

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, \$.0001 par value per share

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

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 (Section 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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.  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 the definitions of "large accelerated filer", "accelerated filer", "non-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

(do not check if smaller reporting company)

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently

completed second fiscal quarter. \$0

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

<u>Class</u>	<u>Outstanding at March 31, 2016</u>
Common Stock, par value \$0.001	16,304,300

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 31, 2015): **None**

---

---

---

## TABLE OF CONTENTS

	<b>Page</b>
<a href="#">Special Note Regarding Forward-Looking Statements</a>	3
<b><u>PART I</u></b>	
<a href="#">Item 1. Business</a>	4
<a href="#">Item 1A. Risk Factors</a>	20
<a href="#">Item 1B. Unresolved Staff Comments</a>	38
<a href="#">Item 2. Properties</a>	38
<a href="#">Item 3. Legal Proceedings</a>	38
<b><u>PART II</u></b>	
<a href="#">Item 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	38
<a href="#">Item 6. Selected Financial Data</a>	39
<a href="#">Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	39
<a href="#">Item 7A. Quantitative and Qualitative Disclosures About Market Risk</a>	48
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	48
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	49
<a href="#">Item 9A. Controls and Procedures</a>	49
<a href="#">Item 9B. Other Information</a>	
<b><u>PART III</u></b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	51
<a href="#">Item 11. Executive Compensation</a>	53
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	54
<a href="#">Item 13. Certain Relationships and Related Transactions and Director Independence</a>	54
<a href="#">Item 14. Principal Accounting Fees and Services</a>	56
<b><u>PART IV</u></b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	56
<a href="#">Signatures</a>	57
<a href="#">EX-21.1</a>	
<a href="#">EX-23.1</a>	
<a href="#">EX-31.1</a>	
<a href="#">EX-31.2</a>	
<a href="#">EX-32.1</a>	
<a href="#">EX-99.1</a>	
<a href="#">EX-99.2</a>	

## CERTAIN DEFINITIONS

Unless the context requires otherwise, all references in this Annual Report on Form 10-K (the “Annual Report”) to “the Virtual Learning Company,” “Virtual,” “Company,” “we,” “our” and “us” refer to The Virtual Learning Company, Inc.

### SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report on Form 10-K are forward-looking statements. We have tried, whenever possible, to identify these forward-looking statements using words such as “anticipates,” “believes,” “estimates,” “continues,” “likely,” “may,” “opportunity,” “potential,” “projects,” “will,” “expects,” “plans,” “intends” and similar expressions to identify forward-looking statements, whether in the negative or the affirmative. These statements reflect our current beliefs and are based upon information currently available to us. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties, factors and contingencies include, but are not limited to:

- inability to achieve a sufficient level of new enrollments to sustain our business model; the recent death of our CEO, CFO and sole director;
- declines or variations in academic performance outcomes of the students and schools we wish to serve as curriculum and testing standards evolve;
- legal and regulatory challenges from opponents of virtual public education or for-profit education companies;
- entry of new competitors with superior technologies and lower prices;
- unsuccessful integration of mergers, acquisitions and joint ventures;
- failure to further develop, maintain and enhance our technology, products, services and brands;
- inadequate recruiting, training and retention of effective employees;
- infringement of our intellectual property; and
- disruptions to our Internet-based learning and delivery systems resulting from cyber-attacks.

Forward-looking statements reflect our management’s expectations or predictions of future conditions, events or results based on various assumptions and management’s estimates of trends and economic factors in the markets in which we are active, as well as our business plans. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. Our actual results and financial conditions may differ, possibly materially, from the anticipated results and financial conditions indicated in these forward-looking statements. There are a number of factors that could cause actual conditions, events or results to differ materially from those described in the forward-looking statements contained in this Annual Report. A discussion of factors that could cause actual conditions, events or results to differ materially from those expressed in any forward-looking statements appears in “Part 1—Item 1A—Risk Factors.”

Readers are cautioned not to place undue reliance on forward-looking statements in this Annual Report or that we make from time to time, and to consider carefully the factors discussed in “Part 1—Item 1A—Risk Factors” of this Annual Report in evaluating these forward-looking statements. These forward-looking statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement as a result of new information, future events or otherwise.

Any forward-looking statement contained herein speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

This Form 10-K also contains market data related to our business and industry. See Item 1 “Business.” This market data includes projections that are based on a number of assumptions. If these assumptions turn out to be incorrect, actual results may differ from the projections based on these assumptions. As a result, our markets may not grow at the rates projected by these data, or at all. The failure of these markets to grow at these projected rates may have a material adverse effect on our business, financial condition, results of operations and the market price of our common stock.

“ShapevilleUSA,” and its respective logo is our trademark. Solely for convenience, we refer to our trademark in this Form 10-K without the TM and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this document are the property of their respective owners. As indicated in this document, we have included market and industry data obtained from industry publications and other sources. See Item 1 “Business.”

## PART I

### Item 1. Business

#### Overview

Virtual was formed as a Nevada corporation on January 6, 2009. Virtual Learning plans to become a subscription-based online education company. We intend to provide instruction through our fully animated talking virtual textbooks and our web based platform [www.mathisbasic.com](http://www.mathisbasic.com). Our fully animated, interactive featured, colorful, and audio virtual textbooks have combined rigorous content along with a variety of practice problems, activities, assessments, games, and productivity tools that we hope will improve the performance of students via proprietary our web-based platform that engage students, reinforce and reward learning achievement.

Our mission is to maximize a child's potential by providing access to an engaging and effective education, regardless of geographic location or socio-economic background. We provide a continuum of technology-based educational products and solutions to students and families as we strive to transform a student's learning experience into one that delivers individualized education on a highly scalable basis.

Our "Math is Basic" series of virtual math textbooks and assessment programs is intended to be our core product line that will help students in First through 12<sup>th</sup> grade, master grade level academic standards in a fun and engaging manner. We provide our products via a proprietary web-based platform through one of our several websites on the World Wide Web with the URLs [www.mathisbasic.com](http://www.mathisbasic.com), [www.scienceisbasic.com](http://www.scienceisbasic.com) and [www.readingisbasic.com](http://www.readingisbasic.com). Please note though that we have only one primary website [www.mathisbasic.com](http://www.mathisbasic.com) dedicated to math.

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.

We plan to capitalize on two significant trends in the education market: (1) an increased focus on higher academic standards and educator accountability for student achievement, which has led to periodic assessment in the classroom to gauge student learning and inform instruction, also known as formative assessment, and (2) the increased availability and utilization of web-based technologies to enhance and supplement teacher instruction, engage today's technology-savvy learners and improve student outcomes.

We have completed 5 titles on CD formatted disks relating to the teaching of basic English to foreign speaking individuals. These titles include "English for Russian Speaking People"; "English for Portuguese Speaking People"; "English for Spanish Speaking People"; "English for Chinese Speaking People"; and "English for Polish Speaking People". These are not yet available online but are available CD formatted Discs as software.

In 2011 we completed virtual software textbooks in the Adobe Flash format with the titles: "First Grade Math"; "Second Grade Math"; "Third Grade Math"; "Third Grade Math: Geometry"; "Fourth Grade math: Geometry"; "Fifth Grade Math: Geometry"; "First Grade Math: Learning to Tell Time"; "Second Grade Math: Learning to Tell Time"; "Third Grade Math: Algebra"; "Mr. Clock for First Grade"; "Mr. Clock Teaching Time"; and "Mr. Clock Teaches Elapsed Time" and assessment based review level titles for grades first through third grade. Our other educational titles on CD and or DVD formatted disks will consist primarily of virtual mathematics text books and work book courses for grades First grade through college level.

During 2012, we added to our expanded inventory of titles by converting all of our software titles into the new ePub electronic format that allowed us to begin marketing our titles through Amazon's Kindle and Barnes and Nobles Nook systems in the latter half of 2012. These titles include "First Grade Math Workbook Vol. 1," "First Grade Math Workbook Vol. 2," "First Grade Math Workbook Vol. 3," "First Grade Math Workbook Vol. 4," "Second Grade Math Workbook Vol. 1," "Second Grade Math Workbook Vol. 2," "Third Grade Math Workbook Vol. 1," "Third Grade Math Workbook Vol. 2," "Third Grade Math Workbook Vol. 3," "Fourth Grade Math Workbook Vol. 1," "Fourth Grade Math Workbook Vol. 2," "Fourth Grade Math Workbook Vol 3," "Fifth Grade Math Workbook Vol. 1," "Fifth Grade Math Workbook Vol. 2," "Fifth Grade Geometry Textbook Vol. 1," "Fifth Grade Geometry Textbook Vol. 2," "Fifth Grade Math Geometry Vol. 1," "Fifth Grade Math Algebra Vol. 1," "Sixth Grade Math Workbook Vol. 1," "High School Geometry Vol. 1," "High School Trigonometry Basics Vol. 1," "High School Trigonometry Workbook Vol. 1," "Calculus Vol. 1. Per Amazon's recommendation we established our retail price at \$2.99 per titles. These titles are sold as an automatic download through Amazon and Barnes and Noble. We receive a 65% royalty on each sale.

During 2015, we were in the process of converting our website from Adobe Flash to a WordPress platform. Adobe Flash has continued to experience problems of acceptance and vulnerability to outside hackers. While WordPress is used by 59.2% of all the websites whose content management system we know. This is 26.2% of all websites. At the time of the filing of this Form 10-K we have not been able to gain control of the changes made during 2015 by our former President and chief programmer Thomas P. Monahan who died April 4, 2015. While we hope to do so the references to progress during 2015 that appear throughout the Business of the Company section of this Form 10-K reflect additions to our technology that may not be recovered by the Company.

We do not intend to follow the core curriculum requirements as sponsored by the National Governors Association (NGA) and the Council of Chief State School Officers (CCSSO) but only use it as a guide in formulating math problem questions. However we intend to enhance the range and scope of our materials and questions based upon traditional curriculum requirements found throughout the United States prior to adoption of this curriculum by the forty-three states, the District of Columbia, four territories, and the Department of Defense Education Activity (DoDEA) who have adopted the Common Core State Standards.

Since we were short cash flow from operations and we were unable to raise any additional cash from private or public sources to pay for our anticipated marketing program during 2015. We instead relied upon the power of the marketing exposure of our ePub titles through Amazon's Kindle and Barnes and Noble's Nook system to help spark sales in our ePub titles. We experienced reduced revenue of \$107 for the year ended December 31, 2015 as compared to \$400 in revenue for the year ended December 31, 2014 from the sale of our ePub titles. As encouraged as we were during the year with Amazon's and Barnes and Noble's systems of international marketing, it became clear that sales through their systems were not going to materialize. In addition, because of lack of funds, we were unable to launch an effective integrated internet marketing approach which must include the use of Face Book, Twitter and Pinterest.

During 2014 and 2015, our analysis of our monthly visitors through our host provider indicated that a natural rate of growth in users was not occurring as expected. We had envisioned that by making all of our courses available to all interested users and providing user friendly self assessments to check the results of users who completed our courses was also not occurring.

Several trends in the communications industry forced us to make significant changes in the platform we are using to present our online educational materials via the internet, going away from Adobe Flash, and marketing our software products:

- The growth in the number of students adopting the Apple iPhone as their primary communicating and entertainment device. Apple's iPhone led 2013 US consumer smartphone sales with a 45% share. With more than 120 million smartphones sold in the U.S. in 2013, Apple's iPhone accounted for nearly half of those, taking a 45 percent share in its home market last year, new data released by the The NPD Group Phone Track. Lagging behind the two-horse race was LG, which represented 8 percent of smartphones sold in America last year. HTC took fourth with 6 percent, while Motorola came in fifth with 4 percent. In a Mobile Learning | Research project reported on May 8, 2013 by David Nagel, Most elementary and secondary students are using mobile devices in their studies, either in the classroom or at home. And, according to a new study, the majority would like to be able to use them more in class. Tech Times reports By Horia Ungureanu, Tech Times | November 25, 2015.

Strategy Analytics released the latest “Tablet Operating System Forecast” report and from the looks of it, Windows tablets are growing in popularity at an accelerated rate.

When it comes to sales of Windows tablets, numbers from the first nine months of 2014 show a year on year increase of 58 percent. Marketing experts estimate that the total number of Windows slates to be sold in 2015 is 22 million. If the predictions are correct, Microsoft will have ten percent of the tablet market share, slightly less than half of Apple’s score of 22 percent. Android is still king of the hill, with 68 percent of global tablets running on the system.

A multi-annual analysis, however, shows that in 2019 Microsoft will register more than double its 2015 record of 49 million Windows-powered slates sold. This will give the company 18 percent of the tablet market, while Apple is forecasted to have a stable 23 percent. From the three main rivals, Google’s presence will shrink to 59 percent, experts in the field stated

- An NEA Newsletter reported on by Edward Graham that the number of kids with phones has just been blown out of the water the last couple of years. “Two years ago, if any of the kids in my room had a phone, it was a dial-phone that maybe they could text on. And now it’s all smartphones.”
- According to data compiled by the research firm Nielsen, 58 percent of American children from 13- to 17-years-old owned a smartphone as of July 2012—an increase of more than 60 percent over the previous year. And with over 50 percent of mobile phone users in America now using smartphones, the numbers only seems to be growing.
- With their easy internet access, a multitude of education-friendly apps, and the ability to be used at a moment’s notice (after all, what smartphone-owning teenager would go anywhere without their phone?), smartphones have all the tools necessary to boost student learning.

In the fourth quarter of 2014, management decided to abandon Adobe Flash as a platform to present our educational products over the Internet and adopt WordPress as our platform. Since the Company has only one programmer on staff and insufficient cash to hire additional help, management was forced take it upon itself to conduct the conversion process. This would entail the conversion of several thousand math questions and examples from the Flash platform to the WordPress platform.

During 2014, we changed web hosts from Yahoo to Hostgator reducing our cost of operations significantly. We also took advantage of HostGators extensive library of WordPress themes and pluggins. The flexibility of the extensive inventory of WordPress pluggins offered by Hostgator would permit us to replicate the diversity of question and answer types of questions. We also took advantage of the fact that Hostgator’s level of security for our Php database is significantly improved over that offered by Yahoo. This fact alone is of critical importance in the decision to leave Yahoo since it affects the security of the name and address database of the children subscribers we hope to build upon.

One of the great advantages to be found in the conversion of our inventory of learning materials, questions and answers lies in the ability of WordPress file being convertible into an app. This would enable our titles to be saleable through Google Play or the App Store.

The business of the Company was originally developed through a prior entity formed under the name the Terra Media, Ltd., a Delaware company (“Terra”). Terra did complete a registration statement pursuant to the 1933 Act and was approved for trading on the Bulletin Board. On June 2, 2008, the volume in Terra’s Common Stock was non-existent.

In January 2009, Terra decided to pursue the purchase and development of coal leases and entered into an agreement with Thomas Monahan to sell to Mr. Monahan the assets of Terra’s subsidiary Ding Dong School, Ltd. for a purchase price of \$5,000 which included certain assets including computers, various software titles, Trade Marks, and production software with a book value of \$37,688, assumption of officer loans aggregating \$28,437, and the assumption of accrued liabilities aggregating \$35,085. Mr. Monahan was the former President and controlling shareholder of both Terra and Ding Dong School, Ltd. and during the time when Mr. Monahan was in control of Terra, the Ding Dong School subsidiary was the only asset of Terra. Control, of Terra was purchased by Catherine Balloqui who also became Terra’s President and sole director. In 2009, Ms. Balloqui made the determination that Ding Dong School’s business was less desirable than energy assets and Terra then sold the assets to Mr. Monahan in exchange for the forgiveness of \$5,000 owed to Roger Fidler by Terra for legal fees. Mr. Monahan retains no shares in Terra and Ms. Balloqui has no shares in Virtual Learning.

## Our Markets

TOTAL K-12 ENROLLMENT: 54,876,000

- Elementary: 38,716,000
- Secondary: 16,160,000

TOTAL NUMBER OF PUBLIC SCHOOLS: 98,328

- Elementary: 66,689
- Secondary: 24,357
- Combined: 6,311
- Other: 971

( Digest of Educational Statistics: 2012, Table 105.50 )

TOTAL NUMBER OF CHARTER SCHOOLS: 6,400

( The National Alliance of Public Charter Schools: 2014 )

TOTAL NUMBER OF PRIVATE SCHOOLS: 30,861

- Elementary: 19,697
- Secondary: 2,677
- Combined: 8,488

( Digest of Educational Statistics: 2012, Table 105.50 )

The U.S. educational market is estimated to be about \$1.3 trillion dollars, and usually broken down into 4 major sectors: early childhood education: \$70 billion; K-12: \$670 billion; Higher education: \$475 billion and Adult learning, continued education: \$55 billion. Almost 9% of US GDP is spent on education, it's the second largest market, behind healthcare, in the United States. There are about 100,000 public schools, 30,000 private schools, and roughly 4,000 charter or other schools.

The U.S. market for K-12 education is large and online learning is gaining greater acceptance. For example:

According to the National Center for Education Statistics ("NCES"), a division of the U.S. Department of Education, approximately 54,876,000 million students will attend K-12 public schools in the February, 2016. Total private school enrollment is estimated to be 5,268, 090 with 3,976,960 in elementary school and 1,291,130 in secondary education, according to the Digest of Educational Statistics: 2011, Table 205.20. In addition, according to a report by National Home Education Research Institute, approximately 1,773,000: total home school enrollment. 1,773,000 or 3.4% (estimate) of America's school population according to the Digest of Educational Statistics: 2012, Table 206.10

Many of these students took an online courses and a small percentage enrolled in a full-time online program. As of 2013, six states mandated the completion of an online course prior to high school graduation (Keeping Pace Report, 2013). Multi-district fully online schools served an estimated 310,000 students in 30 states during the 2012-13 school year.

According to the NCES, the public school system alone encompassed more than 98,800 schools and approximately 13,600 districts during the 2011-12 school year. The NCES estimates that total spending in the K-12 market was projected to be \$563 billion for the 2012-13 school year, and that public school spending will increase by 24 percent, to \$699 billion, by 2022-23.

According to the NCEA, the total expenditures for public elementary and secondary schools in the United States amounted to \$621 billion in 2011–12, or \$12,401 per public school student enrolled in the fall (in constant 2013–14 dollars, based on the Consumer Price Index). These expenditures include \$11,014 per student in current expenditures for operation of schools; \$1,018 for capital outlay (i.e., expenditures for property and for buildings and alterations completed by school district staff or contractors); and \$370 for interest on school debt.

From 2000–01 to 2011–12, current expenditures per student enrolled in the fall in public elementary and secondary schools increased by 11 percent (from \$9,904 to \$11,014 in constant 2013–14 dollars). Current expenditures per student peaked in 2008–09 at \$11,537 and have decreased each year since then. The amount for 2011–12 (\$11,014) was 3 percent (\$318) less than the amount for 2010–11 (\$11,332).

According to the International Association for K-12 Online Learning (“iNACOL”), in 2013, all 50 states had established a significant form of online learning initiative. In addition, according to iNACOL, 1.82 million K-12 students participated in a formal online learning program. Many parents and educators are seeking alternatives to traditional classroom-based education for a variety of reasons. Demand for these alternatives is evident in the expanding number of choices available to parents and students. Acceptance of online learning initiatives, including not only virtual and blended public schools, but also online courses, credit recovery, remediation, testing and Internet-based professional development, has continued to grow. Districts are also rapidly adopting online learning to expand course offerings, provide schedule flexibility, increase graduation rates and lower the cost to deliver education.

As evidenced by the varying options being utilized by students, no single educational model works equally well for all students. Children today utilize technology in all aspects of their lives, and we expect them to extend their use of technology to their educational needs and choices. Families come from a broad range of social, economic and academic backgrounds. They share the desire for individualized instruction to maximize their children’s potential. Examples of students for whom this solution fits include, but are not limited to, families with: (i) students seeking to learn at their own pace; (ii) students with safety, social and health concerns about their local school; (iii) students with disabilities who are underserved in traditional classrooms; (iv) students for whom the local public school is not meeting their needs; (v) students who seek more flexibility than traditional brick and mortar schools can provide.

Most students in the United States will continue to be educated in school buildings and classrooms. However, we also believe that the academic benefits for certain student segments, combined with the significant savings for taxpayers, will continue to drive states and districts to incorporate online solutions into their school-based programs. One of the challenges traditional schools continue to face is adoption of technology and innovative new learning devices.

#### *Key Dynamics in the K-12 Education Market*

The education industry of the U.S. has undergone several changes over the past few years and continues to invite significant spending by the public. The overall growth of the industry will be driven by rising responsiveness of people towards the benefits of early education, rising awareness of the advantages of higher education and growing demand for online teaching methods. The major trends in the industry include growth of educational content and technology, rising demand for digital textbooks, high penetration rate for U.S. postsecondary education sector, students shift towards online education and students dependence on family for higher education funding.

According to Jeff Dunn of the the Daily Genius, the size of the U.S. educational market is

- The Early Childhood Education Market is valued at roughly US\$70 billion
- The K-12 Education Market is valued at roughly US\$670 billion
- The Adult Learning Market (continued education) is about US\$55 billion.
- The Tutoring and Test Prep market is only about US\$1 billion. Pretty small, really.
- The Online Education market is about US\$20 billion. A bit bigger than expected.
- The Print and Online Textbook market is about US\$8 billion.

*Legislative Environment.* There are several key legislative initiatives currently impacting the K-12 education market, including the following:

- *Common Core Standards.* A requirement for RtT applicants is to signal their intent to officially adopt the Common Core Standards for K-12 in reading and mathematics. As of December 31, 2011, 43 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands had officially adopted the new standards, although adoption of the standards does not bring immediate change in the classroom. We believe that implementation of the Common Core Standards will be a long-term process, as states rethink their teacher training, curriculum, instructional materials and testing. We continue to believe that Common Core Standards implementation will evolve in different ways across the adopting states and will raise the overall rigor of curriculum and assessments, but we increasingly believe that the federal government will not mandate national standards and assessments. Furthermore, there is now a growing movement in some states to oppose the Common Core Standards in order to prevent unwanted federal control over education. A study recently published by Pioneer Institute, the American Principles Project, and the Pacific Research Institute of California estimated that it will cost nearly \$16 billion for 45 states plus the District of Columbia to implement the Common Core Standards over a seven year period.
- *State and Local Funding.* Most of our U.S. potential customers are public schools and school districts that are dependent on the availability of public funds, with about 46% of total education expenditures coming from state funds and 45% coming from local funds, which have become more limited as many states or districts face budget cuts due to decreases in their tax bases and rates. State and federal educational funding is primarily funded through income taxes, and local educational funding is primarily funded through property taxes.

State tax revenues grew by 6.8 percent in the second quarter of 2015, the final quarter of the fiscal year for 46 states, according to the most recent *State Revenue Report* of the Rockefeller Institute. Personal income tax growth was robust at 14.2 percent, which was driven by strong payments with final returns up 20.0 percent and estimated taxes up 18.2 percent. This trend is not expected to continue, as this year's revenue figures were bolstered by the strong stock market of 2014. States expect fiscal year 2016 to be weaker than 2015, largely because of an anticipated slowdown in income tax revenue, according to Lucy Dadayan and Donald J. Boyd, November 16, 2015

Personal income taxes are the bedrock of state tax revenues. States' fiscal conditions have improved since the Great Recession ended more than six years ago, but their recoveries are incomplete. Despite these challenges, personal income in all states has bounced back above pre-recession figures, though growth has fallen short of historic norms. Nationally, total state tax revenue recovered more than two years ago from its plunge during the recession. But state to state, the recovery has been uneven due to differences in economic conditions as well as tax policy choices. For the first time, tax collections in a majority of states—29—were higher in the second quarter of 2015 than at their peaks before or during the downturn, after adjusting for inflation. States with below-peak tax revenue still have less purchasing power than they did more than six years ago.

States have only partially rebuilt their financial cushions after tapping them to plug budget gaps during the recession. At the end of fiscal year 2015, only 18 states could cover more government expenses using rainy day funds and general fund balances than they could have in fiscal 2007, just before the recession. Four states had less than five days' worth of expenses set aside for budget shortfalls.

## Our Competitive Strengths

We believe the following are our key competitive strengths:

*Accessible, Dynamic Web-based Platform.* Our products are delivered primarily online, in a Windows based format so they can be used by teachers and students on computers wherever internet access is available, such as classrooms, computer labs, media centers, school libraries, public libraries or at home. Our programs are compatible with existing school and school district enterprise systems using the Microsoft Windows operating system and require no additional software, no installation or maintenance and no extensive implementation or training. Moreover, unlike traditional workbooks or software products, our web-based product content is easily and quickly updated.

Our adoption of WordPress as our online platform will permit us to be viewed by Apple and Windows based mobile devices, iPads, laptop and tabletop computer systems. WordPress started as just a blogging system, but has evolved to be used as a full content management system and so much more through the thousands of plugins and widgets and themes. **WordPress** is a free and open-source blogging tool and a content management system (CMS) based on PHP and MySQL. Features include a plugin architecture and a template system. WordPress was used by more than 23.3% of the top 10 million websites. WordPress is the most popular blogging system in use on the Web at more than 60 million websites

*The Market for Supplemental Learning Materials .* Schools use a variety of supplemental materials to augment their core curriculum, provide remediation and enrichment and offer additional learning opportunities in the classroom and at home. These materials include traditional print-based materials, such as textbooks, workbooks, problem sheets and printed reading materials. With increased availability and use of computers in the classroom and at home, vendors have developed software and, increasingly, online programs and content as an alternative to print-based materials.

David Nagel on July 1, 2013 in The Journal reported that Public school teachers spent \$1.6 billion of their own money on classroom supplies and gear in the 2012-2013 school year. All told, teachers spent \$3.2 billion on classroom tools this school year, only half of which was funded for them.

In a survey of teacher spending for the 2015 school year Last year, Agile Education Marketing SheerID teamed up to conduct a survey of K-12 teachers to find out more about teacher spending habits. The results were so interesting, that we surveyed over 500 teachers again this year, and now we all get to geek out over the results.

According to the Center on Budget and Policy Priorities , at least thirty states in the U.S. provided less per-pupil funding for K-12 students during the 2014-2015 school year than they did before the recession hit. About 46% of total educational spending comes from state funds. The teachers we surveyed were experiencing the aftershocks of budget cuts as more of the money spent on their classrooms came from their own pockets instead of their schools or districts.

- The average amount of their own money that teachers spent was \$490
- The average amount teachers received from their school to spend on classrooms was \$300
- The average amount teachers received from school districts was \$247

Although education budgets fluctuate from state to state and district to district, teachers' average spending for classroom supplies has stayed steady for the past two years, hovering right around \$500.

Of that nearly \$500 that teachers spend out-of-pocket, 57% was spent on classroom supplies while 9% was spent on instructional materials.

*Limitations of Traditional Print Products.* Educators increasingly are recognizing the limitations of traditional print-based textbook and workbook learning materials, which are static, cannot be quickly corrected for errors or up dated to address evolving standards, cannot provide individualized feedback to students, do not provide teachers with a method to quickly track student progress and become ragged and obsolete with time and usage. Such traditional print-based learning materials are costly and need to be replaced on a regular basis due to the publication of newer editions or, in the case of workbooks, use by students. These materials also do not provide administrators with easily obtainable metrics to measure the performance of classes, teachers, or individual grades in their schools on a regular basis. Increasingly, parents are finding their children coming home with fewer and fewer textbooks and other printed materials because the costs of providing children with materials to take home is simply too costly.

*Limitations of Software Products.* As a result of the recognition of the limitations of print-based products and the perceived advantages of computer-based materials, educators began to utilize software-based supplemental materials, such as CD-ROMs. However, these materials also have significant limitations. Software products are designed to run on specific operating systems with specific memory requirements, and require installation on individual computers or costly and time-consuming installations on centralized computer systems. Software products place increased demands on schools' limited IT personnel, systems, and budgets. Access to these products is typically limited to the computers in a specific classroom or computer lab and cannot be used at home unless schools provide a student with a disk containing the software and the student has access to a computer with the appropriate operating system or ability to play a CD-ROM. Any updates require the publication, receipt, distribution and installation of new software or CD-ROMs, which would require the school and parents to purchase new versions. In addition, software-based products are typically unable to provide real-time feedback about student performance to teachers or educators. CD-ROM's are also subject to being illegally duplicated.

*Advantages of Online Learning Solutions.* Online products can provide educators and parents with real-time feedback on student progress, allowing for tailored instruction based on individual student or classroom needs, and can generate reports for parents and teachers. Online products also are easily, automatically, and frequently updated with new or more current content, additional features and enhancements and provide students with instant feedback, positive reinforcement and remediation when proficiency levels are not met. Also, unlike software- or CD-ROM- based learning materials, web-based products require no software to be installed in school or home computers and can be accessed anywhere the internet is available. Web-based products can be offered at lower prices as they do not require expenditures for publishing, paper, or electronic media, shipping or warehousing. Web-based products are also becoming increasingly available for Smartphones, Tablets and Ebooks.

## **Our Competitive Strengths**

We believe the following are our key competitive strengths:

*Customized, Content.* Our line of virtual textbooks and assessment programs offers online, practice and assessments for certain subjects, primarily math in the first, second, third, fourth and fifth grades which we hope to expand to cover all grades and most subjects from first grade through twelfth grade. We believe this customization will be attractive to parents and educators, providing them with a resource that meets their specific state and grade-level teaching needs in a variety of subjects.

*Real-time Student Tracking, Built-in Remediation and Enrichment.* In addition to our virtual textbooks, we have designed software that will assess a student's progress in learning. We can provide real-time reporting on student achievement, allowing parents and educators the option to quickly identify learning gaps and provide targeted instruction and practice. Our assessment software also provides students with immediate feedback and explanations and, when required, remediation content designed to build foundational skills in order to accelerate students to grade-level proficiency.

*Engaging, Fun and Easy to Use for Students.* Our products utilize a simple, graphical user interface that we believe to be intuitive and easy to use. In addition, our virtual textbooks and supplementary web-based programs incorporate games and rewards in an attempt to make learning fun and engaging for students. By engaging students and providing them with the tools they need to succeed, we hope to enable them to take control of their own learning, boost their confidence, and keep them interested in using our products, while creating a culture of academic success.

*Accessible, Dynamic Web-based Platform.* Our products are delivered online so they can be used by teachers and students on computers wherever internet access is available, such as classrooms, computer labs, media centers, school libraries, public libraries or at home. Our programs are compatible with existing school and home systems and require no additional software, no installation or maintenance and no extensive implementation or training. Moreover, unlike traditional workbooks or software products, our Virtual Learning content is easily and quickly updated whenever content or functionality enhancements are introduced or products are modified due to changes in state standards.

*High Impact, Low Cost Solution.* Virtual Learning plans to offer a comprehensive online educational solution on a hosted platform and provides high quality content, assessment, and reporting for core subjects in a wide range of grade levels. At an anticipated annual subscription rate of \$29.95 per family, Virtual Learning products are significantly less expensive than competing traditional print, software and online alternatives provided by large education publishers. Initially we plan to offer access to our full range of website based course offerings for free to help build a user base.

*We have designed our software to enable quick modification to any language:* We have designed into our software the ability to easily modify and convert its content to any language that we feel there is a market or would be required to meet the requirements of any of our subscriber base.

We believe increased accountability, including the need for school districts and states to meet the requirements of legislative developments, combined with the increased availability and utilization of web-based technologies by teachers, students, and administrators has resulted in decreased spending on traditional print-based and software-based supplemental materials and increased spending on innovative online programs that offer functionality and real-time assessment and reporting not provided by traditional solutions.

Our online products are easily and frequently updated with new or more current content, additional features and enhancements and can provide students with instant feedback, positive reinforcement and remediation when proficiency levels are not met. Web-based products require no software to be installed in school or home computers and can be accessed anywhere the internet is available. Web-based products can be offered at lower prices as they do not require expenditures for publishing, paper, or electronic media, shipping or warehousing

#### **Key Attributes of Our Business Model**

We believe the following are the key attributes of our business model (Please note that NONE of the key attributes of our business model have materialized yet):

*High Revenue Visibility and Strong Cash Flow Generation.* We believe we have an attractive business model characterized by a potentially visible recurring revenue stream and high profit margins, neither of which have materialized as of December 31, 2015. We have not yet generated any meaningful revenue and have never generated a profit

*Scalability and Flexibility.* We continue to scale our business by increasing our product offerings using our products without incurring significant incremental expense. Our content development process, our flexible sales model and our cost-effective centralized, hosted online delivery platform will allow us to minimize our costs as we expand our product offerings and, hopefully, our business when and if sales develop.

*Solution to Various Learning Problems* : As a software development company, we have developed our products in direct response to parents and teachers concerns relating to student's ability to master all of the material. Our software includes, at present, over fifty modules that teach subjects as diverse as geometry, algebra, measurement, addition, subtraction, multiplication, division, and fractions, to name a few, This time pressure issue was further substantiated and further reported by such sources as the Education Resources Information Center; through several studies documenting the importance of time needed for learning and time spent in learning as parameters of educational achievement. Several studies have examined differences in student learning rates, amount of information acquired, and amount of information retained in three common types of classroom tasks. Tasks that required knowledge of specific facts; comprehension of basic concepts and principles; or application of facts, concepts, and principles to problem-solving activities. Results of studies indicated large differences among knowledge, comprehension, and application tasks for all measures of student performance.

Third: Granting access to all of our subscribing students to all of our virtual courses and supplementary material and assessment programs will allow students who are deficient in having mastered content required in a prior classroom module, prior grade or from another school, will give students an opportunity to make up for any deficiencies at his or her own pace and in a non-threatening and non-judgmental environment. Fourth: The software platform we currently use for all of our products is ideally suited to adapt all of our products to any number of languages with minimal programming changes. It is our intention to make all of our products available in the Spanish language.

### **Our Growth Strategy**

*Ability to Implement Growth Initiatives* . With regard to the section “ *Develop New Products and Enhance our Online Platform* ” below, the reference to new products in that section refers to completing the additional titles mentioned below and this process is on-going and the essence of our growth strategy. The completion of the additional titles is the primary goal of the Company during the next year. The main obstacle to achieving the growth strategy initiatives is the fact that at present we have one employee and limited funds. The failure to obtain additional funding elsewhere, would seriously impair or prevent achieving any of the growth strategy initiatives set forth below prior to development. With such funding, prior to developing additional titles we contemplate achieving certain of our growth initiatives or substantial parts of them. For example, with respect to cross platform functionality, while we are in the process of completing the four stages of development for any given title, we are constantly seeking ways to adapt the programming of each title to be operational on as many platforms as possible. By taking into account several other changes our files will play on any standard PC, android cellphone and also play in a video player

*Develop New Products and Enhance our Online Platform.* Once we have achieved a revenue stream we intend to develop new products, as well as new features and functionality for our online platform, to address student needs, parents, and teacher requests in order to maintain the competitiveness we feel necessary to maintain growth both in the number of subscribers to our online services and to enable us to increase our per subscriber revenue by offering increased value. The development of new products and the enhancement of our Online Platform to play on various operating systems such as the Apple, Android and Blackberry are relevant to our growth because such development and enhancement improve functionality of content to be viewed over a broader base of communications platforms, e.g. it is now primarily viewed over a Microsoft Windows based desk top or laptop computer over the internet whereas in the future it will be viewable over cellphones and tablets. To date our system is viewable through any Windows computer system over the internet and has been modified to be viewed over any cell phone or tablet using Android operating system. In the future we want to extend this to include the iPhone, iPad and Blackberry. We also want to convert our modules to become a video presentation.

*Continue development in cross platform functionality for mobile telephone systems.* As briefly addressed above, in order to address additional subscribers we intend to make our online services available to mobile telephone users. We are currently capable of serving Android Tablet users. We intend to extend this cross platform functionality to iPad and iPhone and Blackberry cell phones. These Smartphones appear to be establishing a significant and increasing market share of the mobile telecommunications business. A Smartphone is a mobile phone that offers more advanced computing ability and connectivity than a contemporary feature phone. Smartphones and feature phones may be thought of as handheld computers integrated with a mobile telephone, but while most feature phones are able to run applications based on platforms such as Java Me a smartphone usually allows the user to install and run more advanced applications. Smartphones run complete operating system software providing a platform for application developers. Thus, they combine the functions of a camera phone and a Personal digital assistant (PDA). The increased availability and utilization of web-based and mobile technologies enhances and supplements teacher instruction, engages today's technology-savvy learners and improves student outcomes. Some smartphones, sometimes called NirvanaPhones, have a docking station with an external display and keyboard to create a desktop or laptop environment. Growth in demand for advanced mobile devices boasting powerful processors, abundant memory, larger screens, and open operating systems has outpaced the rest of the mobile phone market for several years.

*Develop New Products and Enhance our eBook Platform.* Our strategy calls for development of electronic books as an additional source of revenue, additive to revenue coming from online services. An electronic book (also e-book, eBook, digital book) is a text and image-based publication in digital form produced on, published by, and readable on computers or other digital devices. Numerous e-book formats emerged and proliferated, some supported by major software companies such as Adobe with its PDF format, and others supported by independent and open-source programmers. Multiple readers follow multiple formats, most of them specializing in only one format.

*Our flexible web-based distribution model and in-house content development capabilities allow us to continually update and improve our products, make our products immediately available on the World Wide Web regardless of platform and distribute our products in a cost-efficient manner.*

Increasingly tech-savvy students today are increasingly relying on multiple devices and media to access information, through the World Wide Web. As such, it is important to deliver our content in the way that best suits their needs. With 3 Screen access,(PC, Mobile, Tablet) we will open up new distribution channels, extending our reach while making our content conveniently accessible, regardless of time or place. And, since our content is ‘always on’, we may achieve higher numbers of subscribers. In this way we hope that our products will garner the widest possible user audience and hence positively impact our growth. As of December 31, 2015, our primary delivery vehicle are Windows based devices. With the migration to the WordPress platform our online programs we be visible on both Windows, Apple and Blackberry ddevices.

*Expand Into New Related Markets for Further Growth.* We believe there is a significant opportunity to utilize our programming language platform to create fully animated, talking, colorful, interactive content for the subject fields of science and reading and sell our products in new geographic and end markets that will enhance our growth.

We believe there is a significant opportunity to modify the content of our virtual textbooks and related assessment materials into other languages. Bilingual Education is a program used to help limited English proficient (LEP) children keep up with all their required academic competencies, such as math, history and science, while they are learning English through ESL (English as a Second Language) classes. Many LEP students learn to speak conversational English within the first 2 years, but research consistently shows that it takes 4 to 7 years before most students are able to use English to learn academic subjects and perform on a par with native English-speaking peers. A recent national research (Collier & Thomas 1996) shows that late-exit quality bilingual programs actually create the best results, with students in 2-way bilingual programs (bilingual students and native-English speakers learning in 2 languages in the same classroom) out-performing their mainstream peers. Despite what the research is showing, most bilingual education programs transition their students into the mainstream within the first 3 years.

Bilingual program students continue learning academic subjects like math and science in the language in which they are able to learn most effectively, while learning English. There is always an ESL component to each bilingual program. Uninterrupted development of children’s cognitive, academic, and linguistic skills is critical in the academic success of limited English proficient students. Moreover, is it not better to build on the assets that the students bring with them- their knowledge, languages and cultures- rather than discouraging the development of those valuable resources.

Bilingual programs have been proven to be cost effective for school systems to implement for the following reasons:

1) LEP students who chose bilingual education programs are less likely to be placed into expensive special education programs as those who chose to stay in the sink or swim English-only programs, 2) With the additional support, bilingual education students are less likely to drop out of high school than their language minority peers in English-only programs, 3) Bilingual education helps to nurture and support the continual development of valuable bilingual/bicultural skills that are needed in our global economy.

There are numerous contributing factors that help explain the desertion of bilingual children and the cultural diverse child. Some of them reside in teenagers themselves, some are institutional, and some are social. Teenagers start questioning the educational system in which their needs are not satisfied. Families pressed by economic needs encourage teenagers to work, because they see education as a very expensive commodity. Pressing economic need impels them to earn a living instead of continuing their education. The exorbitant and rising costs of a college education and misinformation about the opportunities to succeed in college combine to present a bleak future for minority students. The lack of basic skills is another contributing factor. A typical bilingual student lags two years behind his or her classmates, which imprint on them a label that in some cases is very difficult to overcome. Children know who are the good students and are the ones who lack behind. Teenagers feel the alienation and become truants. Truancy makes their stay at school even more difficult. While the students who come to class regularly gain knowledge, the youngsters who are truant fall farther behind, and the gap between their knowledge level and the ideal level becomes greater.

By addressing bi-lingual educational needs and by translating our online programming and eBooks into other languages we will expand our potential user base and hence promote subscriber and revenue growth. The development of new products and the enhancement of our business by producing product for non-English speakers is relevant to our growth because such development and enhancement aims to expand customer base into new markets to be viewed over a broader base of communications platforms, e.g. it is now primarily viewed over a desk top or laptop computer over the internet whereas in the future it will be viewable over cellphones and tablets, for non-English speakers. To date we have translated third and fourth grade geometry courses into Spanish and in the future we intend to translate all modules into Spanish to expand our market to include more Spanish speaking customers. We also have been having preliminary discussions for marketing Asian language courses again with an eye toward expanding the customer base in the future.

### **Our Products and Services**

Virtual Learning is an online education company. As of December 31, 2015, we have not begun to accept subscribers. We are making available our courses and virtual textbooks free of charge through our website [www.mathisbasic.com](http://www.mathisbasic.com) in order to create a student user base. We provide instruction through our fully interactive virtual textbooks. Our fully animated, interactive featured, colorful and audio virtual textbooks have combined rigorous content along with a variety of practice problems, activities, assessments, games, and productivity tools that improve the performance of students via proprietary web-based platforms games that engage students, reinforce and reward learning achievement. Our core product line helps students in First through 12th grade, master grade level academic standards in a fun and engaging manner. We provide our products via proprietary our web- based platform through one of our several websites on the World Wide Web with the URL [www.mathisbasic.com](http://www.mathisbasic.com) ; [www.scienceisbasic.com](http://www.scienceisbasic.com) , and [www.readingisbasic.com](http://www.readingisbasic.com) . Please note that we have only one operational website [www.mathisbasic.com](http://www.mathisbasic.com) .

When a student logs into our web-based system, the student is granted total access to all subjects regardless of grade. Falling budgets, increased student density per classroom, and what may be perceived by parents and teachers as more demanding learning requirements have only placed a greater burden for the student to keep up. Our virtual textbooks and other learning products may help a student overcome this problem by learning on an individual level and at his or her own rate in a non-threatening, non-judgmental environment. Since it is self-paced and fully contained it allows students to work at an advanced pace as well as provide remedial support.

Virtual Learning is also a producer and intends to distribute computer software and video educational materials on CD and DVD formatted disks which will be available through various distributors and our websites either as a download or in boxed format. We have opened ecommerce store fronts on Amazon.com, and Barnes and Noble's Nook. We have combined rigorous content in math with interactive features and games that engage students, reinforce and reward learning achievement. It is our intention to eventually have all our content available both online and in the CD and DVD formats. However, at present there are some titles that are not available in both formats.

To date, we have completed 5 titles on CD formatted disks relating to the teaching of basic English to foreign speaking people. These titles include “English for Russian Speaking People”; English for Portuguese Speaking People”; “English for Spanish Speaking People”; “English for Chinese Speaking People”; and “English for Polish Speaking People”. These are not yet available online.

We have also completed virtual textbooks in the ePub format with the titles: “First Grade Math”; “Second Grade Math”; “Third Grade Math”; Third Grade Math: “Geometry”; Fourth Grade math: “Geometry”; “Fifth Grade Math: “Geometry”; First Grade Math: “Learning to Tell Time”; Second Grade Math: Learning to Tell Time”; “Third Grade Math: Algebra” “Mr. Clock for First Grade”; “Mr. Clock Teaching Time”; and “Mr. Clock Teaches Elapsed Time” and assessment based review level titles for grades first through third grade These titles will all be available online, as well as in CD and DVD format. Our other educational titles on CD and or DVD formatted disks will consist primarily of virtual mathematics and science text books and work book courses for grades Pre-K through college level.

We are also in production stage on several other virtual audio and animated teaching textbook computer program titles relating to teaching “Money” for First Grade; “Fourth Grade Algebra” and “Fifth Grade Algebra”; First Grade Math: Measurements”; “Second Grade Math: Measurement”; “Third Grade Math: Measurement”; “High School Geometry” and “High School Algebra” in CD format and one video title relating to teaching Calculus I, college level. We are also in preproduction on additional video titles relating to Trigonometry, pre-calculus..

### ***Core Educational Principles***

We believe that one of the keys to our success lies in our core educational principles that guide product design and development:

- *Clear expectations.* We have subdivided each grade into approximately twenty four different modules. Each module focuses on an underlying topic which is further explored with rigorous content which has been presented in an in depth, animated, colorful, and interactive format. Our initial presentation starts out with a review of the basic underlying concepts and skills and is patiently and painstakingly incremented with all of the content and skills required to be learned and mastered for that particular grade. Clear goals for the student to master the targeted skills or concepts. Each module includes activities and various types of questions to assess the student’s mastery and progress.
- *High quality, rigorous content.* We are in the process of building courses from the ground-up, customized to each set of standards for a particular topic. We utilize a scaffolding approach to content development that begins with skill building and then builds to higher level thinking skills.
- *Fun and engaging assignments.* Our virtual textbooks are embedded with short games, an assortment of activities and a variety of question formats to assess the student’s mastery of the material. These features provide continual positive reinforcement and reward learning to engage students and build student confidence in a non-judgmental and non-threatening environment.
- *Immediate feedback.* Students will receive immediate feedback and explanations for each question and activity, allowing them to learn and quickly apply new knowledge to subsequent questions and to build skills and conceptual understanding in order to handle more complex content that follows.

### **Our Subscribers**

Our target market is the approximately 50 million students that attend school throughout the United States consisting of K-12 and postsecondary education and the approximately 1.5 million students that are being home schooled though out the United States.

## **Marketing, Sales and Subscriber Support**

### ***Marketing Activities***

When implemented our marketing strategy will be to continually increase our brand and Web-site awareness, to introduce and to continually generate qualified subscriber leads for our web-site. We intend to focus our marketing efforts on individual students and their parents, individual schools, principals, and teachers for sales to both new and existing subscribers.

*Our primary marketing activities will include:*

1. Targeted campaigns to individual students and their parents and other family members, schools, and organizations sponsoring after school learning opportunities by using search engine marketing, direct mail, e-mail marketing and print advertisements; participation in tradeshow; building on relationships with satisfied students and parents, organizations, and school subscribers to target new sales to other interested parties in the geographic area;
2. Webinars for existing subscribers introducing them to new products, add-on features and upgrades; incentives such as free months to attract new subscribers or free trials of add-on products to attract
3. Renewals; and we intend to promote ourselves through magazine advertisements describing and offering our virtual textbooks.

### ***Subscriber Support***

We will provide our subscribers with service through “contact us” via phone, live chat or by email.

**Our Competition** As a general matter, we face varying degrees of competition from a variety of education companies because our learning systems encompass many components of the educational development and delivery process. We compete primarily with companies that provide online curriculum and school support services to K-12 virtual and blended public schools, and school districts. Virtual Learning will compete primarily with other providers of supplemental educational materials and online learning tools.

We believe our principal competitors will include: providers of online and offline supplemental instructional materials for the core subject areas of reading, mathematics, science and social studies for K-12 institutions; companies that provide K-12-oriented software and online-based educational assessment and remediation products and services to students, educators, parents, and educational institutions; the assessment divisions of established education publishers, including Pearson Education, Inc., The McGraw-Hill Companies, and Houghton Mifflin Harcourt Company; providers of online and offline test preparation materials; traditional print textbook and workbook companies that publish K-12 core subject educational materials, standardized test preparation materials or paper and pencil assessment tools; summative assessment companies that have expanded their product lines to include formative assessment and instruction products; non-profit and membership educational organizations and government agencies that offer online and offline products and services, including in some cases at no cost, to assist individuals in standards mastery and test preparation; and providers of website hosting for students, teachers and schools.

We believe the principal competitive factors in Virtual Learning’s market will be: quality of content and deep customization to standards; formative assessment and reporting to inform instruction; ease of use, including whether a product is available online; program efficacy and the ability to provide improved student outcomes; ability to engage students; quality of subscriber support; vendor reputation; and price.

Virtual Learning expects to compete primarily with textbook, workbook, study guide and software product published by the large postsecondary publishers, such as Pearson, McGraw-Hill, Cengage, Wiley, and Mosby (Reed Elsevier).

## Concentrations

We anticipate that the majority of our revenues from the sale of subscriptions and our products and services will occur in North America.

## The Technology

All of our courses are delivered primarily through an online platform and generally include a significant amount of online content. We employ technology where we feel it is appropriate and can enhance the learning process, with the offline:online ratio changing appropriately for advancing developmental levels in students. In addition to online content, our curriculum includes a rich mix of course materials, including engaging ePub textbooks

We were using Adobe Flash as the platform upon which to develop our virtual textbooks and CD and DVD formatted educational titles. Adobe Flash had several unique features that make it ideal for our purposes. First, it had the ability to publish our work in several formats including as an executable file which may be played on either a PC or a Macintosh Computer. In addition the same programming may also be used as the basis for presentation on our website with no change in the basic core code. Adobe Flash is especially useful in its ability to incorporate and integrate many forms of media into a single interactive program.

Adobe Flash was one of the most popular and versatile applications for digital multimedia and website development. The biggest drawback was that Apple and Adobe have not been on friendly terms and have made the adoption of Flash on Apple systems not very user friendly and visible on Apple's various iPhone and iPad devices. Apple has been capturing an increasing percentage of the education market. Apple continues to dominate the market for education tablets.

On October 28, 2013, Apple CEO Tim Cook said that iPads make up 94 percent of the market for education tablet, a stat that he noted was impressive and unheard of in most businesses. "I've never seen a market share that high before," Cook said Monday during a conference call with analysts. The company has attempted to push its tablets into the education arena with textbook support and discounts for bulk purchases. Schools represent a potential source of growth at a time when the iPad's market share dominance has eroded in the general consumer market. Cook said the education business represented a potential \$1 billion market for Apple. Apple on Monday reported fiscal fourth-quarter results that topped Wall Street expectations, led by strong iPhone sales. But iPad sales of 14.1 million units was short of estimates and flat from a year ago. Apple could see a spike in iPad sales in the next quarter, with consumers likely scrambling to buy the iPad Air, which hits the market on Friday. The iPad Mini with Retina Display is scheduled for later in November.

As the Internet has become more complex, more easily accessed, and more plentiful in rich media, it has increasingly become a destination for those wanting to be educated and entertained at the same time. Education is a subset of media (online or offline, interactive or not) that presents science, math, history or culture in a compelling and entertaining manner. This is where Flash-based education and entertainment entered the scene. Flash allowed for the creation of nonlinear, self-motivated, educational experiences that feature compelling and powerful use of sound, video, imagery, and interactivity.

We believe that the conversion of our educational materials to be viewable over various Apple devices is critically important to the continued existence of our Company. We believe that WordPress is the platform to accomplish that goal. Today WordPress has impressive flexibility in terms of Themes and a vast array of plugins that most everything we have accomplished using Flash may be replicated using WordPress and plug-ins that are available.

WordPress users may be installed with a variety of themes and switch between them. Themes allow users to change the look and functionality of a WordPress website and they can be installed without altering the content or health of the site. Every WordPress website requires at least one theme to be present. Every WordPress theme is designed using some standards with structured PHP, valid HTML and CSS. Today, JavaScript and jQuery are being used to add responsiveness to the themes.

## **Plugins**

WordPress's plugin architecture allows users to extend its features. WordPress has over 30,000 plugins available, each of which offers custom functions and features enabling users to tailor their sites to their specific needs. These customizations range from search engine optimization, to client portals used to display private information to logged in users, to content displaying features, such as the addition of widgets and navigation bars. But not all available plugins are always abreast with the upgrades and as a result they may not function properly or may not function at all.

## **Mobiles**

Native applications exist for WebOS, Android, iOS (iPhone, iPod Touch, iPad), Windows Phone, and BlackBerry. These applications, designed by Automattic, allow a limited set of options, which include adding new blog posts and pages, commenting, moderating comments, replying to comments in addition to the ability to view the stats.

## **Other features**

WordPress also features integrated link management; a search engine-friendly, clean permalink structure; the ability to assign multiple categories to articles; and support for tagging of posts and articles. Automatic filters are also included, providing standardized formatting and styling of text in articles (for example, converting regular quotes to smart quotes). WordPress also supports the Trackback and Pingback standards for displaying links to other sites that have themselves linked to a post or an article.

One of the most important and relevant characteristics of Adobe Flash that we have enjoyed was its ability to present material in almost any language. WordPress provides us with the same flexibility and will allow us to adapt any of our programs to a variety of languages. The language component of the computer program is documented as an image file, which then is displayed independent of the computer user's operating system limitations and graphic display limitations. This will allow us to present our content in many languages simultaneously from within the program and not have to worry about the user's computer system to display that language.

## **Intellectual Property**

The Company has copyrighted the content on all of its virtual textbooks and related materials and CD or DVD products.

We consider elements of our software and peer-to-peer clustering technology to be proprietary. We rely on a combination of trade secrets, copyright and trademark law, contractual provisions, confidentiality agreements, and certain technology and security measures to protect our intellectual property, proprietary technology, and know-how. Our future results of operations are highly dependent on the proprietary technology that we have developed internally.

## **Employees**

As of December 31, 2015, we had 1 full-time employee who died April 4, 2016. Our success is highly dependent on our ability to attract and retain qualified resellers and to retain qualified outsourced information system management. To date, we have not been successful in our efforts, and there no assurance that we will be successful in the future. Our late employee was not subject to a collective bargaining agreement.

## **Facilities**

We currently occupy office space rent free from our President on a month to month basis.

## **Available Information**

We make available free of charge, through our Internet website (www.archlearning.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, including us, that electronically file with the SEC at www.sec.gov. Additionally, such materials are available in print upon the written request of any shareholder to our offices located at 3232 McKinney Avenue, Suite 400, Dallas, Texas 75204, Attention: Investor Relations.

## **Item 1A. Risk Factors**

An investment in our common stock is highly speculative and involves a high degree of risk. Therefore, we are disclosing all material risks herein and you should consider all of the risk factors discussed below, as well as the other information contained in this document. You should not invest in our common stock unless you can afford to lose your entire investment and you are not dependent on the funds you are investing.

### **Added Costs Due to Being a Public Company.**

There is a substantial increase of costs to the Company as a result of being Public. These costs include, but are not limited to the cost of conducting a yearly audit of the financial condition and quarterly reviews of the Company and such costs can be in excess of \$50,000 yearly. In addition, there can be additional legal costs associated with preparing all necessary filings with the Securities and Exchange Commission or other regulatory body, if the Company is not subject to the reporting requirements of section 13 or 15(d) of the Securities Act. There are also assorted other additional costs to the Company for being Public. As a result of all of these additional costs, the Company is likely to be less profitable, if it becomes profitable, if it does not generate enough revenue, when and if commences producing revenue, to cover the additional costs.

### **Recent Death of Our Sole Officer and Director**

Thomas P. Monahan, our former President, CEO, CFO and sole director and founder of the Company and its primary programmer, artist, and the voice of our characters, died on April 4, 2016. Roger Fidler, counsel to the Company, took over the directorship and as President, CEO and CFO on an interim basis but lacks the skills necessary to develop educational software. He has commenced a search for someone who would like to take over these responsibilities in whole or in part but so far without success. The inability to find someone to advance the business of the Company may necessitate finding a new business for, or to wind down, the Company.

### **The transition to Common Core State Standards and Common Core Assessments could result in a decline in state test scores that might adversely affect our enrollment and financial conditions .**

Many states have adopted the CCSS, also known as the College and Career Readiness Standards, but are not choosing to use the assessments developed by two national testing consortia that align with the CCSS curriculum. Instead, these states are electing to use existing or state-developed assessments to evaluate student performance. As a result, it has been reported in many states that students learning under the CCSS but continuing to be tested under the existing state proficiency tests have experienced sharp declines in test results.

### **Current Economic Conditions May Impact Our Commercial Success and Ability to Obtain Financing.**

The current economic conditions could have a serious impact on the ability of the Company to achieve viability. Due to the decrease in overall spending, there is a possibility that spending on educational software and related services may decrease for the foreseeable future, resulting in less potential economic activity for the Company. Since we are a very small operation, we may not be able to create sufficient sales to sustain ourselves. In addition, due to the severe difficulty in obtaining credit in the current economic crisis, we may have trouble seeking out and locating additional funds or require financing of our operations.

**Regulatory frameworks on the accessibility of technology and curriculum are continually evolving due to legislative and administrative developments and the rapid evolution of technology, which could result in increased product development costs and compliance risks.**

Our online curriculum is made available to students through computers and other display devices connected to the Internet. This curriculum includes a combination of software applications that include graphics, pictures, videos, animations, sounds and interactive content that present challenges to people with disabilities. A number of states and federal authorities have considered or are considering how electronic and information technology procured with state funds should be made accessible to persons with such disabilities. To the extent they enact or interpret laws and regulations to require greater accessibility, we will have to modify our curriculum offerings to satisfy those requirements. For example, in March 2014, the OCR entered into an agreement with the South Carolina Charter School District (“District”) to ensure that the seven internet-based public charter schools in the state provide students with disabilities an equal opportunity to access each school’s website and online learning environment by December 31, 2015, in compliance with Section 504 and Title II of the Americans with Disabilities Act. In addition, to the extent that we enter into federal government contracts or Section 508 standards are adopted by regulators, similar requirements could be imposed on us under Section 508 of the Rehabilitation Act of 1974. If requirements or technology evolves in such a way as to accelerate or alter the need to make all curriculums accessible, we could incur significant product development costs on an accelerated basis. A failure to meet required accessibility needs could also result in loss or termination of significant student subscriptions or in potential legal liability.

**If we fail to develop subscriber relationships, our ability to grow our business will be impaired.**

Our growth depends to a significant degree upon our ability to develop subscriber relationships. We cannot

guarantee that subscribers will be found; that any such relationships will be successful when they are in place, or that business with the subscribers will increase. Failure to develop such relationships could have a material adverse effect on our business, results of operations, and financial condition.

*We plan to continue to create new products, expand distribution channels and pilot innovative educational programs to enhance academic performance. If we are unable to effectively manage these initiatives or they fail to gain acceptance, our business, financial condition, results of operations and cash flows would be adversely affected.*

- our efforts to integrate adaptive learning technologies and solutions into our learning management system, which may require significant investment of resources to develop or acquire to continue to improve our educational programs and student outcomes;
- operating in international markets may require us to conduct our business differently than we do in the United States or in existing countries. International markets. International opportunities will also present us with different legal, operational, tax and currency challenges;
- our online private school business is dependent on a tuition-based financial model and may not be able to enroll a sufficient number of students over time to achieve long-run profitability or deliver a high level of customer satisfaction;
- our continual efforts to innovate and pilot new programs to enhance student learning may not always succeed or may encounter unanticipated opposition.

Our failure to manage these business expansion programs, or any new business expansion program or new distribution channel we pursue, may have an adverse effect on our business, financial condition, results of operations and cash flows.

**We rely on third-party service providers to host some of our solutions and any interruptions or delays in services from these third parties could impair the delivery of our products and harm our business .**

We currently outsource some of our hosting services to third parties. We do not control the operation of any third party facilities. These facilities are vulnerable to damage or interruption from natural disasters, fires, power loss, telecommunications failures and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of any of these disasters or other unanticipated problems could result in lengthy interruptions in our service. Furthermore, the availability of our platform could be interrupted by a number of additional factors, including our customers' inability to access the Internet, the failure of our network or software systems due to human or other error, security breaches or ability of the infrastructure to handle spikes in customer usage. Interruptions in our service may reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable.

**Effect of Governmental Regulations: Compliance with Copy Right Laws:**

The Common Core state standards ("common core") are provided under the terms of a public license. The common core is protected by copyright and/or other applicable law. Any use of common core other than as authorized under this license or copyright law is prohibited.

Any person who exercises any rights to the common core thereby accepts and agrees to be bound by the terms of the common core license. The rights contained therein are granted in consideration of acceptance of such terms and conditions. Thus adoption of the common core makes common core compliance difficult, expensive and in some instances virtually impossible. The Company has therefore decided not to make its published materials common core compliant and to the extent that customers are seeking common core compliant learning materials such customers may choose to avoid doing business with our Company and thus our revenues and income would be impaired.

**The recent ongoing adoption of online learning in established education markets makes it difficult for us to evaluate our current and future business prospects for sales to school systems. If web-based education fails to achieve widespread acceptance by students, parents, teachers, schools and other institutions, our growth and profitability may suffer.**

The use of online learning technology is a relatively new approach in the traditional K-12 education testing and assessment markets. There can be no assurance that our online products and services will achieve success in the K-12 or postsecondary education markets. Our success depends in part upon the adoption by students, teachers, and school districts of technology-based education initiatives. Some academicians and educators oppose online education in principle and have expressed concerns regarding the perceived loss of control over the education process that can result from offering content online. As a necessary corollary to the acceptance of web-based education in the classroom, our growth depends in part on parental acceptance of the role of technology in education and the availability of internet access in the home. If the acceptance of technology-based education does not continue to increase, our ability to continue to grow our business could be materially impaired.

***The continued development of our product and service brands is important to our business. If we are not able to maintain and enhance these brands, our business and operating results may suffer.***

Enhancing brand awareness is critical to attracting and retaining students. These efforts include sales and marketing directed to targeted locations as well as the national marketplace, discreet student populations, the educational community at large, key political groups, image-makers and the media. As we continue to seek to increase enrollments and extend our geographic reach and product and service offerings, maintaining quality and consistency across all of our services and products may become more difficult to achieve, and any significant and well-publicized failure to maintain this quality and consistency will have a detrimental effect on our brands. We cannot provide assurances that our new sales and marketing efforts will be successful in further promoting our brands in a competitive and cost-effective manner. If we are unable to further enhance our brand recognition and increase awareness of our products and services, or if we incur excessive sales and marketing expenses, our business and results of operations could be adversely affected.

**Lawsuits against us alleging infringement of the intellectual property rights of others and such actions would be costly to defend, could require us to pay damages or royalty payments and could limit our ability or increase our costs to use certain technologies in the future .**

Companies in the Internet, software, technology, education, curriculum and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. Regardless of the merits, intellectual property claims are time-consuming and expensive to litigate or settle. In addition, to the extent claims against us are successful, we may have to pay substantial monetary damages or discontinue certain products, services or practices that are found to be in violation of another party's rights. We also may have to seek a license and make royalty payments to continue offering our products and services or following such practices, which may significantly increase our operating expenses.

**Our revenue will be primarily generated by sales of subscriptions to our website over the term of the subscription. Our subscriber renewal rates are difficult to predict and declines in sales of our products or subscriber renewal rates may materially adversely affect our business and results of operations.**

We anticipate that revenue from subscription sales will account for a substantial majority of our revenue for the next few years. The average subscription period for our products is expected to be 12 months. Additionally, promotional incentives, such as complimentary months of service, will be offered periodically to new subscribers, resulting in a subscription term longer than one year. Our subscribers will not be obligated to renew their subscriptions at the end of the term, nor will they be required to pay any penalties if they fail to renew their subscriptions. As a result, our subscribers have no obligation to renew their subscriptions after the expiration of their initial subscription period. We will begin the renewal process approximately two months prior to a subscription ending. Sales of our products or services or our subscriber renewal rates may decline or fluctuate as a result of a number of factors, including decreased demand, adverse regulatory actions, pricing pressures, competitive factors or any other reason. These and other factors that have affected our product sales or subscriber renewal rates in the past are not predictive of the future, and, as a result, we cannot accurately predict subscriber renewal rates. If planned sales to new subscribers do not materialize or our subscribers do not renew their subscriptions at anticipated previous levels, our revenue, when and if such revenue generation commences, may decline, which would negatively impact our business, financial condition, results of operations and cash flow.

**Our business is expected to be subject to seasonal fluctuations, which may cause our cash flow to fluctuate from quarter-to-quarter and materially adversely impact the market price of our common stock.**

Our cash flow may fluctuate as a result of seasonal variations in our anticipated business, principally due to:

- our subscribers' spending patterns, which we expect to relate to typical gift giving holidays and the start of the academic year
- the timing of expirations and renewals of subscriptions;
- the timing of special promotions and discounts, including additional free months of subscriptions

It is expected that a significant percentage of our new sales and subscription renewals will occur in the second and fourth quarters because parents make purchases related to the new academic year. The fourth calendar quarter may produce the second highest level of sales and renewals, relating to holidays which are occasions for gift giving. Because payment in full for subscriptions is typically due at the time of subscription or renewal, and our operating expense, of which labor and sales commissions make up the largest portion, will be fairly consistent throughout the year, we typically expect higher cash flow in the quarters with stronger sales and renewals. We do, however, expect quarterly fluctuations in cash flow.

**System disruptions, vulnerability from security risks to our networks, databases and online applications and an inability to expand and upgrade our systems in a timely manner to meet unexpected increases in demand could damage our reputation, impact our ability to generate revenue and limit our ability to attract and retain subscribers.**

The performance and reliability of our technology infrastructure is critical to our business. Any failure to maintain satisfactory online product performance, reliability, security, or availability of our web platform infrastructure may significantly reduce subscriber satisfaction and damage our reputation, which would negatively impact our ability to attract new subscribers and obtain subscriber renewals. The risks associated with our web platform include:

- breakdowns or system failures resulting in a prolonged shutdown of our servers, including failures attributable to power shutdowns or attempts to gain unauthorized access to our systems, which may cause loss or corruption of data or malfunction of software or hardware;
- breakdowns or system failures resulting from the release of new features or functionality, which may cause unintended malfunctions of software or hardware;
- human error by systems engineers, programmers, other internal staff, and other vendor staff; performance issues, such as low response time or bugs, that detract from the user experience;
- increased complexity or more difficult navigation resulting from implementation of new features and functionality, that detract from the user experience;
- disruption or failure in our Web Host provider, which would make it difficult or impossible for students to log on to our websites;
- damage from fire, flood, tornado, power loss, or telecommunications failures;
- Infiltration by hackers or other unauthorized persons; and
- any infection by or spread of computer viruses.

In addition, increases in the volume of traffic on our websites could strain the capacity of our Web Host's existing infrastructure, which could lead to slower response times or system failures. This would cause a disruption or suspension of our product and service offerings. Any web platform interruption or inadequacy that causes performance issues or interruptions in the availability of our websites could reduce subscriber satisfaction and result in a reduction in the number of subscribers using our products and services. If sustained or repeated, these performance issues could reduce the attractiveness of our websites and products and services.

We may need to incur additional costs to Web Host's systems in order to accommodate system disruptions, security risks, and increased demand if we anticipate that our systems cannot handle higher volumes of traffic in the future. We may also need to upgrade our web platform and systems as new technologies become available that we are required to implement in order to keep our infrastructure up-to-date and product offerings relevant. We may be forced to make upgrades in response to new competitors or significant improvements to existing competitors' web platforms and system capabilities. However, the costs and complexities involved in expanding and upgrading our systems may prevent us from doing so in a timely manner and may prevent us from adequately meeting the demand placed on our systems.

**We are subject to laws and regulations as a result of our collection and use of personal information, particularly from our K-12 student users, and any violations of such laws or regulations, or any breach, theft or loss of such information, could materially adversely affect our reputation and operations and expose us to costly litigation.**

We anticipate that the vast majority of our product users will be minors. The Child Online Protection Act and the Children’s Online Privacy Protection Act restrict the distribution of materials considered harmful to children and impose additional restrictions on the ability of online services to collect information from minors. Many states have also passed laws requiring notification to users when there is a security breach of personal data. Additionally, the Family Educational Rights and Privacy Act, or FERPA, protects the privacy and restricts the disclosure of student information, and we must remain FERPA-compliant through security policies, processes, systems, and controls, including using software that detects hackers and other unauthorized or illegal activities. We cannot predict whether new technological developments could circumvent these security measures. If the security measures that we use to protect personal or student information or credit card information are ineffective, we may be subject to liability, including claims for invasion of privacy, impersonation, unauthorized purchases with credit card information or other similar claims. In addition, the Federal Trade Commission and several states have investigated the use of personal information by certain internet companies. We could incur significant expense and our business could be materially adversely affected if new regulations regarding use of personal information are introduced, if our security measures are ineffective or if our privacy practices are investigated.

**We may not be able to develop new products and services or expand our existing product lines in a timely and cost effective manner.**

Each of our products are created from state standards for a particular grade level and subject in the K-12 market for math subjects. With these standards continually changing, as well as the updating of our current learning products, our product and content development teams may not be able to respond to changing market requirements on a timely basis. If we are not able to generate sufficient new revenue to exceed the incremental costs associated with developing and delivering new products and entering new markets, our results of operations may be materially and adversely affected. Furthermore, we may be unable to develop and offer additional products and services on commercially reasonable terms and in a timely manner or maintain the quality and consistency necessary to keep pace with changes in market requirements and respond to competitive pressures. A failure to do any of these things may result in a material decline in our revenue and may prevent us from achieving profitability.

**If we are unable to develop, maintain and enhance our brand identity, our business and results of operations may suffer.**

The initial development and continued development of our brand identity is important to our business, and expanding brand awareness is critical to attracting and retaining our subscribers. Potential subscribers may not be aware of the relationship of our brands with one and another, particularly “Learning is Basic” serving as an umbrella for each of our product lines. If and when we begin to obtain subscriptions and extend our geographic reach, maintaining quality and consistency across all of our products and services may become more difficult to achieve, and any significant and well-publicized failure to maintain this quality and consistency will have a detrimental effect on our brands. We cannot provide assurances that our sales and marketing efforts will be successful in promoting our brands in a competitive and cost-effective manner. If we are unable to create, maintain and enhance our brand recognition and awareness of our products and services, or if we incur excessive sales and marketing expense, our business and results of operations could be materially and adversely affected.

**Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our sales and marketing expenditures in recruiting subscribers.**

Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our sales efforts, including our ability to:

- Obtain any subscribers and if obtained retain the then existing subscribers and sell them additional products and services
- Develop and then enhance “word-of-mouth” subscriber referrals
- Obtain sales personnel and, once obtained, retain our most productive sales managers and staff
- Compete effectively against larger competitors to secure sales.

In addition, our future growth and profitability will depend in large part upon the effectiveness and efficiency of our marketing expenditures, including our ability to:

- create awareness of our brands
- select the right market, media and specific media vehicles in which to advertise
- identify the most effective and efficient level of spending in each market, media and specific media vehicle
- provide timely and appropriate sales collateral to assist the sales team
- determine the appropriate creative message and media mix for advertising, marketing and promotional expenditures
- determine the most appropriate pricing models and simple quote generator for subscribers and sales reps
- effectively manage marketing costs, including creative and media expense, in order to maintain acceptable subscriber acquisition costs
- keep the website navigation and messaging simple and relevant to subscribers;
- generate leads for sales, including obtaining subscriber lists in a cost-effective manner
- drive traffic to our website
- convert subscriber inquiries into actual orders.

Our planned sales and marketing efforts and expenditures may not result in increased revenue or generate sufficient levels of product and brand awareness, and we may not be able to increase our net sales at the same rate as we increase our sales and marketing efforts and expenditures.

**If our products or services contain errors, new product releases could be delayed or our services could be disrupted. As a result, our subscribers may choose not to renew their subscriptions and our business could be materially adversely affected.**

If our products or services contain defects, errors or security vulnerabilities, our reputation could be harmed, which could result in significant costs to us and impair our ability to sell our products and services in the future. Because our products and services are complex and because we do not “pre-launch” any of our products or upgrades to any third parties prior to the official launch, they may contain undetected errors or defects, known as bugs. Bugs can be detected at any point in time, but are more common when a new product or service is introduced or when new versions are released. We expect that, despite our testing, errors will be found in the future. If an error occurs, our product and service offerings may be disrupted, causing delays or interruptions. Significant errors, delays, or disruptions could lead to:

- decreases in subscriber satisfaction with and loyalty toward our products and services;
- delays in or loss of market acceptance of our products and services;
- diversion of our resources;
- a lower rate of subscription renewals or upgrades;
- injury to our reputation;
- rebates or refunds of subscription fees;
- increased service expense or payment of damages; or
- increased competitive focus on our existing and prospective subscriber base.

**If we are unable to adapt our products and services to technological changes, the emergence of new computing devices or to more sophisticated online services, we may lose market share and revenue, and our business could suffer.**

We need to anticipate, develop, and introduce new products, services, and applications on a timely and cost effective basis that keeps pace with technological developments and changing subscriber needs. For example, the number of individuals who access the internet through devices other than a personal computer, such as personal digital assistants, mobile telephones, televisions and set-top box devices, has increased dramatically and this trend is likely to continue. Our products and services were designed for internet use on desktop and laptop computers. The lower resolution, functionality, and memory associated with alternative devices currently available may make the use of our products and services through such devices difficult. We have no experience to date in operating versions of our products and services developed or optimized for users of alternative devices. Accordingly, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on these alternative devices, and we may need to devote significant resources to the creation, support, and maintenance of such versions. If we fail to develop or sell products and services cost effectively that respond to these or other technological developments and changing subscriber needs, we may lose market share and revenue and our business could materially suffer.

**Protection of our intellectual property is limited, and any misuse of our intellectual property by others, including software piracy, could harm our business, reputation, and competitive position.**

Our trademarks, copyrights, trade secrets, and designs are valuable and integral to our success and competitive position. However, we cannot assure you that we will be able to adequately protect our proprietary rights through reliance on a combination of copyrights, trademarks, trade secrets, confidentiality procedures, contractual provisions, and technical measures. Protection of trade secrets and other intellectual property rights in the markets in which we operate and compete is highly uncertain and may involve complex legal questions. We cannot completely prevent the unauthorized use or infringement of our intellectual property rights as such prevention is inherently difficult. Despite enforcement efforts against software piracy, we may lose significant revenue due to illegal use of our software in the event that we develop significant revenue. If piracy activities increase, they may further harm our future business, if any develops.

We also expect that the more successful we are, the more likely that competitors will try to illegally use our proprietary information and develop products that are similar to ours, which may infringe on our proprietary rights. In addition, we could potentially lose future trade secret protection for our source code if any unauthorized disclosure of such code occurs. The loss of future trade secret protection could make it easier for third parties to compete with our products by copying the basic functionality. Any changes in or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our confidential information and trade secret protection. If we are unable to protect our proprietary rights or if third parties independently develop or gain access to our or similar technologies, our business, revenue, reputation and competitive position could be materially adversely affected.

**We may be sued for infringing the intellectual property rights of others and such actions would be costly to defend, could require us to pay damages or enter into royalty or license agreements with third parties and could limit our ability or increase our costs to use certain content or technologies in the future.**

We may be sued for infringing the intellectual property rights of others or be subject to litigation based on allegations of infringement or other violations of intellectual property rights. Regardless of merits, intellectual property claims are often time-consuming and expensive to litigate and settle. In addition, to the extent claims against us are successful, we may have to pay substantive monetary damages or discontinue any of our products, services or practices that are found to be in violation of another party's rights. We also may have to seek a license and make royalty payments to continue offering our products and services or following such practices, which may significantly increase our operating expense.

**The confidentiality, non-disclosure and other agreements we use to protect our products, trade secrets, and proprietary information may prove unenforceable or inadequate.**

We intend to protect our products, trade secrets and proprietary information, in part, by requiring all of our employees and consultants to enter into agreements providing for the maintenance of confidentiality and the assignment of rights to inventions made by them while employed by us. We will also enter into non-disclosure agreements with our technical consultants, vendors, and resellers to protect our confidential and proprietary information. We cannot assure you that our confidentiality agreements with our employees, consultants and other third parties will not be breached, that we will be able to effectively enforce these agreements, that we will have adequate remedies for any breach, or that our trade secrets and other proprietary information will not be disclosed or will otherwise be protected.

**We have not registered copyrights for all of our products, which may limit our ability to enforce them.**

We have not registered or copyrighted all of our software, written materials, website information, designs, or other copyrightable works. The U.S. Copyright Act automatically protects all of our copyrightable works, but without registration, we cannot enforce those copyrights against infringers or seek certain statutory remedies for any such infringement. Preventing others from copying our products, written materials and other copyrightable works is important to our overall success in the marketplace. In the event we decide to enforce any of our copyrights against infringers, we will first be required to register the relevant copyrights, and we cannot be sure that all of the material for which we seek copyright registration would be registered in whole or in part, or that once registered, we would be successful in bringing a copyright claim against any such infringers.

**We must monitor and protect our internet domain names to preserve their value. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe on or otherwise decrease the value of our trademarks.**

We own several domain names that include the terms Learning and Basic among others. Third parties may acquire substantially similar domain names that may decrease the value of our domain names and trademarks and other proprietary rights, and this may hurt our business. Moreover, the regulation of domain names in the United States and foreign countries is subject to change. Governing bodies could appoint additional domain name registrars or modify the requirements for holding domain names. Governing bodies could also establish additional "top-level" domains, which are the portion of the web address that appears to the right of the "dot," such as "com," "net," "gov" or "org." As a result, we may not maintain exclusive rights to all potentially relevant domain names in the United States or in other countries in which we conduct business, which could harm our business and reputation.

**We do not own all of the software, content and other technologies used in our products and services.**

Some of our products and services include intellectual property owned by third parties. From time to time, we may be required to renegotiate with these third parties or negotiate with new third parties to include or continue using their technology or content in our existing products, in new versions of our existing products or in wholly new products. We may not be able to negotiate or renegotiate licenses on commercially reasonable terms, or at all, and the third-party software we use may not be appropriately supported, maintained, or enhanced by the licensors. If we are unable to obtain the rights necessary to use or continue to use third-party technology or content in our products and services, or if those third parties are unable to support, maintain and enhance their software, we could experience increased costs or delays or reductions in product releases and functionality until equivalent software or content can be developed, identified, licensed and integrated.

**As a start-up or development stage enterprise, an investment in our company is considered a high-risk investment whereby you could lose your entire investment.**

We have not commenced operations and, therefore, we are considered a “start-up” or “development stage enterprise” company. We have limited experience selling educational software. We may incur significant expenses in order to implement our business plan. As an investor, you should be aware of the difficulties, delays, and expenses normally encountered by an enterprise in its development stage, many of which are beyond our control, including unanticipated developmental expenses, inventory costs, employment costs, and advertising and marketing expenses. We cannot assure you that our proposed business plan as described in this prospectus will materialize or prove successful, or that we will ever be able to operate profitably. If we cannot operate profitably, you could lose your entire investment.

**Our Board of Directors does not contain any independent directors.**

Our board is composed of one member, Thomas Monahan, our sole officer and director. Thus, the Board member is not an “independent” director, based on the independence criteria set forth in the corporate governance listing standards of the NASDAQ Stock Market. The NASDAQ is the exchange that we selected in order to determine whether our directors and committee members meet the independence criteria of a national securities exchange, as required by Item 407(a)(1) of Regulation S-K. An independent director means a person who is not an employee (or a relative of an employee), who has no material business relationship with the company, and also is not a significant owner of the company’s shares. Due to our small size the Company does not presently have a separately designated audit committee, compensation committee, or nominating committee.

**We may be unable to keep pace with changes in our industry and advancements in technology as our business and market strategy evolves.**

As changes in our industry occur or macroeconomic conditions fluctuate we may need to adjust our business strategies or find it necessary to restructure our operations or businesses, which could lead to changes in our cost structure, the need to write down the value of assets, or impact our profitability. We also make investments in existing or new businesses, including investments in technology and expansion of our business lines. These investments may have short-term returns that are negative or less than expected and the ultimate business prospects of the business may be uncertain.

As our business and market strategy evolves, we also will need to respond to technological advances and emerging industry standards in a cost-effective and timely manner in order to remain competitive, such as the advent of tablets for public school applications, adaptive learning technologies, and web accessibility standards. The need to respond to technological changes may require us to make substantial, unanticipated expenditures. There can be no assurance that we will be able to respond successfully to technological change

**We may need additional capital in the future, but there is no assurance that funds will be available on acceptable terms.**

We may need to raise additional funds in order to achieve growth or fund other business initiatives. This financing may not be available in sufficient amounts or on terms acceptable to us and may be dilutive to existing stockholders. Additionally, any securities issued to raise funds may have rights, preferences or privileges senior to those of existing stockholders. If adequate funds are not available or are not available on acceptable terms, our ability to expand, develop or enhance services or products, or respond to competitive pressures will be limited.

**Our curriculum and approach to instruction may not achieve widespread acceptance, which would limit our growth and profitability.**

The curriculum offerings and approach to individualized learning are based on the structured delivery, clarification, verification and practice of lesson subject matter. The acceptance and adoption of the CCSS grade level requirements and proposed common assessments of those standards is uncertain and continues to change at the state and district level. As a result, the standards for measuring student achievement could vary from state to state, and even from district to district, and therefore, we cannot anticipate at this time the impact these varying standards may have in terms of requiring additional investment on our part, or on our ability to sustain or expand our operating margins.

**We have a history of minimal revenue and no income and recent losses since our inception that may continue and cause investors to lose their entire investment.**

Virtual was formed on January 6, 2009, and it has cumulative net losses amounting to \$1,352,556 from Inception to December 31, 2015, losses amounting to \$160,284 for the year ended December 31, 2015 and losses amounting to \$49,824, for the year ended December 31, 2014.

Because of these conditions, we will require additional working capital to develop our business operations. We have not achieved profitability and we can give no assurances that we will achieve profitability within the foreseeable future, as we fund operating and capital expenditures, in such areas as sales and marketing and research and development. We cannot assure investors that we will ever achieve or sustain profitability or that our operating losses will not increase in the future. If we continue to incur losses, we will not be able to fund any of our sales and marketing and research and development activities, and we may be forced to cease our operations. If we are forced to cease operations, investors will lose the entire amount of their investment.

**Our independent auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing and which may force us to cease operations.**

In their report dated April 10, 2015, our independent auditors stated that our financial statements for the year ended December 31, 2015 and 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. These include obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions. In light of our financial position, and the current global credit crisis, we may be unable to raise working capital sufficient to continue to fund the operations of the business. If we are unable to continue as a going concern, you may lose your entire investment. Our management has currently been advancing funds to the Company to help sustain its operations on a non-interest bearing and unsecured basis. Given the difficult current economic environment, 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 or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences, or privileges senior to those of existing stockholders. If we obtain additional debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on our operations.

**The loss of Thomas Monahan, our President, or our inability to attract and retain qualified personnel could significantly disrupt our business.**

We were wholly dependent on the personal efforts and abilities of Thomas Monahan, our President. He is 68 years old. The loss of services of Mr. Monahan will disrupt, if not stop, our operations. In addition, our success will depend on our ability to attract and retain highly motivated, well-educated specialists to our staff. Our inability to recruit and retain such individuals may delay implementing and conducting our business on the internet, and or result in high employee turnover, which could have a materially adverse effect on our business or results of operations once commenced. There is no assurance that personnel of the caliber that we require will be available. The Company's management has been taken over by Roger Fidler, an attorney. He has limited relevant skills to operating the business of this Company. He may be able to locate new management capable of running the business or a new business. No assurance exists that either will be possible.

**We expect to incur losses in the future and, as a result, the value of our shares and our ability to raise additional capital may be negatively affected.**

There is no assurance that our operations will initiate a successful profitable enterprise. Due to our limited operating history as well as the recent emergence of the market addressed by us, we have neither internal nor industry-based historical financial data for any significant period of time upon which to base planned operating revenues and expenses. We expect to incur losses during the next 12 months of operations or possibly for a longer period of time. We are also likely to experience significant fluctuations in quarterly operating results caused by many factors, including the rate of growth, usage and acceptance of the Internet, changes in the demand for our products and services, introductions or enhancements of products and services by us and our competitors, delays in the introduction or enhancement of products and services by us or our competitors, subscriber order deferrals in anticipation of new products, changes in our pricing policies or those of our competitors and suppliers, changes in the distribution channels through which products are purchased, our ability to anticipate and effectively adapt to developing markets and rapidly changing technologies, our ability to attract, retain and motivate qualified personnel, changes in the mix of products and services sold, changes in foreign currency exchange rates and changes in general economic conditions. We are attempting to expand our channels of supply and distribution. There also may be other factors that significantly affect our quarterly results that are difficult to predict given our limited operating history, such as seasonality and the timing of receipt and delivery of orders within a fiscal quarter. As a retail business, we expect to operate with little or no backlog. As a result, quarterly sales and operating results depend generally on the volume and timing of orders and the ability of the Company to fulfill orders received within the quarter. All of these factors can be difficult to forecast. Our expense levels are based in part on our expectations as to future orders and sales, which, given our limited operating history, are also extremely difficult to predict. Our expense levels are, to a certain extent fixed, and it will be difficult for us to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in demand for our products and services in relation to our expectations would have an immediate adverse impact on our business, results of operations and financial condition, and could be material. Due to all of the foregoing factors, we believe that our quarterly operating results are likely to vary significantly in the future. In some future quarter our operating results may fall below the expectations of securities analysts and investors. In such event, the trading price of our common stock would likely be materially adversely affected.

We plan to use any revenues received to further develop and advance our range of educational products, and to increase our sales and marketing. Many of the expenses associated with these activities (for example, costs associated with hiring professional programmers) are relatively fixed in the short-term. We may be unable to adjust spending quickly enough to offset unexpected revenue shortfalls. If so, our operational results will suffer.

**Because we have a limited operating history, we may not be able to successfully manage our business or achieve profitability, it will be difficult for you to evaluate an investment in our stock, and you may lose your investment.**

We were initially formed in January 2009. We have a limited operating history. The market for our products sold through the Internet has not begun to develop and will be rapidly evolving when marketing of our products on the internet commences. If our website is inactive, we may experience limited sales. Our prospects must be considered in light of the risks, costs and difficulties frequently encountered by companies in their early stage of development, particularly companies in the new and rapidly evolving Internet market. In order to be successful, we must, among other things, attract, retain and motivate qualified subscribers to view our website, successfully implement our Internet marketing programs, respond to competitive developments and successfully expand our internal infrastructure, particularly sales, marketing and administrative personnel and its accounting system. There is, therefore, nothing at this time on which to base an assumption that our business will prove successful, and there is no assurance that it will be able to operate profitably if or when operations commence. You may lose your entire investment due to our lack of experience.

**Our industry is highly competitive and we may not have the resources to compete effectively and be profitable, and as a result, you may lose your entire investment.**

The markets for our products and services are new and intensely competitive. We expect competition to persist, increase, and intensify in the future as the markets for our products and services continue to develop and as additional companies enter each of its markets. We are aware of a few major retailers as well as smaller entrepreneurial companies that are focusing significant resources on developing and marketing products and services that will compete with our products and services. Numerous product offerings and services that compete with those of ours can be expected in the near future. Intense price competition may develop in our markets. We face competition in the overall Internet market, as well as in each of the market segments where our products and services compete. We have multiple competitors for each of our products and services. Many of our current and potential competitors in each of its markets have longer operating histories and significantly greater financial, technical, and marketing resources, name recognition and a more developed subscriber base. We do not believe our markets will support the increasing number of competitors and their products and services. In the past, a number of product markets have become dominated by one or a small number of suppliers, and a small number of suppliers or even a single supplier may dominate one or more of our market segments. There can be no assurance that we will be able to compete effectively with current and future competitors.

**Our future success depends upon successful sale of our products through electronic market media, and if we do not successfully achieve significant market acceptance and usage of our products, such failure would materially adversely affect our business.**

Many of our products and services are intended to be introduced for sale through electronic market media. Our success will depend largely upon the success of these and future products and services, and marketing presentation enhancements. Failure of these products and services or enhancements to achieve significant market acceptance and usage would materially adversely affect our results of operations and financial condition. If we are unable to successfully market our products and services, develop new products, services, and enhancements, complete products and services currently under development, or if such new products and services or enhancements do not achieve market acceptance, our business, results of operations and financial condition would be materially adversely affected. The market for our products and services is characterized by rapid technological change, changing subscriber needs, frequent new product introductions, and evolving industry standards. These market characteristics are exacerbated by the emerging nature of the Internet market and the fact that many companies are expected to introduce new products through the Internet in the near future. Our future success will depend in significant part on our ability to continually and on a timely basis introduce new products, services, and technologies and to continue to improve our products and services in response to both evolving demands of the marketplace and competitive product offerings. As a result, demand for and market acceptance of new products or services is subject to a high level of uncertainty, risk, and competition. These pressures may force us to incur significant expenditures to become and remain competitive in these marketplaces, and, if we fail to appropriately address these pressures, our business, financial condition, and prospects could be materially adversely affected.

**Our limited experience in implementing and conducting internet based commerce may impair our ability to grow and adversely affect our prospects.**

Our growth depends to a significant degree upon the development of our Internet/Direct Commerce business. If our website is inactive, we may experience limited sales. We have limited experience in the businesses comprising our Internet/Direct Commerce business. In order for our Internet/Direct Commerce business to succeed, we must, among other things:

- significant investments in our Internet/Direct Commerce business, including upgrading our technology and adding a significant number of new employees;
- significantly increase our online traffic and sales volume;
- attract and retain a loyal base of frequent visitors to our website;
- expand the products and services we offer over our website;
- respond to competitive developments and maintain a distinct brand identity;
- form and maintain relationships with strategic partners;
- provide quality subscriber service; and
- continue to develop and upgrade our technologies.

We cannot assure you that we will be successful in achieving these and other necessary objectives or that our Internet/Direct Commerce business will ever be profitable. If we are not successful in achieving these objectives, our business, financial condition and prospects would be materially adversely affected.

**Transactions conducted on the internet involve security risks, and there can be no assurance that all of our subscribers' transactions will be secure.**

We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure transmission of confidential information, such as subscriber credit card numbers. There can be no assurance that advances in computer capabilities; new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the algorithms used by us to protect our subscriber's transaction data. Any compromise of our security could have a material adverse effect on our reputation. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches. To the extent that activities of our or third-party contractors involve the storage and transmission of proprietary information, such as credit card numbers, security breaches could damage our reputation and expose our company to a risk of loss or litigation and possible liability which could have a material adverse effect on us.

**There may be a major change in the core curriculum requirements of school systems throughout the United States which would require a complete reprogramming of our virtual textbooks.**

Core curricula change from time to time and any significant change in such curricula would force us to reprogram our virtual textbooks to address such changes. This would consume both management time and corporate resources, especially funding, to conform our textbooks to the changes. If such changes are extensive it could find the Company in a position where such changes could not be addressed rapidly enough to remain competitive and thus could materially and adversely affect our business operations.

**We depend on products made using one technology; and products using different technologies may attract subscribers jeopardizing our business prospects.**

We were using Adobe Flash and WordPress as the platform for all of our software. Adobe Flash is one of the most versatile programming systems available. It is unique in its ability to allow the integration of many forms of electronic formatted media into an interactive and user friendly system. It is these qualities that has allowed us to adopt our style of presenting educational materials into saleable products. Adobe Flash and WordPress offers the ability to output our programs in a format that will play both PC based computer systems and Macintosh computer systems.

If Adobe Flash were to become deleted from Adobe's product line or become not supported or updated to keep pace with current computer hardware, then our software products would become obsolete very quickly.

**We may need and be unable to obtain additional funding on satisfactory terms, which could dilute our shareholders or impose burdensome financial restrictions on our business.**

Unforeseeable circumstances may occur which could compel us to seek additional funds. Future events, including the problems, delays, expenses and other difficulties frequently encountered by start-up companies may lead to cost increases that could require additional financing. Thus, we may have to borrow or otherwise raise additional funds to accomplish such objectives. We may seek additional sources of capital, including an offering of our equity securities, an offering of debt securities or obtaining financing through a bank or other entity. This may not be available on a timely basis, in sufficient amounts or on terms acceptable to us. Our inability to raise additional equity capital or borrow funds required to affect our business plan, may have a material adverse effect on our financial condition and future prospects. Additionally, to the extent that further funding ultimately proves to be available, both debt and equity financing involve risks. Debt financing may require us to pay significant amounts of interest and principal payments, reducing the resources available to us to expand our existing businesses. Some types of equity financing may be highly dilutive to our stockholders' interest in our assets and earnings. Any debt financing or other financing of securities senior to common stock will likely include financial and other covenants that will restrict our flexibility.

#### **RISKS RELATING TO OUR COMMON SHARES**

**You will not receive dividend income from an investment in the shares and as a result, you may never see a return on your investment.**

We have never declared or paid a cash dividend on our shares nor will we in the foreseeable future. We currently intend to retain any future earnings, if any, to finance the operation and expansion of our business. Accordingly, investors who anticipate the need for immediate income from their investments by way of cash dividends should refrain from purchasing any of the securities offered by our company. As we do not intend to declare dividends in the future, you may never see a return on your investment and you indeed may lose your entire investment.

## Rule 144

In general, persons who have beneficially owned restricted shares of our common stock for at least six months, and any affiliate of the company who owns either restricted or unrestricted shares of our common stock, are entitled to sell their securities without registration with the SEC under an exemption from registration provided by Rule 144 under the Securities Act.

### Non-Affiliates

Any person who is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding a sale, may sell an unlimited number of restricted securities under Rule 144 if:

- the restricted securities have been held for at least six months (including the holding period of any prior owner other than one of our affiliates);
- we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale; and
- we are current in our Exchange Act reporting at the time of sale.

### Affiliates

Persons seeking to sell restricted securities who are our affiliates at the time of, or any time during the three months preceding, a sale, would be subject to the restrictions described above. They are also subject to additional restrictions, by which such person would be required to comply with the manner of sale and notice provisions of Rule 144 and would be entitled to sell within any three-month period only that number of securities that does not exceed the greater of either of the following:

- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Additionally, persons who are our affiliates at the time of, or any time during the three months preceding, a sale may sell unrestricted securities under the requirements of Rule 144 described above, without regard to the six month holding period of Rule 144, which does not apply to sales of unrestricted securities.

### Unlimited Resales by Non-Affiliates

Any person who is not deemed to have been an affiliate of ours at the time of, or at any time during the three months preceding, a sale and has held the restricted securities for at least one year, including the holding period of any prior owner other than one of our affiliates, will be entitled to sell an unlimited number of restricted securities without regard to the length of time we have been subject to Exchange Act periodic reporting or whether we are current in our Exchange Act reporting.

### **Our Common Stock Is A “Penny Stock,” And Compliance With Requirements For Dealing In Penny Stocks May Make It Difficult For Holders Of Our Common Stock To Resell Their Shares.**

Currently there is no public market for our common stock. If the common stock is ever listed in, the public market in what is known as the over-the-counter market and at least for the foreseeable future, our common stock will be deemed to be a “penny stock” as that term is defined in Rule 3a51-1 under the Securities Exchange Act of 1934. Rule 15c-2 under the Exchange Act requires broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain from these investors a manually signed and dated written acknowledgement of receipt of the document before effecting a transaction in a penny stock for the investor’s account. Compliance with these requirements may make it more difficult for holders of our common stock to resell their shares to third Parties or otherwise, which could have a material adverse effect on the liquidity and market price of our common stock.

Penny stocks are stocks with a price of less than \$5.00 per share unless traded on NASDAQ or a national securities exchange.

Penny stocks are also stocks, which are issued by companies with Net tangible assets of less than \$2.0 million (if the issuer has been in continuous operation for at least three years); or \$5.0 million (if in continuous operation for less than three years); or average revenue of less than \$6.0 million for the last three years.

**The application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and to the Internet and other online services could have a material adverse effect on us.**

We are not currently subject to direct regulation by any domestic or foreign governmental agency, other than regulations applicable to businesses generally, and laws or regulations directly applicable to access to online commerce. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, pricing, content, copyrights, distribution, and characteristics and quality of products and services. Furthermore, the growth and development of the market for online commerce may prompt more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. The adoption of any additional laws or regulations may decrease the growth of the Internet or other online services, which could, in turn, decrease the demand for our products and services and increase our cost of doing business, or otherwise have an adverse effect on us. Moreover, the applicability to the Internet and other online services of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes and personal privacy is uncertain and may take years to resolve. In addition, as our service is available over the Internet in multiple states and foreign countries, and as we sell to numerous consumers residing in such states and foreign countries, such jurisdictions may claim that we are required to qualify to do business as a foreign corporation in each such state and foreign country. We are qualified to do business in only two states, and failure by us to qualify as a foreign corporation in a jurisdiction where it is required to do so could subject us to taxes and penalties for the failure to qualify. Any such new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and to the Internet and other online services could have a material adverse effect on us.

**Our stock price may fluctuate significantly, and you may not be able to resell your shares at or above the current market price.**

The trading price of our common stock is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- regulatory or political developments;
- market conditions in the broader stock market;
- actual or anticipated fluctuations in our quarterly financial and results of operations;
- introduction of new products or services by us or our competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- investor perceptions of us and the educational industry;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- litigation and governmental investigations; and
- changing economic conditions.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the Company that issued the stock. If any of our stockholders were to bring a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

**If a trading market for the Company's common stock develops, and if securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our stock or if our results of operations do not meet their expectations, our stock price and trading volume could decline in the event that a trading market for the Company's common stock develops.**

If a trading market for our common stock develops, it will be influenced by the research and reports that industry or analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline, if such a market develops. Moreover, if one or more of the analysts who cover us downgrade their recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price could decline and such decline could be material, if a trading market in the Company's common stock develops.

**Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could reduce the price of our common stock and may dilute your voting power and your ownership interest in us.**

If our existing stockholders sell substantial amounts of our common stock in the public market, the market price of our common stock could decrease significantly. The perception in the public market that our existing stockholders might sell shares of common stock could also depress our market price.

**Insiders have substantial control over us and could limit your ability to influence the outcome of key transactions, including a change of control.**

As of December 31, 2015, our principal stockholders, directors, and executive officers and entities affiliated with them owned approximately 88.93% of the outstanding shares of our common stock. As a result, these stockholders, if acting together, would be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. The concentration of ownership may have the effect of delaying, preventing, or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and may materially adversely affect the market price of our common stock.

As a result of becoming a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting and are subject to other requirements that will be burdensome and costly. We may not timely complete our analysis of our internal control over financial reporting, or these internal controls may not be determined to be effective, which could adversely affect investor confidence in our company and, as a result, the value of our common stock.

Prior to our initial public offering, we are operating our business as a private company. We will now be required to file with the Securities and Exchange Commission, or SEC, annual and quarterly information and other reports that are specified in Section 13 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. In addition, we are subject to other reporting and corporate governance requirements, including the requirements of listing on the OTCBB, and if listed for continuing to remain listed on the OTCBB, and certain provisions of the Sarbanes-Oxley Act of 2002 and the regulations promulgated there under, which impose significant compliance obligations upon us. As a public company, we will be required to:

- Prepare and distribute periodic public reports and other stockholder communications in compliance with our obligations under the federal securities laws and OTCBB rules;
- create or expand the roles and duties of our board of directors and committees of the board;
- maintain a more comprehensive financial reporting and disclosure compliance functions;
- maintain an accounting and financial reporting department, including personnel with expertise in accounting and reporting for a public company;
- enhance and formalize closing procedures at the end of our accounting periods;
- maintain an internal audit function;
- enhance our investor relations function;
- establish and maintain new internal policies, including those relating to disclosure controls and procedures; and
- involve and retain to a greater degree outside counsel and accountants in the activities listed above.

These requirements entail a significant commitment of additional resources. We may not be successful in implementing these requirements and implementing them could adversely affect our business or results of operations. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our results of operations on a timely and accurate basis could be impaired.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our corporate headquarters are located at 60 Knolls Crescent Suite 9M; Bronx, New York 10463.

**Item 3. Legal Proceedings**

We currently are not subject to any material litigation or regulatory proceedings.

**Item 4. Mine Safety**

Not applicable.

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

There is no public market for the Company’s Common Equity.

There are 16,304,300 shares of common stock issued and outstanding held by approximately 42 holders of record

## Item 6. Selected Financial Data

The following selected financial data has been derived from and should be read in conjunction with our financial statements and related notes in Item 15 of this report and our Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this report.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Statements of Income:</b>		
Revenue	\$ 107	\$ 400
Gross profit	107	400
Income (loss) from continuing operations	(107,534)	(48,869)
Net income (loss)	\$ (160,284)	\$ (49,825)
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
<b>Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 2,298	\$ 26,773
Total assets	53,632	114,240
Total liabilities	84,371	71,462
Total equity (deficit)	\$ (30,739)	\$ 42,778

should be referenced in connection with a review of the following discussion of our results of operations for both the year ending December 31, 2015 and 2014.

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### Forward-Looking Statements

Management's Discussion and Analysis or Plan of Operation contains "forward-looking" statements, as well as historical information. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that the expectations reflected in these forward-looking statements will prove to be correct. Forward-looking statements include those that use forward-looking terminology, such as the words "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "plan," "will," "shall," "should," and similar expressions, including when used in the negative. Although we believe the expectations reflected in these forward-looking statements are reasonable and achievable, these statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Current shareholders and prospective investors are cautioned that any forward-looking statements are not guarantees of future performance. Such forward-looking statements by their nature involve substantial risks and uncertainties, certain of which are beyond our control, and actual results for future periods could differ materially from those discussed in this report, depending on a variety of important factors, among which are our ability to implement our business strategy, our ability to compete with major established companies, the acceptance of our products in our target markets, our ability to attract and retain qualified personnel, our ability to obtain financing, our ability to continue as a going concern, and other risks described from time to time in our filings with the Securities and Exchange Commission. Forward-looking statements contained in this report speak only as of the date of this report. Future events and actual results could differ materially from the forward-looking statements. You should read this report completely and with the understanding that actual future results may be materially different from what management expects. We will not update forward-looking statements even though its situation may change in the future.

We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Important factors on which such statements are based are assumptions concerning uncertainties, including but not limited to uncertainties associated with the following:

- (a) potential fluctuation in quarterly results;
- (b) our failure to earn revenues or profits;
- (c) inadequate capital and barriers to raising the additional capital or to obtaining the financing needed to implement our business plans;
- (d) inadequate capital to continue business;
- (e) changes in demand for our products and services;
- (f) rapid and significant changes in markets;
- (g) litigation with or legal claims and allegations by outside parties;
- (h) insufficient revenues to cover operating costs.

You should read the following discussion and analysis in conjunction with our financial statements and notes thereto, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of management.

## **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 standards-based 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. In 2012, Virtual Learning began publishing an aggregate of fourteen titles to Amazon Kindle and Barnes and Noble Nook. These titles have a retail price of \$3.00 and earn the Company a 65% royalty with each sale.

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 the of 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.

## **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures. We review our estimates and judgments on an on-going basis. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe the following accounting policies are critical to the judgments and estimates we use in preparing our financial statements.

## **Going Concern**

As of December 31, 2015, Virtual Learning had cash of \$2,298 and negative working capital of \$82,073. For the years ended December 31, 2015 and 2014, Virtual Learning had revenues \$107 and \$400, respectively and sustained net losses of \$160,284 and \$49,825, 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 as of December 31, 2015 and 2014 of \$51,334 and \$87,467, respectively. 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 an estimated useful life of five years. 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, and accounts payable. The carrying amount of cash and cash equivalents and accounts payable approximates fair value because of their short maturities. 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 in years ended December 31, 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 text books 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 of 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 (none for the periods presented).

## **Recent Developments**

During the period from January 1, 2015, to December 31, 2015, we made the following improvements in that we:

1. improved our methods of animation workflow to the point of being able to render our work product as both an interactive animation and video format suitable for playing on You Tube or manufacturing, production and distribution as a DVD formatted disc;
2. continued the process of changing the programming platform of our website from being Adobe Flash based to utilizing WordPress as the basis of website. This change will ensure that our website will be available to potential users utilizing various cell phones providers as the basis for accessing educational products: accessible through various tablet sized computers offered by various computer manufacturers and other computer based educational devices that are contemplated by the computer industry.
3. continued our implementation and utilization of HostGator services as our ISP which reduced the cost of internet services and to take advantage of their increased security in their database software and took advantage of their full range of programming platform offerings for WordPress.

Most, and possibly all, of the expertise gained in 2015 has been lost with the death of Thomas P. Monahan on April 4, 2016.

## **Seasonality of Business**

In the United States, seasonal trends associated summer vacations, start of academic years, normal gift giving holidays, popular shopping holidays and occasions, promotion to the next grade level are periods where sales are expected to be higher because of relationship of purchasing gifts and needed items for friends and family members being specifically associated with these occasions. In addition, sales of subscriptions to organizations willing to sponsor group subscribers start of school budget years, and state testing calendars also affect the timing of our sales of subscriptions to new and existing subscribers. At present, we anticipate that subscriptions to our products will generate the vast majority of our revenue. We rely significantly on our ability to secure renewals for subscriptions to our products as well as sales to new subscribers.

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

The summary of selected financial data table below

### THE VIRTUAL LEARNING COMPANY, INC.

#### STATEMENTS OF OPERATIONS

	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	\$ 107	\$ 400
Operating Expenses		
Selling, general and administrative	35,841	16,469
Common stock issued for legal services	40,000	-
Depreciation and amortization	31,800	32,800
Total operating expenses	107,641	49,269
Loss from operations	(107,534)	(48,869)
Other income/deductions		
Amortization of debt discounts	(45,834)	
Interest expense	(6,916)	956
Total other income (expense)	(52,750)	
Net loss	\$ (160,284)	\$ (49,825)

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 years ended December 31, 2015 and 2014**

##### ***Revenues***

For the years ended December 31, 2015 and December 31, 2014, net revenues were \$107 as compared to \$400 for the year ended December 31, 2014. This decrease in net revenue stream was the result of adding to our list of ePub titles available on Amazon Kindle and Barnes and Noble's Nook systems. Our retail price as suggested by Amazon was set at three dollars with a royalty per agreement set by Amazon and Barnes and Noble at 65% of the sales price. Amazon will offer our titles in various markets around the world at various royalty points. The retail price of \$3.00 was also used for our ePub titles listed with Barnes and Noble's Nook system. As of December 31, 2015 and 2014, all of our sales were domestic.

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

For the years ended December 31, 2015 and 2014, respectively, our cost of sales were none. This lack of cost of sales is attributed to fact that our sales through Amazon's Kindle and Barnes and Noble's Nook were through their download program whereby we receive a net royalty of 65% of the sale price which was set by Amazon and Barnes and Noble at \$3.00 per title less a download fee per title of approximately \$.35 per sale.

### ***Operating Expenses***

Operating expenses increased \$58,372 from \$49,269 in 2014 to \$107,641 in 2015. The increase was attributable to the issuance of common stock issued for legal services in 2015 (\$-0- 2014) and offset partially by a \$19,372 increase in selling, general and administrative expenses.

Selling, general and administrative expenses for the year ending December 31, 2015 of \$35,841 includes Computer and internet expense of \$4,026, Nevada Franchise taxes of \$625, office expenses of \$550, professional fees of \$23,609, SEC publication expense of \$6,490 stock transfer expenses of \$541. The Company also recorded interest expense of \$6,916 on total convertible debt of \$50,000. Selling, general and administrative expenses for the year ending December 31, 2014 of \$16,469 includes Computer and internet expense of \$2,011, Nevada Franchise taxes of \$625, office expenses of \$33, professional fees of \$12,500 and stock transfer expenses of \$1,300

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.

In October and November, 2014, Virtual Learning received cash loans from three individuals and one entity totaling \$40,000. The loans bear interest at 15% per annum and are due one year from the date of receipt. The lenders have the right to convert all or part of the principal and interest into Virtual Learning common stock at a price of \$.20 per share. For the year ended December 31, 2014, the Company has accrued interest of \$956.

As an inducement to make the loans, Virtual Learning promised to issue the lenders an aggregate of 200,000 shares of Virtual Learning common stock (which were issued and delivered to the lenders in January 2015).

### **Liquidity and Capital Resources**

As of December 31, 2015 and 2014, our cash balance was \$2,298 and \$26,773, respectively, total assets were \$53,632 and \$114,240, respectively, and total current liabilities amounted to \$84,371 and \$71,462, respectively, including officer loans payable of \$14,525 and \$19,366, respectively. As of December 31, 2015 and 2014, the total stockholders' equity was \$(30,739) and \$42,778, respectively. 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 services at no cost to the Company. In October and November, 2014, In 20,15, Virtual Learning received cash loans from three individuals and one entity totaling \$40,000 and additional cash loans from two individuals totaling \$10,000 in 2015. The loans bear interest at 15% per annum and are due one year from the date of receipt. The lenders have the right to convert all or part of the principal and interest into Virtual Learning common stock at a price of \$.20 per share. We may seek additional capital to fund potential costs associated with expansion and/or acquisitions.

In his report dated April 30, 2015, our independent auditor stated that our financial statements for the year ended December 31, 2014 and 2013 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.

Subsequent to the date of our financial statements, the following events occurred:

### **FINRA APPROVAL**

**In March of 2016 the Company was notified that its primary market maker had concluded the FINRA review process and had been assigned a trading symbol-VRTR. No application for listing with OTCMarkets has been filed at the date of this Form 10-K but the Company intends to so file during the second calendar quarter of 2016.**

### **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 in 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.

## Risk

### Effects of Inflation

We believe that inflation has not had a material impact on our results of operations in the periods presented. We cannot assure you that future inflation will not affect our operating expense in future periods.

### Foreign Currency Exchange Rate Risk

We are not exposed to potential gains or losses from foreign currency fluctuations.

### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

### Item 8. Financial Statements and Supplementary Data

Our Financial Statements and Supplementary Data are included in Item 15 of this report.

The following table summarizes data derived from our unaudited Statements of Income and Cash Flows for each of the three months ended on the dates indicated. The information for each of these quarters has been prepared on the same basis as our audited financial statements included in this report and, in the opinion of management, includes all adjustments necessary for the fair presentation of the results of operations for such periods. This data should be read in conjunction with the audited financial statements and the related notes included in Item 15 of this report. These quarterly operating results are not necessarily indicative of our operating results for any future period.

	<u>March 31, 2015</u>	<u>June 30, 2015</u>	<u>September 30, 2015</u>	<u>December 31, 2015</u>
Revenue	\$ 40	\$ 15	\$ 20	\$ 32
Gross profit	40	15	20	32
Income from continuing operations	(69,545)	(10,471)	(17,445)	(10,073)
Net (loss) income from continuing operations	<u>\$ (84,378)</u>	<u>\$ (22,965)</u>	<u>\$ (31,828)</u>	<u>\$ (21,113)</u>
Earnings (loss) per share from continuing operations:				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	<u>March 31, 2014</u>	<u>June 30, 2014</u>	<u>September 30, 2014</u>	<u>December 31, 2014</u>
Revenue	\$ 84	\$ 126	\$ 136	\$ 54
Gross profit	84	126	136	54
Income from continuing operations	(8,560)	(8,465)	8,643	(24,158)
Net (loss) income from continuing operations	<u>\$ (8,560)</u>	<u>\$ (8,465)</u>	<u>\$ (8,643)</u>	<u>\$ (24,158)</u>
Earnings (loss) per share from continuing operations:				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

## INDEX TO THE FINANCIAL STATEMENTS

	<u>Page(s)</u>
<a href="#">Index to the Financial Statements</a>	F-1
<a href="#">Report of Independent Registered Certified Public Accounting Firm</a>	F-2
<a href="#">Balance Sheets as of December 31, 2015 and 2014</a>	F-3
<a href="#">Statements of Operations for the years ended December 31, 2015 and 2014</a>	F-4
<a href="#">Statements of Changes in Stockholders' Equity for the years ended December 31, 2015 and 2014</a>	F-5
<a href="#">Statements of Cash Flows for the years ended December 31, 2015 and 2014</a>	F-6
<a href="#">Notes to the Financial Statements</a>	F-7

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of The Virtual Learning Company, Inc.

I have audited the accompanying balance sheets of The Virtual Learning Company, Inc. (the "Company") as of December 31, 2015 and 2014 and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Virtual Learning Company, Inc. as of December 31, 2015 and 2014 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's present financial situation raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*/s/ Michael T. Studer CPA P.C.*

---

Michael T. Studer CPA P.C.

Freeport, New York  
May 6, 2016

THE VIRTUAL LEARNING COMPANY, INC.

BALANCE SHEETS

	December 31, 2015	December 31, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,298	\$ 26,773
PROPERTY AND EQUIPMENT, net	-	-
<b>OTHER ASSETS</b>		
Capitalized curriculum development costs	51,334	87,467
<b>Total assets</b>	<b>\$ 53,632</b>	<b>\$ 114,240</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 15,500	\$ 10,000
Convertible Notes Payable, net of unamortized debt discounts of \$4,166 and \$0, respectively, and accrued interest	53,706	40,956
Corporate State taxes payable	640	1,140
Officer loan payable	14,525	19,366
<b>Total current liabilities</b>	<b>84,371</b>	<b>71,462</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock; 5,000,000 shares authorized, \$.001 par value, as of December 31, 2015 and 2014, there are no shares outstanding	-	-
Common stock; 70,000,000 shares authorized, \$.001 par value, as of December 31, 2015 and 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	(1,352,556)	(1,192,272)
<b>Net stockholders' equity</b>	<b>(30,739)</b>	<b>42,778</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 53,632</b>	<b>\$ 114,240</b>

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

THE VIRTUAL LEARNING COMPANY, INC.

STATEMENTS OF OPERATIONS

	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	\$ 107	\$ 400
Operating Expenses		
Selling, general and administrative	35,841	16,469
Common stock issued for legal services	40,000	-
Depreciation and amortization	31,800	32,800
Total operating expenses	107,641	49,269
Loss from operations	(107,534)	(48,869)
Other income/deductions		
Amortization of debt discounts	(45,834)	
Interest expense	(6,916)	(956)
Total other income (expense)	(52,750)	(956)
Net loss	\$ (160,284)	\$ (49,825)
Basic and diluted net loss per common share	\$ (.01)	\$ (.00)
Weighted average shares outstanding-basic and diluted	16,253,450	15,902,100

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

THE VIRTUAL LEARNING COMPANY, INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

For the years ended December 31, 2015 and 2014

	Common stock		Additional Paid in Capital	Deficit Accumulated During the Development Stage	Total
	Shares	Amount			
<b>Balance at December 31, 2013</b>	15,902,100	\$ 15,902	\$ 1,219,148	\$ (1,142,447)	\$ 92,603
Net loss for the year ended December 31, 2014				(49,825)	(49,825)
<b>Balance at December 31, 2014</b>	15,902,100	15,902	1,219,148	(1,192,272)	42,778
Issuance of common stock for Legal fees	200,000	200	39,800		40,000
Issuance of common stock to noteholders in connection with their loans	250,000	250	49,750		50,000
Issuance of common stock for cash	2,200	2	1,098		1,100
Adjustment for cancelled shares	(50,000)	(50)	(4,283)		(4,333)
Net loss for the year ended December 31, 2015				(160,284)	(160,284)
<b>Balance at December 31, 2015</b>	16,304,300	\$ 16,304	\$ 1,305,513	\$ (1,352,556)	\$ (30,739)

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

THE VIRTUAL LEARNING COMPANY, INC.

STATEMENTS OF CASH FLOWS

	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (160,284)	\$ (49,824)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	31,800	32,800
Amortization of debt discounts	45,833	-
Issuance of common stock for legal services	40,000	-
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	5,500	(10,000)
Accrued interest on convertible notes payable	6,917	955
Corporate State taxes payable	(500)	-
Net cash used in operating activities	<u>(30,734)</u>	<u>(26,069)</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment	-	-
<b>FINANCING ACTIVITIES</b>		
Proceeds from sale of common stock	1,100	-
Proceeds from sale of convertible notes	10,000	40,000
Proceeds from officer loan payable	28,155	29,069
Repayments of officer loan payable	<u>(32,996)</u>	<u>(16,404)</u>
Net cash provided by financing activities	<u>6,259</u>	<u>52,665</u>
NET INCREASE (DECREASE) IN CASH	(24,475)	26,596
CASH BALANCE, BEGINNING OF PERIOD	<u>26,773</u>	<u>177</u>
CASH BALANCE, END OF PERIOD	<u>\$ 2,298</u>	<u>\$ 26,773</u>
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
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**

Years Ended December 31, 2015 and 2014

**1 - Summary of Significant Accounting Policies**

**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 which has been sold through Barnes and Noble’s Nook and Amazon’s Kindle commencing in 2012.

**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 December 31, 2015, Virtual Learning had cash of \$2,298 and negative working capital of \$82,073. For the years ended December 31, 2015 and 2014, Virtual Learning had revenues of \$107 and \$400, respectively and sustained net losses of \$160,284 and \$49,825, 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 as of December 31, 2015 and 2014 of \$51,334 and \$87,467, respectively. 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 an estimated useful life of five years. 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 in the years ended December 31, 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 of 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 years ended December 31, 2015 and 2014, the 289,360 and 204,780 shares of common stock underlying the \$57,872 and \$40,956 balances of convertible notes payable and accrued interest at December 31, 2015 and 2014, respectively, were excluded from the calculation of diluted shares outstanding as their inclusion would be ant-dilutive.

### **Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification “ASC” Topic 606). The purpose of this ASU is to converge revenue recognition requirements per GAAP and International Financial Reporting Standards (“IFRS”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for interim and annual reporting periods beginning after December 15, 2016, with early adoption not permitted by the FASB; however, in August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date after public comment respondents supported a proposal to delay the effective date of this ASU to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. We are currently evaluating the impact of this ASU on our financial position, results of operations and cash flows.

In April 2015, the FASB issued ASU No. 2015-03, “Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. Prior to the issuance of the standard, debt issuance costs were required to be presented in the balance sheet as an asset. We are currently assessing the impact that adopting this new accounting guidance will have on our financial statements and footnote disclosures. ASU 2015-03 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Accordingly, the standard is effective for us on January 1, 2016.

In September 2015, the FASB issued ASU 2015-16, “Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments,” which requires acquirers to recognize adjustments to provisional amounts identified during the reporting period in which the adjustment amounts are determined. Acquirers should record, in the same period’s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. Application of the standard, which should be applied prospectively, is required for the annual and interim periods beginning after December 15, 2015. We do not believe that adoption will have a material impact on our results of operations or financial position.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”. The core principle of the standard is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in its statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. We will be required to adopt the new standard in the first quarter of 2019. We are currently evaluating the impact this new standard will have on our financial statements.

## 2 - Property and Equipment

Property and equipment is summarized as follows:

	December 31, 2015	December 31, 2014
Office equipment	\$ 4,155	\$ 4,155
Less: Accumulated depreciation	<u>(4,155)</u>	<u>(4,155)</u>
Property and Equipment- net	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$-0- and \$-0-, respectively.

## 3 - Capitalized Curriculum Development Costs

Capitalized curriculum development costs is summarized as follows:

	December 31, 2015	December 31, 2014
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>(102,666)</u>	<u>(76,533)</u>
Net	<u>\$ 51,334</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 December 31, 2015 and 2014, the Company’s estimates of future undiscounted cash flows from the courses exceeded the carrying amounts of the capitalized curriculum development costs (\$51,334 and \$87,467, respectively) and therefore no impairment was recognized.

For the years ended December 31, 2015 and 2014, amortization of Capitalized Curriculum Development Costs were \$31,800 and \$32,800, 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.

At December 31, 2015, expected future amortization expense of Capitalized Curriculum Development Costs follows:

Year ended December 31,	Amount
2016	\$ 30,800
2017	\$ 20,534
Total	\$ 51,334

#### 4 - Related Party Transactions

At December 31, 2015 and 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 \$14,525 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 Promissory Notes-Net

Convertible Notes Payable-net is summarized as follows:

	December 31, 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	7,872	956
Total	57,872	40,956
Less unamortized debt discounts	(4,166)	-
Net	\$ 53,706	\$ 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.

As of December 31, 2015, the \$40,000 of Notes issued in October and November 2014 due in October and November 2015 were in default.

## 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 (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 100 shares of common stock to one individual at a price of \$.50 per share for proceeds of \$50.

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

## 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:

	Year Ended December 31,	
	2015	2014
Expected tax at 35%	\$ (56,099)	\$ (17,439)
Non-deductible stock-based compensation	14,000	-
Non-deductible amortization of debt discounts	16,042	-
Non-deductible amortization of stock-based and contributed Capitalized Curriculum Development Costs	11,130	11,480
Change in valuation allowance	14,927	5,959
Provision for (benefit from) income taxes	\$ -	\$ -

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

	December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carry forward	\$ 41,436	\$ 26,509
Valuation allowance	(41,436)	(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 \$41,436 attributable to the future utilization of \$118,389 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 December 31, 2015. 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 \$42,650 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 - 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 provide for the payment of 5% royalties each 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 have made material contributions.

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

### 9 - 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.

### 10 - Subsequent Events

On March 16, 2016, the Financial Industry Regulatory Authority (FINRA) informed Alpine Securities Corp. (Alpine) that FINRA had cleared Alpine’s request for an unpriced quotation on the OTC link for Virtual Learning Company, Inc. common stock (“VRTR”). The Company has yet to apply to OTCMarkets.com for listing and there can be no assurance that such listing application will be approved.

On April 4, 2016, Thomas P. Monahan, the sole officer and director of the Company died.

On April 11, 2016, Athena Monahan, wife and believed to be the sole heir to the Estate of Thomas Monahan, executed a Consent of Majority Shareholder appointing Roger Fidler, Esq., former counsel to the Company, as President and director. Mr. Fidler intends to perform the functions in these offices on an interim basis until suitably qualified personnel can be found to carry on the business of the Company.

## ITEM 9. – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. – CONTROLS AND PROCEDURES.

#### (a) Disclosure Controls and Procedures

The Company is required to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its chief executive officer (also its principal executive officer) and its chief financial officer (also its principal financial and accounting officer) to allow for timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ("Exchange Act"), the Company's management, including the Company's President ("President"), the Company's principal executive officer ("CEO") and Chief Financial Officer ("CFO") (the Company's principal financial and accounting officer), have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation the Company's CEO, President and CFO concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015 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 CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

#### (b) Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of December 31, 2015, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, the Company concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of its internal controls over financial reporting that adversely affected its internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that the Company's management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board was (a) the lack of a functioning audit committee, (b) there are insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements, (c) there is a lack of expertise with US generally accepted accounting principles and SEC rules and regulations for review of critical accounting areas and disclosures and material non-standard transactions and (d) lack of effective oversight during the financial close process resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures. The aforementioned material weaknesses were identified by the Company's management in connection with the review of its financial statements for the year ended December 31, 2015.

Management believes that the material weaknesses set forth above did not have an effect on its financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors, coupled with not having individuals on staff or retainer with a thorough knowledge of US GAAP and SEC rules and regulations and lack of effective oversight on the financial close process results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in its financial statements in future periods.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by its registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

#### Remediation Plan

Management is sensitive to the issues presented and intends to take appropriate action when the Company's financial resources permit. Management will continue to review and make necessary changes to the overall design of its internal control environment

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

#### **Family Relationships**

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

#### **Indemnification of Directors and Officers**

Our Articles of Incorporation and Bylaws both provide for the indemnification of our officers and directors to the fullest extent permitted by Nevada law.

#### **Limitation of Liability of Directors**

Pursuant to the Nevada General Corporation Law, our Articles of Incorporation exclude personal liability for our Directors for monetary damages based upon any violation of their fiduciary duties as Directors, except as to liability for any breach of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or any transaction from which a Director receives an improper personal benefit. This exclusion of liability does not limit any right which a Director may have to be indemnified and does not affect any Director's liability under federal or applicable state securities laws. We have agreed to indemnify our directors against expenses, judgments, and amounts paid in settlement in connection with any claim against a Director if he acted in good faith and in a manner he believed to be in our best interests.

#### **Election of Directors and Officers**

Directors are elected to serve until the next annual meeting of stockholders and until their successors have been elected and qualified. Officers are appointed to serve until the meeting of the Board of Directors following the next annual meeting of stockholders and until their successors have been elected and qualified.

#### *Section 16(a) Beneficial Ownership Reporting Compliance*

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our executive officers and directors, and persons who beneficially own more than ten percent of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and greater-than-ten-percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based upon a review of the copies of such forms furnished to us and written representations from our executive officers and directors, we believe that as of the date of this filing they were all current in their filings.

#### **Code of Ethics**

A code of ethics relates to written standards that are reasonably designed to deter wrongdoing and to promote:

- 1) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 2) Full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the Commission and in other public communications made by an issuer;
- 3) Compliance with applicable governmental laws, rules and regulations;
- 4) The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- 5) Accountability for adherence to the code.

We have not adopted a corporate code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Our decision to not adopt such a code of ethics results from our having a small management structure for the Company. We believe that the limited interaction which occurs having such a small management structure for the Company eliminates the current need for such a code, in that violations of such a code would be reported to the party generating the violation.

## Corporate Governance

We currently do not have standing audit, nominating and compensation committees of the board of directors, or committees performing similar functions. Until formal committees are established, our entire board of directors will perform the same functions as an audit, nominating and compensation committee.

### Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has, during the past five years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

## DIRECTORS AND EXECUTIVE OFFICERS

The name, age and titles of our executive officer and director is as follows:

<u>Name and Address of Executive Officer and/or Director</u>	<u>Age</u>	<u>Position</u>
1522 Gardner Drive Lutz, Florida 33559		(Principal Executive, Financial and Accounting Officer)
Thomas P. Monahan 60 Knolls Crescent Apt 9M Bronx, New York 10463	68	President, Treasurer, Secretary and Director (Principal Executive, Financial and Accounting Officer)

**Thomas P. Monahan** has acted as our President, Treasurer, Secretary and sole Director since our incorporation on January 6, 2009. Mr. Thomas P. Monahan owns 61.33% of the outstanding shares of our common stock. Thomas Monahan has been President of the Company from its inception to present. Mr. Monahan is a retired Certified Public Accountant who was in public practice as a sole practitioner from 1986 through December 2005. During this time, an injury to both of his legs and an extensive hospital and rehabilitation period no longer permitted him to meet the travel requirements of his engagements. On December 19, 2005, the New Jersey State Board of Accountancy entered a Consent Order whereby Mr. Monahan voluntarily agreed not to renew his license to practice accountancy in the State of New Jersey and to surrender his license, which expired December 31, 2005. The action arose because Mr. Monahan did not respond to an ethics inquiry by the American Institute of Certified Public Accountants. The failure to respond was due initially to Mr. Monahan's prolonged hospital stay, caused by an accident and his failure to receive the notice mailed to his vacated residence during the hospital stay. Subsequently, Mr. Monahan had no interest in pursuing public accountancy due to his physical disability and thus did not bother to respond to the inquiry. No further action was taken by either the American Institute of Certified Public Accountants or the New Jersey State Board of Accountancy with respect to the underlying ethics inquiry that had been pending for many years concerning Mr. Monahan's involvement in the audit of Searex, Inc., a private company because Mr. Monahan decided not to renew his license to practice accounting in 2006. In March, 2016, Mr. Monahan was admitted to Montefiore Hospital in the Bronx, NY for about two weeks. He died unexpectedly about two weeks after being released on April 4, 2016.

Roger Fidler. Mr. Fidler assumed the officer positions and directorship at the request of Mr. Monahan's wife and heir, Athena Monahan. Mr. Fidler has been engaged in the private practice of law for over thirty years and had represented the Company from inception. His primary specialties are litigation, corporate and securities law and intellectual property law. From time to time Mr. Fidler has served as an officer and director of publicly traded companies, most recently, 2010 to 2015, being General Counsel and a director of Proteonomix, Inc., a biotechnology, stem cell company. Mr. Fidler will attempt to maintain the continuity of the business of the Company and failing that arrange for a new business for the Company after which his intention is to resign.

### AUDIT COMMITTEE

We do not have an audit committee financial expert. We do not have an audit committee financial expert because we believe the cost related to retaining a financial expert at this time is prohibitive. Further, because we have no operations, at the present time, we believe the services of a financial expert are not warranted.

### ITEM 11. EXECUTIVE COMPENSATION

The table below summarizes all compensation awarded to, earned by, or paid to our executive officers by any person for all services rendered in all capacities to us for the fiscal period from our incorporation on January 6, 2009 to December 31, 2015.

SUMMARY COMPENSATION TABLE

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	All Other Compensation (\$)	Total (\$)
Thomas P. Monahan, President, Secretary and Treasurer	2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2012	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2013	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

There are no current employment agreements between the company and its officer.

CHANGE OF CONTROL

As of December 31, 2015, we had no pension plans or compensatory plans or other arrangements which provide compensation in the event of a termination of employment or a change in our control.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table provides certain information regarding the ownership of our common stock, as of February 28, 2015 and as of the date of the filing of this annual report by:

- each of our executive officers;
- each director;
- each person known to us to own more than 5% of our outstanding common stock; and
- all of our executive officers and directors and as a group.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage
Common Stock	Thomas P. Monahan*	10,000,000 shares of common stock (direct)	61.33%
	John Swint	3,000,000 shares of Common stock	18.40%
	Roger L. Fidler Esq.	1,400,000 shares of common stock	8.59%
All officers and directors (1 person)**		1,400,000 shares of common stock	8.59%

The percent of class is based on 16,304,300 shares of common stock issued and outstanding as of the date of this annual report.

\*Athena Monahan is believed to be the heir to the shares of Mr. Monahan, her husband.

\*\* On April 12, 2016 Mr. Fidler became the sole officer and director of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On February 17, 2009, Virtual Learning issued 10,000,000 shares of common stock at par value (\$.001 per share) to Thomas P. Monahan, President, in exchange for cash of \$10,000.

On March 31, 2009, Virtual Learning issued an aggregate of 700,000 shares of common stock to four individuals for services relating to curriculum development. The 700,000 shares were valued at \$140,000 (or \$.20 per share), which amount was charged to "Capitalized Curriculum Development Costs" (See Note 3) in 2009.

On March 31, 2009, Virtual Learning issued 3,000,000 shares of common stock to Dr. John Swint for services. The 3,000,000 shares were valued at \$600,000 (or \$.20 per share), which amount was expensed and included in "Common Stock issued for consulting fees" in the accompanying Statements of Operations in 2009.

On March 31, 2009, Virtual Learning issued 400,000 shares of common stock to Mr. Roger Fidler for legal services. The 400,000 shares were valued at \$80,000 (or \$.20 per share), which amount was expensed and included in "Common stock issued for legal fees" in the accompanying Statements of Operations in 2009.

In March 2010, Virtual Learning issued 100,000 shares of common stock for a cash price of \$20,000 at \$.20 per share to one individual.

In June 2010, Mr. Roger Fidler, President, received an additional 600,000 shares of common stock for legal services. The 600,000 shares were valued at \$120,000 (or \$.20 per share), which amount was expensed and included in "Common stock issued for legal fees" in the accompanying Statements of Operations in 2010.

In June 2010, Virtual Learning issued an aggregate of 550,000 shares of common stock to four individuals for services relating to curriculum development. The 550,000 shares were valued at \$110,000 (or \$.20 per share), which amount was charged to "Capitalized Curriculum Development Costs" (See Note 3) in 2010.

In October 2011, an agreement with one individual was rescinded for non-performance. The stock certificate for 200,000 shares was returned to Virtual Learning and canceled. The 200,000 shares were valued at \$40,000 (or \$.20 per share), which amount was credited to "Capitalized Curriculum Costs" (See Note 3) in 2011.

In December 2011, Virtual Learning issued an additional 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 and included in "Common stock issued for legal fees" in the accompanying Statements of Operations in 2011.

In December 2012, Virtual Learning's public offering of up to 1,000,000 shares of common stock at \$.50 per share (See Note 1) terminated. An aggregate of 2,100 shares of stock were sold for \$1,050.

In June 2013, Virtual Learning issued an aggregate of 550,000 shares of common stock to five individuals for consulting and other services. The 550,000 shares were valued at \$110,000 (or \$.20 per share), which amount will be expensed in the three months ended June 30, 2013.

In October and November, 2014, Virtual Learning received cash loans from three individuals and one entity totaling \$40,000. The loans bear interest at 15% per annum and are due one year from the date of receipt. The lenders have the right to convert all or part of the principal and interest into Virtual Learning common stock at a price of \$.20 per share.

In May 2015, Virtual Learning received cash loans from two individuals totaling \$10,000. The loans bear interest at 15% per annum and are due one year from the date of receipt. The lenders have the right to convert all or part of the principal and interest into Virtual Learning common stock at a price of \$.20 per share.

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.

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, President, 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. 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.

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

Virtual Learning occupied office space rent free on a month to month basis at 60 Knolls Crescent, Apartment 9M, Bronx, New York 10463. It is now occupies office space rent free on a month to month basis at 1522 Gardner Drive, Lutz, FL 33559, the residence of Roger Fidler, sole officer and director of the Company.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

During fiscal year ended December 31, 2015, we incurred approximately \$7,000 in fees to our principal independent accountants for professional services rendered in connection with the audit of our financial statements and for the quarterly reviews of our financial statements.

	2015	2014
Audit Fees	\$ 14,500	\$ 7,000
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil
<b>Total</b>	<b>\$ 14,500</b>	<b>\$ 7,000</b>

#### PART IV

#### Item 15. Exhibits

The following exhibits are filed as part of this annual report.

Exhibits Number	Description
3.1 (1)	Certificate of Incorporation of The Virtual Learning Company, Inc.
3.2 (1)	By-laws of The Virtual Learning Company, Inc.
4.1 (1)	Sample Stock Certificate
10.1 (1)	Intellectual Property Purchase Agreement
10.2 (1)	Consulting Agreement with William Kazmierczach
*31.1	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant Section 302 of the Sarbanes Oxley Act of 2002
*32.1	Certification of Chief 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
*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

(1) Previously filed.

(\*) Filed herewith.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**The Virtual Learning Company, Inc.**

Dated: May 11, 2016

By: /s/ Roger Fidler

Roger Fidler, President, P rincipal Executive and Financial and Accounting  
Officer

CERTIFICATIONS

I, Roger L. Fidler, certify that:

1. I have reviewed this annual report 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 issuer as of, and for, the periods presented in this report;
4. The issuer'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 issuer 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 issuer, 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 issuer'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 issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer'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 issuer'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 issuer's internal control over financial reporting.

Date: May 11, 2016

/s/ Roger L. Fidler

CEO and CFO

---

CERTIFICATION 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 annual report of The Virtual Learning Company, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Roger L. Fidler, CEO and CFO 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:

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

*/s/ Roger L. Fidler*

---

CEO and CFO

Dated: May 11, 2016

A signed original of this written statement required by Section 906 has been provided to The Virtual Learning Company, Inc. and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

---