

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 31, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 001-38175

ASPEN GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

State or Other Jurisdiction of Incorporation or Organization

27-1933597

I.R.S. Employer Identification No.

276 Fifth Avenue, Suite 505, New York, New York

Address of Principal Executive Offices

10001

Zip Code

(646) 448-5144

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	ASPU	The Nasdaq Stock Market (The Nasdaq Global Market)

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 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 Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Class

Common Stock, \$0.001 par value per share

Outstanding as of September 5, 2019

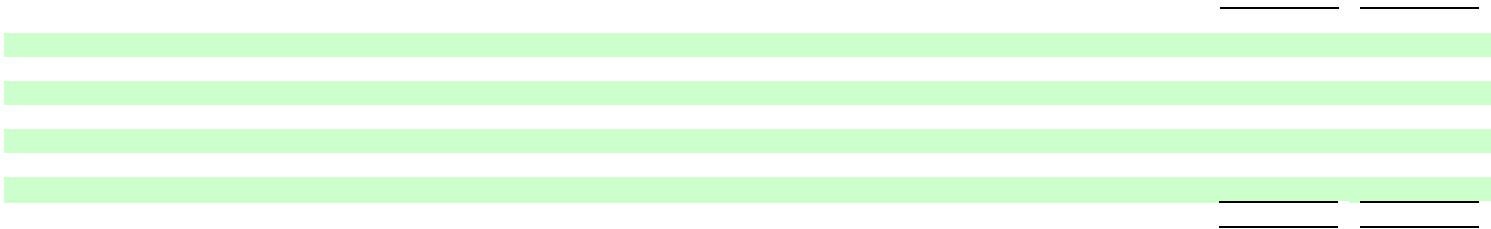
18,914,242 shares

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PART I – FINANCIAL INFORMATION

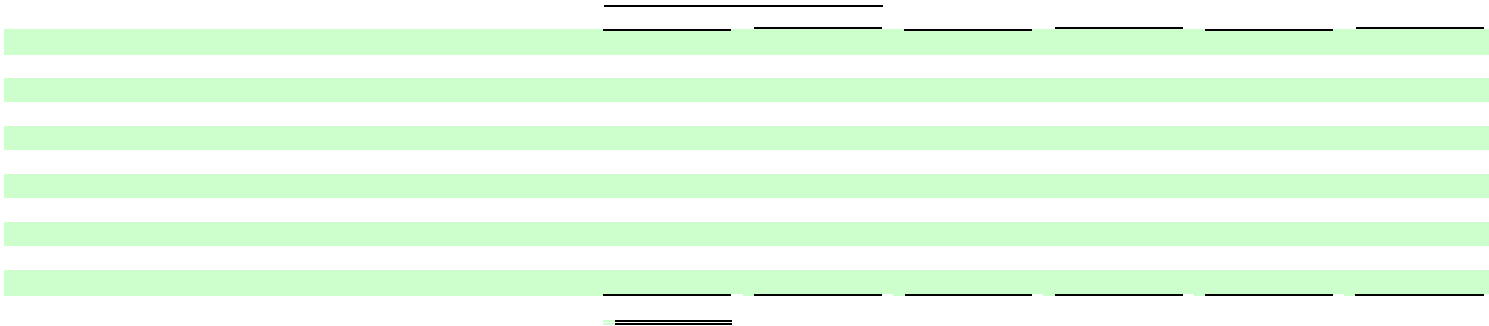
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ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	July 31,	
	<u>2019</u>	<u>2018</u>
Revenues	\$ 10,357,982	\$ 7,221,305
Operating expenses		
Cost of revenues (exclusive of depreciation and amortization shown separately below)	4,353,058	3,752,392
General and administrative	7,037,150	5,824,132
Depreciation and amortization	606,574	498,105
Total operating expenses	<u>11,996,782</u>	<u>10,074,629</u>
Operating loss	<u>(1,638,800)</u>	<u>(2,853,324)</u>
Other income (expense)		
Other income	22,802	56,401
Interest expense	<u>(423,689)</u>	<u>(40,353)</u>
Total other income/(expense), net	<u>(400,887)</u>	<u>16,048</u>
Loss before income taxes	(2,039,687)	(2,837,276)
Income tax expense	<u>35,595</u>	<u>—</u>
Net loss	<u>\$ (2,075,282)</u>	<u>\$ (2,837,276)</u>
Net loss per share allocable to common stockholders - basic and diluted	<u>\$ (0.11)</u>	<u>\$ (0.15)</u>
Weighted average number of common stock outstanding - basic and diluted	<u>iy</u>	<u>~</u>



ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended	
	July 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (2,075,282)	\$ (2,837,276)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	240,899	121,805
Depreciation and amortization	606,574	498,105
Stock-based compensation	498,417	209,976
Warrants issued for services	9,440	—
Loss on asset disposition	20,240	—
Amortization of debt discounts	65,702	—
Amortization of debt issue costs	29,662	—
Amortization of prepaid shares for services	—	8,285
Non-cash payments to investor relations firm	30,597	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,535,420)	(1,592,941)
Prepaid expenses	(136,022)	(229,168)
Other receivables	710	173,475
Other assets	67,032	—
Accounts payable	(110,890)	(728,230)
Accrued expenses	(73,663)	10,401
Deferred rent	(35,783)	217,433
Refunds due students	417,131	302,609
Deferred revenue	224,172	430,015
Right of use assets, net	62,776	—
Other liabilities	8,625	27,301
Net cash used in operating activities	<u>(1,685,083)</u>	<u>(3,388,210)</u>
Cash flows from investing activities:		
Purchases of courseware and accreditation	(2,275)	(42,917)
Purchases of property and equipment	(629,983)	(735,757)
Net cash used in investing activities	<u>(632,258)</u>	<u>(778,674)</u>
Cash flows from financing activities:		
Disbursements for equity offering costs	—	(29,832)
Proceeds of stock options exercised and warrants exercised	45,190	7,817
Purchase of treasury stock, net of broker fees	—	(7,370,000)
Re-sale of treasury stock, net of broker fees	—	7,370,000
Net cash provided by (used in) financing activities	<u>45,190</u>	<u>(22,015)</u>
Net (decrease) in cash and cash equivalents	(2,272,151)	(4,188,899)
Cash, restricted cash, and cash equivalents at beginning of period	<u>9,967,752</u>	<u>—</u>
	<u>—————</u>	<u>—————</u>
	<u>—————</u>	<u>—————</u>
	<u>—————</u>	<u>—————</u>
	<u>—————</u>	<u>—————</u>

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

Note 1. Nature of Operations and Liquidity

Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company," "Aspen," or "AGI") is a holding company, which has three subsidiaries. They are Aspen University Inc. ("Aspen University") organized in 1987, Aspen Nursing, Inc. ("ANI") (a subsidiary of Aspen University) formed in July 2018 and United States University, Inc. ("USU") formed in May 2017.

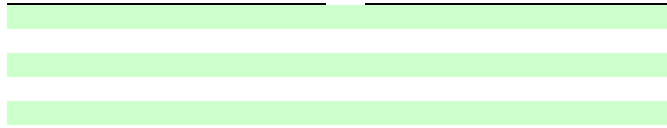


ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

Fair Value Measurements

Fair value is the exc²







ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

Recent Accounting Pronouncements

Financial Accounting Standards Board, Accounting Standard Updates which are not effective until after July 31, 2019, are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

ASU 2016-02 - In February 2016, the FASB issued ASU No. 2016-02: "Leases (Topic 842)" whereby lessees will need to recognize almost all leases on their balance sheet as a right of use asset and a lease liability. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018. We completed our assessment of the new standard on our accounting policies and processes and adopted this guidance beginning May 2019 using a modified retrospective approach without restating prior comparative periods. The most significant impact primarily relates to our accounting for real estate leases and real estate subleases. The adoption of this guidance impacts the presentation of our financial condition and disclosures, but did not materially impact our results of operations. See Note 9 "Leases" for further information.

Note 3. Property and Equipment

As property and equipment reach the end of their useful lives, the fully expired asset is written off against the associated accumulated depreciation. There is no expense impact for such write offs. Property and equipment consisted of the following at July 31, 2019 and April 30, 2019:

	July 31, 2019	April 30, 2019
Call center hardware	\$ 245,715	\$ 193,774
Computer and office equipment	330,267	327,621
Furniture and fixtures	1,430,349	1,381,271
Software	4,765,597	4,314,198
	<u>6,771,928</u>	<u>6,216,864</u>
Accumulated depreciation	(2,083,277)	(1,825,524)
Property and equipment, net	<u>\$ 4,688,651</u>	<u>\$ 4,391,340</u>

Software consisted of the following at July 31, 2019 and April 30, 2019:

	July 31, 2019	April 30, 2019
Software	\$ 4,765,597	\$ 4,314,198
Accumulated depreciation	(1,517,765)	(1,351,193)
Software, net	<u>\$ 3,247,832</u>	<u>\$ 2,963,005</u>

Depreciation expense and amortization for all Property and Equipment as well as the portion for just software is presented below for the three months ended July 31, 2019 and 2018:

	Three Months Ended July 31,	
	2019	2018
Depreciation and amortization Expense	\$ 312,432	\$ 204,335
Software amortization Expense	\$ 170,189	\$ 143,774

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

The following is a schedule of estimated future amortization expense of software at July 31, 2019:

Year Ending July 31,	Future Expense
2020	\$ 689,009
2021	854,804
2022	765,330
2023	605,091
2024	315,809
Thereafter	17,789
Total	<u>\$ 3,247,832</u>

Note 4. USU Goodwill and Intangibles

On December 1, 2017, USU acquired United States University and assumed certain liabilities from Educacion Significativa, LLC (“ESL”). USU is a wholly owned subsidiary of AGI and was formed for the purpose of completing the asset purchase transaction. For purposes of purchase accounting, AGI is referred to as the acquirer. AGI acquired the assets and assumed certain liabilities of ESL.

The acquisition was accounted for by AGI in accordance with the acquisition method of accounting pursuant to ASC 805 “Business Combinations” and pushdown accounting was applied to record the fair value of the assets acquired and liabilities assumed on United States University, Inc. Under this method, the purchase price is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the amount paid over the estimated fair values of the identifiable net assets was \$5,011,432 which has been reflected in the consolidated balance sheet as goodwill.

The goodwill resulting from the acquisition may become deductible for tax purposes in the future. The goodwill resulting from the acquisition is principally attributable to the future earnings potential associated with enrollment growth and other intangibles that do not qualify for separate recognition such as the assembled workforce.

We have selected an April 30th annual goodwill impairment test date.

We assigned an indefinite useful life to the accreditation and regulatory approvals and the trade name and trademarks as we believe they have the ability to generate cash flows indefinitely. In addition, there are no legal, regulatory, contractual, economic or other factors to limit the intangibles’ useful life and we intend to renew the intangibles, as applicable, and renewal can be accomplished at little cost. We determined all other acquired intangibles are finite-lived and we are amortizing them on either a straight-line basis or using an accelerated method to reflect the pattern in which the economic benefits of the assets are expected to be consumed. Amortization expense for the three months ended July 31, 2019 and 2018 were \$275,000 and \$275,000 respectively.

Intangible assets consisted of the following at July 31, 2019 and April 30, 2019:

	July 31, 2019	April 30, 2019
Intangible assets	\$ 10,100,000	\$ 10,100,000
Accumulated amortization	(1,833,333)	(1,558,333)
Net intangible assets	<u>\$ 8,266,667</u>	<u>\$ 8,541,667</u>

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

Note 6. Debt

Convertible Notes

On February 29, 2012, a loan payable of \$50,000 was converted into a two-year convertible promissory note, interest of 0.19% per annum. Beginning March 31, 2012, the note was convertible into shares of common stock of the Company at the conversion price of \$12.00 per share (taking into account the one-for-12 reverse stock split of the Company's common stock). The Company evaluated the convertible note 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 common stock on the note issue date. This loan (now a convertible promissory note) was originally due in February 2014. The amount due under this note has been reserved for payment upon the note being tendered to the Company by the note holder. However, this \$50,000 note is derived from \$200,000 of loans made to Aspen University prior to 2011, which was prior to the merger of Aspen University and EGC, the acquisition vehicle led by Michael Mathews, the Company's current Chairman and Chief Executive Officer. The bankruptcy judge in the HEMG bankruptcy proceedings has recently ruled that the Company may pursue remedies for these undisclosed loans.

Revolving Credit Facility

On November 5, 2018, the Company entered into a loan agreement (the "Credit Facility Agreement") with the Leon and Toby Cooperman Family Foundation (the "Foundation"). The Credit Facility Agreement provides for a \$5,000,000 revolving credit facility (the "Facility") evidenced by a revolving promissory note (the "Revolving Note"). Borrowings under the Credit Facility Agreement will bear interest at 12% per annum. The Facility matures on November 4, 2021.

Pursuant to the terms of the Credit Facility Agreement, the Company paid to the Foundation a \$100,000 one-time upfront Facility fee. The Company also is paying the Foundation a commitment fee, payable quarterly at the rate of 2% per annum on the undrawn portion of the Facility. As of July 31, 2019, the Company has not borrowed any sum under the Facility.

The Credit Facility Agreement contains customary representations and warranties, events of default and covenants. Pursuant to the Loan Agreement and the Revolving Note, all future or contemporaneous indebtedness incurred by the Company, other than indebtedness expressly permitted by the Credit Facility Agreement and the Revolving Note, and the senior term loans described below will be subordinated to the Facility.

Pursuant to the Credit Facility Agreement, on November 5, 2018 the Company issued to the Foundation warrants to purchase 92,049 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of \$5.85 per share which were deemed to have a relative fair value of \$514,000.



ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

On June 3, 2019, a former director elected a cashless exercise of 21,930 warrants, receiving 9,806 shares. On June 7, 2019, the CEO elected a cashless exercise for the same amount receiving 9,597 shares.

Stock Incentive Plan and Stock Options Granted to Employees and Directors

On March 13, 2012, the Company adopted the Aspen Group, Inc. 2012 Equity Incentive Plan (the "2012 Plan") that provides for the grant of 3,500,000 shares in the form of **incentive stock options, non-qualified stock options, restricted stock and restricted stock units** to employees, consultants, officers and directors. As of July 31, 2019, there were 29,283 shares remaining available for future issuance under the 2012 Plan.

On December 13, 2018, the stockholders

ASPEN GROUP, INC. AND SUBSIDIARIES
 CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 July 31, 2019
 (Unaudited)

A summary of the Company's stock option activity for employees and directors during the three months ended July 31, 2019, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2019	3,408,154	\$ 4.44	2.90	\$ 6,880,644
Granted	30,000	4.12	—	—
Exercised	(191,147)	1.88	—	—
Forfeited	(9,167)	7.62	—	—
Expired	—	—	—	—
Balance Outstanding, July 31, 2019	<u>3,237,840</u>	<u>\$ 4.57</u>	<u>2.90</u>	<u>\$ 6,880,644</u>
Exercisable, July 31, 2019	<u>2,057</u>			

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

Note 8. Revenue

Revenues consist primarily of tuition and fees derived from courses taught by the Company online as well as from related education services.



ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

Cash Receipts

Our students finance costs through a variety of funding sources, including, among others, monthly payment plans, installment plans, federal loan and grant programs (Title IV), employer reimbursement, and various veterans and military funding and grants, and cash payments. Most students elect to use our monthly payment plan. This plan allows them to make continuous monthly payments during the length of their program and through the length of their payment plan. Title IV and military funding typically arrives during the period of instruction. Students who receive reimbursement from employers typically do so after completion of a course. Students who choose to pay cash for a class typically do so before beginning the class.

Significant Judgments

We analyze revenue recognition on a portfolio approach under ASC 606-10-10-4. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. We have determined that all of our students can be grouped into one portfolio. Students behave similarly, regardless of their payment method or academic program. Enrollment agreements and refund policies are similar for all of our students. We do not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if we were to assess each student contract separately.

The Company maintains institutional tuition refund policies, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. Certain states in which students reside impose separate, mandatory refund policies, which override the Company's policy to the extent in conflict. If a student withdraws at a time when a portion or none of the tuition is refundable, then in accordance with its revenue recognition policy, the Company recognizes as revenue the tuition that was not refunded. Since the Company recognizes revenue pro-rata over the term of the course and because, under its institutional refund policy, the amount subject to refund is never greater than the amount of the revenue that has been deferred, under the Company's accounting policies revenue is not recognized with respect to amounts that could potentially be refunded.

The Company had revenues from students outside the United States representing 1.48% and 1.9% of the revenues for the year ended July 31, 2019 and 2018 respectively.

Note 9. Leases

Operating lease assets are right-of-use assets, which represent the right to use an underlying asset for the lease term. Operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating leases are included in the Operating Lease Assets, net, and Operating Lease Liabilities, Current and Long-term on the unaudited Consolidated Balance Sheet at July 31, 2019. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. When the lease does not provide an implicit interest rate, the Company uses an incremental borrowing rate to determine the present value of the lease payments. The right-of-use asset includes all lease payments made and excludes lease incentives. Lease expense for operating leases is recognized on a straight-line basis over the lease term. There are no variable lease payments. Lease expense for the three month period ended July 31, 2019 was \$612,597. These costs are primarily related to long-term operating leases, but also include amounts for short-term leases with terms greater than 30 days that are not material.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019
(Unaudited)

USU currently has provisional certification to participate in the Title IV Programs due to its acquisition by the Company. The provisional certification allows the school to continue to receive Title IV funding as it did prior to the change of ownership.

The HEA requires accrediting agencies to review many aspects of an institution's operations in order to ensure that the education offered is of sufficiently high quality to achieve satisfactory outcomes and that the institution is complying with accrediting standards. Failure to demonstrate compliance with accrediting standards may result in the imposition of probation, the requirements to provide periodic reports, the loss of accreditation or other penalties if deficiencies are not remediated.

Because our subsidiaries operate in a highly regulated industry, each may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies or third parties, which allege statutory violations, regulatory infractions or common law causes of action.

Return of Title IV Funds

An institution participating in Title IV Programs must correctly calculate the amount of unearned Title IV Program funds that have been disbursed to students who withdraw from their educational programs before completion and must return those unearned funds in a timely manner, no later than 45 days of the date the school determines that the student has withdrawn. Under the DOE regulations, failure to make timely returns of Title IV Program funds for 5% or more of students sampled on the institution's annual compliance audit in either of its two most recently completed fiscal years can result in the institution having to post a letter of credit in an amount equal to 25% of its required Title IV returns during its most recently completed fiscal year. If unearned funds are not properly calculated and returned in a timely manner, an institution is also subject to monetary liabilities or an action to impose a fine or to limit, suspend or terminate its participation in Title IV Programs.

Delaware Approval to Confer Degrees

Aspen University is a Delaware corporation. Delaware law requires an institution to obtain approval from the Delaware Department of Education ("Delaware DOE") before it may incorporate with the power to confer degrees. The Delaware DOE granted full approval to operate with degree-granting authority in the State of Delaware until July 1, 2020. Aspen University is authorized by the Colorado Commission on Education to operate in Colorado as a degree granting institution.

USU is also a Delaware corporation and received initial approval from the Delaware DOE to confer degrees through June 2023.

Note 11. Subsequent Event

Exercise of stock options

On August 20, 2019, the Company issued a former director 17,382 shares of common stock upon a cashless exercise of stock options granted on November 20, 2015 and May 19, 2016.

USU students paying tuition and fees through a monthly payment method grew from 758 to 1,053 students sequentially. Those 1,053 students paying through a monthly payment method represent 71% of USU's total active student body. The total contractual value of USU's monthly payment plan students now exceeds \$15 million which currently delivers monthly recurring tuition cash payments exceeding \$300,000.

AGI Student Population Overview

AGI's overall active student body (including both Aspen University and USU) grew 34% year-over-year from 7,274 to 9,752 students. Active student body is comprised of active degree-seeking students, which are degree-seeking students enrolled in a course during the quarter covered by this Form 10-Q or are registered for an upcoming course.

Aspen University's total active degree-seeking student body grew 25% year-over-year from 6,590 to 8,261 students. Aspen University's School of Nursing grew 36% year-over-year, from 4,863 to 6,595 active students, which includes 670 active students in the BSN Pre-Licensure program in Phoenix, Arizona.

USU's total active student body grew sequentially from 1,148 to 1,491 students or a sequential increase of 30%. On a year-over-year basis, USU's total active student body grew from 684 to 1,491 students or 118%. USU's MSN-FNP active student body grew sequentially from 970 to 1,294 students or a sequential increase of 33%. USU's MSN-FNP program now represents 87% of USU's active student body.

Of the 1,491 active student body, 1,053 are on a monthly payment plan, which represents 71% of the total active student body. The total contractual value of the monthly payment plan students now exceeds \$15 million, which currently delivers monthly recurring tuition cash payments exceeding \$300,000.

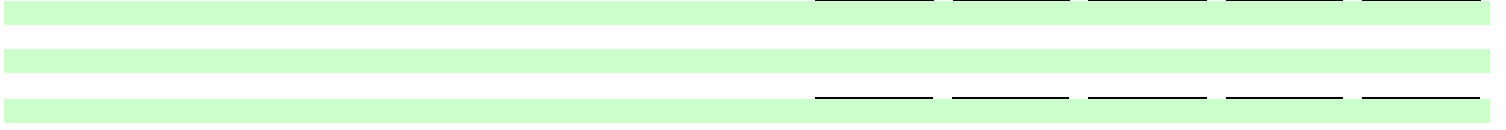


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Bookings Analysis

On a year-over-year basis, fiscal Q1'20 is '20f n ~ p1



Additionally, Aspen University plans to launch a stand-alone campus in Austin, Texas in the winter of calendar year 2020. A clinical affiliation agreement has been executed with Baylor Scott & White Health – Central division. As the largest not-for-profit healthcare system in Texas and one of the largest in the United States, Baylor Scott & White Health was born from the 2013 combination of Baylor Health Care System and Scott & White Healthcare. Today, Baylor Scott & White includes 48 hospitals, more than 800 patient care sites, more than 7,800 active physicians, over 47,000 employees and the Scott & White Health Plan.

The Company has strategically targeted existing campus locations in Austin and Tampa that are substantially built-out including FF&E (furniture, fixtures, and equipment) in order to reduce the capital expenditures (CapEx) required to launch these campuses. The Company expects this will allow the CapEx for each new campus to be in the same range as the cost of Aspen University’s embedded campus at HonorHealth located in North Phoenix.

ACCOUNTS RECEIVABLE AND M ENS C&G



As previously projected, the Company is reporting the same seasonality effect for the Fiscal 2020 Q1. Specifically, Aspen University's Nursing + Other unit revenues declined in the Fiscal 2020 Q1 relative to Q4 by approximately 6%, however overall Company revenues rose by 1.4% sequentially given the revenue contribution from USU and Aspen's Pre-Licensure BSN program. See Results of Operations below.

Results of Operations

For the Quarter Ended July 31, 2019 Compared with the Quarter Ended July 31, 2018

Revenue

Revenue from operations for the Fiscal 2020 Q1 increased to \$10,357,982 from \$7,221,305 for the Fiscal 2019 Q1, an increase of \$3,136,677 or 43%. The increase was primarily due to enrollment growth in the degree programs with the highest h the



Our management uses and relies on EBITDA and Adjusted EBITDA, which are non-

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Revenue Recognition and Deferred Revenue

Revenue consisting primarily of tuition and fees derived from courses taught by Aspen online as well as from related educational resources that Aspen provides to its students, such as access to our online materials and learning management system. Tuition revenue is recognized pro-rata over the applicable period of instruction. Aspen maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. Certain states in which students reside impose separate, mandatory refund policies, which override Aspen's policy to the extent in conflict. If a student withdraws at a time when a portion or none of the tuition is refundable, then in accordance with the applicable policy





PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of the date of this report, except as discussed below, we are not aware of any other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS

The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the fiscal year ended April 30, 2019.

If our new tuition payment plan for our FNP program materially reduces our enrollments, USU's future results of operations and cash flow may be materially and adversely affected.

Effective October 1, 2019 we are requiring new FNP students at USU to find third party financing for the second year of the program rather than using the moſ Yſc the mſy f3



EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
3.1	Certificate of Incorporation, as amended	Form 101	n	j	

*
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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 statements
 4.
 - a)
 - b)
 - 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 quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2019, as filed with the Securities and Exchange Commission re

- 1.
- 2.

- 1.
- 2.
