

## AUDIT COMMITTEE CHARTER

Approved by the board of directors (**Board**) of PCS Edventures!.com, Inc. (**Company**) on December 1, 2009.

**1. Purpose.** The Audit Committee (**Committee**) assists the Board to oversee (i) the quality and integrity of the Company's financial statements, financial reporting process, and internal controls, (ii) the qualifications, independence, engagement, and performance of the Company's independent auditor, and (iii) the Company's compliance with legal and regulatory requirements.

**2. Composition.** The Committee comprises at least two (2) Board members designated by the Board. The members of the Committee must meet the independence and experience requirements of the Sarbanes-Oxley Act of 2002. Committee members must be able to read and understand financial statements at the time of their appointment. At least one member of the Committee must be an "audit committee financial expert" as defined by Securities and Exchange Commission (**SEC**) regulations. The Board will appoint a Committee member to serve as chair of the Committee. The Board may at anytime remove any member of the Committee and may fill any vacancy on the Committee.

**3. Meetings.** The Committee meets separately from the full Board at least annually and may meet more often, as it finds appropriate. The Committee communicates quarterly with management and with the independent auditors in separate sessions. The Committee may ask any officer or employee of the Company or the Company's outside counsel or independent auditor to (i) attend a meeting of the Committee or (ii) meet with any member of, or consultant to, the Committee. The Committee may meet with any person in a private session in which all discussion is to be kept confidential.

### 4. Authority, Responsibilities, and Duties

#### 4.1 Review of Annual Financial Statements

(a) The Committee reviews the annual audited financial statements with management and the independent auditor and discusses with them the quality of management's accounting judgments in preparing the financial statements. This review includes review of the independent auditor's management letter and management's responses.

(b) The Committee discusses with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

(c) The Committee receives and reviews the written disclosures and letter from the independent auditor required by the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence.

(d) The Committee discusses the independent auditor's independence with the independent auditor.

(e) The Committee recommends to the Board, based on the reviews and discussions under clauses (a), (b), (c), and (d) above, whether the annual audited financial statements should be included in the Company's annual report on Form 10-K.

#### **4.2 Review of Quarterly Interim Financial Statements**

The Committee reviews the Company's quarterly financial statements with management and the independent auditor and discusses with them the quality of management's accounting judgments in preparing the financial statements before the Company files its quarterly reports with the SEC.

#### **4.3 Review of Management's Discussion and Analysis in Periodic Reports**

The Committee reviews with management and the independent auditor the "Management's Discussion and Analysis" section of each periodic report that the Company must file with the SEC, before the Company files the report with the SEC.

#### **4.4 Proxy-Statement Report**

The Committee reviews and either approves or rejects the audit-committee report that federal securities regulations require be included in the Company's proxy statement for its annual meeting of shareholders.

#### **4.5 Auditor Oversight**

(a) The Committee has sole authority to appoint or replace the independent auditor and any other registered public accounting firm (collectively, **Auditors**) engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company.

(b) The Committee is directly responsible for engaging, compensating, and overseeing the work of all Auditors, including resolution of disagreements between management and the independent auditor regarding financial reporting.

(c) The Committee pre-approves any permitted non-audit services to be provided by any Auditor; except that preapproval is not necessary if (i) the scope of the non-audit services comes within the *de minimis* exception described in the Sarbanes-Oxley Act of 2002 and (ii) the Committee approves the non-audit services before the Auditor completes the audit.

(d) The Committee meets with each Auditor and the Company's CFO or controller before the Auditor begins work to discuss the audit plan and scope to ensure completeness of coverage, timely filing of audited financial statements and regulatory reports, and effective use of audit resources.

(e) The Committee establishes hiring policies for employees or former employees of the independent auditors.

#### **4.6 Oversight of Accounting Personnel**

The Committee oversees the appointment and replacement of the Company's CFO and Controller.

#### **4.7 Review and Oversight of Public Disclosures Regarding the Company**

(a) The Committee, with management and with such legal / accounting advisors as management or the Committee finds appropriate, reviews before public issuance (i) quarterly and annual earnings press releases and (ii) disclosures that relate to financial or accounting matters, whether made in a current report filed with the SEC, in a press release or otherwise.

(b) The Committee, with management and with such legal / accounting advisors as management or the Committee finds appropriate, oversees the Company's disclosure policy and procedures for issuance and appropriate content of public statements, in accordance with the Company's separate Disclosure Policy.

#### **4.8 Oversight of Internal Controls**

(a) The Committee, as it finds appropriate, meets with management to review the corporation's major risk exposures and to discuss the steps management has taken to monitor and control these exposures, such as risk-management programs and policies and procedures for legal compliance;

(b) The Committee annually reviews with management and the independent auditor their assessment of the Company's internal control over financial reporting. This review includes discussion of the implementation and effectiveness of controls to address major risk exposures and to compensate for the Company's personnel or asset limitations.

(c) The Committee reviews disclosures made to the Committee by the Company's CEO, CFO, or Controller about any material weaknesses in the Company's internal controls and any fraud involving management or other employees who have a significant role in the Company's internal control.

(d) The Committee reviews with management and the independent auditor any significant deficiencies in the design or operation of the Company's internal controls. This review should include discussion of any special steps the Company has adopted or could adopt in light of any significant deficiency. A "significant deficiency" means a deficiency, or a combination of deficiencies, in internal control over financial reporting, that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

#### **4.9 Oversight of Whistleblower Policy**

(a) The Committee reviews and either approves or rejects the Company's separate Whistleblower Policy.

(b) The Committee chair is designated in the Whistleblower Policy as the primary recipient of confidential, anonymous submissions regarding the Company's accounting or auditing matters.

(c) The Committee works with management, outside advisors, or both management and outside advisors, as the Committee finds appropriate, to investigate and, as appropriate, resolve all complaints and confidential anonymous submissions received by the Company that come within the scope of the Whistleblower Policy.

#### **4.10 Oversight of Material and Related-Party Transactions**

(a) The Committee reviews and recommends that the Board approve or reject the Company's entry into any agreement that (i) will entitle the Company to receive, or obligate the Company to pay, more than \$500,000 in a single fiscal year or (ii) is "material" as defined in any SEC rule or regulation requiring disclosure of material agreements.

(b) The Committee reviews and either approves or rejects all transactions between the Company and any of its officers or directors or any spouse or other person living in the same household as any such officer or director or minor children or enterprises controlled by any such officer or director.

#### **4.11 Code of Ethics and Compliance**

(a) The Committee, with management, oversees annual certification of the Company's Standards of Conduct by every Company director, officer and employee. Annual certification is accomplished when each Company director, officer and employee has (i) received and reviewed a copy of the Standards of Conduct and (ii) signed a written statement that he or she understands, and agrees to comply with, the Standards of Conduct.

(b) The Committee, with management and as the Committee finds appropriate, recommends continuing education and training for appropriate employees and the Board regarding accounting, regulatory, and corporate governance matters.

(c) The Committee, as it finds appropriate, meets privately with the Company's legal counsel and other key advisors to review the status of pending litigation, discuss possible loss contingencies, and review other legal concerns, including the corporation's procedures and policies addressing legal compliance and reduction of legal risk.

#### **4.12 Committee Governance**

(a) The Committee makes regular reports to the Board.

(b) The Committee reviews and reassesses the adequacy of this Charter annually and recommends any proposed changes to the Board for approval.

(c) The Committee conducts an annual performance self-evaluation and presents the results to the Board.

(d) The Committee, as it finds appropriate, obtains continuing education in matters related to the Committee's duties and responsibilities.

(e) The Committee ensures that the Company maintains a copy of this Charter accessible on the Company's Web site.

#### **4.13 Budget and Advisors**

(a) The Committee may engage independent legal counsel and other advisors, as the Committee finds necessary to carry out the Committee's duties.

(b) The Committee determines the level of funding necessary to pay (i) all Auditors and (ii) any independent legal counsel and any other advisors engaged by the Committee.

**5. Limitation of Audit Committee's Role.** The Committee has the responsibilities and powers set out in this Charter. The Committee is not required to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.