Chineseinvestors.com, Inc.
Form 10-Q
April 19, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended February 29, 2016

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)

13791 East Rice Place, Suite #107 Aurora, CO 80015

Brett Roper, Director of Administrative Services - (303) 481-4416 or (303) 345-1262

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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 19, 2016 there were outstanding 7,724,305 shares of the issuer's common stock, par value $0.001 per share and 905,000 shares of the issuer's class A preferred stock, par value $0.001 per share and 2,535,000 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 February 29, 2016

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CHINESEINVESTORS.COM, INC

BALANCE SHEETS

Expressed in U.S. Dollars

	(Unaudited) February 29 2016	May 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$497,058	$498,189
Accounts receivable, net	118,672	101,918
Investments, available for sale, in affiliate	1,778,587	1,148,000
Investments, available for sale	126,240	301,491
Prepaid taxes	33,165	33,165
Other current assets	55,265	91,634
Total current assets	2,608,987	2,174,397
Non-current assets		
Property and equipment, net	12,505	9,783
Website development, net	82,543	79,644
Total non-current assets	95,048	89,427
Total assets	$2,704,035	$2,263,824
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$25,028	$22,811
Accounts payable - due in stock	52,323	114,800
Deferred revenue	382,983	206,565
Unearned revenue paid in stock	111,111	173,611
Unearned Rental Income	10,000	–
Accrued liabilities	86,900	65,844
Accrued dividend & interest	48,854	34,947
Total current liabilities	717,199	618,578
Non-current Liabilities		
Long-term secured debt	660,000	–
Long-term deferred revenue	44,809	48,767
Total Non-current Liabilities	704,809	48,767

Total liabilities	1,422,008	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 February 29, 2016 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 February 29, 2016 and May 31, 2015, respectively	2,535	1,885
Common stock $0.001 par value 80,000,000 authorized and 7,724,305 were issued and outstanding February 29, 2016 and May 31, 2015, respectively	7,725	7,725
Additional paid-in capital	14,671,770	13,971,170
Foreign currency gain	(543)	536
Unrealized gain on investments available for sale	1,703,406	531,631
Accumulated deficit	(15,103,771)	(12,917,373)
Total Shareholders' equity	1,282,027	1,596,479
Total liabilities and shareholders’ equity	$2,704,035	$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 and Nine Months Ended February 29, 2016 and 2015

(Unaudited)

Expressed in U.S. Dollars

	Three Months Ended February 29/28, 2016	Three Months Ended February 29/28, 2015	Nine Months Ended February 29/28, 2016	Nine Months Ended February 29/28, 2015
Operating revenues				
Investor relations	$35,833	$596,190	$265,582	$1,416,402
Subscription	144,039	178,158	344,942	519,766
Other	12,080	5,477	41,359	7,852
Total revenue	191,952	779,825	651,883	1,944,020
Cost of services	249,155	290,953	761,372	718,583
Gross profit	(57,203)	488,872	(109,489)	1,225,437
Operating Expenses				
General and Administrative Expense	648,732	350,238	1,700,210	1,062,300
Advertising Expense	62,859	125,069	258,551	263,545
Total Operating Expenses	711,591	475,307	1,958,761	1,325,845
Net profit/(loss) from operations	(768,794)	13,565	(2,068,250)	(100,408)
Other income/(expense)				
Interest expense	(9,873)	(8,459)	(13,973)	(25,651)
Net realized gain/(loss) on marketable equity securities	64,020	(443,953)	55,185	(506,557)
Total other expense	54,147	(452,412)	41,212	(532,208)
Net income/(loss)	(714,647)	(438,847)	(2,027,038)	(632,616)
Preferred stock dividend	(38,340)	(9,711)	(108,110)	(9,711)
Preferred stock deemed dividend	–	–	(51,250)	–
Net income/(loss) attributable to common shareholders	$(752,987)	$(448,558)	$(2,186,398)	$(642,327)
Earnings per share attributable to common shareholders:				
Basic loss per share	$(0.09)	$(0.06)	$(0.26)	$(0.09)

Weighted average shares outstanding				
Weighted average number of shares outstanding - basic	7,724,305	7,249,305	7,724,305	7,249,305
Net Income/(Loss)	(752,987)	(448,558)	(2,186,398)	(642,327)
Other comprehensive income/(loss)				
Net unrealized gain/(loss) on available for sale securities	1,703,406	2,471	1,703,406	(1,174,242)
Comprehensive Income/(Loss)	$950,419	$(446,087)	$(482,992)	$(1,816,569)
Weighted average number of common shares outstanding - basic & diluted	7,724,305	7,249,305	7,724,305	7,249,305
Comprehensive earnings/(loss) per share - basic	$0.12	$(0.06)	$(0.06)	$(0.25)

See accompanying notes to the financial statements

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CHINESEINVESTORS.COM, INC

STATEMENT OF CASH FLOWS

For the Nine Months Ended February 29, 2016 and 2015 (Unaudited)

Expressed in U.S. Dollars

	2016	2015
Cash flows from operating activities		
Net loss	$(2,186,398)	$(642,323)
Adjustments to reconcile net loss (income) to net cash (used in) provided by operating activities		
Non-cash revenue received as available for sale securities	1,753,614	(86,009)
Net impact of available for sale securities	(1,841,087)	(506,557)
Deemed dividend for beneficial conversion of convertible	51,250	–
Depreciation and amortization	15,230	20,472
Stock based compensation	–	25,000
Non-cash expenses paid with available for sale securities	–	14,983
Changes in operating assets and liabilities		
Accounts receivable	(16,754)	15,648
Other current assets	36,369	5,929
Accounts payable	2,218	58,455
Deferred revenue	182,460	(168,384)
Accrued liabilities	(42,500)	(36,091)
Deferred interest	13,907	(12,858)
Net cash used in operating activities	(2,031,691)	(1,311,735)
Cash flows from investing activities		
Purchase of equipment	(20,852)	(28,350)
Proceeds from note receivable - affiliate	–	–
Proceeds from the sale of marketable equity securities	741,412	633,539
Net cash provided by investing activities	720,560	605,189
Cash flows from financing activities		
Cash raised through sale of class B preferred stock	650,000	1,405,000
Cash used in paying off short-term debt		(440,000)
ST Debt	660,000	–
Net cash provided by financing activities	1,310,000	965,000
Net increase/(decrease) in cash and cash equivalents	(1,131)	258,450
Cash and cash equivalents - beginning of year	498,189	429,199
Cash and cash equivalents - end of year	$497,058	$687,649

Supplemental cash flow disclosures

Cash paid for interest	–	35,346
Cash paid for income taxes	–	–
Cash paid for China representative office tax	28,208	34,071
Non-cash financing and investing activities		
Unrealized loss in marketable equity securities	1,171,776	(1,174,242)

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.

Going Concern - The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. There is potential that the Company will not continue as a going concern. The recoverability of recorded property and equipment, intangible assets, and other asset amounts shown in the accompanying financial statements is dependent upon the Company’s ability to continue as a going concern and to achieve a level of profitability. The Company intends on financing its future activities and its working capital needs largely from the sale of equity securities until such time that funds provided by operations are sufficient to fund working capital requirements. However, there can be no assurance that the Company will be successful in its efforts. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern

1. Liquidity and Capital Resources:

Cash Flows – During the nine months ending February 29, 2016, the Company primarily utilized cash and cash equivalents, proceeds from the sale of its available for sale securities and proceeds from the sale of its class B convertible preferred stock.

Cash flows used in operations for the nine months ending February 29, 2016 and 2015 were ($2,031,691) and ($1,311,735), 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 February 29, 2016, the Company had cash and cash equivalents of $497,058 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 consider a level three fair value instrument. As of February 29, 2016 the company has sold 823,792 shares of the stock in this company at $.90 per share for total proceeds of $741,412. The remaining shares held were valued at the amount currently being realized for their sale resulting in a current asset of $1,778,587 as of February 29, 2016.

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 February 29, 2016 and May 31, 2015 there were deposit balances in a United States bank of $459,091 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 February 29, 2016 and May 31, 2015 there were deposits of $37,967 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 February 29, 2016 and May 31, 2015, the Company had accounts receivable of $118,672 and $101,918, respectively.

The Company evaluates the need for an allowance for doubtful accounts on a regular basis. As of February 29, 2016 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 February 29, 2016 withheld ($64,044 in total was withheld with $30,879 for a portion of the federal tax withheld was received in May 2015).

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 are 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 $55,265 and $91,634 at February 29, 2016 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 $7,924 and $11,821 for the nine months ended February 29, 2016 and 2015, 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 February 29. 2016 and May 31, 2015.

Accrued dividend – The accrued dividend balance represents dividend payable related to the Class “B” preferred stock. Accrued dividends were $48,854 and $34,947 for the periods ending February 29, 2016 and May 31, 2015.

Accrued Liabilities – Accrued liabilities are comprised of the following:

	February 29, 2016	May 31, 2015
China Employees' Salaries and Commissions Accrual	$71,171	$50,779
Representative Office Tax Accrual	–	3,835
Other Accruals	15,729	11,230
	$86,900	$65,844

Unearned revenue, revenue paid in stock – For the nine months ended February 29, 2016 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 $111,111 at February 29, 2016 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.

Deferred revenue – The company receives payment for subscription revenues in advance before the subscription service is granted. The company recognizes the revenue as being earned as the services are deliver. The amount paid for which services have not yet been delivered related to subscription revenues is recorded as a liability in the current or long-term portion of the liabilities section of the balance sheet. The deferred revenue balance that will be earned in the next twelve months was $194,136 at February 29, 2016 as compared to $206,565 May 30, 2015. The long-term deferred revenue balance was $45,220 on February 29, 2016 as compared to $48,767 May 30, 2015.

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 $20,000 in rental income resulting in a balance in unearned rental revenue of $10,000 as of February 29, 2016.

Long-term debt, secured by stock – The Company obtained short term debt of $660,000 from various individuals, secured by 660,000 shares of the company owned stock in Medicine Man Technologies, Inc. These notes currently have an interest rate of a minimum of 9% annually, but may increase based upon the performance of the collateral if it becomes liquid in the future. Currently the affiliate is a private company and has had no trading transaction, therefore the base interest rate of 9% is the only interest accrued. The affiliate received clearance from the SEC September 30, 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 1,976,208 shares of the stock owned in the affiliate, currently being held qualifies as a level two instrument and has a book value of $1,778,587 at February 29, 2016. The Company determined that the instrument was level two based upon private sales to investors. The value of the stock was based on an independent valuation professional at May 31, 2015 and upon private sales transactions on February 29, 2016.

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

	February 29, 2016		**May 31, 2015**		
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 3**
Cash	487,368	–	498,189	–	–
Investments	55,146	1,846,087	233,991	67,500	1,148,000
Total Financial Instruments	542,514	1,846,087	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 February 29, 2016, 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 February 29, 2016, 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 $258,551 and $263,545 in the nine months ended February 29, 2016 and 2015, 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.

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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 February 29, 2016	389,035	$ 0.48

The following table presents information regarding options outstanding and exercisable as of February 29, 2016:

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 February 29, 2016, 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 November 30, 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, 20,000,000 shares of $.001 par value class A preferred stock and 20,000,000 shares of $.001 par value class B 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, 2015, the Company converted 380,000 shares of preferred stock for 475,000 shares at a conversion rate of $1.25 per share of preferred stock.

During the year ended May 31, 2014, the Company converted 718,776 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 nine months ended February 29, 2016 the Company issued 650,000 shares of preferred stock as Series B convertible preferred stock for total proceeds of $650,000. 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 resulted in the company booking a deemed dividend of $51,250. This deemed dividend was calculated based upon a closing price on the date of the stock sale (the date the shares were formally accepted by the Company) averaging approximately $.478 per share and an effective sale price (with conversion) per the preferred share agreement of $0.40 per share of common stock (650,000 times $0.078 = $52,500).

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 February 29, 2016. 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 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:

	February 29, 2016	May 31, 2015
Furniture & Fixtures	$86,173	$75,527
Leasehold Improvements	23,417	23,416
	$109,590	$98,943
Less: Accumulated Depreciation	(97,084)	(89,160)
	$12,506	$9,783

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 nine months ending February 29, 2016 and 2015 was $7,924 and $11,821, respectively.

5. Intangible Assets:

Intangible assets are comprised of the following:

	February 29, 2016	May 31, 2015
Website development	$175,580	$165,374
Less: Accumulated Depreciation	(93,037)	(85,730)
	$82,543	$79,644

Amortization is calculated over a straight-line basis using the economic life of the asset. Amortization expense for the nine months ended February 29, 2016 and 2015 was $7,306 and $8,651 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 February 29, 2016 of the following:

2016 fiscal year	$15,572
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	$5,400
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	$7,100

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	$13,970
2017 fiscal year	$9,300

Concentrations – During the periods ending February 29, 2016 and 2015, 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 a material 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.

Subsequent to year end the audit committee and chief financial officer started to evaluate a change the internal controls related to expense disbursements and corporate expense reimbursements. The Company expects the proposed changes to be fully in place by fiscal year end.

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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.

Nine months ended February 29, 2016 compared to nine months ended February 28, 2015.

Quarterly Revenues and Expenses

Subscription Revenue: There was a decrease in subscription revenues from $519,765 in the nine months ended February 28, 2015 to $344,942 in the nine months ended February 29, 2016.

Investor Relations Revenue: As the Company continues to reduce its focus on investor relations offerings the revenue in this category dropped to $265,582 in the nine months ending February 29, 2016, from $1,416,402 in the nine months ending February 28, 2015.

Other Revenue: The increase in other revenue earned in the nine months ended February 28, 2015 of $7,852 to $41,359 in the nine months ended February 29, 2016, was primarily caused by rental income from a sublease in fiscal year 2016 with will run through the end of the current fiscal year.

Cost of Services Sold: The cost of services sold increased from $718,583 to $761,372 in the nine months ending February 28, 2015 to the nine months ending February 29, 2016 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.

Gross profit margin: The Company's gross profit margin dropped dramatically from 63% ($1,225,436 on $1,944,019 of revenue) in the nine months ending February 28, 2015 to (18%) ($113,922 on $651,883 of revenue) in the nine months ending February 29, 2016 due to the decline in the high margin investors relations revenue.

General & Administrative Expenses: The Company's general and administrative expenses increased from $1,062,295 to $1,700,210. The increase in this expense category was related to additional staff and higher rent and travel expenses for the company's operational personal.

Other Comprehensive Loss: In the current quarter the balance in unrecognized loss on securities changed from a loss of $1,174,242 during the nine months ended February 29, 2015 to a gain of $1,703,406 at February 29, 2016. This significant gain was primarily driven by the appreciation of the stock of Medicine Man Technologies, Inc.

Equity and debt

In the nine months ended February 29, 2016 the Company issued 650,000 shares of class B preferred stock in return for $650,000 in cash. In addition, during that same period the Company issued $660,000 in debt secured by its Medicine Man Technologies common stock. No additional equity or debt transactions were completed in the nine months ended February 29, 2016.

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.

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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 four 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 nine 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 $2,535,000 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. The fourth would is through the ongoing liquidation of the Companies available for sale securities, specifically the stock held in Medicine Man Technologies, Inc. as we did in the most recent quarter resulting in deposits of slightly over $740,000.

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: April 19, 2016	By: /s/ Paul Dickman Paul Dickman Chief Financial Officer
Date: April 19, 2016	By: /s/ Wei Wang Wei Wang Chief Executive Officer

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