PCS EDVENTURES COM INC
Form 10KSB
July 15, 2002

U. S. Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2002

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

For the transition period from _____________ to ____________

Commission File No. 333-53458

PCS EDVENTURES!.COM, INC.
(Name of Small Business Issuer in its Charter)

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

1655 Fairview Avenue, Suite #100
Boise, Idaho 83702
(Address of Principal Executive Offices)

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

N/A
(Former Name or Former Address, if changed since last Report)

Securities Registered under Section 12(b) of the Exchange Act: None
Name of Each Exchange on Which Registered: None
Securities Registered under Section 12(g) of the Exchange Act:

No par value common stock

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes X No ___ (2) Yes X No ___

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this Form, and no disclosure will be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State Issuer's revenues for its most recent fiscal year: March 31, 2002 - $572,356.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days.

July 8, 2002 - $1,165,400. There are approximately 9,711,669 shares of common voting stock of the Registrant beneficially owned by non-affiliates. These computations are based upon the bid price for the common stock of the Registrant on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. ("NASD") on July 8, 2002.

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Not Applicable.

(APPLICABLE ONLY TO CORPORATE ISSUERS)

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

July 8, 2002

14,270,347

DOCUMENTS INCORPORATED BY REFERENCE

A description of "Documents Incorporated by Reference" is contained in Part III, Item I.

Transitional Small Business Issuer Format Yes X No

PART I

Item 1. Description of Business.

Business Development.

PCS (the "Company," "PCS," "we," "our, "us" or similar words) was incorporated in 1994 in the State of Idaho. In October 1994, we acquired PCS Schools, Inc. ("PCS Schools") as a wholly owned subsidiary. PCS Schools had created an educational enrichment program that was delivered in owner-operated, free standing Learning Centers. This program offered a unique atmosphere highly conducive to individual styles of learning and a system that utilized computer technology to increase areas of inquiry and application. Subsequently, we changed our business plan and business strategy and in connection with this change, we divested the Learning Centers developed by PCS Schools and focused our efforts on creating web based educational systems utilizing and improving PCS Schools legacy curriculum.

We issued certain notes in the aggregate amount of $602,500 payable in a private offering to "accredited investors"; these notes bear interest at 8.00% per annum, with payments being due from April 6, 2002, through August 29, 2002. This offering also provided for a debt discount related to warrants that were issued to note holders in conjunction with the notes, amounting to $24,654, net of accumulated amortization in the amount of $166,980. See Note

6 to our consolidated financial statements that accompany this report.

For a discussion of our business development for the years ended March 31, 2000 and 1999, see our 10-KSB Annual Report for the year ended March 31, 2001, which has been previously filed with the Securities and Exchange Commission, and is incorporated herein by reference. See Item 13, Part III.

Business.

We are engaged in the business of developing and marketing educational related technologies and programs directed to the kindergarten through 12th grade after-school market. Our products and technologies are targeted to both the classroom and home market. Our products and technologies are delivered to the classroom through an inventory of hardware, software, books, and Internet access. Our technologies and products are delivered to the home user through Internet access to our subscription based website. Our products and technologies allow students ages 7-18 to explore the basic foundations of mechanical engineering, structures in architecture, and math and science.

We have developed five innovative technology based educational programs. Our "Academy of Engineering," "Edventures! Lab" and "Discover! Lab" products are site-license installations for classrooms and learning programs. Our "Brick Lab!" product is also for classrooms and learning programs, but is not licensed. Our "Edventures!.COM" product is our comprehensive Internet delivered educational experience that supports our Academy of Engineering and our Edventures! Labs site licenses products and also serves as a stand-alone home usage program. Our Edventures!.COM program is delivered to the home user over the Internet on a monthly subscription basis. Separately, and in combination, these five products present a platform for delivering educational services and support to classroom, learning center and home users, and create a virtual community of learners and parents on the web. It is our business strategy that as this online community grows, it will become an education portal through which additional PCS programs and services can be marketed and delivered.

We have only commenced marketing efforts for our current products and technologies during the last two years. We are attempting to expand distribution and marketing arrangements channels. To date, we have sold only a limited number of products related to our current product line.

Principal Products or Services and their Markets.

We have now developed and are currently marketing five innovative technology based educational programs for the kindergarten through 12th grade ("K-12") after-school market, learning center market and home market. Separately, and in combination, these five products present a platform for delivering educational services and support, and create a virtual community of learners and parents on the web. It is our intent that as this community grows, it becomes an education portal through which additional PCS programs and services can be deployed. The five technologies and products that we are currently marketing, are as follows:

> Academy of Engineering. Our Academy of Engineering product is a site license program designed for use within various K-12 environments. Using the Academy of Engineering, students develop, design, and produce exciting hands-on projects ranging from catapults to robots in response to engaging challenges in a variety of topics. The current Academy of Engineering product includes three books for a mechanical engineering strand. Future topic strands for expanding the program include structural,

electrical and software engineering. Each strand, when completed, includes courseware for over 272 hours of instruction. The Academy of Engineering program includes a variety of LEGO products which are used as a mechanical engineering learning aid. An Academy of Engineering site license currently sells for between $15,000 and $19,500 and includes materials, LEGO manupulatives and other building components, and curriculum, a custom designed storage and organization unit, a digital camera, web-based support by our Edventures!.COM product and various electronic assessment tools, and two days of teacher training. We sold 36 Academy of Engineering Labs during the previous fiscal year. Each site license includes all materials necessary to utilize the complete Academy of Engineering program.

Edventures! Labs is a scaled down model of the Academy of Engineering site license system intended for those destinations that have space or funding restrictions. It contains curriculum, storage cabinets and other material, but has a reduced inventory of LEGOs and relies on Edventures!.COM for delivery of the curriculum. A site license for an Edventures! Lab currently costs $6,995 which includes a 50-student block license for access to Edventures!.COM. Additional student access in blocks of 50 cost $1,750 per year for the Edventures! Labs. We have sold 50 Edventures! Labs during the previous fiscal year.

Discover! Labs is a scaled down model of the Edventures! Lab site license system intended for smaller groups of approximately 30 students. It contains curriculum, a storage cabinet and other material, but has a reduced inventory of LEGOs and relies on Edventures!.COM for delivery of the curriculum. A site license for a Discover! Lab currently costs $1,995 which includes a 30-student block license for access to Edventures!.COM. Introduced this past year, we have sold 16 Discover! Labs during the previous fiscal year.

Edventures Brick Labs! provide an inexpensive hands-on learning solution for educators in all types of teaching environments. The Brick Lab! combines the Edventures!.COM curriculum, LEGO manipulatives, storage bins and Internet/web services for smaller groups of approximately 30 students. The Brick Lab! sells for $499 and is not licensed. Introduced this past year, we have sold four Brick Labs during the previous fiscal year.

Edventures!.COM is an Internet delivered program that provides a safe, secure and exciting learning environment for students to interact within from home and from school. Edventures!.COM includes online curriculum and assessment, filtered communication tools, forums and a variety of additional online services. The program utilizes Internet based resources and services as a stand-alone product and also serves as an extension service to our school-based Academy of Engineering product. Edventures.COM can be viewed on the web at edventures.COM. This environment features over 200 do-at-home projects organized into a sophisticated learning model (Merit System), an animated glossary, monitored chat rooms, live interaction with online instructors, personal email accounts for all students and more. The Edventures!.COM at-home curriculum utilizes found materials, LEGO products, software and other resources to teach concepts in Physics, Electricity, Internet, Programming, Art, Architecture and Engineering. Edventures!.COM is included in the Academy of Engineering site license as an on-line support tool and provides a framework within which students can safely communicate, collaborate, and learn.

Edventures!.COM is also available as a stand-alone, home based subscription product for $69.95 per year. We currently have 200 stand-alone users of Edventures!.COM and approximately 10,000 users related to our Academy of Engineering and Edventures! Labs programs.

The Academy of Engineering, Edventures! Lab, Discover! Lab, and Brick Lab! have three main delivery models, which makes these products suitable for use in various learning environments:

School Resource Center. The Academy of Engineering, Edventures! Lab, and Discover! Labs are currently being deployed as a school-wide resource center that allows K-12 teachers to integrate hands-on project based learning activities into their daily curriculum. As a resource center, these mobile Labs are rolled from classroom to classroom throughout the course of a typical school week, being used by the entire school. Examples of how the program is used include: (1) a platform for gifted and talented programs; (2) to enhance and extend a science curriculum; (3) to enhance and extend mathematics activities; (4) to serve as a foundation for an after-school program; (5) as a vocational-technical or technology education program; (6) and to serve as a "special ed" resource. This model makes the program an ideal resource for schools around the country that are seeking innovative and organized methods for integrating technology and hands-on learning in the classroom.

Pre-Engineering Course. The Academy of Engineering and Edventures! Labs provide a comprehensive engineering curriculum designed around the hands-on LEGOs. This curriculum allows the program to serve as the foundation for pre-engineering courses suitable for students in Jr./Sr. High. The hands-on applications of technology, design and production techniques, and the integration of the Internet based services, makes it a highly attractive total classroom solution.

After School Program. The Academy of Engineering, Edventures! Lab and Discover! Lab programs were originally designed in an after-school environment and are ideal to meet the expanding need for educational solutions for school-based programs, Boys & Girls Clubs, YMCA, Community Learning Centers and similar organizations. When used in this format, these programs become a hub for educational activities out of the engineering curriculum, or from the online Edventures! program. The complete support, assessment and curriculum components provide a system for offering a flexible, effective educational offering.

We believe that education programs of our type are not currently available from any other source and present a unique opportunity for sales and marketing to specific segments of the education industry. We intend to attempt to achieve significant penetration of the K-12 and other extended learning markets with the Academy of Engineering, Edventures! Lab and Discover! Lab products through strategic alliances with existing educational based companies such as Pitsco LEGO Dacta, EDAcom Technoligia and ZapMe! We believe that PCS' education programs deliver a unique, proven learning experience that:

* provides students with exciting and relevant activities that brings curriculum to life;

* develops essential critical thinking and problem-solving skills;

* prepares students for real-world career demands; and

* builds a strong foundation in technical literacy.

Markets.

The educational market is a significant market in the United States but is fragmented into various segments ranging from non-profit educational programs to the public school system. We focus our sales and marketing efforts on specific market segments in an integrated strategy that is intended to build brand name awareness of our PCS products in schools, at home and within the larger educational marketplace.

We believe that a major shift of focus is taking place in education in our public and private schools as educators and parents seek to maximize educational experiences for children based upon advances in technology. We believe that this shift necessitates sweeping changes in how schools are operated, programs are taught, technology is integrated, students are assessed and classrooms are managed. Over the past few years, the emergence of a for-profit education industry has begun to evolve in response to parents' and society's demand for more and better alternatives in education. Parents are giving their children's schools low grades for teaching performance and at the same time there is an increase in public support for school choice. In the recent presidential political campaign, the issue of education, including the public funding of private school vouchers, was a significant issue. A school voucher program has also been recently upheld in a case decided at the United States Supreme Court. These factors are driving the growth of private and charter school alternatives.

Capitalizing on this atmosphere, private education based companies specializing in after-school, tutoring and special skills programs various educational companies are marketing programs, technologies and products catering to teachers, students and parents. Parents support alternative education programs and enrichment activities and actively seek them out for their children, as well as exert more and more pressure on public schools to improve their performance. We believe that with this change and unrest taking place within the education industry, enormous opportunities are emerging for companies who understand the problems and promise of technology and new educational methodologies. It is our business strategy to, through our technologies and experience, develop and market technology enhanced learning programs to address this education demand.

The Growth of the Extended Learning Market. Recent high-profile federal programs indicate a growing opportunity within the extended learning market which encompasses before, after and summer school programs on the campus of public schools, or operated through the venue of organizations like the Boys & Girls Clubs of America. A recently posted web site, "www.afterschool.gov," summarizes many of the federal funding sources now available for this growing market segment. One significant driving force in this movement is the proven impact after-school programs have for decreasing juvenile crime. Part of the funding of the Boys & Girls Clubs of America is provided by the Department of Justice. Other indicators in this market include the federal government's 21st Century Community Learning Center program which had a budget of approximately $1.2 billion for the budget year 2001.

PCS Designated Markets.

Academy of Engineering and Edventures! Lab: Markets.

We have identified as our initial primary market for the Academy of

Engineering traditional public and private schools and the after-school programs that are growing quickly across the United States. Widespread financial support for implementing school-based after-school programs is driving the growth of public school programs in this segment. To illustrate this growing trend, $100 million was allocated in 1998 by the DOE for public school-based after-school programs. This number grew to $200 million 1999 and to an estimated $600 million in 2000. In addition, the growth of programs such as those offered by the Boys & Girls Clubs of America are further proof of the market need for this product. The United States Department of Justice allocated a $40 million grant to the Boys & Girls Clubs of America in 1999 for the purpose of expanding and enhancing their programs. As a niche market, after school programs, on and off the campus of public schools (the Extended Learning Market) represent a potential market for PCS products.

K-12 Market in International and U.S. We have entered into a sales agency agreement and product alliance relationship with Pitsco LEGO Dacta, a Pittsburg, Kansas based educational company that holds the non-exclusive distribution rights to LEGO Dacta product sales in the United States. Pitsco, established in 1966, has established a market presence and reputation in the school market place and now markets its own line of modular school labs as well as hundreds of other hands-on type products. The Academy of Engineering product complements the Pitsco existing product line. We are attempting to enter into a similar agreement with LEGO EDAcom Technologia based in Brazil and Portugal, for distribution of our Academy of Engineering product in those countries. We are also working towards alliances with LEGO counterparts in India, Hong Kong, Belgium and Germany.

K-12 Schools in the State of Idaho. The K-12 school market in Idaho is unique marketing opportunity for PCS due to the funding of school purchases of our products by the J.A. & Kathryn Albertson Foundation which is currently funding a statewide technology initiative. PCS is a pre-approved vendor for this initiative and is driving a direct sales effort in Idaho to establish a strong reference network of Academy of Engineering sites using the program. We anticipate that this network of reference sites will serve as a strong source of market feedback for continually improving the product, and is already serving as an excellent source of testimonials from teachers and administrators using the program. To date, we have sold site licenses for 12 Academy of Engineering centers in the State of Idaho.

Boys & Girls Clubs. We are currently continuing our efforts to distribute our Academy of Engineering products into the Boys and Girls Clubs. We installed an Academy of Engineering in the Ada County Boys & Girls Club in Garden City, Idaho . Funding for the program was secured from a local foundation (The Idaho Community Foundation). We have also installed an Academy of Engineering at the Rainier Vista Boys & Girls Club in Seattle, sponsored by the Microsoft Corporate Gifting Group. We are using these sites as reference sites and we are currently attempting to contact Boys and Girls Clubs nationwide. To date, clubs have evidenced a strong interest in the program due to an organization-wide mandate to implement educational programs like the Academy of Engineering. The funding cycle access to funds for these programs are a significant factor in our ability to market the Academy of Engineering to Boys and Girls Clubs.

Extended Learning Market. In addition to the Boys & Girls Clubs of America, additional non-school-based programs are increasing through such institutions as the YMCA, Community Learning Centers, and other sites such as Science Museums. PCS is currently working to establish reference sites in each of these markets and will follow a strategy similar to the one it is pursuing with the Boys & Girls Clubs of America. Progress to date in these market segments include a site license program currently being deployed at the Oregon Museum of Science and Industry in Portland (OMSI); a site license program to the Boise Downtown YMCA which is seeking funding through grant sources and a site license program to the Vista Neighborhood Community Center in Boise, also currently seeking funding.

Edventures!.COM. Markets.

Edventures!.COM is designed to provide a full-featured educational extension via the Internet to all students participating in PCS programs such as the Academy of Engineering. However, for families and students who do not have access to the Academy of Engineering program through a local site license, the program is available on a subscription basis for $69.95 per year. PCS describes the primary market for the current Edventures!.COM product as families with children ages six to 13 who have a strong interest in education. Further, this market can be divided into homeschool families and traditional families.

Traditional Families. There are an estimated 46 million students currently attending K-12 schools across the U.S. The prime motivator for many of these students initially attracted to Edventures! is the attachment to the LEGO name and the integration of the LEGO based curriculum online. LEGO enjoys a large brand name recognition across the country, and is a significant brand and product to be identified with. We are attempting to market our products so as to take advantage of the LEGO name recognition.

The K-12 Partner Program. We have recently developed a marketing program known as the "K-12 Partners Program." This program is a fund raiser model in which participating schools promote the Edventures!.COM product through send-home materials, newsletter promotions and PCS demonstrations to groups such as PTA/PTO's. Utilizing a database driven tracking process, PCS logs all families enrolled through a partner program and shares back a portion of the subscription revenue to the school at the end of the school year.

The PCS - ZapMe! Alliance Program. In addition to the K-12 Partner program, PCS has entered into a strategic alliance with ZapMe! (www.zapme.net), a San Ramon, CA, based company that is delivering complete computer lab and satellite connectivity solutions to Middle-Senior High schools free in exchange for permission to promote their partner programs and online teen-community. PCS has been chosen to be a content partner in which ZapMe! promotes Edventures!.COM in exchange for revenue sharing and the providing of certain amounts of free PCS content for their ZapMe! Netspace. PCS is expanding the Edventures!.COM product to provide additional content and services to appeal to the older ZapMe! students with a focus on technical and engineering education.

ZapMe! will also be promoting the PCS name and the Academy of Engineering program in the schools in which it is present. ZapMe! has over 8,000 U. S. schools currently signed up for its programs. PCS expects this alliance to build PCSEdventures!.COM, and Academy of Engineering name recognition through quarterly take-home CD distributions, display through the ZapMe! Netspace and other ZapMe! promotions done through e-mail and other venues.

Edventures!.COM has been approved for state level funding for homeschool students in the states of California and Alaska. PCS is currently developing a promotional effort that will take advantage of this funding availability to promote the Edventures! program to the thousands of homeschool families in these states. In addition, Pitsco has been developing a sales channel into the homeschool market for several years now that can serve as a conduit for the Edventures!.COM product.

Marketing and Other Agreements.

Direct Sales Force. Currently, we have a direct sales force consisting four employees and thirty-two independent agents. This direct sales force markets our products and programs in a variety of methods to various users, providers and others.

Lego Dacta and Pitsco Agreement. We have entered into a Marketing Agreement with Lego Dacta and Pitsco, LLC ("Pitsco") for the sale of our "The Academy of Engineering" product. Pitsco is an educational company that holds the non-exclusive distribution rights to LEGO Dacta product sales in the United States. Pitsco, established in 1966, has established significant market presence and reputation in the school market place and now markets its own line of modular school labs as well as hundreds of other hands-on type products. We believe that the existing sales and marketing force of Pitsco, will greatly increase the opportunity for introduction of our "The Academy of Engineering" product across the country. To date, Pitsco has sold four units of our The Academy of Engineering product.

Competition.

Both the education marketplace and the Internet are highly competitive and rapidly evolving fields, and are expected to continue to undergo significant and rapid technological change. Other companies may develop products and services and technologies superior to our products which may result in our products and services becoming less competitive. We are aware of several development stage and established enterprises, including major telecommunications and computer software and technology companies, which are exploring the fields of online educational products and services or are actively engaged in research and development of products and services targeted at these fields. Many of these companies have substantially greater financial, manufacturing, marketing and technical resources than we have and represent significant long-term competition. To the extent that these companies offer comparable products and services at lower prices, or higher quality and more cost effective, our business could be adversely affected.

Edventures!.COM competes with Junior Net, Apollo, Zif Davis, MultiActive Education and Disney Daily Blast as subscription models ranging from $5.95 per month to $9.95 per month. However, none have the combination of program depth, interactivity, assessment of student project progress, portfolio building, monitored chat and safe communication environments that are standard features on Edventures!.COM at $69.95 per year.

Cisco Systems sells a product called Networking Academy which is a vocation-technical IT engineering program. Autodesk is partnered with a program called Project Lead the Way that is a Cad/Engineering product as well. Other competitors include Graphics Academy and the Academy of Multi-Media, as well as educational manipulative distributors such as Fisher-Technic, Lasy and K'Nex.

We believe that the hands-on project based learning market is growing both in terms of users and companies offering products and services in this field. Additional competitors of PCS include, but are not limited to, Aero Racers, AK Peters, DEPCO, Inc., General Robotics, Lab Volt Systems, Paxton-Patterson, OWI, Inc., Valiant Technology and Voyager. All of these firms offer some form of hands-on technical curriculum, some including deliverables, to the K-12 market.

Potential Competitive Advantages.

We believe that we potentially have certain competitive advantages which we will attempt to maximize in developing and effecting our business strategy.

These potential advantages include the following:

High barriers exist to entry. PCS' educational programs are unique and sophisticated. PCS' educational programs are innovative, unique and based on ten years of experience and product development. Barriers to entry for competitive products that are time tested are extremely high. Early and significant market penetration will guarantee a "first and best" name recognition for the types of educational services that PCS will deliver.

Utilize the Internet as a delivery and support mechanism for the programs. By leveraging our extensive expertise in Internet technology, PCS achieves the following significant advantages: (1) a high level of program control; (2) the building of a significant data model regarding program usage; and (3) a direct channel to enrolled students who access the program at home. Each of these advantages provides tangible long-term benefits to the Company.

Expand program offerings and distribute them via established program licensees. After implementing and proving a successful program model, PCS will utilize its established network of licensees to distribute additional programs designed to integrate seamlessly into the already deployed sites. This creates a long-term growth strategy that includes new and residual sales to an ever-growing list of existing licensees on an annual basis.

Proliferate licensing of PCS programs by continuing to expand other educational market segments. PCS recognizes that the public schools and community organizations offering educational programs are the best choice for rapid expansion and capturing market share and visibility. Additional market segments will be attacked individually as PCS demonstrates program viability, market by market. By taking a long term strategic approach to market penetration, and maintaining a policy of solid strategic alliances for distribution, each PCS educational program will be an asset that will continue to generate growth and sales.

Sources and Availability of Raw Materials.

None, not applicable.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts.

We seek to protect our technology, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. Generally, we enter into confidentiality and non-disclosure agreements with our employees and with key vendors and suppliers. Currently we use the following trade names: "PCS" (TM)"; "Academy of Learning"; "business"; and "Edventures". We intend to evaluate continually the appropriateness of seeking registration of additional product names and trademarks as they evolve.

At the present time, we have not applied for any patents, nor do we have any patents pending. We anticipate that our products will not be the type for which patent protection will be sought. However, we may file for patent protection on certain aspects of our proprietary technology in the future.

Our present or future products may be found to infringe upon the intellectual property rights of others. If our products were found to infringe on intellectual property rights of others, our development and sale of such products could be severely restricted or prohibited. In such eventuality we would be required to obtain licenses to utilize such patents or proprietary rights of others, for which acceptable terms may be unavailable. If we were not able to obtain such licenses, the development or sale of products requiring such licenses could be materially and adversely affected. In addition, we could incur substantial costs in defending against challenges to our patents or infringement claims made by third parties or in enforcing any patents we may obtain.

Our PCS logo has been service/trade marked (#2213678) since December 29, 1998. Protection for this service/trademark is for a ten year period. We applied for a service/trademark (application #75-845244) for "PCS Edventures!.COM" on November 30, 1999, and for a service/trademark (application #60-162284) for "Senior Driver" on October 28, 1999. We anticipate that these applications will be granted in the near future. Once granted, the protection is for a period of ten years.

Governmental Approval of Principal Products or Services.

None, not applicable.

Effects of Existing or Probable Governmental Regulations.

Small Business Issuer.

The integrated disclosure system for small business issuers adopted by the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a "Small Business Issuer," defined to be an issuer that has revenues of less than $25 million; is a U.S. or Canadian issuer; is not an investment company; and if a majority-owned subsidiary, the parent is also a small business issuer; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding securities held by non-affiliates) of $25 million or more.

The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. ("NASAA") have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets.

We are deemed to be a "small business issuer," and we have selected to comply with the "small business issuer" disclosure requirements of Regulation SB of the Securities and Exchange Commission.

"Penny Stock" Designation.

Our common stock is "penny stock" as defined in Rule 3a51-1 of the Securities and Exchange Commission. Penny stocks are stocks:

* with a price of less than five dollars per share;

* that are not traded on a "recognized" national exchange;

* whose prices are not quoted on the NASDAQ automated quotation system; or

* in issuers with net tangible assets less than $2,000,000, if the

issuer has been in continuous operation for at least three years, or $5,000,000, if in continuous operation for less than three years, or with average revenues of less than $6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the Securities and Exchange Commission require broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before making any transaction in a penny stock for the investor's account. You are urged to obtain and read this disclosure carefully before purchasing any of our shares.

Rule 15g-9 of the Securities and Exchange Commission requires broker/dealers in penny stocks to approve the account of any investor for transactions in these stocks before selling any penny stock to that investor. This procedure requires the broker/dealer to:

* get information about the investor's financial situation, investment experience and investment goals;

* reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor can evaluate the risks of penny stock transactions;

* provide the investor with a written statement setting forth the basis on which the broker/dealer made his or her determination; and

* receive a signed and dated copy of the statement from the investor, confirming that it accurately reflects the investor' financial situation, investment experience and investment goals.

Compliance with these requirements may make it harder for our stockholders to resell their shares.

Cost and Effect of Compliance with Environmental Laws.

None, not applicable.

Research and Development Expenses.

We incurred no research and development expenses during the last fiscal year due to a lack of funding. However, we believe that continued investment in research and development will contribute to attaining our strategic objectives and, as a result, expect research and development expenses to increase in future periods.

Number of Employees.

We employ approximately 12 full-time employees of which four are in sales, four are in design and project management, one in accounting and three are in administration and clerical. We will hire part-time and additional full-time employees on an "as-needed" basis. None of our employees are represented by a labor union. We believe that our relationship with our employees is good.

Item 2. Description of Property.

The Company leases its principal executive offices, at 1655 Fairview Avenue Suite #100, Boise, Idaho 83702. These offices consist of approximately 6,000 square feet of Class B office space. Rent obligations are $6,217/month until expiration on February 28, 2002, unless extended by PCS.

Item 3. Legal Proceedings.

Warren Black v. PCS.

On January 18, 2002, Warren Black, a former independent contractor for the Company, filed a complaint against the Company alleging breach of contract. Mr. Black seeks the return of certain software products that he claimed to have provided the Company during his employment, or their monetary equivalent, which he claims to be $15,000. This case is still in the discovery stage and the Company has determined that it is too early to evaluate the likelihood of an unfavorable outcome in this case.

Key Bank v. PCS and Maher.

On March 26, 2002, Key Bank, filed a complaint against the Company seeking recovery of $25,208 alleged to be owed by the Company on a promissory note executed by the Company and guaranteed by Anthony A. Maher, the Company's President and CEO. The Company is negotiating to settle the suit on the most favorable terms possible. At March 31, 2002, the Company has accrued the full amount.

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

No matter was submitted to the Company's shareholders during the last quarter of our current fiscal year.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

Market Information.

There has never been any "established trading market" for our shares of common stock. Our common stock is presently quoted on the OTC Bulletin Board of the NASD under the symbol "PCSV" as reflected below. No assurance can be given that any market for our common stock will develop in the future or be maintained. If an "established trading market" ever develops in the future, the sale of "restricted securities" (common stock) pursuant to Rule 144 of the Securities and Exchange Commission by members of management or others may have a substantial adverse impact on any such market.

The range of high and low bid quotations for our common stock during each quarter since they commenced trading in September, 2001, are shown below. Prices are inter-dealer quotations as reported by the NQB, LLC, and do not necessarily reflect transactions, retail markups, mark downs or commissions.

Stock Quotations

Quarter Ended	High	Low

September 30, 2001	$0.60	$0.25
December 31, 2001	$0.28	$0.18
March 31, 2002	$0.25	$0.06

Recent Sales of Unregistered Securities.

During the last three years, PCS Edventures!.com, Inc. sold the securities listed below in unregistered transactions. Each of the sales was sold in reliance on the exemption provided for in Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). No underwriting fee or other compensation was paid in connection with the issuance of shares except as described in Footnote 1.

Name	Date	Shares Issued	Consideration Paid in Dollars
Chris LaRocco	4/7/99	5,000	(4)
David Chase	4/7/99	20,000	(1)
Sam and Marilyn Trozzo, Trustees	5/19/99	140,000	35,000
Trozzo Charitable Remainder	5/19/99	100,000	25,000
William A. Coolidge	5/19/99	60,000	15,000
Gayle F. Anderson (FBO)	5/19/99	40,000	10,000
Jack and Barbara Monroe, Trustee	5/19/99	40,000	10,000
Gary Flack	5/19/99	20,000	5,000
James D. Holladay	5/19/99	50,000	12,500
Robert E. Ritter	5/19/99	10,000	2,500
Terry and Sally Hanson	5/19/99	10,000	2,500
David and Jama Fox	5/19/99	10,000	2,500
James V. Hawkins	6/3/99	40,000	10,000
Donald J. Farley	6/3/99	13,667	(2)
Richard E. Bean	6/22/99	100,000	25,000
D.J. Farley Profit Sharing - FSB	6/23/99	60,000	15,000
Malcolm Davenport	6/23/99	20,000	5,000
Anthony A. Maher	6/23/99	60,000	15,000
Roy M. & Marian G. Svee, Trustees of the Roy M. and Marian G. Svee Family Trust	6/23/99	40,000	10,000
Thomas E. Zemlicka	6/23/99	72,000	(2)
Sam and Marilyn Trozzo Trustees	6/23/99	43,000	(4)
Ronald T. Davis, Trustee, R.T.D.	7/14/99	40,000	10,000
Brent Fox	7/22/99	80,000	20,000
Richard Wright	7/22/99	20,000	(1)
James R. or Norma J. Nugent, Trustees	7/22/99	80,000	20,000
Robert O. Grover	7/22/99	79,480.2	(1)
Anthony A. Maher	8/18/99	40,000	(1)
Donald J. Farley	8/18/99	40,000	(2)

Roy M. Svee	8/18/99	40,000	(2)
Cliff Davenport	8/18/99	40,000	(2)
Thomas E. Zemlicka	8/18/99	40,126	(2)
Richard E. Bean	9/1/99	100,000	25,000
Pat Mitchell	9/1/99	15,000	(1)
Lorentzen Family Trust	9/1/99	6,000	1,500
Roy and Rose Borone, Trustee	9/1/99	100,000	25,000
Ranae Wenger	9/1/99	5,000	(1)
Jennifer Dixon	9/1/99	5,000	(1)
Bankers Investment Group, Ltd.	9/15/99	400,000	100,000
Roy and Marian Svee, Trustees	11/8/99	50,000	10,000
Ronald Everson	11/8/99	92,000	23,000
Kent Christensen	12/7/99	13,334	(1)
Robert O. Grover	12/17/99	15,000	(1)
Kent Christensen	12/17/99	10,000	(1)
David Chase	12/17/99	10,000	(1)
Patrick Mitchell	12/17/99	10,000	(1)
Richard Wright	12/17/99	10,000	(1)
Ranae Wenger	12/17/99	3,000	(1)
Jennifer Dixon	1/17/99	3,000	(1)
Andrew Hamblin	12/17/99	2,000	(1)
Justin R. Mayfield	12/17/99	4,000	(1)
International Capital Group, Ltd.	12/17/99	10,000	(4)
Roy and Marian Svee, Trustees	12/17/99	90,000	(2)
Donald J. Farley, FSB fbo	12/17/99	60,000	(2)
Anthony A. Maher	12/17/99	60,000	(2)
Anthony A. Maher	12/20/99	40,000	(2)
Gayle Anderson, Trustee	4/17/00	37,037	27,777.75
Scott and Michelle LaBear, Jt Wros	4/17/00	22,222	16,666.50
Joseph R. Smith, IRA - First Union Sec.	4/17/00	100,000	75,000
Equity Advisors International	4/17/00	50,000	37,500
James R. Chapman	4/17/00	97,778	73,333.50
Technology Literacy Group, Inc.	4/17/00	74,075	55,556.25
Cecil D. Andrus	4/17/00	123,333.40	(2)
James R. Gaul	4/28/00	74,074	50,000
Stewart I. Perim	4/28/00	21,111	14,250
Peter S. Richards	4/28/00	37,500	25,312.50
Shannon Soulsby	5/5/00	100,000	(1)
Trent G. Rencher	5/5/00	100,000	67,500
John E. Richards	5/5/00	37,500	25,312
Ritter Family Trust	6/2/00	10,000	6,750
Loretta I. Cook	6/12/00	1,000	(3)
Mark E. Stutzman	6/12/00	1,000	(3)
Thomas M. Tice	6/12/00	1,000	(3)
Symbion, Ltd.	6/12/00	9,000	(3)
Equity Advisors International	6/12/00	6,666	(3)
Halverson, Ronald and Valerie, Co-Trustees	6/12/00	40,000	30,000
International Capital Group Ltd.	8/4/00	50,000	(4)
Douglas W. Miller	8/4/00	7,000	(3)
Dan Sevier	8/4/00	1,000	(3)

Allan J. Kupczak	9/15/00	66,667	50,000.25
Ryan Canning	9/15/00	8,000	6,000
Gene R. and Sara A. Whitlow Family Trust	9/15/00	12,000	9,000
Robert F. and Betty C. Mitchell	9/15/00	53,333	39,999.75
Kevin Denison	9/15/00	12,000	9,000
Mark E. Urness	9/15/00	33,333	24,999.75
Dwayne J. Denison	9/15/00	13,000	9,750
Evan Hathaway	9/15/00	72,000	54,000
Reed J. Bowen, Jr.	9/15/00	72,000	54,000
Kirk J. Moser	9/15/00	23,266	17,449.50
International Capital Group Ltd.	9/15/00	5,000	(4)
Joseph R. Smith IRA - First Union Sec.	9/15/00	50,000	37,500
Jerry H. Canning	9/15/00	8,000	6,000
Andrew Aeling fbo-First Trust Corp.	9/15/00	6,667	5,000.25
Thomas K. and Liesbeth L. Benedict	9/15/00	12,000	9,000
Mark S. Boland	9/15/00	12,000	9,000
Charles L. Bradley	9/15/00	16,000	12,000
Thomas S. Brower	9/15/00	4,000	3,000
Trevor Brown, Inc. Pension Plan	9/15/00	12,000	9,000
Trevor Brown, Inc. Pension Plan	9/15/00	6,667	5,000.25
John C. Bult Trust	9/15/00	6,000	4,500
Judy Conger Calder	9/15/00	2,000	1,500
Coghlan Family Corporation, John R. Coghlan, President	9/15/00	30,000	22,500
Coogan Family Ltd. P/S, John S. Coogan, Jr., Gen.	9/15/00	12,000	9,000
Carl S. Derwig	9/15/00	10,000	7,500
John Duda	9/15/00	50,000	37,500
Daniel T. Gluch	9/15/00	8,400	6,300
Thomas R. and Anita L. Gluch	9/15/00	4,000	3,000
Greeley Orthodontic Center Profit Sharing	9/15/00	12,000	9,000
Walter Hinckfoot, Jr. Living Trust	9/15/00	14,000	10,500
Walter Hinckfoot, Jr. Living Trust	9/15/00	10,000	7,500
Donald Ingalls, Trustee	9/15/00	6,667	5,000.25
Jensen Orthodontic Center-Profit Sharing	9/15/00	15,000	11,250
Jeffrey E. and Miriam M. Joyce	9/15/00	12,000	9,000
Kimball Family Trust	9/15/00	60,000	45,000
Geoffrey Kopecky	9/15/00	12,000	9,000
Armand LaSorsa fbo - First Trust Corp.	9/15/00	8,000	6,000
Leon and Elba Manfredi	9/15/00	6,000	4,500
Mechling Family Trust	9/15/00	12,000	9,000
John Montfort	9/15/00	26,667	20,000.25
Norman R. Morris Living Trust	9/15/00	10,000	7,500
Robert G. Niederkom Irrevocable Trust	9/15/00	20,000	15,000
Diana Nichols	9/15/00	13,333	9,999.75
Clifford Nichols fbo - First Trust Co.	9/15/00	16,000	12,000
Dennis R. Shinn and Karen Brilland	9/15/00	12,000	9,000
Henry and Nellie M. Stuit Revocable Trust	9/15/00	12,000	9,000

Diane Stump	9/15/00	6,000	4,500
Mike Vander Plaats fbo - First Trust Co.	9/15/00	4,000	3,000
Robert Wegner fbo - First Trust Co.	9/15/00	16,000	12,000
Michael H. Yokoyama and Jaye S. Venturi	9/15/00	12,000	9,000
Douglas W. Miller	10/16/00	4,948	(3)
Dan Sevier	10/16/00	1,057	(3)
Tom Donovan	10/16/00	4,000	(3)
Thomas E. Thompson	10/16/00	2,316	(3)
Symbion, Ltd.	10/16/00	5,133	(3)
Loretta I. Cook	10/16/00	500	(3)
Thomas M. Tice	10/16/00	567	(3)
Ryan Cravens	10/16/00	942	(3)
James Boston	10/16/00	537	(3)
John G. Ariko, Jr. Revocable Living Trust	10/16/00	20,000	15,000
Richard K. and Polly L. Ball, Co-Trustees	10/16/00	6,000	4,500
Marcella D. Barnhort, Trustee	10/16/00	12,000	9,000
Barr Asset Family Ltd. Partnership	10/16/00	3,000	2,250
Ron C. Berg	10/16/00	2,000	1,500
Alan and Leslie Berlinberg, Trustees	10/16/00	6,667	5,000.25
Jeffrey T. Canning	10/16/00	4,000	3,000
Joseph L. Draskovich, First Trust Corp. fbo	10/16/00	10,000	7,500
Robert L. and Connie T. Dye	10/16/00	12,000	9,000
Robert D. and Rita Y. Ervin, Co-Trustees	10/16/00	12,000	9,000
David R. and Alice M. Evers	10/16/00	16,000	12,000
Todd Gluch	10/16/00	1,333.33	1,000
Josie Gluch	10/16/00	1,333.33	1,000
Tyra Gluch	10/16/00	1,333.33	1,000
D. Hall Investments, L.L.C.	10/16/00	8,000	6,000
Ronald and Valerie Halverson, Co-Trustees	10/16/00	35,000	26,250
Frederick Z. Herr	10/16/00	30,000	22,500
Robert E. Hinman	10/16/00	3,000	2,250
Vance L. Kalcic	10/16/00	8,000	6,000
Charles Kovaleski, First Trust Corp. fbo	10/16/00	10,000	7,500
Chuck Leal	10/16/00	7,000	5,250
Steven Levy	10/16/00	8,000	6,000
R.C. Luker Construction Defined Benefit fbo	10/16/00	12,000	9,000
Leon and Elba Manfredi	10/16/00	4,000	3,000
Mechling Family Trust	10/16/00	4,000	3,000
Richard T. Press, First Trust Corp. fbo	10/16/00	13,096	9,822
Ratliff Investments	10/16/00	10,000	7,500
Karen G. Reardon	10/16/00	5,000	3,750
Robert E. Rigert	10/16/00	5,000	3,750
Hazen A. and Joseph Sandwick Revocable Trust	10/16/00	12,000	9,000
Annette Simons and Mark Sullivan	10/16/00	4,000	3,000
Stephen G. Smith	10/16/00	10,000	7,500
Swiss American, Inc.	10/16/00	67,000	50,250
Thomas E. Thompson	10/16/00	43,333	32,499.75
Bruce Unsworth, First Trust Corp. fbo	10/16/00	12,000	9,000
John R. Ureel	10/16/00	12,000	9,000

Jerome T. Usails, First Trust Corp. fbo	10/16/00	33,392	25,044
Mike Vander Plaats fbo - First Trust Co.	10/16/00	2,666.67	2,000
Robert and Sally Veazey	10/16/00	4,000	3,000
Johnny Warren	10/16/00	4,000	3,000
Gary R. Weber, Trustee	10/16/00	6,000	4,500
Steve Womack	10/16/00	10,000	7,500
Daniel Andrzejek, First Trust Corp. fbo	10/16/00	5,333.33	4,000
Don M. Barnes	10/16/00	6,000	4,500
Trace G. Barnes	10/16/00	6,000	4,500
Brian Dusseault, First Trust Corp. fbo	10/16/00	3,600	2,700
Ralph M. and Rita J. Eisenmann, Trustees	10/16/00	4,000	3,000
George R. Jarkesy, Jr.	10/16/00	6,700	5,025
Armand LaSorsa fbo - First Trust Corp.	10/16/00	8,000	6,000
Fred L. Prevost	10/16/00	20,000	15,000
Allen Reuben, M.D. P.A.	10/16/00	6,000	4,500
Dan Sevier	10/16/00	4,000	3,000
Ilene Canning	10/16/00	4,000	3,000
Nathan Pugmire	10/16/00	20,000	15,000
Richard F. Schmidt	10/16/00	50,000	(4)
Loretta I. Cook	10/16/00	10,000	100
Steve Cook	10/16/00	505	5.05
Ryan Cravens	10/16/00	6,089	60.89
Lois C. Hull	10/16/00	1,405	14.05
Nerese S. Crayton	10/16/00	1,405	14.05
Randy P. Masciarelli	10/16/00	703	7.03
Douglas W. Miller	10/16/00	29,869	298.69
Mark Miller	10/16/00	3,000	30.00
Dan Sevier	10/16/00	35,670	356.70
Frank S. Mascari	10/16/00	500	5.00
Richard D. Simpson	10/16/00	2,810	28.10
Eric M. Tice	10/16/00	400	4.00
Lauren M. Tice	10/16/00	400	4.00
Thomas M. Tice	10/16/00	10,019	100.19
Symbion Ltd.	10/16/00	56,670	566.70
Thomas E. Thompson	10/16/00	16,653	166.53
Debbie A. Tice	10/16/00	703	7.03
Tammy Deboe	10/16/00	703	7.03
Mary DeMarco	10/16/00	703	7.03
Roy and Marian Svee, Co-Trustees	10/16/00	500,000	(5)
Anthony A. Maher	10/16/00	500,000	(5)
Donald J. Farley	10/16/00	500,000	(5)
George R. Jarkesy, Jr.	10/16/00	100,000	(4)
Nathan and Kristen Pugmire	11/2/00	37,037	27,777.75
Russell B. Geyser	11/2/00	50,000	(6)
Russell B. Geyser	11/2/00	50,000	(6)
Russell B. Geyser	11/2/00	30,000	(6)
Russell B. Geyser	11/2/00	30,000	(6)
Russell B. Geyser	11/2/00	15,000	(6)
Cliff Papik	11/2/00	10,000	(6)
Elaine Montemarano	11/2/00	10,000	(6)
Jeff Block	11/2/00	5,000	(6)
Art Beroff	11/2/00	100,000	(4)
Art Beroff, Custodian for David Beroff	11/2/00	12,500	(4)
Art Beroff, Custodian for Ilana Beroff	11/2/00	12,500	(4)

Frank S. Mascari	11/2/00	6,448	64.48
James Boston	11/8/00	3,015	30.15
George R. Jarkesy, Jr.	11/8/00	8,291	82.91
International Capital Group Ltd.	11/8/00	7,200	72.00
Brent Fox	12/20/00	22,222	15,000
Leonard W. Burningham	4/9/01	100,000	25,000(7)
Equity Advisors	5/29/01	60,000	600(8)
Mark Stutzman	5/29/01	7,025	70(8)
J. Jay Longwell	7/18/01	6,000	4,500(9)
Samuel R. Trozzo & Marilyn A. Trozzo TTEES FBO Trozzo Family Trust	8/24/01	250,000	25,000(10)
Douglas Miller	10/11/01	1,000	280(11)
Tom Tice	10/11/01	1,000	280(11)
Mark Stuzman	10/11/01	1,000	280(11)
Lorie Cook	10/11/01	1,000	280(11)
Walt Miller	10/11/01	1,000	280(11)
Dan Sevier	10/11/01	7,500	2,100(11)
Tom Thompson	10/11/01	3,750	1,050(11)
Ryan Cravens	10/11/01	3,750	1,050(11)
LaRocco & Associates Inc.	10/11/01	15,000	4,500(12)
Tom Hay	10/11/01	10,000	2,800(13)
Charles Bradley	10/11/01	5,000	1,400(13)
Liesbeth Benedict	10/11/01	5,000	1,400(13)
Scott Peyron & Associates, Inc.	10/26/01	59,570	37,529(14)
Vern Nelson	10/26/01	15,968	10,060(14)
Tom Hay	12/31/01	15,000	4,500(15)
John Coghlan	2/6/02	250,000	25,000(10)
Thomas Hay	3/31/02	10,000	1,400(16)
Liesbeth Benedict	3/31/02	23,000	3,220(16)
Charles Bradley	3/31/02	26,000	3,640(17)

(1) These shares of common stock were issued to employees for services at the rate of $5.00 per share.

(2) These shares of common stock were issued to members of the Board of Directors at the rate of $0.25 per share.

(3) These shares of common stock were issued to employees of Capital Growth for commissions at the rate of $0.75 per share.

(4) These shares of common stock were issued as a result of several consulting agreements with rates ranging from $0.25 per share to $0.75 per share.

(5) These shares of common stock were issued to members of the Board of Directors for services at the rate of $0.25 per share.

(6) These shares of common stock were issued for the purchase of the assets of Senior Driver at the rate of $0.25 per share.

(7) These shares of common stock were issued for conversion of debt at $0.25 per share.

(8) These shares of common stock were issued for conversion of warrants at $0.75 per share.

(9) These shares of common stock were issued for services at $0.75 per share.

(10) These shares of common stock were issued for cash at $0.10 per share.

(11) These shares of common stock were issued for services at $0.28 per share.

(12) These shares of common stock were issued for services at $0.30 per share.

(13) These shares of common stock were issued as consideration for notes payable at $0.28 per share.

(14) These shares of common stock were issued for conversion of payable at $0.63 per share.

(15) These shares of common stock were issued as consideration for notes payable at $0.30 per share.

(16) These shares of common stock were issued as considerations for notes payable at $0.14 per share.

(17) These shares of common stock were issued as interest for notes payable at $0.14 per share.

Holders.

As of July 8, 2002, there were 14,270,347 shares of common stock outstanding and approximately 365 stockholders of record.

Dividends.

We have not paid any cash dividends since our inception and do not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of our business.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Plan of Operation.

For the near-term, we have two objectives. First, it is our intent to focus our marketing efforts to increase sales of our Academy of Engineering, Edventures! and Discover! Labs. We are working with a local public relations firm to increase corporate, brand and product awareness. We continue to promote our subscription model to various target markets which we have identified. Our second objective involves our ongoing commitment to product development. We have dedicated resources to curriculum and content development. It is our desire to remain on the leading edge of project-based learning within the education marketplace.

Results of Operation.

Results and Comparison for Fiscal Years

Fiscal year ended March 31, 2002 resulted in a net loss of ($1,560,348). This net loss is a decrease of ($1,121,013), or 42%, from the net loss for fiscal year 2001 of ($2,681,361). The Basic and Diluted Loss per Share for fiscal year 2002 is ($0.12), as compared to a loss per share of ($0.26) for fiscal year 2001. This decrease in loss per share of ($0.14), or 54%, results from two components (1) an increase in our overall net loss, ($0.11)/share, and (2) an increase in the number of shares outstanding, ($0.03)/share. Details of changes in revenues and expenses can be found below.

Revenues

Revenues of $572,356 for fiscal year 2002 were up from revenues of $255,717 for fiscal year 2001 by $316,639, or 124%. This increase is due to increased marketing and promotion efforts as well as the introduction of two additional lab products during this previous fiscal year.

Cost of Goods Sold/Cost of Sales

Cost of Goods Sold increased $134,821, or 143%, from fiscal year 2001, $93,986, to fiscal year 2002, $228,807. This increase is due primarily to increase sales as previously mentioned.

Operating Expenses

Operating expenses decreased by $1,246,982, or 44%, from fiscal year 2001, when operating expenses were $2,804,524 to fiscal year 2002 when operating expenses were $1,557,542. This decrease is due cost containment strategies, most notably temporarily eliminating research and development costs and also cutting our workforce by 40%, or 8 people.

Liquidity.

As of the fiscal year ended March 31, 2002, the Company had $1,046 is Cash, with total current assets of $367,671 and total current liabilities of $1,965,388. The Company has a stockholders' deficit of ($1,507,638).

Item 7. Financial Statements.

Consolidated Financial Statements for the years ended March 31, 2002 and 2001

Independent Auditors Report

Consolidated Balance Sheet - March 31, 2002

Consolidated Statements of Operations for the years ended March 31, 2002 and 2001

Consolidated Statements of Stockholders' Equity (Deficit)

Consolidated Statements of Cash Flows for the Years Ended March 31, 2002 and 2001

Notes to Financial Statements

PCS EDVENTURES!.COM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2002

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PCS Edventures!.COM, Inc.
Boise, Idaho

We have audited the accompanying consolidated balance sheet of PCS Edventures!.COM, Inc. as of March 31, 2002 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended March 31, 2002 and 2001. These consolidated financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PCS Edventures!.COM, Inc. as of March 31, 2002 and the consolidated results of their operations and their cash flows for the years ended March 31, 2002 and 2001 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 8 to the consolidated financial statements, the Company has accumulated significant losses, has negative working capital and deficit in stockholders' equity, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 8. The consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainties.

/S/HJ & Associates

HJ & Associates, LLC
Salt Lake City, Utah
June 26, 2002

PCS EDVENTURES!.COM, INC.
Consolidated Balance Sheet

ASSETS

	March 31, 2002
CURRENT ASSETS	
Cash	$ 1,046
Accounts receivable	355,004
Debt offering costs, net (Note 2)	11,621
Total Current Assets	367,671
FIXED ASSETS, NET (Note 3)	83,079
OTHER ASSETS	
Deposits	7,000
Total Other Assets	7,000
TOTAL ASSETS	$ 457,750

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

PCS EDVENTURES!.COM, INC.
Consolidated Balance Sheet (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	March 31, 2002
CURRENT LIABILITIES	
Bank overdraft	$ 15,272
Accounts payable	274,350
Wages payable	22,211
Payroll taxes payable	120,572
Accrued interest	43,383
Accrued expenses	157,432
Unearned revenue	397,015
Notes payable - related parties (Note 5)	158,882
Notes payable (Note 6)	776,271
Total Current Liabilities	1,965,388
Total Liabilities	1,965,388

STOCKHOLDERS' EQUITY (DEFICIT)	
Common stock, no par value, authorized 50,000,000 shares; 13,261,522 shares issued and outstanding	21,596,003
Deferred consulting fees	(27,344)
Accumulated deficit	(23,076,297)
Total Stockholders' Equity (Deficit)	(1,507,638)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 457,750

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

PCS EDVENTURES!.COM, INC.
Consolidated Statements of Operations

	For the Years Ended March 31, 2002	2001
REVENUE	$ 572,356	$ 255,717
COST OF GOODS SOLD	228,807	93,986
GROSS PROFIT	343,549	161,731
OPERATING EXPENSES		
Research and development costs	-	150,000
Depreciation expense	82,832	69,226
General and administrative	1,474,710	2,585,298
Total Operating Expenses	1,557,542	2,804,524
OPERATING LOSS	(1,213,993)	(2,642,793)
OTHER INCOME AND EXPENSES		
Interest expense	(346,355)	(41,187)
Interest income	-	2,619
Total Other Income and Expenses	(346,355)	(38,568)
NET LOSS	$(1,560,348)	$(2,681,361)
BASIC AND DILUTED LOSS PER SHARE (Note 1)	$ (0.12)	$ (0.26)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	12,763,365	10,148,792

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

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

	Common Shares		Deferred Consulting	Accumulated
	Shares	Amount	Fees	Deficit
Balance, March 31, 2000	8,247,714	18,528,262	$ -	$(18,834,588)
Common stock issued for services at an average price of $0.43 per share	325,237	138,672	-	-
Warrants granted below market value and exercised for cash at $0.75 per share	203,161	152,371	-	-
Stock offering costs	-	(150,339)	-	-
Common stock issued for prepaid services at $0.71 per share	100,000	71,000	(71,000)	-
Common stock issued to board members for services at $0.71 per share	1,500,000	1,065,000	-	-
Options granted below market value	-	84,463	(84,463)	-
Common stock issued for cash at $0.75 per share	1,599,588	1,199,691	-	-
Common stock issued for prepaid services at $.075 per share	125,000	93,750	(93,750)	-
Stock offering costs	-	(143,075)	-	-
Common stock issued to purchase assets at $0.75 per share	200,000	150,000	-	-
Common stock issued for note consideration at $0.75 per share	24,000	18,000	-	-
Common stock issued for conversion of warrants at $0.67 per share	59,259	40,000	-	-
Amortization of expenses prepaid with common stock	-	-	76,147	-
Net loss for the year ended March 31, 2001	-	-	-	(2,681,361)
Balance, March 31, 2001	12,383,959	$21,247,795	$(173,066)	$(21,515,949)

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

F-7

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

	Common Shares		Deferred Consulting	Accumulated
	Shares	Amount	Fees	Deficit
Balance, March 31, 2001	12,383,959	$21,247,795	$(173,066)	$(21,515,949)
Common stock issued for conversion of debt at $0.25 Per share	100,000	25,000	-	-
Common stock issued for conversion of warrants at $0.75 per share	67,025	50,269	-	-
Stock offering costs	-	(49,599)	-	-
Common stock issued for services at $0.75 per share	6,000	4,500	-	-
Common stock issued for cash at $0.10 per share	250,000	25,000	-	-
Warrants issued in conjunction with private placement memorandum at $0.73 per warrant	-	191,634	-	-
Common stock issued for services at $0.28 per share	20,000	5,600	-	-
Common stock issued for services at $0.30 per share	15,000	4,500	-	-
Common stock issued as consideration for notes payable at $0.28 per share	20,000	5,600	-	-
Common stock issued for conversion of payable at $0.63 per share	75,538	47,774	-	-
Common stock issued as consideration for notes payable at $0.30 per share	15,000	4,500	-	-
Common stock issued for cash at $0.10 per share	250,000	25,000	-	-
Common stock issued as consideration for notes payable at $0.14 per share	59,000	8,430	-	-
Amortization of expenses prepaid with common stock	-	-	145,722	-
Net loss for the year ended				

March 31, 2002	-	-	-	(1,560,348)
Balance, March 31, 2002	13,261,522	$21,596,003	$ (27,344)	$(23,076,297)

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

F-8

PCS EDVENTURES!.COM, INC.
Consolidated Statements of Cash Flows

	For the Years Ended March 31, 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,560,348)	$(2,681,361)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	82,832	69,226
Amortization of debt offering costs	79,092	-
Amortization of debt discount	166,980	-
Amortization of expenses prepaid with common stock	145,722	-
Common stock issued for services	33,130	1,399,885
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(330,783)	(22,904)
(Increase) in prepaid expenses	-	(102,066)
Decrease in inventories	-	525
Decrease in notes receivable	-	4,100
Increase in accounts payable and accrued liabilities	328,975	37,530
Increase (decrease) in interest payable	36,729	(2,003)
(Decrease) in commitments and contingencies	(1,938)	(48,164)
Increase in unearned revenue	367,230	29,785
Net Cash Used by Operating Activities	(652,379)	(1,315,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,031)	(3,255)
Net Cash Used by Investing Activities	(1,031)	(3,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in cash overdraft	9,426	(14,956)
Proceeds from related parties	89,500	166,522
Payments to related parties	(60,750)	(75,506)
Payments on long-term debt	(65,831)	(13,979)
Proceeds from long-term debt	717,500	84,502
Financing debt issue costs	(90,713)	-
Stock offering costs paid	-	(143,075)
Proceeds from common stock	50,670	1,241,723
Net Cash Provided by Financing Activities	649,802	1,245,231
DECREASE IN CASH	(3,608)	(73,471)

CASH AT BEGINNING OF YEAR	4,654	78,125
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,046	$ 4,654

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

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

	For the Years Ended March 31, 2002	2001
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of stock for payment on notes payable and interest	$ -	$ 18,000
Common stock issued for services	$ 33,130	$ 1,399,885
Common stock issued for fixed assets	$ -	$ 150,000
Common stock issued as consideration for notes payable	$ 18,530	$ -
Common stock issued for conversion of accounts payable	$ 72,774	$ -
Cash Paid For:		
Interest	$ 2,145	$ 39,184
Income taxes	$ -	$ -

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

PCS EDVENTURES!.COM, INC.
Notes to the Consolidated Financial Statements
March 31, 2002 and 2001

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

The consolidated financial statements presented are those of PCS Edventures!.COM, Inc., an Idaho Corporation, and its wholly-owned subsidiary, PCS Schools, Inc., an Idaho corporation (collectively, "the Company").

On August 3, 1994, PCS Edventures!.COM, Inc., was incorporated under the laws of Idaho to engage in web-based and site-licensable educational products.

In October 1994, an agreement was authorized allowing the Company to exchange, on a one-for-one basis, common stock for stock of PCS Schools, Inc. As a result of this agreement, PCS Schools, Inc., became a wholly-owned subsidiary of the Company.

On March 27, 2000, the Company changed its name from PCS Education Systems, Inc. to PCS Edventures!.COM, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Method

The Company's consolidated financial statements are prepared using the accrual method of accounting. The Company has elected a March 31 year end.

b. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Provision for Taxes

At March 31, 2002, the Company has a net operating loss carryforward available to offset future taxable income of approximately $7,520,000, which will expire in 2022. If substantial changes in the Company's ownership should occur, there would also be an annual limitation of the amount of NOL carryfowards which could be utilized. No tax benefit had been reported in the consolidated financial statements, because the Company believes there is a 50% or greater chance the carryforwards will expire unused. The tax benefits of the loss carryforwards are offset by a valuation allowance of the same amount.

The income tax benefit differs from the amount computed at federal statutory rates of approximately 38% as follows:

	For the Years Ended March 31, 2002	2001
Income tax benefit at statutory rate	$ 433,711	$ 522,681
Change in valuation allowance	(433,711)	(522,681)
	$ -	$ -

Deferred tax assets are comprised of the following:

	For the Years Ended March 31, 2002	2001
Income tax benefit at statutory rate	$ 2,791,595	$ 2,357,884
Change in valuation allowance	(2,791,595)	(2,357,884)

	$ -	$ -

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for the Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

F-12

PCS EDVENTURES!.COM, INC.
Notes to the Consolidated Financial Statements
March 31, 2002 and 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Revenue Recognition

The Company recognizes revenues as required by Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements". The Company recognizes revenues relating to the Academy of Engineering (AOE) lab and the Edventures! lab site licenses over the 1-year term of the license beginning when the physical lab equipment and the license has been delivered. Subsequent sales of AOE or Edventures! lab licenses are recorded on the sale of the license and recognized over a 1 year time period to revenue. Each lab license is for a period of 1 year from the date of the renewal. The Company recognizes revenues relating to the subscriptions sold to their edventures.com website on a monthly basis. Revenues relating to other activities such as education services delivered are recognized when the services are rendered. If a customer decides to discontinue the use of the products, the customer must return all of the information received except for the physical lab equipment. Additionally, the customer will not have access to the license when the contract is terminated. The Company does not have an obligation to refund any portion of the proceeds received for either the sale of the AOE lab license or the subsequent renewals of the licenses.

e. Concentrations of Risk - Significant Supplier

The Company uses one supplier to provide goods used in the Company's labs. This significant supplier accounts for 82% of the Company's cost of goods sold and 26% of the Company's accounts payable balance.

f. Basic and Diluted Loss Per Share

The computation of basic loss per share of common stock is based on the weighted average number of shares outstanding during the period of the financial statements. Diluted loss per share is equal to basic loss per share as the result of the antidilutive nature of the stock equivalents. The Company has excluded 2,682,837 potential common stock equivalents from the calculation of basic loss per share.

	For the Years Ended March 31,	
	2002	2001
Basic loss per share from operations:		

Numerator - loss	$(1,560,348)	$ (2,681,361)
Denominator - weighted average number of shares outstanding	12,763,365	10,148,792
Loss per share	$ (0.12)	$ (0.26)

PCS EDVENTURES!.COM, INC.
Notes to the Consolidated Financial Statements
March 31, 2002 and 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Research and Development

All amounts expended for research and development are charged to expense as incurred. The Company expensed $-0- and $150,000 as research and development for the years ended March 31, 2002 and 2001, respectively.

h. Debt Offering Costs

Debt offering costs are related to private placements in 2001, and are being amortized on a straight line basis over the term of the related debt. Amortization expense related to these costs was $79,092 and $0 in 2002, and 2001, respectively.

i. Newly Issued Accounting Pronouncements

SFAS No.'s 141 and 142 -- In June 2001, the Financial Accounting Standards Board (FASB) adopted Statement of Financial Accounting Standards SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 is effective as to any business combination occurring after June 30, 2001 and certain transition provisions that affect accounting for business combinations prior to June 30, 2001 are effective as of the date that SFAS No. 142 is applied in its entirety, which will be January 1, 2002 for the Company. SFAS No. 142 is effective, generally, in fiscal years beginning after December 15, 2001, which will be the fiscal year ending March 31, 2002 for the Company.

SFAS No. 141 provides standards for accounting for business combinations. Among other things, it requires that only the purchase method of accounting be used and that certain intangible assets acquired in a business combination (i.e. those that result from contractual or other legal rights or are separable) be recorded as an asset apart from goodwill. The transition provisions require that an assessment be made of previous business combinations and, if appropriate, reclassifications be made to or from goodwill to adjust the recording of intangible assets such that the criteria for recording intangible assets apart from goodwill is applied to the previous business combinations.

PCS EDVENTURES!.COM, INC.
Notes to the Consolidated Financial Statements
March 31, 2002 and 2001

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Newly Issued Accounting Pronouncements (Continued)

SFAS No. 142 provides, among other things, that goodwill and intangible assets with indeterminate lives shall not be amortized. Goodwill shall be assigned to a reporting unit and annually assessed for impairment. Intangible assets with determinate lives shall be amortized over their estimated useful lives, with the useful lives reassessed continuously, and shall be assessed for impairment under the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Goodwill is also assessed for impairment on an interim basis when events and circumstances warrant. Upon adoption of SFAS No. 142, the Company will assess whether an impairment loss should be recognized and measured by comparing the fair value of the "reporting unit" to the carrying value, including goodwill. If the carrying value exceeds fair value, then the Company will compare the implied fair value of the goodwill" (as defined in SFAS No. 142) to the carrying amount of the goodwill. If the carrying amount of the goodwill exceeds the implied fair value, then the goodwill will be adjusted to the implied fair value.

While the Company has not completed the process of determining the effect of these new accounting pronouncements on its financial statements, the Company currently expects that there will be no reclassification in connection with the transition provisions of SFAS No. 141 based on clarifications of the transition provisions issued by the FASB in October 2001. Accordingly, the Company expects that, after implementation of SFAS No. 142, all intangible assets will be amortizable and the goodwill will not be amortizable.

SFAS No. 143 -- On August 16, 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which is effective for fiscal years beginning after June 15, 2002. It requires that obligations associated with the retirement of a tangible long-lived asset be recorded as a liability when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an accrued retirement obligation, an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset.

Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. While the Company has not completed the process of determining the effect of this new accounting pronouncement on its financial statements, the Company currently expects that the effect of SFAS No. 143 on the Company's consolidated financial statements, when it becomes effective, will not be significant.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Newly Issued Accounting Pronouncements (Continued)

SFAS No. 144 - On October 3, 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which is effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, its provisions are to be applied prospectively. SFAS 144 supercedes SFAS Statement No. 121 (FAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30 (APB 30), "Reporting Results of Operations Reporting the Effects of Disposal of a Segment of a Business."

SFAS 144 develops one accounting model (based on the model in SFAS 121) for long-lived assets that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. That requirement eliminates the requirement of APB 30 that discontinued operations be measured at net realizable value or that entities include under "discontinued operations" in the consolidated financial statements amounts for operating losses that have not yet occurred.

Additionally, FAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction.

While the Company has not completed the process of determining the effect of this new accounting pronouncement on its consolidated financial statements, the Company currently expects that the effect of SFAS No. 144 on the Company's consolidated financial statements, when it becomes effective, will not be significant.

NOTE 3 - FIXED ASSETS

Computer equipment and education asset software have 5-year lives. Office equipment has a 7-year life. Depreciation is computed using the straight-line method. Assets and depreciation for the period are as follows:

	March 31, 2002
Computer equipment	$ 343,093
Office equipment	54,638
Education assets and software	278,885
Accumulated depreciation	(593,537)
Total Fixed Assets	$ 83,079

NOTE 3 - FIXED ASSETS (Continued)

Depreciation expense for the years ended March 31, 2002 and 2001 was $82,832 and $69,226, respectively.

NOTE 4 - COMMON STOCK TRANSACTIONS

During the year ended March 31, 2002, the Company issued 500,000 shares of common stock for cash at $0.10 per share.

During the year ended March 31, 2002, the Company issued 175,538 shares of common stock to convert debt and accounts payable at an average value of $0.42 per share.

During the year ended March 31, 2002, the Company issued 94,000 shares of common stock as consideration for notes payable at an average value of $0.20 per share.

During the year ended March 31, 2002, the Company issued 67,025 of common stock for the exercise of warrants valued at $0.75 per share. Total cash received was $670. The balance of $49,599 was accounted for as a stock offering cost.

During the year ended March 31, 2002, the Company issued 41,000 shares of common stock for services at an average value of $0.36 per share.

NOTE 5 - NOTES PAYABLE - RELATED PARTIES

Notes payable - related parties consisted of the following at March 31, 2002:

Notes payable to the President bearing interest at 10% per annum, all unpaid principal and interest due on demand	$ 158,882
Total Notes Payable - Related Parties	$ 158,882

NOTE 6 - NOTES PAYABLE

Notes payable consisted of the following at March 31, 2002:

Notes payable related to private placement memorandum bearing interest at 8.00% per annum, with payments due April 6, 2002, through August 29, 2002.	$ 602,500
Debt discount related to warrants issued in conjunction with private placement memorandum, net of accumulated amortization of $166,980.	(24,654)
Notes payable to three individuals bearing interest at 18.00% per annum, with payment due on demand, secured by accounts receivable	100,000
Line of credit with a bank bearing interest at 13.99%	

per annum, unsecured	54,760
Note payable to a bank bearing interest at 11.25% with payments due on demand, unsecured.	25,208
Note payable to a company bearing interest at 18.50%, with monthly payments of $1,468, due September 2002, unsecured.	18,457
Total notes payable - current portion	$ 776,271

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Operating Lease Obligation

The Company leases its office under a non-cancelable lease agreement accounted for as an operating lease expiring through December 2003.

Minimum rental payments under the non-cancelable operating lease is as follows:

Years ending March 31,	Amount
2003	$ 66,000
2004	49,500
All other years	-
Total	$ 115,500

NOTE 7 - COMMITMENTS AND CONTINGENCIES (Continued)

Rent expense was $71,848 and $68,134 for the years ended March 31, 2002 and 2001, respectively.

Litigation

Warren Black v. PCS - On January 18, 2002, Warren Black, a former independent contractor for the Company, filed a complaint against the Company alleging breach of contract. Mr. Black seeks the return of certain software products that he claimed to have provided the Company during his employment, or their monetary equivalent, which he claims to be $15,000. This case is still in the discovery stage and the Company has determined that it is too early to evaluate the likelihood of an unfavorable outcome in this case.

Key Bank v. PCS and Maher - On March 26, 2002, Key Bank, filed a complaint against the Company seeking recovery of $25,208 alleged to be owed by the Company on a promissory note executed by the Company and guaranteed by Anthony A. Maher, the Company's President and CEO. The Company is negotiating to settle the suit on the most favorable terms possible. At March 31, 2002, the Company has accrued the full amount.

Contracts and Agreements

On March 27, 2002, the Company executed an agreement with a marketing and product development firm to promote the Company's product in various high profile industry journals and websites. The Company has agreed to issue 515,000 shares of common stock, valued at $27,500, to the marketing firm as compensation for their services. The term of the agreement is six months. As of March 31, 2002, no shares have been issued and no services have yet been performed.

NOTE 8 - 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. The Company has expanded its product line to include three additional educational labs, which they believe will significantly boost future revenues. The Company also intends to continue offerings of its common stock to raise the capital necessary to cover operating costs not provided for by current revenues.

NOTE 8 - GOING CONCERN (Continued)

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.

NOTE 9 - DILUTIVE INSTRUMENTS

a. Stock Options

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

FASB Statement 123, "Accounting for Stock-Based Compensation" (SFAS No. 123"), requires the Company to provide proforma information regarding net income and net income 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. 123. 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 84% to 101% percent for all years; risk-free interest rates of 3% to6%, and expected lives of 3 to 10 years.

	For the Years Ended March 31, 2002	2001
Net loss:		
As reported	$(1,560,348)	$(2,681,361)
Pro Forma	(1,780,940)	(3,121,178)
Net loss per share:		
As reported	$ (0.12)	$ (0.26)
Pro Forma	(0.14)	(0.31)

During the initial phase-in period of SFAS No. 123, the effect of pro forma results are not likely to be representative of the effects on pro forma results in future years since options vest over several years and additional options could be granted each year.

NOTE 9 - DILUTIVE INSTRUMENTS

a. Stock Options (Continued)

The Company has granted the following options as of March 31, 2002:

Description	Date of Grant	Exercise Number	Exercise Price	Amount Exercised
1) Employee	2-05-00	50,000	$ 0.75	0
2) Officers/directors	4-20-00	600,000	$ 0.75	0
3) Employee	6-01-00	45,000	$ 0.75	0
4) Consultant	9-20-00	200,000	$ 0.50	0
5) Employees	9-01-00	200,000	$ 0.75	0
6) Director	10-01-00	200,000	$ 0.75	0
7) Employee	01-05-01	25,000	$ 0.75	0
8) Employee	6-15-01	25,000	$ 0.75	0
9) Employee	10-24-01	50,000	$ 0.30	0
10) Employee	12-1-01	24,230	$ 0.15	0
11) Board Members	12-10-01	1,000,000	$ 0.30	0
		2,419,230		

Description	Fair Value	Risk-Free Interest Rate	Expected Life	Expected Volatility

1)	Employee	$0.46	6.05%	3	92.82%
2)	Officers/directors	$0.46	6.15%	3	91.32%
3)	Employee	$0.46	6.15%	3	92.82%
4)	Consultant	$0.42	6.15%	3	89.37%
5)	Employees	$0.52	6.21%	3	85.69%
6)	Director	$0.52	6.21%	3	84.39%
7)	Employee	$0.52	6.21%	3	84.39%
8)	Employee	$0.39	3.76%	3	76.69%
9)	Employee	$0.19	3.76%	3	100.52%
10)	Employee	$0.14	3.76%	3	99.80%
11)	Board Members	$0.20	5.69%	10	99.80%

On April 20, 2000, the Company granted 600,000 options to officers and directors out of the 800,000 authorized on January 19, 2000. On October 1, 2000, the Company granted the remaining 150,000 options authorized to a director. All of the option exercise prices are $0.75 per share with a fair value determined by Black Scholes of $0.46 and $0.52, respectively.

NOTE 9 - DILUTIVE INSTRUMENTS

a. Stock Options (Continued)

On April 20, 2000, the Company authorized the granting of 400,000 options to employees and directors. On June 1, 2000, the Company granted 45,000 options to an employee. On September 1, 2000, the Company granted 200,000 options to four employees. On October 1, 2000, the Company granted 50,000 options to a director. On January 5, 2001, the Company granted 25,000 options to an employee. On March 31, 2001, the Company had not granted 80,000 options. Each option granted has an exercise price of $0.75 per option and a 3-year life with a fair value determined by Black Scholes of $0.46, $0.52, $0.52 and $0.52, respectively.

On September 22, 2000, the Company authorized the granting of 250,000 options to employees and directors of the Company with exercise prices of $0.75 and a 3-year life. None of these options have been granted.

On June 15, 2001, the Company granted 25,000 options to an employee. These options had an exercise price of $ 0.75 per option and a three year life with a fair value determined by Black Scholes of $0.39.

On December 1, 2001, the Company granted employees 24,230 options to employees. The options have an exercise price of $0.15 per share. As the exercise price of the shares was less than the trading price of the Company's common shares on the date of issuance, the Company has recognized $1,696 of expense related to these options.

On December 5, 2001, the Company's Board of Directors approved the granting of 1,050,000 options to employees and board members. On October 24, 2001, the Company granted 50,000 shares to an employee. On December 10, 2001, the Company granted 1,000,000 shares to board members. Each option granted has an exercise price of $0.30 and a fair value determined by Black Scholes of $0.14 and $0.20, respectively.

b. Warrants

On April 27, 2000, three individuals were granted a total of 56,750 warrants which were converted into 31,750 shares of common stock. The conversion rate was $0.675 per share and as such, no compensation expense was recorded because the grant price exceeded the market value.

On September 15, 2000, the Company granted warrants allowing the holders to purchase 342,831 shares of the Company's common stock. The warrants are exercisable at a price of $0.01 per share for two years. On September 15, 2000, 203,161 warrants were converted into shares of common stock. The fair value of the warrants was $150,339 and was recorded as a stock offering cost, because the warrants were issued to individuals who raised funds for the Company.

During the year ended March 31, 2002, the Company issued warrants allowing the holders to purchase 263,607 shares of the Company's common stock. The warrants were issued in conjunction with the private placement memorandum and are exercisable at a price of $0.01 per share for two years. The fair value of the warrants, as determined by Black Scholes, was $191,634, and was recorded as debt discount.

NOTE 10 -RELATED PARTY TRANSACTIONS

During the years ended March 31, 2002, and 2001, the Company repaid of debt owed to the president of the Company of $60,750 and $75,506, respectively.

During the years ended March 31, 2002, and 2001, the Company borrowed from the President of the Company $89,500 and $166,522, respectively.

On September 22, 2000, the President of the Company was issued 500,000 shares of common stock for services valued at $355,000.

NOTE 11 - SUBSEQUENT EVENTS

Stock Issuances

On April 1, 2002, the Company issued 313,417 shares of common stock for the conversion of various accounts payable totaling $25,389.

On April 1, 2002, the Company issued 204,000 shares for the conversion of debt totaling $27,541.

On April 1, 2002, the Company issued 300,000 shares of common stock for prepaid services valued at $21,000.

Subsequent to March 31, 2002, the Company issued 191,100 shares of common stock as consideration for the exchange of 382,200 free-trading unrestricted common stock for 382,200 shares of restricted common shares. The shares were valued at $64,762.

Subsequent to March 31, 2002, warrant holders have exercised warrants to purchase 20,308 shares of the Company's common stock in exchange for $203.

Stock Cancellations

On April 8, 2002, the Company accepted the return of, and cancelled, 20,000 shares previously issued to Warren Black (See Note 7).

Private Placement Memorandum

As of April 6, 2002, the Company has defaulted on several of the individual notes included in the private placement memorandum. This default triggers an increase in interest rate on the total outstanding debt, of $602,500, from 8% to 18% per annum. The Company is currently attempting to negotiate extensions on the debt, but has not reached any definitive agreement.

F-23

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None, not applicable.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

No reports are required to be filed by members of management or other shareholders because our company is required to file its reports under Section 15(d) of the Exchange Act.

Identification of Directors and Executive Officers.

The following table sets forth the name, address, age and position of each officer and director of the Company:

Name	Age	Position
Anthony A. Maher	55	Chairman of the Board, President, and Chief Executive Officer
Robert O. Grover	39	Executive Vice President, Chief Technology Officer
Christina M. Vaughn	33	Vice President, Chief Financial Officer
Donald J. Farley	51	Secretary, Director
Roy M. Svee	75	Treasurer, Director
Cecil D. Andrus	74	Director

Term of Office.

The terms of office of the current directors shall continue until the annual meeting of stockholders, which has been scheduled by the Board of Directors to be held in May of each year. The annual meeting of the Board of Directors immediately follows the annual meeting of stockholders, at which executive officers for the coming year are elected.

Business Experience.

Anthony A. Maher, Chairman, President & CEO. Anthony A. Maher was recruited to PCS at its inception as Chairman of the Board, President and Chief Executive Officer and structured the purchase of PCS Schools. Since then, Mr. Maher has overseen the development of the curriculum from four core areas to over 60; the development of its distance developer database; and the creation of its web based publishing expertise. From 1982 to 1989 he was founder and Chairman of the Board of National Manufacturing Company, Inc. and its subsidiary, National Medical Industries, Inc. From 1979 to 1982, Mr. Maher was Executive Vice President for Littletree Inns, a hotel company based in Boise, Idaho with properties throughout the Northwest. Mr. Maher graduated from Boise State University in 1970 with a Bachelor of Arts degree in Political Science.

Robert O. Grover. Robert O. Grover joined PCS at its inception and became Executive Vice President in May 1996. Mr. Grover's current focus is on the development of PCS distance education applications including the web-based support and delivery systems that are integral to Edventures!.COM, Edventures Labs, and the Academy of Engineering. In 1992, he developed the PCS Merit System that has become the foundation of the Edventures!.COM learning systems online. Mr. Grover graduated from Boise State University in 1987 with a Bachelor of Arts degree in English.

Christina Vaughn was promoted to Vice President and CFO from Assistant CFO on May 1, 2002. She joined PCS in June 2000 after serving 8 years as an analyst for the local natural gas utility. She brings to PCS extensive knowledge of revenue, cash, and cost forecasting, asset/liability mitigation, managed reporting of commodities pricing as well as capital project analysis. She graduated, cum laude, May 1990 from the College of Idaho with a BBA in Finance, and from Atkinson Graduate School of Management/Willamette University with an MBA in May 1992.

Donald J. Farley. Mr. Farley is a director and the Secretary of the Company and has acted as the Company's legal counsel since 1994. Mr. Farley is a founding partner of the law firm of Hall, Farley, Oberrecht & Blanton, P.A. His legal practice emphasizes litigation and representation of closely held businesses. He has been in private practice since 1975, after serving a two year judicial clerkship with former United States District Judge J. Blaine Anderson. Mr. Farley is admitted to practice before all state and federal courts in Idaho and has also been admitted to practice before the United States Supreme Court. He is a member of the American Bar Association, the International Association of Defense Counsel, Defense Research Institute, the Idaho State Bar Association and the Association of Trial lawyers of America. Mr. Farley graduated from the University of Idaho in 1970 with a Bachelor of Arts degree in Economics and from the University of Idaho College of Law in 1973.

Roy M. Svee. Mr. Svee is, and has been since 1996, a director and the Treasurer of the Company. Mr. Svee has served with distinction throughout his business career on the Board of Directors of such organizations as Southgate

Bank; First National Bank; Colonial Savings; Eastern Heights Bank; TFC Bank and its parent; Hansen Engine and Hansen Air Systems, Inc.; Genius Technologies and JF Goodhouse, Inc., all in Minnesota and Michigan. During his working career, he served as Regional Manager of Montgomery Ward and after that as Senior Vice President-Strategic Planning for Target Stores. He retired from JB Goodhouse, Inc. as President & CEO in 1991. Mr. Svee has a Bachelor of Business Administration degree from the University of Minnesota and served as a pilot in the Navy Air Corps.

Cecil D. Andrus. Former Idaho State Governor Andrus joined the PCS Board of Directors in November 1995. Following his retirement from public service in January 1995, Governor Andrus founded and now directs the Andrus Center for Public Policy at Boise State University. Governor Andrus is the first person in the history of Idaho to be elected Governor four different times (1970, 1974, 1986 and 1990). When he retired from public office, he was the senior governor in the United States in length of service. Mr. Andrus resigned as governor in 1977 to become the Secretary of the Interior in the Carter Administration, the first Idahoan to serve in a Presidential Cabinet. Governor Andrus is also a director of Albertsons, KeyCorp and The Gallatin Group.

Family Relationships.

There are no family relationships between any of our directors or executive officers.

Involvement in Certain Legal Proceedings.

During the past five years, none of our present or former directors, executive officers or persons nominated to become directors or executive officers:

(1) Filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

(2) Was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him or her from or otherwise limiting his involvement in any type of business, securities or banking activities;

(4) Was found by a court of competent jurisdiction in a civil action, by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated.

Item 10. Executive Compensation.

Cash Compensation.

The following table shows the aggregate compensation that we have paid to directors and executive officers for services rendered during the periods indicated:

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation: Awards		Long Term Compensation: Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year or Period Ended	Salary ($)	Bonus ($)	Other Annual Compen-	Rest- ricted Stock	Secur- ities Under- lying Options	LTIP Pay- outs	All Other Comp- ensat'n
Anthony A. Maher President Director	3/31/02	120,000	0	0	0	0	0	0
	3/31/01	119,500	0	0	0	*	0	0

* Mr. Maher was the only executive officer of PCS whose cash compensation exceeded $100,000 during the last two fiscal years. Mr. Maher was issued 500,000 shares of "restricted securities" as additional compensation in October, 2000. See the table below under the heading "Stock Option Plans and Other Incentive Compensation Plans" of this Item for stock options granted to Mr. Maher and other members of management during the last two fiscal years ended March 31, 2002 and 2001.

Options Grants in Last Fiscal Year

There were grants of stock options made during the fiscal years ended March 31, 2002 and 2001 to our directors and executive officers and others. These options are described below under the heading "Stock Option Plans and Other Incentive Compensation Plans" of this Item.

Compensation of Directors

PCS does not currently compensate its directors for director services to PCS. We anticipate that more formal compensation arrangements with our directors will be finalized within the next fiscal year.

Employment Agreements

We have no written employment agreements with our management. Currently, we are paying our officers the following annual salaries: Anthony A. Maher - $120,000; Robert O. Grover - $84,000; Christina Vaughn - $75,000. The Company also provides medical and dental insurance for its officers and other employees.

Stock Option Plans and Other Incentive Compensation Plans

PCS has not adopted any formal option plans or other incentive compensation plans as of the date of this report. We anticipate that our Board of Directors will, in the near future, adopt incentive compensation plans to provide reward and incentives to employees, directors and agents of PCS. PCS has granted the following options to officers, directors, employees and consultants:

Option Holder	Number Shares	Date of Grant	Exercise Price	Expiration Date
Anthony A. Maher*	200,000	04/20/00	$.75	04/20/03
Roy M. Svee*	200,000	04/20/00	$.75	04/20/03
Donald J. Farley*	200,000	04/20/00	$.75	04/20/03
Robert O. Grover*	200,000	10/01/00	$.75	10/01/03
Christy Vaughn*	75,000	09/01/00	$.75	09/01/03
David Chase	50,000	09/01/00	$.75	09/01/03
Les Parish	50,000	02/05/00	$.75	02/05/03
Richard Wright	50,000	09/01/00	$.75	09/01/03
Laura Hosie	45,000	06/01/00	$.75	06/01/03
Anita Ashcraft-Drake	25,000	09/01/00	$.75	09/01/03
Nathan Cook	25,000	01/05/01	$.75	01/05/04
Consultant	200,000	09/20/00	$.50	09/20/03
Bill Albert	25,000	06/15/01	$.75	6/15/04
Frances Guiney	50,000	10/21/01	$.30	10/24/04
Bill Albert	2,310	12/01/01	$.15	12/01/04
Nathan Cook	1,155	12/01/01	$.15	12/01/04
Robert O. Grover*	6,467	12/01/01	$.15	12/01/04
Suzanne Haislip	3,696	12/01/01	$.15	12/01/04
Christa Roesberry	1,442	12/01/01	$.15	12/01/04
Anthony A. Maher*	9,160	12/01/01	$.15	12/01/04
Donald J. Farley*	250,000	12/10/01	$.30	12/10/04
Roy M. Svee*	250,000	12/10/01	$.30	12/10/04
Anthony A. Maher*	400,000	12/10/01	$.30	12/10/04
Cecil D. Andrus*	100,000	12/10/01	$.30	12/10/04

* Denotes directors and executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth information concerning the beneficial ownership of PCS common stock as of July 8, 2002, by each director and executive officer, all directors and officers as a group, and each person known to PCS to beneficially own 5% or more of its outstanding common stock.

Name and Address of Beneficial Owner	Shares Owned(1)	Percentage Owned(1)
Anthony A. Maher 1655 Fairview Avenue, Suite 100, Boise, Idaho 83702	1,758,160(3)	10.53%
Robert O. Grover 1655 Fairview Avenue, Suite 100, Boise, Idaho 83702	521,467(4)	3.12%
Roy M. Svee 1655 Fairview Avenue, Suite 100, Boise, Idaho 83702	1,050,000(5)	6.29%
Donald J. Farley	1,172,000(6)	7.02%

1655 Fairview Avenue, Suite 100, Boise, Idaho 83702		
Cecil D. Andrus 1655 Fairview Avenue, Suite 100, Boise, Idaho 83702	123,333	(2)
Christina M. Vaughn 1655 Fairview Avenue, Suite 100, Boise, Idaho 83702	75,000(7)	(2)
All officers and Directors as a group (6 persons)	4,699,960	28.16%

(1) Based upon 16,689,577 shares of common stock issued and outstanding as of July 8, 2002, which includes 2,419,230 shares that may be issued upon the exercise of currently exercisable options, calculated in accordance with Rule 13d-3 promulgated under the Exchange Act. It also includes shares owned by (i) a spouse, minor children or by relatives sharing the same home, (ii) entities owned or controlled by the named person and (iii) other persons if the named person has the right to acquire such shares within 60 days by the exercise of any right or option. Unless otherwise noted, shares are owned of record and beneficially by the named person.

(2) Less than one percent.

(3) These shares include (i) 1,100,000 shares owned of record by Mr. Maher, (ii) 9,500 shares which are beneficially owned by a family limited liability named Sullivan Maher for which Mr. Maher acts as a manager (iii) 35,000 shares owned by the Nick Maher foundation of which Mr. Maher is a trustee, (iv) 4,500 shares owned by E.L. Sullivan which are voted by Mr. Maher pursuant to an irrevocable proxy, (v) 200,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.75 per share and are exercisable through April 2003, (vi) 9,160 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.15 per share and are exercisable through December 2004, and (vii) 400,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.30 per share and are exercisable through December 2004.

(4) These shares include (i) 315,000 shares owned of record by Mr. Grover, (ii) 200,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.75 per share and are exercisable through October 2003, and (iii) 6,467 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.15 per share and are exercisable through December 2002.

(5) These shares include (i) 600,000 shares owned of record by Mr. Svee, (ii) 200,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.75 per share and are exercisable through April 2003, (iii) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.30 per share and are exercisable through December 2004.

(6) These shares include (i) 722,000 shares owned of record by Mr. Farley, (ii) 200,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.75 per share and are exercisable through April 2003, and (iii) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at $.30 per share and are exercisable through December

2004.

(7) These shares are 75,000 shares which may be issued upon the exercise of currently exercisable stock options. These options are exercisable at $.75 per share and are exercisable through September 2003.

Changes in Control.

To our knowledge, there are no present arrangements or pledges of our securities that may result in a change in control of our company.

Item 12. Certain Relationships and Related Transactions.

Transactions with Management and Others.

During the last two fiscal years ended March 31, 2002 and 2001, we have granted certain options to members of our management. See the heading "Stock Option Plans and Other Incentive Compensation Plans" of Item 10, above. In October, 200, we also issued 500,000 shares of our "restricted securities" to Anthony A. Maher, our President.

During the years ended March 31, 2002, and 2001, the Company repaid of debt owed to the President of the Company of $60,750 and $75,706, respectively.

During the years ended March 31, 2002, and 2001, the Company borrowed from the President of the Company $89,500 and $16,522, respectively.

As of March 31, 2002, the Company had a note payable to Mr. Maher in the amount of $158,882. The note bears interest at 10% per annum and is due upon demand.

Transactions with Promoters.

Except as outlined under the caption "Executive Compensation," during the past two years, there have been no material transactions, series of similar transactions or currently proposed transactions, to which our company or any of our subsidiaries was or is to be a party, in which the amount involved exceeded $60,000 and in which any director or executive officer, or any security holder who is known to us to own of record or beneficially more than five percent of our common stock, or any member of the immediate family of any of the foregoing persons, or any promoter or founder had a material interest.

Item 13. Exhibits and Reports on Form 8-K.

Reports on Form 8-K.

No Current Reports on Form 8-K of the Securities and Exchange Commission have been filed by the Company during the last quarter of its fiscal year ended March 31, 2002.

Exhibits*

(i)

Where Incorporated
in this Report

Registration Statement on SB-2, as amended.**	Parts I, II and III

(ii)

Exhibit Number	Description
21	Subsidiaries of the Company

* Summaries of all exhibits contained within this Report are modified in their entirety by reference to these Exhibits.

** These documents and related exhibits have been previously filed with the Securities and Exchange Commission and are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

PCS EDVENTURES!.COM, INC.

Date: 7/15/2002

By/s/Anthony A. Maher

Anthony A. Maher
CEO, President and Chairman of the Board of Directors

Date: 7/15/2002

By/s/Donald J. Farley

Donald J. Farley
Secretary and Director

Date: 7/15/2002

By/s/Cecil D. Andrus

Director