

UNITED STATES  
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: April 30, 2014  
Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

ASPEN GROUP, INC.

Delaware 333-165685 27-1933597  
a n m e a o a f g r r x i s  
f x n p t i d h e t ) f h r t

720 South Colorado Boulevard, Suite 1150N, Denver, CO 80246

a S O x i e J n t a u x o t

(303) 333-4224

a g C i x e l ) i e t

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$0.001

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 and (2) has submitted to the public disclosure all material information required to be disclosed by Section 13 or 15(d) of the Securities Act of 1934:  Yes  No

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PART I

ITEM 1. BUSINESS.

Apsen Group, Inc., or Apsen Group, owns 100% of Apsen University Inc., a Delaware corporation, or Apsen. All references to “we,” “our” and “us” refer to Apsen Group, unless the context otherwise indicates. In referring to academic matters, these words refer solely to Apsen University Inc. On March 13, 2012, Apsen Group acquired Apsen in a transaction we refer to as the Reverse Merger.





## Admissions

In considering candidates for acceptance into any of our certificate or degree programs, we look for those who are serious about pursuing – or advancing in – a professional career, and who want to be both prepared and academically challenged in the process. We strive to maintain the highest standards of academic excellence, while maintaining a friendly learning environment designed for educational, personal and professional success. A desire to meet those standards is a prerequisite. Because our programs are designed for self-directed learners who know how to manage their time, successful students have a basic understanding of management principles and practices, as well as good writing and research skills. Admission to Aspen is based on thorough assessment of each applicant's programs and abilities.

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the time necessary to earn a degree;  
qualified and experienced faculty;  
reputation of the institution and its programs;  
the variety of geographic locations of campuses;  
regulatory approvals;  
cost of the program;  
name recognition; and  
convenience.

## Curricula

### Certificates

**Bachelor of Applied Science in Information Systems Management** with specialization in Java Development  
**Bachelor of Applied Science in Information Systems Management** with specialization in Object Oriented Application Development  
**Bachelor of Applied Science in Information Systems Management** with specialization in Web Development  
Certificate in Project Management

### Associates Degrees

Associate of General Studies  
Associate of Applied Science Early Childhood Education

### Bachelor's Degrees

**Bachelor of Applied Science in Childhood Education**  
**Bachelor of Applied Science in Childhood Education** with specialization in Special Education  
**Bachelor of Applied Science in Childhood Education** with specialization in Special Education



Master of Science in Information Systems with a specialization in  
     Enterprise Application Development  
 Web Development  
 Master of Science in Information Technology  
 Master of Science in Nursing with a specialization in  
     Administration and Management  
 Administration and Management, (RN to MSN Bridge Program)  
 Nursing Education  
 Nursing Education, (RN to MSN Bridge Program)  
 Master of Science in Physical Education and Sports Management  
 Master of Science in Technology and Innovation with a specialization in  
     Business Intelligence and Data Management  
 Electronic Security  
 Project Management  
 Systems Design  
 Technical Languages  
 Vendor and Change Control Management  
 Master in Business Administration  
 Master in Business Administration with specializations in  
     Entrepreneurship  
 Finance  
 Information Management  
 Pharmaceutical Marketing and Management  
 Project Management  
 Master in Education  
 Curriculum Development and Outcomes Assessment  
 Education Technology  
 Transformational Leadership  
 Doctorates  
 Doctorate of Science in Computer Science  
 Doctorate in Education Leadership and Learning  
 Doctorate in Education Leadership and Learning with specializations  
 Education Administration  
 Faculty Leadership  
 Instructional Design  
 Leadership and Learning

Independent online classes start on alternating Tuesday's every month.

#### Sales and Marketing

Prior to Mr. Michael Mathews becoming Aspen's Chief Executive Officer in May 2011, Aspen had conducted minimal efforts and spent immaterial sums on sales and marketing. During the second half of 2011, Mr. Mathews and his team made significant changes to our sales and marketing program and spent a significant amount of time, money and resources on our marketing program.

What is unique about Aspen's marketing program is that we have no plans in the near future to utilize third-party online lead generation companies to attract prospective students. To our knowledge, most if not all for-profit online universities utilize multiple third-party online lead generation companies to obtain a meaningful percentage of their prospective student leads. Aspen's executive officers have many years of expertise in the online lead generation and Internet advertising industry, which for the foreseeable future will allow Aspen to cost-effectively drive all prospective student leads internally. This is a competitive advantage for Aspen because third-party leads are typically unbranded and non-exclusive (lead generation firms typically sell prospective student leads to multiple universities), therefore the conversion rate for those leads tends to be appreciably lower than internally generated, Aspen branded, proprietary leads.





The DOE enacted regulations relating to the Title IV programs which became effective July 1, 2011. Under these new regulations, an institution, like ours, that offers postsecondary education through distance education to students in a state in which the institution is not physically located or in which it is otherwise sub



A accreditation by the DETC is important. A accreditation is a reliable indicator of an institution's quality and is an expression of peer institution confidence. Universities depend, in part, on accreditation in evaluating transf





have capable and sufficient personnel to administer the federal student financial aid programs;  
have acceptable methods of defining and measuring the satisfactory academic progress of its students;  
have cohort default rates above specified levels;  
have various procedures in place for safeguarding federal funds;  
not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension;  
provide financial aid counseling to its students;  
refer to the DOE's Office of Inspector General any credible information indicating that any applicant, student, employee, or agent of the institution, has been engaged in any fraud or other illegal conduct involving Title IV programs;  
report annually to the Secretary of Education on any reasonable reimbursements paid or provided by a private education lender or group of lenders to any employee who is employed in the institution's financial aid office or who otherwise has responsibilities with respect to education loans;  
develop and apply an adequate system to identify and resolve conflicting information with respect to a student's application for Title IV aid;  
submit in a timely manner all reports and financial statements required by the regulations; and  
not otherwise appear to lack administrative capability.

Among other things, DOE regulations require that an institution must evaluate satisfactory academic progress (1) at the end of each payment period if the length of the educational program is one academic year or less or (2) for all other educational programs, at the end of each payment period or at least annually to correspond to the end of a payment period. Second, the DOE regulations add an administrative capability standard related to the existing requirement that students must have a high school diploma or its recognized equivalent in order to be eligible for Title IV aid. Under the administrative capability standard, institutions must develop and follow procedures for evaluating the validity of a student's high school diploma if the institution or the Secretary of Education has reason to believe that the student's diploma is not valid.

If an institution fails to satisfy any of these criteria or any other DOE regulation, the DOE may:

- require the repayment of Title IV funds;
- transfer the institution from the "advance" system of payment of Title IV funds to cash monitoring status or to the "reimbursement" system of payment;
- place the institution on provisional certification status; or
- commence a proceeding to impose a fine or to limit, suspend or terminate the participation of the institution in Title IV programs.

If we are found not to have satisfied the DOE's "administrative capability" requirements, we could lose, or be limited in our access to, Title IV program funding.

Distance Education. We offer all of our existing degree and certificate programs via Intrad and telepresence.



The "90/10 Rule." A requirement of the Higher Education Act commonly referred to as the "90/10 Rule," applies only to "proprietary institutions of higher education," which includes Aspen. An institution is subject to loss of eligibility to participate in the Title IV programs if it derives more than 90% of its revenues (calculated on a cash basis and in accordance with a DOE formula) from Title IV programs for two consecutive fiscal years. An institution whose rate exceeds 90% for any single fiscal year will be placed on provisional certification for at least two fiscal years and may be subject to other conditions specified by the Secretary of the DOE.

Student Loan Defaults. Under the Higher Education Act, an education institution may lose its eligibility to participate in some or all of the Title IV programs if defaults on the repayment of Direct Loan Program loans by its students exceed certain levels. For each federal fiscal year, a rate of student defaults (known as a "cohort default rate") is calculated for each institution with 30 or more borrowers entering repayment in a given federal fiscal year by determining the rate at which borrowers who become subject to their repayment obligation in that federal fiscal year default by the end of the following federal fiscal year. For such institutions, the DOE calculates a single cohort default rate for each federal fiscal year that includes in the cohort all current or former student borrowers at the institution who entered repayment on any Direct Loan Program loans during that year.

If the DOE notifies an institution that its cohort default rates for each of the three most recent federal fiscal years are 25% or greater, the institution's participation in the Direct Loan Program and the Federal Pell Grant Program ends 30 days after the notification, unless the institution appeals in a timely manner that determination on specified grounds and according to specified procedures. In addition, an institution's participation in Title IV ends 30 days after notification that its most recent fiscal year cohort default rate is greater than 40%, unless the institution timely appeals that determination on specified grounds and according to specified procedures. An institution whose participation ends under these provisions may not participate in the relevant programs for the remainder of the fiscal year in which these provis











Although the rules regarding gainful employment metrics provide opportunities to address program deficiencies before the loss of Title IV eligibility, the continuing eligibility of our educational programs for Title IV funding is at risk under pending gainful employment rules due to factors beyond our control, such as changes in the actual or deemed income level of our graduates, changes in student borrowing levels, increases in interest rates, changes in the federal poverty income level relevant for calculating discretionary income, changes in the percentage of our former students who are current in repayment of their student loans, and other factors. In addition, even though deficiencies in the metrics may be corrected on a timely basis, the disbursement of payments to students following a failure to meet the standards may be delayed or not made at all.





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If we cannot manage our growth, our results of operations may suffer and could adversely affect our ability to comply with federal regulations.

The growth that we have experienced after our new management began in May 2011, as well as any future growth that we experience, may place a significant strain on our resources and increase demands on our management information and reporting systems and financial management controls. If growth negatively impacts our ability to manage our business, the learning experience for our students could be adversely affected, resulting in a higher rate of student attrition and fewer student referrals. Future growth will also require continued improvement of our internal controls and systems, particularly those related to complying with federal regulations under the 'yê q

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Identify the most effective and efficient level of spending in each market and specific media vehicle;  
Determine the appropriate creative message and media mix for advertising, marketing and promotional expenditures; and  
Effectively manage marketing costs (including creative and media).

Our marketing expenditures may not result in increased revenue or generate sufficient levels of brand name and program awareness. If our media performance is not effective, our future results of operations and financial condition will be adversely affected.

Although our management has spearheaded an in-house marketing and advertising program, it may not be successful long-term.

Mr. Michael Mathews, our Chief Executive Officer, has developed a new marketing campaign designed to substantially increase our student enrollment and reducing and/or eliminating student debt. While initial results have been as anticipated, there are no assurances that this marketing campaign will continue to be successful. Among the risks are the following:

- Our ability to compete with existing online colleges which have substantially greater financial resources, deeper management and academic resources, and enhanced public reputations;
- the emergence of more successful competitors;
- factors related to our marketing, including the costs of Internet advertising and broad-based branding campaigns;
- limits on our ability to attract and retain effective employees because of the new incentive payment rule;
- performance problems with our online systems;
- our failure to maintain accreditation;
- student dissatisfaction with our services and programs;
- adverse publicity regarding us, our competitors or online or for-profit education generally;
- a decline in the acceptance of online education;
- a decrease in the perceived or actual economic benefits that students derive from our programs;
- potential students may not be able to afford the monthly payments; and
- potential students may not react favorably to our marketing and advertising campaigns, including our monthly payment plan.

If our new marketing campaign is not favorably received, our revenues may not increase. Moreover, in March 2014, we launched a monthly payment plan designed to encourage students to enroll in courses without borrowing. It is too soon to know if this plan will increase our revenues, although 24% of class starts in June 2014 were from students using a monthly payment program.

If ~~we~~ ~~are~~ ~~unable~~ ~~to~~ ~~maintain~~ ~~our~~ ~~relationships~~ ~~with~~ ~~our~~ ~~existing~~ ~~computer~~ ~~networks~~, it could impact our ability to generate revenue and damage our reputation, ~~and~~ ~~our~~ ~~ability~~ ~~to~~ ~~attract~~ ~~and~~ ~~retain~~ ~~students~~.

Since early 2011, we have spent approximately \$2 million to update our computer network primarily to permit accelerated student enrollment and enhance our students' learning experience. We expect to spend \$500,000 in capital expenditures over the next 12 months. The performance and reliability of our technology infrastructure is critical to our reputation and ability to attract and retain students. Any system error ~~or~~ ~~failure~~ ~~could~~ ~~be~~ ~~costly~~ ~~and~~ ~~disruptive~~ ~~to~~ ~~our~~ ~~operations~~ ~~and~~ ~~reputation~~ ~~and~~ ~~could~~ ~~cause~~ ~~a~~ ~~loss~~ ~~in~~ ~~enrollment~~. Our technology infrastructure could be vulnerable to interruption or malfunction due to events beyond our control, including natural disasters. ~~1~~

factors related to our marketing, including the costs of Internet advertising and broad-based branding campaigns;  
performance problems with our online systems;  
failure to maintain accreditation;  
learner dissatisfaction with our services and programs, including with our customer service and responsiveness;  
adverse publicity regarding us, our competitors, or online or for-profit education in general;  
price reductions by competitors that we are unwilling or unable to match;  
a decline in the acceptance of online education or our degree offerings by learners or current and prospective employers;  
increased regulation of online education, including in states in which we do not have a physical presence;  
a decrease in the perceived or actual economic benefits that learners derive from our programs;  
litigation or regulatory investigations that may damage our reputation; and  
difficulties in executing on our strategy as a preferred provider to employers for the vertical markets we serve.

If we are unable to continue to develop awareness of Aspen University and the programs we offer, and to enroll and retain learners, our enrollments would suffer and our ability to increase revenues and achieve profitability would be significantly impaired.

If we experience any interruption to our technology infrastructure, it could prevent students from accessing their courses, could have a material adverse effect on our ability to attract and retain students and could require us to incur additional expenses to correct or mitigate the interruption.

Our computer networks may also be vulnerable to unauthorized access, computer hackers, computer viruses and other security problems. A user who circumvents security measures could misappropriate proprietary information, personal information about our students or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches.

Because we rely on third parties to provide services in running our operations, if any of these parties fail to provide the agreed services at an acceptable level, it could limit our ability to provide services and/or cause student dissatisfaction, either of which could adversely affect our business.

We rely on third parties to provide us with services in order for us to efficiently and securely operate our business including our computer network and the courses we offer to students. Any interruption in our ability to obtain the services of these or other third parties or deterioration in their performance could impair the quality of our educational product and overall business. Generally, there are multiple sources for the services we purchase. Our business could be disrupted if we were required to replace any of these third parties, especially if the replacement became necessary on short notice, which could adversely affect our business and results of operations.

If we or our service providers are unable to update the technology that we rely upon to offer online education, our future growth may be impaired.

We believe that continued growth will require our service providers to increase the capacity and capabilities of their technology infrastructure. Increasing the capacity and capabilities of the technology infrastructure will require these third parties to invest capital, time and resources, and there is no assurance that even with sufficient investment their systems will be scalable to accommodate future growth. Our service providers may also need to invest capital, time and resources to update their technology in response to competitive pressures in the marketplace. If they are unwilling or unable to increase the capacity of their resources or update their resources appropriately and we cannot change over to other service providers efficiently, our ability to handle growth, our ability to attract or retain students, and our financial condition and results of operations could be adversely affected.

Because we rely on third party administration and hosting of learning management system software for our online classroom, if that third party were to cease to do business or alter its business practices and services, it could have an adverse impact on our ability to operate.

Beginning in the second quarter of fiscal quarter 2015, our online classroom will employ the Desire2Learn learning management system, or D2L. The system is a web-based portal that stores and delivers course content, provides interactive communication between students and faculty, and supplies online evaluation tools. We rely on third parties to host and help with the administration of it. We further rely on third parties, the D2L agreement and our internal staff for ongoing support and customization and integration of the system with the rest of our technology infrastructure. If D2L were unable or unwilling to continue to provide us with service, we may have difficulty maintaining the software required for our online classroom or updating it for future technological changes. A ny failure to maintain our online classroom would have a material adverse impact on our operations, damage our reputation and limit our ability to attract and retain students.

Because the personal information that we or our vendors collect may be vulnerable to breach, theft or loss, any of these factors could have a material adverse impact on our operations, damage our reputation and limit our ability to attract and retain students.

Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. A spen uses a third party to collect and retain large amounts of personal information regarding our students and their families, including social security numbers, tax identification numbers, personal financial data and credit card numbers. We also collect and maintain personal information of our employees in the ordinary course of our business. Some of this personal information is held and managed by certain of our vendors. Errors in the storage, use or transmission of personal information could result in a breach of our obligations to our customers and employees.







We may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in these





State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations, and other operational matters. To the extent that we have obtained, or obtain in the future, additional authorizations or licensure, changes in state laws and regulations and the interpretation of those laws and regulations by the applicable regulators may limit our ability to offer education programs and award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. If



Because we are only provisionally certified by the DOE, we must reestablish our eligibility and certification to participate in the Title IV programs, and there are no assurances that DOE will recertify us to participate in the Title IV programs.

An institution generally must seek recertification from the DOE at least every six years and possibly more frequently depending on various factors. In certain circumstances, the DOE provisionally certifies an institution to participate in Title IV programs, such as when it is an initial participant in Title IV programs or has undergone a change in ownership and control. Beginning in 2009, and following our change of control in 2012, we have been provisionally certified. On January 30, 2014, the DOE notified us that we had the choice of posting a letter of credit for 25% of all Title IV funds and remain provisionally certified or post a 50% letter of credit and become permanently certified. We elected to post a 25% letter of credit and remain provisionally certified – increasing our letter of credit to \$848,225. In the future, the DOE may impose additional or different terms and conditions in any final program participation agreement that it may issue, including growth restrictions or limitation on the number of students who may receive Title IV aid. The DOE could also decline to permanently certify Aspen, otherwise limit its participation in the Title IV programs, or continue provisional certification.

If the DOE does not ultimately approve our permanent certification to participate in Title IV programs, our students would no longer be able to receive Title IV program funds, which would have a material adverse effect on our enrollments, revenues and results of operations. In addition, regulatory restraints related to the addition of new programs could impair our ability to attract and retain students and could negatively affect our financial results.

Because the DOE may conduct compliance reviews of us, we may be subject to adverse review and future litigation which could affect our ability to offer Title IV student loans.

Because we operate in a highly regulated industry, we are subject to compliance reviews and claims of non-compliance and lawsuits by government agencies, regulatory agencies, and third parties, including claims brought by third parties on behalf of the federal government. If the results of compliance reviews or other proceedings are unfavorable to us, or if we are unable to defend successfully against lawsuits or claims, we may be required to pay monetary damages or be subject to fines, limitations, loss of Title IV funding, injunctions or other penalties, including the requirement to make refunds. Even if we adequately address issues raised by an agency review or successfully defend a lawsuit or claim, we may have to divert significant financial and management resources from our ongoing business operations to address issues raised by those reviews or to defend against those lawsuits or claims. Claims and lawsuits brought against us may damage our reputation, even if such claims and lawsuits are without merit.

If the percentage of our revenues derived from Title IV programs is too high, we could lose our ability to participate in Title IV programs.

Under the Higher Education Act, an institution is subject to loss of eligibility to participate in the Title IV programs if, on a cash accounting basis, it derives a significant portion of its revenues from Title IV programs.











If our institutional accrediting agency loses recognition by the U.S. Secretary of Education or we fail to maintain our institutional accreditation, we may lose our ability to participate in Title IV programs.

Increased regulatory scrutiny of accrediting agencies and their accreditation of universities is likely to continue. While Aspen is accredited by the DETC, a DOE-recognized accrediting body, if the DOE were to limit, suspend, or terminate the DETC's recognition, we could lose our ability to participate in the Title IV programs. While the DOE has provisionally certified Aspen, there are no assurances that we will remain certified. If we were unable to rely on DETC accreditation in such circumstances, among other things, our students and our institution would be ineligible to participate in the Title IV programs, and such consequence would have a material adverse effect on enrollments, revenues and results of operations. In addition, increased scrutiny of accrediting agencies by the Secretary of Education in connection with the DOE's recognition process may result in increased scrutiny of institutions by accrediting agencies.

Furthermore, because the for-profit education sector is growing at such a rapid pace,



If we fail to comply with the DOE's substantial misrepresentation rules, it could result in sanctions against us.

The DOE may take action.



## Other Risks

Because our common stock is subject to the " penny stock " rules, brokers cannot generally solicit the purchase of our common stock which adversely affects its liquidity and market price.

The Securities and Exchange Commission, or the SEC, has adopted regulations which generally define " penny stock " to be an equity security that has a market price of less than \$5.00 per share, subject to specific exemptions. The market price of our common stock on the Over-The-Counter Bulletin Board, or the Bulletin Board, is substantially less than \$5.00 per share and therefore we are considered a " penny stock " according to SEC rules. This designation requires any broker-dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules limit the ability of broker-dealers to solicit purchases of our common stock and therefore reduce the liquidity of the public market for our shares.

Moreover, as a result of apparent regulatory pressure from the SEC and the Financial Industry Regulatory Authority, a growing number of broker-dealers decline to permit investors to purchase and sell or otherwise make it difficult to sell shares of penny stocks like Aspen. This may have a depressive effect upon our common stock price.

Because of their share ownership, our management may be able to exert control over us to the detriment of minority shareholders.

As of July 25, 2014, our executive officers and directors owned approximately 17.6% of our outstanding common stock. These shareholders, if they act together, may be able to control our management and affairs and all matters requiring shareholder approval, including significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing our change in control and might affect the market price of our common stock.

If our common stock becomes subject to a " chill " imposed by the Depository Trust Company, or DTC, your ability to sell your shares may be limited.

The DTC acts as a depository or nominee for street name shares that investors deposit with their brokers. Until December of 2012, our stock



Changes in market valuations of similar companies.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert our management's time and attention, which would otherwise be used to benefit our business.

Because we may issue preferred stock without the approval of our shareholders and have other anti-takeover defenses, it may be





The second claim arises from an April 4, 2012 Agreement with the Plaintiffs in which only certain of the defendants were parties, which we refer to as the "April Agreement." Under the April Agreement, an individual defendant who has never been an officer or director of the Company agreed to purchase from Spada's corporation 400,000 shares of the Company's common stock at \$0.50 per share. The complaint acknowledges that this purchase occurred. Under the April Agreement, the Company also agreed (i) that it would purchase an additional 600,000 shares from Mr. [redacted] at \$0.50 per share with in FO[redacted] from the defendant of the April Agreement. En (i) that the Company

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our stock trades on the Bulletin Board, under the symbol "ASPU." Since March 31, 2011, Aspen Group's common stock has been quoted on the Bulletin Board. The last reported sale price of Aspen's common stock as reported by the Bulletin Board on July 28, 2014 was \$0.14. As of that date, we had 241 record holders. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers, and other financial institutions.

The following table provides the high and low bid price information for our common stock. The prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and does not necessarily represent actual transactions. Our common stock does not trade on a regular basis.

Year	Period Ended	Prices	
		High (\$)	Low (\$)
Fiscal 2014	April 30	0.20	0.101
	January 31	0.23	0.12
	October 31	0.335	0.176
	July 31	0.51	0.25
Fiscal 2013	April 30	0.55	0.26
	January 31	0.80	0.50
	October 31	3.75	0.75
	July 31	3.75	3.75

Dividend Policy

We have not paid cash dividends on our common stock and do not plan to pay such dividends in the foreseeable future. Our Board will determine our future dividend policy on the basis of many factors, including results of operations, capital requirements, and general business conditions.

Record Sales of Unregistered Securities 6 6 6 M

None

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item with respect to our equity compensation plans is incorporated by reference to our Proxy Statement for the 2014 Special Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended April 30, 2014.

ITEM 6. SELECTED FINANCIAL INFORMATION









Income Taxes

Income taxes expense (benefit) for the year ended April 30, 2014 and for the year ended December 31, 2012 were \$0 as Aspen Group experienced operating losses in both periods. As management made a full valuation allowance against the deferred tax assets stemming from these losses, there was no tax benefit recorded in the statement of operations in both periods.

Net Loss

Net loss allocable to common shareholders for the year ended April 30, 2014, decreased to (\$5,350,348) from

	<u>                    </u>	<u>                    </u>
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	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>



## Cost of Revenues (exclusive of depreciation and amortization)

The Company's cost of revenues consists of instructional costs and services and marketing and promotional costs which were previously reported separately.

### Instructional Costs and Services

Instructional costs and services for the 2013 Transition Period rose to \$345,727 from \$266,682 for the 2012 Transition Period, an increase of \$79,045 or 30%. The increase is primarily attributable to higher faculty cost due to the increase in overall student course completions. As student enrollment levels increase, instructional costs and services should rise proportionately. However, as Aspen increases its full-time degree-seeking student enrollments, the higher gross margins associated with such students should lead to the growth rate in instructional costs and services to significantly lag that of overall revenues growth.

### Marketing and Promotional

Marketing and promotional costs for the 2013 Transition Period was \$404,203 compared to \$598,728 for the 2012 Transition Period, a decrease of \$194,525 or 32%. These expenses are primarily attributable to marketing efficiency – specifically Aspen's cost per exclusive lead has decreased by 33% year-over-year for the Transition Period, from an average cost per exclusive lead of \$78.27 for the 2012 Transition Period to \$58.66 for the 2013 Transition Period. Moreover, Aspen's vertically-integrated strategy of proprietary lead generation marketing has effectively allowed the Company to drop the marketing spend by 32% year-over-year, while achieving 63% more new full-time, degree-seeking enrollments year-over-year.

## Costs and Expenses

### General and Administrative

General and administrative costs for the 2013 Transition Period were \$1,670,812 compared to \$2,123,685 during the 2012 Transition Period, a decrease of \$452,873 or 21%. The decrease is comprised of two major components – payroll costs and professional fees. Payroll costs decreased by approximately \$225,000 and professional fees decreased by approximately \$276,000 primarily related to legal and accounting fees. Included in the 2012 amounts were professional fees associated with the reverse merger regulatory filings with the DOE and the DETC, post-reverse merger regulatory filings with the DOE, the filing of the Super 8-K and activities for Aspen's capital raising activities. Professional fees declined during the 2013 Transition Period, particularly as a result of a reduction of these one-time costs and Aspen Group's auditors agreeing to a flat-fee arrangement. Stock based compensation included in general and administration expense increased by \$72,457 or 89% as a result of the implementation of, and stock option grants under, the 2012 Equity Incentive Plan.

### Depreciation and Amortization

Depreciation and amortization costs for the 2013 Transition Period rose to \$159,269 from \$121,812 for the 2012 Transition Period, an

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We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measure calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between Aspen Group and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.

The following table presents a reconciliation of Adjusted EBITDA to Net loss allocable to common shareholders, a GAAP financial measure:

	For the year ended April 30, 2014	For the year ended December 31, 2012	For the Four Months Ended April 30,	
			2013	2012
Net loss allocable to common shareholders	\$ (5,350,348)	\$ (6,048,113)	\$ (1,402,982)	\$ (2,213,119)
Accretion of preferred dividends	—	37,379	—	37,379
Interest Expense, net of interest income	230,931	93,824	6,407	2,261
Bad Debt Expense	154,732	302,952	37,000	32,955
Depreciation & Amortization	474,752	397,923	159,269	121,812
Receivable collateral valuation reserve	123,647	502,315	—	—
Amortization of prepaid services	285,084	113,000	—	—
Amortization of debt issue costs	131,657	266,473	—	—
Amortization of debt discount	294,640	—	—	—
Warrant conversion exercise expense	156,952	—	33,984	—
Non-recurring charges	504,973	—	—	—
Stock-based compensation	608,429	347,657	154,062	81,605
Adjusted EBITDA (Loss)	<u>\$ (2,384,551)</u>	<u>\$ (3,986,590)</u>	<u>\$ (1,046,244)</u>	<u>\$ (1,937,107)</u>

The following table presents a reconciliation of Gross Profit (exclusive of depreciation and amortization), a non-GAAP financial measure, to gross profit calculated in accordance with GAAP:

	For the year ended April 30, 2014	For the year ended December 31, 2012	For the Four Months Ended April 30,	
			2013	2012
				(Unaudited)

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Direct write-offs are taken in the period when Aspen has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that Aspen should abandon such efforts.

#### Related Party Transactions

Our Chief Executive Officer has loaned us \$1,600,000. In July 2014, he extended the due dates of two \$300,000 convertible notes and a \$1,000,000 note payable until January 1, 2016.

In March 2014, our former Chief Financial Officer resigned to pursue other interests. Effective November 1, 2014, we entered into a consulting agreement with him and agreed to pay him \$150,000 for services as a part-time consultant.

#### New Accounting Pronouncements

See Note 2 to our April 30, 2014 consolidated financial statements included herein for discussion of recent accounting pronouncements.

#### Cautionary Note Regarding Forward Looking Statements



## Management's Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of the end of the period covered by this report. In making this assessment, our ~~g~~ ~~this~~ ~~asog~~ ~~thi~~ ~~ce~~

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of the report

- (1) Financial Statements. See Index to Consolidated Financial Statements, which appears on page F-1 hereof. The financial statements listed in the accompanying Index to Consolidated Financial Statements are filed herewith in response to this Item.
- (2) Financial Statements Schedules. All schedules are omitted because they are not applicable or because the required information is contained in the consolidated financial statements or notes included in this report.
- (3) Exhibits. See the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Aspen Group, Inc.

Date: July 29, 2014

By: /s/Michael Mathews  
 Michael Mathews  
 Chief Executive Officer  
 (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/Michael Mathews</u> Michael Mathews	Principal Executive Officer and Director	July 29, 2014
<u>/s/Janet Gill</u> Janet Gill	Chief Financial Officer (Principal Financial Officer)	July 29, 2014
<u>/s/Dr. Michael D'Anton</u> Dr. Michael D'Anton	Director	July 29, 2014
<u>/s/C. James Jensen</u> C. James Jensen	Director	July 29, 2014
<u>Andrew Kaplan</u>	Director	
<u>/s/David E. Pasi</u> David E. Pasi	Director	July 29, 2014
<u>Sanford Rich</u>	Director	
<u>/s/Dr. John Scheibelhoffer</u> Dr. John Scheibelhoffer	Director	July 29, 2014
<u>/s/Paul Schneier</u> Paul Schneier	Director	July 29, 2014
<u>/s/Rick Solomon</u> Rick Solomon	Director	July 29, 2014

Aspen Group, Inc. and Subsidiaries  
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Consolidated Balance Sheets as of April 30, 2014 and 2013	F-3
Consolidated Statements of Operations for the year ended April 30, 2014, the four months ended April 30, 2013 and 2012 (unaudited) and for the year ended December 31, 2012	F-5
Consolidated Statements of Changes in Stockholders' Equity (Deficiency) for the year ended April 30, 2014, the four months ended April 30, 2013, and for the year ended December 31, 2012	F-6
Consolidated Statements of Cash Flows for the year ended April 30, 2014, the four months ended April 30, 2013 and 2012 (unaudited) and for the year ended December 31, 2012	F-7
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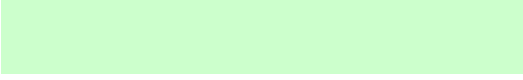
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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

The major classes of assets and liabilities of discontinued operations on the balance sheet are as follows:

	April 30, 2014	April 30, 2013
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net of allowance of \$481,531 and \$295,045, respectively	5,250	113,822
Other current assets	—	—
Net assets from discontinued operations	<u>\$ 5,250</u>	<u>\$ 113,822</u>
<b>Liabilities</b>		
Accounts payable	\$ —	\$ 1,178
Accrued expenses	—	70,201
Deferred revenue	—	53,125
Net liabilities from discontinued operations	<u>\$ —</u>	<u>\$ 124,504</u>

#### Liquidity

At April 30, 2014, the Company had a cash balance of approximately \$1.1 million which includes \$868,000 of restricted cash. In July, 2014, the company completed a financing of \$1,631,500 which is part of a total financing of \$4,030,000. With the additional cash raised in the financing, the growth in the company revenues and improving operating margins, the Company believes that it has sufficient cash to allow the Company to grow. Management expects that the Company will attain positive cash flow in the quarter ending October 31, 2014.

#### Note 2. Significant Accounting Policies

##### Principles of Consolidation

The consolidated financial statements include the accounts of Aspen Group, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

##### Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements. Actual results could differ from those estimates. Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts and other receivables, the valuation of collateral on certain receivables, amortization periods and valuation of courseware and software development costs, valuation of beneficial conversion features in convertible debt, valuation of stock-based compensation, the valuation of net assets and liabilities from discontinued operations and the valuation allowance on deferred tax assets.

##### Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

##### Restricted Cash

Restricted cash represents amounts pledged as security for letters of credit for transactions involving Title IV programs, as well as funds held in escrow. The company considers \$868,298 and \$265,173 as restricted cash (shown as a current asset as of April 30, 2014 and April 30, 2013 respectively).



ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company classifies assets and liabilities recorded at fair value under the fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;
- Level 2—Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

All students are required to select both a primary and secondary payment option with respect to amounts due to Aspen for tuition, fees and



ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets per the following table.

Category	Depreciation Term
Call center equipment	5 years
Computer and office equipment	5 years
Furniture and fixtures	7 years
Library (online)	3 years
Software	5 years

Costs incurred to develop internal-use software during the preliminary project stage are expensed as incurred. Internal-use software development costs are capitalized during the application development stage, which is after: (i) the preliminary project stage is completed; and (ii) management authorizes and commits to funding the project and it is probable the project will be completed and used to perform the function intended. Capitalization ceases at the point the software project is substantially complete and ready for its intended use, and after all substantial testing is completed. Upgrades and enhancements are capitalized if it is probable that those expenditures will result in additional functionality. Amortization is provided for on a straight-line basis over the expected useful life of five years of the internal-use software development costs and related upgrades and enhancements. When existing software is replaced with new software, the unamortized costs of the old software are expensed when the new software is ready for its intended use.

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the assets.

Upon the retirement or disposition of property and equipment, the related cost and accumulated depreciation and amortization are removed and a gain or loss is recorded in the consolidated statements of operations. Repairs and maintenance costs are expensed in the period incurred.

Courseware

The Company records the costs of courseware in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350 "Intangibles - Goodwill and Other".

Generally, costs of courseware are capitalized whereas costs for upgrades and enhancements are expensed as incurred. Courseware is stated at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the expected useful life of five years.

Long-Lived Assets

The Company assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, a significant decline in the Company's stock price for a sustained period of time, and changes in the Company's business strategy. An impairment loss is recorded when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any required impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds fair value and is recorded as a reduction in the carrying value of the related asset and an impairment loss in the consolidated statements of operations.

ASPEN GROUP, INC. AND SUBSIDIARIES  
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Leases

The Company enters into various lease agreements in conducting its business. At the inception of each lease, the Company evaluates the lease agreement to determine whether the lease is an operating or capital lease. Leases may contain initial periods of free rent and/or periodic escalations. When such items are included in a lease agreement, the Company records rent expense on a straight-line basis over the initial term of a lease. The difference between the rent payment and the straight-line rent expense is recorded as a deferred rent liability. The Company expenses any additional payments under its operating leases for taxes, ~~to~~ rent expense

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

Marketing and Promotional Costs

Marketing and promotional costs include costs associated with purchasing leads, producing marketing materials, and advertising. Such costs are generally affected by the cost of advertising media and leads, the efficiency of the Company's marketing and recruiting efforts, and expenditures on advertising initiatives for new and existing academic programs. Advertising costs consists primarily of marketing leads and other branding and promotional activities. Non-direct response advertising activities are expensed as incurred, or the first time the advertising takes place, depending on the type of advertising activity.

General and Administrative

General and administrative expenses include compensation of employees engaged in corporate management, finance, human resources, information technology, compliance and other corporate functions. General and administrative expenses also include professional services fees, bad debt expense related to accounts receivable, financial aid processing costs, non-capitalizable courseware and software costs, travel and entertainment expenses and facility costs.

Reclassifications

For the year ended December 31, 2012, the Company reclassified \$273,225, from Cost of Revenues to General and Administrative, both within Operating Expenses:

	For the Year Ended December 31, 2012					As Reclassified
	Reclassifications					
	As Previously Reported	Dues, Fees, & Licenses	Consulting Expense	Executive Academic Chair	Financial Aid Processing Costs	
<b>Operating Expenses:</b>						
Cost of Revenues	\$ 2,342,037	(32,234)	(111,927)	(105,500)	(23,564)	\$ 2,068,812
General and administrative	5,235,282	32,234	111,927	105,500	23,564	5,508,507
Receivable Collateral Valuation Reserve	502,315					502,315
Depreciation and amortization	397,923					397,923
<b>Total Operating Expenses</b>	<b>\$ 8,477,557</b>					<b>\$ 8,477,557</b>

Income Taxes

The Company uses the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount that more likely than not will be realized. The Company has deferred tax assets and liabilities that 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. Deferred tax assets are subject to periodic recoverability assessments. Realization of the deferred tax assets, net of deferred tax liabilities, is principally dependent upon achievement of projected future taxable income.

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company accounts for uncertainty in income taxes using a two-step approach for evaluating tax positions. Step one, recognition, occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Step two, measurement, is only addressed if the position is more likely than not to be sustained. Under step two, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

ASPEN GROUP, INC. AND SUBSIDIARIES  
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#### Stock-Based Compensation

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period. For employee stock-based awards, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, employee stock option exercise behaviors and forfeiture rates. The assumptions used in calculating the fair value of stock-based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. For non-employee stock-based awards, the Company calculates the fair value of the award on the date of grant in the same manner as employee awards, however, the awards are revalued at the end of each reporting period and the prorata compensation expense is adjusted accordingly until such time the non-employee award is fully vested, at which time the total compensation recognized to date shall equal the fair value of the stock-based award as calculated on the measurement date, which is the date at which the award recipient's performance is complete. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised.

#### Net Loss Per Share

Net loss per share of common stock is based on the weighted average number of shares outstanding during each year. Options to purchase 10,746,412 shares of common stock, warrants to purchase 23,144,005 shares of common stock, and \$775,000 of convertible debt (convertible into 1,225,564 shares of common stock) were outstanding during the year ended April 30, 2014, but were not included in the computation of diluted loss per share because the effects would have been anti-dilutive. Options to purchase 7,614,381 shares of common stock, warrants to purchase 9,090,292 shares of common stock, and \$800,000 of convertible debt (convertible into 1,357,143 shares of common stock) were outstanding during the four months ended April 30, 2013, but were not included in the computation of diluted loss per share because the effects would have been anti-dilutive. Options to purchase 6,972,967 shares of common stock, warrants to purchase 8,112,696 shares of common stock, and \$800,000 of convertible debt (convertible into 1,357,143 shares of common stock) were outstanding during the year ended December 31, 2012, but were not included in the computation of diluted loss per share because the effects would have been anti-dilutive. The options, warrants and convertible debt are considered to be common stock equivalents and are only included in the calculation of diluted earnings per shares of common stock when their effect is dilutive.

#### Segment Information

The Company operates in one reportable segment as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs of its online students regardless of geography. The Company's chief operating decision makers, its CEO and President, manage the Company's operations as a whole, and no revenue, expense or operating income information is evaluated by the chief operating decision makers on any component level.

#### Recent Accounting Pronouncements

We have implemented all new accounting standards that are in effect and that may impact our consolidated financial statements and do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on our consolidated financial position or results of operations.

ASPEN GROUP, INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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Note 3. Accounts Receivable

Accounts receivable consisted of the following at April 30, 2014 and April 30, 2013:

	April 30, 2014	April 30, 2013
Accounts receivable	\$ 871,427	\$ 437,323
Less: Allowance for doubtful accounts	(221,537)	(70,559)
Accounts receivable, net	\$ 649,890	\$ 366,764

Bad debt expense for the years ended April 30, 2014, and December 31, 2012, and four months ended April 30, 2013 and 2012, were \$154,732, \$183,907, \$207,000, and \$32,955 respectively.

Note 4. Secured Accounts and Notes Receivable – Related Parties

On March 30, 2008 and December 1, 2008, the Company sold courseware pursuant to marketing agreements to HEMG, a related party and principal stockholder of the Company whose president is Mr. Patrick DeBa, the former Chairman of the Company, in the amount of \$15,000 and \$600,000, respectively; UCC filings were filed accordingly. Under the marketing agreements, the receivables were due net 60 months. On September 16, 2011, HEMG pledged 772,793 Aspen Series C preferred shares (automatically converted to 654,850 shares of common stock on March 13, 2012) of the Company as collateral for this account receivable. On March 8, 2012, due to the impending reduction in the value of the collateral as the asset of the Series C conversion ratio and Aspen's inability to pay under the market price of



ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>2023</u>	<u>2022</u>
[REDACTED]		
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	<u>2023</u>	<u>2022</u>
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[REDACTED]		
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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

A mortization expense for courseware for the years ended April 30, 2014, and December 31, 2012, and four months ended April 30, 2013 and 2012, were \$105,713, \$141,560, \$45,476, and \$48,094 respectively.

Estimated future amortization expense of course curricula as of April 30, 2014 is as follows:

Year Ending April 30,	
2015	\$ 66,317
2016	29,030
2017	10,396
2018	2,306
2019	833
Total	<u>\$ 108,882</u>

Note 7. Accrued Expenses

Accrued expenses consisted of the following at April 30, 2014 and 2013:

	April 30, 2014	April 30, 2013
Accrued compensation	\$ —	\$ 44,692
Accrued Interest	84,921	28,848
Other accrued expenses	59,054	55,029
Accrued expenses	<u>\$ 143,975</u>	<u>\$ 128,569</u>

Note 8. Loans Payable - Related Party

On June 28, 2013, the Company received \$1,000,000 as a loan from the Chief Executive Officer. This loan was for a term of 6 months with an annual interest rate of 10%, payable monthly. On September 25, 2013, as a term of the convertible debenture issued as discussed in Note 9, the maturity of the \$1,600,000 owed to the CEO was extended to April 2, 2015. On July 16, 2014, the maturity of the debt to the CEO was extended to January 1, 2016.

Note 9. Notes Payable

Convertible Notes Payable

On February 28, 2013, the Company issued to the Chief Executive Officer, two convertible promissory notes, bearing interest of 0.19% per annum. Beginning March 31, 2012, the notes are convertible into shares of common stock of the Company at the rate of \$1.00 per share. The Company evaluated the convertible notes and determined that, for the embedded conversion option, there was no beneficial conversion value to record as the conversion price is considered to be the fair market value of the shares of common stock on the note issue dates. These loans (now convertible promissory notes) were originally due February of 2014 and, have been included in short-term liabilities as of April 30, 2014 and 2013. Total paid at 3 Q13













ASPEN GROUP, INC. AND SUBSIDIARIES  
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#### Unauthorized Borrowings

During 2005 through 2011, the Company advanced funds without board authority to both Patrick Spada (former Chairman of the Company) and HEMG, of which Patrick Spada is President (See Note 15). Mr. Spada and HEMG have denied taking any advances (See "Legal Matters" above).

#### Letter of Credit

The Company maintains a letter of credit under a DOE requirement (See Note 2 "Restricted Cash").

#### Note 11. Temporary Equity

On October 28, 2011, Aspen filed a First Amendment to the second amended and restated certificate of incorporation whereby a liquidation preference equal to the original issue price (\$1.00) was added to both the Series D and Series E shares. In addition, the liquidation preferences of the Series D shares became pari passu with the liquidation preferences of the Series E shares and the liquidation preferences of both the Series D and Series E shares became senior to the liquidation preferences of the Series C shares. On January 23, 2012, Aspen filed a Second Amendment to the second amended and restated certificate of incorporation whereby the Series A, Series D and Series E preferred shares shall be redeemed if the SEC Reporting Date does not occur on or before February 29, 2012. On February 29, 2012, Aspen filed a Third Amendment to the second amended and restated certificate of incorporation whereby the Series A, Series D and Series E preferred shares shall be redeemed if the SEC Reporting Date does not occur on or before March 15, 2012. The SEC Reporting Date occurred on March 13, 2012.

Prior to their conversion to shares of common stock on March 13, 2012, the Series A, Series D and Series E preferred shares were classified as temporary equity. During 2012 through March 13, 2012, the preferred shares accumulated additional dividends of \$37,379 and as of March 13, 2012, total cumulative preferred dividends were \$124,705. On March 13, 2012, all preferred shares were automatically converted into shares of common stock and, based on the terms of the preferred shares, none of the cumulative dividends shall ever be paid (See Note 12).

#### Note 12. Stockholders' Equity (Deficiency)

##### Stock Dividends and Reverse Split

On February 23, 2012, Aspen approved a stock dividend of one new share of Aspen for each share presently held. Following the stock dividend, Aspen approved a one-for-two reverse stock split as of the close of business on February 24, 2012 in which each two shares of common stock shall be combined into one share of common stock. This was done in order to reduce the conversion ratio of the Aspen convertible preferred stock for all Series to 1 for 1 except for Series C, which then had a conversion ratio of 0.8473809. All share and per share data has been retroactively adjusted to reflect the stock splits.

##### Preferred Stock

On March 13, 2012, all preferred shares were automatically converted into shares of common stock and, based on the terms of the preferred shares (See below).

##### Common Stock

On March 13, 2012, all of the outstanding preferred shares of the Company were automatically converted into 13,677,274 shares of common stock of Aspen Group, Inc. (See Note 11).

Pursuant to the recapitalization discussed below and under generally accepted accounting rules, the Company is deemed to have issued 9,760,000 shares of common stock to the original stockholders of Aspen Group, Inc. Technically, no shares were issued since the original stockholders owned their shares prior to March 13, 2012.

In April 2012, the Company issued 20,000 shares of common stock upon the conversion of \$20,000 of convertible notes payable (See Note 9).

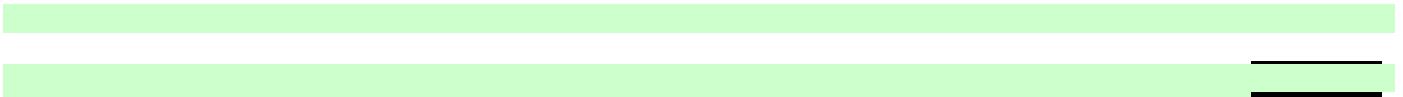
ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

On September 4, 2013



ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

As part of two contracts entered into during the year ended April 30, 2014, the Company issued restricted stock to two firms as part of their fees for services. The fair value of the stock issued was set up as a prepaid expense and was amortized over the service period of the contract. Since the contract was terminated, the full amount was recognized during the three months ended January 31, 2014. On June 27, 2013, the Company issued one firm 317,143 shares of its common stock valued at \$0.35 per share (based on recent sales of shares by the Company) to an investor relations firm pursuant to a service agreement with two service components, one for three months and one for 12 months. The \$111,000 of the (base) T of (base) (base) and one for 12 months (base)





ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014 and 2013

On October 23, 2012, the Company issued 150,000 five-year warrants exercisable at \$0.50 per share, having a fair value of \$15,000. As the warrants vested immediately and were for prior services, the entire \$15,000 was expensed immediately. On December 17, 2012, the warrants were repriced to have an exercise price of \$0.35 per share, resulting in additional expense of \$4,500, which was expensed immediately.

During the four months ended April 30, 2013, the Company issued 1,833,770 warrants exercisable at \$0.50 per share. (See "Common Stock" above).

In July of 2013, the Company issued 1,115,026 warrants to a placement agent as a fee related to prior investments. There was no accounting effect for this warrant issuance.

On September 26, 2013, warrants were issued in connection with a financing more fully described in Note 9 with a relative fair value of \$389,565, and were issued for 100% of the number of shares of common stock that could be purchased at the conversion price at closing or 6,736,842. The warrants have a five-year term and are exercisable for cash if an outstanding registration statement is in effect within 90 days of closing. Also, as a placement agent fee, the Company paid \$207,500 and issued 1,347,368 five year warrants with an exercise price of \$0.3325, valued at \$94,316. The warrants and fees paid were recorded as a debt issue cost asset and are being amortized over the debt term (See Note 9).

On January 15, 2014, a warrant exercise offering was completed whereby 4,231,840 warrants were offered at an exercise price of \$0.19 per warrant. The total proceeds received were \$804,049 and since the exercise price was discounted from the stated prices of either \$0.50 or \$0.3325, a warrant modification expense of \$156,952 was recorded in accordance with ASC 718-20-35. This expense was calculated by comparing the value of the warrants before and after the reduced price. As a result of the \$0.19 exercise, an additional 5,178,947 new warrants were issued at \$0.19 per warrant as part of a price protection agreement with two investors. There was no accounting effect for this warrant issuance.

On March 10, 2014, several members of the Board of Directors invested \$600,000 in exchange for 3,157,895 shares of common stock and 3,157,895 warrants at \$0.19 per share. On April 24, 2014, an investor invested \$50,000 in exchange for 263,158 shares of common stock and 263,158 warrants at \$0.19 per share. On April 30, 2014, a Director invested \$100,000 in exchange for 526,318 shares of common stock and 526,318 warrants at \$0.19 per share.

All other outstanding warrants issued by the Company to date have been related to capital raises. Accordingly, the Company has not recognized any additional stock-based compensation for other warrants issued during the years presented. A summary of the Company's warrant activity during the year ended April 30, 2014 is presented below:

	Number of	Weighted Average Exerc	Average Remaining	Aggregate



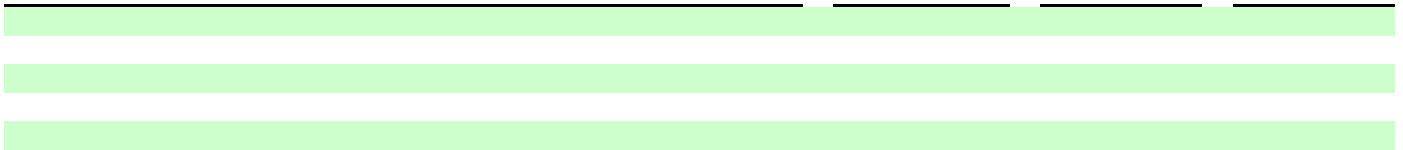
ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
April 30, 2014<sup>a</sup>



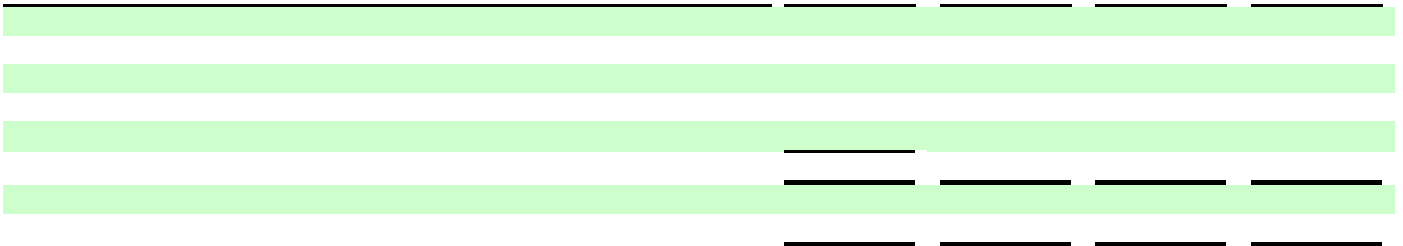
ASPEN GROUP, INC. AND SUBSIDIARIES  
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The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term, expected dividend yield rate over the expected option term, and an estimate of expected forfeiture rates. The Company believe the

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Named Executive Officer Compensation Arrangement

Mr. Gerard Wendolowski, Aspen's Chief Operating Officer, receives \$175,000 under an oral employment arrangement.

Named Executive Officer Compensation Arrangement

Ms. Janet Gill, Aspen's Chief Financial Officer, receives \$150,000 under an oral employment arrangement.

ASPEN GROUP, INC.  
2012 EQUITY INCENTIVE PLAN, As Amended

1. Scope of Plan: Definitions

(a) This 2012 Equity Incentive Plan (the "Plan") is intended to advance the interests of Aspen Group, Inc. (the "Company") and its Related Corporations by enhancing the ability of the Company to attract and retain qualified employees, consultants, Officers and directors, by creating incentives and rewards for their contributions to the success of the Company and its Related Corporations. This Plan will provide to (a) Officers and other employees of the U.S. ( ) r

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"ISO" shall have the meaning given to it in Section 1(a).

"Non-Discretionary Options" shall have the meaning given to it in Section 1(a).

"Non-Qualified Options" shall have the meaning given to it in Section 1(a).

"Officers" means a person who is an executive officer of the Company and is required to file ownership reports under Section 16(a) of the Exchange Act

"Options" shall have the meaning given to it in Section 1(a).

"Plan" shall have the meaning given to it in Section 1(a).

"Related Corporations" shall mean a corporation which is a subsidiary corporation with respect to the Company within the meaning of Section 425(f) of the Code.

"Restricted Stock" shall have the meaning contained in Section 1(a).

contract rights for ASU shall have the meaning given to it in Section 1(a). If the construction of the Plan is required, it shall

"SAR" shall have the meaning given to it in Section 1(a).

"Securities Act" means the Securities Act of 1933.

"Stock Rights" shall have the meaning given to it in Section 1(a).

"Trading Day" shall mean a day on which the New York Stock Exchange is open for business.

This Plan is intended to comply in all respects with Rule 16b-3 ("Rule 16b-3") and its successor rules as promulgated under Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act") for participants who are subject to Section 16 of the Exchange Act. To the extent any provision of the Plan or action by the Plan administrators fails to so comply, it shall be deemed

2. Administration of the Plan.

(a) The Plan may be administered by the entire Board or by the Compensation Committee. Once appointed, the Compensation Committee shall continue to serve until otherwise directed by the Board. A majority of the members of the Compensation Committee shall constitute a quorum, and all determinations of the Compensation Committee shall be made by the majority of its members present at a meeting. Any determination of the Compensation Committee under the Plan may be made without notice or meeting of the Compensation Committee by a writing signed by all of the Compensation Committee members. Subject to ratification of the grant of each Stock Right by the Board (but only if so required by applicable state law), and subject to the terms of the Plan, the Compensation Committee shall have the authority to (i) determine the employees of the Company and Related Corporations (from among the class of employees eligible under Section 3 to receive ISOs) to whom ISOs may be granted, and to determine (from among the class of individuals and entities eligible under Section 3 to receive Non-Qualified Options, Restricted Stock, RSUs and SARs) to whom Non-Qualified Options, Restricted Stock, RSUs and SARs may be granted; (ii) determine when Stock Rights may be granted; (iii) determine the exercise prices of Stock Rights other than Restricted Stock and RSUs, which shall not be less than the Fair Market Value; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine when Stock Rights shall become exercisable, the duration of the exercise period and when each Stock Right shall vest; (vi) determine whether restrictions such as repurchase options are to be imposed on shares subject to or issued in connection with Stock Rights, and the nature of such restrictions, if any, and (vii) interpret the Plan and promulgate and rescind rules and regulations relating to it. The interpretation and construction by the Compensation Committee of any provisions of the Plan or of any Stock Right granted under it shall be final, binding and conclusive unless otherwise determined by the Board. The Compensation Committee may from time to time adopt h im<sup>antex</sup>

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(d) An RSU gives the grantee the right to receive a number of shares of the Company's Common Stock on applicable vesting or other dates. Delivery of the RSUs may be deferred beyond vesting as determined by the Board or Compensation Committee. RSUs shall be evidenced by an RSU agreement in the form determined by the Board or Compensation Committee. With respect to an RSU, which becomes non-forfeitable due to the lapse of time, the Compensation Committee shall prescribe in the RSU agreement the vesting period. With respect to the granting of the RSU, which becomes non-forfeitable due to the satisfaction of certain pre-established performance-based objectives imposed by the Board or Compensation Committee, the measurement date of whether such performance-based objectives have been satisfied shall be a date no earlier than the first anniversary of the date of the RSU. A recipient who is granted an RSU shall possess no incidents of ownership with respect to such underlying Common Stock, although the RSU agreement may provide for payments in lieu of dividends to such grantee.

(e) Notwithstanding any provision of this Plan, the Board or Compensation Committee may impose conditions and restrictions on any grant of Stock Rights including forfeiture of vested Options, cancellation of Common Stock acquired in connection with any Stock Right and forfeiture of profits.

(f) The Options and SARs shall not be exercisable for a period of more than 10 years from the date of grant.

6. Sale of Shares The shares underlying Stock Rights granted to any Officers, director or a beneficial owner of 10% or more of the Company's securities registered under Section 12 of the Exchange Act shall not be sold, assigned or transferred by the grantee until at least six months elapse from the date of the grant thereof.

7. ISO Minimum Option Price and Other Limitations

(a) The exercise price per share relating to all Options granted under the Plan shall not be less than the Fair Market Value per share of Common Stock on the last trading day prior to the date of such grant. For purposes of determining the exercise price, the date of the grant shall be the later of (i) the date of approval by the Board or Compensation Committee or the Board, or (ii) for ISOs, the date the recipient becomes an employee of the Company. In the case of an ISO to be granted to an employee owning Common Stock which represents more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share shall not be less than 110% of the Fair Market Value per share of Common Stock on the date of grant and such ISO shall not be exercisable after the expiration of five years from the date of grant.

(b) In no event shall the aggregate Fair Market Value (determined at the time an ISO is granted) of Common Stock for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any other company in which the employee is employed) exceed the unexpired term of the ISO.



Corporations so long as the optionee continues to be an employee of the Company or any Related Corporation.

11. Death; Disability. Unless otherwise determined by the Board or Compensation Committee or by a written agreement

(a) If the holder of an Option or SAR ceases to be employed by the Company and alitte h

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14. Adjustments Upon Certain Events

(a) Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Stock Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Stock Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of a Stock Right, as well as the price per share of Common Stock (or cash, as applicable) ) licaor o

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of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change of Control is not solely common stock of the successor corporation or its parent, the Board or Compensation Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Stock Right, for each share of Common Stock subject to the Stock Right, to be solely common stock of the successor corporation or its parent equal in Fair Market Value to the per share consideration received by holders of Common Stock in the merger or Change of Control.

(d) Notwithstanding the foregoing, any adjustments made pursuant to Section 14(a), (b) or (c) with respect to ISOs shall be made only after the Board or Compensation Committee, after consulting with counsel for the Company

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Committee in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Board or Compensation Committee takes appropriate action. The Compensation Committee, with the consent of the optionee, may also terminate any portion of any ISO that has not been exercised at the time of such termination.

18. Application of Funds The proceeds received by the Company from the sale of shares pursuant to Options or SARs (if cash settled) granted under the Plan shall be used for general corporate purposes.

19. Governmental Regulations The Company's obligation to sell and deliver shares of the Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

20. Withholding of Additional Income Taxes In connection with the granting, exercise or vesting of a Stock Right or the making of a Disqualifying Disposition the Company, in accordance with Section 3402(a) of the Code, may require the optionee to pay additional withholding taxes in respect of the amount that is considered compensation includable in such person's gross income.

To the extent that the Company is required to withhold taxes for federal income tax purposes as provided above, if any optionee may elect to satisfy such withholding requirement by (i) paying the amount of the required withholding tax to the Company; (ii) delivering to the Company shares of its Common Stock (including shares of Restricted Stock) previously owned by the optionee; or (iii) having the Company retain a portion of the shares covered by an Option exercised. The number of shares to be delivered to or withheld by the Company times the Fair Market Value of such shares shall equal the cash required to be withheld.

21. Notice to Company of Disqualifying Disposition If an optionee makes a Disqualifying Disposition of shares of the Company's Common Stock, the optionee shall provide written notice to the Company within 30 days of the date of such disposition.

22.

23.



24. (a) Forfeiture of Stock Rights Granted to Employees or Consultants Notwithstanding any other provision of this Plan, and unless otherwise provided for in a Stock Rights Agreement, all vested or unvested Stock Rights granted to employees or consultants shall be immediately forfeited at the discretion of the Board if any of the following events occur:

(1) Termination ~~stestamat~~ ~~over~~

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(b) Forfeiture of Stock Rights Granted to Directors

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14. Parties Bound by Plan. The Plan and each determination, interpretation or other action made or taken pursuant to the provisions of the Plan shall be final and shall be binding and conclusive for all purposes on the Company and the Optionee and the Optionee's respective successors in interest.

15. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

16. Arbitration. Except to the extent a party is seeking equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in New York County, New York (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the rules of the American Arbitration Association then in effect. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

17. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their legal representatives, successors and assigns.

18. Notices and Addresses

The Optionee:

The Company:

with a copy to:

19.

20. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance whether sounding in contract, tort or otherwise shall be governed or interpreted according to the laws of Delaware without regard to choice of law considerations.

21. Oral Evidence. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

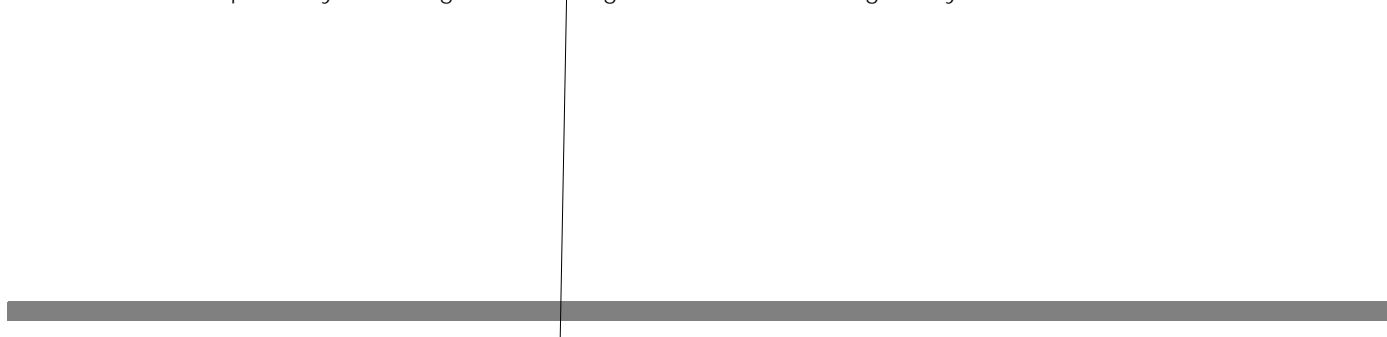
23. Section or Paragraph Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part any of the terms or provisions of this Agreement.

24. Stop-Transfer Orders

(a) The Optionee agrees that, in order to ensure compliance with the restrictions set forth in the Plan and this Agreement, the Company may issue appropriate "stop transfer" instructions to its duly authorized transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(b) The Company shall not be required (i) to transfer on its books any shares of the Company's common stock that have been sold or otherwise transferred in violation of any of the provisions of the Plan or the Agreement or (ii) to treat the owner of such shares of common stock or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such shares of common stock shall have been so transferred.

25. Exclusive Jurisdiction and Venue. Any action brought by either party against the other concerning the transactions contemplated by or arising under this Agreement shall be brought only in the state or federal courts of ~~New~~ Delaware:



IN WITNESS WHEREOF the parties hereto have set their hand and seals the day and year first above written.

WITNESSES:

ASPEN GROUP, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

OPTIONEE:

\_\_\_\_\_  
\_\_\_\_\_

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



NOTICE OF EXERCISE

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention \_\_\_\_\_, \_\_\_\_\_

Facsimile: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

Please be advised that I hereby elect to exercise my option to purchase shares of \_\_\_\_\_, pursuant to the Stock Option Agreement dated \_\_\_\_\_.

Number of Shares to Be Purchased: \_\_\_\_\_

Multiplied by: Purchase Price Per Share \$ \_\_\_\_\_

Total Purchase Price \$ \_\_\_\_\_

Please check the payment method below:

Enclosed is a check for the total purchase price above.

Wire transfer sent on \_\_\_\_\_, 20\_\_.

Please contact me as soon as possible to discuss the possible payment of withholding taxes and any other documents we may require.

Telephone Number of Option Holder:

Social Security Number of Option Holder:









NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (the "Agreement") entered into as of \_\_\_\_\_ between Aspen Group, Inc. (the "Company") and \_\_\_\_\_ (the "Optionee").

WHEREAS, the Board of Directors (the "Board") has adopted the 2012 Equity Incentive Plan (the "Plan"); and

WHEREAS, pursuant to the Plan, it has been determined that in order to enhance the ability of the Company to attract and retain key personnel, the Company has granted the Optionee the right to purchase the common stock of the Company pursuant to stock options.

NOW THEREFORE, in consideration of the mutual covenants and promises hereafter set forth and for other good and lawful reasons, the Company hereby grants to the Optionee the right to purchase the common stock of the Company pursuant to stock options.

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14. Parties Bound by Plan. The Plan and each determination, interpretation or other action made or taken pursuant to the provisions of the Plan shall be final and shall be binding and conclusive for all purposes on the Company and the Optionee and the Optionee's respective successors in interest.

15. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

16. Arbitration. Except to the extent a party is seeking equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in New York County, New York (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the rules of the American Arbitration Association.

17.

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The Optionee:

The Company:

with a copy to:

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19. Attorney's Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to a reasonable attorneys' fees, costs and expenses.

20. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance whether sounding in contract, tort or otherwise shall be governed or interpreted according to the laws of Delaware without regard to choice of law considerations.

21. Oral Evidence. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

23. Section or Paragraph Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part any of the terms or provisions of this Agreement.

24. Stop-Transfer Orders

(a) The Optionee agrees that, in order to ensure compliance with the restrictions set forth in the Plan and this Agreement, the Company may issue appropriate "stop transfer" instructions to its duly authorized transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(b) The Company shall not be required (i) to transfer on its books any shares of the Company's common stock that have been sold or otherwise transferred in violation of any of the provisions of the Plan or the Agreement or (ii) to treat the owner of such shares of common stock or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such shares of common stock shall have been so transferred.

25. Exclusive Jurisdiction and Venue. Any action brought by either party against the other concerning the transactions contemplated by or arising under this Agreement shall be brought only in the state or federal courts of New York and venue shall be in New York County or appropriate federal district and division. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens.

***[Signature Page to Follow]***

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IN WITNESS WHEREOF the parties hereto have set their hand and seals the day and year first above written.

WITNESSES:

ASPEN GROUP, INC.

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_

OPTIONEE:

\_\_\_\_\_

\_\_\_\_\_

Address:

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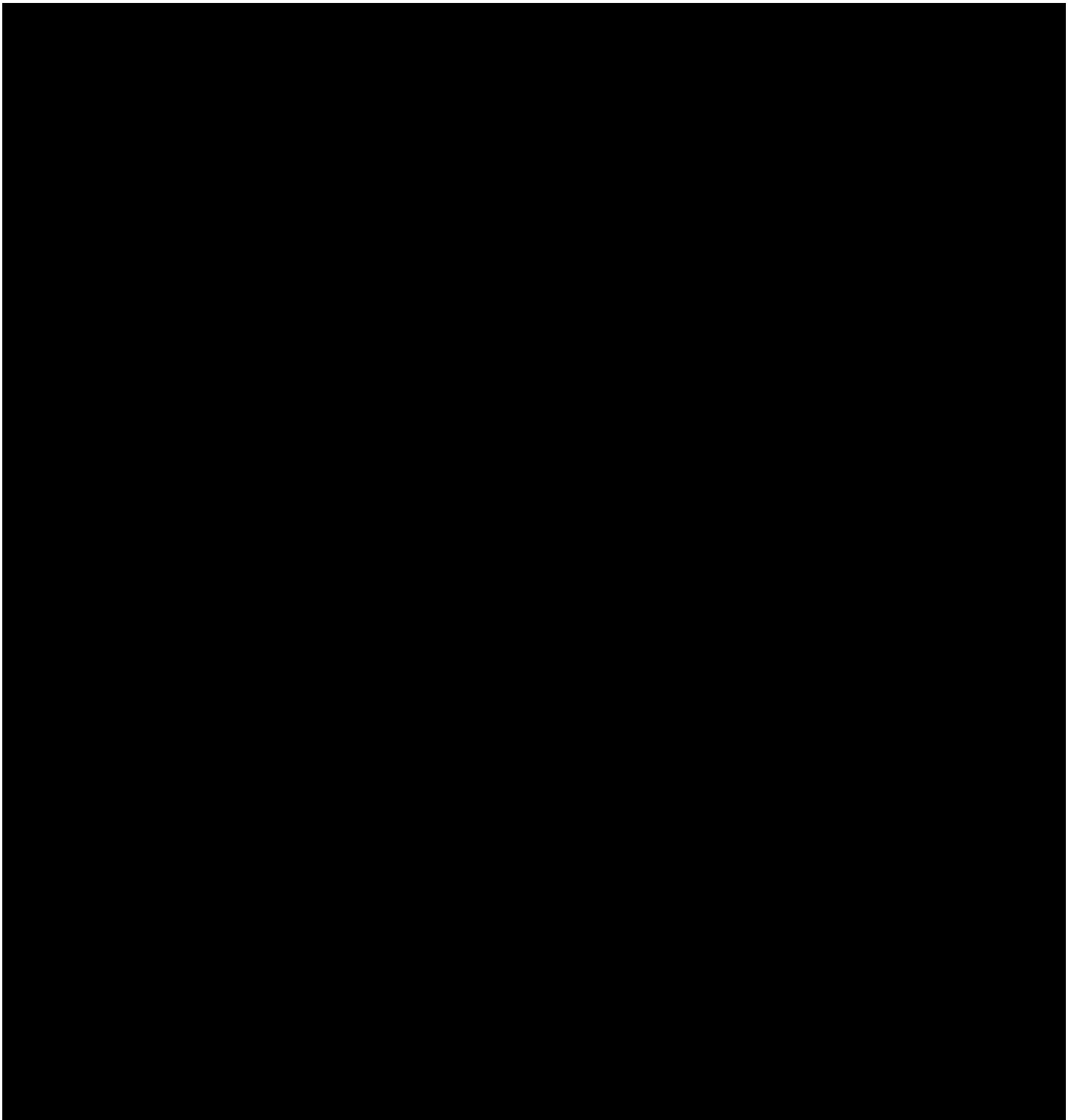
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## BUSINESS CONSULTING SERVICES AGREEMENT

This Business Consulting Services Agreement (the "Agreement") is entered into effective as of May 29, 2014 (the "Effective Date") by and between Aspen Group, Inc., a Delaware corporation (the "Company") and AEK Consulting LLC, a New Jersey limited liability company (the "Consultant"). Each of the Company and the Consultant are hereinafter a "Party" and collectively the "Parties"

**WHEREAS**, the Company desires to retain the services of the Consultant and the Consultant is desirous and willing to accept such service arrangement and render such services, all upon and subject to the terms and conditions contained in this Agreement,

**NOW THEREFORE**, in consideration of the promises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Consultant agree as follows:

1. Engagement. The Company hereby engages and retains the Consultant and the Consultant hereby agrees to render services upon the terms and conditions hereinafter set forth.
2. Term. This Agreement shall be for a term commencing on the Effective Date and terminating 18 months after the Effective Date (the "Term"), unless sooner terminated in accordance with the provisions of Section 6.
3. Services. During the Term, the Consultant shall act as a strategic advisor providing educational, business and financial advice services to the Company (the "Services"). Without limiting the foregoing, the Services shall include the following:
  - (a) negotiating with institutional lenders and others to effect a recapitalization of the Company;
  - (b) negotiating with Hillair Capital Investments L.P. to modify, on terms more favorable to the Company, the Company's \$2,240,000 Original Issue Discount Secured Convertible Debenture, dated as of September 25, 2013 (the "Hillair Debenture");
  - (c) advice relating to expanding Aspen University's curricular offerings and promoting its business.

The Consultant shall devote up to 20 hours per month. The Consultant shall use its best efforts to perform the Services pursuant to this Agreement competently, carefully, faithfully and shall devote sufficient time and energies necessary to perform the Services. The Consultant's Services shall be performed on a non-exclusive basis, but may not be performed during the Term,

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(b) The Company shall carry no worker's compensation insurance or any health or accident insurance to cover the Consultant or its employees. The Company shall not pay contributions to social security, unemployment insurance, federal or state withholding taxes, nor provide any other contributions or benefits, which might be expected in an employer-employee relationship. Neither the Consultant nor its employees shall be entitled to medical coverage, li gø

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addition, Confidential Information also includes the identity of students and the identity of and telephone numbers, e-mail addresses and other addresses of employees or agents of students who are the persons with whom the Company's employees and agents com

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or to such other address as either of them, by notice to the other may designate from time to time. Time shall be counted to, or from, as the case may be, the delivery in person or by mailing.

13. Counterparts This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, facsimile or pdf signature.

14. Governing Law All claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of New York without regard to choice of law considerations.

15. Exclusive Jurisdiction and Venue Any action brought by either party against the other concerning the transactions contemplated by or arising under this Agreement shall be brought only in the state or federal courts of New York and venue shall be in New York County or the Southern District of New York. The Parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens.

16. Entire Agreement This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral and written agreements between the Parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or Parties against whom enforcement or the change, waiver discharge or termination is sought.

17. Additional Documents The Parties hereto shall execute such additional instruments as may be reasonably required by their counsel in order to carry out the purpose and intent of this Agreement and to fulfill the obligations of the Parties hereunder.

18. Section and Paragraph Headings The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

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Aspen Group, Inc.  
224 West 30<sup>th</sup> Street, Suite 604  
New York, New York 10001

December 17, 2013

Dear Warrant Holder:

We are writing to you as the holder of warrants to purchase shares of Aspen Group, Inc. (the "Company"). In order to raise capital to continue growing the Company's business and eliminate the negative affect on the Company's financial statements which will be caused by the anti-dilution price protection provisions ("PP Provisions") contained in some of our outstanding warrants, we are offering our warrant holders a reduced exercise price and additional shares of common stock upon exercise if they exercise their warrants now. If you exercise your warrants at any time through January 15, 2014 (the "Offer End Date") and waive all of the PP Provisions as to all securities of the Company that you beneficially own (except those which are applicable to all holders of outstanding capital stock such as stock splits and dividends), the Company will reduce the exercise price of your warrant to \$0.19 per share and issue you 125% of the shares underlying your exercised warrants.

You may exercise your warrants by signing below and emailing this executed letter to my attention (email address provided below) by 5:00 p.m. on the Offer End Date. This offer is contingent upon the Company receiving notice from warrant holders exercising \$1,000,000 of warrants (the "Minimum Notice") by the Offer End Date. The Company's legal counsel will act as escrow agent (the "Escrow Agent") and will hold your original warrant and good funds until the earlier of the receipt of: (i) the receipt of the Minimum Notice and (ii) the Offer End Date. The Escrow Agent's wire instructions are attached as Exhibit A and address to mail your original warrants. If the Minimum Notice is not received by the Offer End Date, your original warrants and funds will be returned to you without deduction or interest. The Escrow Agent must receive your good funds and original warrant by 5:00 p.m. on January 20, 2014.

If you have any questions, please call me at (\_\_\_\_\_) \_\_\_\_\_-\_\_\_\_\_ or email me at \_\_\_\_\_@aspen.edu.

Sincerely yours,

Michael Mathews  
Chief Executive Officer

I hereby agree to exercise all of my warrants and agree to waive all of the PP Provisions as to all securities of the Company that I beneficially own (except those which are applicable to all holders of outstanding capital stock such as stock splits and dividends):

By: \_\_\_\_\_  
\_\_\_\_\_





Aspen Group, Inc.  
224 West 30th Street, Suite 604  
New York, New York 10001

January 17, 2014

Dear Warrant Holder:

Please be advised that Aspen Group, Inc. has extended the warrant conversion offering deadline to January 21, 2014, as a result of three warrant holders executing their agreements after the January 15, 2014 deadline. In addition, Aspen Group, Inc.'s Board of Directors has approved the removal of the \$1 million minimum exercise amount.

Aspen Group must receive your original warrants and good funds by 5:00 p.m. on January 24, 2014. If you have any questions, please call me at (\_\_\_\_) \_\_\_\_\_ or email me at \_\_\_\_\_@aspen.edu.

Sincerely yours,

Michael Mathews  
Chief Executive Officer

I hereby agree to exercise all of my warrants and agree to waive all of the PP Provisions as to all securities of Aspen Group that I beneficially own (except those which are applicable to all holders of outstanding capital stock such as stock splits and dividends):

By: \_\_\_\_\_  
\_\_\_\_\_

Aspen Group, Inc.  
720 South Colorado Blvd.  
Suite 1150N  
Denver, Colorado 80246

July 10, 2014

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Exercise of Warrants and Options

Dear \_\_\_\_\_:

This letter agreement (the "Agreement") makes reference to certain rights granted to you as a holder of certain convertible notes, warrants and/or options to purchase shares of common stock of Aspen Group, Inc. (the "Company").

Pursuant to this Agreement, and in consideration of the Company selling common stock with 50% warrant coverage at \$0.155 per share (each five-year warrant exercisable at \$0.19 per share), in a new private placement, you hereby agree that you will not exercise your rights to purchase, pursuant to the warrants and/or options, any shares of common stock of the Company or convert your notes until such time as the Company informs you that the Company's Certificate of Incorporation has been amended so that there is sufficient authorized capital to permit the exercise and conversion of all outstanding convertible notes, warrants, options and other derivative securities of the Company.

If the Company has not closed this private placement by August 31, 2014, this Agreement is null and void and not enforceable.

Sincerely yours,

Michael Mathews, Chief Executive Officer

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AGREED:

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Aspen Group, Inc.  
224 West 30<sup>th</sup> Street, Suite 604  
New York, New York 10001

March 12, 2014

Via Email: [michael.matte@aspen.edu](mailto:michael.matte@aspen.edu)

Mr. Michael Matte  
3911 Ocean Drive  
Singer Island, FL 33418

Re: Future Consulting Services

Dear Mike:

This Consulting Agreement is being executed in conjunction with a General Release and Termination Agreement through which you have resigned as an Officer and employee of Aspen as a







If the foregoing is acceptable to you, please execute a copy in the place indicated below and email it to me.

Very truly yours,

Michael Mathews  
Chief Executive Officer

ACKNOWLEDGED and AGREED:

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Michael Matte

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that

1. I have reviewed this annual report on Form 10-K of Aspen Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report

4. The registrant, other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

§ I have not discovered any material weaknesses in our internal control over financial reporting. I have disclosed to the registrant's auditors and to the audit committee all deficiencies in internal control over financial reporting that are reasonably likely to be material weaknesses, and I have taken appropriate remedial actions.

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed to the registrant's auditors and to the audit committee all deficiencies in internal control over financial reporting that are reasonably likely to be material weaknesses, and I have taken appropriate remedial actions.

5.

a) Desiessi s

b)

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CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Janet Gill, certify that

1. I have reviewed this annual report on Form 10-K of Aspen Group, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) ~~Designed such~~ internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of
    - c)
    - d)
  5.
    - a)
    - b)
-

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Aspen Group, Inc. (the "Company") on Form 10-K for the fiscal year ended April 30, 2014, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/Michael Mathews

Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)  
Dated: July 29, 2014

In connection with the annual report of Aspen Group, Inc. (the "Company") on Form 10-K for the fiscal year ended April 30, 2014, as filed with the Securities and Exchange Commission on the date hereof, I, Janet Gill, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/Janet Gill

Janet Gill  
Chief Financial Officer  
(Principal Financial Officer)  
Dated: July 29, 2014