Chineseinvestors.com, Inc.
Form 10-Q/A
February 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM 10-Q/A

(Mark one)

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

For the quarterly period ended August 31, 2015

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period __________ to __________

Commission File Number: 000-54207

ChineseInvestors.COM, Inc.

(Exact name of registrant as specified in its charter)

Indiana	**35-2089868**
(State or Other Jurisdiction of	**(IRS Employer**
Incorporation or Organization)	**Identification Number)**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

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

As of April 14, 2015 there were outstanding 7,249,305 shares of the issuer's common stock, par value $0.001 per share and 1,285,000 shares of the issuer's class A preferred stock, par value $0.001 per share and 1,565,000 shares of the issuer's class B preferred stock, par value $0.001 per share.

ChineseInvestors.COM, Inc.

FORM 10-Q for the Quarter Ended August 31, 2015

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CHINESEINVESTORS.COM, INC.

BALANCE SHEETS

Expressed in U.S. Dollars

	(Unaudited) August 31, 2015	May 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$261,995	$498,189
Accounts receivable, net	100,080	101,918
Investments, available for sale, in affiliate	1,148,000	1,148,000
Investments, available for sale	210,940	301,491
Prepaid taxes	33,165	33,165
Other current assets	80,899	91,634
Total current assets	1,835,079	2,174,397
Non-current assets		
Property and equipment, net	12,978	9,783
Website development, net	80,612	79,644
Total non-current assets	93,591	89,427
Total assets	$1,928,670	$2,263,824
Liabilities and Stockholders’ Equity		
Current liabilities		
Accounts payable	$59,487	$22,811
Commissions payable	114,800	114,800
Deferred revenue	163,917	206,565
Unearned revenue paid in stock	152,778	173,611
Unearned Rental Income	30,000	–
Accrued liabilities	10,053	65,844
Accrued dividend	28,659	34,947
Total current liabilities	559,694	618,578
Non-current liabilities		
Long-term deferred revenue	42,827	48,767

Total liabilities	602,521	667,345
Commitments and Contingencies		
Shareholders’ equity		
Preferred stock, class A, $0.001 par value 20,000,000 authorized, 905,000 and 905,000 were issued and outstanding at August 31, 2015 and May 31, 2015, respectively	905	905
Preferred stock, class B, $0.001 par value 20,000,000 authorized, 2,415,000 and 1,885,000 were issued and outstanding at August 31, 2015 and May 31, 2015, respectively	2,415	1,885
Common stock $0.001 par value 80,000,000 authorized and 7,724,305 were issued and outstanding August 31, 2015 and May 31, 2015, respectively	7,725	7,725
Additional paid-in capital	14,549,640	13,971,170
Foreign currency gain	(20)	536
Unrealized gain/(loss) on investments available for sale	431,658	531,631
Accumulated deficit	(13,666,174)	(12,917,373)
Total Shareholders' equity	1,326,149	1,596,479
Total liabilities and shareholders’ equity	$1,928,670	$2,263,824

See accompanying notes to the financial statements

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CHINESEINVESTORS.COM, INC.

STATEMENT OF COMPREHENSIVE (LOSS) AND INCOME

For the Three Months Ended August 31, 2015 and 2014

(Unaudited)

Expressed in U.S. Dollars

	Three Months Ended August 31,	
	2015	2014
Operating revenues		
Investor relations	$51,783	$480,372
Subscription	101,921	163,357
Other	12,624	1,058
Total revenue	166,328	644,787
Cost of services	246,244	221,826
Gross profit	(79,916)	422,961
Operating Expenses		
General and Administrative Expense	515,406	380,585
Advertising Expense	106,378	59,125
Total Operating Expenses	621,784	439,710
Net profit/(loss) from operations	(701,700)	(16,749)
Other income/(expense)		
Other Income	4,165	–
Interest expense	–	(6,452)
Net realized gain/(loss) on marketable equity securities	(2,267)	(91,808)
Total other expense	(47,102)	(98,260)
Net income/(loss)	(699,802)	(115,009)
Earnings per share attributable to common shareholders:		
Basic loss per share	(0.09)	(0.02)
Weighted average shares outstanding		
Weighted average number of shares outstanding - basic	7,724,305	7,249,305

Net Income/(Loss)	(699,802)	(115,009)
Other comprehensive income/(loss)		
Deemed dividend for beneficial conversion of convertible preferred stock	(49,000)	–
Net unrealized gain/(loss) on available for sale securities	(99,973)	262,510
Comprehensive Income/(Loss)	(799,775)	147,501

See accompanying notes to the financial statements

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CHINESEINVESTORS.COM, INC.

STATEMENT OF CASH FLOWS

For the Three Months Ended August 31, 2015 and 2014 (Unaudited)

Expressed in U.S. Dollars

	2015	2014
Cash flows from operating activities		
Net loss	$(699,802)	$(115,009)
Adjustments to reconcile net loss (income) to net cash (used in) provided by operating activities		
Non-cash revenue received as available for sale securities	(26,494)	(284,250)
Net realized (loss)/gain on marketable equity securities	(20,833)	–
Depreciation and amortization	5,906	5,774
Stock based compensation	–	25,000
Changes in operating assets and liabilities		
Accounts receivable	1,838	13,125
Other current assets	10,735	11,132
Accounts payable	36,677	(3,742)
Deferred revenue	(42,648)	(47,384)
Unearned rent	30,000	
Accrued liabilities	(55,791)	4,044
Deferred interest	(6,288)	6,452
Net cash used in operating activities	(766,700)	(384,858)
Cash flows from investing activities		
Purchase of equipment	(10,070)	(13,950)
Proceeds from the sale of marketable equity securities	10,576	121,926
Net cash provided by investing activities	506	107,976
Cash flows from financing activities		
Cash raised through sale of class B preferred stock	530,000	–
Net cash provided by financing activities	530,000	–
Net increase/(decrease) in cash and cash equivalents	(236,194)	(276,882)
Cash and cash equivalents - beginning of year	498,189	429,199
Cash and cash equivalents - end of period	$261,995	$152,317
Supplemental cash flow disclosures		
Cash paid for interest	–	–
Cash paid for income taxes	–	–
Cash paid for China representative office tax	–	11,138

See accompanying notes to the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

(UNAUDITED)

Organization and Nature of Operations:

Business Description – Chineseinvestors.com, Inc. (the “Company”) was incorporated on June 15, 1999 in the State of California. The Company is a provider of Chinese language web-based real-time financial information. The Company’s operations had been located in California until September 2002 at which time the operations were relocated to Shanghai, in the People’s Republic of China (PRC).

During May, 2000, the Company entered into an agreement with MAS Financial Corp. (“MASF”) whereby MASF agreed to transfer control of a public shell corporation to the Company and perform certain consulting services for a fee of $30,000.

During June, 2000, the Company completed reorganization with MAS Acquisition LII Corp. (“MASA”) with no operations or significant assets. Pursuant to the terms of the agreement, the Company acquired approximately 96% of the issued and outstanding common shares of MASA in exchange for all of its issued and outstanding common stock. MASA issued 8,200,000 shares of its restricted common stock for all of the issued and outstanding common shares of the Company. This reorganization was accounted for as though it were a recapitalization of the Company and sale by the Company of 319,900 shares of common stock in exchange for the net assets of MASA. In conjunction with the reorganization MASA changed its name to Chineseinvestors.com, Inc.

The Company is now incorporated as a C corporation in the State of Indiana as of June 1, 1997.

1. **Liquidity and Capital Resources:**

Cash Flows – During the three months ending August 31, 2015, the Company primarily utilized cash and cash equivalents and proceeds from the sale of its available for sale securities to fund its operations and proceeds from the sale of its class B convertible preferred stock.

Cash flows used in operations for the three months ending August 31, 2015 and 2014 were ($766,699) and ($384,858), respectively, which was an increase from prior years. The increase of cash used in operations was primarily from the reduced revenue received as available for sale securities, the net loss generated from increased operating costs, and a reduced gross profit.

Capital Resources – As of August 31, 2015, the Company had cash and cash equivalents of $261,995 as compared to cash and cash equivalents of $498,189 as of May 31, 2015.

Since inception in 1997, the Company has primarily relied upon proceeds from private placements of its equity securities to fund its operations. The Company anticipates continuing to rely on sales of our securities in order to continue to fund business operations. Issuances of additional shares will result in dilution to its existing stockholders. There is no assurance that the Company will be able to complete any additional sales of our equity securities or that it will be able arrange for other financing to fund our planned business activities.

2. **Critical Accounting Policies and Estimates**:

Basis of Presentation – These accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission for annual financial statements.

Investment in Affiliate – The Company invested in an affiliate during April 2014, implementing the equity method of accounting. The Company received its ownership in return for supporting the company during its formational stage and no cash, as such the stock received had a value of zero and the affiliate generated a loss through May 31, 2014. The Company has no further commitment to fund losses, therefore management has deemed it proper to discontinue applying the equity method for the investment as defined by Accounting Standards Codification ("ASC") 323-10-35-20 for the year ended May 31, 2014. In 2015 the affiliate company issued additional stock, diluting the Company's position and restructured the management of the entity causing the Company to determine that it no longer had "significant influence" over its operations. The Company then started accounting for the stock owned as an available for sale security. The Company's basis in the stock was $0. The fair value of the Company's holdings was determined by an independent valuation report on the overall entity as of May 31, 2015 to be ($0.41*2,800,000) $1,148,000. This value is presented on the balance sheet as an asset and an unrealized gain for this amount is included in Unrealized gain/(loss) on trading securities in the equity section of the balance sheet. The Company determined that this asset should be considered a level three fair value instrument.

Foreign Currency – The Company has operations in the People's Republic of China ("PRC"), however the functional and reporting currency is in U.S. dollars. To come to this conclusion the Company considered the direction of ASC section 830-10-55.

Selling Price and Market – As a representative office is located in the PRC, the Company is not allowed to sell directly to PRC based customers. Over 90% of its customers are in the United States and 100% of all sales are paid in U.S. dollars. This indicates the functional currency is U.S. dollars.

Financing – The Company's financing has been generated exclusively in U.S. dollars from the United States. This indicates the functional currency is U.S. dollars.

Expenses – The majority of expense are paid in U.S. dollars. The expenses generated in PRC are paid by a monthly or weekly cash transfer from the U.S. when the expenses are due, resulting in very little foreign currency exposure. This indicates the functional currency is U.S. dollars.

Numerous Intercompany Transactions – The Company has multiple transactions each month between the U.S. and Chinese representative office. This indicates the functional currency is U.S. dollars.

Due to the functional and reporting currency both being in U.S. dollars, ASC 830-10-45-17 states that a currency translation is not necessary.

Revenue recognition – Revenue was derived from four different sources:

The Company recognizes revenue pursuant to revenue recognition principles presented in SAB Topic 13. First, persuasive evidence of an arrangement, second, delivery has occurred or services have been rendered, thirdly the seller's price to the buyer is fixed or determinable and lastly collectability is reasonably assured.

1. Fees from banner advertisement, webpage hosting and maintenance, on-line promotion and translation services, advertising and promotion fees for customers in the Company's Chinese Investment Guides, sponsorship fees from investment seminars, road shows, and forums. The sales prices of these services are fixed and determinable at the time the contracts are signed and there are no provisions for refunds contained in the contracts. These revenues are recognized when all significant contractual obligations have been satisfied and collection of the resulting receivable is

reasonably assured.

2. Fees from membership subscriptions: these revenues are recognized over the term of the subscription. Subscription terms are generally between 3 and 12 months but can occasionally be as short as 1 month or as long as 24 months. Long term deferred revenues are recognized from subscriptions over 12 months.

3. Fees related to setting up and providing ongoing administrative and translation support for currency trading accounts are in association with Forex. These fees are recognized when earned.

4. Investor relations income is earned by the Company in return for delivering current, publicly available information related to our client companies. These revenues are prepaid by the client company and as such are initially recorded as an asset with an offsetting unearned revenue liability. This revenue is recognized over the term of the services period while the services are being provided. The value of the revenue earned is recognized every quarter based upon the client company's stock closing price multiplied by the numbers of shares earned within that specific accounting period. By recognizing the revenue incrementally we are following the guidelines of SAB Topic 13, in that we are only recognizing revenue once the value of the revenue received is fixed and determinable. In addition we are applying the definition of readily determinable fair value presented at Accounting Standards Codification 820-10-15-5 in assessing the amount to recognize in each accounting period. The number of shares earned is a function of the time period for which services are provided over the contract period in relation to the price of the shares at the time of the services being delivered, added to the value of cash received if any, then recognized as revenue in the period the services were delivered.

Costs of Services Sold – Costs of services sold are the total direct cost of the Company's operations in Shanghai.

Website Development Costs – The Company accounts for its Development Costs in accordance with ASC 350-50, "Accounting for Website Development Costs." The Company's website comprises multiple features and offerings that are currently developed with ongoing refinements. In connection with the development of its products, the Company has incurred external costs for hardware, software, and consulting services, and internal costs for payroll and related expenses of its technology employees directly involved in the development. All hardware costs are capitalized as fixed assets. Purchased software costs are capitalized in accordance with ASC codification 350-50-25 related to accounting for the costs of computer software developed or obtained for internal use. All other costs are reviewed to determine whether they should be capitalized or expensed.

Cash and Cash Equivalents – The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. At certain times, cash in bank may exceed the amount covered by FDIC insurance. At August 31, 2015 and May 31, 2015 there were deposit balances in a United States bank of $237,354 and $496,828 respectively. In addition, the Company maintains cash balance in The Bank of China, which is a government owned bank. The full balance of the deposits in China is secured by the Chinese government. At August 31, 2015 and May 31, 2015 there were deposits of $24,641 and $1,361, respectively, in The Bank of China.

Accounts Receivable and Concentration of Credit Risk – The Company extends unsecured credit to its customers in the ordinary course of business. Accounts receivable related to subscription revenue is recorded at the time the credit card transaction is completed, and is completed when the merchant bank deposits the cash to the Company bank account. Revenues related to advertising and Forex are regularly collected within 30 days of the time of services being rendered. However, since these are ongoing contracts, there has been no instance of failure to pay. As of August 31, 2015 and May 31, 2015, the Company had accounts receivable of $100,080 and $101,918, respectively.

The Company evaluates the need for an allowance for doubtful accounts on a regular basis. As of August 31, 2015 and May 31, 2015, the Company determined that an allowance was not needed.

The operations of the Company are located in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economic, and legal environments in the PRC, as well as by the general state of the PRC economy.

Prepaid taxes –A percentage of the Company's aggregate gross amount of reportable payment transactions settled through one of the Company's merchant banks were withheld and remitted to the Internal Revenue Service (IRS) under IRS regulation Section 6050W. The Company is filing the tax return to refund the withholdings as management does not believe the Company's revenue transactions fall within the rules of Section 605W. Management expects to receive a full refund of the entire $33,165 as of August 31, 2015 withheld ($64,044 in total was withheld with $30,879 for a portion of the federal tax withheld was received in May 2015).

Investment's, available for sale, in affiliate – The Company invested in an affiliate during April 2014, implementing the equity method of accounting. The Company received its ownership in return for supporting the company during its formational stage and no cash, as such the stock received had a value of zero and the affiliate generated a loss through May 31, 2014. The Company has no further commitment to fund losses, therefore management has deemed it proper to discontinue applying the equity method for the investment as defined by Accounting Standards Codification ("ASC") 323-10-35-20 for the year ended May 31, 2014. In 2015 the affiliate company issued additional stock, diluting the Company's position and restructured the management of the entity causing the Company to determine that it no longer had "significant influence" over its operations. The Company then started accounting for the stock owned as an available for sale security starting in the period ending May 31, 2015. The Company's basis in the stock was $0. The fair value of the Company's holdings was determined by an independent valuation report on the overall entity as of

May 31, 2015 to be ($0.41*2,800,000) $1,148,000. This value will be reassessed annually unless significant changes occur in the Company's economic activity, so as of August 31, 2015, the reported value remained $1,148,000. This value is presented on the balance sheet as an asset and an unrealized gain for this amount is included in Unrealized gain/(loss) on trading securities in the equity section of the balance sheet. The Company determined that this asset should be considered a level three fair value instrument.

Investments available for sale – Investments available for sale is comprised of publicly traded stock received in return for providing investor relations services to client companies. The investor relations services range from one month to a year, from the inception of the contract. The Company considers the securities to be liquid and convertible to cash in under a year. The Company has the ability and intent to liquidate any security that the Company holds to fund operations over the next twelve months, if necessary, and as such has classified all of its marketable securities as short-term.

The Company followed the guidance of ASC 320-10-30 to determine the initial measure of value based on the quoted price of an otherwise identical unrestricted security of the same issuer, adjusted for the effect of the restriction, in accordance with the provisions of topic 820-10-15-5, which states that an equity security has a readily determinable fair value if it meets the condition of having a "sales prices or bid-and-asked quotations which are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotation systems or by the OTC Markets Group Ins. Restricted stock meets that definition if the restriction terminates within one year." These shares were classified as available for sale securities in accordance with ASC 948-310-40-1 as the Company's intention is to sell them in the near-term (less than one year). In compliance with ASC 320-10-35-1, equity securities that have readily determinable fair values that are classified as available-for-sale shall be measured subsequently at fair value in the statement of financial position. Unrealized holding gains and losses for available-for-sale securities (including those classified as current assets) shall be excluded from earnings and reported in other comprehensive income until realized."

As these shares will be earned over the term of the contracts, the Company will defer the recognition of the earnings of the revenue over the period the services are performed. The value recorded will be determined by multiplying the average of the closing price on the last day of the month for the period being reported based on closing market price per share.

Upon receipt, these shares were recorded as an asset on the Company's financials as "Investments, available for sale". The Company will also record a corresponding contra-asset account titled "Unearned revenue investor relations work".

Other Current Assets – Other current assets is comprised of various deposits on building space under an operating lease and are stated at the current exchange rate at year end.

Other current assets were $80,899 and $91,634 at August 31, 2015 and May 31, 2015, respectively.

Property and Equipment – Property and equipment are stated at cost. Depreciation and amortization of property and equipment is provided using the straight-line method over estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the life of the lease. Depreciation and amortization expense was $5,906 and $5,774 for the three months ended August 31, 2015 and 2014, respectively.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Gains and losses from retirement or replacement are included in operations.

Impairment of Long-life Assets – In accordance with ASC Topic 360, the Company reviews its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying amount of the asset. There was no impairment as of August 31, 2015 and May 31, 2015.

Accrued dividend – The accrued dividend balance represents dividend payable related to the Class "B" preferred stock. Accrued dividends were $28,659 and $34,947 for the periods ending August 31, 2015 and May 31, 2015.

Accrued Liabilities – Accrued liabilities are comprised of the following:

	August 31, 2015	May 31, 2015
China Employees' Salaries and Commissions Accrual	$9,537	$50,779
Representative Office Tax Accrual	–	3,835
Other Accruals	616	11,230
	$10,053	$65,844

Unearned revenue, revenue paid in stock – For the three months ended August 31, 2015 and during fiscal year 2015, the Company received shares of stock and warrants, as payment for investor relations work that the Company will be providing through June 2016. The stock that had not been earned was valued at $152,778 at August 31, 2015 as compared to $173,611 at May 31, 2015. As the Company earns the fee for this work, this balance will be reduced to reflect the portion still to be earned.

Unearned rental revenue – The Company agreed to lease part of its corporate office space in Denver to two other companies from June 1, 2015 through May 31, 2015. The companies that leased the office space were required to prepay the entire year rent of $40,000. In the current quarter the Company recognized $10,000 in rental income resulting in a balance in unearned rental revenue of $30,000 as of August 31, 2015.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, and contingencies. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Fair Value of Financial Instruments – The Company has adopted the provisions of ASC Topic 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of three levels:

- Level one – Quoted market prices in active markets for identical assets or liabilities;
- Level two – Inputs other than level one inputs that are either directly or indirectly observable; and
- Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The majority of the Company's financial instruments are level one and are carried at market value, requiring no adjustment to book value. The financial instruments classified as level one were deemed to qualify as that classification because their value was determined by the price of identical instruments traded on an active exchange. It should be noted that 60,000 shares of the stock earned for consulting work, currently being held qualifies as a Level two instrument and has a book value of $67,500. The Company determined that the instrument was Level two because the market for this instrument was less active, as it was currently being distributed through a private placement memorandum, and was not a freely trading public stock. The value of the stock has been verified to be consistent with the carrying value and, therefore, not requiring an adjustment. The 2,800,000 shares of the stock owned in the affiliate, currently being held qualifies as a level three instrument and has a book value of $1,148,000. The Company determined that the instrument was level three because of the illiquid nature of the investment. The value of the stock has been determined by an independent valuation professional.

The following table summarizes the assets we are carrying and the fair value category in which they are currently classified:

	August 31, 2015			**May 31, 2015**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Cash	261,995	–	–	498,189	–	–
Investments	143,440	67,500	1,148,000	233,991	67,500	1,148,000
Total Financial Instruments	405,435	67,500	1,148,000	732,180	67,500	1,148,000

Income Taxes – Income taxes are accounted for under the asset and liability method of ASC 740. Deferred tax assets and liabilities are recognized for net operating loss and other credit carry forwards and the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the tax effect of transactions are expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the year that includes the enactment date.

Deferred tax assets are reduced by a full valuation allowance since it is more likely than not that the amount will not be realized. Deferred tax assets and liabilities are classified as current or noncurrent based on the classification of the underlying asset or liability giving rise to the temporary difference or the expected date of utilization of the carry forwards.

As of August 31, 2015, the Company had approximately $1,606,000 of net deferred tax assets, comprised primarily of the potential future tax benefits from net operating loss carry forwards. Based upon the level of historical taxable income and projections for future taxable income over the period in which the deferred tax assets are deductible, management could not conclude that realization of the deferred tax assets as of August 31, 2015, was more likely than not, and therefore, the Company has recorded a valuation allowance to reduce the net deferred tax assets to zero. The amount of deferred tax assets considered realizable could be adjusted in the near term if future taxable income is generated.

Advertising Costs – Advertising costs are expensed when incurred. Advertising costs totaled $106,378 and $59,125 in the three months ended August 31, 2015 and 2014, respectively.

Earnings (Loss) Per Share – Earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. The Company has adopted ASC 260 (formerly SFAS128), “Earnings Per Share”.Fully diluted loss per share are not calculated and presented on the financial statements as the calculation would be antidilutive.

Stock Based Compensation – The Company accounts for share-based payments pursuant to ASC 718, "Stock Compensation" and, accordingly, the Company records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock options and restricted stock awards using the Black-Scholes option pricing model.

Stock compensation expense for stock options is recognized over the vesting period of the award or expensed immediately under ASC 718 and EITF 96-18 when stock or options are awarded for previous or current service without further recourse. The Company issued stock options to contractors and external companies that had been providing services to the Company upon their termination of services. Under ASC 718 and EITF 96-18 these options were recognized as expense in the period issued because they were given as a form of payment for services already rendered with no recourse.

Share based expense paid to through direct stock grants is expensed as occurred. Since the Company's stock is publicly traded, the value is determined based on the number of shares issued and the trading value of the stock on the date of the transaction. The company recognized $25,000 in expenses for stock based compensation to employees through direct stock grants of 50,000 shares in the quarter ended August 31, 2014.

Stock option activity was as follows (converted post reverse split):

	Number of Shares	**Weighted Average Exercise Price ($)**
Balance at May 31, 2014	389,035	0.48
Granted	–	
Exercised		
Forfeited or expired	–	–
Balance at May 31, 2015	389,035	$ 0.48
Granted		
Exercised	–	–
Forfeited or expired	–	–
Balance at August 31, 2015	389,035	$ 0.48

The following table presents information regarding options outstanding and exercisable as of August 31, 2015:

Weighted average contractual remaining term – options outstanding	0 years
Aggregate intrinsic value – options outstanding	$9,337
Options exercisable	389,035
Weighted average exercise price – options exercisable	$.48
Aggregate intrinsic value – options exercisable	$101,149
Weighted average contractual remaining term – options exercisable	0 years

As of August 31, 2015, future compensation costs related to options issued was $0.

The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

Risk-free interest rate	1.44%
Expected life of options	4-5 years
Annualized volatility	90.6%
Dividend rate	0%

3. **Stockholders' Equity:**

As of August 31, 2015 and May 31, 2015, the Company was authorized to issue 80,000,000 shares of common stock, $0.001 par value per share. In addition, 40,000,000 shares of $.001 par value preferred stock were authorized. All common stock shares have full dividend rights. However, it is not anticipated that the Company will be declaring distributions in the foreseeable future.

During the year ended May 31, 2014, the Company converted 728,776 shares of preferred stock for 910,970 shares at a conversion rate of $1.25 per share of preferred stock.

During March 2014, the Company granted 300,000 shares of common stock for compensation. Half the shares were valued at $0.90 per share and the remaining 150,000 shares were valued at $0.77 per share. The Company also issued 18,750 shares for services valued at $0.89 per share. The compensation and consulting expense was recorded as general and administrative expenses for the year ended May 31, 2014.

During August 2014, the Company granted 50,000 shares of common stock for compensation. At the time the shares were issued, the stock was valued at $0.50. The compensation and consulting expense was recorded as general and administrative expenses.

In October 2011, the Company executed the final documents with a private capital source, describing the provision of a financing facility to the Company, having a face value of $1.5 million; to be made available in $500,000 tranches, in exchange for purchasing the Company's stock under a proposed S-1 registration statement at 85% of the lowest daily volume average share price over a five (5) trading day period once the Company calls for the funding. The agreement would remain in force for 24 months from the date of contemplated execution. This registration statement was cleared by the SEC in June of 2012.

When the final facility was approved and executed, the Company paid a document preparation fee to the funding source of $10,000 and paid them 50,000 restricted shares of the Company's stock, in consideration of the facility's creation and funds availability. On November 4, 2011, when the shares were issued, the most recent shares sold at the market rate of $0.96, resulting in a non-cash expense of $48,000. These shares are restricted, in that they cannot be sold for nine months. In addition, if the Company does not use the capital raise or the funding source is unable to generate the agreed upon capital, the shares are to be returned to the Company. However, in consideration of the accounting principal of "more likely than not," as explained in accounting standards codification 350-25-35-30 and 740-10-25-6, the Company recognized the expenses in general and administrative expense.

On September 8, 2010, in the third quarter of fiscal year 2011, the Company reverse split its shares at a rate of 8 to 1, resulting in total shares outstanding changing from 38,579,925 to 4,822,491. All Company financial statements are retroactively adjusted at this ratio.

Series A Convertible Preferred Stock:

During the third quarter, effective February 29, 2012, the Company issued 2,003,776 shares of preferred stock as Series A convertible preferred stock for total proceeds of $2,003,776. The terms of the preferred stock allow the holder to convert each share of preferred stock into 1.25 shares of common stock at any time after nine months from the date of issuance. The holders of shares of preferred stock are also entitled to receive cumulative dividends in preference to any declaration or payment of any dividend at the rate of $0.06 per share per annum, when and if declared by the Board of Directors.

Upon issuance of preferred stock convertible in shares of common stock at a price lower than the fair market value of common stock on the date of issuance, in accordance with the guidance provided in ASC 505-10-50 and Emerging Issues Task Force ("EITF") No. 00-27, we will record the intrinsic value of this beneficial conversion feature which we calculated to be $520,982 ($1.06 common stock price February 29th, 2012 compared to $0.80 effective conversion rate of $0.26 per share. $0.26 times 2,003,776 = $520,982), as a deemed dividend recognizable in the current year. This deemed dividend was calculated based upon a closing price on February 29, 2012 (the date the shares were formally accepted by the Company) of $1.06 per share and an effective sale price (with conversion) per the preferred share agreement of $0.80 per share of common stock.

Series B Convertible Preferred Stock

During the quarter ended August 31, 2015 the Company issued 530,000 shares of preferred stock as Series B convertible preferred stock for total proceeds of $530,000. The terms of the preferred stock allow the holder to convert each share of preferred stock into 2.5 shares of common stock at any time after six months from the date of issuance. At the time of preferred stock issuance in the current quarter the conversion price did not result in the company booking a deemed dividend.

During the year ended May 31, 2015 the Company issued 1,885,000 shares of preferred stock as Series B convertible preferred stock for total proceeds of $1,885,000. The terms of the preferred stock allow the holder to convert each share of preferred stock into 2.5 shares of common stock at any time after six months from the date of issuance. The holders of shares of preferred stock shall have the right to one vote for each share of common stock into which such preferred stock could convert. The holders of shares of preferred stock are also entitled to receive dividends in preference to any declaration or payment of any dividend at the rate of $.06 per share per annum when, and if declared by the Board of Directors for two years from issuance.

No dividends have been declared as of August 31, 2015. However, upon issuance of preferred stock convertible in shares of common stock at a price lower than the fair market value of common stock on the date of issuance, in accordance with the guidance provided in ASC 505-10-50 and Emerging Issues Task Force ("EITF") No. 00-27, we will record the intrinsic value of this beneficial conversion feature which we calculated to be $1,475,700 as a deemed dividend recognizable over the nine months as the stock , resulting in a line item on the income statement under the Net Income (Loss) line for "Deemed dividend for beneficial conversion of convertible preferred stock" of $1,475,700 over the next two quarters which will increase our paid-in capital and reduce our retained earnings. This deemed dividend was calculated based upon a trading price ranging from $0.45 to $0.76 per share closing price of trading on the OTCBB exchange where are stock is traded and effective sale price (with conversion) of $1.13 to $1.90 per share of common stock. The company has accrued the expense associated with delivering this dividend of 6% resulting in current accrued expense of $34,947 of accrued liability in the period ending May 31, 2015.

4. **Property and Equipment**:

Property and equipment are recorded at cost, net of accumulated depreciation and are comprised of the following:

	August 31, 2015	**May 31, 2015**
Furniture & Fixtures	$82,195	$75,527
Leasehold Improvements	23,417	23,417

	$105,612	$98,944
Less: Accumulated Depreciation	(92,634)	(89,160)
	$12,978	$9,784

Depreciation on equipment is provided on a straight line basis over its expected useful lives at the following annual rates.

Computer equipment	3 years
Furniture & fixtures	3 years
Leasehold improvements	Term of the lease

Depreciation expense for the three months ending August 31, 2015 and 2014 was $3,473 and $2,744, respectively.

5. **Intangible Assets**:

Intangible assets are comprised of the following:

	August 31, 2015	**May 31, 2015**
Leasehold Improvements	$168,776	$165,374
Less: Accumulated Depreciation	(88,164)	(85,730)
	$80,612	$79,644

Amortization is calculated over a straight-line basis using the economic life of the asset. Amortization expense for the three months ended August 31, 2015 and 2014 was $2,433 and $3,030 respectively.

6. **Commitments and Concentrations:**

The Company reimburses its Chief Executive Officer (CEO) for an apartment pursuant to a month-to-month lease for the use of the CEO and his family in PRC for a monthly expense of approximately $900. This lease could be terminated at any time with no additional payments required.

Office Lease – Shanghai – The Company entered into a lease for new office space in Shanghai, China. The lease period started October 1, 2013 and will terminate September 31, 2016, resulting in the following future commitments, based on the exchange rate at August 31, 2015 of the following:

2016 fiscal year	$ 51,326
2017 fiscal year	$ 20,348

Office Lease – Denver, Colorado – The Company entered into a lease for office space in Denver, Colorado. The lease period started June 1, 2015 and will terminate May 31, 2018, resulting in the following future commitments:

2016 fiscal year	16,000
2017 fiscal year	18,687
2018 fiscal year	19,355

Office Lease – New York – The Company entered into a lease for executive office space in New York, NY. The Lease period started April 21, 2015 and will terminate July 31, 2016 resulting in the following future commitments:

2016 fiscal year	$15,987

Office Lease – San Gabriel, California – The Company entered into a lease for executive office space in San Gabriel, California. The Lease period started April 30, 2015 and will terminate August 1, 2016 resulting in the following future commitments:

2016 fiscal year	$39,596
2017 fiscal year	9,313

Concentrations – During the periods ending August 31, 2015 and 2014, the majority of the Company's revenue was derived from its operations in PRC from individuals, primarily in the United States and Canada.

Litigation – The Company is involved in legal proceedings from time to time in the ordinary course of its business. As of the date of this filing, the Company is a party to two lawsuits which, in the opinion of management, upon consideration of corporate council advice, it believes it is reasonably likely to not have an adverse effect on the financial condition, results of operation or cash flow of the Company in the future.

9. **Subsequent event**:

Management has evaluated all events subsequent to year end through the date of this filing, noting that none materially impacted the financial statements.

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

Overview

ChineseInvestors.com, Inc. ("the Company", "we" or "us") endeavors to be an innovative company, specializing in (a) providing real-time market commentary, analysis, and educational related endeavors in Chinese language character sets (traditional and simplified), (b) providing support services to our various partners wishing to have a Chinese language communications component, (c) providing consultative services to smaller private companies considering becoming a public company, (d) providing various advertising as well as public relation support services, and (e) other services we may identify having the potential to create value or partnership opportunity with our existing services.

During the 1st quarter of fiscal year 2016 the company continued to develop its investor relations business. These clients represent various public markets including the OTCBB, NASDAQ, and NYSE exchanges.

Business Environment and Trends

The global marketplace has been negatively impacted by a variety of factors and the financial services industry in particular has been adversely affected by losses in the mortgage and credit markets. We understand that our business is dependent upon the health of the financial markets as well as the financial health of the participants in those markets. The current financial crisis has resulted in lower activity levels and has led to the collapse of some market participants. We are also seeing customers intensify their focus on containing or reducing costs as a result of the challenging market conditions.

Three months ended August 31, 2015 compared to three months ended August 31, 2014.

Quarterly Revenues and Expenses

Subscription Revenue: There was a decrease in subscription revenues from $163,357 in the three months ended August 31, 2014 to $101,921 in the three months ended August 31, 2015 . We believe the recent decline in our subscription based revenues generally follows market volatility. Our subscribers tend to be less interested in educational or reporting information (delivered in Chinese) when the markets are not doing well or are volatile as opposed to time when the market is trending in a positive direction. Coincidentally we note that income in this category is beginning to increase in Q3 of this year and may rebound as it has in the past noting we cannot predict with any certainty the general performance of this line item; noting we can see declines or increases that tend to follow market conditions.

Business Services Revenue: As the Company continues to reduce its investor relations offerings the revenue in this category dropped to $51,783 in the quarter ending August 31, 2015, from $480,372 in the quarter ending August 31, 2014. The Company plans to continue to offer this service, however does not expect that revenues will increase back to previous revenue levels as the Company pursues other market opportunities.

Other Revenue: The slight variance in other revenue earned in the quarter ended August 31, 2014 of $1,058 to $12,624 in the quarter ended August 31, 2015, is consistent with variance in prior periods and is primarily determined by timing variance when the minor work is performed.

Cost of Services Sold: The cost of services sold increased from $221,826 to $246,244 from the quarter ending August 31, 2014 to the quarter ending August 31, 2015 as the company increased staffing expense associated with expanding its operations in the People’s Republic of China. This category of expenses consists of the cost of the PRC operations. Since a portion of these expenses are fixed, as the Company’s sales increase, the gross operating margin is expected to improve. As the overall stock market grows the Company expects revenue to increase and profit margins to improve.

Gross profit margin: The Company’s gross profit margin dropped dramatically from 66% ($422,961 on $644,787 of revenue) in the quarter ending August 31, 2014 to (48)% ($79,916 on $166,329 of revenue) in the quarter ending August 31, 2015 . As the overall stock market grows the Company expects revenue to increase and profit margins to improve .

The Company is working to reduce its operating overhead in its Shanghai offices and also expects its income to increase over time due to new sales and service initiatives, certain holdings of stock to become liquid at a much higher value than it was booked at initially, and other opportunities as they present themselves.

General & Administrative Expenses: The Company’s general and administrative expenses increased from $380,585 to $515,406. The increase in this expense category of $168,349 was related to additional staff and higher rent and travel expenses for the company’s operational personal.

Other Comprehensive Loss: In the 2014 fiscal year the company began to maintain available for sale securities. In the current quarter the balance in unrecognized loss on securities changed from $531,631 at May 31, 2015 to $431,658 at August 31, 2015. This loss of $99,973 is reflected in other comprehensive income on the Company’s income statement.

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Equity and debt

In the quarter ended August 31, 2015 the Company issued 530,000 shares of class B preferred stock in return for $530,000 in cash. No additional equity or debt transactions were completed in the quarter ended August 31, 2015.

It is likely that the Company will continue to issue its Class B preferred stock to fund its operating cost needs in the near future as it works to reach a point of future cash flow sustainability related to the timing of liquidity of marketable securities conversion.

Liquidity

The Company is currently addressing its liquidity issues by adjusting its business plan to generate more revenue, and by seeking investment capital through private placement of common stock and short-term debt. Since inception, the Company has at times relied primarily upon proceeds from private placements and sales of shares of its equity securities to fund its operations. We anticipate continuing to rely on sales of our securities as well as increasing our subscriptions services revenues in order to continue to fund our business operations. It should be noted that the Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will be able to complete all of the additional sales of our equity securities as planned and noted herein or that we will be able arrange for other financing to fund our planned business activities.

In reviewing the sources of capital available to the Company to address the liquidity issue we find there are three avenues we have chosen to pursue. The first would be to increase our current revenues as they relate to existing services noting this effort will require the expenditure of some additional capital but should increase our ability to remain profitable based upon our experience over the past 6 months. The second would be to create new sources of revenue (as noted herein and outlined in prior disclosures). This would also result in additional cash demands on the Company. The third would be to raise capital through the private placements of our stock or Private Investment in Private Enterprise (PIPE) devices through a point of being able to achieve a sustainable profit as well as positive cash flow for the Company. As of the date of this filing the Company has raised $2,415,000 through the issuance of its class B preferred stock. The filing allows the Company to raise up to $5,000,000 under the current offering.

Plan of Continued Operations

The Company plans to continue to meet all of its obligations as well as conform with all of the requirements of remaining a fully reporting a public company while increasing its market presence as well as services offering spectrum.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not a party to any legal proceeding that it believes will have a material adverse effect upon its business or financial position.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

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

None.

Item 3. Defaults Upon Senior Securities.

There have been no defaults upon senior securities.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit 31.1	Certification of the Chief Executive Officer pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification pursuant to Section 906 Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

Signatures

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

		ChineseInvestors.com, Inc. (Registrant)
Date: February 9, 2016	By:	/s/ Paul Dickman Paul Dickman Chief Financial Officer
Date: February 9, 2016	By:	/s/ Wei Wang Wei Wang Chief Executive Officer