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## VIRTUAL QE INC



# Virtual QE

Always In Your Favor

## ANNUAL REPORT

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[www.virtualqe.com](http://www.virtualqe.com)

This Annual Report is dated April 28th, 2019.

### BUSINESS

Virtual QE creates Video Work Instructions for manufacturing companies with a focus on companies following ISO Standards such as Automotive, Aerospace, Medical Device, Pharmaceutical and Oil and Gas. Through our work instruction videos, companies will be able to fill those positions by empowering everyday people with no specialized training to be able to perform these highly specialized tasks in a job setting. Our process of making video work instructions is document controlled which allows companies in the industries mentioned above to use them on the manufacturing line in place of their old text and picture work instructions.

### **Previous Offerings**

Between 8/13/2018 and 02/08/2019, we sold 14,119 [shares of common stock] in exchange for \$ 135,880 per share under Regulation Crowdfunding.

### **REGULATORY INFORMATION**

The company has not previously failed to comply with the requirements of Regulation Crowdfunding;

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

#### **Operating Results – 2018 Compared to 2017**

Net revenues have decreased in 2018 due to the CEO working more on generating business for the video work instructions and less in generating business for Quality Engineering consulting than in previous years. After the video work instruction (VWI) experiment where we proved that a worker can learn in 15 minutes through VWI without a trainer what takes on average 4 days to learn with a trainer, the company obtained 3 contracts in the amount of \$166,382 in two months. The Paypal loan and draw on the Kabbage Line of credit was to maintain working capital until time to execute the contract. The company discounted the contracts in the accounts receivable on the balance sheet by 6.3% per month for any services of the contract not rendered. There is a provision in the contract that does not allow Virtual QE to bill until the Company renders the services.

Cost of net revenues increased primarily through the increase in contract labor (3 additional personnel).

Sales and marketing expenses were increased 10x from previous years to obtain new business for video work instructions.

Net Income has dropped drastically due to the increased expenses in promoting and establishing the video work instructions service in conjunction with the decreased revenues from reduced consulting.

|                              | <u>2018</u>         | <u>2017</u>      |
|------------------------------|---------------------|------------------|
| Net revenues                 | \$ 157,589          | \$ 263,155       |
| Costs of net revenues        | <u>(289,750)</u>    | <u>(168,777)</u> |
| Gross profit                 | (132,161)           | 94,378           |
| Operating Expenses:          |                     |                  |
| General & administrative     | 41,211              | 29,003           |
| Sales & marketing            | <u>23,421</u>       | <u>2,100</u>     |
| Total Operating Expenses     | 64,632              | 31,103           |
| Income from operations       | <u>(196,793)</u>    | <u>63,275</u>    |
| Other Income/(Expense):      |                     |                  |
| Interest expense             | (7,033)             | (2,764)          |
| Interest income              | <u>-</u>            | <u>13</u>        |
| Total Other Income/(Expense) | (7,033)             | (2,751)          |
| Provision for income taxes   | -                   | -                |
| Net income                   | <u>\$ (203,826)</u> | <u>\$ 60,254</u> |

### Liquidity and Capital Resources

At December 31, 2018, the Company had cash of \$ 26,585\_. [*The Company intends to raise additional funds through an debt financing.*]

### Debt

The Company entered into a 120-month term loan agreement with First Home Bank. The total principal of the note is \$150,000, bears interest at a variable rate equal to Wall Street Journal Prime plus 2.5% (initially 7.5%), subject to quarterly adjustment, requires monthly payments of \$1,788, and matures in May 2028.

The Company entered into a 52 week term loan agreement with PayPal Loanbuilder. The total principal of the note is \$35,000 requires weekly payments of \$795.

The Company entered into a line of credit agreement for \$30,000 with Kabbage. The total line of credit is \$30,000 requires variable payments depending on the amount drawn.

## DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Our directors and executive officers as of the date hereof, are as follows:

**Shawn Findlater, CEO**

## PRINCIPAL SECURITY HOLDERS

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2018, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of the current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

| Title of class | Name and address of beneficial owner                              | Amount and nature of Beneficial ownership | Amount and nature of beneficial ownership acquirable | Percent of class |
|----------------|---|---|--|------------------|
| Common Stock   | Shawn Findlater<br>10609 Lago Welleby<br>Dr. Sunrise, FL<br>33351 | <u>800,000</u><br>shares                  |  | <u>80</u> %      |

## **RELATED PARTY TRANSACTIONS**

There were no transactions in which the issuer was or is to be party and the amount involved exceeded 5% of the aggregate amount of capital sought by the company under Regulation CF.

## **OUR SECURITIES**

Our authorized capital stock consists of 1,000,000 shares of common stock, par value \$0. 001 per share. As of December 31, 2018, 185,881- shares of common stock are outstanding. The following is a summary of the rights of our capital stock as provided in our certificate of incorporation and bylaws.

### **What it means to be a minority holder**

As a minority holder you will have limited ability, if at all, to influence our policies or any other corporate matter, including the election of directors, changes to our company's governance documents, additional issuances of securities, company repurchases of securities, a sale of the company or of assets of the company or transactions with related parties.

### **Dilution**

Investors should understand the potential for dilution. The investor's stake in a company could be diluted due to the company issuing additional shares. In other words, when the company issues more shares, the percentage of the company that you own will decrease, even though the value of the company may increase. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible notes, preferred shares or warrants) into stock.

If we decide to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if we offer dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings.

If you are making an investment expecting to own a certain percentage of the company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

## RESTRICTIONS ON TRANSFER


The common stock sold in the Regulation CF offering, may not be transferred by any purchaser, for a period of one-year beginning when the securities were issued, unless such securities are transferred:

- (1) to the Company;
- (2) to an accredited investor;
- (3) as part of an offering registered with the SEC; or
- (4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

## SIGNATURES

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on May 31, 2018.

**Virtual QE Inc**

By     /s/   
\_\_\_\_\_  
Name     Shawn Findlater  
:  
Title:     Chief Executive Officer

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Exhibit A

**FINANCIAL STATEMENTS**

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**CERTIFICATION**

I, Shawn Findlater, Principal Executive Officer of Virtual QE Inc, hereby certify that the financial statements of Virtual QE Inc. included in this Report are true and complete in all material respects.



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Principal Executive Officer



**VIRTUAL QE, INC**  
**BALANCE SHEETS (UNAUDITED)**  
**As of December 31, 2018 and December 31, 2017**

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|  | <u>2018</u>              | <u>2017</u>            |
|--|--------------------------|------------------------|
| <b>ASSETS</b>                                    |                          |                        |
| Current Assets:                                  |                          |                        |
| Cash and cash equivalents                        | \$ 26,585                | \$ 2,977               |
| Accounts receivable                              | <u>\$ 96,146</u>         | <u>\$ 6,837</u>        |
| Total Current Assets                             | 122,731                  | 9,814                  |
| <b>TOTAL ASSETS</b>                              | <u><u>\$ 122,731</u></u> | <u><u>\$ 9,814</u></u> |
| <b>LIABILITIES AND MEMBERS' EQUITY/(DEFICIT)</b> |                          |                        |
| Liabilities:                                     |                          |                        |
| Current Liabilities:                             |                          |                        |
| Accounts payable                                 | <u>\$ 236,069</u>        | <u>\$ 25,206</u>       |
| Total Current Liabilities                        | <u>236,069</u>           | 25,206                 |
| <br>Total Liabilities                            | <u><u>236,069</u></u>    | <u><u>25,206</u></u>   |
| <br>Members' Equity/(Deficit):                   | <u><u>(113,338)</u></u>  | <u><u>(15,392)</u></u> |
| <br><b>TOTAL LIABILITIES AND MEMBERS'</b>        |                          |                        |
| <b>EQUITY/(DEFICIT)</b>                          | <u><u>\$ 122,731</u></u> | <u><u>\$ 9,814</u></u> |

**VIRTUAL QE, INC**  
**STATEMENTS OF OPERATIONS (UNAUDITED)**  
**For the year ended December 31, 2018 and December 31, 2017**

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|                              | <u>2018</u>                | <u>2017</u>             |
|------------------------------|----------------------------|-------------------------|
| Net revenues                 | \$ 157,589                 | \$ 263,155              |
| Costs of net revenues        | <u>(289,750)</u>           | <u>(168,777)</u>        |
| Gross profit                 | (132,161)                  | 94,378                  |
| Operating Expenses:          |                            |                         |
| General & administrative     | 41,211                     | 29,003                  |
| Sales & marketing            | <u>23,421</u>              | <u>2,100</u>            |
| Total Operating Expenses     | 64,632                     | 31,103                  |
| Income from operations       | <u>(196,793)</u>           | <u>63,275</u>           |
| Other Income/(Expense):      |                            |                         |
| Interest expense             | (7,033)                    | (2,764)                 |
| Interest income              | <u>-</u>                   | <u>13</u>               |
| Total Other Income/(Expense) | (7,033)                    | (2,751)                 |
| Provision for income taxes   | -                          | -                       |
| Net income                   | <u><u>\$ (203,826)</u></u> | <u><u>\$ 60,254</u></u> |

**VIRTUAL QE, INC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY/(DEFICIT)(UNAUDITED)**  
**For the year ended December 31, 2018 and December 31, 2017**

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|                              | <u>Total Members'</u><br><u>Equity/(Deficit)</u> |
|------------------------------|--|
| Balance at December 31, 2016 | <u>\$ 47,634</u>                                 |
| Contributions                | 96,773   |
| Distributions                | (220,323)  |
| Net income                   | <u>60,524</u>                                    |
| Balance at December 31, 2017 | <u>\$ (15,392)</u>                               |
| Shares issued for cash       | 135,880  |
| Contributions                | 0  |
| Distributions                | (30,000)   |
| Net income                   | <u>(203,826)</u>                                 |
| Balance at December 31, 2018 | <u>\$ (113,338)</u>                              |

**VIRTUAL QE, INC**  
**STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**For the year ended December 31, 2018 and December 31, 2017**

|  | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|
| <b>Cash Flows From Operating Activities</b>  |                  |                  |
| Net Income   | \$ (203,826)     | \$ 60,524        |
| Adjustments to reconcile net income to net cash provided<br>by operating activities: |                  |                  |
| Changes in operating assets and liabilities:   |                  |                  |
| (Increase)/Decrease in accounts receivable   | -                | (6,837)          |
| Increase/(Decrease) in accounts payable  | <u>(14,003)</u>  | <u>11,784</u>    |
| Net Cash Provided By Operating Activities  | <u>(217,829)</u> | <u>65,471</u>    |
| <b>Cash Flows From Financing Activities</b>  |                  |                  |
| Contributions  | 135,880          | 96,773           |
| Distributions  | <u>(30,000)</u>  | <u>(220,323)</u> |
| Net Cash Used In Financing Activities  | <u>105,880</u>   | <u>(123,550)</u> |
| Net Change In Cash   | 23,608           | (58,079)         |
| Cash at Beginning of Period  | <u>2,977</u>     | <u>61,056</u>    |
| Cash at End of Period  | <u>\$ 26,585</u> | <u>\$ 2,977</u>  |
| <b>Supplemental Disclosure of Cash Flow Information</b>                              |                  |                  |
| Cash paid for interest   | \$ (7,033)       | \$ (2,764)       |