WHITNEY INFORMATION NETWORK INC
Form 10-K
April 09, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2001

Whitney Information Network, Inc.
(Exact name of registrant as specified in its charter)

Colorado	0-27403	84-1475486
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4818 Coronado Parkway, Cape Coral, Florida 33904
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (941) 542-8999

(Former name or former address, if changed since last report)

Securities registered under Section 12 (b) of the Exchange Act:
NONE

Securities registered under Section 12 (g) of the Exchange Act:
COMMON STOCK
NO par value per share
(Title of Class)

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the Issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form, and no disclosure will be contained, to the best of the Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The Issuer's revenues for the fiscal year ended December 31, 2001, were $42,157,740.The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Issuer, computed by reference to the closing sale price of such common stock as quoted on the OTCBB as of March 28, 2002 was about $ 1,372,000. (Aggregate market value has been estimated solely for the purpose of this report. For the purpose of this report it has been assumed that all officers and directors are affiliates of the Registrant. The statements made herein shall not be construed as an admission for the purposes of determining the affiliate status of any person.)

The Issuer had 7,878,023 common shares of common stock outstanding as of December 31, 2001.

Documents incorporated by reference: See ITEM 13 - EXHIBITS AND REPORTS ON FORM 8-K

PART I

ITEM 1. BUSINESS

History

Whitney Information Network, Inc. (the 'Company') was incorporated under the laws of the state of Colorado on February 23, 1996 as Gimmel Enterprises, Inc. On August 18, 1998, the Company acquired all of the issued and outstanding shares of common stock of Whitney Education Group, Inc., formerly, Win Systems, Inc., hereinafter 'WSI,' a corporation incorporated under the laws of the state of Florida, on November 12, 1992. Thereafter, WSI became a wholly owned subsidiary corporation of the Company. On August 10, 1998, the Company changed its name to WIN Systems International, Inc. and on February 11, 1999, the Company again changed its name to Whitney Information Network, Inc.

General

The Company is engaged in the business of providing educational and training services through its publications and lectures to create wealth, achieve financial independence and protect it. The Company currently concentrates its principal efforts in the area of real estate training.

The Company is currently holding approximately 156 basic real estate courses and real estate training academies per month and approximately 16 to 20 advanced programs per month. The Company has 45 instructors and has approximately 24,000 students per month registering for its programs.

The Company trains its students in locations throughout the United States. The Company utilizes hotels and conference facilities throughout the United States and Canada to conduct its training academies. The Company also utilizes its facilities in Cape Coral, Florida to conduct its training academies. The Company is presently constructing a conference and training center in Costa Rica.

Publications

The Company currently produces approximately 25 publications, which are promoted by the Company to the general public and for use at the Company's training and educational classes. The publications are written by the Company. The Company then retains independent publishers to produce the publications. The publications are sold to the public or incorporated in the cost of training courses. The Company does not rely exclusively on any one publishing firm. In the event that one publisher ceased operations or refused to continue to publish the Company's products, the Company could easily retain another publisher.

Software

The Company sells a line of software primarily for the real estate and small business industry. The software is developed and licensed by Precision Software Services, Inc., a wholly owned subsidiary of the Company.

Lectures

The Company delivers a series of introductory courses and training programs which relate to its publications and software. The Company charges fees for its training programs, however, the Company does not charge for its free informational courses. The Company has many instructors that teach throughout the United States and Canada, while at the same time promoting the Company's publications, software, and the Company's programs to succeed in business, successfully invest in real estate, achieve financial independence and protect assets. The Company promotes an initial program outlining how to invest in real estate and how to succeed via small business ownership. Upon completion of the Company's initial real estate investment training, the Company offers additional programs that allow a customer to concentrate on a specialized area. Each lecture topic is supplemented with the Company's publications.

Real Estate Programs

The Company's base program is a three-day training program relating to basic real estate investing. The program is supplemented with its publications and software. Upon completion of the basic real estate investing course, the Company promotes an intensified training camp, which is designed to expand the knowledge gained at the basic real estate investing program. The intensified training camp is held at the Company's corporate offices in Cape Coral, Florida.

The Company also operates eleven regional training camps at locations in the United States and Canada that emphasize specific areas of real estate investing, small business and asset protection. The camps consist of on-site training and interactive dialogue between the instructor and student. The specific areas of concentration are: wholesale buying; foreclosure; property management, landlording; purchase/lease option; asset protection; commercial properties; discount notes and mortgages; creative financing of real estate, mobile homes, and international finance and asset protection.

Mentoring

The Company provides a program whereby trained personnel travel to a customer's hometown and assist the customer in implementing the knowledge gained at the Company's lectures within the customer's community. The Company currently has 30 mentors providing services to its students.

Financial Management

In addition to the real estate investment programs, the Company also provides additional ancillary programs relating to enhancing the customer's knowledge of managing and protecting his money.

Internet

Whitney Internet Services, Inc. provides web programming and maintenance services to the Company in which all of the Companies products and services are offered for sale on its web site along with up to date information about the Company, its products and services.

Marketing

The Company markets its publications, videos, and introductory training courses through a number of media, including newspapers, periodic publications, direct mail, telemarketing, television, radio and word of mouth. The Company has retained Professional Marketing International, Inc. of Lehigh, Utah to provide telemarketing services. Further, the Company's wholly owned subsidiary corporation, Whitney Consulting Services, Inc. also furnishes telemarketing and mail services to the Company.

Certification

The Company is accredited by the state of Texas as a Certified Proprietary School. No other state has accredited the Company in any manner and there is no assurance that the Company will ever be accredited by any other state for any reason.

Subsidiary Corporations

The Company conducts its business through the following wholly owned subsidiary corporations: Whitney Education Group, Inc. (formerly, Win Systems, Inc.); Whitney Internet Services, Inc.; Russ Whitney's Wealth Education Centers, Inc. and its wholly owned subsidiary corporations, Russ Whitney's Wealth Education Center of Jackson, MS, Inc. and Russ Whitney's Wealth Education Center of Atlanta, Georgia; Whitney Consulting Services, Inc.; Whitney Canada, Inc.; Wealth Intelligence Network, Inc.; and 1612 E. Cape Coral Parkway Land Trust; Precision Software Services, Inc.; Whitney Mortgage.com, Inc. and Whitney UK, Limited.

Trademarks and Copyrights

The Company has licenses to sell and distribute all of its products. It is currently seeking trademark protection on certain names and marks. The Company entered into confidential agreements with all technical employees and consultants and with third parties in connection with the Company's license agreements. Despite these precautions, it may be possible for a third party to copy or otherwise obtain proprietary information without authorization. Third parties may also develop similar technology or methods independent of the Company.

Competition

The Company is involved in a highly competitive business. There are several other entities, which manufacture, publish, and conduct training programs, some of which are much larger companies possessing substantially greater financial resources and facilities than the Company. However, said corporations are not using the same marketing and distribution channels for their products as is the Company. The Company believes that the principal competitive factors in its marketing are: (1) brand recognition; (2) a broad selection of products and services; (3) comprehensive courses and in-depth curricula; (4) quality and responsiveness of customer service; and, (5) ease of use of the Company's products.

The Company is currently enhancing its advertising and marketing to keep its name prominent among those providing similar services. The Company is developing new courses and new markets for its existing courses.

The Company believes that its responsiveness to its student's needs has created customer satisfaction. The foregoing is reflected in information solicited from the Company's students at the conclusion of the Company's training sessions.

Company's Office

The Company's headquarters are located 4818 Coronado Parkway, Cape Coral, Florida 33904 and the telephone number is (941) 542-8999.

Employees

The Company employs approximately 168 full time employees and 6 part-time employees.

RISK FACTORS

(1) DEVELOPMENT AND MARKET ACCEPTANCE OF PRODUCTS. The Company's success and growth will depend upon the Company's ability to market its existing products and services, of

which there is no assurance. See 'Business - Real Estate Programs'.

(2) LIQUIDITY; NEED FOR ADDITIONAL FINANCING. The Company believes that it has the cash it needs for at least the next twelve months based upon its internally prepared budget. The Company's cash requirements, however, are not easily predictable and there is a possibility that its budget estimates will prove to be inaccurate. If the Company is unable to generate a positive cash flow before its cash is depleted, it will be required to curtail operations substantially, or seek additional capital. There is no assurance that the Company will be able to obtain additional capital if required, or if capital is available, to obtain it on terms favorable to the Company. The Company may suffer from a lack of liquidity in the future, which could impair its short-term marketing and sales efforts and adversely affect its results of operations. See Management's Discussion and Analysis or Plan of Operation.

(3) COMPETITION. Some of the Company's competitors have substantially greater financial, technical and marketing resources than the Company. In addition, the Company's products compete indirectly with numerous other products. As the market for the Company's products expand, the Company expects that additional competition will emerge and that existing competitors may commit more resources to those markets. See Business - Competition.

(4) RELIANCE UPON DIRECTORS AND OFFICERS. The Company is wholly dependent, at the present, upon the personal efforts and abilities of its Officers and Directors, Russell A. Whitney, Chief Executive Officer and Chairman of the Board of Directors; Richard W. Brevoort, President and a member of the Board of Directors; and Ronald S. Simon, Secretary/Treasurer and a member of the Board of Directors, who exercise control over the day to day affairs of the Company. See Business and Management.

(5) ISSUANCE OF ADDITIONAL SHARES. 17,121,977 shares of Common Stock or 69% of the 25,000,000 authorized shares of Common Stock of the Company are unissued. The Board of Directors has the power to issue such shares, subject to shareholder approval, in some instances. Although the Company presently has no commitments, contracts or intentions to issue any additional shares to other persons, other than in the exercise of options and warrants, the Company may in the future attempt to issue shares to acquire products, equipment or properties, or for other corporate purposes. Any additional issuance by the Company, from its authorized but unissued shares, would have the effect of diluting the interest of existing shareholders. See Description of Securities.

(6) INDEMNIFICATION OF OFFICERS AND DIRECTORS FOR SECURITIES LIABILITIES. The Company's Articles of Incorporation provide that the Company will indemnify any director, officer, agent and/or employee as to those liabilities and on those terms and conditions as are specified in The Company Act of the State of Colorado. Further, the Company may purchase and maintain insurance on behalf of any such persons whether or not the Company would have the power to indemnify such person against the liability insured against. The foregoing could result in substantial expenditures by the Company and prevent any recovery from such officers, directors, agents and employees for losses incurred by the Company as a result of their actions. Further, the Company has been advised that in the opinion of the Securities and Exchange Commission, indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable.

(7) CUMULATIVE VOTING, PREEMPTIVE RIGHTS AND CONTROL. There are no preemptive rights in connection with the Company's Common Stock. Shareholders may be further diluted in their percentage ownership of the Company in the event additional shares are issued by the Company in the future. Cumulative voting in the election of Directors is not provided for. Accordingly, the holders of a majority of the shares of Common Stock, present in person or by proxy, will be able to elect all of the Company's Board of Directors. See Description of Securities.

(8) NO DIVIDENDS ANTICIPATED. At the present time the Company does not anticipate paying dividends, cash or otherwise, on it's Common Stock in the foreseeable future. Future

dividends will depend on earnings, if any, of the Company, its financial requirements and other factors. See Dividend Policy.

ITEM 2. PROPERTIES

The Company leases office space from Russ Whitney, Chief Executive Officer and Chairman of the Board of Directors, pursuant to the terms of a three-year lease, which commenced on September 1, 1999 and terminates on October 31, 2002 with a monthly rental payment of $5,805. Russ Whitney is the President of the Company and a member of its Board of Directors. The terms of the lease are no less favorable as can be obtained from independent third parties.

Whitney Consulting Services, Inc. leases 6,840 square feet of office space from Draper Business Park L.C. at Suite 230, Building #7, 12244 South Business Park Drive, Draper, Utah pursuant to a written lease agreement. The term of the lease is from November 1, 2001 to October 31, 2006. The aggregate monthly rental is $6,128 per month.

Whitney Canada, Inc. leases an office building at Unit 20, 3780-14th Avenue, Ontario, Canada, pursuant to a written lease agreement. The term of the lease is from May 1, 2000 to April 30, 2003. The monthly rental is $1,081 for the first year and $1,654 for the second in Canadian dollars.

Cape Coral Parkway Land Trust owns an office building at 1612 E. Cape Coral, Cape Coral, FL. The Company has been leasing space to two tenants pursuant to written lease agreements. One of the leases expires in 2005 and the other lease was cancelled as of March 1, 2002. The Company will occupy the vacated premises in 2002.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party defendant in any material pending or threatened litigation and to its knowledge, no action, suit or proceedings has been threatened against its officers and its directors.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's shares are traded on the Bulletin Board operated by the National Association of Securities Dealers, Inc. (the 'Bulletin Board') under the trading symbol 'RUSS.' The Company's shares began trading in August 1998. These quotations reflected inter-dealer prices, without retail mark-up, markdown or commissions and may not represent actual transactions. Summary trading by quarter for the 2001, 2000 and 1999 fiscal years are as follows:

Fiscal quarter 2001	High Ask	Low Bid
Fourth Quarter	$ 1.85	$ 1.50
Third Quarter	$ 2.95	$ 1.65
Second Quarter	$ 1.90	$ 1.05
First Quarter	$ 2.00	$ .95
Fiscal quarter 2000		
Fourth Quarter	$ 1.25	$ 1.00
Third Quarter	$ 1.25	$ 1.05

Second Quarter	$ 4.00	$ 3.25
First Quarter	$ 3.87	$ 3.50
Fiscal quarter 1999		
Fourth Quarter	$ 2.50	$ 1.88
Third Quarter	$ 2.00	$ 1.44
Second Quarter	$ 2.00	$ 1.87
First Quarter	$ 2.00	$ 1.75

The source for the foregoing high and low bid information was Michael Kirby a registered representative of Spencer Edwards, Inc. a market maker in the Company's common stock and from Big Charts.com on the Internet.

As of December 31, 2001, the Company had 172 holders of record of its Common Stock.

The Company has not paid any dividends since its inception and does not anticipate paying any dividends on its Common Stock in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES

The Company has 7,878,023 shares of Common Stock issued and outstanding as of December 31, 2001. Of the shares of the Company's Common Stock outstanding, 750,023 shares are freely tradable and 7,128,000 shares can only be resold in compliance with Reg. 144 adopted under the Securities Act of 1933 (the 'Act').

In general, under Rule 144 as currently in effect, a person (or persons whose Shares are aggregated) who has beneficially owned Shares privately acquired directly or indirectly from the Company or from an affiliate, for at least one year, or who is an affiliate, is entitled to sell within any three month period a number of such Shares that does not exceed the greater of 1% of the then outstanding shares of the Company's Common Stock or the average weekly trading volume in the Company's Common Stock during the four calendar weeks, immediately preceding such sale. Sales under Rule 144 are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about the Company. A person (or persons whose Shares are aggregated) who is not deemed to have been an affiliate at any time during the 90 day preceding a sale, and who has beneficially owned Restricted Shares for at least two years, is entitled to sell all such Shares under Rule 144 without regard to the volume limitations, current public information requirements, manner of sale provisions or notice requirements.

In 1996, the Company issued 976,200 shares of common stock to its officers, directors and others pursuant to Reg. 504 of the Securities Act of 1933.

On or about August 18, 1998, the Company reverse split its shares of common stock on a 1-for-1.3016 basis.

On or about August 18, 1998, the Company issued 93,750 Class A Warrants to Earnest Mathis, Jr. in consideration of $100.00 and 93,750 Class A Warrants to Gary Agron in consideration of $100.00. Mathis and Agron are former directors of the Company. The Class A Warrants were issued pursuant to Section 4(2) of the Securities Act of 1933 (the 'Act') and are deemed 'restricted' securities as that term is defined in Reg. 144 of the Act. As of the date hereof, Messrs. Mathis and Agron have not exercised any of the foregoing Class A Warrants. For a description of the Class A Warrants, see 'Description of Securities.'

On August 18, 1998, the Company acquired all of the issued and outstanding shares of common stock of Win Systems, Inc., a corporation controlled by Russell Whitney, the Company's Chief Executive Officer and Chairman of the Board of Directors in consideration of 6,750,000 shares of the Company's common stock and 340,000 Class B Warrant entitling the holders thereof to acquire an additional 340,000 shares of the Company's common stock at an exercise price of $4.00 per share up to August 18, 2002. The shares of common stock and warrants were issued pursuant to Section 4(2) of the Securities Act of 1933. For a description of the Class B Warrants, see 'Description of Securities.'

On February 1, 1999, the Company issued 20,000 shares of its common stock in exchange for all the outstanding stock of Wealth Intelligence Network, Inc. The shares were valued at $2.50 each for a total purchase price of $50,000. Wealth Intelligence Network, Inc. publishes a monthly financial newsletter and provides and promotes financial education and training. In addition, the Company issued 8,000 shares to a financial public relations firm for financial public relations services in the amount of $14,500 (2,000 shares at $2.00 on May 31, 1999; and 2,000 shares at $1.875 on June 30, 1999; and 2,000 at $1.75 on July 31, 1999; and 2,000 shares on August 31, 1999 at $1.625 per share). The issuances of the foregoing shares were exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Act.

On April 24, 2000, the Company converted their 340,000 class B warrants to stock options. The exercise price of the warrants was changed from $4 to $2 in this transaction. This transaction has since been accounted for using variable accounting in accordance with FIN44.

On or about November 1, 2001 the Company acquired 100% of the outstanding shares of Precision Software Services, Inc. (which Russ Whitney, CEO and director owned 51% of the issued and outstanding shares). The Company issued 333,334 shares of its common stock, valued at $1.50 in exchange for the stock of Precision Software Services, Inc. (PSS) Mr. Whitney received 170,000 shares and an employee/shareholder of PSS received the remaining shares in the exchange.

Also, 16,667 shares (valued at $1.50) were issued to an instructor/trainer of the Company for services on or about November 1, 2001.

ITEM 6. SELECTED FINANCIAL DATA (FOR 2001, 2000, 1999, 1998)

The following consolidated selected financial data, at the end of the four fiscal years of existence, should be read in conjunction with our Consolidated Financial Statements and related Notes thereto appearing elsewhere in this Report. The consolidated selected financial data are derived from our consolidated financial statements which have been audited by Ehrhardt Keefe Steiner Hottman PC and Larry Legel, CPA(1998 and 1999), our independent auditors, as indicated in their report included herein. The selected financial data provided below is not necessarily indicative of our future results of operations or financial performance.

	2001	2000	1999	1998
Operating revenues	42,157,740	32,859,857	26,775,589	13,760,208
Profit(loss)from continuing operations	2,281,363	(8,960,463)	(1,962,266)	(2,238,307)
Profit(loss)from continuing operations per share	.30	(1.19)	(.26)	(.30)
Total assets	16,544,869	13,654,597	6,284,403	2,327,228
Long-term obligations	575,000	1,200,000	0	64,979
Cash flow from operations	5,276,500	3,545,361	1,250,950	619,468

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto.

FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements within the meaning of the 'safe harbor' provisions under section 21E of the Securities and Exchange Act of 1934 and the Private Securities Litigation Act of 1995. The Company uses forward-looking statements in its description of its plans and objectives for future operations and assumptions underlying these plans and objectives. Forward-looking terminology includes the words 'may', 'expects', 'believes', 'anticipates', 'intends', 'forecasts', 'projects', or similar terms, variations of such terms or the negative of such terms. These forward-looking statements are based on management's current expectations and are subject to factors and uncertainties which could cause actual results to differ materially from those described in such forward-looking statements. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Form 10-K to reflect any change in its expectations or any changes in events, conditions or circumstances on which any forward-looking statement is based. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth under 'Risk Factors,' and elsewhere, in or incorporated by reference into this Form 10-K.

OVERVIEW

On August 18, 1998, Gimmel Enterprises, Inc., a shell company listed on the NASD OTC Bulletin Board acquired all of the outstanding shares of Whitney Education Group, Inc. (formerly Win Systems, Inc.). Prior to this Gimmel Enterprises, Inc. had no operations and its activities consisted of efforts to establish a new business.

Gimmel Enterprises, Inc. changed its name to Whitney Information Network, Inc (WIN!). Whitney Education Group, Inc was a privately held company formed in 1992. For financial and reporting purposes the acquisition has been treated as a recapitalization of WIN! with WIN! as the acquirer (a reverse merger). The historical financial statements prior to August 19, 1998 are those of Whitney Education Group, Inc.

Whitney Information Network, Inc. (WIN!) is a provider of education in the areas of real estate, finance, business success, and other post secondary career related training. Its learning solutions are designed to deploy and manage knowledge practically and more effectively for use as a competitive advantage. The Company has accomplished its position in the market and growth through its innovative distribution channels, including classroom education, one-on-one mentoring, group instruction, training centers, and Internet marketing.

During 1999, the Company opened or acquired new subsidiaries and expanded its existing subsidiaries: Whitney Internet Services, Inc., a Company organized to provide Internet marketing and training. Russ Whitney's Wealth Education Centers, Inc. will provide the same products and services locally in a brick and mortar facility that the parent does on a national basis. Whitney Consulting Group, Inc. provides consulting and telemarketing services to the public and to the affiliated group. Whitney Canada, Inc. provides the same training and educational services in Canada that the parent Company provides in the US. Wealth Intelligence Network, Inc. provides financial training and financial consulting services. Whitney Mortgage.com, will provide a means for the Company's students to obtain mortgages at reasonable rates, and Whitney Education Group, Inc is the Company's mainstay educational and training company.

YEAR ENDED DECEMBER 31, 1999

Revenue

Revenues for the year ended December 31, 1999 increased to $26,775,589 as compared with $13,760,208 for the year ended December 31, 1998 an increase of $13,687,306, or 105%. The increase in revenue is a direct result of increased basic and advance real estate courses available to students along with a successful media campaign. Seminar expenses increased $6,846,462 for the year ended December 31, 1999 from $4,682,850 for the year ended December 31, 1998.

During 1999, more than 25,000 new students registered for one or more of the Company's programs each month. The Company's success can also be attributed to the fact that 71 percent of its gross annual revenue can be attributed to repeat business, a factor that also indicates students find its training is effective.

Following a 144 percent sales growth from 1997 to 1998, the Company continued strong gains with 97 percent sales growth in 1999. As the momentum continues through 2000, more than 206,896 students registered for training during the first six months of the year, up 25 percent when compared to the first six months of 1999, in which 165,708 students registered.

Advertising and Sales Expense

Total Advertising and Sales Expense increased for the year ended December 31, 1999 to $12,708,275 from $8,773,036 for the year ended December 31, 1998. This increase in advertising and sales expenses represented management's decision to increase sales, expand product lines, and offer the Company's students a greater variety of courses to choose from. As a result there were a greater number of period costs incurred in the year ended December 31, 1999 where certain marketing strategies were being tested and refined. Thus, expenses increased proportionately with sales increases due to the higher expenditures in 1999.

Advertising, sales and marketing expenses consist primarily of TV and newspaper advertising, direct mailings, travel, public relations, trade shows, and other marketing literature and overhead allocations.

General and Administrative Expense

General and Administrative Expenses (G & A) increased from $2,542,629 for the year ended December 31, 1998 to $4,500,268 for the year ended December 31, 1999. The overall increase in the year ended December 31, 1999 of $1,957,639 (or 76%) reflects the initial startup expenses in adding more courses and crews in the last half of 1999 and development of additional products in 1999 that were one time expenditures. General and administrative expenses consist mainly of salaries and other personnel-related expenses for the Company's administrative, executive, and finance personnel as well as outside legal and audit costs.

The net loss was $1,962,266 for the year ended December 31, 1999 compared with loss of $2,238,307 for the year ended December 31, 1998, a decrease in loss of $276,041 or 22% over the prior year. This resulted in loss of $.26 per share for the year ended December 31, 1999 as compared with $.30 for the year ended December 31, 1998.

Liquidity and Working Capital

At December 31, 1999 the Company had cash of $1,274,708 as compared with $370,571 at December 31, 1998. This increase of $904,137 was attributable primarily to operations.

Deferred Educational Revenues

Deferred educational revenues arise when a student purchases a course or courses and does not attend those courses until after the balance sheet date. All courses must be scheduled by the students within 90 days of registration and taken within one year. Deferred revenues at December 31, 1999 were $9,311,574 as compared with those at December 31, 1998 of $3,958,244. This substantial increase represents a natural increase from higher volume and an increase due to a change in emphasis from basic training to intensified training and educational camps. Thus, a greater amount of revenue was deferred as a larger proportion of educational products sold in 1999 were not realized until the student attended the courses for which he/she was registered. In addition to the deferred revenues, there was a commensurate amount of expenses associated with those revenues that is also deferred. As of December 31, 1998 there were $676,899 of expenses that were deferred as compared to $1,361,326 at December 31, 1999.

YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

Revenues for the year ended December 31, 2001 increased to $42,157,740 as compared with $32,859,857 for the year ended December 31, 2000 an increase of $9,297,883 or 28%. Total deferred revenues on the balance sheet were $23,937,349 and $22,640,442 at December 31, 2001 and 2000, respectively.

Seminar expenses decreased to $19,533,802 for the year ended December 31, 2001 from $22,232,387 for the year ended December 31, 2000. Seminar expenses for the year ended December 31, 2001 decreased due in part to a $3.4 million reduction in costs related to our Internet division (see below), which ceased providing outside marketing services during 2001, partially offset by an increase in speaker fees related to the Company's seminars. Speaker fees approximate 12% of revenues ($5,000,000 for 2001 and $4,000,000 for 2000). The remainder of seminar expenses remained relatively constant from 2000 to 2001. While the Company defers the speaker fees related to its deferred revenues, costs of the seminars are expensed as incurred. Due to the $13 million increase in deferred revenue in 2000 over 1999 levels, these seminars are generally fulfilled in 2001 causing income from operations to increase from a $8.9 million operating loss in 2000 to a $2.2 million operating income in 2001.

Total Advertising, Selling and General and Administrative expenses increased for the year ended December 31, 2001 to $20,342,575 from $19,587,933 in 2000. These substantial increases in revenues and expenses in 2001 over 2000 reflect a general increase in business activity, and reflect the results of the company's plan to expand its business into new markets and develop new products.

Sales and marketing expenses consist primarily of TV and newspaper advertising, direct mailings, travel, public relations, trade shows and other marketing literature and overhead allocations. General and administrative expenses consist mainly of salaries and other personnel-related expenses for the Company's administrative, executive and finance personnel as well as outside legal and audit costs.

Net income of $2,534,247 for the year ended December 31, 2001 increased by $11,237,374 over the net loss for the year ended December 31, 2000 of $8,703,127 or a gain of $1.49 per share as compared with a loss of $1.16 a share for the prior year.

After continued losses in the internet division, the Company shut down the outside training operations in 2001 and continued to maintain website operations and sales in that division. Also, after a test period, the Company decided during 2001 not to proceed with the Building Wealth Centers in Georgia and Mississippi due to unacceptable returns and higher than anticipated fixed costs.

Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the year ended December 31, 2001 and 2000 was $2,930,874 and $(8,523,186), respectively. EBITDA is defined as net income (loss) before income taxes, interest and other income and expense, net, plus depreciation and amortization including amortization of pending real estate sales contracts.

Liquidity and Working Capital

At December 31, 2001 the Company had cash of $6,889,275 as compared with $3,316,905 at December 31, 2000. This increase of $3,572,370 is attributable primarily to cash provided by operations. The company anticipates that its cash flow from operations will be sufficient to meet its needs in the next 12 months.

In addition, the Company from time to time evaluates potential acquisitions of business products and/or technologies that complement the Company's business. To the extent that resources are insufficient to fund the Company's activities, the Company may need to raise additional funds. There can be no assurance that such additional funding, if needed, will be available. If adequate funds are not available on acceptable terms, the Company may be unable to expand its business, develop or enhance its products and services, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, operating results and financial condition.

Fluctuations in Quarterly Operating Results

The Company's quarterly operating results have varied in the past and are expected to vary in the future as a result of a variety of factors, some of which are outside the Company's control. Factors that may adversely affect the Company's quarterly operating results include the demand for technology-based training in general, and demand for online learning solutions in particular: the size and timing of educational sessions and registrations, the mix of revenue from products and services, the mix of products sold, market acceptance, etc.

September 11, 2001 Events and Effect on the Company

A large amount of recognized revenue is derived when students attend the intensified training camps as well as the specialized training courses held around the country at locations that routinely require air travel. Following the events of September 11th, the Company experienced a downturn of students willing to travel during the following three months and had to cancel or scale back many of these training camps during the fourth quarter 2001, thereby significantly reducing revenues during the fourth quarter of 2001. During the first quarter of 2002, attendance returned to normal levels. In addition, during the 911 tragedy, many of our TV commercials (our major advertising source) were pre-empted by the news coverage of the terrorists and the World Trade Center causing the amount of students usually attending our events to be reduced to half.

Office Building

Whitney Information Network, Inc. entered into a purchase agreement on August 11, 2000 to purchase real property in Cape Coral, Florida known as the SunBank Building at 1612 E. Cape Coral Parkway at a purchase price of $2,200,000. The closing of this commercial office building took place on November 9, 2000. A deposit of $500,000 was made on August 11, 2000 and an additional down payment of $500,000 was paid at closing.

The Seller took back a $1,200,000 purchase money balloon payment mortgage due November 9, 2004, interest payable monthly at an initial rate of 9% per annum due on the first of each month. The interest rate of 9% is adjustable on a semi-annual basis by the amount of change, if any, in the prime rate charged by the Chase Manhattan Bank, New York, using the rate in effect each June 1st and each December 1st as the basis for the change. During the first three years of this mortgage, the interest rate shall not exceed 10% or fall below 8%. During the fourth year the interest shall not be less than 8.5%. Principal payments may be paid in whole or in part at any time without penalty.

Conference Center

The Company entered into an agreement to build an international conference center in Costa

Rica at an approximate cost of $550,000 (including land and building). The 7,000 square foot conference center is expected be completed approximately the 3rd quarter of 2002. Expenditures to December 31, 2001 were $105,562, with additional construction draws in February and March of 2002 of approximately $145,000.

ITEM 8. FINANCIAL STATEMENTS

WHITNEY INFORMATION NETWORK, INC. AND SUBSIDIARIES

Consolidated Financial Statements
and
Independent Auditors' Reports
December 31, 2001 and 2000

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Whitney Information Network, Inc. and Subsidiaries
Cape Coral, Florida

We have audited the accompanying consolidated balance sheets of Whitney Information Network, Inc. and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended . These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Whitney Information Network, Inc. and Subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/Ehrhardt Keefe Steiner & Hottman PC
Ehrhardt Keefe Steiner & Hottman PC

March 20, 2002
Denver, Colorado

LARRY LEGEL, CPA

Practice Concentrating in
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Whitney Information Network, Inc.
Cape Coral, FL 33907

I have audited the accompanying consolidated balance sheet of Whitney Information Network, Inc. (formerly WIN Systems, International, Inc.) as of December 31,1999, and the related statements of consolidated operations, changes in consolidated stockholders' equity, and consolidated cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these consolidated financial statements based on my audits.

I have conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, the financial position of Whitney Information Network, Inc. as of December 31,1999, and the results of its consolidated operations and its consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles consistently applied.

Larry Legel

s/s Larry Legel
Certified Public Accountant

January 19, 2001
Ft. Lauderdale, Florida

Consolidated Balance Sheets

	December 31, 2001	December 31, 2000
Assets		
Current assets		
Cash and cash equivalents	$ 6,889,275	$ 3,316,905
Accounts receivable, net of allowance of $0 (2001) $91,885 (2000)	525,878	1,793,454
Due from affiliates, net	159,591	70,490
Prepaid advertising and other	953,661	625,028
Income taxes receivable and prepayments	497,499	1,893,999
Inventory	136,544	268,663
Deferred seminar expenses	3,638,556	2,644,404
Total current assets	12,801,004	10,612,943
Property and equipment, net	3,628,447	2,965,925
Investment in foreign corporation	82,500	-
Other assets	32,918	75,729
Total non-current assets	3,743,865	3,041,654
Total assets	$ 16,544,869	$ 13,654,597
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 1,152,337	$ 1,942,804
Accrued seminar expenses	435,360	349,341
Deferred revenue	23,937,349	22,640,442
Accrued expenses	702,548	458,982
Current portion of long-term debt	62,500	-
Current portion of note payable- officer/stockholder	62,500	-
Total current liabilities	26,352,594	25,391,569
Long-term debt, less current portion	512,500	1,200,000

Note payable- officer/stockholder, less current portion	62,500	-
Total liabilities	26,927,594	26,591,569
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, no par value, 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, no par value, 25,000,000 shares authorized, issued and outstanding shares 7,878,023 (2001) and 7,528,022 (2000)	337,102	67,102
Paid-in capital	900	900
Accumulated deficit	(10,720,727)	(13,004,974)
Total stockholders' deficit	(10,382,725)	(12,936,972)
Total liabilities and stockholders' deficit	$ 16,544,869	$ 13,654,597

See notes to consolidated financial statements.

Consolidated Statements of Income

	For the Years Ended December 31, 2001	2000	1999
Sales	$ 42,157,740	$ 32,859,857	$ 26,775,589
Expenses			
Seminar expenses	19,533,802	22,232,387	11,529,312
Advertising and sales expense	12,044,713	12,529,615	12,708,275
General and administrative expense	8,297,862	7,058,318	4,500,268
Total expenses	39,876,377	41,820,320	28,737,855
Income (loss) from operations	2,281,363	(8,960,463)	(1,962,266)
Other income (expense)			
Interest and other income	356,989	267,344	-
Interest expense	(104,105)	(10,008)	-
	252,884	257,336	-
Net income (loss)	$ 2,534,247	$ (8,703,127)	$ (1,962,266)
Basic and diluted weighted average common shares outstanding	7,587,474	7,528,022	7,502,346

Basic and diluted income (loss) per common share	$ 0.33	$ (1.16)	$ (0.26)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Stockholders' Deficit
For the Years Ended December 31, 2001, 2000 and 1999

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balance - December 31, 1998	7,500,047	$ 2,602	$ 900	$(2,339,581)	$(2,336,079)
Issuance of stock	27,975	64,500	-	-	64,500
Net loss	-	-	-	(1,962,266)	(1,962,266)
Balance - December 31, 1999	7,528,022	67,102	900	(4,301,847)	(4,233,845)
Net loss	-	-	-	(8,703,127)	(8,703,127)
Balance - December 31, 2000	7,528,022	67,102	900	(13,004,974)	(12,936,972)
Issuance of stock for software	163,334	245,000	-	-	245,000
Issuance of stock, cash and note payable to majority stockholder for interest in Precision Software Services, Inc.	170,000	-	-	(250,000)	(250,000)
Issuance of stock for services	16,667	25,000	-	-	25,000
Net income	-	-	-	2,534,247	2,534,247
Balance - December 31, 2001	7,878,023	$ 337,102	$ 900	$(10,720,727)	$(10,382,725)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	For the Years Ended December 31, 2001	2000	1999
Cash flows from operating activities			
Net income (loss)	$ 2,534,247	$ (8,703,127)	$ (1,962,266)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Allowance for doubtful accounts	(91,885)	91,885	-
Depreciation and amortization	292,522	169,933	18,267
Loss on disposal of assets	72,485	-	-
Stock issued for services	25,000	-	-
Changes in assets and liabilities			
Accounts receivable	1,359,461	(489,780)	(415,296)
Prepaid advertising and other	(328,633)	44,079	(527,659)
Income taxes receivable and prepayments	1,396,500	(925,867)	(968,132)
Inventory	132,119	(268,663)	-
Deferred seminar expenses	(994,152)	(1,283,078)	(684,427)
Other assets	42,811	36,658	(141,905)
Accounts payable	(790,467)	1,346,341	31,755
Accrued seminar expenses	86,019	101,481	247,860
Deferred revenue	1,296,907	13,328,868	5,353,330
Accrued expenses	243,566	96,631	299,423
	2,742,253	12,248,488	3,213,216
Net cash provided by operating activities	5,276,500	3,545,361	1,250,950
Cash flows from investing activities			
Purchase of property and equipment	(657,529)	(1,439,920)	(278,540)
Loans to affiliates, net	(89,101)	(63,244)	(120,345)
Investment in foreign corporation and land	(82,500)	-	-
Net cash used in investing activities	(829,130)	(1,503,164)	(398,885)
Cash flows from financing activities			
Proceeds from sale of common stock	-	-	64,500
Payments of principal on long-term debt	(750,000)	-	-
Distribution to officer/stockholder	(125,000)	-	-
Net repayments of loans from affiliates	-	-	(12,428)
Net cash (used in) provided by financing activities	(875,000)	-	52,072
Net increase in cash and cash equivalents	3,572,370	2,042,197	904,137
Cash and cash equivalents - beginning of			

year	3,316,905	1,274,708	370,571
Cash and cash equivalents - end of year	$ 6,889,275	$ 3,316,905	$ 1,274,708

Supplemental disclosure of cash flow information
Cash paid for income taxes was $0, $925,867 and $968,132 for 2001, 2000 and 1999, respectively.

Cash paid for interest was $104,105, $10,008 and $0 for 2001, 2000 and 1999, respectively.

Supplemental disclosure of non-cash activity:
During 2001, the Company acquired software rights of $370,000 through the issuance of common stock of $245,000 and debt of $125,000.

During 2001, the Company acquired software rights owned by an officer/shareholder through the issuance of stock at zero value and debt of $125,000. These transactions were recorded as distributions in the accompanying financial statements.

During 2000, a building was acquired through a mortgage note payable of $1,200,000.

During 2000, $168,715 of fixed assets were acquired, at net book value, from a related entity through related party advances.

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies

Organization and History

Whitney Information Network, Inc. and Subsidiaries (the Company) is engaged primarily in the business of providing financial education and training services through seminars, workshops and publications. The Company's educational and training services are concentrated in the area of financial management and real estate investment. The Company markets its services and products primarily through periodic publications, telemarketing, television and radio.

Whitney Information Network, Inc., formerly known as Win Systems International, Inc., incorporated in Colorado on February 23, 1996 under the name of Gimmel Enterprises, Inc.

Whitney Education Group, Inc., formerly known as Win Systems, Inc., incorporated in Florida on November 12, 1992. An exchange of shares was completed between the shareholders of Win Systems, Inc. and Gimmel Enterprises, Inc. on August 18, 1998. Subsequently, the name of Gimmel Enterprises, Inc. was changed to Win Systems International, Inc. on August 25, 1998, and that name was changed to Whitney Information Network, Inc. on February 11, 1999. The name of Win Systems, Inc. was changed to Whitney Education Group, Inc. on September 10, 1999.

Win Systems, Inc. has been operating in the educational seminars industry since 1992 and expanded its operation in the industry subsequent to the aforesaid exchange of shares and name change to Whitney Education Group, Inc.

Whitney Education Group, Inc. is accredited by the State of Texas as a Certified Proprietary School, effective January 8, 1999.

During 1998, Win Systems International, Inc. expanded its educational seminars business into Canada through the opening of a wholly owned subsidiary, 1311448 Ontario, Inc. The Canadian operations continued to expand and at the end of 1999 the operations were transferred to Whitney Canada, Inc. through an amalgamation of two wholly owned subsidiaries.

Whitney Canada, Inc. incorporated in Canada on October 5, 1998 and is the surviving corporation of an amalgamation with 3667057 Canada, Inc. 3667057 Canada, Inc. was incorporated in Ontario, Canada on August 21, 1998 under the name of 1311448 Ontario, Inc. The name was changed to 3667057 Canada, Inc. on October 5, 1999 as a preliminary requirement of federalization of the corporation, which had been an Ontario corporation, in order to qualify for the amalgamation with Whitney Canada, Inc., which was completed January 6, 2000. There are no significant differences on comprehensive income and foreign exchange.

Whitney Internet Services, Inc. incorporated in Wyoming on June 8, 1999, is located in Cape Coral, Florida and provides web programming and maintenance services to the Company. The Company's other operating subsidiaries use the site to offer their products and services for sale and the site also includes general information on the Company, its products and services.

Wealth Intelligence Network, Inc. incorporated in Florida on May 26, 1996 under the name of Real Estate Link, Inc. The name was changed to Wealth Intelligence Network, Inc. on September 20, 1998. Win Systems International, Inc. acquired the shares of Wealth Intelligence Network, Inc. on November 18, 1998. Wealth Intelligence Network, Inc. is an operating subsidiary marketing financial training seminars, which represents an expansion from the real estate investment training seminar business.

Whitney Mortgage.com, Inc. incorporated in Florida on September 30, 1999 and operates as a full service internet mortgage broker affiliated with a national internet mortgage provider. Brokering mortgages represents an expansion from educational seminars into a different industry.

Russ Whitney's Wealth Education Centers, Inc. incorporated in Wyoming on June 8, 1999 as a wholly owned subsidiary of Whitney Information Network, Inc. and the subsidiary is itself the parent corporation of two wholly owned subsidiaries formed to operate permanent learning centers in Jackson, Mississippi and Atlanta, Georgia. Russ Whitney's Wealth Education Center of Jackson, MS, Inc. incorporated in Wyoming on June 8, 1999 and a school was opened in December, 1999. Russ Whitney's Wealth Education Center of Atlanta, GA, Inc. incorporated in Wyoming on July 22, 1999 and a school was opened in June 2000. The Wealth Education Centers were closed during 2001.

Whitney Consulting Services, Inc. incorporated in Wyoming on July 28, 1998 under the name of Financial Consulting Services, Inc. and the name was changed to Whitney Consulting Group, Inc. on April 28, 1999 when that corporation was acquired by Win Systems International, Inc. which then changed its name to Whitney Consulting Services, Inc. on March 21, 2000. Whitney Consulting Services, Inc. is located in Salt Lake City, Utah and is an operating subsidiary telemarketing real estate investments and financial training seminars and an individual one-on-one mentor program.

The 1612 E. Cape Coral Parkway Land Trust was organized in 2000 to take and hold a property purchased in Cape Coral, Florida. The Company's Chief Financial Officer has been designated as trustee and Whitney Information Network, Inc. is the beneficiary of the trust.

Precision Software Services, Inc. was acquired during 2001. Precision Software Services, Inc. was incorporated August 1993 and is a Florida corporation that holds a license to distribute and sell certain real estate and business software that several subsidiaries of the Company have been selling. Precision Software Services, Inc. and was formerly owned 51% by the Chairman of the Board and majority stockholder of the Company.

Whitney U.K. Limited is a British corporation formed and incorporated in October 2001 to engage in educational and training seminars throughout the United Kingdom. This subsidiary had no significant operations in 2001.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Whitney Information Network, Inc. and the following wholly owned subsidiary corporations: Whitney Education Group, Inc.; Whitney Internet Services, Inc.; Russ Whitney's Wealth Education Centers, Inc. and its wholly owned subsidiary corporations, Russ Whitney's Wealth Education Center of Jackson, MS, Inc. and Russ Whitney's Wealth Education Center of Atlanta, GA, Inc.; Whitney Consulting Services, Inc.; Whitney Canada, Inc.; Whitney Mortgage.com, Inc.; Wealth Intelligence Network, Inc.; the 1612 E. Cape Coral Parkway Land Trust; Precision Software Services, Inc.; and Whitney U.K. Limited. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions it invests with.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk consist principally of cash and short-term cash investments and accounts receivable. The Company places its temporary cash investments with what management believes are high-credit, quality financial institutions. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company periodically performs credit analysis and monitors the financial condition of its customers in order to minimize credit risk.

Inventory

Inventory consists primarily of books, videos and training materials and is stated at the lower of cost or market, determined using the first-in, first-out method (FIFO).

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, short-term investments, receivables, deferred seminar expense, accounts payable, accrued expenses, deferred educational revenues, and notes payable approximated fair value as of December 31, 2001 because of the relatively short maturity of these instruments.

Accounts Receivable

Accounts receivable consists of trade receivables from the sale of educational products and services. The Company believes the allowance for doubtful accounts is sufficient to cover any uncollectible amounts as of 2001 and 2000 and the entire amount of revenue related to the net accounts receivable is deferred as described below.

Revenue Recognition, Deferred Revenue and Deferred Expenses

The Company recognizes revenue at the time the sale is made. Revenue from educational seminars is recorded (1) when the non-refundable deposit is received for the seminars and the seminar has taken place; and (2) when it is reasonably certain that the balance of the option to purchase additional programs will be exercised and paid and the seminar has taken place. Deferred revenue is recorded when the seminar proceeds are received in full prior to the related seminar taking place. Expenses directly associated with future instructional programs are deferred until the related revenue is recognized.

Advertising Expense and Prepaid Advertising

The Company expenses advertising costs as incurred. Advertising costs were approximately $7,829,406, $7,340,540, and $4,696,000 for the years ended December 31, 2001, 2000 and 1999, respectively. Advertising paid for in advance is recorded as prepaid until such time as the advertisement is published. Advertising costs recorded as prepaid as of December 31, 2001 and 2000 were $733,227 and $467,737 respectively.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from 3 to 40 years.

Investment in Foreign Corporation

The Company acquired a 20% ownership interest in a Panama corporation in 2001. The Company accounts for its investment using the equity method of accounting and records its proportionate share of the corporation's profit or loss. Operations of the investee corporation were not significant in 2001.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The Company's temporary differences result primarily from the recognition of deferred expenses for tax purposes.

Basic Loss Per Share

The Company applies the provisions of Statement of Financial Accounting Standard No. 128, "Earnings Per Share" (FAS 128). All dilutive potential common shares have an antidilutive effect on diluted per share amounts and therefore have been excluded in determining net loss per share. The Company's basic and diluted loss per share are equivalent and accordingly only basic loss per share has been presented.

Recently Issued Accounting Pronouncements

In July 2001, the FASB issued SFAS Nos. 141 and 142 " Business Combinations " and " Goodwill and other Intangible Assets ". Statement 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under the guidance of Statement 142, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair value base test. Statement 142 is effective for financial statement dates beginning after January 1, 2001.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for the Company for fiscal years beginning after June 15, 2002. The Company believes the adoption of this statement will have no material impact on its consolidated financial statements.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets." SFAS No. 144 requires that those long-lived assets be measured at the lower of carrying amount or fair value, less cost to sell, whether reported in continuing operations or discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or included amounts for operating losses that have not yet occurred. SFAS No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, is to be applied prospectively.

Reclassifications

Certain amounts in the 2000 consolidated financial statements have been reclassified to conform to the 2001 presentation.

Note 2 - Mergers, Acquisitions and Capital Accounts

On August 18, 1998, Whitney Education Group, Inc. (formerly Win Systems, Inc.) was acquired by Whitney Information Network, Inc. (formerly Win Systems International, Inc. and prior to that Gimmel Enterprises, Inc.) in a reverse merger whereby Whitney Education group, Inc. exchanged 100% of its shares for 90% of Gimmel's shares bringing the total shares of Whitney Information Network, Inc. (issued and outstanding) at August 18, 1998 to 7,500,047. Whitney Education Group, Inc. became a wholly owned subsidiary of Whitney Information Network, Inc. (WIN). The financial statements from January 1, 1997 through December 31, 1999 are based upon the assumption that the companies were combined for the entire period and all stock splits have been reflected in the statements as of the beginning of the period. Also, on August 18, 1998, WIN issued 187,500 Class A stock purchase warrants and 340,000 Class B stock purchase warrants. Both the Class A and Class B warrants were exercisable at $4.00 per share.

The Company has Class A warrants and Class B warrants outstanding, which are exercisable two years and four years, respectively, after the underlying stock is registered. The Company also instituted a stock option plan for key personnel. Under the plan, options are to be granted at the fair market value at the date of the grant and exercisable for a ten-year period after the grant with a three-year vesting schedule. The Company has reserved 2,000,000 shares for the stock option plan of which 921,800 option shares have been granted, net of forfeitures and cancellations, at exercise prices from $1.70 to $2.00 per share. No options have been exercised.

On February 1, 1999, the Company purchased all of the assets of Wealth Intelligence Network, Inc. for 20,000 shares of stock at $2.50 per share. In addition, the Company issued (during the period from May to August 1999) 7,975 shares to a financial public relations firm in lieu of cash for services valued at $14,500.

In April 2000, the Company converted their 340,000 class B warrants issued to employees in August 1998 into stock options. In the conversion, the Company reduced the exercise price from $4 to $2 (fair market value at date of conversion). This transaction has since been accounted for using variable accounting in accordance with FIN 44. No adjustment was made for the period ending December 31, 2000 because the market price as of December 31, 2000 of the stock was less than the $2 exercise price.

In November 2001, the Company issued 333,334 shares of common stock valued at $500,000 for all of the outstanding stock of Precision Software Services, Inc. which had a minimal net book value at the time of the acquisition. Precision Software Services, Inc. was 51% owned by the Chairman and majority stockholder of the Company who received 170,000 of the shares. The excess of the purchase price over material, identifiable net assets relating to the minority interest was allocated to software rights. The shares issued to the officer were recorded as a distribution as the Company and Precision Software Services, Inc. are under common control.

In November 2001, the Company paid $212,500 for a 20% interest in a Panama corporation named Rancho Monterrey, S.A. which was formed in April 2001 to own, operate, improve and sell certain real estate in Panama. As part of the investment in Rancho Monterrey, S.A., the Company received a 12 acre parcel of land valued at $130,000, resulting in a net investment of $82,500. An entity affiliated with the majority stockholder of the Company purchased an additional 20% interest during 2001.

Note 3 - Related Party Transactions

The following balances due from (to) related parties are as follows:

	December 31, 2001	December 31, 2000
Due from Whitney Leadership Group	$ 232,126	$ 160,587
Due from RAW, Inc.	9,071	11,743
Due to Precision Software Services, Inc.	-	(32,425)
Due to Trade Marketing, Inc.	(16,000)	-
Due to MRS Equity Corp	(65,606)	(69,415)
	$ 159,591	$ 70,490

The Company has rented its corporate headquarters located in Cape Coral, Florida, since 1992 from the Chairman of the Board and pays rent on annual leases.

Rentals under the related party lease were $86,944, $69,644 and $35,622 during 2001, 2000 and 1999, respectively. The Company leases approximately 8,700 square feet and the lease expires in October 2002.

MRS Equity Corp. provides certain products and services for Whitney Information Network, Inc. and Whitney Information Network, Inc. provides MRS Equity Corp. with payroll services including leased employees. Whitney Information Network, Inc. provided payroll services to MRS Equity Corp. in the amounts of $53,105, $170,422 and $111,724 during 2001, 2000 and 1999, respectively. MRS Equity Corp. provided Whitney Information Network, Inc. with $720,504, $273,525 and $254,826 for product costs during 2001, 2000 and 1999, respectively. MRS Equity Corp. is a 100 percent subsidiary of Equity Corp. Holdings, Inc. of which the Chairman of the Board of Whitney Information Network, Inc. owns a controlling interest.

Precision Software Services, Inc. is a company that develops and licenses software primarily for the real estate and small business industries and was acquired by the Company in 2001 (Note 1). Prior to November 2001, the Chairman of the Board of Directors of Whitney Information Network, Inc. owned a majority interest in Precision Software Services. During 2001 (prior to the acquisition), 2000 and 1999, Precision Software Services provided Whitney Information Network, Inc. $371,644, $378,525 and $318,089 in product cost, respectively. Precision Software Services sold products to Whitney Information Network, Inc. at a price less than the prices offered to third parties. Whitney Information Network, Inc. provided payroll services to Precision Software Services in the amount of $0, $68,811 and $38,605 during 2001, 2000 and 1999, respectively.

Whitney Information Network, Inc. provided payroll services to Whitney Leadership Group, Inc. in the amount of $0, $80,956 and $82,787 during 2001, 2000 and 1999, respectively. During 2001, 2000 and 1999, Whitney Information Network made payments of $279,313, $230,476 and $368,702 for registration fees and commissions. The Chairman of the Board of Whitney Information Network, Inc. is the President and Chief Operating Officer of Whitney Leadership Group, Inc.

Corporation Corp., formerly known as United States Fiduciary Corp, is a company which provides telemarketing services for Whitney Information Network, Inc. The Chairman of the Board of Directors and the Chief Financial Officer are also members of the board of directors of Corporation Corp. During 2001, 2000 and 1999, Whitney Information Network, Inc. paid $458,877, $418,096 and $0 in commissions to Corporation Corp.

RAW, Inc. is a company owned by the Chairman of the Board of Whitney Information Network, Inc., which buys, sells and invests in real property. During 2000,Whitney Information Network Inc. provided $10,869 in payroll services to RAW, Inc.

Trade Marketing, Inc. is a company owned by a relative of the Chairman of the Board of Whitney Information Network, Inc.

Those items above that are reasonably expected to be collected within one year are shown as current and those that are not expected to be collected during the next year are shown as non-current.

Note 4 - Property and Equipment

Property and equipment consist of the following:

	December 31, 2001	December 31, 2000

Building	$ 2,266,053	$ 2,207,482
Equipment	1,158,694	517,718
Furniture and fixtures	364,893	316,770
Land	132,500	-
Construction in progress	103,063	-
Leasehold improvements	81,516	122,658
	4,106,719	3,164,628
Less accumulated depreciation	(478,272)	(198,703)
	$ 3,628,447	$ 2,965,925

Depreciation expense for the periods ended :

December 31,	
2001	$ 289,682
2000	$ 166,434
1999	$ 18,267

Note 5 - Long-Term Debt and Note Payable - Related Party

Long-term debt consists of:

	December 31, 2001	2000
Note payable to seller of building, interest at a variable interest rate, adjusted semi-annually based on the prime rate (8.0% total as of December 31, 2001) and shall not exceed 10% or fall below 8% during the first three years of the mortgage. Monthly interest-only payments of $9,000 are payable through December 2004 at which time the note matures and all principal and accrued interest is due. Collateralized by real property.	$ 450,000	$ 1,200,000
Note payable to the previous minority shareholder of Precision Software Services, Inc. relating to the Company's acquisition. Principal and interest payments due beginning in January 2002. Interest at the prime rate plus 1.5% (7.0% total at December 31, 2001). The note matures in December 2003.	125,000	-
	575,000	1,200,000
Less current portion	(62,500)	-
	$ 512,500	$ 1,200,000

Note payable- related party consists of:

	December 31, 2001	2000
Note payable to the previous majority shareholder of Precision Software Services, Inc., an officer and majority shareholder of the Company, relating to the Company's acquisition. Principal and interest payments due beginning in January 2002. Interest at		

the prime rate plus 1.5% (7.0% total at December 31, 2001). The note matures in December 2003.	$ 125,000	$ -
Less current portion	(62,500)	-
	$ 62,500	$ -

Maturities of long-term obligations are as follows:

Year Ending December 31,	Related Party Notes	Other Notes	Total
2002	$ 62,500	$ 62,500	$ 125,000
2003	62,500	62,500	125,000
2004	-	450,000	450,000
	$ 125,000	$ 575,000	$ 700,000

Note 6 - Commitments and Contingencies

Operating Leases

The Company leases the following properties: (1) its headquarters building in Cape Coral, Florida (Note 3); (2) its telemarketing facility in Draper, Utah; and (3) its Whitney Canada location in Ontario. These leases expire from May 2002 to October 2006.

Rent expense for all operating leases was:

Year Ending December 31,	
2001	$ 225,232
2000	$ 257,198
1999	$ 139,105

Future minimum lease payments under these leases are approximately as follows:

Year Ending December 31,	Related Party Leases	Other Leases	Total
2002	$ 58,053	$ 79,321	$ 137,374
2003	-	78,771	78,771
2004	-	81,929	81,929
2005	-	85,199	85,199
2006	-	73,350	73,350
	$ 58,053	$ 398,570	$ 456,623

Litigation

The Company is not involved in any material unasserted claims and action arising out of the normal course of its business that in the opinion of the Company, based upon knowledge of facts and advice of counsel, will result in a material adverse effect on the Company's financial position.

Other

The Company carries liability insurance coverage, which it considers sufficient to meet regulatory and consumer requirements and to protect the Company's employees, assets and operations.

The Company, in the ordinary course of conducting its business, is subject to various state and federal requirements. In the opinion of management, the Company is in compliance with these requirements.

Construction Agreement

In 2001, the Company entered into an agreement to construct a 7,000 square-foot international conference and training center in Panama at a total estimated cost of $550,000. The Company had expenditures of approximately $105,000 through December 31, 2001 and has since made additional construction draws of approximately $145,000. Completion of the project is expected to occur in the third quarter of 2002.

Note 7 - Stockholders' Equity and Transactions

Stock Based Compensation Plans

The Company's stock option plans provide for the granting of stock options to key employees. Under the terms and conditions of the plans, any time between the grant date and two years of service, the employee may purchase up to 25% of the option shares. After three years of continuous service, the employee may purchase all remaining option shares. All options expire ten years from the date of the grant.

The following table presents the activity for options outstanding:

	Options Not Related To A Plan	Weighted Average Exercise Price
Outstanding - December 31, 1998	369,000	$ 2.00
Granted	471,650	$ 1.88
Forfeited/canceled	(52,850)	$ (1.96)
Outstanding - December 31, 1999	787,800	$ 1.92
Granted	385,000	$ 1.97
Forfeited/canceled	(79,150)	$ (1.92)
Outstanding - December 31, 2000	1,093,650	$ 1.94
Granted	10,000	$ 1.70
Forfeited/canceled	(181,850)	$ (1.94)
Outstanding - December 31, 2001	921,800	$ 1.94

The following table presents the composition of options outstanding and exercisable:

Range of Exercise Prices	Number of Options	Price*	Life*

$ 1.70	10,000	$ 1.70	9.74
$ 1.75	45,000	$ 1.75	8.35
$ 1.88	309,800	$ 1.88	7.68
$ 2.00	557,000	$ 2.00	7.61
$1.70 to $2.00	921,800	$ 1.94	7.69

*Price and Life reflect the weighted average exercise price and weighted average remaining contractual life, respectively.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's option plan been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS No. 123, the Company's net income (loss) and basic income (loss) per common share would have been changed to the pro forma amounts indicated below:

	For the Years Ended December 31, 2001	2000	1999
Net income (loss) - as reported	$ 2,534,247	$ (8,703,127)	$ (1,962,266)
Net income (loss) - pro forma	$ 2,519,497	$ (9,423,077)	$ (2,764,071)
Basic income (loss) per common share - as reported	$ 0.33	$ (1.16)	$ (0.26)
Basic income (loss) per common share - pro forma	$ 0.33	$ (1.25)	$ (0.36)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	For the Years Ended December 31, 2001	2000	1999
Approximate risk free rate	6.00%	6.00%	6.00%
Average expected life	10 years	10 years	10 years
Dividend yield	0%	0%	0%
Volatility	85.00%	115.00%	115.00%
Estimated fair value of total options granted	$14,750	$719,950	$801,805

Note 8 - Income (Loss) Per Share

The following table sets forth the computation for basic and diluted earnings per share:

	For the Years Ended December 31, 2001	2000	1999
Numerator for diluted income (loss) per common share	$ 2,534,247	$ (8,703,127)	(1,962,266)
Denominator for basic earnings per share			

- weighted average shares	7,587,474	7,528,022	7,502,346
Effect of dilutive securities - convertible debt, options and warrants	-	-	-
Denominator for diluted earnings per share - adjusted weighted average shares	7,587,474	7,528,022	7,502,346
Diluted income (loss) per common share	$ 0.33	$ (1.16)	$ (0.26)

Where the inclusion of potential common shares is anti-dilutive, such shares are excluded from the computation.

Note 9 - Income Taxes

At December 31, 2001, the Company had net operating losses (NOLs) of approximately $168,000 related to US federal, foreign and state jurisdictions. Utilization of the net operating losses, which expire at various times starting in the years 2002 through 2021, may be subject to certain limitations under Section 382 of the Internal Revenue Code of 1986, as amended, and other limitations under state and foreign tax laws.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax asset are approximately as follows:

	December 31, 2001	2000
Deferred tax asset from NOL carryforward	$ 62,500	$ 5,252,000
Deferred tax asset (liability) from deferred expense/revenue	3,041,000	(1,005,000)
Total deferred tax assets	3,103,500	4,247,000
Valuation allowance for deferred tax assets	(3,103,500)	(4,247,000)
Net deferred tax asset	$ -	$ -

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

On July 28, 2000, the Company replaced its auditor, Larry Legal CPA with BDO Siedman effective August 17, 2000. During the period from August 17, 2000 to November 14, 2000, the Company worked with BDO Siedman until the Board terminated their services. The series of events that transpired from August 17, 2000 may appear to suggest a disagreement over accounting; however, the Company does not believe a disagreement exists.

The matter is explained simply in that at the time that the Company terminated the services of BDO Seidman, LLP there was no dispute with BDO Seidman inasmuch as the Company had already agreed to restate the financial statements.

Please be advised of the chronology of related events:

11/14/00 The Company terminated BDO Seidman, LLP as auditors on November 14, 2000 subsequent to the Whitney Board of Directors meeting on that morning approving both the termination of BDO Seidman and tentatively approving the restating of the financial statements subject to evaluation of the results of the forthcoming discussion to be held with the SEC on November 17, 2000 and recommendation by management thereafter. BDO's last communication to the Company was that BDO had agreed to prepare the financial statements either way as long as the SEC approved the way that was chosen. The Company agreed with BDO that the financial statements could be prepared either way subject to SEC approval. Therefore, there was no disagreement with BDO at the time they were terminated. The Company did not disagree with BDO over an accounting method, but did disagree with BDO over their fees. The fees dispute is not the subject of this filing.

11/17/00 The Company representatives attended a meeting in Washington, DC with SEC staff re: deferred expenses at which time the SEC stated that the Company should restate the financial statements.

11/20/00 The Company approved and filed Edgar Form 8-K reporting on the termination of BDO Seidman, LLP without having received any letter from BDO Seidman, LLP. Their letter was received later in the day on November 20, 2000.

11/21/00 Actual date of acceptance of transmission of 11/20 filing as accepted by SEC/Edgar.

11/20/00 The Company received cessation of services letter from BDO Seidman, LLP which was dated November 14, 2000, but not received until the afternoon of November 20, 2000.

11/22/00 The Company filed Edgar Form 8-K/A#1 reporting the BDO Seidman, LLP letter received November 20, 2000.

11/29/00 The Company filed the third Edgar form on the issue, Form 8-K/A#2 with corrections and additions required by the SEC pertaining to the BDO Seidman auditor termination.

12/4/00 The Company's Board of Directors approved management's decision to restate financial statements for change of accounting method.

12/4/00 Company received letter from SEC re: correcting the Forms 8K and 8-K/A to an Item 4 matter instead of an Item 1 matter.

12/4/00 Company received second letter from BDO Seidman, LLP re: termination of services, which letter included for the first time a notice by BDO Seidman of a disagreement over accounting issues.

12/5/00 Company issued a Press Release which had been prepared days earlier announcing the decision to restate financial statements.

12/7/00 Company approved for filing Edgar Form 8-K/A#3 reporting second BDO Seidman letter.

12/7/00 The Company approved for filing Edgar Form 8-K reporting the Press Release.

12/8/00 The Company filed Edgar Form 8-K/A#3 reporting second BDO Seidman letter.

12/8/00 The Company filed Edgar Form 8-K reporting Press Release.

12/13/00 The Company received a fax from SEC requesting an additional Form 8-K/A filing to explain the disagreement.

12/20/00 The Company filed Edgar Form 8-K/A#4 explaining that the timing differences caused the appearance of a disagreement with BDO Seidman but actually at the time BDO Seidman was terminated, there were no disagreements.

12/20/00 The Company sent a copy of Amendment #4 to BDO Seidman.

It should be further noted that BDO Seidman was hired by the Company in August, 2000. In September, 2000, BDO sent an SOP 93-7 research paper which was marked preliminary draft agreeing with the position of the Company.

At that time, the Miami partner of BDO Seidman and the audit manager agreed with the position of the Company that the financial statements had been correctly prepared.

It was not until October, 2000 that the Chicago office and national SEC partner of BDO Seidman overruled their Miami audit partners and reversed the position of BDO Seidman on the issue. There was disagreement with the BDO partners over the issue. At that point, there was also a disagreement between the revised and official BDO position and the Company's position.

However, later, and prior to dismissing BDO Seidman, the Company did agree to accept the SEC position which was also BDO's revised position. The Company has taken the position that all interim disagreements with BDO Seidman had been resolved prior to the dismissal and therefore were not required to be explained in Form 8-K, which requires the disclosure of any disagreements at the time of the dismissal.

On February 8, 2000, the Board of Directors of Whitney Information Network, Inc. passed a resolution to engage the audit services of Ehrhardt Keefe Steiner & Hottman, PC. There have been no disagreements with Ehrhardt Keefe Steiner & Hottman, PC .

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The officers and directors of the Company are as follows:

Name	Age	Position
Russell A. Whitney	44	Chief Executive Officer and Chairman of the Board of Directors
Richard W. Brevoort	63	President and a member of the Board of Directors
Ronald S. Simon	58	Secretary/Treasurer, Chief Financial Officer, and a member of the Board of Directors

Each director serves for a term of three years and one-third of the directors are elected at the annual meeting of shareholders. The Company's officers are appointed by the Board of Directors and hold office at the discretion of the Board.

Russell A. Whitney - Chief Executive Officer and Chairman of the Board of Directors

Mr. Whitney was a founder and has been the Chief Executive Officer and Chairman of the Board of Directors of the Company and its predecessor, since 1987. Since 1992, Mr. Whitney has been Chief Executive Officer of Whitney Education Group, Inc. (formerly Win Systems, Inc.) that is engaged in the business of education and training. Since October 1998, Mr. Whitney has been the President and a member of the Board of Directors of 1311448 Ontario, Inc. 1311448 Ontario is in the business of education and training. Since October 1998, Mr. Whitney has been the President and a member of the Board of Directors of Whitney Canada, Inc. Whitney Canada is in the business of education and training. Since February 1999, Mr. Whitney has been the President and a member of the Board of Directors of Wealth Intelligence Network, Inc. Wealth Intelligence Network is in the business of education and training. Since June 1999, Mr. Whitney has been the President and a member of the Board of Directors of Whitney Internet Services, Inc. Whitney Internet Services is in the business of providing Internet services, education and training. Since June 1999, Mr. Whitney has been the President and a member of the Board of Directors of Whitney Consulting Services, Inc. Whitney Consulting is in the business of providing telemarketing services. Since June 1999, Mr. Whitney has been the President and a member of the Board of Directors of Russ Whitney's Wealth Education Centers, Inc. Russ Whitney's Wealth Education Centers are in the business of education and training. Since June 1999, Mr. Whitney has been the President and a member of the Board of Directors of Russ Whitney's Wealth Education Centers of Jackson, Mississippi, Inc. Since March 1991, Mr. Whitney has been Chief Executive Officer of Whitney Leadership Group, Inc., a Florida corporation located in Cape Coral, Florida engaged in the business of publishing and marketing. Since February 1995, Mr. Whitney has been President of RAW, Inc., a Florida corporation engaged in the business of buying, selling and investing in real estate which is located in Cape Coral, Florida. From August 1993 to November 2001, Mr. Whitney was the Vice President of Precision Software Services, Inc., a Florida corporation located in Cape Coral, Florida, which is engaged in the business of developing and licensing software primarily for the real estate and small business industries. Precision Software Services, Inc. was acquired by Whitney Information Network in November 2001. Since this time, Mr. Whitney has been the President and a member of the Board of Precision Software Services, Inc. Since March 1992, Mr. Whitney has been President of MRS Equity Corp., a Florida corporation located in Cape Coral, Florida, which is engaged in the business of selling mortgage related products and services. Since November 1996, Mr. Whitney has been affiliated with Teamwork Communications, Inc., a company that provides sales and marketing services located in Cape Coral, Florida.

Richard W. Brevoort - President and a member of the Board of Directors.

Since August 1998, Mr. Brevoort has been a member of the Board of Directors of the Company and spends substantially full-time on Company matters. Mr. Brevoort became the President of Whitney Education Group, Inc. (formerly, Win Systems, Inc.) in February 1997, and President of the Company in August 1998. From January 1984 to February 1991, Mr. Brevoort was the President of the Hudson Agency, a marketing company based in New York City. From September 1970 to October 1975, Mr. Brevoort was a Deputy Finance Administrator and Commissioner of Tax Collection. From June 1969 to August 1970, Mr. Brevoort was an Assistant Administrator of Economic Development. From August 1968 to March 1969, Mr. Brevoort was a Deputy Commissioner of Commerce. From March 1966 to November 1966, Mr. Brevoort was a Director of Weights and Measures for the City of New York. From November 1975 to December 1983, Mr. Brevoort was the Chief of Staff for the Democratic Party in the New York State Senate. From 1982 to 1987, Mr. Brevoort was a member of the Board of Directors of the New York City Convention Center. From 1996 to 1997, Mr. Brevoort was an Instructional Supervisor of the Trace Program at Bronx Community College. From 1968 to 1969, Mr. Brevoort was a member of an Advisory Committee for the New York City Superintendent of Schools. Mr. Brevoort has been included in the 1996 Who's Who in America and 1996 Who's Who in the World.

Ronald S. Simon - Secretary/Treasurer, Chief Financial Officer, and a member of the Board of Directors.

Since August 1998, Mr. Simon has been the Secretary/Treasurer, Chief Financial Officer, and a member of the Board of Directors of the Company and spends such time that is necessary on Company matters. Since August 1998, Mr. Simon has been the Secretary/Treasurer and a member of the Board of Directors of Whitney Education Group, Inc. (formerly, Win Systems, Inc.). Whitney Education Group is in the business of education and training. Since August 1998, Mr. Simon has been the Secretary/Treasurer and a member of the Board of Directors of Wealth Intelligence Network, Inc. Wealth Intelligence Network is in the business of education and training. Since June 1999, Mr. Simon has been the Secretary/Treasurer and a member of the Board of Directors of Whitney Consulting Group, Inc. Whitney Consulting Group is in the business of telemarketing. From October 1995 to January 1999, Mr. Simon was the

President of On Line Services USA, Inc., an Internet service provider and web site design company. Since 1971, Mr. Simon has been Certified Public Accountant in the states of Florida and Illinois. Since 1993, Mr. Simon has had his real estate license in the state of Florida. Since 1996,. Mr. Simon graduated from the University of Illinois with Bachelor of Science degree in accounting.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers, directors, and persons who own more than 10% of the registered class of the Company's equity securities to file reports of ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% stockholders are required by the regulations of the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a)forms they file.

Based solely on a review of the Forms 3 and 4 furnished to the Company, the Company believes that all filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with.

Form 5 is not required to be filed if there are not previously unreported transactions or holdings to report. Nevertheless, the Company is required to disclose the name of directors, executive officers and 10% shareholders who did not file a Form 5, unless the Company has obtained a written statement that no filing is due. The Company has been advised by those required to file Form 5 that no filings were due.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation.

The following table sets forth the compensation paid by the Company during the last three years, for each officer and director of the Company. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any.

Name and Principal Position	Year	Annual Salary ($)	Bonus ($)	Other Compen sation ($)	Underlying Stock Options/ Award(s) (#)	LTIP Payouts ($)	All Compen- sation ($)
Russell Whitney, CEO	2001	$250,000	--	--	--	--	$250,000
	2000	$250,000	--	--	--	--	$250,000
	1999	$ 67,344	--	--	--	--	$ 67,344
Richard Brevoort, President	2001	$100,000	--	--	--	--	$100,000
	2000	$ 75,000	--	--	--	--	$ 75,000
	1999	$ 44,093	--	--	--	--	$ 44,093
Ronald Simon, CFO	2001	$ 55,000	--	--	--	--	$ 55,000
	2000	$ 47,500	--	--	--	--	$ 47,500
	1999	$ 42,770	--	--	--	--	$ 42,770

There are no retirement, pension, or profit sharing plans for the benefit of the Company's officers and directors. The Company has adopted a Non-Qualified Incentive Stock Option Plan and the Company supplies health insurance to its officers, directors and employees.

The following grants of stock options, whether or not in tandem with stock appreciation rights ('SARs') and freestanding SARs have been made to officers and/or directors:

Name	Number of Underlying Securities Options/SARs Granted	Number of Underlying Securities Options/SARs Granted During Last 12 Months	Exercise or Base Price ($/Sh)	No. of Options Exercised	Expiration Date
Richard Brevoort	243,000	68,000	$ 2.00	--	09/01/2008
Ronald Simon	218,000	68,000	$ 2.00	--	09/01/2008

(1) 75,000 options were granted to Mr. Brevoort and 125,000 options were granted to Mr. Simon, all at an exercise price of $1.875, on August 31, 1999. Mr. Brevoort and Mr. Simon were previously granted 25,000 options each at an exercise price of $2.00 on September 1, 1998. On May 1, 2000, Mr. Brevoort and Mr. Simon each held 68,000 warrants which were converted to option shares at an exercise price of $2.00 per share. The expiration date of such option shares is September 1, 2008. At the date of this report no options have been exercised.

Long-Term Incentive Plan Awards.

The Company does not have any long-term incentive plans that provide compensation intended to serve as incentive for performance.

Compensation of Directors.

Directors do not receive any compensation for serving as members of the Board of Directors. The Board has not implemented a plan to award options to any Directors. There are no contractual arrangements with any member of the Board of Directors

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the Common Stock ownership of each person known by the Company to be the beneficial owner of five percent or more of the Company's Common Stock, each director individually and all officers and directors of the Company as a group. Each person has sole voting and investment power with respect to the shares of Common Stock shown, unless otherwise noted, and all ownership is of record and beneficial.

Name and Address of Owner	Number of Shares	Position	Percent of Class
Russell A. Whitney 4818 Coronado Parkway Cape Coral, Florida 33904	6,650,000	Chief Executive Officer and Chairman of the Board of Directors	84.41%
Richard W. Brevoort 4500 S.E. Fifth Place #206 Cape Coral, Florida 33904	146,500	President Director	1.86%
Ronald S. Simon	34,000	Secretary/Treasurer	

1402 Beechwood Trail Fort Myers, Florida 33919		Chief Financial Officer Director	0.43%
All officers and directors as a group (3 persons)	6,830,000		86.70%

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On August 18, 1998, the Company acquired all (100 shares) of the issued and outstanding shares of common stock of Win Systems, Inc. in exchange for 6,750,000 shares, 187,500 Class A Warrants, and 340,000 Class B Warrants. 97.5% of the shares of Win Systems, Inc. were owned by Russell Whitney, the current Chief Executive Officer and Chairman of the Board of Directors of the Company and the remaining shares were owned by other key personnel.

The Company has leased office space from Russ Whitney, its Chief Executive Officer and a member of the Board of Directors pursuant to the terms of a three-year lease, which commenced on September 1, 1999 and terminates on October 31, 2002 with a monthly rental payment of $5,805.34. Russ Whitney is the Chief Executive Officer of the Company and Chairman of its Board of Directors. The terms of the lease are no less favorable as can be obtained from independent third parties.

In addition, the Company has receivables from Whitney Leadership Group, Inc. in the amount of $232,126 for sales of products. The aforementioned corporation is controlled by Russ Whitney.

MRS Equity Corp. provides products and services for the Company and the Company provides MRS Equity Corp. with payroll services. MRS Equity is a wholly owned subsidiary corporation of Equity Corp. Holdings, which is owned and controlled by Russell Whitney, the Company's Chief Executive Officer and Chairman of the Board of Directors.

Precision Software Services, Inc. develops and licenses software to the Company. Russell Whitney, the Company's Chief Executive Officer and Chairman of the Board of Directors, owned controlling interest in Precision Software Services, Inc. Precision Software Services, Inc. was acquired by the Company on November 1, 2001 in an exchange of stock with Russell Whitney and an employee/shareholder of Precision Software Services, Inc. for 333,334 shares of the Company's common stock valued at $1.50 per share. Mr. Whitney received 170,000 shares of the Company's stock.

The Company provides payroll services to Whitney Leadership Group, Inc. and in the past, Whitney Leadership Group, Inc. has lent money to the Company. Russell Whitney, the Company's Chief Executive Officer and Chairman of the Board of Directors President and Chief Operating Officer of Whitney Leadership Group.

United States Fudiciary Corp. provides telemarketing and instructor services for the Company. The Company's Chairman of the Board of Directors and Chief Financial Officer are also members of the board of United States Fudiciary Corp.

The amount of purchased products (software books, tapes, and supplies) from affiliates is as follows:

	2001	2000	1999
MRS Equity Corp.	$ 720,504	$ 273,525	$ 254,826
Precision Software Services, Inc.	$ 371,644	$ 378,525	$ 318,089

The amount of payments made for commissions and fees from affiliates is as follows:

	2001	2000	1999

Whitney Leadership Group, Inc.	$ 279,313	$ 230,476	$ 368,702
Corporation Corp (formerly United States Fuduciary Corp.)	$ 458,877	$ 418,096	$ -

The payroll service amounts are as follows:

	2001	2000	1999
MRS Equity Corp.	$ 53,105	$ 170,422	$ 111,724
Precision Software Services, Inc.	$ -	$ 68,811	$ 38,605
Whitney Leadership Group, Inc.	$ -	$ 80,956	$ 82,787
Raw, Inc.	$ -	$ 10,869	$ -

The terms of all of the transactions between related parties were no less favorable than could be obtained from independent third parties.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

Exhibit No.	Description
3.1*	Articles of Incorporation.
3.2*	Bylaws.
3.3*	Amended Articles of Incorporation
3.4*	Amended Articles of Incorporation
4.1*	Specimen Stock Certificate.
27.1*	Financial Data Schedule
99.1*	Class A Warrant Agreement
99.2*	Class B Warrant Agreement
99.3*	Non-Qualified Incentive Stock Option Plan
99.4*	Office Lease

* Incorporated by reference to exhibit filed with Form 10SB12G (Sec File No. 000-27403).

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WHITNEY INFORMATION NETWORK, INC.

Dated: April 8, 2002 By:/s/Richard W. Brevoort

Richard W. Brevoort
President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/Russell A. Whitney Russell A. Whitney	Chief Executive Officer Chairman	April 8, 2002
/s/Richard W. Brevoort Richard W. Brevoort	President and Director	April 8, 2002
/s/Richard S. Simon Ronald S. Simon	Secretary/Treasurer/Chief Financial Officer/ Principal Accounting Officer and Director	April 8, 2002