

NORTHEAST MARITIME INSTITUTE, INC.

COLLEGE OF MARITIME SCIENCE



Financial Statements

Year Ended December 31, 2019





NORTHEAST MARITIME INSTITUTE, INC.
FINANCIAL STATEMENTS
December 31, 2019

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NORTHEAST MARITIME INSTITUTE, INC.
FINANCIAL STATEMENTS
December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
the Northeast Maritime Institute, Inc.
Fairhaven, Massachusetts

We have audited the accompanying financial statements of the Northeast Maritime Institute, Inc. (a Delaware S Corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statement of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northeast Maritime Institute, Inc. as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedule of changes in operating revenues and the schedule of selling, general and administrative expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hague, Sahady & Co., CPAs, P.C.

Hague, Sahady & Co., CPAs, P.C.

Fall River, MA
August 24, 2020



NORTHEAST MARITIME INSTITUTE, INC.
FINANCIAL STATEMENTS
 December 31, 2019

| | <u>2019</u> | <u>(comparative)</u> <u>2018</u> |
|---|---------------------|-------------------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents (Note 4) | \$ 338,931 | \$ 92,553 |
| Accounts receivable, net allowance (Note 5) | 863,273 | 567,243 |
| Prepaid expenses | 9,687 | 2,298 |
| Employee advances (Note 11) | - | 20,597 |
| Inventory | 27,756 | 29,714 |
| Total current assets | 1,239,647 | 712,405 |
| Other assets: | | |
| Property and equipment, net (Note 6) | 3,193,142 | 3,261,506 |
| Total other assets | 3,193,142 | 3,261,506 |
| Total assets | \$ 4,432,789 | \$ 3,973,911 |
| <u>LIABILITIES & EQUITY</u> | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses (Note 7) | \$ 176,085 | \$ 273,254 |
| Current portion of notes payable (Note 8) | 25,292 | 9,001 |
| Deferred revenue (Note 9) | 348,390 | 300,415 |
| Total current liabilities | 549,767 | 582,670 |
| Long-term Liabilities: | | |
| Notes payable - shareholders (Note 11) | 215,432 | 211,740 |
| Notes payable - related party (Note 3) | 1,265,392 | 1,351,435 |
| Notes payable (Note 8) | 622,669 | 143,130 |
| Total long-term liabilities | 2,103,493 | 1,706,305 |
| Total liabilities | 2,653,260 | 2,288,975 |
| Stockholder's Equity (deficit): | | |
| Capital stock: | | |
| Common stock, no par value, authorized 10,000 shares, issued 2,000 shares | 1,000 | 1,000 |
| Paid in capital | 1,747,186 | 1,747,186 |
| Retained earnings (deficit) | 31,343 | (63,250) |
| Total stockholder's equity | 1,779,529 | 1,684,936 |
| Total liabilities & stockholder's equity | \$ 4,432,789 | \$ 3,973,911 |



NORTHEAST MARITIME INSTITUTE, INC.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
 For the Year Ended December 31, 2019

| | <u>2019</u> | <u>(comparative)</u> <u>2018</u> |
|---|------------------|-------------------------------------|
| Operating Revenue: | | |
| Tuition and Educational Services , Net - Continuing Ed. | \$ 329,314 | 1,286,632 |
| Tuition and Educational Services , Net - Higher Ed. | 400,473 | 477,378 |
| Tuition and Educational Services , Net - NEMO Online | 364,718 | 38,591 |
| NMI Foundation Scholarship Funds and Grants | 223,588 | - |
| Materials Revenue | 28,588 | 39,662 |
| Consulting Revenue | 362,750 | 1,006,495 |
| NMI Affiliation Fees | - | (4,000) |
| Lodging Income | 66,744 | 57,025 |
| Rent Income | 6,000 | 10,843 |
| Other Revenues | <u>14,619</u> | <u>10,697</u> |
| Total Operating Revenue: | <u>1,796,794</u> | <u>2,923,323</u> |
| Cost of Revenues: | | |
| Payroll, Payroll Taxes and Employee Benefits | | |
| - Continuing Education: | (150,565) | (445,227) |
| Payroll, Payroll Taxes and Employee Benefits | | |
| - Higher Education: | (285,284) | (213,268) |
| Textbooks | <u>(17,970)</u> | <u>(16,278)</u> |
| Total Cost of Revenues: | <u>(453,819)</u> | <u>(674,773)</u> |
| Gross Profit | <u>1,342,975</u> | <u>2,248,550</u> |
| Operating Expenses: | | |
| Selling, General and Administrative | 1,113,776 | 1,515,231 |
| Bad Debt Expense | (2,356) | 75,015 |
| Depreciation | <u>112,809</u> | <u>201,614</u> |
| Total Operating Expenses | <u>1,224,229</u> | <u>1,791,860</u> |
| Income (loss) from operations | <u>118,746</u> | <u>456,690</u> |
| Other Income (Expense): | | |
| Interest income | - | 40 |
| Interest expense | <u>(16,495)</u> | <u>(12,533)</u> |
| Total other income (expense) | <u>(16,495)</u> | <u>(12,493)</u> |
| Net income | 102,251 | 444,197 |
| Retained earnings (deficit), beginning of year | <u>(63,250)</u> | <u>(507,447)</u> |
| Current Year Distributions | <u>(7,658)</u> | <u>-</u> |
| Retained earnings (deficit), end of year | <u>\$ 31,343</u> | <u>\$ (63,250)</u> |



NORTHEAST MARITIME INSTITUTE, INC.
STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2019

| | <u>(comparative)</u> | |
|---|----------------------|--------------------|
| | <u>2019</u> | <u>2018</u> |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 102,251 | \$ 444,197 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 112,809 | 201,614 |
| Changes in: | | |
| Accounts receivable | (410,103) | 90,298 |
| Prepaid expenses | (7,389) | 357 |
| Inventory | 1,958 | (9,973) |
| Accounts payable | (97,169) | 174,416 |
| Deferred revenue | 47,975 | (1,878) |
| Net cash provided by operating activities | <u>(114,998)</u> | <u>1,023,914</u> |
| Cash Flows from Investing Activities: | | |
| Purchases of fixed assets | (44,445) | (2,400,861) |
| Net cash provided by investing activities | <u>(44,445)</u> | <u>(2,400,861)</u> |
| Cash Flows from Financing Activities: | | |
| Advances from shareholders | 3,692 | 19,562 |
| Distributions to shareholders | (7,658) | - |
| Paid in capital | - | 25,000 |
| Principal payments on notes payable | 495,830 | (5,127) |
| Loans from related parties | (86,043) | 1,351,435 |
| Net cash provided by financing activities | <u>405,821</u> | <u>1,390,870</u> |
| Increase (decrease) in cash | 246,378 | 13,923 |
| Cash and cash equivalents, Beginning of Year | <u>92,553</u> | <u>78,630</u> |
| Cash and cash equivalents, End of Year | <u>\$ 338,931</u> | <u>\$ 92,553</u> |

NOTES TO THE FINANCIAL STATEMENTS





NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 1: Nature of Operations

The NORTHEAST MARITIME INSTITUTE, INC. ("NMI", "the Company"), is a private, co-educational maritime institution that offers its students an opportunity to pursue maritime career-oriented education. The NMI provides required marine safety education, ship operation courses, Coast Guard license and document courses, as well as programs that grant students with a certificate and Merchant Marine Document upon completion. In 2014, the Institute was approved by the Massachusetts Department of Higher Education as a degree granting institution and currently offers an Associate in Applied Science in Nautical Science degree program under its College of Maritime Science. NMI has also focused efforts in the past few years on creating NEMO™, an online learning management platform to deliver maritime courses to mariners around the globe more effectively. NEMO™ is also host to NMI-developed online maritime simulators to further enhance the online learning environment and increase student engagement and learning.

Note 2: Significant Accounting Policies

Basis of Presentation

The Company maintains its accounting records on an accrual basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include money market funds, bank overnight deposits, and tax-exempt commercial paper, which are all placed with high-credit-quality institutions. The Company has not experienced any losses on our cash and cash equivalents.

Credit and Market Risk

The Company maintains bank accounts with several financial institutions. From time to time during the year the amounts of deposit may exceed federally insured amounts.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 2: Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Estimates are used in determining the allowance for doubtful accounts and are based on historical collection experience and current trends. In determining these amounts, management looks at the historical write-offs of all receivables. Management monitors our collections and write-off experience to assess whether adjustments are necessary. Management periodically evaluates the standard allowance estimation methodology for propriety and modifies as necessary. In doing so, the allowance for doubtful accounts reflects the most recent collections experience and is responsive to changes in trends.

Currently, management applied appropriate percentages to each stratum of account receivable aging intervals, based on experience, as follows:

| <u>Aging Interval</u> | <u>Estimated Uncollectable</u> |
|-----------------------|------------------------------------|
| 1 - 30 days | 1% |
| 31 - 60 days | 3% |
| 61 - 90 days | 5% |
| 91 - 180 days | 10% |
| 181 - 365 days | 15% |
| 366 - 730 days | 20% |
| 731 days+ | 100% |

Accounts receivable are written off once the account is deemed to be uncollectible. This typically occurs once all efforts are exhausted to collect the account, which include collection attempts by both our employees and outside collection agencies.

Please refer to “Note 5: Accounts Receivable, net”, for further discussion.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 2: Significant Accounting Policies (continued)

Inventory

Inventories consist of textbooks purchased from the Company's suppliers or books printed and produced in house. Inventories are stated at the lower of cost or market. Costs for all finished goods are valued at actual cost. Inventory is periodically reviewed to determine if it is marketable, obsolete or impaired. Inventory that is determined to not be marketable is written down to market value. Inventory that is determined to be obsolete or impaired is written off to expense at the time the impairment is identified. The Company sells its inventory directly to students and affiliated schools.

Property and Equipment, net

Property and equipment is recorded at cost less accumulated depreciation. Property and equipment under capital leases, and the related obligation, is recorded at an amount equal to the present value of future minimum lease payments. Buildings, furniture, equipment, and software, including internally developed software, are depreciated using straight-line methods over the estimated useful lives of the related assets, which range from three to forty years. It is management's policy to evaluate the estimated useful lives on a periodic basis.

Capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the related assets. Construction in progress, excluding software, is recorded at cost until the corresponding asset is placed into service and depreciation begins. Software is recorded at cost and is amortized once the related asset is ready for its intended use. Maintenance and repairs are expensed as incurred. Please refer to "Note 6: Property and Equipment, net", for further discussion.

Revenue Recognition

The Company's educational programs, primarily comprised of Northeast Maritime Institute programs, range in length from one-day seminars to certificate programs lasting up to two years to the newly approved Associate Degree program in Applied Science in Nautical Science which was approved by the Massachusetts Board of Higher Education on October 21, 2014. Generally, students are billed on a course-by-course basis when the student first attends a session, resulting in the recording of a receivable from the student and deferred revenue in the amount of the billing. Students generally fund their education through tuition assistance from their employers or personal funds.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 2: Significant Accounting Policies (continued)

Revenue Recognition (continued)

NMI anticipates implementation of FASB ASC Topic 606 Revenue from Contracts with Customers for the year ended December 31, 2022 in accordance with the FASB guidance for private companies which mandates an effective date of the standard for fiscal years beginning after December 15, 2021.

Tuition and educational services revenues consist largely of tuition and fees associated with different educational programs as well as related revenues from maritime consulting, ship inspection and mariner certification. Net revenues are shown net of discounts.

Consulting revenue consists primarily of non-educational services to the maritime industry in areas safety, security and regulatory compliance.

Other revenues consist of the *lodging fees* paid primarily by exchange students, tutoring income and other miscellaneous fees and reimbursements. Other revenue also includes non-tuition generating revenues, such as *renting* classroom space. This revenue is recognized as the services are provided.

Discounts reflect reductions in tuition or other revenue including military, corporate, and other employer discounts, grants, and promotions.

Generally, total net revenue varies from period to period based on several factors, including the aggregate number of students attending classes, the number of classes held during the period and the tuition price per credit hour.

Net revenue excludes any applicable state sales taxes. Sales tax collected from students is excluded from net revenue. Collected but unremitted sales tax is included as a liability in our balance sheet and is not material to our financial statements.

Income Taxes

The Company and its subsidiary are S Corporations under the Internal Revenue Code (26 USC Section 1361). As an S Corporation, the Company's taxable income flows through to its shareholders and income tax is assessed on the shareholder's individual federal and state income tax returns. Each shareholder is responsible for paying taxes on their pro rata share of the S corporation's items of income, deductions, and credits. Therefore, no provision or liability for income taxes is reflected in these financial statements.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 2: Significant Accounting Policies (continued)

Income Taxes (continued)

The Company follows the guidance under ASC 740 in accounting for uncertainties in income taxes, which defines the thresholds for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. At December 31, 2019, the Company has no unrecognized tax benefits and the Company's statutes of limitations are closed for all federal and state tax years before 2015 and 2014, respectively. The Company is not currently under any Internal Revenue Service or state tax examination.

As of December 31, 2019, the Company had no uncertain tax positions, or interest and penalties, that qualify for either recognition or disclosure in the financial statements.

Advertising

Advertising costs are expensed when the advertisement or commercial appears in the selected media. Advertising and sales promotion expense was \$6,952 and \$32,376 for the years December 31, 2019 and December 31, 2018, respectively.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Translation of Foreign Currencies

The company conducts business with companies in several countries as part of its ongoing maritime consulting and ship registry business. This may result in a number of payables denominated in the currencies of those countries being outstanding at any time. The company does not engage in hedging activities to offset the risk of exchange rate fluctuations on these payables. During the reporting period, the company experienced no material benefit or loss from foreign exchange on these accounts payable.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 2: Significant Accounting Policies (continued)

Summarized Financial Information

The financial information includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statement for the year ended December 31, 2018 from which the summarized information was derived.

Note 3: Related Party Transactions

The advances from related parties consist of non-interest-bearing loans from entities that are affiliated to the Company by common management. The Company received some consulting income and rental income from the Commonwealth of Dominica Maritime Registry, Inc. The consulting income was \$362,750 and \$1,006,495 for the years ended December 31, 2019 and 2018, respectively. The Company also received two loans from the Commonwealth of Dominica Maritime Registry, Inc. in 2018 totaling \$1,351,435. Both loans include a five-year deferral period within which no payments are required to be made.

The rental income was paid to the shareholders from NMI in the amounts of \$72,000 and \$72,000 for the years ended December 31, 2019 and 2018 (respectively) for the 32 Washington Street property, \$36,000 and \$36,000 for the years ended December 31, 2019 and 2018 (respectively) for the 56 Main Street property, and \$42,000 and \$42,000 for the years ended December 31, 2019 and December 31, 2018 (respectively) for the 4 Bluepoint Street property.

Northeast Maritime Institute, Inc. signed a contract with Transas Americas, Inc. in April 2018 for the upgrade of its current Transas bridge simulator software and equipment, on which work was to begin July 2018.

Mr. Aaron Bresnahan, President and Managing Director of Wartsila North America was invited to join the Northeast Maritime Institute Board of Trustees in the Fall of 2018 as a Director due to his experience with the marine engineering systems Wartsila has manufactured for many years to contribute to the development of a marine engineering degree program at Northeast Maritime Institute over the next five years. Mr. Bresnahan began his term as director in October 2018.



NORTHEAST MARITIME INSTITUTE, INC.
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Wartsila Corporation finalized its acquisition of Transas Corporation, the global parent company of Transas Americas, in May 2018. Mr. Bresnahan's division and role are in no way connected to the simulator division of Wartsila Corporation.

The notes receivable from related parties consist of non-interest-bearing loans to entities that are affiliated with the Company by common management. The Company loaned the Marina at Slocum Cove \$49,859 and Northeast Properties \$44,200. Both agreements include a one-year deferral period within which no payments are required to be made.

Note 4: Cash, Cash Equivalents and Investments

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the balance sheet as "cash and cash equivalents". Petty cash is included in the presentation of cash on the statement of net position in the amount of \$300 at December 31, 2019 and \$300 at December 31, 2018.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end December 31, 2019, the entity's carrying amount of deposits was \$338,946, including \$300 of petty cash and the bank balance was \$333,248. Of the bank balance, \$253,475 was covered by Federal Depository Insurance.

The Company has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management feels that the entity is not exposed to any significant credit risk related to cash.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2019

Note 5: Accounts Receivable, net

Accounts receivable, net of allowances, as of December 31, 2019 is as follows:

| | 2019 | (comparative) 2018 |
|-----------------|-------------------|------------------------------|
| 1 - 30 days | \$ 124,436 | \$ 111,507 |
| 31 - 60 days | 77,285 | 9,448 |
| 61 - 90 days | 7,587 | (1,438) |
| 91 - 180 days | 68,157 | 52,394 |
| 181 - 365 days | 226,375 | (17,208) |
| 366 - 730 days | (63,411) | 328,615 |
| 731 days+ | <u>540,417</u> | <u>210,411</u> |
| Less: Allowance | <u>(117,573)</u> | <u>(126,486)</u> |
| | <u>\$ 863,273</u> | <u>\$ 567,243</u> |

The largest amount due in the receivable account relates to student deferred tuitions as of December 31, 2019. The amount totaled \$450,328 at December 31, 2019.

The second largest vendor within the receivable account relates to the school affiliations billing as of December 31, 2019. The amount uncollected from "NMI Punjab, India" was \$104,854 at December 31, 2019. Against the amount uncollected of \$104,854 from "NMI Punjab, India", an allowance was recorded for 100% as those receivables fall into the "731 days +" category above. This allowance was recorded initially at December 31, 2015.

See "Note 2: Significant Accounting Policies" for further detail on estimated allowance percentages across all aging intervals.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2019

Note 6: Property and Equipment, net

Changes in property and equipment as of December 31, 2019, is as follows:

| <u>2019</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>2018 (comparative)</u> |
|---|------------------------------|--------------------|--------------------|---------------------------|---------------------------|
| Non-depreciable assets: | | | | | |
| Model ships | \$ 73,750 | \$ - | \$ - | \$ 73,750 | \$ 73,750 |
| Total non-depreciable assets: | <u>73,750</u> | <u>-</u> | <u>-</u> | <u>73,750</u> | <u>73,750</u> |
| Assets being depreciated: | | | | | |
| Buildings | 2,377,121 | - | - | 2,377,121 | 2,377,121 |
| Leasehold improvements | 985,359 | 35,678 | - | 1,021,038 | 985,359 |
| Boats | 617,304 | - | - | 617,304 | 617,304 |
| Equipment | 1,018,229 | - | - | 1,018,229 | 1,018,229 |
| Office equipment | 413,885 | 2,333 | - | 416,218 | 413,885 |
| Furniture & fixtures | 223,200 | 10,180 | - | 233,380 | 223,200 |
| Vehicles | 105,069 | - | - | 105,069 | 105,069 |
| Total assets being depreciated: | <u>5,740,167</u> | <u>48,192</u> | <u>-</u> | <u>5,788,359</u> | <u>5,740,167</u> |
| Total capital assets: | <u>\$ 5,813,917</u> | <u>\$ 48,192</u> | <u>\$ -</u> | <u>\$ 5,862,109</u> | <u>\$ 5,813,917</u> |
| Accumulated depreciation: | | | | | |
| Building | (101,783) | (59,499) | - | (161,282) | (101,783) |
| Leasehold improvements | (552,186) | (44,754) | - | (596,940) | (552,186) |
| Boats | (328,350) | (4,291) | - | (332,641) | (328,350) |
| Equipment | (1,056,820) | 43,886 | - | (1,012,935) | (1,056,820) |
| Office equipment | (239,706) | (42,935) | - | (282,642) | (239,706) |
| Furniture & fixtures | (165,108) | (6,901) | - | (172,009) | (165,108) |
| Vehicles | (108,457) | 1,681 | - | (106,776) | (108,457) |
| Total accumulated depreciation: | <u>(2,552,411)</u> | <u>(112,813)</u> | <u>-</u> | <u>(2,665,224)</u> | <u>(2,552,411)</u> |
| Total assets net of accumulated depreciation: | <u>\$ 3,261,504</u> | <u>\$ (64,622)</u> | <u>\$ -</u> | <u>\$ 3,196,883</u> | <u>\$ 3,261,506</u> |



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 6: Property and Equipment, net (continued)

The cost of the property and equipment is being depreciated using the straight-line method over its useful life. It is management's policy to re-evaluate useful lives on a periodic basis. Useful lives by asset class are as follows:

| Asset Class: | Useful Life: |
|------------------------------|-------------------------|
| Buildings | 40 years |
| Leasehold Improvements | 20 years |
| Boats – Fritha | 50 years |
| Boats – Large vessel | 20 years |
| Boats – Small vessel | 10 years |
| Boats – Inflatable | 5 years |
| Furniture & Fixtures | 10 years |
| Equipment | 5-7 years |
| Equipment – Simulators | 10 – 15 years |
| Office Equipment & Computers | 5 years |
| Vehicle | 7-10 years |
| Library Acquisitions | 10 years |

Depreciation expense for the year ended December 31, 2019 is \$112,813.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 7: Disaggregation of Accounts Payable and Accrued Expenses

The balance in “accounts payable and accrued expenses” can be disaggregated as follows at December 31, 2019:

| | <u>2019</u> | (comparative) <u>2018</u> |
|------------------------------------|-------------------|------------------------------|
| Bristol County Savings Credit Card | \$ 8,910 | \$ 9,306 |
| Accounts Payable | 157,741 | 231,480 |
| Misc Withholdings | 3,083 | 7,088 |
| Accrued Payroll Taxes | 640 | 2,318 |
| Accrued Payroll | <u>5,711</u> | <u>23,062</u> |
| Total | <u>\$ 176,085</u> | <u>\$ 273,254</u> |

Accounts payable includes \$74,034 due to Transas America, Inc. per contract dated July 1, 2018 for simulator system software upgrades. See Note 14 for subsequent event related to this balance.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2019

Note 8: Notes Payable and Long-Term Debt

Outstanding Notes and Long-Term Debt Payable

| | <u>Maturity Dates</u> | <u>Balance 12/31/2018</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 12/31/2019</u> | <u>Principal due in 2020</u> | <u>Interest Paid in 2019</u> |
|-----------------------|-----------------------|---------------------------|-------------------|------------------|---------------------------|------------------------------|------------------------------|
| 29-31 Center St. Note | 7/28/2030 | \$ 152,105 | \$ - | \$ 4,144 | \$ 147,961 | \$ 9,580 | \$ 11,978 |
| 2 Elm Ave. Note | 10/18/2039 | - | 500,000 | - | 500,000 | 15,712 | - |
| | | <u>\$ 152,105</u> | <u>\$ 500,000</u> | <u>\$ 4,144</u> | <u>\$ 647,961</u> | <u>\$ 25,292</u> | <u>\$ 11,978</u> |

Outstanding Notes and Long-Term Debt Payable (continued from above)

| | <u>Effective Interest Rate</u> | <u>Payments Required</u> | <u>Secured By</u> |
|-----------------------|--------------------------------|--------------------------|-------------------|
| 29-31 Center St. Note | 7.75% | Monthly | Real Property |
| 2 Elm Ave. Note | 4.75% | Monthly | Real Property |
| | <u>NA</u> | <u>NA</u> | <u>NA</u> |



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 9: Disaggregation of Deferred Revenues

The balance in “deferred revenues” can be disaggregated as follows at December 31, 2019:

| | <u>2019</u> | (comparative) <u>2018</u> |
|------------------------------|-------------------|------------------------------|
| Tuition - Continuing Ed. | \$ 8,549 | \$ 66,332 |
| Tuition - Higher Ed. | 334,905 | 228,856 |
| Fees | 3,600 | 4,547 |
| Books | <u>1,336</u> | <u>680</u> |
| Total Deferred Revenue (net) | <u>\$ 348,390</u> | <u>\$ 300,415</u> |

At December 31, 2019, deferred revenues represent amounts related to the spring semester for both higher education and continuing education classes as well as related fees and books.

Note 10: Rental and Lease Agreements

Rental Agreements

The Company rents its operating facility from its shareholders. Rent expense amounted to \$187,800 and \$213,129 for the years ended December 31, 2019 and 2018, respectively.

Operating Lease Agreements

The Company is obligated under two copier leases through 2021.

Future obligations due under the Toshiba copier lease total approximately \$41,243 at December 31, 2019. The lease extends through May of 2021.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 11: Employee Advances and Notes Payable to Shareholders

On August 28, 2013, the shareholders entered into an agreement with the NMI to loan the NMI \$288,104 in order to provide “additional financial support during the higher education application process”. This loan was provided to the NMI at 0%. The NMI is not on a regular payment schedule to the shareholders and the agreement provides that the outstanding amount may be “reduced by expenses paid for the shareholders that are considered personal and any other amounts that may be due from the shareholders to NMI.” An additional \$23,000 was added to the loan in 2018 under the same terms as the original agreement. The balance of the account was \$215,432 and \$211,740 at December 31, 2019 and 2018, respectively.

Note 12: Profit Sharing Plan

The Company implemented a 401(k)-profit sharing plan during 2004 which covers all employees meeting the eligibility requirements relating to age, length of service and compensation. Profit sharing contributions, if any, are determined by the Board of Directors.

Participants may elect to make plan contributions by having their gross compensation reduced through payroll withholding. These elective deferrals may not exceed 15% of gross compensation, subject to a maximum deferral limit set by IRS regulations. In addition, the Company can make discretionary matching contributions equal to 25% of the participant’s elective deferral contribution up to 3% of compensation. No contributions were made during 2019 or 2018.



NORTHEAST MARITIME INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 13: Loss Contingencies

The Company is subject to various claims and contingencies which are in the scope of ordinary and routine litigation incidental to our business, including those related to regulation, litigation, business transactions, employee-related matters and taxes, among others. In accordance with SFAS No. 5, "Accounting for Contingencies" (ASC 450), when we become aware of a claim or potential claim, the likelihood of any loss or exposure is assessed. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, we record a liability for the loss. The liability recorded includes probable and estimable legal costs incurred to date and future legal costs to the point in the legal matter where we believe a conclusion to the matter will be reached. If the loss is not probable or the amount of the loss cannot be reasonably estimated, we disclose the claim if the likelihood of a potential loss is reasonably possible and the amount of the potential loss is material. For matters where no loss contingency is recorded, our policy is to expense legal fees as incurred.

Note 14: Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes.

Management has evaluated the activity of NORTHEAST MARITIME INSTITUTE, INC. through August 24, 2020 (the date the financial statements were available to be issued) and concluded that the following subsequent events require disclosure:

Transas Accounts Payable Balance:

Northeast Maritime Institute signed in April 2018 with Transas Americas for the upgrade to its Transas simulators and equipment, which began in July 2018. As a result of several failures in the installation and upgrade of the Transas 3000 Simulators, the Institute decided to withdraw and rescind any and all obligation for the final payment of \$74,033.75. The installation of the new software is complete with glitches that have been identified and have yet to be completely remedied. More importantly, the upgrade process wiped out over a decade of scenario development costing the Institute hundreds of thousands of dollars in man hours.

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SUPPLEMENTARY INFORMATION





NORTHEAST MARITIME INSTITUTE, INC.
DETAILED SCHEDULE OF CHANGES IN OPERATING REVENUES
 Years Ended December 31, 2019 and December 31, 2018

| | 2019 | 2018 | 2019 vs. 2018 Change in \$ | 2019 vs. 2018 Change in % |
|---|--------------------|--------------------|---------------------------------------|--------------------------------------|
| <i>Continuing Education:</i> | | | | |
| Tuition and Fees - Continuing Education | \$ 333,427 | \$1,295,148 | \$ (961,721) | -74.3% |
| Discounts - Continuing Education | (4,113) | (8,516) | 4,403 | -51.7% |
| <i>Higher Education:</i> | | | | |
| Tuition and Fees - Higher Education | 624,061 | 477,378 | 146,683 | 30.7% |
| <i>Online Education</i> | | | | |
| Tuition and Fees - NEMO Online | 364,718 | 38,591 | 326,127 | 100.0% |
| <i>Materials Revenues:</i> | | | | |
| Books | 28,588 | 39,662 | (11,074) | -27.9% |
| <i>Consulting Revenue:</i> | | | | |
| Dominica Maritime Registry & Other | 362,750 | 1,006,495 | (643,745) | -64.0% |
| NMI Affiliation Fees | - | (4,000) | 4,000 | -100.0% |
| Lodging Income | 66,744 | 57,025 | 9,719 | 17.0% |
| Rent Income | 6,000 | 10,843 | (4,843) | -44.7% |
| Other Revenues | 14,619 | 10,697 | 3,922 | 36.7% |
| <i>Total Operating Revenue:</i> | \$1,796,794 | \$2,923,323 | \$ (1,126,529) | -38.5% |



NORTHEAST MARITIME INSTITUTE, INC.
DETAILED SCHEDULE OF CHANGES IN OPERATING REVENUES
Years Ended December 31, 2019 and December 31, 2018

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NORTHEAST MARITIME INSTITUTE, INC.
SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
 Years Ended December 31, 2019 and December 31, 2018

| | <u>2019</u> | <u>2018</u> | <u>2019 vs. 2018</u> <u>Change in \$</u> | <u>2019 vs. 2018</u> <u>Change in %</u> |
|---------------------------------|--------------------|--------------------|---|--|
| Advertising | \$ 6,952 | \$ 32,376 | \$ (25,424) | -78.5% |
| Auto Expense | 3,010 | 5,655 | (2,645) | -46.8% |
| Building Maintenance and Repair | 18,431 | 45,132 | (26,701) | -59.2% |
| Donations | 275 | 1,310 | (1,035) | -79.0% |
| Dues and Subscriptions | 48,515 | 51,001 | (2,486) | -4.9% |
| Equipment | 20,716 | 54,965 | (34,249) | -62.3% |
| Fees | 52,743 | 42,092 | 10,651 | 25.3% |
| Insurance | 45,014 | 34,715 | 10,299 | 29.7% |
| Lease Expense | 29,461 | 21,069 | 8,392 | 39.8% |
| Legal Fees | 8,078 | 11,420 | (3,342) | -29.3% |
| Meals and Entertainment | 4,339 | 5,687 | (1,348) | -23.7% |
| Miscellaneous | 30,298 | 268,865 | (238,567) | -88.7% |
| Office Expense | 11,015 | 23,659 | (12,644) | -53.4% |
| Other Payroll | 336,402 | 37,845 | 298,557 | 788.9% |
| Outside Labor | 97,899 | 174,494 | (76,595) | -43.9% |
| Postage and Supplies | 2,244 | 3,935 | (1,691) | -43.0% |
| Printing | 10,539 | 14,781 | (4,242) | -28.7% |
| Professional Fees | 32,234 | 286,569 | (254,335) | -88.8% |
| Reference/Educational Materials | 2,488 | 39,901 | (37,413) | -93.8% |
| Rent | 187,800 | 213,129 | (25,329) | -11.9% |
| SV Fritha Vessel Expenses | 18,520 | 31,856 | (13,336) | -41.9% |
| Taxes | 69,901 | 25,568 | 44,333 | 173.4% |
| Telephone | 22,433 | 16,057 | 6,376 | 39.7% |
| Travel Expense | 12,687 | 26,196 | (13,509) | -51.6% |
| Utilities | 38,481 | 44,569 | (6,088) | -13.7% |
| Water and Sewer | 3,301 | 2,385 | 916 | 38.4% |
| | <u>\$1,113,776</u> | <u>\$1,515,231</u> | <u>\$ (401,455)</u> | <u>-26.5%</u> |



NORTHEAST MARITIME INSTITUTE, INC.
SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended December 31, 2019 and December 31, 2018

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NORTHEAST MARITIME INSTITUTE, INC.
DETAILED SCHEDULE OF REVENUES AND EXPENSES BY DEPARTMENT
Years Ended December 31, 2019 and December 31, 2018

| | <u>2019 Total</u> | <u>Higher Education</u> | <u>Continuing Education</u> | <u>% Higher Education</u> | <u>% Continuing Education</u> |
|----------------------------------|---------------------|-------------------------|-----------------------------|---------------------------|-------------------------------|
| <i>Income</i> | | | | | |
| Cont. Ed. - Tuition | \$ 210,110 | \$ - | \$ 210,110 | 0% | 100% |
| Cont. Ed. - Fees | 123,317 | - | 123,317 | 0% | 100% |
| Cont. Ed. -Books | 28,588 | - | 28,588 | 0% | 100% |
| Cont. Ed. -Tuition Discount | (4,008) | - | (4,008) | 0% | 100% |
| Certificates | 20 | - | 20 | 0% | 100% |
| Cont. Ed. - Discount Fees | (105) | - | (105) | 0% | 100% |
| Cont. Ed. - Discount on Books | - | - | - | 0% | 0% |
| Discount Clothing | (183) | - | (183) | 0% | 100% |
| Goods Sold | 9,804 | 4,902 | 4,902 | 50% | 50% |
| Tuition H.Ed. | 385,524 | 385,524 | - | 100% | 0% |
| Fees - H.Ed. | 12,750 | 12,750 | - | 100% | 0% |
| Books - H. Ed. | 2,199 | 2,199 | - | 100% | 0% |
| NMI Foundation Schol Funds | 128,588 | 128,588 | - | 100% | 0% |
| NMI Foundation Grants | 95,000 | 95,000 | - | 100% | 0% |
| Lodging/Housing Income | 66,744 | 66,744 | - | 100% | 0% |
| Online Training Income | 610 | - | 610 | 0% | 100% |
| NEMO Online Tuition | 310,910 | - | 310,910 | 0% | 100% |
| NEMO Online Fees | 53,808 | - | 53,808 | 0% | 100% |
| Tutoring | 300 | - | 300 | 0% | 100% |
| FCC Exam | 225 | - | 225 | 0% | 100% |
| Consulting Income | 362,750 | - | 362,750 | 0% | 100% |
| Rent Income | 6,000 | - | 6,000 | 0% | 100% |
| Finance Charge Income | - | - | - | 0% | 0% |
| Postage and Handling Income | 223 | 223 | - | 100% | 0% |
| Miscellaneous Income/Overages | 3,620 | 1,810 | 1,810 | 0% | 0% |
| <i>Total Income</i> | <u>\$ 1,796,794</u> | <u>\$ 697,740</u> | <u>\$ 1,099,054</u> | <u>39%</u> | <u>61%</u> |
| <i>Cost of Goods Sold</i> | | | | | |
| Cost of Goods Sold | 19,961 | 9,981 | 9,981 | 50% | 50% |
| <i>Total COGS</i> | <u>\$ 19,961</u> | <u>\$ 9,981</u> | <u>\$ 9,981</u> | <u>50%</u> | <u>50%</u> |
| <i>Gross Profit</i> | <u>\$ 1,776,833</u> | <u>\$ 687,760</u> | <u>\$ 1,089,074</u> | <u>39%</u> | <u>61%</u> |



NORTHEAST MARITIME INSTITUTE, INC.
DETAILED SCHEDULE OF REVENUES AND EXPENSES BY DEPARTMENT
Years Ended December 31, 2019 and December 31, 2018

| | <u>2019 Total</u> | <u>Higher Education</u> | <u>Continuing Education</u> | <u>% Higher Education</u> | <u>% Continuing Education</u> |
|---------------------------------|-------------------|-------------------------|-----------------------------|---------------------------|-------------------------------|
| <i>Expenses</i> | | | | | |
| Management Salaries | \$ 61,100 | \$ 45,825 | \$ 15,275 | 75% | 25% |
| Administrative Salaries | 12,627 | 3,157 | 9,470 | 25% | 75% |
| Higher Ed Faculty Salaries | 199,438 | 159,550 | 39,888 | 80% | 20% |
| Higher Ed Support | 41,696 | 36,000 | 5,696 | 86% | 14% |
| Fritha Salaries | 825 | - | 825 | 0% | 100% |
| Institute Salaries | 2,786 | - | 2,786 | 0% | 100% |
| Internship Salaries | 253 | - | 253 | 0% | 100% |
| Admission/Recruit/Registrar Sal | 83,421 | 41,711 | 41,711 | 50% | 50% |
| Continuing Ed Faculty Salaries | 18,349 | - | 18,349 | 0% | 100% |
| Maintenance Salaries | 27,818 | 13,909 | 13,909 | 50% | 50% |
| Multimedia Salaries | 162,985 | 4,680 | 158,305 | 3% | 97% |
| Vacation Pay Expense | 13,426 | 6,713 | 6,713 | 50% | 50% |
| Sick Pay Expense | 1,811 | 906 | 906 | 50% | 50% |
| Holiday Pay Expense | 4,562 | 2,281 | 2,281 | 50% | 50% |
| Employer SS Tax | 38,295 | 18,382 | 19,913 | 48% | 52% |
| Employer Medicare Tax | 8,900 | 4,272 | 4,628 | 48% | 52% |
| FUI Tax (FUTA) | 448 | 215 | 233 | 48% | 52% |
| MA Unemployment(SUI) | 8,674 | 4,164 | 4,510 | 48% | 52% |
| MA EMAC | 3,110 | 1,493 | 1,617 | 48% | 52% |
| Employee Benefits | 2,498 | - | 2,498 | 0% | 100% |
| Group Health Insurance | 34,439 | 21,004 | 13,435 | 61% | 39% |
| Payroll Tax | 640 | 307 | 333 | 48% | 52% |
| Rent | 80,000 | 20,000 | 60,000 | 25% | 75% |
| Rent Main Street | 36,000 | 18,000 | 18,000 | 50% | 50% |
| Offsite Facility Rental | 29,800 | 7,450 | 22,350 | 25% | 75% |
| Rent - Bluepoint Road | 42,000 | 15,000 | 27,000 | 36% | 64% |
| Building, M&R, Security | 18,431 | 8,110 | 10,321 | 44% | 56% |
| Equipment - Teaching Equipment | 1,025 | 205 | 820 | 20% | 80% |
| Equipment - Equipment Rental | 876 | 175 | 701 | 20% | 80% |
| Equipment- M&R | 116 | 23 | 93 | 20% | 80% |
| Small Vessel Maint. & Repair | 4,499 | 2,250 | 2,250 | 50% | 50% |
| Equipment - Office Lease | 7,246 | 1,449 | 5,797 | 20% | 80% |
| Equipment - Sftwre, Computer MR | 492 | 98 | 394 | 20% | 80% |
| Util/Dock for Vessels | 11,668 | 2,100 | 9,568 | 18% | 82% |
| Vehicle Lease | 22,215 | 4,443 | 17,772 | 20% | 80% |
| Large Vessel M&R | 4,900 | 882 | 4,018 | 18% | 82% |



NORTHEAST MARITIME INSTITUTE, INC.
DETAILED SCHEDULE OF REVENUES AND EXPENSES BY DEPARTMENT
Years Ended December 31, 2019 and December 31, 2018

| | <u>2019 Total</u> | <u>Higher Education</u> | <u>Continuing Education</u> | <u>% Higher Education</u> | <u>% Continuing Education</u> |
|---------------------------------|---------------------|-------------------------|-----------------------------|---------------------------|-------------------------------|
| <i>Expenses (continued)</i> | | | | | |
| Office Expenses | \$ 185.00 | \$ 11.10 | \$ 173.90 | 6% | 94% |
| Office Expense - Utilities | 38,481 | 8,911 | 29,570 | 23% | 77% |
| Office Expense - Water & Sewer | 3,301 | 764 | 2,537 | 23% | 77% |
| Office Expense - Telephone | 22,433 | 1,346 | 21,087 | 6% | 94% |
| Office Expense - Cleaning | 2,894 | 174 | 2,720 | 6% | 94% |
| Office Expense - Dues & Subscr | 48,515 | 19,800 | 28,715 | 41% | 59% |
| Office Expense -Office Supplies | 2,195 | 132 | 2,063 | 6% | 94% |
| Office Expense -Student Awards | 212 | 13 | 199 | 6% | 94% |
| Office Expense - Food & Supply | 3,777 | 227 | 3,550 | 6% | 94% |
| Office Expense-Refer/Educ Mats | 2,488 | 149 | 2,339 | 6% | 94% |
| Professional Devpt | 1,784 | 1,784 | - | 100% | 0% |
| Office Expense - Printing | 10,539 | 632 | 9,907 | 6% | 94% |
| Office Expense-Postage & Shipp | 2,244 | 135 | 2,109 | 6% | 94% |
| Office Expense-Small Off.Equip. | 1,828 | 110 | 1,718 | 6% | 94% |
| Office Expense-Meals&Entertain | 4,339 | 260 | 4,079 | 6% | 94% |
| Office Expense - Uniform Expens | 180 | 11 | 169 | 6% | 94% |
| Insurance - Business Insurance | 32,004 | 10,881 | 21,123 | 34% | 66% |
| Insurance - Workers Comp | 5,724 | 1,946 | 3,778 | 34% | 66% |
| Insurance - Auto Insurance | 2,793 | 950 | 1,843 | 34% | 66% |
| Insurance - Fritha | 13,620 | 4,631 | 8,989 | 34% | 66% |
| Insurance - Navigator | 3,800 | 1,292 | 2,508 | 34% | 66% |
| Insurance - FEMA Flood Ins. | 693 | 236 | 457 | 34% | 66% |
| Taxes | 68,399 | 14,364 | 54,035 | 21% | 79% |
| Fees - Professional Fees | 12,033 | 6,017 | 6,017 | 50% | 50% |
| Fees - Accounting Fees | 20,201 | 10,101 | 10,101 | 50% | 50% |
| Fees - Legal Fees | 8,078 | 4,039 | 4,039 | 50% | 50% |
| Fees - Credit Card Process Fees | 21,010 | 2,731 | 18,279 | 13% | 87% |
| Fees - Bank Charges Exchange Fe | 5,629 | 732 | 4,897 | 13% | 87% |
| Fees - Finance and Late Charges | 3,593 | 467 | 3,126 | 13% | 87% |
| Bank Service Charges | 270 | 35 | 235 | 13% | 87% |
| Fees - Licenses & Fees | 7,765 | 1,009 | 6,756 | 13% | 87% |
| Fees - Drug Test & Physical | 2,670 | 347 | 2,323 | 13% | 87% |
| Fees - Interest Expense | 16,495 | 2,144 | 14,351 | 13% | 87% |
| Adjunct Professor - H.E. (FS) | 44,150 | 44,150 | - | 100% | 0% |
| Fees - Student Recruitment Exp | 9,168 | 9,168 | - | 100% | 0% |
| 1099s-Contracted Labor | 946 | - | 946 | 0% | 100% |
| 1099s-Consulting General | 6,255 | - | 6,255 | 0% | 100% |
| 1099s-Adj Instructor/Faculty | 83,888 | - | 83,888 | 0% | 100% |
| 1099s-Course Development | 6,213 | - | 6,213 | 0% | 100% |
| 1099s-Marketing Services | 597 | 597 | - | 100% | 0% |
| Fees - Accreditation-related | 2,638 | 2,638 | - | 100% | 0% |
| Trade relations | 3,410 | 1,194 | 2,217 | 35% | 65% |
| Donations | 275 | 96 | 179 | 35% | 65% |
| Auto Expense | 3,010 | 860 | 2,150 | 29% | 71% |
| Travel Exp - Corporate Travel | 12,687 | 3,172 | 9,515 | 25% | 75% |
| Student Exp - Lodging | 11,817 | 11,817 | - | 100% | 0% |
| Student Exp - Graduation | 5,585 | 5,585 | - | 100% | 0% |
| Student Exp - FieldTrips,Events | 8,075 | 8,075 | - | 100% | 0% |
| Student Exp - Athletic Teams | 1,426 | 1,426 | - | 100% | 0% |
| Advertising & Marketing | 6,952 | 2,433 | 4,519 | 35% | 65% |
| Miscellaneous Expense/Underages | (15) | - | (15) | 0% | 100% |
| Inventory Adjustment | (1,991) | - | (1,991) | 0% | 100% |
| Corporate Tax Expense | 1,393 | 697 | 697 | 50% | 50% |
| Corporate State Fees | 109 | 23 | 86 | 21% | 79% |
| Depreciation | 112,809 | - | 112,809 | 0% | 100% |
| Bad Debt Expense | (2,356) | - | (2,356) | 0% | 100% |
| Total Expense | \$ 1,674,582 | \$ 633,063 | \$ 1,041,519 | 38% | 62% |
| Net Income | \$ 102,251 | \$ 54,696 | \$ 47,555 | 53% | 47% |