding, Basic and Diluted	50,166,265	46,841,373	49,732,439	46,067,013

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

PCS EDVENTURES!.COM, INC.**Consolidated Statements of Stockholders' Equity****(Unaudited)**

	# of Common Shares O/S	Capital Stock	Stock Payable	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Equity
Balance at 03/31/2013	49,293,845	\$36,199,846	\$40,640	\$(37,208,971)	\$ (4,546)	\$(973,031)
Stock for Services	41,875	1,675	760	—	—	2,435
Stock for Bonuses	30,000	600	—	—	—	600
Stock for RSU's	—	—	27,500	—	—	27,500
Conversion of Notes Payable	3,138,630	100,000	—	—	—	100,000
Option/Warrant Expense	—	28,272	—	—	—	28,272
Debt Discount	—	220,000	—	—	—	220,000
Discontinued Operations		140,926				140,926
RSU Forfeiture		13,750	(13,750)			—
Net Loss through 09/30/2013	—	—	—	(519,525)	4,546	(514,979)
Balance at 09/30/2013 (unaudited)	52,504,350	\$36,705,069	\$55,150	\$(37,728,496)	\$ —	\$(968,277)

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

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

	For the Six Months Ended September 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$(519,525)	\$(256,191)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Debt discount amortization	31,105	18,971
Depreciation and amortization	9,358	9,358
Change in fair value of derivative liabilities	—	205,271
Common stock issued for services	2,275	95,728
Stock payable for service	28,260	—
Amortization of fair value of stock options	28,272	46,652
Bad debt	50,740	—
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(13,151)	202,087
(Increase) decrease in prepaid expenses	(3,850)	(131,815)
(Increase) decrease in inventories	(29,701)	(97,428)
(Increase) decrease in other current assets	737	21,096
(Increase) decrease in other assets	2,219	2,228
(Decrease) increase in accounts payable and accrued liabilities	170,408	36,976
Increase (decrease) in unearned revenue	(1,416)	(2,674)
Net Cash Provided (Used) by Operating Activities	(244,269)	150,259
CASH FLOWS FROM INVESTING ACTIVITIES		