PCS Edventures! Inc

10Q

June 30, 2017

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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:

August 10, 2017: 108,120,153 shares of Common Stock

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The Financial Statements of the Registrant 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.

PCS EDVENTURES!.COM, INC.
Balance Sheets
(Unaudited)

	June 30, 2017 (unaudited)	March 31, 2017 (unaudited)
CURRENT ASSETS		
Cash	55,027	34,746
Accounts receivable, net of allowance for doubtful accounts of $2,096 and $2,096, respectively	193,634	392,023
Prepaid expenses	-	11,591
Finished goods inventory	472,337	518,756
Other Receivable	19,642	27,142
Total Current Assets	740,640	984,258
NON-CURRENT ASSETS		
Fixed Assets, net of accumulated depreciation of $173,985 and $165,364, respectively	-	8,621
GOODWILL	1,270	1,270
OTHER ASSETS		
Note Receivable net of allowance ($49,513)	21,198	21,198
Deposits	12,475	12,180
Total Other Assets	33,673	33,378
Total Non-Current Assets	34,943	43,269
TOTAL ASSETS	775,583	1,027,527

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

PCS EDVENTURES!.COM, INC.
Balance Sheets
(Unaudited)

CURRENT LIABILITIES	June 30, 2017 (unaudited)	March 31, 2017 (unaudited)
Accounts payable and other current liabilities	142,255	329,229
Payroll liabilities payable	22,651	42,986
Accrued expenses	265,848	485,936
Deferred Revenue	56,465	4,175
Note payable	255,876	251,445
Note payable, related party	-	1,917,679
Note payable, related party, default	1,917,679	-
Lines of credit payable	13,027	14,096
Total Current Liabilities	$2,675,071	$3,045,546
NON-CURRENT LIABILITIES		
Notes payable, long term, convertible	90,696	90,696
Total Non-Current Liabilities	90,696	90,696
Total Liabilities	$2,765,767	$3,136,242
STOCKHOLDERS' DEFICIT		
Preferred stock, no par value, 20,000,000 authorized shares, no shares issued and outstanding		
Common stock, no par value, 150,000,000 authorized shares, 100,308,372 and 100,308,372 shares issued and outstanding, respectively	39,731,650	39,725,706
Restricted stock payable	388,899	-
Accumulated deficit	(42,109,463)	(41,834,421)
Total Stockholders' Deficit	(1,988,914)	(2,108,715)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	775,583	1,027,527

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

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

	For the Three Months Ended June 30, 2017	2016
REVENUES		
Lab revenue	$616,592	$602,919
International service revenue	-	3,750
Learning Center revenue	16,298	42,820
License and royalty revenue	3,500	4,166
Total Revenues	$636,390	$653,655
COST OF SALES	$395,685	$396,144
GROSS PROFIT	$240,704	$257,511
OPERATING EXPENSES		
Salaries and wages	$229,241	$265,067
Depreciation and amortization expense	$8,621	$28,269
General and administrative expenses	$210,904	$321,496
Total Operating Expenses	$448,765	$614,832
OPERATING LOSS	($208,061)	($357,321)
OTHER INCOME AND EXPENSES		
Interest expense	($66,981)	($52,756)
Total Other Income/(Expense)	($66,981)	($52,756)
LOSS FROM OPERATIONS	($275,042)	($410,077)
NET LOSS	($275,042)	($410,077)
NET COMPREHENSIVE LOSS	($275,042)	($410,077)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	($275,042)	($410,077)
Net loss per common share:		
Basic	($0.00)	($0.01)
Diluted	($0.00)	($0.01)

Weighted Average Number of Shares		
Outstanding Basic	100,308,372	80,424,886
Diluted	103,894,583	82,824,358

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

PCS EDVENTURES!.COM, INC.
Statement of Stockholders' Deficit
(Unaudited)

	# of Common Shares O/S	Capital Stock	Stock & RSU Payable	Accumulated Deficit	Total Shareholders' Equity (Deficit)
Balance at 3/31/17	100,308,372	$39,725,706	$0	($41,834,421)	($2,108,715)
Conversion of interest payable for common stock	-	-	388,899	-	388,899
Option Expense	-	5,943	-	-	5,943
Net Loss	-	-	-	(275,042)	(275,042)
Balance at 6/30/2017 (unaudited)	100,308,372	$39,731,649	$ 388,899	($42,109,463)	($1,988,915)

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

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

	For the Three Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	($275,042)	($410,077)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expense	$8,621	$2,821
Amortization of intangibles	-	26,630
Common stock issued for services	-	23,870
Amortization of fair value of stock options	$5,944	$7,336
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	$205,889	$478,564
(Increase) decrease in prepaid expenses	$11,591	$45,315
(Increase) decrease in inventories	$46,419	$15,786
(Increase) decrease in other current assets	-	-
(Increase) decrease in other assets	($295)	-
(Decrease) increase in accounts payable and accrued liabilities	($427,396)	($213,518)
Increase (decrease) in unearned revenue	$52,290	($3,598)
Net Cash Used by Operating Activities	($371,979)	($26,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of fixed assets	-	-
Net Cash Used by Investing Activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of stock	$388,899	-
Borrowings on note payable	$21,573	$140,000
Principal payments on debt	($18,212)	($49,557)
Net Cash Provided by Financing Activities	$392,260	$90,443
Net Increase (Decrease) in Cash	$20,281	$63,572
Cash at Beginning of Period	$34,746	$54,357
Cash at End of Period	$55,027	$117,929

The accompanying notes are an integral part of these financial statements

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

	For the Three Months Ended June 30,	
NON-CASH INVESTING & FINANCING ACTIVITIES	2017	2016
Conversion of debt	-	$230,521
RSU accrued in prior period and issued in current period	-	1,620
CASH PAID FOR	2017	2016
Interest	$6,456	$16,777
Income Taxes	-	$830

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

PCS EDVENTURES!.COM, INC.
Notes to the Financial Statements
June 30, 2017
(Unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

PCS Edventures!.com, Inc. (the "Company", "PCS", "we", "our", "us" or similar words) was incorporated in 1994, in the State of Idaho. PCS specializes in experiential, hands-on, K12 education and drone technology. PCS has extensive experience and intellectual property (IP) that includes robotics software and hardware, product designs, K12 curriculum content, as well as sophisticated turn-key lab packages that teach topics of science, technology, engineering, and math (STEM). PCS, through its acquisition of Thrust-UAV, has developed and sells the RubiQ STEM education drone and the Riot 250R Pro consumer racing drone.

PCS educational solutions are implemented through the development, marketing, and distribution of educational products and services that target the Pre K-12 market and are marketed through reseller channels, direct sales efforts, and partner networks. Our Thrust-UAV drone division is continuing to build a distribution and reseller network to sell the Riot 250R Pro racing drone and accessories. The division has been solicited for various partnerships which the Company is evaluating.

On August 3, 1994, PCS Education Systems, Inc. was incorporated under the laws of Idaho to develop and operate stand-alone learning labs.

In October of 1994, PCS exchanged common stock on a one-for-one basis for common stock of PCS Schools, Inc. As a result of this exchange, PCS Schools, Inc. became a wholly-owned subsidiary of PCS. In the late 1990s, the Company divested the stand-alone learning labs to focus on the creation of turn-key lab modules coupled with web-based technology for use in the classroom and afterschool programs.

On March 27, 2000, PCS changed its name from PCS Education Systems, Inc. to PCS Edventures!.com, Inc. On September 26, 2014, the shareholders voted for the proposal to grant the Board of Directors the authority to change the name of the Company in a fashion that will remove the ".com", but retain the current brand.

On November 30, 2005, PCS entered into an agreement with 511092 N.B. LTD., a Canadian corporation (LabMentors), to exchange PCS common stock for common stock of 511092 N.B. LTD., which exchange was completed in December of, 2005, with LabMentors becoming a wholly-owned subsidiary. In December 2005, the name of this subsidiary was formally changed to PCS LabMentors, Ltd.. The Company divested Labmentors, the wholly owned subsidiary, in August of 2013.

In January of 2012, the Company committed to a business plan enhancement, which included the opening, operating, and licensing of EdventuresLab private learning centers and launched a pilot program in the spring of 2012. As of June 30, 2014, two EdventuresLab programs had been opened and were operating in the Idaho Treasure Valley. Enrollment has been less than needed to sustain profitability in this segment. As a consequence, the Company closed its Boise, Idaho EdventuresLab site and will be closing its Eagle, Idaho EdventuresLab site in July of 2017.

On January 31, 2013, PCS formed a subsidiary called Premiere Science, Inc., incorporated and registered in the State of Idaho. The subsidiary is 100% wholly-owned by the Company and was formed to use as an additional sales and marketing tool to gain other business opportunities. There were no operations for this subsidiary.

In January of 2013, we formed Premiere Science, Inc. ("Premiere Science") in the State of Idaho as a wholly-owned subsidiary.

In September of 2013, we sold PCS LabMentors, Ltd. ("PCS LabMentors"), which was based in Fredericton, New Brunswick, Canada.

In February of 2016 we executed an asset purchase of Thrust-UAV LLC ("Thrust-UAV"), an Idaho based limited liability corporation specializing in First Person View (FPV) drone technology, the purpose of which was to strengthen our internal technology capabilities, expand our STEM product offerings, and open up market opportunities outside of the K12 education space.

In March of 2017, the Board of Directors unanimously resolved to suspend reporting as an SEC reporting company. The rationale behind this decision was to reduce costs. There was no change in the trading of the Company's shares, which continue to trade on the OTCPK under the symbol PCSV. The Company will no longer be required to report audited financial statements.

On June 7, 2017, the Company executed a Trademark License Agreement with MultiGP in which MultiGP members (drone pilots) will be recruited and used for selling, training, and supporting our Discover Drones packages in their local communities. In return, PCS will create a specific MultiGP branded Discover Drones package.

NOTE 2 - UNAUDITED FINANCIAL STATEMENTS

The June 30, 2017 financial statements presented herein are unaudited, and in the opinion of management, include all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of financial position, results of operations and cash flows. Such financial statements do not include all of the information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

The operating results for the three-month period ended June 30, 2017, are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2018.

NOTE 3 - GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The established sources of revenues are not sufficient to cover the Company's operating costs. The Company has accumulated significant losses and payables and generated negative cash flows. The combination of these items raises substantial doubt about its ability to continue as a going concern. Management's plans with respect to alleviating this adverse position are as follows:

The Company has undergone a number of initiatives to reduce costs. We consolidated our office to one location, thus eliminating a costly lease. We filed form 15 which relieves us from the requirements of being an SEC reporting company, saving audit and legal fees which the Company estimates to be in excess of $100,000 per year. We have closed our Boise, Idaho EdventuresLab and sold our Eagle, Idaho EdventuresLab, saving significant overhead expenses after the Company determined that these operations were not profitable. We have focused our R&D activities on only those projects that the Company feels have near-term potential. Much of our product development work that has typically been contracted out has ceased.

In addition to cutting costs, the Company has focused its efforts and resources on sales activities. The Company contracted with two new sales people in January of 2017. The Company is also employing a more targeted and extensive social media marketing strategy. Our partnership with MultiGP to use their network of drone pilots to promote our STEM education drone to schools in their community is also another example of this sales-centric business strategy.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described to raise capital as needed, to continue to monitor and reduce overhead costs, and to attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Concentration of Credit Risk

The Company extends credit to customers and is therefore subject to credit risk. The Company performs initial and ongoing credit evaluations of its customers' financial condition and does not require collateral. An allowance for doubtful accounts is recorded to account for potential bad debts. Estimates are used in determining the allowance for doubtful accounts and are based upon an assessment of selected accounts and as a percentage of remaining accounts receivable by aging category. In determining these percentages, the Company evaluates historical write-offs, and current trends in customer credit quality, as well as changes in credit policies. At June 30, 2017, a major international customer and a domestic reseller accounted for 3% and 22% of the Company's accounts receivable, respectively**.**

NOTE 5 – PREPAID EXPENSES

Prepaid expenses for the periods were as follows:

	June 30, 2017	March 31, 2017
Prepaid insurance	-	-
Prepaid inventory	-	-
Prepaid software	-	8,000
Prepaid expenses, other	-	3,591
Total Prepaid Expenses	-	11,591

NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and other intangible assets for the period were as follows:

	June30, 2017	March 31, 2017
Goodwill	1,270	1,270
Intangible Assets	100,048	100,048
Accumulated Amortization Intangible Assets	(100,048)	(100,048)

Total Goodwill and Intangible Assets	1,270	1,270

Intangible asset amortization expense for the three months ended June 30, 2017 and June 30, 2016 was $0 and $26,630, respectively.

NOTE 7 – FIXED ASSETS

Assets and depreciation for the periods were as follows:

	June 30, 2017	March 31, 2017
Computer/office equipment	46,630	46,630
Software	127,355	127,355
Accumulated depreciation	(173,985)	(165,364)
Total Fixed Assets	-	8,621

Fixed asset depreciation expense for the three months ended June 30, 2017 and June 30, 2016 was $8,621 and $2,821, respectively.

NOTE 8 – NOTES PAYABLE

Notes payable for the periods consisted of the following:

	June 30, 2017	March 31, 2017
Note payable	155,876	251,445
Note payable, default	100,000	-
Note payable, related party	-	1,917,679
Note payable, related party, default	1,917,679	-
Lines of credit payable	13,027	14,096
Notes payable, long term, convertible	-	90,696
Notes payable, long term, convertible, default	90,696	-
Total Notes Payable	2,186,582	2,273,916

Note payable

On March 10, 2017 the Company executed a non-convertible promissory note with no warrants attached with a third party for $100,000 at 25% interest per annum, due May 19, 2017. The note was secured by accounts receivable. The note principle balance of $100,000 was still outstanding at June 30, 2017, in default, with accrued interest of $7,671.

On June 8, 2017 the Company executed a non-convertible promissory note with no warrants attached with a third party for $200,000 at 20% interest per annum, October 31, 2017 2017. The note principle is available for incremental draws. $125,000 was drawn on this note on June 9, 2017. This was secured by international contracts. The note principle balance of $125,000 was still outstanding at June 30, 2017, with accrued interest of $719.

On April 18, 2012, the Company entered into a long-term promissory note with one of its employees and board members for $25,000 with an interest rate of seven and one-half percent (7.5%) per annum. The balance is due in full on or before April 18, 2017. Monthly payments are required for interest only to the Lender's financial intuition. On April 18, 2017 the principle balance and interest of $18,212 was paid in full by the Company.

On January 13, 2012, the Company entered into two separate promissory notes in the amount of $35,000 each for an aggregate amount of $70,000. The notes bear interest at nine percent (9%) per annum and were previously due and payable on or before January 10, 2013. Minimum monthly payments of one and one-half (1.5%) of the loan balances are required and are submitted to the Lenders' financial institution. The notes were amended April 1, 2013, and re-written with a new principal amount of $32,100 each for an aggregate amount of $64,200. The notes bear interest at nine percent (9%) per annum and are due and payable on or before April 1, 2020. The underlying loan requires that the Company pay to the Lenders' financial institution monthly payments of $1,033 on or before the 1st day of each month, beginning May 1, 2013, and continuing each month in like amounts until the final payment due on April 1, 2020. The Company had paid $39,124 in principal, leaving a balance of $30,876 at June 30, 2017. No interest is accrued for this note payable.

Note payable, related party, default

From FY 2013 to FY 2017, the Company has executed related party promissory notes with an employee and the CEO, both being members of the Board of Directors, per the included table. The total principle balance of June 30, 2017 is $1,917,679. Accrued interest on the principle balance of $1,867,679, as of June 15, 2017 was $388,899, converted into 7,777,978 shares of restricted common stock. These shares were subsequently issued to our CEO on July 12, 2017. The remaining balance of accrued interest on these promissory notes as of June 30, 2017 is $54,525.

For informational purposes, the following table is a three-year history of Total Notes Payable as of March 31, 2017:

	Original Principal Balance	Origination Date	Original Due Date	Amended Due Date	Interest Rate	Principal 03/31/17	Interest Accrued 03/31/17	Principal Balance 03/31/17	Principal Balance 03/31/16	Principal Balance 03/31/15
Note Payable										
	$84,000	2/12/2016	12/1/2016	12/1/2016	n/a	$0	$0	$0	$84,000	-
	$24,547	2/16/2012	12/1/2016	12/1/2016	n/a	$0	$0	$0	$24,547	-
	$20,000	5/1/2014	4/11/2017	4/11/2017	12.00%	$0	$0	$0	$9,982	$18117
	$60,000	4/11/2014	3/11/2017	3/11/2017	12.00%	$0	$0	$0	$31,349	$59,170
	$100,000	02/02/2017	04/30/2017	-	20.00%	$100,000	$3,178	$100,000	-	-
	$100,000	03/10/2017	05/19/2017	-	25.00%	$100,000	$1,438	$100,000	-	-
Note Payable Related Party Convertible										
	$200,000	2/1/2014	10/22/215	4/30/2015	10.00%	-	-	Conv 4/29/16	$200,000	$175,937
Note Payable Related Party										
	$870,457	10/21/2014	5/31/2015	4/30/2016	10.00%		$22,222	Consolidated	$892,679	$870,457
	$400,000	1/16/2015	6/30/2015	4/30/2016	10.00%	$1,292,679	$271,283	Consolidated	400,000	$400,000
	$135,000	2/17/2015 & 3/5/2015	6/30/2015	4/30/2016	10.00%			Consolidated	$135,000	$135,000
	$135,000	4/20/2015	6/30/2015	4/30/2016	10.00%	$175,000	$40,492	Consolidated	$40,000	$135,000
	$100,000	2/6/2016	2/29/2016	4/30/2016	10.00%			Consolidated	$100,000	-
	$100,000	3/16/2016	4/30/2016	4/30/2016	10.00%			Consolidated	$100,000	-
	$100,000	4/01/2016	4/30/2016	04/30/2016	10.00%	$340,000	$35,836	$40,000	-	-
	$60,000	11/03/2016	11/03/2016	12/31/16	10.00%	$60,000	$2,449	$60,000	-	-
	$50,000	02/01/2017	04/302017	-	20.00%	$50,000	$1,616	$50,000	-	-
Note Payable Convertible										

	$30,000	3/31/2011	6/29/2011	4/30/2017	10.00%	$34,011	$11,918	34,011	34,011	34,011
	$50,000	3/31/2011	6/29/2011	4/30/2017	10.00%	$56,685	$19,840	56,685	$90,696	$202,729
Note Payable Related Party Long-Term										
	$70,000	1/10/2012	1/10/2013	4/1/2020	9.00%	$33,234	n/a	$33,234	$42,204	$49,374
	$39,050	9/13/2011	n/a	n/a	8.75%	$14,096	n/a	$14,096	$17,503	$21,708
	$25,000	4/18/2012	4/18/2017	4/18/2017	7.50%	$18,212	n/a	$18,212	$21,092	$21,995
						$2,273,917	$388,050		$2,189,052	$1,938,526

Line of Credit

On September 13, 2011, the Company drew down a line of credit at a financial institution in the amount of $39,050. The line of credit bears interest at seventeen and one-half (17.5%) per annum. The Company makes variable monthly payments. The Company has paid $26,023 in principal, leaving a balance of $13,027 payable. No interest is accrued for this note payable.

Convertible Note Payable – Non-related party

On August 1, 2012, the Company issued amendments to the convertible note agreements (convertible into common stock at a rate of $0.15 per share) in the aggregate amount of $215,000 and extended the due date with repayment in the amount of $40,000 per quarter to begin April, 2013, with the final payment due in August, 2014, to include any remaining balance due at that time. In consideration for extending the due date of the promissory notes, the expiration dates on the warrants issued (fully expensed in the prior period) on March 31, 2011, which were subsequently extended to June 27, 2014, were amended and extended again for an additional three years, making the new expiration dates August 1, 2017. At the Lenders' sole option, Lenders may elect to receive payment of their respective notes and all accrued interest in "restricted" common stock of the Company at the price per share of said common stock at the same rate as the warrants. On June 7, 2013, the Company executed an amendment to the loan transaction. The amended loan transaction involved the extension of the promissory notes from April 30, 2013, to April 30, 2016, with the Lenders waiving any default under the previous note. The Company made interest payments to each of the eight note holders for all accrued interest from August 1, 2012, to April 30, 2013, for consideration of the extension. On the fourth extension, all accrued interest was combined with the original principal amount as of July 31, 2012. On July 13, 2015, three non-related party conversions with a principal balance of $102,033, combined with the accrued interest to date of $17,894, were converted to 799,514 shares of common stock. As of June 30, 2017 the ending principal balance on the two remaining note holders was $90,696. Interest accrued as of June 30, 2017 is $34,042.

NOTE 9 – NOTE RECEIVABLE

On July 31, 2013, the Company signed a Memorandum of Understanding with a Canadian company owned by Joseph Khoury ("JAK") proposing a purchase agreement in which JAK shall purchase LabMentors from PCS for USD $150,000. JAK has agreed to assume 100% of LabMentors outstanding liabilities and to pay the remainder of the USD $150,000 through a note payable. The Company note receivable in the amount of $50,740, carried an annual interest rate of 3% compounded annually and is to be paid over a period of 60 months in equal monthly payments beginning in month 13 of the 60 month period. This sale was finalized during the period ending September 30, 2013. On April 14, 2015, JAK informed PCS of the potential closure of LabMentors and an inability to meet its note obligations. LabMentors had made three note payments as of the date of the notification totaling $3,399. In evaluation of the note's potential for collectability, a note allowance was accrued to the full amount of the note receivable balance. The note receivable principal balance at December 31, 2016 was $49,513. The note receivable allowance balance at June 30, 2017, is $49,513, resulting in a net $0 balance for this note receivable.

On August 10, 2016, the Company entered into a note receivable with one of its consultants for the amount of $21,198, with an interest rate of eighteen percent (18%) per annum, and secured by future payables owed to the consultant by the Company for services rendered. Interest and principal were due by January 31, 2017. The note has not been collected as of June 30, 2017.

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company includes fair value information in the notes to financial statements when the fair value of its financial instruments is different from the book value. When the book value approximates fair value, no additional disclosure is made

NOTE 11 – ACCOUNTS RECEIVABLE

The Company had accounts receivable of $193,634 net of an allowance for $2,096 for the quarter ended June 30, 2017.This accounts receivable balance included a major international customer's 10% hold back on the current contract's paid work orders of $6,590, and an international customer's lab royalty fees of $19,642.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

a. Operating Lease Obligation

The Company leases its main office under a non-cancelable lease agreement accounted for as an operating lease. On December 31, 2013, the Company signed an amendment to the existing lease to reduce the leased square feet to 5,412 for $6,765 per month for the 12 months ending December 31, 2014. On February 1, 2015, the Company signed a new lease to reduce the square feet to 3,609 for $4,511 per month for the 12 months ending January 31, 2016. The Company signed a lease amendment for the main office space on May 11, 2016, for $15.48 per square foot or $4,647 per month for the 12 months expiring May 31, 2017. On May 31, 2017, the Company moved its headquarters to the office space included in the new warehouse facility leased March 15, 2016, and extended the warehouse lease for three years.

The Company leases additional warehouse space in Boise, Idaho. Originally, this warehouse space consisted of approximately 2,880 square feet. The lease expired in June 2012. This lease was extended for 24 months, beginning July 1, 2012. The lease was extended to a new term ending October 31, 2015. The Company signed a sixth amendment on April 15, 2015, to lease additional warehouse space of approximately 1,400 square feet adjacent to the existing leased space to April 30, 2016. The Company moved all warehousing to the new facility, vacating and completing the lease agreement ending April 30, 2016.

On March 15, 2016, the Company leased a warehouse, office space and manufacturing facility of approximately 10,000 square feet for $6,300 per month for 12 months. On April 28, 2016, the Company moved all inventories, property, plant and equipment to this new warehouse facility. Rent expense for the new warehouse location was $18,900 and $18,900, for the three months ended June 30, 2017, and 2016, respectively.

The Company leased an additional learning lab site in Eagle, Idaho, in the first quarter of FY2015. The lease has a three-year term for 1,050 square feet, for an annual base rent of $16,640 or $1,387 per month, with three percent (3%) growth per year. The lease was completed July 31, 2017.

b. Litigation

On or about May 18, 2015, the Company was named as a co-defendant in a legal action related to one of its employees, alleged to have been driving an automobile negligently while on work related services for the Company, and causing damages to the plaintiffs in the action. The action was brought in the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada, Civil Action number CV PI 1507419. The insurance carrier indicated the claim would not be supported if the employee was not on company business, which the Company asserted was the case. The Company engaged legal counsel to represent it in this matter. On October 25, 2016, the case was dismissed with prejudice.

On October 13, 2015, the Company filed a Summons and Complaint against a person the Company contracted to provide public relations to the Company. The complaint primarily involved defamation and breach of contract. On October 18, 2016, the Company negotiated a settlement on Ada County Case No. CV OC 1517581 originating in the Idaho Fourth

Judicial District Court. The parties to the suit negotiated an agreement that included a confidentiality clause. The matter was settled amicably.

On February 23, 2016, the Company issued a press release announcing an $825,000 contract with Drones ETC. in which its Thrust-UAV business unit would develop and produce a drone-related technology product for Drones ETC. On December 23, 2016, the Company received a Notice of Termination of the contract from legal counsel for Drones ETC. in which it purported to terminate the contract, alleging breach of contract resulting from the Company's alleged failure to provide the product in a timely manner and demanding the return of the $33,000 it had paid to the Company on the execution of the contract. The Company engaged legal counsel and refuted the allegations. A negotiated settlement was reached and PCS retains all rights to the product.

NOTE 13 - STOCKHOLDERS' EQUITY

a. Common Stock

During the three months ending June 30, 2016, $1,620 had been accrued in Restricted Stock Units payable for the issue of 81,000 shares for services that will be issued in future periods. Each Restricted Stock Unit was valued at $0.04, based on common stock closing price of the Company on the date of any grant, then revalued quarterly to $0.08 at March 31, 2016, and June 30, 2016. The total amount recorded in Restricted Stock Units payable as of June 30, 2016, for these services and other prior period services, was $4,860.

During the three months ending June 30, 2016, the Company expensed amounts related to stock options and warrants granted in the current period as well as prior periods valued at $7,336.

During the three months ended June 30, 2016, the Company accrued $16,000 in Stock Payable as a stock award of 200,000 Rule 144 restricted common stock shares to an employee. Each stock unit awarded was valued at $0.08, based on the closing price of the Company's common stock at the date of grant. The common stock was subsequently issued on July 8, 2016.

On October 21, 2014, the Company entered into at ten percent (10%) Convertible Promissory Note with a current board member and shareholder, in the amount of $200,000, convertible into shares of common stock of the Company, at the closing market price of $0.04 on such date. On April 29, 2016, the note was converted, along with $30,521 in accrued interest, into 5,763,014 shares of common stock. Due to conversion within the terms of the note, no gain or loss was recognized.
During the three months ended June 30, 2017, the Company expensed amounts related to stock options and warrants granted in the current period as well as prior periods valued at $5,944.

During the three months ended June 30, 2017, an employee exercised 120,000 options earned from an Incentive Stock Option (ISO) Agreement dated February 14, 2014. The ISO Agreement option price was $0.051 per exercised share of "restricted" common stock. The cashless option was executed yielding 33,803 shares. The shares were subsequently issued on July 12, 2017.

During the three months ended June 30, 2017, the Company converted $388,899 of Interest payable to Stock payable for 7,777,978 Rule 144 "restricted" common stock at $0.05, the bid price of our stock on the date of the transaction. These shares were subsequently issued July 12, 2017.

During the three months ended June 30, 2017, no accrued Restricted Stock Units payable was reversed. Stock compensation in the form of Restricted Stock Units is only authorized for independent directors. The current Board of Directors does not have a qualifying independent member.

b. Preferred Stock

The Company has 20,000,000 authorized shares of preferred stock. As of June 30, 2017, there were no preferred shares issued or outstanding.

NOTE 14 - BASIC AND DILUTED NET LOSS PER COMMON SHARE

Basic net loss per common share for the three-month periods ended June 30, 2017, and 2016, are based on 100,308,372 and 80,608,832, respectively, of weighted average common shares outstanding. Diluted net loss per share for the three-month period ended June 30, 2017 and 2016, are based on 103,894,583 and 84,781,073, respectively, of weighted average common shares outstanding.

	For the Three Months Ended June 30, 2017	2016
Net income (loss) per common share:		
Basic	$ (0.00)	$ (0.01)
Diluted	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding:		
Basic	100,308,372	80,608,832
Diluted	103,894,583	84,781,073

Diluted shares outstanding represents the number of shares that would be outstanding if all issued and outstanding options and warrants were exercised.

NOTE 15 - DILUTIVE INSTRUMENTS

Stock Options and Warrants

The Company is required to recognize expense of options or similar equity instruments issued to employees using the fair-value-based method of accounting for stock-based payments in compliance with the financial accounting standard pertaining to share-based payments. This standard covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. Application of this standard requires significant judgment regarding the assumptions used in the selected option pricing model, including stock price volatility and employee exercise behavior. Most of these inputs are either highly dependent on the current economic environment at the date of grant or forward-looking over the expected term of the award.

	Issued	Cancelled	Exercised	Total Issued and Outstanding	Exercisable	Not Vested
Balance as of March 31, 017	31,106,655	15,570,044	9,977,210	3,732,575	2,962,575	770,000
Warrants	-					
Common Stock Options		(146,364)	70,000	(146,364)	(46,364)	(100,000)
Balance as of June 30, 2017	31,106,655	15,603,680	9,977,210	3,586,211	2,916,211	670,000

On November 18, 2015, the Company granted 200,000 stock options to an officer, Robert Grover. The expected volatility rate of 186.52% calculated using the Company stock price over the two-year period ending November 17, 2015. A risk free interest rate of 0.80 % was used to value the options. The options were valued using the Black-Scholes valuation model. The total value of the options was $14,659. The options vest over a three year period and are exercisable at $0.09 per share, which represents the fair market value at the date of grant in accordance with the 2009 Equity Incentive Plan.

As of June 30, 2017, $12,416 of the total value of the options had been expensed. In the quarter ending June 30, 2017, $3,104 of the total value was expensed.

On February 16, 2016, the Company granted 850,000 incentive stock options to three employees. The expected volatility rate of 218.68% was calculated using the Company stock price over the period beginning February 14, 2014, through the last business date prior to issue. A risk free interest rate of 0.29 % was used to value the options. The options were valued using the Black-Scholes valuation model. The total value of these options was $24,154. The options vest over a two-year period and are exercisable at $0.04 per share, which represents the fair market value at the date of grant in accordance with the 2009 Equity Incentive Plan. As of June 30, 2017, $15,572 of the total value of the options had been expensed. In the quarter ending June 30, 2017, $2,840 of the total value was expensed.

During the quarter ending June 30, 2017, the Company did not grant options.

Warrants

On January 22, 2015, the Company issued 2,000,000 warrants to a shareholder and board member with a 36 month term to purchase "restricted" Rule 144 common stock, no par value (the "Shares"), as consideration for the issuance of a promissory note in the amount of $400,000, from the Company at a purchase price of $0.04 per share of common stock (the "Exercise Price"). These Warrants are fully vested and exercisable. The warrants were evaluated for embedded derivatives in accordance with ASC 815 and were found to not include any embedded derivatives. The warrants attached to the note were valued using the Black Scholes Valuation Model. The assumptions used in the model included the historical volatility of the Company's stock of 180%, and the risk-free rate for the periods within the expected life of the warrant based on the U.S. Treasury yield curve in effect of 0.35%. The resulting fair value was $66,717. This value was recorded as a debt discount and was amortized over the life of the loan. The remaining $38,184 of the debt discount was amortized during the quarter ending June 30, 2015.

NOTE 16 - SUBSEQUENT EVENTS

On July 12, 2017, the Company issued 33,803 shares of "restricted" Rule 144 common stock, no par value per share, to a former employee based on the common stock's closing price on the grant date of February 1, 2014, of $0.051.

On July 12, 2017, the Company issued $388,899 of Stock payable for 7,777,978 Rule 144 "restricted" common stock at $0.05, the bid price of our stock on the date of the transaction.

On July 21, 2017, the Company executed a promissory note with the CEO, one of our shareholders and board members, for $30,000 at 20% interest per annum, due November 30, 2017.

On July 21, 2017, the Company executed a promissory note with a third party for $35,000 at 20% interest per annum, due October 31, 2017.

In July, 2017, the Company sold the Eagle EdventuresLab to a group who will continue its operations and educational services to students. The Company has a good working relationship with the purchasing group.

Item 2. Management's Discussions and Analysis of Financial Condition and Results of Operations.

Cautionary Statements for Purposes of "Safe Harbor Provisions" of the Private Securities Litigation Reform Act of 1995:

Except for historical facts, all matters discussed in this Quarterly Report, which are forward-looking, involve a high degree of risk and uncertainty. Certain statements in this report set forth management's intentions, plans, beliefs, expectations, or predictions of the future based on current facts and analyses. When we use the words "believe", "expect", "anticipate", "estimate", "intend" or similar expressions, we intend to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Actual results may differ materially from those indicated in such statements, due to a variety of factors, risks and uncertainties. Potential risks and uncertainties include, but are not limited to, competitive pressures from other companies within the Educational Industries, economic conditions in the

Company's primary markets, exchange rate fluctuation, reduced product demand, increased competition, inability to produce required capacity, unavailability of financing, government action, weather conditions and other uncertainties, including those detailed in the Company's Securities and Exchange Commission filings. The Company assumes no duty to update forward-looking statements to reflect events or circumstances after the date of such statements.

The following discussion should be read in conjunction with our unaudited financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contained in our Annual Report for the fiscal year ended March 31, 2017, posted on the Company's investor website: http://pcsv.global/, under corporate filings.

Plan of Operation

PCS, through its acquisition of Thrust-UAV, has developed an education drone package for the classroom, titled RubiQ, complete with curriculum, and intends to leverage its deep knowledge of the education industry to significantly penetrate the high school technology education market within the next two years. Reception since the product's lunch in Q4 FY2017 has been positive, and we are encouraged by recent sales activity. PCS has partnered with MultiGP to jointly market and support the product using the vast MultiGP network of drone pilot chapters. A number of other parties have indicated an interest in distributing and reselling this product and the Company is actively evaluating the potential of each.

The Company has an extensive STEM product line and deep expertise in creating STEM solutions comprised of curriculum and materials. We intend to open up new sales channels while growing and supporting existing channels. PCS contracted with two new salespeople in January of 2017 and is committed to growing its direct sales channel. We believe that we have an outstanding STEM product line of contemporary products and will focus the Company's attention on sales activities.

PCS, through its acquisition of Thrust-UAV, has developed the Riot racing drone. The Company's initial strategy was to sell the drone through a network of distributors who market and sell the product to retail outlets, predominately hobby stores, who resell the drone to the end consumer. However, the market is still new, and sales need to be targeted to specific customers rather than to the public in general. Thus, the Company has employed a more grass roots strategy of targeting FPV pilot communities. While we still sell through the distributor model, we believe that our more targeted approach, combined with the implementation of various partnerships that the Company is evaluating, will produce better results than we have seen to date. We have been approached by several different organizations, with various proposals about collaborative efforts in the drone space, and are actively evaluating these potential partnerships.

Results of Operations

For the quarter ended June 30, 2017, the Company reported a net loss of ($275,042) as compared to a net loss for the quarter ended June 30, 2016, of ($410,077), a 33% improvement to the bottom line. The decrease in losses is attributable to three areas: a significant decrease in product development of STEM and Thrust products as major development projects were completed; savings of professional fees for the fiscal year end reporting; and, an improvement in profit margin due to last year's redesign and freight charges in some product lines. The Diluted Earnings per Share for the quarter ended June 30, 2017, was ($0.00), compared to the ($0.01) earnings per share for the three-month period ended June 30, 2016.

Revenue for the quarter ended June 30, 2017, was $636,390 as compared to revenue during the quarter ended June 30, 2016, of $653,655. Cost of sales, specifically sales commissions, increased over the same quarter last year due to a change in sales team structure and a change in sales channel mix.

The Basic and Diluted Net Loss per Share for the quarter ended June 30, 2017, were ($0.00) and ($0.00) respectively, compared to the ($0.01) and ($0.01) basic and diluted net income per share for the three-month period ended June 30, 2016, respectively.

Total operating expenses for the three-month period ended June 30, 2017, decreased by $146,081, or 26% to $411,160, over the three-month period ended June 30, 2016. The table below identifies the quarter over quarter changes:

Operating Expenses		
Learning Center Overhead	(10,087)	(1)
Corporate Office Lease	(12,942)	(2)
Professional Fees	(34,260)	(3)
Product Development	(74,339)	(4)
Other, net	(14,453)	
	$ 146,081	

(1) Due to the closure of the Boise Lab located within the corporate offices in May, and the discontinuation of summer camp sessions in June, instruction costs decreased by 40%.

(2) On May 31, 2017, the Company moved its headquarters to the office space included in the new R&D / Warehouse facility leased March 15, 2016.

(3) The Company did not enlist the services of M&K CPAs to perform the March 31, 2017 year end audit.

(4) Product Development expense decreased from the prior year three months ending June 30, 2016, due to the predominant completion of development on the new drone product lines in both STEM education and consumer retail.

Liquidity

Cash used by operating activities for the first quarter of FY2018 was ($371,979) compared to cash used by operating activities of ($26,871) in the same period last year. The Company ended the first quarter of FY2018 with $55,027 in cash, total current assets of $740,640 and total current liabilities of $2,675,071, resulting in a working capital deficit of ($1,934,431) compared to a working capital deficit of ($2,041,806) for the year ended March 31, 2017.

The Company had a current ratio at June 30, 2017, and March 31, 2017, of 0.28 and 0.33, respectively. The Company had an accumulated deficit of ($42,109,463) and Stockholders' Equity Deficit of ($1,988,914) as of June 30, 2017.

The Company has accumulated significant losses and payables and generated past negative cash flows. The combination of these items raises substantial doubt about its ability to continue as a going concern. The Company cannot predict that it will be successful in obtaining funding for its plans or that it will achieve profitability in Fiscal Year 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not required to provide the information required under this item.

Item 4. Controls and Procedures

Changes in Internal Control Over Financial Reporting.

None.

Disclosure Controls and Procedures

Management has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act as of June 30, 2017. Based on this evaluation, the Chief Executive Officer, Executive Vice President, and the Vice President/Treasurer, acting as principal financial officer, concluded that the Company's disclosure controls and procedures, including the accumulation and communication of disclosures to the Company's Chief Executive Officer, Executive Vice President, and Vice President/Treasurer, as appropriate to allow timely decisions regarding required disclosure, were not effective as of this date to provide reasonable assurance that information required to be disclosed by the Company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. The Company's quarter-end closing process did not adequately ensure that all transactions were accounted for in accordance with GAAP and that required adjustments were made to the financial statements to prevent them from being materially misstated. Management acknowledges that as a smaller reporting entity, it is difficult to have adequate accounting staff to perform appropriate additional reviews of the financial statements.

Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Management, including our Chief Executive Officer, Executive Vice President, and our Vice President/Treasurer, acting as principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Management, with the participation of the Chief Executive Officer, as principal executive officer, Executive Vice President, and the Vice President/Treasurer, acting as principal financial officer, evaluated the effectiveness of the Company's internal control over financial reporting. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. Consistent with its review for the year ending March 31, 2017, when management identified a material weakness in the internal control over financial reporting, management concluded that the Company's internal control over financial reporting was not comprehensive.

This material weakness was evidenced through the Company's year-end closing process, which did not adequately ensure that all transactions were accounted for in accordance with GAAP and that required adjustments were made to the financial statements to prevent them from being materially misstated. Based on this evaluation, our management, with the participation of the Chief Executive Officer, Executive Vice President and Principal Financial Officer, in this case, our Vice President, concluded, our internal control over financial reporting was not effective. Management acknowledges that as a smaller reporting entity, it is difficult to have adequate accounting staff to perform appropriate additional reviews of the financial statements.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On or about May 18, 2015, the Company was named as a co-defendant in a legal action related to one of its employees, alleged to have been driving an automobile negligently while on work related services for the Company, and causing damages to the plaintiffs in the action. The action was brought in the District Court of the Fourth Judicial District of the

State of Idaho, in and for the County of Ada, Civil Action number CV PI 1507419. The Company engaged legal counsel to represent it in this matter. On October 25, 2016, the judge presiding over this case dismissed it with prejudice.

On October 13, 2015, the Company filed a Summons and Complaint against a person the Company contracted to promote the Company. The complaint primarily involved defamation and breach of contract. The Complaint was unresolved at quarter end as the Company was in negotiations with the person to settle this dispute. In early October, an agreement was reached and both parties signed a confidential agreement. The matter was settled amicably.

On February 23, 2016, the Company issued a press release announcing an $825,000 contract with Drones ETC. in which its Thrust-UAV business unit would develop and produce a drone-related technology product for Drones ETC. On December 23, 2016, the Company received a Notice of Termination of the contract from legal counsel for Drones ETC. in which it purported to terminate the contract, alleging breach of contract resulting from the Company's alleged failure to provide the product in a timely manner and demanding the return of the $33,000 it had paid to the Company on the execution of the contract. The Company engaged legal counsel and refuted the allegations. A negotiated settlement was reached and PCS retains all rights to the product.

Item 1A. Risk Factors.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, and is not required to provide the information required under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Security issuances occurred during the three months ended June 30, 2017.

Name of Person or Group	Shares	Consideration
**Consultants	-	-
**Legal Consultants	-	-
* Employees: Benefits	-	-

* Issued as "restricted securities" under the 2009 Equity Incentive Plan; the shares issuable thereunder are "registered" on Form S-8 of the SEC.

** The Company issued these securities to persons who were either "accredited investors" or "sophisticated investors" as those terms are respectively defined in Rules 501 and 506(b) of the SEC; and each person had prior access to all material information about us. We believe that the offer and sale of these securities was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) thereof.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Mine Safety Disclosures.

None; not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

31.1 Rule 13a-14(a) or 15d-14(a) Certification of the Registrant's principal executive officer. Filed herewith.
31.2 Rule 13a-14(a) or 15d-14(a) Certification of the Registrant's principal financial officer. Filed herewith.
31.3 Rule 13a-14(a) or 15d-14(a) Certification of the Registrant's executive vice president. Filed herewith.
32.1 Rule 13a-14(b) or 15d-14(b) Certification of the Registrant's principal executive officer pursuant to 18 U.S.C Section 1350 as adopted pursuant to Rule 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.2 Rule 13a-14(b) or 15d-14(b) Certification of the Registrant's principal financial officer pursuant to 18 U.S.C Section 1350 as adopted pursuant to Rule 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.3 Rule 13a-14(b) or 15d-14(b) Certification of the Registrant's executive vice president pursuant to 18 U.S.C Section 1350 as adopted pursuant to Rule 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.

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.

Dated: August 14, 2017 By: /s/Todd R. Hackett

Todd R. Hackett
Chief Executive Officer

Dated: August 14, 2017 By: /s/Robert O. Grover

Robert O. Grover
Executive Vice President

Dated: August 14, 2017 By: /s/Michael J. Bledsoe

Michael J. Bledsoe
Vice President and Treasurer