

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

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

For the Quarterly Period Ended September 30, 2015

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 333-174674

**THE VIRTUAL LEARNING COMPANY, INC.**

(Exact Name of Registrant As Specified In Its Charter)

Nevada

(State Or Other Jurisdiction Of  
Incorporation Or Organization)

20-2208821

(I.R.S. Employer  
Identification No.)

60 Knolls Crescent, Suite 9M, Bronx NY 10463

(Address of Principal Executive Offices and Zip Code)

Registrant's Telephone Number, Including Area Code: (973) 768-4181

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  No

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

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 definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

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

The number of shares outstanding of the registrant's common stock, as of September 30, 2015, was 16,304,300.

---

---

THE VIRTUAL LEARNING COMPANY, INC.

TABLE OF CONTENTS

<b><u>PART I. FINANCIAL INFORMATION</u></b>	
<u>ITEM 1. FINANCIAL STATEMENTS</u>	3
<u>Balance Sheets</u>	3
<u>Statements of Operations</u>	4-5
<u>Statements of Cash Flows</u>	6
<u>Notes to Financial Statements</u>	7
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	14
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS</u>	20
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	20
<b><u>PART II. OTHER INFORMATION</u></b>	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	20
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	20
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES AND CONVERTIBLE NOTES</u>	20
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	20
<u>ITEM 5. OTHER INFORMATION</u>	20
<u>ITEM 6. EXHIBITS</u>	21
<u>SIGNATURES</u>	22

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

THE VIRTUAL LEARNING COMPANY, INC.

BALANCE SHEETS

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
	Unaudited	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,843	\$ 26,773
<b>OTHER ASSETS</b>		
Capitalized curriculum development costs	<u>58,534</u>	<u>87,467</u>
Total assets	<u>\$ 61,377</u>	<u>\$ 114,240</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 18,500	\$ 10,000
Corporate State taxes payable	640	1,140
Officer loan payable	12,698	19,366
Convertible Notes payable (net of debt discounts of \$ 13,334 and \$-0-, respectively) and accrued interest	42,660	40,956
Total current liabilities	<u>74,498</u>	<u>71,462</u>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock; 5,000,000 shares authorized, \$.001 par value, as of September 30, 2015 and December 31, 2014, there are no shares outstanding	-	-
Common stock; 70,000,000 shares authorized, \$.001 par value, as of September 30, 2015 and December 31, 2014, there are 16,304,300 and 15,902,100 shares outstanding, respectively	16,304	15,902
Additional paid-in capital	1,305,513	1,219,148
Accumulated deficit	<u>(1,334,938)</u>	<u>(1,192,272)</u>
Net stockholders' equity	<u>(13,121)</u>	<u>42,778</u>
Total liabilities and stockholders' equity	<u>\$ 61,377</u>	<u>\$ 114,240</u>

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

THE VIRTUAL LEARNING COMPANY, INC.

**STATEMENTS OF OPERATIONS**  
**Unaudited**

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Revenue	\$ 75	\$ 346
Operating Expenses		
Selling, general and administrative	36,437	1,384
Issuance of common stock for legal services	40,000	-
Depreciation and amortization	24,600	24,600
Total operating expenses	<u>101,037</u>	<u>25,984</u>
Loss from operations	<u>(100,962)</u>	<u>(25,638)</u>
Other income (expense):		
Amortization of debt discounts	(36,666)	-
Interest expense	(5,038)	(29)
Total other income (expense)	<u>(41,704)</u>	<u>(29)</u>
Net loss	<u>\$ (142,666)</u>	<u>\$ (25,667)</u>
Basic and diluted loss per common share	\$ (.01)	\$ (.00)
Weighted average shares outstanding	16,236,500	15,902,100

*The accompanying notes are an integral part of these financial statement s.*

THE VIRTUAL LEARNING COMPANY, INC.

**STATEMENTS OF OPERATIONS**  
**Unaudited**

	Three months ended September 30, 2015	Three months ended September 30, 2014
Revenue	\$ 20	\$ 136
<b>Operating Expenses</b>		
Selling, general and administrative	9,265	550
Issuance of common stock for legal services	-	-
Depreciation and amortization	8,200	8,200
Total operating expenses	17,465	8,750
Loss from operations	(17,445)	(8,614)
Other income (expense):		
Amortization of debt discounts	(12,500)	-
Interest expense	(1,878)	29
Total other income (expense)	(14,378)	29
Net loss	\$ (31,823)	\$ (8,643)
Basic and diluted loss per common share	\$ (.00)	\$ (.00)
Weighted average shares outstanding	16,304,250	15,902,100

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

THE VIRTUAL LEARNING COMPANY, INC.

STATEMENTS OF CASH FLOWS  
Unaudited

	For the Nine months ended September 30, 2015	For the Nine months ended September 30, 2014
<b>OPERATING ACTIVITIES</b>		
Net loss	(142,666)	(25,667)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	24,600	24,600
Issuance of common stock for legal services	40,000	-
Amortization of debt discounts	36,666	-
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	8,500	29
Accrued interest on convertible Notes payable	5,038	-
Corporate State taxes payable	(500)	-
Net cash used in operating activities	<u>(28,362)</u>	<u>(1,038)</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment	-	-
<b>FINANCING ACTIVITIES</b>		
Proceeds from sale of shares of common stock	1,100	-
Proceeds from Convertible notes payable	10,000	-
Proceeds from officer loan payable	19,684	26,384
Repayments of officer loan payable	(26,352)	(9,000)
Net cash provided by financing activities	<u>4,432</u>	<u>17,384</u>
NET INCREASE (DECREASE) IN CASH	(23,930)	16,346
CASH BALANCE, BEGINNING OF PERIOD	<u>26,773</u>	<u>177</u>
CASH BALANCE, END OF PERIOD	<u>\$ 2,843</u>	<u>\$ 16,523</u>
Supplemental Disclosures of Cash Flow Information:		
Interest expense	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-Cash Investing and Financing Activities:		
Issuance of common stock in connection with the sale of Convertible Notes Payable charged to debt discounts.	\$ 50,000	\$ -
Cancellation of common stock issued in 2009 for capitalized curriculum development costs.	\$ (4,333)	\$ -

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

**THE VIRTUAL LEARNING COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the nine months ended September 30, 2015 and 2014**  
**Unaudited**

**Note 1 - Significant Accounting Policies and Basis of Presentation**

**Basis of Presentation**

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they may not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

The unaudited interim financial statements should be read in conjunction with the Company's Annual Report filed on Form 10-K for the year ended December 31, 2014, which contains the audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations, for the year ended December 31, 2014.

Nature of Operations

The Virtual Learning Company, Inc. ("Virtual Learning") was incorporated on January 6, 2009 as a Nevada corporation with 75,000,000 shares of capital stock authorized, of which 70,000,000 shares are common shares (\$.001 par value), and 5,000,000 shares are preferred shares (\$.001 par value).

Virtual Learning is a subscription based software as a service ("SaaS") provider of education products. Virtual Learning provides standards-based instruction, practice, assessments, and productivity tools that improve the performance of educators and students via proprietary web-based platforms at [www.mathisbasic.com](http://www.mathisbasic.com), [www.scienceisbasic.com](http://www.scienceisbasic.com) and [www.readingisbasic.com](http://www.readingisbasic.com).

Virtual Learning is also a producer of a series of practice workbooks published on CD, DVD formatted disc and USB Drives and in the ePub format.

**Basis of Presentation/Going Concern**

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These standards contemplate continuation of Virtual Learning as a going concern.

As of September 30, 2015, Virtual Learning had \$2,843 cash and negative working capital of \$71,655. For the nine months ended September 30, 2015 and 2014, Virtual Learning had revenues of \$75 and \$346, respectively, and sustained net losses of \$142,666 and \$25,667, respectively. These factors raise substantial doubt about Virtual Learning's ability to continue as a going concern. Virtual Learning has also unamortized capitalized stock-based and contributed curriculum development costs of \$58,534 as of September 30, 2015. The recovery of these asset costs and continuation of future operations are dependent upon Virtual Learning's ability to obtain additional debt or equity capital and its ability to generate revenues sufficient to continue pursuing its business purposes. Virtual Learning is pursuing financing to fund future operations.

Virtual Learning is subject to a number of risks similar to those of other development stage enterprises. These risks include, but are not limited to, rapid technological change, dependence on key personnel, competing new product introductions and other activities of competitors, the successful development and marketing of its products, and the need to obtain adequate additional capital necessary to fund future operations.

There is no assurance that Virtual Learning can reverse its operating losses, or that it can raise additional capital to allow it to continue its planned future operations. These factors raise additional substantial doubt about Virtual Learning's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability of recorded asset amounts that might be necessary from an unfavorable resolution of this uncertainty.

### **Property and Equipment**

Property and equipment is presented at stated value upon contribution or at the cost of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Repairs and maintenance costs are expensed as incurred, and renewals and betterments are capitalized.

### **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 amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates.

On an ongoing basis, Virtual Learning's management evaluates its estimates, including those related to revenue recognition, the need for an allowance for uncollectible accounts receivable, the need for recognition of an impairment allowance for capitalized curriculum development costs, useful lives of intangible assets and property and equipment, deemed value of common stock for the purpose of determining stock-based compensation, and income taxes, among others. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Virtual Learning's management (board of directors) determines the value assigned to shares of common stock in the absence of a public market for these shares.

### **Fair Value of Financial Instruments**

Fair value is defined as the price that we would receive to sell an asset or pay to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. In determining fair value, GAAP establishes a three-level hierarchy used in measuring fair value, as follows:

- Level 1 inputs are quoted prices available for identical assets and liabilities in active markets.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs are less observable and reflect our own assumptions.

Our financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, and convertible notes payable and accrued interest. The carrying amount of cash and cash equivalents and accounts payable and accrued liabilities approximates fair value because of their short maturities. The carrying value of the convertible notes payable and accrued interest approximates fair value based on the value of comparable financial instruments with similar terms. We may adjust the carrying amount of certain nonfinancial assets to fair value on a non-recurring basis when they are impaired. No such adjustments were made for the nine months ended September 30, 2015 and 2014.



### **Capitalized Curriculum Development Costs**

Virtual Learning internally develops curriculum, which is primarily provided as web content and accessed via the Internet. Virtual Learning also creates textbooks and other offline materials.

Virtual Learning capitalizes curriculum development costs incurred during the application development stage in accordance with accounting principles generally accepted in the United States of America. These principles provide guidance for the treatment of costs associated with computer software development and defines those costs to be capitalized and those to be expensed. Costs that qualify for capitalization are external direct costs, payroll, and payroll-related expenses. Costs related to general and administrative functions are not capitalized and are expensed as incurred. Virtual Learning capitalizes curriculum development costs when the projects under development reach technological feasibility. Many of our new courses are leveraged off proven delivery platforms and are primarily content, which has no technological hurdles. As a result, a significant portion of our courseware development costs qualify for capitalization due to the concentration of our development efforts on the content of the courseware.

Technological feasibility is established when we have completed all planning, designing, coding, and testing activities necessary to establish that a course can be produced to meet its design specifications. Capitalization ends when a course is available for general release to our customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally five years. This is consistent with the capitalization period used by others in our industry and corresponds with our product development lifecycle.

### **Cash and Cash Equivalents**

All liquid investments with stated maturities of three months or less from date of purchase are classified as cash equivalents; all liquid investments with stated maturities of greater than three months are classified as short-term investments.

### **Revenue Recognition**

Revenue is recognized when all of the following conditions are satisfied: there is persuasive evidence of an arrangement, the customer has access to full use of the product, the collection of the fees is reasonably assured, and the amount of the fees to be paid by the customer is fixed or determinable.

Revenue generated from the Company's subscription based learning service will be recognized when all of the following conditions are satisfied: there is persuasive evidence of an arrangement, the customer has access to full use of the product, the collection of the fees is reasonably assured, and the amount of the fees to be paid by the customer is fixed or determinable.

Revenue from customer subscriptions will be recognized ratably over the subscription term beginning on the commencement date of each subscription. The average subscription term is twelve (12) months for our products, and all subscriptions are on a non-cancelable basis. When additional months are offered as a promotional incentive, those months are part of the subscription term. As part of their subscriptions, customers generally benefit from new features and functionality with each release at no additional cost.

Although our membership contracts are generally non-cancelable, customers have the right to cancel their contracts by providing prior written notice to us of their intent to cancel the remainder of the contract term. In the event a customer cancels its contract, they are not entitled to a refund for prior services we have provided to them.

Customer support is provided to customers following the sale at no additional charge and at a minimal cost per call.

Virtual Learning does not incur significant up-front costs related to providing its products and services and therefore does not defer any expenses.

Revenue from the sale of CD's or DVD's and other materials is recognized when shipped or available to the customer in a downloadable format.

## **Income Taxes**

Virtual Learning accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the provision for income tax in the statements of operations. Virtual Learning evaluates the probability of realizing the future benefits of its deferred tax assets and provides a valuation allowance when realization of the assets is not reasonably assured.

Virtual Learning recognizes in its financial statements the impact of tax positions that meet a “more likely than not” threshold, based on the technical merits of the position. The tax benefits recognized from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

## **Net Income (Loss) Per Common Share**

Basic net income (basic net loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

Diluted net income (loss) per common share is computed using the weighted average number of common shares outstanding and potentially dilutive securities outstanding during the period. For the nine months ended September 30, 2015, the 279,970 shares of common stock underlying the \$55,994 in convertible notes payable and accrued interest were excluded from the calculation of diluted shares outstanding as their inclusion would be anti-dilutive.

## **Recent Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that we adopt as of the specified effective date. Unless otherwise discussed, we do not believe that the impact of recently issued standards that are not yet effective will have a material impact on our financial position or results of operations upon adoption.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The new standard requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The new standard will be effective for us on January 1, 2016. The adoption of this standard is not expected to have an impact on our financial position or results of operations.

In April 2015, the FASB issued ASU No. 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement. Under this standard, if a cloud computing arrangement includes a software license, the software license element of the arrangement should be accounted for consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract. The new standard will be effective for us on January 1, 2016. The adoption of this standard is not expected to have an impact on our financial position or results of operations.

## 2 - Property and Equipment

Property and equipment is summarized as follows:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Office equipment	\$ 4,155	\$ 4,155
Less: Accumulated depreciation	<u>(4,155)</u>	<u>(4,155)</u>
Property and Equipment- net	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the nine months ended September 30, 2015 and 2014 was \$-0- and \$-0-, respectively.

## 3 - Capitalized Curriculum Development Costs

Capitalized curriculum development costs is summarized as follows:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Common stock issued to individuals for services relating to curriculum development	\$ 110,000	\$ 120,000
Contributed services of Thomas Monahan, President of Virtual Learning, relating to curriculum development	<u>44,000</u>	<u>44,000</u>
Total costs	154,000	164,000
Less accumulated amortization	<u>(95,466)</u>	<u>(76,533)</u>
Net	<u>\$ 58,534</u>	<u>\$ 87,467</u>

As described in Note 1 above, amortization of the capitalized curriculum development costs begins when the courses become available for sale to customers (which occurred in September 2012).

Virtual Learning tests for impairment annually. At September 30, 2015 and December 31, 2014, the Company's estimates of future undiscounted cash flows from the courses exceeded the carrying amounts of the capitalized curriculum development costs (\$58,534 and \$87,467, respectively) and therefore no impairment was recognized.

For the nine months ended September 30, 2015 and 2014, additions to Capitalized Curriculum Development Costs were \$-0- and \$-0-, respectively.

For the nine months ended September 30, 2015 and 2014, amortization of Capitalized Curriculum Development Costs were \$24,600 and \$24,600, respectively.

In June 2015, Virtual Learning cancelled 50,000 shares of its common stock previously issued to a consultant in 2009 for curriculum development (which was then capitalized at the \$10,000 estimated fair value of the 50,000 shares) due to non-performance by such consultant. Virtual Learning recorded the cancellation of the 50,000 shares as a \$4,333 reduction of the net carrying value of Capitalized Curriculum Development Costs at June 30, 2015 and a \$4,333 decrease in common stock and Additional paid in capital.

#### 4 - Related Party Transactions

At September 30, 2015 and December 31, 2014, Virtual Learning was obligated to its president Thomas P. Monahan for cash advances and credit card payments on behalf of the Company, net of amounts repaid, in the amounts of \$12,698 and \$19,366 respectively. The liability is non-interest bearing and due on demand.

Virtual Learning occupies office space rent free from its president on a month to month basis at 60 Knolls Crescent, Apartment 9M, Bronx, New York 10463.

#### 5 - Convertible Notes Payable-Net

Convertible Notes Payable-net is summarized as follows:

	September 30, 2015	December 31, 2014
Notes issued in October and November 2014 to three individuals and one entity, interest at 15% per annum, due one year from date of receipt, principal and accrued interest convertible into Virtual Learning common stock at \$.20 per share.	\$ 40,000	\$ 40,000
Notes issued in May 2015 to two individuals, interest at 15% per annum, due one year from date of receipt, Principal and accrued interest convertible into Virtual Learning common stock at \$.20 per share.	10,000	-
Accrued interest	5,994	956
Total	55,994	40,956
Less unamortized debt discounts	(13,334)	-
Net	\$ 42,660	\$ 40,956

As further consideration for making the loans, Virtual Learning issued an aggregate of 250,000 shares of common stock to the six lenders. The \$50,000 estimated fair value of the 250,000 shares has been recorded as debt discounts and is being amortized over the one year term of the respective notes.

#### 6 - Common Stock Issuances

In January 2015, Virtual Learning issued a total of 200,000 shares of common stock to four noteholders in connection with their loans totaling \$40,000 (see Note 5).

The 200,000 shares were valued at \$40,000 (or \$.20 per share), which amount was charged to debt discounts in the three months ended March 31, 2015.

In February 2015, Virtual Learning issued 200,000 shares of common stock to Mr. Roger Fidler for legal services. The 200,000 shares were valued at \$40,000 (or \$.20 per share), which amount was expensed in the three months ended March 31, 2015.

In June 2015 Virtual Learning sold a total of 2,100 shares of common stock to three individuals at a price of \$.50 per share for proceeds of \$1,050.

In June 2015, Virtual Learning issued a total of 50,000 shares of common stock to two individuals in connection with their loans totaling \$10,000 (see Note 5). The 50,000 shares were valued at \$10,000 (see Note 5). The 50,000 shares were valued at \$10,000 (or \$.20 per share), which amount was charged to debt discounts in the three months ended June 30 2015.

In July 2015, Virtual Learning sold a total of 100 shares of common stock to one individual at a price of \$.50 per share for proceeds of \$50.

## 7 - Income Taxes

The provisions for (benefit from) income taxes differ from the amounts computed by applying the statutory United States Federal income tax rate of 35% to income (loss) before income taxes.

The sources of the difference follow:

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Expected tax at 35%	\$ (49,933)	\$ (8,983)
Non-deductible stock-based compensation	14,000	-
Non-deductible amortization of debt discounts	12,833	-
Non-deductible amortization of stock-based and contributed Capitalized Curriculum Development Costs	8,610	8,610
Change in valuation allowance	14,490	373
Provision for (benefit from) income taxes	\$ -	\$ -

The significant components of Virtual Learning's deferred tax asset as of September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015	December 31, 2014
Deferred tax assets:		
Net operating loss carry forward	\$ 40,999	\$ 26,509
Valuation allowance	(40,999)	(26,509)
Net deferred tax asset	\$ -	\$ -

Based on management's present assessment, the Company has not yet determined it to be more likely than not that a deferred tax asset of \$40,999 attributable to the future utilization of \$117,139 of net operating loss carryforwards will be realized. Accordingly, the Company has maintained a 100% allowance against the deferred tax asset in the financial statements at September 30, 2015 and December 31, 2014. The Company will continue to review this valuation allowance and make adjustments as appropriate. The net operating loss carryforwards expire \$672 in year 2029, \$9,236 in year 2030, \$41,526 in year 2031, \$5,440 in year 2032, \$1,840 in year 2033, \$17,025 in year 2034, and \$41,400 in year 2035.

Current United States income tax law limits the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

The Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). This Interpretation clarifies accounting for uncertainty in income taxes recognized in an enterprise's financial statements. FIN 48 establishes guidelines for recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company has not made any adjustments, and there is no impact, as a result of the adoption of this interpretation. The Company reports interest and penalties associated with its tax positions, if any, as interest expense.

## 8 - Trademark Cancelled

In March 2014, the Company's Learning is Basic trademark was cancelled by the United States Patent and Trademark Office. The Company continues to use its Shapeville USA trademark and other URL's that the Company owns such as Math is Basic, Science is Basic and Reading is Basic to identify its educational software products.

## 9 - Commitments and Contingencies

In March 2009, Virtual Learning entered into an agreement for curriculum development with one individual for services in video production and the design of high school and college level math courses. The agreement provides for the payment of 5% royalties on net revenues up to \$1,000,000 and a 5% royalty on net revenues in excess of \$1,000,000 on projects in which he directly participated and has made material contributions.

In May 2010, the agreement with this individual was superseded by an updated agreement under similar terms and conditions.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

This Quarterly Report on Form 10-Q and other written reports and oral statements made from time to time by the Company may contain so-called “forward-looking statements,” all of which are subject to risks and uncertainties. One can identify these forward-looking statements by their use of words such as “expect,” “plan,” “will,” “may,” “anticipate,” “believe,” “estimate,” “should,” “intend,” “forecast,” “project” the negative or plural of these words, and other comparable terminology. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address the Company’s growth strategy, financial results and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from the Company’s forward-looking statements. These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. One should carefully evaluate such statements in light of factors described in the Company’s filings with the SEC, especially the Company’s Annual Report on Form 10-K and the Company’s Quarterly Reports on Form 10-Q. In various filings the Company has identified important factors that could cause actual results to differ from expected or historic results. One should understand that it is not possible to predict or identify all such factors. Consequently, the reader should not consider any such list to be a complete list of all potential risks or uncertainties.

### **Use of Terms**

The following discussion analyzes our financial condition and results of operations for the three and nine months ended September 30, 2015 and 2014. Unless the context indicates or suggests otherwise, reference to “we”, “our”, “us” and the “Company” in this section refers to the operations of The Virtual Learning Company.

### **PLAN OF OPERATION**

#### **Overview**

Virtual Learning was formed as a Nevada corporation on January 6, 2009. We are a subscription-based, software-as-a-service provider of education products who at the present time is making our math courses available to all students free of charge, grades First through college level calculus, as an incentive to utilize our [www.mathisbasic.com](http://www.mathisbasic.com) website. Ideally students will return often to improve their knowledge and make use of test and practice sessions.

Virtual Learning provides instruction, practice, and assessments that improve the performance of students via proprietary web-based platforms through our website on the World Wide Web with the URL [www.mathisbasic.com](http://www.mathisbasic.com).

Virtual Learning is also a producer and distributor of computer software and video educational materials on CD and DVD formatted disks and in a textbook ePub format, which will be available through various distributors and our website either as a download or in boxed format. We have combined rigorous content in math with interactive features and games that engage students, reinforce, and reward learning achievement.

For the nine months ended September 30, 2015, we have been involved with converting our website and the platform by which we present our educational software on our website from Adobe Flash to WordPress. The completion of this effort will allow us to present our website on a multiple of devices including but not limited to Apple products and expand our ability to display our programs and products over various Android based mobile computer systems. This is an ongoing process which is being undertaken by the Company's sole programmer, Thomas Monahan, and is being hampered by the lack of working capital. We expect the process to be completed in early 2016.

The Company has one curriculum development contract with Lawrence William Kazmierczak, a professor of mathematics that requires the Company to pay him to author courses in Pre-Calculus, Calculus I, and II, and to consult on the creation of high school level math courses. This Agreement provides for Professor Kazmierczak to receive 5% royalties on the Company's net revenues up to one million dollars of net revenues, and 5% royalty on net revenues beyond one million dollars on projects in which he directly participates and has made material contributions. In addition, he has received 200,000 shares of the Company's common stock. We determine what projects in which he has directly participated and made material contributions by our internal record keeping as to time devoted to each project. We determine the revenue attributed to those projects by monitoring devices that allow us to determine which authorized user has devoted how much time to which module and then comparing the same to the entire revenue stream.

#### **Events and Uncertainties critical to our business**

Demand for our products and services are affected by the general economic conditions in the United States. When economic conditions are favorable and discretionary income increases, purchases of non-essential items like software generally increase. When economic conditions are less favorable, sales of non-essential educational items are generally lower. In addition, we may experience more competitive pricing pressures during economic downturns. Therefore, any significant economic downturn or any future changes in consumer spending habits could have a material adverse effect on our financial condition and results of operations.

There is no guarantee that we will be able to generate sufficient sales to make our operations profitable. We may continue to have little or no sales and continue to sustain losses in the future. If we continue to sustain losses, we will be forced to curtail our operations and go out of business. Our success depends in a large part in our ability to create additional product lines sufficient to create a catalog of programs to offer allowing us to implement a successful marketing and sales plan. While we are currently seeking to hire additional computer programmers and educators to consult with as to program accuracy and content there is no guarantee that these efforts will result in any substantial sales. Because of the lack of funding, we are unable to hire a dedicated programming and research consulting team who will devote their efforts to helping us design and create new programs of high quality in a timely manner.

If we are able to obtain sufficient funding to become operational, there is no guarantee that we will be able to find personnel who will be able to work closely with the Company to help design and create new lines of product or to process orders, including special orders, made via the internet.

**RESULTS OF OPERATIONS – THE VIRTUAL LEARNING COMPANY, INC.**

The summary below should be referenced in connection with a review of the following discussion of our results of operations for the nine and three months ended September 30, 2015 and 2014.

## THE VIRTUAL LEARNING COMPANY, INC.

**STATEMENTS OF OPERATIONS**

Unaudited

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Revenue	\$ 75	\$ 346
Operating Expenses		
Selling, general and administrative	36,437	1,384
Issuance of common stock for legal services	40,000	-
Depreciation and amortization	24,600	24,600
Total operating expenses	101,037	25,984
Loss from operations	(100,962)	(25,638)
Other income (expense):		
Amortization of debt discounts	(36,666)	-
Interest expense	(5,038)	(29)
Total other income (expense)	(41,704)	(29)
Net loss	\$ (142,666)	\$ (25,667)
Basic and diluted loss per common share	\$ (.01)	\$ (.00)
Weighted average shares outstanding	16,236,500	15,902,100



THE VIRTUAL LEARNING COMPANY, INC.

**STATEMENTS OF OPERATIONS**  
**Unaudited**

	Three months ended September 30, 2015	Three months ended September 30, 2014
Revenue	\$ 20	\$ 136
Operating Expenses		
Selling, general and administrative	9,265	550
Issuance of common stock for legal services	-	-
Depreciation and amortization	8,200	8,200
Total operating expenses	17,465	8,750
Loss from operations	(17,445)	(8,614)
Other income (expense):		
Amortization of debt discounts	(12,500)	-
Interest expense	(1,878)	(29)
Total other income (expense)	(14,378)	(29)
Net loss	\$ (31,823)	\$ (8,643)
Basic and diluted loss per common share	\$ (.00)	\$ (.00)
Weighted average shares outstanding	16,304,250	15,902,100

We were a development stage enterprise formed to market a unique line of educational software, including audio-visual textbooks and online content through our website with the registered domain name of mathisbasic.com. The lack of working capital hampered operations in both 2015 and 2014.

Management has taken substantial time in the development and programming of our virtual textbooks and related materials and thought was spent in updating our website. The measure of our success in the future will depend on our ability to navigate through a treacherous macroeconomic environment and challenging market conditions, execute our strategic vision, including attracting and retaining the management talent necessary for such execution, designing and delivering products that are acceptable to the marketplaces that we serve, sourcing the manufacture and distribution of our products on a competitive and optimal basis and focusing our retail capabilities.

**Results of Operations - Comparison for the nine months ended September 30, 2015 and 2014.**

**Revenues**

For the nine months ended September 30, 2015 and 2014, revenues were \$75 and \$346, respectively. The revenue for the nine months ended September 30, 2015 and 2014 represents sales of eBooks through Amazon's Kindle and sales through Barnes and Noble's Nook.

### ***Cost of Sales***

For the nine months ended September 30, 2015 and September 30, 2014, cost of sales were none. Since our sales of \$75 and \$346 were through Amazon's Kindle and Barnes and Noble's Nook and delivery of the product was made in an electronic format there were no cost of sales attached to the product.

### ***Operating Expenses***

Operating expenses increased \$75,053 from \$25,984 in 2014 to \$101,037 in 2015. The increase is attributable to the \$40,000 in stock based legal fees in 2015 and the \$35,053 increase in selling, general and administrative expenses.

Selling, general and administrative expenses for the nine months ended September 30, 2015 aggregated \$36,437 and includes audit and accounting fees of \$26,000, publication expense of \$6,490, office expense of \$241, stock transfer expense of \$540, computer and internet expenses of \$3,080 and auto expense of \$86. Selling, general and administrative expenses for the nine months ended September 30, 2014 aggregated \$1,384 and includes computer expenses of \$1,384.

For the nine months ended September 30, 2015, Other expense includes amortization of debt discounts of \$36,667 and interest expense of \$5,038.

### **Results of Operations - Comparison for the three months ended September 30, 2015 and 2014.**

#### ***Revenues***

For the three months ended September 30, 2015 and 2014, revenues were \$20 and \$136, respectively. The revenue for the three months ended September 30, 2015 and 2014 represents sales of eBooks through Amazon's Kindle and sales through Barnes and Noble's Nook.

#### ***Cost of Sales***

For the three months ended September 30, 2015 and September 30, 2014, cost of sales were none. Since our sales of \$20 and \$136 were through Amazon's Kindle and Barnes and Noble's Nook and delivery of the product was made in an electronic format there were no cost of sales attached to the product.

#### ***Operating Expenses***

Operating expenses increased \$8,715 from \$8,750 in 2014 to \$17,465 in 2015. The increase is attributable to the \$8,715 increase in selling, general and administrative expenses.

Selling, general and administrative expenses for the three months ended September 30, 2015 aggregated \$9,265 and included expenditures for office expenses of \$211, Auto expense of \$86, computer and internet expenses of \$475, professional fees of \$6,000 and publishing for \$2,493. Selling, general and administrative expenses for the three months ended June 30, 2014 aggregated \$550 and includes computer expenses of \$550.

For the three months ended September 30, 2015, Other expense includes amortization of debt discounts of \$12,500 and interest expense of \$1,878.

## **Liquidity and Capital Resources**

As of September 30, 2015 and December 31, 2014, our cash balance was \$2,843 and \$26,773, respectively, total assets were \$61,377 and \$114,240, respectively, and total current liabilities amounted to \$74,498 and \$71,462, respectively, including officer loans payable of \$12,698 and \$19,366, respectively. As of September 30, 2015 and December 31, 2014, the total stockholders' equity was \$(13,121) and \$42,778, respectively. In July, 2015 Virtual Learning sold an aggregate of 100 shares of common stock to one individual totaling \$50 or \$.50 per share. Convertible notes totaling \$40,000 were issued in October and November 2014 to four investors and convertible notes totaling \$10,000 were issued in May 2015 to two individuals. The notes bear interest at 15% per annum and are due one year from date of receipt. Principal and accrued interest are convertible into Virtual Learning common stock at \$.20 per share. As further consideration for making the loans, Virtual Learning issued an aggregate of 250,000 shares of common stock in 2015 to the six convertible note holders. The \$50,000 estimated fair value of the 250,000 shares has been recorded as debt discounts and is being amortized over the one year term of the respective notes.

Until the company achieves a net positive cash flow from operations, we are dependent on Mr. Monahan to advance the Company sufficient funds to continue operations and to continue to provide services at no cost to the Company. We may seek additional capital to fund potential costs associated with expansion and/or acquisitions.

## **Going Concern Uncertainty**

In its report dated April 30, 2015, our independent auditor stated that our financial statements for the year ended December 31, 2014 were prepared assuming that we would continue as a going concern. Our ability to continue as a going concern is an issue raised as a result of recurring losses from operations and cash flow deficiencies since our inception. We continue to experience net losses. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions where possible. In light of our financial position, we may be unable to raise working capital sufficient to continue to fund the operations of the business. Our management has currently been advancing funds to the Company to help sustain its operations on a non-interest bearing and unsecured basis. We believe that it will be difficult to raise additional funds and there can be no assurance as to the availability of additional financing or the terms upon which additional financing may be available. In addition, the going concern explanatory paragraph included in our auditor's report on our financial statements could inhibit our ability to enter into strategic alliances or other collaborations or our ability to raise additional financing. If we are unable to obtain such additional capital, we will not be able to sustain our operations and would be required to cease our operations and/or seek bankruptcy protection. Even if we do raise sufficient capital and generate revenues to support our operating expenses, there can be no assurance that the revenue will be sufficient to enable us to develop our business to a level where it will generate profits and cash flows from operations. In addition, if we raise additional funds through the issuance of equity securities, the percentage ownership of our stockholders could be significantly diluted.

We believe that future funding may be obtained from public or private offerings of equity securities, debt or convertible debt securities or other sources. Stockholders should assume that any additional funding will likely be dilutive. Accordingly, our officers, directors, and other affiliates are not legally bound to provide funding to us. Because of our limited operations, if our officers and directors do not pay for our expenses, we will be forced to obtain funding. We currently do not have any arrangements to obtain additional financing from other sources. In view of our limited operating history, our ability to obtain additional funds is limited. Additional financing may only be available, if at all, upon terms which may not be commercially advantageous to us.

## ***Inflation***

The impact of inflation on the costs of our company, and the ability to pass on cost increases to its subscribers over time is dependent upon market conditions. We are not aware of any inflationary pressures that have had any significant impact on our operations since inception, and we do not anticipate that inflationary factors will have a significant impact on future operations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We do not maintain off-balance sheet arrangements nor do we participate in non-exchange traded contracts requiring fair value accounting treatment.

We estimate that in the next twelve months we will need a minimum of approximately \$230,000 in new funds; specifically \$47,000 for salaries, \$18,000 for general and administrative costs, \$45,000 for the purchase of additional computers, \$65,000 for marketing and promotion, \$5,000 for inventory and product samples, and \$50,000 for working capital.

We believe that future funding may be obtained from public or private offerings of equity securities, debt or convertible debt securities or other sources. Stockholders should assume that any additional funding will likely be dilutive. Accordingly, our officers, directors and other affiliates are not legally bound to provide funding to us. Because of our limited operations, if our officers and directors do not pay for our expenses, we will be forced to obtain funding. We currently do not have any arrangements to obtain additional financing from other sources. In view of our limited operating history, our ability to obtain additional funds is limited. Additional financing may only be available, if at all, upon terms which may not be commercially advantageous to us.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 4. Controls and Procedures.**

*Disclosure Controls and Procedures*

The Company has adopted and maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Form 10-Q, is collected, recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. The Company's disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. As required under Exchange Act Rule 13a-15, the Company's management, including the Principal Executive Officer and Principal Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's President concluded that the Company's disclosure controls and procedures are not effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's President, as appropriate, to allow timely decisions regarding required disclosure.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings.**

None.

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

In the three months ended September 30 2015, the Company sold a total of 100 shares of its common stock to one individual at a price of \$.50 per share for gross proceeds of \$50.

**Item 3. Defaults upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosure.**

Not Applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

**The following exhibits are included with this filing:**

- 3.1\* Articles of Incorporation (Form S-1 Registration No. 333-174674 filed June 2, 2011).
- 3.2\* By-laws (Form S-1 Registration No. 333-174674 filed June 2, 2011).
- 4.1\* Specimen Stock Certificate (Form S-1 Registration No. 333-174674 filed June 2, 2011).
- 10.1\* Intellectual Property Purchase Agreement (Form S-1 Registration No. 333-174674 filed June 2, 2011).
- 10.2\* Consulting Agreement with William Kazmierczak 5-22-2010 (Form S-1 Registration No. 333-174674 filed June 2, 2011).
- 31.1 Sarbanes-Oxley Section 302 certification by Thomas P. Monahan\*\*
- 32.2 Sarbanes-Oxley Section 906 certification by Thomas P. Monahan\*\*
- 101.INS XBRL Instance Document\*\*\*
- 101.SCH XBRL Taxonomy Extension Schema Document\*\*\*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document\*\*\*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document\*\*\*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document\*\*\*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document\*\*\*

\* Previously filed and Incorporated by reference.

\*\* Filed Herewith.

\*\*\* In accordance with Regulation S-T, the XBRL-formatted interactive data files that comprise Exhibit 101 in this Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed".

**SIGNATURES**

Pursuant to the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the undersigned; duly authorized.

Date: November 12, 2015

**The Virtual Learning Company, Inc.**

By: /s/ Thomas P. Monahan  
Chief Executive Officer and  
Chief Financial Officer

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas P. Monahan, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of The Virtual Learning Company, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2015

*/s/ Thomas P. Monahan*

\_\_\_\_\_  
Thomas P. Monahan  
President and Chief Executive Officer  
(Principal Executive Officer)

---

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S. C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of The Virtual Learning Company, Inc., (the "Company") on Form 10-Q for period ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Monahan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2015

*/s/ Thomas P. Monahan*

---

Thomas P. Monahan  
President and Chief Executive Officer

---