Research Solutions, Inc.
Form 10-Q
February 16, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended: 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. 000-53501

RESEARCH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**11-3797644**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5435 Balboa Blvd., Suite 202, Encino, California	**91316**
(Address of principal executive offices)	(Zip Code)

(310) 477-0354

(Registrant’s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ 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” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company þ

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

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

Title of Class	**Number of Shares Outstanding on February 12, 2016**
Common Stock, $0.001 par value	18,446,255

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PART 1 — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Research Solutions, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

	December 31, 2015 (unaudited)	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 1,764,126	$ 1,354,158
Accounts receivable, net of allowance of $55,732 and $69,731, respectively	5,417,002	4,889,937
Prepaid expenses and other current assets	69,000	70,195
Prepaid royalties	603,668	372,581
Total current assets	7,853,796	6,686,871
Other assets:		
Property and equipment, net of accumulated depreciation of $615,617 and $585,410, respectively	94,409	83,238
Deposits and other assets	9,360	9,471
Total assets	$ 7,957,565	$ 6,779,580
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 6,444,719	$ 5,611,453
Deferred revenue	501,656	75,311
Total current liabilities	6,946,375	5,686,764
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $0.001 par value; 20,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock; $0.001 par value; 100,000,000 shares authorized; 18,364,827 and 18,242,125 shares issued and outstanding, respectively	18,365	18,242
Additional paid-in capital	16,589,217	16,188,358
Accumulated deficit	(15,561,682)	(15,084,437)
Accumulated other comprehensive loss	(34,710)	(29,347)

Total stockholders’ equity	1,011,190	1,092,816
Total liabilities and stockholders’ equity	$7,957,565	$6,779,580

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Revenue	$9,315,226	$7,931,060	$17,342,327	$15,484,456
Cost of revenue	7,718,924	6,421,308	14,191,678	12,474,899
Gross profit	1,596,302	1,509,752	3,150,649	3,009,557
Operating expenses:				
Selling, general and administrative	1,874,216	1,536,939	3,579,177	2,963,254
Depreciation and amortization	16,096	60,792	30,834	132,880
Total operating expenses	1,890,312	1,597,731	3,610,011	3,096,134
Loss from operations	(294,010)	(87,979)	(459,362)	(86,577)
Other income (expenses):				
Interest expense	(3,000)	(4,593)	(7,993)	(7,791)
Other income	4,641	325	7,410	623
Total other income (expenses)	1,641	(4,268)	(583)	(7,168)
Loss from continuing operations before provision for income taxes	(292,369)	(92,247)	(459,945)	(93,745)
Provision for income taxes	(6,056)	(1,929)	(17,300)	(7,367)
Loss from continuing operations	(298,425)	(94,176)	(477,245)	(101,112)
Discontinued operations:				
Loss from discontinued operations	-	-	-	(395,344)
Gain from deconsolidation of former French subsidiary	-	-	-	1,548,295
Income from discontinued operations	-	-	-	1,152,951
Net income (loss)	(298,425)	(94,176)	(477,245)	1,051,839
Other comprehensive income (loss):				
Foreign currency translation	(7,066)	(2,338)	(5,363)	(6,694)
Comprehensive income (loss)	$(305,491)	$(96,514)	$(482,608)	$1,045,145
Basic income (loss) per common share:				
Loss per share from continuing operations	$(0.02)	$(0.01)	$(0.03)	$(0.01)
Income per share from discontinued operations	$-	$-	$-	$0.07
Net income (loss) per share	$(0.02)	$(0.01)	$(0.03)	$0.06
Basic weighted average common shares outstanding	17,656,087	17,456,711	17,610,079	17,431,020

Diluted income (loss) per common share:				
Loss per share from continuing operations	$(0.02)	$(0.01)	$(0.03)	$(0.01)
Income per share from discontinued operations	$-	$-	$-	$0.07
Net income (loss) per share	$(0.02)	$(0.01)	$(0.03)	$0.06
Diluted weighted average common shares outstanding	17,656,087	17,456,711	17,610,079	17,840,559

See notes to condensed consolidated financial statements

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Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
For the Six Months Ended December 31, 2015
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Income (Loss)	Equity
Balance, July 1, 2015	18,242,125	$18,242	$16,188,358	$(15,084,437)	$ (29,347)	$ 1,092,816
Fair value of vested stock options	-	-	216,981	-	-	216,981
Fair value of vested restricted common stock	152,000	152	174,182	-	-	174,334
Common stock repurchase and retirement	(29,298)	(29)	(20,119)	-	-	(20,148)
Modification cost of options issued to directors			29,815	-	-	29,815
Net loss for the period	-	-	-	(477,245)	-	(477,245)
Foreign currency translation	-	-	-	-	(5,363)	(5,363)
Balance, December 31, 2015	18,364,827	$18,365	$16,589,217	$(15,561,682)	$ (34,710)	$ 1,011,190

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended December 31, 2015	2014
Cash flow from operating activities:		
Net income (loss)	$(477,245)	$1,051,839
Adjustment to reconcile net income (loss) to net cash provided by operating activities from continuing operations:		
Loss from discontinued operations	-	395,344
Gain from deconsolidation of former French subsidiary	-	(1,548,295)
Depreciation and amortization	30,834	132,880
Fair value of vested stock options	216,981	122,896
Fair value of vested restricted common stock	174,334	98,621
Modification cost of options issued to directors	29,815	-
Changes in operating assets and liabilities:		
Accounts receivable	(527,065)	(343,930)
Prepaid expenses and other current assets	1,195	3,400
Prepaid royalties	(231,087)	(271,477)
Deposits and other assets	111	169
Accounts payable and accrued expenses	833,266	383,527
Deferred revenue	426,345	-
Other liability	-	187,907
Net cash provided by operating activities from continuing operations	477,484	212,881
Net cash used in operating activities of discontinued operations	-	(34,503)
Net cash provided by operating activities	477,484	178,378
Cash flow from investing activities:		
Purchase of property and equipment	(42,448)	(25,352)
Purchase of intangible assets	-	(27,666)
Net cash used in investing activities from continuing operations	(42,448)	(53,018)
Cash flow from financing activities:		
Advance under line of credit	500,000	1,000,000
Payment under line of credit	(500,000)	(1,000,000)
Common stock repurchase and retirement	(20,148)	-
Net cash used in financing activities from continuing operations	(20,148)	-
Net cash used in financing activities of discontinued operations	-	(67,515)
Net cash used in financing activities	(20,148)	(67,515)

Effect of exchange rate changes	(4,920)	(143,888)
Net increase (decrease) in cash and cash equivalents	409,968	(86,043)
Cash and cash equivalents, beginning of period	1,354,158	1,884,667
Cash and cash equivalents, end of period	$1,764,126	$1,798,624
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	$17,300	$7,367
Cash paid for interest	$7,993	$7,791

See notes to condensed consolidated financial statements

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RESEARCH SOLUTIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended December 31, 2015 and 2014 (Unaudited)

Note 1. Organization, Nature of Business and Basis of Presentation

Organization

Research Solutions, Inc. (the "Company," "Research Solutions," "we," "us" or "our") was incorporated in the State of Nevada November 2, 2006. On March 4, 2013, we consummated a merger with DYSC Subsidiary Corporation, our wholly-owned subsidiary, pursuant to which we, in connection with such merger, amended our Articles of Incorporation to change our name to Research Solutions, Inc. (formerly Derycz Scientific, Inc.). Research Solutions, Inc. is a publicly traded holding company with two wholly owned subsidiaries: Reprints Desk, Inc., a Delaware corporation ("Reprints Desk") and Reprints Desk Latin America S. de R.L. de C.V, an entity organized under the laws of Mexico ("Reprints Desk Latin America").

On August 18, 2014, the Board of Directors of the Company authorized the immediate disposal of the Company's former subsidiary Techniques Appliquées aux Arts Graphiques, S.p.A. ("TAAG"), an entity organized under the laws of France, at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, the Company relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements.

The Company derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of $1,548,295 recorded on the consolidated statements of operations for the six months ended December 31, 2014. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. The Company has determined based on discussions with French counsel that it is remote that the Company will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, the Company has eliminated any respective liability as of June 30, 2015.

Nature of Business

We provide on-demand access to scientific, technical, and medical (“STM”) information for life science companies, academic institutions, and other research-intensive organizations. We provide two types of services to our customers: Article Galaxy, and Reprints and ePrints.

Article Galaxy

Article Galaxy, our cloud-based software-as-a-service (“SaaS”) solution, provides our customers with a single source to the universe of published STM content that includes over seventy million existing STM articles and over one million newly published STM articles each year. Article Galaxy allows customers to find and download in digital format STM articles that are critical to their research. In addition, Article Galaxy facilitates customers’ compliance with applicable copyright laws.

Researchers and regulatory personnel in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. They place orders with us for the articles they need and we source and electronically deliver the requested content to them generally in under an hour. This service is known in the industry as single article delivery or document delivery. We also obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. We have arrangements with numerous content publishers that allow us to distribute their content. The majority of these publishers provide us with electronic access to their content, which allows us to electronically deliver single articles to our customers often in a matter of minutes. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to the addition or loss of customers.

We deliver the aforementioned services through our Article Galaxy journal article platform (“Article Galaxy”), which consists of proprietary software and Internet-based interfaces that allow customers to initiate orders, manage transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and enhance the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around scientific information.

As a cloud-based SaaS solution, Article Galaxy is deployed as a single system across our entire customer base. Customers access Article Galaxy securely through online web interfaces and via web service APIs, which enable customers to leverage Article Galaxy features and functionality from within proprietary and other 3rd party software systems. Article Galaxy can also be configured to satisfy a customer’s individual preferences in areas such as user experience, business processes, and spend management. As a SaaS solution, Article Galaxy benefits from efficiencies in scalability, stability and development costs, resulting in significant advantages versus multiple instance or installed desktop software alternatives. We leverage these technical efficiencies to fuel rapid innovation and competitive advantage.

Reprints and ePrints

Marketing departments in life science and other research-intensive organizations generally require large quantities of printed copies of published STM journal articles called “Reprints” that are distributed to physicians and at conferences. We obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. Electronic copies, called “ePrints”, are also used for distribution through the Internet and other electronic mechanisms. We have developed proprietary ePrint software that increases the efficiency of our customers’ content purchases by transitioning from paper Reprints to electronic ePrints, and by improving compliance with applicable copyright laws and promotional regulations within the life science industry. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

Principles of Consolidation

The accompanying financial statements are consolidated and include the accounts of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2015 filed with the SEC. The condensed consolidated balance sheet as of June 30, 2015 included herein was derived from the audited consolidated financial statements as of that date, but does not include all disclosures, including notes, required by GAAP.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods reflected. Except as noted, all adjustments contained herein are of a normal recurring nature. Results of operations for the fiscal periods presented herein are not necessarily indicative of fiscal year-end results.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

These estimates and assumptions include estimates for reserves of uncollectible accounts, analysis of impairments of recorded goodwill and intangibles, accruals for potential liabilities and assumptions made in valuing equity instruments issued for services or acquisitions.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivable. The Company places its cash with high quality financial institutions and at times may exceed the FDIC $250,000 insurance limit. The Company does not anticipate incurring any losses related to these credit risks. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and intends to maintain allowances for anticipated losses, as required.

Cash denominated in Euros with a US Dollar equivalent of $47,076 and $112,880 at December 31, 2015 and June 30, 2015, respectively, was held by Reprints Desk in accounts at financial institutions located in Europe.

The following table summarizes revenue concentrations:

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Six Months Ended December 31, 2015	Six Months Ended December 31, 2014
Customer A	11 %	*	11 %	*

The following table summarizes accounts receivable concentrations:

	As of December 31, 2015	June 30, 2015
Customer A	11 %	*
Customer B	*	13 %

The following table summarizes vendor concentrations:

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	**Six Months Ended December 31,** 2015	**Six Months Ended December 31,** 2014
Vendor A	18 %	18 %	17 %	16 %
Vendor B	23 %	14 %	17 %	13 %
Vendor C	*	11 %	*	*
Vendor D	*	11 %	*	10 %

* Less than 10%

Revenue Recognition

The Company’s policy is to recognize revenue when services have been performed, risk of loss and title to the product transfers to the customer, the selling price is fixed or determinable, and collectability is reasonably assured. We generate revenue by providing two types of services to our customers: Article Galaxy, and Reprints and ePrints.

Article Galaxy

We charge a transactional service fee for the electronic delivery of single articles, and a corresponding copyright fee for the permitted use of the content. This service, known in the industry as single article delivery or document delivery, generates nearly all of the revenue attributable to the Article Galaxy journal article platform. We recognize revenue from single article delivery services upon delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

Reprints and ePrints

We charge a transactional fee for each Reprint or ePrint order and are responsible for printing and delivery of Reprint orders, and the electronic delivery and, in some cases, the electronic delivery mechanism of ePrint orders. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. We recognize revenue from reprints and ePrints services upon shipment or electronic delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

Stock-Based Compensation

The Company periodically issues stock options, warrants and restricted stock to employees and non-employees for services, in capital raising transactions, and for financing costs. The Company accounts for share-based payments under the guidance as set forth in the Share-Based Payment Topic 718 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, officers, directors, and consultants, including employee stock options, based on estimated fair values. The Company estimates the fair value of stock option and warrant awards to employees and directors on the date of grant using an option-pricing model, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in the Company's Statements of Operations. The Company estimates the fair value of restricted stock awards to employees and directors using the market price of the Company’s common stock on the date of grant, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in the Company's Statements of Operations. The Company accounts for share-based payments to non-employees in accordance with Topic 505 of the FASB Accounting Standards Codification, whereby the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) the date at which the necessary performance to earn the equity instruments is complete. Stock-based compensation is based on awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, as necessary, in subsequent periods if actual forfeitures differ from those estimates.

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Foreign Currency

The accompanying consolidated financial statements are presented in United States dollars, the functional currency of the Company. Capital accounts of foreign subsidiaries are translated into US Dollars from foreign currency at their historical exchange rates when the capital transactions occurred. Assets and liabilities are translated at the exchange rate as of the balance sheet date. Income and expenditures are translated at the average exchange rate of the period. Although the majority of our revenue and costs are in US dollars, the discontinued operations of our former French subsidiary are in Euros, and the costs of Reprints Desk Latin America are in Mexican Pesos. As a result, currency exchange fluctuations may impact our revenue and the costs of our operations. We currently do not engage in any currency hedging activities.

Gains and losses from foreign currency transactions, which result from a change in exchange rates between the functional currency and the currency in which a foreign currency transaction is denominated, are included in selling, general and administrative expenses and amounted to $5,805 and $25,624 for the three months ended December 31, 2015 and 2014, respectively and $7,122 and $36,471, for the six months ended December 31, 2015 and 2014, respectively.

The following table summarizes the exchange rates used:

	Six Months Ended December 31,		Year Ended June 30,	
	2015	2014	2015	2014
Period end Euro : US Dollar exchange rate	1.09	1.22	1.11	1.36
Average period Euro : US Dollar exchange rate	1.10	1.29	1.20	1.36
Period end Mexican Peso : US Dollar exchange rate	0.06	0.07	0.06	0.08
Average period Mexican Peso : US Dollar exchange rate	0.06	0.07	0.07	0.08

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period, excluding unvested restricted common stock. Shares of restricted stock are included in the basic weighted average number of common shares outstanding from the time they vest. Diluted earnings per share is computed by dividing the net income applicable to common stock holders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Shares of restricted stock are included in the diluted weighted average number of common shares outstanding from the date they are granted. Potential common shares are excluded from the computation when their effect is antidilutive. At December 31, 2015 potentially dilutive securities include options to acquire 2,808,503 shares of common stock and warrants to acquire 305,000 shares of common stock. At December 31, 2014 potentially dilutive securities include options to acquire 1,954,501 shares of common stock and warrants to acquire 305,000 shares of common stock. The dilutive effect of potentially dilutive securities is reflected in diluted net income per share if the exercise prices were lower than the average fair market value of common shares during the reporting period.

Basic and diluted net loss per common share is the same for the three and six months ended December 31, 2015 and the three months ended December 31, 2014, because all stock options, warrants, and unvested restricted common stock are anti-dilutive. For the six months ended December 31, 2014, the calculation of diluted earnings per share includes unvested restricted common stock, stock options and warrants, calculated under the treasury stock method.

The calculation of basic and diluted net income (loss) per share is presented below:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Numerator:				
Loss from continuing operations	$(298,425)	$(94,176)	$(477,245)	$(101,112)
Income (loss) from discontinued operations	-	-	-	1,152,951
Net income (loss)	$(298,425)	$(94,176)	$(477,245)	$1,051,839
Denominator:				
Weighted average shares outstanding (basic)	17,656,087	17,456,711	17,610,079	17,431,020
Effect of dilutive unvested restricted common stock	-	-	-	407,943
Effect of dilutive stock options and warrants	-	-	-	1,596
Weighted average shares outstanding (diluted)	17,656,087	17,456,711	17,610,079	17,840,559
Income (loss) per share from continuing operations:				
Basic	$(0.02)	$(0.01)	$(0.03)	$(0.01)
Diluted	$(0.02)	$(0.01)	$(0.03)	$(0.01)
Income (loss) per share from discontinued operations:				
Basic	$-	$-	$-	$0.07
Diluted	$-	$-	$-	$0.07
Net income (loss) per share:				
Basic	$(0.02)	$(0.01)	$(0.03)	$0.06
Diluted	$(0.02)	$(0.01)	$(0.03)	$0.06

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

In June 2014, the FASB issued ASU No. 2014-12, *Compensation – Stock Compensation (Topic 718)*. The pronouncement was issued to clarify the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The pronouncement is effective for reporting periods beginning after December 15, 2015. The adoption of ASU 2014-12 is not expected to have a significant impact on the Company's consolidated financial position or results of operations.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Note 3. Line of Credit

The Company entered into a Loan and Security Agreement with Silicon Valley Bank ("SVB") on July 23, 2010, which, as amended, provides for a revolving line of credit for the lesser of $4,000,000, or 80% of eligible accounts receivable. The line of credit matures on October 31, 2017, and is subject to certain financial and performance covenants with which we were in compliance as of December 31, 2015. Financial covenants include maintaining a ratio of quick assets to current liabilities of at least 0.8 to 1.0, and maintaining tangible net worth of $600,000, plus 50% of net income for the fiscal quarter ended from and after December 31, 2015, plus 50% of the dollar value of equity issuances after October 1, 2015 and the principal amount of subordinated debt. The line of credit bears interest at the prime rate plus 2.25% for periods in which the Company maintains an account balance with SVB (less all indebtedness owed to SVB) of at least $800,000 at all times during the prior calendar month (the "Streamline Period"), and at the prime rate plus 5.25% when a Streamline Period is not in effect. The interest rate on the line of credit was 5.75% as of December 31, 2015. The line of credit is secured by the Company's consolidated assets.

There were no outstanding borrowings under the line as of December 31, 2015 and June 30, 2015, respectively. As of December 31, 2015 and June 30, 2015, approximately $2,927,000 and $2,182,000, respectively, of available credit was unused under the line of credit.

Note 4. Stockholders' Equity

Stock Options

In December 2007, we established the 2007 Equity Compensation Plan (the "Plan"). The Plan was approved by our board of directors and stockholders. The purpose of the Plan is to grant stock and options to purchase our common stock to our employees, directors and key consultants. On November 21, 2014, the maximum number of shares of common stock that may be issued pursuant to awards granted under the Plan (including issuance of restricted common stock) increased from 3,000,000 to 5,000,000, as approved by our board of directors and stockholders. Cancelled and forfeited stock options and stock awards may again become available for grant under the Plan. There were 1,014,842 shares available for grant under the Plan as of December 31, 2015. All stock option grants are made under the 2007 Equity Compensation Plan.

The majority of awards issued under the Plan vest immediately or over three years, with a one year cliff vesting period, and have a term of ten years. Stock-based compensation cost is measured at the grant date, based on the fair value of the awards that are ultimately expected to vest, and recognized on a straight-line basis over the requisite service period, which is generally the vesting period.

The following table summarizes vested and unvested stock option activity:

	All Options		Vested Options		Unvested Options	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2015	2,466,836	$ 1.22	2,256,254	$ 1.21	210,582	$ 1.29
Granted	341,667	0.72	331,000	0.71	10,667	0.90
Options vesting	-	-	93,238	1.30	(93,238)	1.30
Exercised	-	-	-	-	-	-
Forfeited/Cancelled	-	-	-	-	-	-
Outstanding at December 31, 2015	2,808,503	$ 1.16	2,680,492	$ 1.15	128,011	$ 1.25

The weighted average remaining contractual life of all options outstanding as of December 31, 2015 was 6.48 years. The remaining contractual life for options vested and exercisable at December 31, 2015 was 6.73 years. Furthermore, there was no aggregate intrinsic value of options outstanding as of December 31, 2015, and there was also no aggregate intrinsic value of options vested and exercisable at December 31, 2015, in each case based on the fair value of the Company's common stock on December 31, 2015. During the six months ended December 31, 2015, the Company granted 341,667 options to employees and directors with a fair value of $140,717. The fair value was calculated using a Black-Scholes option pricing model with the following assumptions: (i) volatility rate of between 80.4% and 81.8%, (ii) discount rate between 1.73% and 1.87%, (iii) zero expected dividend yield, and (iv) expected term between 5 and 6 years based upon the average of the term of the option and the vesting period. The total fair value of options vested during the six months ended December 31, 2015 was $246,796 and is included in selling, general and administrative expenses in the accompanying statement of operations. As of December 31, 2015, the amount of unvested compensation related to these options was $89,565 which will be recorded as an expense in future periods as the options vest.

Additional information regarding stock options outstanding and exercisable as of December 31, 2015 is as follows:

Option Exercise Price	Options Outstanding	Remaining Contractual Life (in years)	Options Exercisable
$ 0.65	6,150	8.86	2,563
0.70	300,000	9.93	300,000
0.77	59,500	8.64	37,250
0.80	16,000	9.64	16,000
0.90	25,667	9.60	15,000
1.00	370,890	3.19	347,000
1.02	287,000	4.58	287,000
1.05	158,445	9.40	150,000

1.07	53,898	6.79	53,898
1.10	330,000	9.50	330,000
1.15	278,000	7.11	278,000
1.20	31,414	8.39	18,325
1.25	32,000	7.13	32,000
1.30	263,000	6.18	263,000
1.50	380,000	2.06	380,000
1.75	1,067	8.08	622
1.80	190,050	7.73	146,886
1.85	24,000	7.39	22,000
1.97	1,422	7.90	948
Total	2,808,503		2,680,492

On December 4, 2015, stock options originally issued to directors to purchase an aggregate of 250,000 shares of the Company's common stock were modified to extend the amount of time allowed to exercise the stock options after separation from three months to twenty four months. Stock-based compensation cost of $29,815 was recorded during the three months ended December 31, 2015 as a result of the modification.

Warrants

The following table summarizes warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, June 30, 2015	305,000	$ 1.26
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding, December 31, 2015	305,000	$ 1.26
Exercisable, June 30, 2015	305,000	$ 1.26
Exercisable, December 31, 2015	305,000	$ 1.26

There was no intrinsic value for all warrants outstanding as of December 31, 2015, based on the fair value of the Company's common stock on December 31, 2015.

Additional information regarding warrants outstanding and exercisable as of December 31, 2015 is as follows:

Warrant Exercise Price	Warrants Outstanding	Remaining Contractual Life (in years)	Warrants Exercisable
$ 1.19	150,000	5.98	150,000
1.25	150,000	4.85	150,000
3.50	2,500	0.50	2,500
4.00	2,500	0.50	2,500
Total	305,000		305,000

Restricted Common Stock

Prior to July 1, 2015, the Company issued 889,321 shares of restricted common stock to employees valued at $971,897, of which $405,504 had been recognized as an expense.

During the six months ended December 31, 2015, the Company issued an additional 152,000 shares of restricted stock to employees. These shares vest over a three year period, with a one year cliff vesting period, and remain subject to forfeiture if vesting conditions are not met. The aggregate fair value of the stock awards was $136,800 based on the market price of our common stock of $0.90 per share on the date of grant, which will be amortized over the three-year vesting period. Restricted common stock grants are made under the 2007 Equity Compensation Plan.

The total fair value of restricted common stock vested during the three and six months ended December 31, 2015 was $87,167 and $174,334, respectively, and is included in selling, general and administrative expenses in the accompanying statement of operations. As of December 31, 2015, the amount of unvested compensation related to all issuances of restricted common stock was $529,220, which will be recognized as an expense in future periods as the shares vest. When calculating basic net income (loss) per share, these shares are included in weighted average common shares outstanding from the time they vest. When calculating diluted net income per share, these shares are included in weighted average common shares outstanding as of their grant date.

The following table summarizes restricted common stock activity:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested, June 30, 2015	736,746	$ 0.96
Granted	152,000	0.90
Vested	(216,811)	0.92
Forfeited	-	-
Non-vested, December 31, 2015	671,935	$ 0.95

Common Stock Repurchase and Retirement

On November 7, 2014 the Company’s Board of Directors authorized the repurchase of up to $250,000 of the Company’s outstanding shares of common stock through November 7, 2015. As of December 31, 2015, the Company repurchased 53,300 shares of common stock under the repurchase program at an average price of approximately $0.93 per share for an aggregate amount of approximately $49,482. As of December 31, 2015, the authorization to repurchase the Company’s outstanding common stock has expired.

During the six months ended December 31, 2015, the Company repurchased 29,298 shares of common stock from employees at an average market price of approximately $0.69 per share for an aggregate amount of approximately $20,148. The shares of common stock were surrendered by employees to cover tax withholding obligations with respect to the vesting of restricted stock.

Shares repurchased are retired and deducted from common stock for par value and from additional paid in capital for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares. Purchases may be made from time to time in open market or privately negotiated transactions as determined by the Company’s management. The actual timing, number and value of shares repurchased will be determined by the Company’s management at its discretion, and will depend on management's evaluation of market conditions and other factors. The Company has no obligation to repurchase any shares under this authorization, and the repurchase program may be suspended, discontinued or modified at any time, for any reason and without notice.

Note 5. Income Taxes

For the three and six months ended December 31, 2015, the Company incurred net losses of $298,425 and $477,245, respectively. For the six months ended December 31, 2014, net income was $1,051,839 and the Company did not record any provision for income taxes primarily because the gain from deconsolidation of our former French subsidiary (discussed further in note 6) was a non-taxable disposition of the Company’s interest in its former French subsidiary.

In accordance with Accounting Standards Codification (“ASC”) 740, Income Taxes, the Company evaluates its deferred tax assets to determine if a valuation allowance is required based on the consideration of all available evidence using a “more likely than not” standard, with significant weight being given to evidence that can be objectively verified. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability; the length of statutory carryover periods for operating losses and tax credit carryovers; and available tax planning alternatives. Our deferred tax assets are composed primarily of U.S. federal net operating loss carryforwards and temporary differences related to stock based compensation. Based on available objective evidence, management believes it is more likely than not that these deferred tax assets are not recognizable and will not be recognizable until its determined that we have sufficient taxable income. We may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods, and disclosures. As of December 31, 2015, the Company does not have any liabilities for unrecognized tax uncertainties.

Note 6. Deconsolidation of Former French Subsidiary (TAAG)

On August 18, 2014 the Board of Directors of the Company authorized management to commit to a plan to sell TAAG. The Company concluded that TAAG's printing operations in the major geographical area of France were not aligned with the Company's long term strategy. Accordingly, the operations of TAAG were classified as discontinued operations and comparative information for prior periods has been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. Further, the Board of Directors of the Company authorized the disposal of TAAG at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, the Company relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements.

The Company deconsolidated the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of $1,548,295 recorded on the consolidated statements of operations for the six months ended December 31, 2014. The gain from deconsolidation of the Company's former French subsidiary consists of the following:

Description	Amount
Current assets	$(1,239,713)
Property and equipment, net	(359,677)
Noncurrent assets	(499,070)
Current liabilities	3,442,857
Long term liabilities	95,051
Accumulated other comprehensive income	108,847
Total	$1,548,295

In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. The Company has determined based on discussions with French counsel that it is remote that the Company will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, the Company has eliminated any respective liability as of June 30, 2015.

Revenue and expenses from discontinued operations were as follows:

	Three Months Ended December 31, 2014	Six Months Ended December 31, 2014
Revenue	$ -	$ 1,164,314
Cost of revenue	-	849,174
Gross profit	-	315,140
Operating expenses:		
Selling, general and administrative	-	660,500
Depreciation and amortization	-	44,027
Total operating expenses	-	704,527
Loss from discontinued operations before other income (expenses)	-	(389,387)
Other income (expenses):		
Interest expense	-	(5,957)
Loss from discontinued operations	$ -	$ (395,344)
Basic loss per common share:		
Loss per share from discontinued operations	$ -	$ (0.02)
Basic weighted average common shares outstanding	-	17,406,012
Diluted loss per common share:		
Loss per share from discontinued operations	$ -	$ (0.02)
Diluted weighted average common shares outstanding	-	17,407,428

Note 7. Subsequent Events

On February 8, 2016, the Company issued 81,428 shares of restricted stock to employees. These shares vest over a three year period, with a one year cliff vesting period, and remain subject to forfeiture if vesting conditions are not met. The aggregate value of the stock award was $49,000 based on the market price of our common stock of $0.60 per share on the date of grant, which will be amortized over the three-year vesting period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Notice Regarding Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations for the three and six months ended December 31, 2015 and 2014 should be read in conjunction with our consolidated financial statements and related notes to those financial statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015.

We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements. All forward-looking statements included in this report are based on information available to us on the date hereof and, except as required by law, we assume no obligation to update any such forward-looking statements.

Overview

Research Solutions was incorporated in the State of Nevada on November 2, 2006, and in November 2006 entered into a Share Exchange Agreement with Reprints Desk. At the closing of the transaction contemplated by the Share Exchange Agreement, Research Solutions acquired all of the outstanding shares of Reprints Desk from its stockholders and issued 8,000,003 shares of common stock to the former stockholders of Reprints Desk. Following completion of the exchange transaction, Reprints Desk became a wholly-owned subsidiary of Research Solutions. Reprints Desk provides Article Galaxy and Reprint and ePrint services.

On July 24, 2012, we formed Reprints Desk Latin America to provide operational and administrative support services to Reprints Desk.

On March 4, 2013, we consummated a merger with DYSC Subsidiary Corporation, our wholly-owned subsidiary, pursuant to which we, in connection with such merger, amended our Articles of Incorporation to change our name to Research Solutions, Inc. (formerly Derycz Scientific, Inc.).

On February 28, 2007, we entered into an agreement with Pools Press, Inc., an Illinois corporation (“Pools”), pursuant to which we acquired 75% of the issued and outstanding common stock of Pools for consideration of $616,080. We purchased the remaining interest in Pools that we did not already own on August 31, 2010. The results of Pools’ operations have been included in our consolidated financial statements since March 1, 2007. On January 1, 2012, Pools merged with and into Reprints Desk. Pools provided printing services, specializing in reprints, until operations were discontinued in June 2013.

On March 31, 2011, we entered into an agreement with Fimmotaag, S.p.A. (“Fimmotaag”), a privately held company domiciled in France, pursuant to which we acquired 100% of the issued and outstanding common stock of TAAG in exchange for 336,921 shares of our common stock in addition to future payments payable at the option of Fimmotaag in cash or our common stock under the terms of the purchase agreement. On March 28, 2013, we entered into a Settlement Agreement with Fimmotaag and its two principal owners (the “Settlement Agreement”), pursuant to which Fimmotaag agreed to return 336,921 shares of our common stock to us and to forego future payments payable to Fimmotaag by us pursuant to the terms of the agreement under which we acquired TAAG from Fimmotaag.

On August 18, 2014, our Board of Directors authorized the immediate disposal of our former subsidiary TAAG at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, we relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements.

In accordance with consolidation guidance we derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of $1,548,295 recorded on the consolidated statements of operations for the six months ended December 31, 2014. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. We have determined based on discussions with French counsel that it is remote that we will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, we have eliminated any respective liability as of June 30, 2015.

We provide on-demand access to scientific, technical, and medical (“STM”) information for life science companies, academic institutions, and other research-intensive organizations. We provide two types of services to our customers: Article Galaxy, and Reprints and ePrints.

Article Galaxy

Article Galaxy, our cloud-based software-as-a-service ("SaaS") solution, provides our customers with a single source to the universe of published STM content that includes over seventy million existing STM articles and over one million newly published STM articles each year. Article Galaxy allows customers to find and download in digital format STM articles that are critical to their research. In addition, Article Galaxy facilitates customers' compliance with applicable copyright laws.

Researchers and regulatory personnel in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. They place orders with us for the articles they need and we source and electronically deliver the requested content to them generally in under an hour. This service is known in the industry as single article delivery or document delivery. We also obtain the necessary permissions from the content publisher so that our customer's use complies with applicable copyright laws. We have arrangements with numerous content publishers that allow us to distribute their content. The majority of these publishers provide us with electronic access to their content, which allows us to electronically deliver single articles to our customers often in a matter of minutes. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to the addition or loss of customers.

We deliver research solutions through our Article Galaxy journal article platform ("Article Galaxy"). We have developed proprietary software and Internet-based interfaces that allow customers to initiate orders, manage transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and enhance the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around scientific information.

As a cloud-based SaaS solution, Article Galaxy is deployed as a single system across our entire customer base. Customers access Article Galaxy securely through online web interfaces and via web service APIs, which enable customers to leverage Article Galaxy features and functionality from within proprietary and other 3rd party software systems. Article Galaxy can also be configured to satisfy a customer's individual preferences in areas such as user experience, business processes, and spend management. As a SaaS solution, Article Galaxy benefits from efficiencies in scalability, stability and development costs, resulting in significant advantages versus multiple instance or installed desktop software alternatives. We leverage these technical efficiencies to fuel rapid innovation and competitive advantage.

Reprints and ePrints

Marketing departments in life science and other research-intensive organizations generally require large quantities of printed copies of published STM journal articles called “Reprints” that are distributed to physicians and at conferences. We obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. Electronic copies, called “ePrints”, are also used for distribution through the Internet and other electronic mechanisms. We have developed proprietary ePrint software that increases the efficiency of our customers’ content purchases by transitioning from paper Reprints to electronic ePrints, and by improving compliance with applicable copyright laws and promotional regulations within the life science industry. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States, or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. When making these estimates and assumptions, we consider our historical experience, our knowledge of economic and market factors and various other factors that we believe to be reasonable under the circumstances. Actual results may differ under different estimates and assumptions.

The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties.

Revenue Recognition

Our policy is to recognize revenue when services have been performed, risk of loss and title to the product transfers to the customer, the selling price is fixed or determinable, and collectability is reasonably assured. We generate revenue by providing two types of services to our customers: Article Galaxy, and Reprints and ePrints.

Article Galaxy

We charge a transactional service fee for the electronic delivery of single articles, and a corresponding copyright fee for the permitted use of the content. This service, known in the industry as single article delivery or document delivery, generates nearly all of the revenue attributable to the Article Galaxy journal article platform. We recognize revenue from single article delivery services upon delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

Reprints and ePrints

We charge a transactional fee for each Reprint or ePrint order and are responsible for printing and delivery of Reprint orders, and the electronic delivery and, in some cases, the electronic delivery mechanism of ePrint orders. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. We recognize revenue from reprints and ePrints services upon shipment or electronic delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

Stock-Based Compensation

We periodically issue stock options, warrants and restricted stock to employees and non-employees for services, in capital raising transactions, and for financing costs. We account for share-based payments under the guidance as set forth in the Share-Based Payment Topic 718 of the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, officers, directors, and consultants, including employee stock options, based on estimated fair values. We estimate the fair value of stock option and warrant awards to employees and directors on the date of grant using an option-pricing model, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in our Statements of Operations. We estimate the fair value of restricted stock awards to employees and directors using the market price of our common stock on the date of grant, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in our Statements of Operations. We account for share-based payments to non-employees in accordance with Topic 505 of the FASB Accounting Standards Codification, whereby the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) the date at which the necessary performance to earn the equity instruments is complete. Stock-based compensation is based on awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, as necessary, in subsequent periods if actual forfeitures differ from those estimates.

Recent Accounting Pronouncements

Please refer to footnote to the condensed consolidated financial statements contained elsewhere in this Form 10-Q for a discussion of Recent Accounting Pronouncements.

Quarterly Information (Unaudited)

The following table sets forth unaudited and quarterly financial data for the most recent eight quarters:

	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sept. 30, 2014	June 30, 2014	Mar. 3 2014
Revenue:								
Article Galaxy	$5,795,311	$5,625,704	$5,414,124	$5,666,717	$5,071,504	$5,224,629	$4,996,205	$4,954
Reprints and ePrints	3,519,915	2,401,397	2,166,382	3,168,464	2,859,556	2,328,767	2,695,114	1,837
Total revenue	9,315,226	8,027,101	7,580,506	8,835,181	7,931,060	7,553,396	7,691,319	6,791
Cost of revenue:								
Article Galaxy	4,489,127	4,301,787	4,169,042	4,248,070	3,806,150	3,924,478	3,707,454	3,706
Reprints and ePrints	3,229,797	2,170,967	1,948,287	2,883,644	2,615,158	2,129,113	2,442,000	1,686
Total cost of revenue	7,718,924	6,472,754	6,117,329	7,131,714	6,421,308	6,053,591	6,149,454	5,392
Gross profit:								
Article Galaxy	1,306,184	1,323,917	1,245,082	1,418,647	1,265,354	1,300,151	1,288,751	1,247
Reprints and ePrints	290,118	230,430	218,095	284,820	244,398	199,654	253,114	150,8
Total gross profit	1,596,302	1,554,347	1,463,177	1,703,467	1,509,752	1,499,805	1,541,865	1,398
Operating expenses:								
Selling, general and administrative	1,591,022	1,559,903	1,362,790	1,494,984	1,397,517	1,307,749	1,437,509	1,705
Depreciation and amortization	16,096	14,738	16,934	25,005	60,792	72,088	65,254	56,35
Stock-based compensation expense	277,389	143,741	506,634	106,521	113,798	107,719	88,532	82,62
Foreign currency transaction loss	5,805	1,317	4,004	57,647	25,624	10,847	2,935	6,669
Total operating expenses	1,890,312	1,719,699	1,890,362	1,684,157	1,597,731	1,498,403	1,594,230	1,851
Net income (loss):								
	(298,425)	(178,820)	(439,257)	(1,816)	(94,176)	(6,936)	(59,724)	(459,

Loss from continuing operations								
Income (loss) from discontinued operations	-	-	163,453	-	-	1,152,951	(540,858)	(216,
Net income (loss)	$(298,425)	$(178,820)	$(275,804)	$(1,816)	$(94,176)	$1,146,015	$(600,582)	$(676,
Basic income (loss) per common share:								
Loss per share from continuing operations	$(0.02)	$(0.01)	$(0.03)	$-	$(0.01)	$-	$-	$(0.03
Income (loss) per share from discontinued operations	$-	$-	$0.01	$-	$-	$0.07	$(0.03)	$(0.01
Net income (loss) per share	$(0.02)	$(0.01)	$(0.02)	$-	$(0.01)	$0.07	$(0.03)	$(0.04
Basic weighted average common shares outstanding	17,656,087	17,564,070	17,462,484	17,457,404	17,456,711	17,406,012	17,392,213	17,39
Diluted income (loss) per common share:								
Loss per share from continuing operations	$(0.02)	$(0.01)	$(0.03)	$-	$(0.01)	$-	$-	$(0.03
Income (loss) per share from discontinued operations	$-	$-	$0.01	$-	$-	$0.07	$(0.03)	$(0.01
Net income (loss) per share	$(0.02)	$(0.01)	$(0.02)	$-	$(0.01)	$0.07	$(0.03)	$(0.04
Diluted weighted average common	17,656,087	17,564,070	17,462,484	17,457,404	17,456,711	17,407,428	17,392,213	17,39

shares
outstanding

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Comparison of the Three and Six Months Ended December 31, 2015 and 2014

Results of Operations

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Six Months Ended December 31, 2015	Six Months Ended December 31, 2014
Revenue	$9,315,226	$7,931,060	$17,342,327	$15,484,456
Cost of revenue	7,718,924	6,421,308	14,191,678	12,474,899
Gross profit	1,596,302	1,509,752	3,150,649	3,009,557
Operating expenses:				
Selling, general and administrative	1,591,022	1,397,517	3,150,925	2,705,266
Depreciation and amortization	16,096	60,792	30,834	132,880
Stock-based compensation expense	277,389	113,798	421,130	221,517
Foreign currency transaction loss	5,805	25,624	7,122	36,471
Total operating expenses	1,890,312	1,597,731	3,610,011	3,096,134
Loss from operations	(294,010)	(87,979)	(459,362)	(86,577)
Other income (expenses):				
Interest expense	(3,000)	(4,593)	(7,993)	(7,791)
Other income	4,641	325	7,410	623
Total other income (expenses)	1,641	(4,268)	(583)	(7,168)
Loss from continuing operations before provision for income taxes	(292,369)	(92,247)	(459,945)	(93,745)
Provision for income taxes	(6,056)	(1,929)	(17,300)	(7,367)
Loss from continuing operations	(298,425)	(94,176)	(477,245)	(101,112)
Discontinued operations:				
Loss from discontinued operations	-	-	-	(395,344)
Gain from deconsolidation of former French subsidiary	-	-	-	1,548,295
Income from discontinued operations	-	-	-	1,152,951
Net income (loss)	$(298,425)	$(94,176)	$(477,245)	$1,051,839

Revenue

	Three Months Ended December 31,				
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**	
Revenue:					
Article Galaxy	$5,795,311	$5,071,504	$723,807	14.3	%
Reprints and ePrints	3,519,915	2,859,556	660,359	23.1	%
Total revenue	$9,315,226	$7,931,060	$1,384,166	17.5	%

	Six Months Ended December 31,				
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**	
Revenue:					
Article Galaxy	$11,421,015	$10,296,133	$1,124,882	10.9	%
Reprints and ePrints	5,921,312	5,188,323	732,989	14.1	%
Total revenue	$17,342,327	$15,484,456	$1,857,871	12.0	%

Article Galaxy revenue increased $723,807, or 14.3%, for the three months ended December 31, 2015 compared to the three months ended December 31, 2014, and $1,124,882, or 10.9%, for the six months ended December 31, 2015 compared to the six months ended December 31, 2014. In both periods, the increase was primarily due to a net increase in orders resulting from the acquisition of new customers. Single article delivery services generate nearly all of the revenue attributable to the Article Galaxy journal article platform. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to addition or loss of customers.

Revenue from Reprints and ePrints increased $660,359, or 23.1%, for the three months ended December 31, 2015 compared to the three months ended December 31, 2014, and $732,989, or 14.1%, for the six months ended December 31, 2015 compared to the six months ended December 31, 2014. In both periods, the increase was primarily due to a net increase in orders from new customers. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

Total revenue increased $1,384,166, or 17.5%, for the three months ended December 31, 2015 compared to the three months ended December 31, 2014, and $1,857,871, or 12.0%, for the six months ended December 31, 2015 compared to the six months ended December 31, 2014, for the reasons described above.

Cost of Revenue

	Three Months Ended December 31,			
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**
Cost of Revenue:				
Article Galaxy	$4,489,127	$3,806,150	$682,977	17.9 %
Reprints and ePrints	3,229,797	2,615,158	614,639	23.5 %
Total cost of revenue	$7,718,924	$6,421,308	$1,297,616	20.2 %

	Three Months Ended December 31,		
	2015	2014	**2015-2014 Change ***
As a percentage of revenue:			
Article Galaxy	77.5 %	75.0 %	2.4 %
Reprints and ePrints	91.8 %	91.5 %	0.3 %
Total	82.9 %	81.0 %	1.9 %

* The difference between current and prior period cost of revenue as a percentage of revenue

	Six Months Ended December 31,			
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**
Cost of Revenue:				
Article Galaxy	$8,790,914	$7,730,628	$1,060,286	13.7 %
Reprints and ePrints	5,400,764	4,744,271	656,493	13.8 %
Total cost of revenue	$14,191,678	$12,474,899	$1,716,779	13.8 %

	Six Months Ended December 31, 2015		2014		2015-2014 Change *	
As a percentage of revenue:						
Article Galaxy	77.0	%	75.1	%	1.9	%
Reprints and ePrints	91.2	%	91.4	%	(0.2	)%
Total	81.8	%	80.6	%	1.3	%

* The difference between current and prior period cost of revenue as a percentage of revenue

Cost of revenue as a percentage of revenue from Article Galaxy increased to 77.5%, for the three months ended December 31, 2015 compared to 75.0%, for the three months ended December 31, 2014, and to 77.0%, for the six months ended December 31, 2015 compared to 75.1%, for the six months ended December 31, 2014. In both periods, the increase primarily resulted from a reduction in average service fee revenue per transaction on new customer accounts.

Cost of revenue as a percentage of revenue from Reprints and ePrints increased to 91.8%, for the three months ended December 31, 2015 compared to 91.5%, for the three months ended December 31, 2014, primarily due to increased content acquisition costs. Cost of revenue as a percentage of revenue from Reprints and ePrints decreased to 91.2%, for the six months ended December 31, 2015 compared to 91.4%, for the six months ended December 31, 2014, primarily due to decreased content acquisition costs.

Total cost of revenue as a percentage of revenue increased to 82.9%, for the three months ended December 31, 2015 compared to 81.0%, for the three months ended December 31, 2014, and to 81.8%, for the six months ended December 31, 2015 compared to 80.6%, for the six months ended December 31, 2014, for the reasons described above.

Gross Profit

	Three Months Ended December 31, 2015	2014	2015-2014 $ Change	2015-2014 % Change	
Gross Profit:					
Article Galaxy	$1,306,184	$1,265,354	$ 40,830	3.2	%

Reprints	290,118	244,398	45,720	18.7	%
Total gross profit	$1,596,302	$1,509,752	$ 86,550	5.7	%

	Three Months Ended December 31,					
	2015		2014		**2015-2014 Change ***	
As a percentage of revenue:						
Article Galaxy	22.5	%	25.0	%	(2.4	)%
Reprints and ePrints	8.2	%	8.5	%	(0.3	)%
Total	17.1	%	19.0	%	(1.9	)%

* The difference between current and prior period gross profit as a percentage of revenue

	Six Months Ended December 31,				
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**	
Gross Profit:					
Article Galaxy	$2,630,101	$2,565,505	$64,596	2.5	%
Reprints	520,548	444,052	76,496	17.2	%
Total gross profit	$3,150,649	$3,009,557	$141,092	4.7	%

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	Six Months Ended December 31, 2015	2014	2015-2014 Change *
As a percentage of revenue:			
Article Galaxy	23.0 %	24.9 %	(1.9)%
Reprints and ePrints	8.8 %	8.6 %	0.2 %
Total	18.2 %	19.4 %	(1.3)%

* The difference between current and prior period gross profit as a percentage of revenue

Operating Expenses

	Three Months Ended December 31, 2015	2014	2015-2014 $ Change	2015-2014 % Change
Operating Expenses:				
Selling, general and administrative	$1,591,022	$1,397,517	$193,505	13.8 %
Depreciation and amortization	16,096	60,792	(44,696)	(73.5)%
Stock-based compensation expense	277,389	113,798	163,591	143.8 %
Foreign currency transaction loss	5,805	25,624	(19,819)	(77.3)%
Total operating expenses	$1,890,312	$1,597,731	$292,581	18.3 %

	Six Months Ended December 31, 2015	2014	2015-2014 $ Change	2015-2014 % Change
Operating Expenses:				
Selling, general and administrative	$3,150,925	$2,705,266	$445,659	16.5 %
Depreciation and amortization	30,834	132,880	(102,046)	(76.8)%
Stock-based compensation expense	421,130	221,517	199,613	90.1 %
Foreign currency transaction loss	7,122	36,471	(29,349)	(80.5)%
Total operating expenses	$3,610,011	$3,096,134	$513,877	16.6 %

Selling, General and Administrative

Selling, general and administrative expenses increased $193,505 or 13.8%, for the three months ended December 31, 2015 compared to the three months ended December 31, 2014, and $445,659 or 16.5%, for the six months ended December 31, 2015 compared to the six months ended December 31, 2014. In both periods, the increases were primarily due to increases in sales and marketing, and administrative compensation and consulting fees.

Interest Expense

For the three months ended December 31, 2015, interest expense was $3,000, compared to $4,593 for the three months ended December 31, 2014, a decrease of $1,593. For the six months ended December 31, 2015, interest expense was $7,993, compared to $7,791 for the six months ended December 31, 2014, an increase of $202.

Net Income (Loss)

	Three Months Ended December 31,			
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**
Net Income (Loss):				
Loss from continuing operations	(298,425)	(94,176)	(204,249)	(216.9)%
Income (loss) from discontinued operations	-	-	-	- %
Total net loss	$(298,425)	$(94,176)	$(204,249)	(216.9)%

	Six Months Ended December 31,			
	2015	2014	**2015-2014 $ Change**	**2015-2014 % Change**
Net Income (Loss):				
Loss from continuing operations	(477,245)	(101,112)	(376,133)	(372.0)%
Income (loss) from discontinued operations	-	1,152,951	(1,152,951)	(100.0)%
Total net income (loss)	$(477,245)	$1,051,839	$(1,529,084)	(145.4)%

Loss from continuing operations increased $204,249 or 216.9%, for the three months ended December 31, 2015 compared to the three months ended December 31, 2014, primarily due to increased operating expenses as described above. Loss from continuing operations increased $376,133 or 372%, for the six months ended December 31, 2015 compared to the six months ended December 31, 2015, primarily due to increased operating expenses as described above.

Total net income decreased $1,529,084 or 145.4%, for the six months ended December 31, 2015 compared to the six months ended December 31, 2014, primarily due to a gain of $1,548,295 from the deconsolidation of our former French subsidiary in September 2014.

Liquidity and Capital Resources

	Six Months Ended December 31,	
Consolidated Statements of Cash Flow Data:	2015	2014
Net cash provided by operating activities from continuing operations	$ 477,484	$ 212,881
Net cash used in operating activities of discontinued operations	-	(34,503)
Net cash provided by operating activities	477,484	178,378
Net cash used in investing activities from continuing operations	(42,448)	(53,018)
Net cash used in investing activities of discontinued operations	-	-
Net cash used in investing activities	(42,448)	(53,018)
Net cash used in financing activities from continuing operations	(20,148)	-
Net cash used in financing activities of discontinued operations	-	(67,515)
Net cash used in financing activities	(20,148)	(67,515)
Effect of exchange rate changes	(4,920)	(143,888)
Net increase (decrease) in cash and cash equivalents	409,968	(86,043)
Cash and cash equivalents, beginning of period	1,354,158	1,884,667
Cash and cash equivalents, end of period	$ 1,764,126	$ 1,798,624

Liquidity

We believe that our current cash resources, our borrowing availability under our existing line of credit, and expected cash flow will be sufficient to sustain operations for the next twelve months. Since our inception, we have funded our operations primarily through private sales of equity securities and the exercise of warrants, which have provided aggregate net cash proceeds to date of approximately $11,188,000. As of December 31, 2015, we had working capital of $907,421 and stockholders' equity of $1,011,190. For the six months ended December 31, 2015, we recorded a net loss of $477,245, cash provided by operating activities from continuing operations was $477,484. We may incur losses for an indeterminate period and may never sustain profitability. We may be unable to achieve and maintain profitability on a quarterly or annual basis. An extended period of losses and negative cash flow may prevent us from successfully operating and expanding our business.

As of December 31, 2015, we had cash and cash equivalents of $1,764,126, compared to $1,354,158 as of June 30, 2015, an increase of $409,968. This increase was primarily due to cash provided by operating activities from continuing operations.

Operating Activities

Net cash provided by operating activities from continuing operations was $477,484 for the six months ended December 31, 2015 and resulted primarily from an increase in accounts payable and accrued expenses of $833,266, partially offset by an increase in accounts receivable of $527,065.

Net cash provided by operating activities from continuing operations was $212,881 for the six months ended December 31, 2014 and resulted primarily from an increase in accounts payable and accrued expenses of $383,527, partially offset by an increase in accounts receivable of $343,930. Net cash used in operating activities of discontinued operations was $34,503 for the six months ended December 31, 2014.

Investing Activities

Net cash used in investing activities from continuing operations was $42,448 for the six months ended December 31, 2015 and resulted from the purchase of property and equipment.

Net cash used in investing activities from continuing operations was $53,018 for the six months ended December 31, 2014 and resulted from the purchase of intangible assets and property and equipment.

Financing Activities

Net cash used in financing activities from continuing operations was $20,148 for the six months ended December 31, 2015 and resulted from common stock repurchased.

Net cash used in financing activities from discontinued operations was $67,515 for the six months ended December 31, 2014.

We entered into a Loan and Security Agreement with Silicon Valley Bank (“SVB”) on July 23, 2010, which, as amended, provides for a revolving line of credit for the lesser of $4,000,000, or 80% of eligible accounts receivable. The line of credit matures on October 31, 2017, and is subject to certain financial and performance covenants with which we were in compliance as of December 31, 2015. Financial covenants include maintaining a ratio of quick assets to current liabilities of at least 0.8 to 1.0, and maintaining tangible net worth of $600,000, plus 50% of net income for the fiscal quarter ended from and after December 31, 2015, plus 50% of the dollar value of equity issuances after October 1, 2015 and the principal amount of subordinated debt. The line of credit bears interest at the prime rate plus 2.25% for periods in which we maintain an account balance with SVB (less all indebtedness owed to SVB) of at least $800,000 at all times during the prior calendar month (the “Streamline Period”), and at the prime rate plus 5.25% when a Streamline Period is not in effect. The interest rate on the line of credit was 5.75% as of December 31, 2015. The line of credit is secured by our consolidated assets.

There were no outstanding borrowings under the line as of December 31, 2015 and June 30, 2015, respectively. As of December 31, 2015 and June 30, 2015, approximately $2,927,000 and $2,182,000, respectively, of available credit was unused.

Non-GAAP Measure – Adjusted EBITDA

In addition to our GAAP results, we present Adjusted EBITDA as a supplemental measure of our performance. However, Adjusted EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. We define Adjusted EBITDA as net income (loss), plus interest expense, other income (expense), foreign currency transaction loss, provision for income taxes, depreciation and amortization, stock-based compensation, income (loss) from discontinued operations, impairment of acquired intangibles and goodwill, loss on facility sublease, and (gain) loss on sale of fixed assets. Management considers our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Set forth below is a reconciliation of Adjusted EBITDA to net income (loss) for the three and six months ended December 31, 2015 and 2014:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Net income (loss)	$(298,425)	$(94,176)	$(477,245)	$1,051,839
Add (deduct):				
Interest expense	3,000	4,593	7,993	7,791
Other (income) expense	(4,641)	(325)	(7,410)	(623)
Foreign currency transaction loss	5,805	25,624	7,122	36,471
Provision for income taxes	6,056	1,929	17,300	7,367
Depreciation and amortization	16,096	60,792	30,834	132,880
Stock-based compensation	277,389	113,798	421,130	221,517
(Income) loss from discontinued operations	-	-	-	(1,152,951)
Adjusted EBITDA	$5,280	$112,235	$(276)	$304,291

We present Adjusted EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted EBITDA in developing our internal budgets, forecasts and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; and in making compensation decisions and in communications with our board of directors concerning our financial performance. Adjusted EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recently Issued Accounting Pronouncements

For information about recently issued accounting standards, refer to Note 2 to our Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. For purposes of this section, the term *disclosure controls and procedures* means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2015, the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Inherent Limitations on the Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control Over Financial Reporting

In addition, our management with the participation of our principal executive officer and principal financial officer have determined that no change in our internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Exchange Act) occurred during the quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

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

On November 7, 2014 our Board of Directors authorized the repurchase of up to $250,000 of our outstanding common stock through November 7, 2015. Purchases may be made from time to time in open market or privately negotiated transactions as determined by our management. The actual timing, number and value of shares repurchased will be determined by our management at its discretion, and will depend on management's evaluation of market conditions and other factors. We have no obligation to repurchase any shares under this authorization, and the repurchase program may be suspended, discontinued or modified at any time, for any reason and without notice.

During the three months ended December 31, 2015, there were no repurchases of shares of common stock under the repurchase program. As of December 31, 2015, the authorization to repurchase the Company's outstanding common stock has expired.

The following table summarizes repurchases of our common stock on a monthly basis:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2015	-		-	-	$ 250,000
February 1 - February 28, 2015	29,000		$ 0.85	29,000	$ 225,323
March 1 - March 31, 2015	25,370	[1]	$ 1.02	24,300	$ 200,518
June 1 - June 30, 2015	1,100	[2]	$ 1.00	-	$ 200,518
Sept. 1 – Sept. 30, 2015	1,848	[3]	$ 0.95	-	$ 200,518
Dec. 1 – Dec. 31, 2015	27,450	[4]	$ 0.67	-	-
Total	85,838		$ 0.85	53,300	-

[1] Includes 1,070 shares of common stock surrendered by employees to cover tax withholding obligations with respect to the vesting of restricted stock, at an average price of approximately $1.05 per share for an aggregate amount of approximately $1,124.

[2] Includes 1,100 shares of common stock surrendered by employees to cover tax withholding obligations with respect to the vesting of restricted stock, at an average price of approximately $1.00 per share for an aggregate amount of approximately $1,100.

[3] Includes 1,848 shares of common stock surrendered by employees to cover tax withholding obligations with respect to the vesting of restricted stock, at an average price of approximately $0.95 per share for an aggregate amount of approximately $1,756.

[4] Includes 27,450 shares of common stock surrendered by employees to cover tax withholding obligations with respect to the vesting of restricted stock, at an average price of approximately $0.67 per share for an aggregate amount of approximately $18,391.

Item 6. Exhibits

See "Exhibit Index" on the page immediately following the signature page hereto for a list of exhibits filed as part of this report, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	RESEARCH SOLUTIONS, INC.
	By: /s/ Peter Victor Derycz
Date: February 16, 2016	Peter Victor Derycz Chief Executive Officer (Principal Executive Officer)
	By: /s/ Alan Louis Urban
Date: February 16, 2016	Alan Louis Urban Chief Financial Officer (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer *
32.2	Section 1350 Certification of Chief Financial Officer *
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

*Furnished herewith