Chineseinvestors.com, Inc.
Form 10-Q/A
October 25, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to
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 August 31, 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)**

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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 August 31, 2016 there were outstanding 7,661,805 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.

EXPLANATORY NOTE

This Amendment No. 1 to the Quarterly Report on Form 10-Q is being filed solely to furnish the Interactive Data files as Exhibit 101, in accordance with Rule 405 of Regulation S-T and to correct some miscellaneous typos and formatting issues. No other changes have been made to the Form 10-Q, as originally filed on October 24, 2016.

ChineseInvestors.COM, Inc.

FORM 10-Q for the Quarter Ended August 31, 2016

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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, 2016	May 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$312,713	$197,231
Accounts receivable, net	13,866	1,899
Investments, available for sale, in affiliate	1,008,405	2,425,709
Investments, available for sale	84,384	111,016
Investments, restricted	156,000	–
Prepaid expenses	4,923	–
Other current assets	39,276	55,780
Total current assets	1,619,567	2,791,635
Non-current assets		
Property and equipment, net	10,877	11,768
Website development, net	79,041	78,147
Total non-current assets	89,918	89,915
Total assets	$1,709,485	$2,881,550
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$63,288	$76,244
Deferred revenue	415,391	321,416
Unearned revenue paid in stock	189,995	90,278
Accrued liabilities	109,909	39,153
Accrued dividend & interest	71,864	23,954
Secured debt	660,000	660,000
Embedded incentive interest	39,600	39,600
Total current liabilities	1,550,047	1,250,645
Non-current Liabilities		

Long-term deferred revenue	84,805	37,642
Total Non-current Liabilities	84,805	37,642
Total liabilities	1,634,852	1,288,287
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, 2016 and May 31, 2016, respectively	905	905
Preferred stock, class B, $0.001 par value 20,000,000 authorized, 2,535,000 and 2,535,000 were issued and outstanding at August 31, 2016 and May 31, 2016, respectively	2,535	2,535
Common stock $0.001 par value 80,000,000 authorized and 7,661,805 were issued and outstanding August 31, 2016 and May 31, 2016, respectively	7,663	7,663
Additional paid-in capital	14,665,583	14,665,583
Foreign currency loss	(902)	(638)
Unrealized gain on investments available for sale	749,814	2,057,770
Accumulated deficit	(15,350,965)	(15,140,555)
Total Shareholders' equity	74,633	1,593,263
Total liabilities and shareholders' equity	$1,709,485	$2,881,550

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, 2016 and 2015

(Unaudited)

Expressed in U.S. Dollars

	Three Months Ended August 31, 2016	2015
Operating revenues		
Investor relations	$90,312	$51,783
Subscription	249,229	101,921
Other	1,783	12,624
Total revenue	341,324	166,328
Cost of services	228,871	246,244
Gross profit	112,453	(79,916)
Operating Expenses		
General and Administrative Expense	845,676	515,406
Advertising Expense	180,724	106,378
Total Operating Expenses	1,026,400	621,784
Net profit/(loss) from operations	(913,947)	(701,700)
Other income/(expense)		
Other income	300	4,165
Interest expense	(9,713)	–
Net realized gain/(loss) on marketable equity securities	750,878	(2,267)
Total other income	741,465	1,898
Net /(loss)	$(172,482)	$(699,802)
Preferred stock deemed dividend	–	(49,000)
Preferred stock dividends	(37,928)	(32,407)
Net (loss) attributable to common shareholders	(210,410)	(781,209)
Earnings per share attributable to common shareholders:		
Basic loss per share	$(0.02)	$(0.09)
Weighted average shares outstanding		

Weighted average number of shares outstanding - basic	7,661,805	7,661,805
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available for sale securities	(1,307,956)	(99,973)
Comprehensive Income/(Loss)	$(1,480,438)	$(799,775)

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, 2016 and 2015 (Unaudited)

Expressed in U.S. Dollars

	2016	2015
Cash flows from operating activities		
Net loss	$(172,482)	$(699,802)
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)
Net realized (gain)/loss on marketable equity securities	(750,878)	(20,833)
Foreign currency exchange loss (gain)	(264)	–
Depreciation and amortization	3,370	5,906
Changes in operating assets and liabilities		
Accounts receivable	(11,967)	1,838
Prepaid expenses	(4,923)	–
Investments-restricted	(146,000)	–
Other current assets	16,504	10,735
Accounts payable	(12,956)	36,677
Deferred revenue	240,855	(42,648)
Accrued liabilities	70,756	(55,791)
Unearned rent	–	30,000
Accrued interest and dividends	47,910	(6,288)
Net cash used in operating activities	(720,075)	(766,700)
Cash flows from investing activities		
Purchase of equipment	(3,373)	(10,070)
Proceeds from the sale of marketable equity securities	876,858	10,576
Net cash provided by investing activities	873,485	506
Cash flows from financing activities		
Cash raised through sale of class B preferred stock	–	530,000
Accrued dividends on class B preferred stock	(37,928)	–
Net cash used in financing activities	(37,928)	530,000
Net increase/(decrease) in cash and cash equivalents	115,482	(236,194)
Cash and cash equivalents - beginning of period	197,231	498,189
Cash and cash equivalents - end of period	$312,713	$261,995
Supplemental cash flow disclosures		
Cash paid for interest	–	–

Cash paid for income taxes	–	–
Cash paid for China representative office tax	–	–

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 three months ending August 29, 2016, the Company primarily generated cash and cash equivalents, from the sale of its available for sale securities and deferred revenue from membership subscriptions.

Cash flows provide by (used in) operations for the three months ending August, 2016 and 2015 were ($720,074) and ($766,700), respectively. The decreased cash used in operations were due to increased deferred revenue from membership subscriptions and revenue related to investor relationships

Capital Resources – As of August, 2016, the Company had cash and cash equivalents of $312,713 as compared to cash and cash equivalents of $197,231 as of May 31, 2016.

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. As of May 31, 2016, the Company held 1,347,616 shares of the affiliates stock with a fair value of $1.80 per share totaling $2,425,709 at that time. During the three months ended August 31, 2016, the

Company sold 713,399 shares of the stock in this company at $1.20 per share for total proceeds of $856,080. The remaining shares held were valued at the current public market value resulting in a current asset of $1,008,405 as of August 31, 2016. As there was a public market for MDCL stock at August 31, 2016 and May 31, 2016 the Company recognized the stock as a Level 1 financial 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, 2016 and May 31, 2016 there were deposit balances in a United States bank of $278,362 and $195,571 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, 2016 and May 31, 2016 there were deposits of $23,289 and $1,562, 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, 2016 and May 31, 2016, the Company had accounts receivable of $13,866 and $1,899, respectively.

The Company evaluates the need for an allowance for doubtful accounts on a regular basis. As of August 31, 2016 and May 31, 2016, 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 wrote off the balance receivable in the period ended May 31, 2016 due to difficulty and expected cost of securing the refund.

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 Companies 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 Companies financials as "Investments, available for sale". The Company will also record a corresponding contra-asset account titled "Unearned Revenue paid in stock".

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 $39,276 and $55,780 at August 31, 2016 and May 31, 2016, 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 $3,370 and $5,906 for the three months ended August 31, 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 August 31. 2016 and May 31, 2016.

Accrued dividend – The accrued dividend balance represents dividend payable related to the Class “B” preferred stock. Accrued dividends were $33,935 and $23,954 for the periods ending August 31, 2016 and May 31, 2016.

Accrued Liabilities – Accrued liabilities are comprised of the following:

	August 31, 2016	May 31, 2016
China Employees' Salaries and Commissions Accrual	$58,971	$30,598

Accrued Payroll	46,450	6,799
Accrued Expenses	4,488	1,756
	$109, 909	$39,153

Unearned revenue, revenue paid in stock – For the three months ended August 31, 2016 and during fiscal year ended May 31, 2016, the Company received shares of stock and warrants, as payment for investor relations work that the Company will be providing through July 2017. The stock that had not been earned was valued at $189,995 at August 31, 2016 as compared to $90,278 at May 31, 2016. 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 $415,391 at August 31, 2016 as compared to $321,416 at May 31, 2016. The long-term deferred revenue balance was $84,805 on August 31, 2016 as compared to $37,642 May 31, 2016.

Short-term debt, secured by stock – During 2016, 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 are due to be repaid during the quarter ending February 28, 2017. The lender received an incentive of 30% appreciation of the stock value for MDCL at the maturity of the short-term notes, 15 months after inception.

We may issue debt that is collateralized by common stock we own in a third party. Additionally, this debt is intended to be settled using the proceeds when that common stock is sold. If the proceeds from the sale of the common stock are more than the estimated value of the common stock when we entered into the debt agreements, the debt holder receives 30% of the deemed increase in value of the common stock (“Incentive Feature”). We estimate the value of the Incentive Feature using the expected liquidation value of the common stock collateralizing the debt based on recent sales of the common stock. We record the estimated value of the Incentive Feature as an increase to the debt liability and as interest expense. We recorded a liability and interest expense as of May 31, 2016, for the Incentive Feature of $39,600. We estimated the expected liquidation value of the underlying common stock at $1.20 per share, based on recent sales of shares.

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.

Much 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 monitored on an ongoing basis and verified to be consistent with the carrying value and, therefore, not requiring an adjustment.

Level one instruments were based upon stated balance of financial institution or calculated based upon stock trading in the public market. Level two instruments were calculated based upon the sale of stock through a private placement at arms-length where our shares were an insignificant amount of the total volume of stock sold in the issuer. Level three financial instruments were valued by a professional independent appraiser hired by the Company to determine the valuation. The level three valuation calculation included discounted cash flow models and market based models as appropriately utilized by a professional valuation firm. The inputs they used included the entities past financial performance, projected budgets, prior private stock sale history and comparable company valuations.

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

	August 31, 2016			**May 31, 2016**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Cash	312,713	–	–	197,231	–	–
Investments	1,181,289	67,500	–	2,469,225	67,500	–
Total Financial Instruments	1,494,002	67,500	–	2,666,456	67,500	–

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.

Other Revenue – Other revenue is comprised of revenue related to Forex service fees and rent generated through office space sublease revenue which is recognized over the period the term of the lease. Other revenue was $1,783 and $12,624 for the three months ended August 31, 2016 and 2015, respectively.

Advertising Costs – Advertising costs are expensed when incurred. Advertising costs totaled $180,724 and $106,378 in the three months ended August 31, 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.

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.

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	389,035	–
Balance at May 31, 2016	–	$ –

As of the date of this filing all outstanding stock options have expired. Future compensation cost related to stock options is zero dollars.

3. Stockholders' Equity:

As of August 31, 2016 and May 31, 2016, 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 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 of common stock shares at a conversion rate of 1.25 per share of preferred stock.

During the year ended May 31, 2015, the Company granted 50,000 shares of common stock for compensation. The stock was valued at $0.50 per share. The compensation and consulting expense was recorded as general and administrative expenses for the year ended May 31, 2015.

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 shares of common stock 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.

Series A Convertible Preferred Stock:

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 were entitled to receive a dividend of $0.06 per share per annum for the first two years from the issuance of the instruments. The Company maintained the right to suspend the dividend at its discretion if it is deemed necessary.

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

In the years ended May 31, 2016 and 2015 the Company issued 650,000 and 1,885,000 shares of preferred stock as Series B convertible preferred stock for total proceeds of $2,535,000. 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 entitled to receive a dividend of $0.06 per share per annum for the first two years from the issuance of the instruments, which has been recorded as an accrued dividend on the liabilities section of the balance sheet. The Company maintained the right to suspend the dividend at its discretion if it is deemed necessary.

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 on the Company's income statement in 2015 and $51,250 in the period ending May 31, 2016. This deemed dividend was calculated based upon a trading price ranging from $0.35 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 $0.88 to $1.90 per share of common stock.

4. Property and Equipment:

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

	August 31, 2016	May 31, 2016
Furniture & Fixtures	$87,413	$87,413
Leasehold Improvements	23,417	23,417
	$110,830	$110,830
Less: Accumulated Depreciation	(99,953)	(99,062)
	$10,877	$11,768

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, 2016 and 2015 was $889 and $3,474, respectively.

5. Intangible Assets:

Intangible assets are comprised of the following:

	August, 2016	May 31, 2016
Website development	$177,421	$174,046
Less: Accumulated Depreciation	(98,380)	(95,899)
	$79,041	$78,147

Amortization is calculated over a straight-line basis using the economic life of the asset. Amortization expense for the three months ended August 31, 2016 and 2015 was $2,481 and $2,862 respectively.

6. Commitments and Concentrations:

Office Lease – Shanghai – The Company entered a lease for new office space in Shanghai, China. The lease period started October 1, 2013 and will terminate September 31, 2016, on August 2016, the Company renewed this lease at around $5,400 per month to September 30, 2019, resulting in the following future commitments, based on the exchange rate at August 31, 2016 of the following:

2017 fiscal year	$48,150
2018 fiscal year	$64,800
2019 fiscal year	$64,800
2020 fiscal year	$21,600

Office Lease – Denver, Colorado – The Company entered a lease for office space in Denver, Colorado. The original lease period started June 1, 2015 and will terminate May 31, 2018, monthly lease payment was $3,333. On June 2016, the Company and landlord mutually agreed to terminate this contract on August 15, 2016 and the security deposit was converted to two months of rent at that time.

Office Lease – New York – The Company entered a lease for executive office space in New York, NY. The original lease period started April 21, 2015 and was terminated on July 31, 2016. On January 2016, the Company renewed the lease at $2,167 per month to February 28, 2017 and resulting future commitments at $26,004.

Office Lease – San Gabriel, California – The Company entered a lease for executive office space in San Gabriel, California. The Lease period started April 30, 2015 and was terminated on August 1, 2016. On June, the Company renewed the contract for another 3 years to July 31, 2019 resulting in the following future commitments:

2017 fiscal year	$38,175
2018 fiscal year	$52,173
2019 fiscal year	$53,783
2020 fiscal year	$9,300

Office Lease – Irwindale, California – On October, 2015, the Company entered a lease for executive office space in Irwindale, California. The Lease is one-year lease at $5000 per month and that terminates on Nov 10th 2016 resulting future commitment at $15,000 through termination.

Concentrations – During the periods ending August 31, 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.

6. Subsequent event:

Management has evaluated all events subsequent to the date on October 24, 2016, noting that none materially impacted the financial statements or require further disclosure.

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 2017 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, 2016 compared to three months ended August 31, 2015.

Quarterly Revenues and Expenses

Subscription Revenue: There was an increase in subscription revenues from $101,921 in the three months ended August 31, 2015 to $249,229 in the three months ended August 31, 2016.

Investor Relations Revenue: There was an increase in investor relation revenue from $51,783 in the three months ended August 31, 2015 to $90,312 in the three months ended August 31, 2016

Other Revenue: The decrease in other revenue earned in the three months ended August 31, 2016 of $1,783 from $12,624 in the three months ended August 31, 2015 was primarily caused by expiration of rental income from a sublease in fiscal year 2016.

Cost of Services Sold: The cost of services slightly decreased to $228,871 in the three months ending August 31, 2016 from $246,244 in the three months ending August 31, 2015 as expense associated with its operations in the People's Republic of China was reduced.

Gross profit margin: The Company's gross profit margin increased to 33% ($112,453 on $341,324 of revenue) in the three months ending August 31, 2016 form (48%) (-$79,916 on $166,328 of revenue) in the three months ending August 31, 2015 as both Investor relations revenue and subscription revenue doubled.

General & Administrative Expenses: The Company's general and administrative expenses increased from $515,406 to $845,676. The increase in this expense category was related to additional staff and professional service expenses for the company's operation.

Advertising Expenses: Advertising related expenses increased from $106,378 in three months ending August 31, 2015 to $180,724 in three months ending August 31, 2016. These expenses are generally related to outside advertising costs and various other related expenses.

Net realized gain (loss) on marketable securities: The Company recognized a realized gain on marketable securities of $750,878 in the three months ended August 31, 2016 as compared to a realized loss in three months ended August 31, 2015 of $2267. This gain was mainly caused by the partial liquidation of the Companies holdings in Medicine Man Technologies, Inc. stock that increased in value from $0.41 per share to over $1.20 per share.

Liquidity

The Company is currently addressing its liquidity concerns by building upon its revenue generating subscription service products, increasing its advertising based revenues, and by increasing its offerings of other consulting services. Since inception in 1997, the Company has at times relied primarily upon proceeds from private placements and sales of shares of its equity securities to fund its operations. In the last two years the Company has raised $2,535,000 through the issuance of its class “B” preferred stock, in an offering that is still ongoing. We anticipate continuing to rely on sales of our securities as well as increasing our general revenues in order to continue to fund our business operations. In addition, the Company has liquidated a portion of its holdings in Medicine Man Technologies (MDCL) stock generating approximately 837,980cash during the three months ending August 31, 2016. At August 31, 2016 the Company still held 634,217 shares of MDCL stock representing $1,008,405 of value based upon the closing market price of $1.59. However, of these shares 660,000 shares are restricted as collateral for the short term debt the company is currently holding. There can be no assurance that the Company currently has sufficient capital or access to capital needed for operations for the next annual period.

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: October 24, 2016	By: /s/ Paul Dickman Paul Dickman Chief Financial Officer
Date: October 24, 2016	By: /s/ Wei Wang Wei Wang Chief Executive Officer

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