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Additionally, Aspen, ANI and USU are Delaware corporations. Delaware law requires an institution to obtain approval from the Delaware Department of Education, or Delaware DOE, before it may incorporate with the power to confer degrees. In July 2012, Aspen received notice from the Delaware DOE that it was granted provisional approval status effective until June 30, 2015. On April 25, 2016, the Delaware DOE informed Aspen University it was granted full approval to operate with degree-granting authority in the State of Delaware until July 1, 2020. On June 6, 2018, the Delaware DOE granted an initial operating license to United States University until June 30, 2023.

Accreditation

Aspen University is accredited by the DEAC, a national accrediting agency recognized by CHEA and DOE, and USU is accredited by WSCUC, a regional accrediting agency recognized by CHEA and DOE. Accreditation is a non-governmental system for evaluating educational institutions and their programs in areas including student performance, governance, integrity, educational quality, faculty, physical resources, administrative capability and resources, and financial stability. In the U.S., this recognition comes primarily through private voluntary associations that accredit institutions and programs. To be recognized by DOE, accrediting agencies must adopt specific standards for their review of educational institutions. Accrediting agencies establish criteria for accreditation, conduct peer-review evaluations of institutions and programs for accreditation, and publicly designate those institutions or programs that meet their criteria. Accredited institutions are subject to periodic review by accrediting agencies to determine whether such institutions maintain the performance, integrity and quality required for accreditation.

Accreditation is important to our schools for several reasons. Accreditation provides external recognition and status. Employers rely on the accredited status of institutions when evaluating an employment candidate's credentials. Corporate and government sponsors under tuition reimbursement programs look to accreditation for assurance that an institution maintains quality educational standards. Other institutions depend, in part, on our accreditation in evaluating transfers of credit and applications to graduate schools. Moreover, institutional accreditation awarded from an accrediting agency recognized by DOE is necessary for eligibility to participate in the Title IV Programs. From time to time, accrediting agencies adopt or make changes to their policies, procedures and standards. If our schools fail to comply with any of these requirements, the non-complying school's accreditation status could be at risk. [illegible]

In addition to institutional accreditation, there are numerous specialized accrediting agencies that accredit specific programs or schools within their jurisdiction, many of which are in [illegible] healthcare and professional fields. USU's and Aspen University's baccalaureate and master's degree programs in nursing are accredited by the Commission on Collegiate Nursing Education (CCNE) and Aspen University's [illegible]

The only state that does not participate in SARA is California and it has imposed regulatory requirements on out-of-state educational institutions operating within its boundaries, such as those having a physical facility or conducting certain academic activities within the state. Aspen University is registered as an out-of-state institution with California until February 28, 2021. Aspen currently enrolls students in all 50 states. While we do not believe that any of the states in which our schools are currently licensed or authorized, other than Colorado, Arizona and California, are individually material to our operations, the loss of licensure or authorization in any state could prohibit us from recruiting prospective students or offering services to current students in that state, which could significantly reduce our enrollments.

Because USU is based in California, which does not participate in NC-SARA, USU must obtain authorization in every state in which it intends to market and enroll online students, which was the standard method prior to the formation of NC-SARA. USU is currently authorized to offer one or more programs in 40 states and is in the application process with 7 additional states and the District of Columbia. USU maintains its state authorizations through annual reporting and required renewals.

Individual state laws establish standards in areas such as instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations, and other operational matters, some of which are different than the standards prescribed by the Colorado Department, the Arizona Board and the California Bureau. Laws in some states limit schools' ability to offer educational programs and award degrees to residents of those states. Some states also prescribe financial regulations that are different from those of DOE, and many require the posting of surety bonds. Laws, regulations, or interpretations related to online education could increase our cost of doing business and affect our ability to recruit students in particular states, which could, in turn, negatively affect enrollments and revenues and have a material adverse effect on our business.

On February 22, 2019, members of the California General Assembly proposed a legislative package that would increase regulatory compliance requirements for institutions that are approved by the California Bureau. The legislative package passed the California General Assembly but has been amended to reduce significantly the regulatory burden on institutions approved by the California Bureau. The legislative package must also pass the California Senate by September 13, 2019 before it is signed into law. We cannot predict whether the legislative package will become law.

State Professional Licensure

States have specific requirements that an individual must satisfy in order to be licensed or certified as a professional in specific fields. For example, graduates from some USU and Aspen University nursing programs often seek professional licensure in their field because they are legally required to do so in order to work in that field or because obtaining licensure enhances employment opportunities. Success in obtaining licensure depends on several factors, including each individual's personal and professional qualifications as well as other factors related to the degree or program completed, including but not necessarily limited to:

- whether the institution and the program were approved by the state in which the graduate seeks licensure, or by a professional association;
- whether the program from which the applicant graduated meets all state requirements; and
- whether the institution and/or the program is accredited by a CHEA and DOE-recognized agency.

Professional licensure and certification requirements can vary by state and may change over time.

Nature of Federal, State and Private Financial Support for Postsecondary Education

The federal government provides a substantial part of its support for postsecondary education through the Title IV Programs, in the form of grants and loans to students. Students can use those funds at any institution that has been certified by DOE to participate in the Title IV Programs. Aid under Title IV Programs is primarily awarded on the basis of financial need, generally defined as the difference between the cost nan.ah .

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Compliance Reviews. We are subject to announced and unannounced compliance reviews and audits by various external agencies, including DOE, its Office of Inspector General, state licensing agencies, and accrediting agencies. As part of DOE's ongoing monitoring of institutions' administration of Title IV Programs, the Higher Education Act and DOE regulations require institutions to submit annually a compliance audit conducted by an independent certified public accountant in accordance with Government Auditing Standards and applicable audit standards of DOE. These auditing standards differ from those followed in the audit of our consolidated financial statements contained herein. In addition, to enable DOE to make a determination of financial responsibility, institutions must annually submit audited financial statements prepared in accordance with DOE regulations. Furthermore, DOE regularly conducts program reviews of education institutions that are participating in the Title IV Programs, and the Office of Inspector General of DOE regularly conducts audits and investigations of such institutions.

Potential Effect of Regulatory Violations. If we fail to comply with the regulatory standards governing Title IV Programs, DOE could impose one or more sanctions, including transferring the non-complying school to the reimbursement or cash monitoring system of payment, seeking to require repayment of certain Title IV Program funds, requiring Aspen to post a letter of credit in favor of DOE as a condition for continued Title IV certification, taking emergency action against us, referring the matter for criminal prosecution or initiating proceedings to impose a fine or to limit, condition, suspend or terminate our participation in Title IV Programs. In addition, the failure to comply with the Title IV Program requirements by one institution could increase DOE scrutiny of the other institution and could impact the other institution's participation in Title IV Programs.

We also may be subject, from time to time, to complaints and lawsuits relating to regulatory compliance brought not only by our regulatory agencies, but also by other government agencies and third parties, such as state attorneys general, federal and state consumer protection agencies, present or former students or employees and other members of the public.

Restrictions on Adding Educational Programs. State requirements and accrediting agency standards may, in certain instances, limit our ability to establish additional educational programs. Many states require approval before institutions can add new programs under specified conditions. The Colorado Commission on Higher Education, the Arizona Board, the California Bureau for Private Postsecondary Education, and other state educational regulatory agencies that license or authorize us and our programs may require institutions to notify them in advance of implementing new programs, and upon notification, may undertake a review of the institution's licensure or authorization.

On August 22, 2017, DOE recertified Aspen University to participate in Title IV Programs, and set a subsequent program participation agreement reapplication date of March 31, 2021. As of May 14, 2019, United States University has been granted provisional approval to participate in the Title IV Programs and has a program participation agreement reapplication date of December 31, 2020. As part of the provisional approval, the DOE informed USU that it must post a letter of credit in the amount of $255,708, which was funded by AGI; this letter will remain in effect for the duration of the provisional approval. USU expects to be on HCM1, once formal notification is received from the DOE.

In the future, DOE may impose terms and conditions in any program participation agreement that it may issue, including growth restrictions or limitation on the number of students who may receive Title IV Program aid. The institution may also be required to provide certifications to DOE signed by a senior administrative official attesting that the new program meets certain accreditation and state licensure requirements.

DEAC and WSCUC require pre-approval of new courses, programs, and degrees that are characterized as a "substantive change." An institution must obtain written notice approving such change before it may be included in the institution's grant of accreditation. An institution is further prohibited from advertising or posting on its website information about the course or program before it has received approval. The process for obtaining approval generally requires submission of a report and course materials and may require a follow-up on-site visit by an examining committee.

Gainful Employment. Under the Higher Education Act, only proprietary school educational programs that lead to gainful employment in a recognized occupation are eligible to participate in Title IV Program funding. DOE issued final Gainful Employment ("GE") regulations on October 31, 2014 ("2014 GE Rule"), which went into effect on July 1, 2015. The 2014 GE Rule defines the requirements that programs at proprietary institutions must meet in order to be considered a GE program that is eligible for Title IV Program funding. Under these regulations, all GE programs must meet certain metrics regarding their graduates' debt-to-earnings or debt-to-discretionary-income (collectively, "D/E") ratios to maintain Title IV Program eligibility, as well as creating extensive reporting and disclosure requirements for institutions.

Under the 2014 GE Rule, DOE issued only one set of D/E rates, in January 2017. In the period following that publication, DOE has continued to collect and distribute information to institutions, and institutions were required to continue complying with the Rule, subject to various delays.

On July 1, 2019, DOE issued a new final GE Rule. In this publication, DOE rescinded the entirety of Subparts Q and R of 34 CFR 668, which included all of the provisions of the 2014 GE Rule. The effective date of this new rule is July 1, 2020; however, the Secretary has provided institutions the opportunity to implement the new rule beginning on July 1, 2019. Both Aspen University and USU have opted to implement the new rule early and have internally documented their determination to take early action, following the direction provided by the DOE in Gainful Employment Electronic Announcement #122. Therefore, as of July 1, 2019, neither Aspen University nor USU is required to comply with the 2014 GE Rule.

<u>Eligibility and Certification Procedures</u>. Each institution must periodically apply to DOE for continued certification to participate in Title IV Programs. Such recertification is required every six years, but may be required earlier, including when an institution undergoes a change of control. An institution may come under DOE's review when it expands its activities in certain ways, such as opening an additional location, adding a new program, or, in certain cases, when it modifies academic credentials that it offers.

DOE may place an institution on provisional certification status if it finds that the institution does not fully satisfy all of the eligibility and certification standards and in certain other circumstances, such as when it undergoes a change in ownership and control. DOE may more closely review an institution that is provisionally certified if it applies for approval to open a new location, add an educational program, acquire another school or make any other significant change.

In addition, during the period of provisional certification, the institution must comply with any additional conditions included in its program participation agreement. If DOE determines that a provisionally certified institution is unable to meet its responsibilities under its program participation agreement, it may seek to revoke the institution's certification to participate in Title [illegible]

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Clery Act and Title IX. Both USU and Aspen University publish the required Annual Crime and Security Reports to comply with the requirements of the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act ("Clery Act"). USU's Report covers its San Diego, CA location; Aspen publishes separate reports for its Denver, CO and Phoenix, AZ locations. Both universities are committed to providing students, faculty, staff, and guests a safe and secure environment. The Reports identify policies and procedures for security and crime prevention, substance abuse, sexual misconduct/harassment (Title IX), and emergency response and evacuation.

Other Approvals. The U.S. Department of Defense and the U.S. Department of Veterans Affairs (the "VA") regulate our participation in the military's tuition assistance program and the VA's veterans' education benefits program, respectively. The laws, regulations, standards and policies of these agencies cover the vast majority of our operations, including our educational programs, facilities, instructional and administrative staff, administrative procedures, marketing, recruiting, financial operations and financial condition. These regulatory requirements can also affect our ability to add new or expand existing educational programs and to change our corporate structure and ownership.

Seasonality

Our business has been seasonal with our fiscal fourth quarter (beginning February 1) being our strongest quarter and the fiscal second quarter (beginning August 1) being the next strongest. The fiscal first quarter (beginning May 1) is the weakest as it covers the summer months of June and July. Given the growth of USU's structured two-year MSN-FNP program and Aspen University's six semesters per year pre-licensure BSN campus program, future seasonality may be less pronounced.

ITEM 1A. RISK FACTORS.

Investing in our common stock involves a high degree of risk. You should carefully consider the following Risk Factors before deciding whether to invest in Aspen Group. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations or our financial condition. If any of the events discussed in the Risk Factors below occur, our business, consolidated financial condition, results of operations or prospects could be materially and adversely affected. In such case, the value and marketability of the common stock could decline.

Risks Relating to Our Business

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 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. We have experienced growth at Aspen University over the last several years and USU has grown significantly since we acquired it. Further, we lack experience in managing hybrid programs and anticipate substantial growth from this business. Managing multiple campuses in many locations will be challenging. Assuming we continue to grow as planned, it may impact our ability to manage our business. 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 Higher Education Act, as administered by DOE, including as a result of our participation in federal student financial aid programs under Title IV. If we are unable to manage our growth, we may also experience operating inefficiencies that could increase our costs and adversely affect our profitability and results of operations.

Because our future growth and profitability will depend in large part upon the effectiveness of our marketing and advertising efforts, if those efforts are unsuccessful we may not be profitable in the future.

Our future growth and profitability will depend in large part upon our media performance, including our ability to:

- Grow our nursing programs including Aspen University's core Bachelor's and Master's online degree programs, USU's MSN-FNP and Aspen University's pre-licensure BSN hybrid online/campus program which began its initial classes on July 10, 2018;
- Select communities which have excess demand for nursing students interested in an on-campus model;
- Grow Aspen University's doctoral programs;
- Replicate the success we have had with nursing in other programs;
- Achieve the same degree of success with USU;
- Create greater awareness of our schools and our programs;
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If our monthly payment plan business model does not continue to be favorably received, our revenues may not increase.

If the demand for the nursing workforce decreases or the educational requirements for nurses were relaxed, our business will be adversely affected.

Aspen Group, GdĎ ®

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 any 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 Frd raĎ 8 aff aI15 rces sÑpwtaKE D4ta

The CAN-SPAM Act's main provisions include:

- Prohibiting false or misleading email header information;
- Prohibiting the use of deceptive subject lines;
- Ensuring that recipients may, for at least 30 days after an email is sent, opt out of receiving future commercial email messages from the sender;
- Requiring that commercial email be identified as a solicitation or advertisement unless the recipient affirmatively permitted the message; and
- Requiring that the sender include a valid postal address in the email message.

The CAN-SPAM Act also prohibits unlawful acquisition of email addresses, such as through directory harvesting and transmission of commercial emails by unauthorized means, such as through relaying messages with the intent to deceive recipients as to the origin of such messages.

Violations of the CAN-SPAM Act's provisions can result in criminal and civil penalties, including statutory penalties that can be based in part upon the number of emails sent, with enhanced penalties for commercial email companies who harvest email addresses, use dictionary attack patterns to generate email addresses, and/or relay emails through a network without permission.

The CAN-SPAM Act acknowledges that the Internet offers unique opportunities for the development and growth of frictionless commerce, and the CAN-SPAM Act was passed, in part, to enhance the likelihood that wanted commercial email messages would be received.

The CAN-SPAM Act preempts, or blocks, most state restrictions specific to email, except for rules against falsity or deception in commercial email, fraud and computer crime. The scope of these exceptions, however, is not settled, and some states have adopted email regulations that, if upheld, could impose liabilities and compliance burdens in addition to those imposed by the CAN-SPAM Act.

Moreover, some foreign countries, including the countries of the European Union, have regulated the distribution of commercial email and the online collection and disclosure of personal information. Foreign governments may attempt to apply their laws extraterritorially or through treaties or other arrangements with U.S. governmental entities.

Because we use email marketing, our requirement to comply with the CAN-SPAM Act could adversely affect our marketing activities and increase its costs.

If we lose the services of key personnel, it could adversely affect our business.

Our future success depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued services of Mr. Michael Mathews, our Chief Executive Officer, Mr. Gerard Wendolowski, our Chief Operating Officer, and Dr. Cheri St. Arnauld, our Chief Academic Officer, who are critical to the management of our business and operations and the development of our strategic direction and would also be difficult to replace. We have a $3 million key man life insurance policy on Mr. Mathews. The loss of the services of Mr. Mathews and other key individuals and the process to replace these individuals would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives.

If we are unable to attract and retain our faculty, administrators, management and skilled personnel, we may not be able to support our growth strategy.

To execute our growth strategy, we must attract and retain highly qualified faculty, administrators, management and skilled personnel. Competition for hiring these individuals is intense, especially with regard to faculty in specialized areas. If we fail to attract new skilled personnel or faculty or fail to retain and motivate our existing faculty, administrators, management and skilled personnel, our business and growth prospects could be severely harmed. Further, we are moving to a new hybrid model focused on using full-time faculty members in addition to adjunct or part-time faculty. These efforts may not be successful resulting in the loss of faculty and difficulties in recruiting.

If we are unable to protect our intellectual property, our business could be harmed.

In the ordinary course of our business, we develop intellectual property of many kinds that is or will be the subject of copyright, trademark, service mark, trade secret or other protections. This intellectual property includes but is not limited to courseware materials, business know-how and internal processes and procedures developed to respond to the requirements of operating and various education regulatory agencies. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names, agreements and registrations to protect our intellectual property. We rely on service mark and trademark protection in the U.S. to protect our rights to the mark ASPEN UNIVERSITY and the mark UNITED STATES UNIVERSITY as well as distinctive logos and other marks associated with our services. We rely on agreements under which we obtain rights to use course content developed by faculty members and other third-party content experts. We cannot assure you that the measures that we take will be adequate or that we have secured, or will be able to secure, appropriate protections for all of our proprietary rights in the U.S. or select foreign jurisdictions, or that third parties will not infringe upon or violate our proprietary rights. Despite our efforts to protect these rights, unauthorized third parties may attempt to duplicate or copy the proprietary aspects of our curricula, online resource material and other content, and offer competing programs to ours.

In particular, third parties may attempt to develop competing programs or duplicate or copy aspects of our curriculum, online resource material, quality management and other proprietary content. Any such attempt, if successful, could adversely affect our business. Protecting these types of intellectual property rights can be difficult, particularly as it relates to the development by our competitors of competing courses and programs.

We may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in these disputes. Third parties may raise a claim against us alleging an infringement or violation of the intellectual property of that third-party.

If we are subject to intellectual 9 t

If our data or our users' content is hacked, including through privacy

Institutions of higher education that grant degrees, diplomas, or certificates must be authorized by an appropriate state education agency or agencies. In addition, in certain states, as a condition of continued authorization to grant degrees, a school must be accredited by an accrediting agency recognized by the U.S. Secretary of Education. Accreditation is a non-governmental process through which an institution submits to qualitative review by an organization of peer institutions, based on the standards of the accrediting agency and the stated aims and purposes of the institution. Accreditation is also required in order to participate in various federal programs, including tuition assistance programs of the United States Armed Forces and the federal programs of student financial assistance administered pursuant to Title IV of the Higher Education Act. The Higher Education Act and its implementing regulations require accrediting agencies recognized by DOE to review and monitor man

Bases for borrowers to file claims: The regulations set out three grounds for a borrower defense to repayment claim: (1) the student borrower obtained a state or federal court judgment against the institution; (2) the institution failed to perform on a contract with the student; and/or (3) the institution committed a "substantial misrepresentation" on which the borrower reasonably relied to his or her detriment. Claims based on a court judgment or claims to assert a defense against loan payments that are still due can be made any time (with no statute of limitations), while othelor claimsot be me (wimsot s aefense),ost e b

Subsequent to a compliance audit covering the period from January 1, 2015 through December 31, 2015, USU recognized that it had not fully complied with all requirements for calculating and making timely returns of Title IV funds (R2T4). USU was required to post an irrevocable letter of credit in the amount of 25% of the 2015 Title IV returns. An irrevocable letter of credit was established in favor of the Secretary of Education in the amount of $71,634 as a result of this finding. In the 2016 compliance audit, USU had a material finding related to the same issue and was required to maintain the irrevocable letter of credit in the same amount. USU will be required to maintain the letter of credit until it has experienced two consecutive audit periods without a repeat finding. As a result of the change of ownership, the previous letter of credit established by USU was replaced by one provided by AGI.

If DOE does not ultimately approve USU's certification to participate in Title IV Programs, USU 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 or substantive change of existing programs or imposition of a letter of credit could impair our ability to attract and retain students and could negatively affect our financial results.

Because DOE may conduct compliance reviews of us, we may be subject to adv

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If we pay impermissible commissions, bonuses or other incentive payments to individuals involved in recruiting, admissions or financial aid activities, we hlw t Wên , it,indi ea

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Other Risks

Due to factors beyond our control, our stock price may be volatile.

Any of the following factors could affect the market price of our common stock:

- Our failure to generate increasing material revenues;
- Our failure to become profitable or achieve positive adjusted Earnings Before Interest, Taxes, Depreciation and Amortization;
- Our failure to meet financial analysts' performance expectations;
- Changes in earnings estimates and recommendations by financial analysts;
- A decline in our growth rate including new student enrollments and class starts;
- Our public disclosure of the terms of any financing which we consummate in the future;
- Disclosure of the results of our monthly payment plan and collections;
- A decline in the economy in the United States which is severe enough to impact our ability to collect our accounts receivable;
- Announcements by us or our competitors of significant contracts, new services, acquisitions, commercial relationships, joint ventures or capital commitments;
- The loss of Title IV funding or other regulatory actions;
- The sale of large numbers of shares of common stock;
- Short selling activities; or
- 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 more difficult for a third-party to acquire us and could depress our stock price.

Our Board of Directors (the "Board") may issue, without a vote of our shareholders, one or more additional series of preferred stock that have more than one vote per share. This could permit our Board to issue preferred stock to investors who support us and our management and give effective control of our business to our management. Additionally, issuance of preferred stock could block an acquisition resulting in both a drop in our stock price and a decline in interest of our common stock. This could make it more difficult for shareholders to sell their common stock. This could also cause the market price of our common stock shares to drop significantly, even if our business is performing well.

As a result of the limited number of shares in the public float, we believe that major financial institutions including mutual funds and large hedge funds may be reluctant to purchase shares of our common stock.

We have a relatively low number of shares in the public float, and our common stock does not normally trade actively. Our Chief Executive Officer believes, partly based upon conversations with potential mutual funds and large hedge funds that some major financial institutions are unable to purchase our common stock due to the lack of p stock doeeths, p;

ITEM 2. PROPERTIES

We lease approximately 88,600 square feet of office and classroom space in the Phoenix metro area, San Diego, New York, Denver and Moncton, New Brunswick Canada. Our lease cost for the fiscal year ending April 30, 2019 was $2,278,642.

ITEM 3. 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.

On February 11, 2013, Higher Education Management Group, Inc. (“HEMG”) and Mr. Patrick Spada sued the Company, certain senior management members and our directors in state court in New York seeking damages arising principally from (i) allegedly false and misleading statements in the filings with the SEC and DOE where the Company disclosed that HEMG and Mr. Spada borrowed $2.2 million without Board authority, (ii) the alleged breach of an April 2012 agreement whereby the Company had agreed, subject to numerous conditions and time limitations, to purchase certain shares of the Company from HEMG, and (iii) alleged diminution to the value of HEMG’s shares of the Company due to Mr. Spada’s disagreement with certain business transactions the Company engaged in, all with Board approval. On November 8, 2013, the state court in New York granted the Company’s motion to dismiss nearly all of the claims. On December 10, 2013, the Company answered an amended complaint filed by HEMG and Mr. Spada in April 2013.

On December 10, 2013, the Company also filed a series of counterclaims against HEMG and Mr. Spada in the same state court of New York. By order dated August 4, 2014, the New York court denied HEMG and Spada’s motion to dismiss the fraud counterclaim the Company asserted against them.

The litigation has been stayed since HEMG’s 2015 bankruptcy filing.

While the Company has been advised by its counsel that HEMG’s and Spada’s claims in the New York lawsuit is baseless, the Company cannot provide any assurance as to the ultimate outcome of the case. Defending the lawsuit maybe expensive and will require the expenditure of time which could otherwise be spent on the Company’s business. While unlikely, if Mr. Spada’s and HEMG’s claims in the New York litigation were [illegible]

PART II

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

Our stock trades on The Nasdaq Global Market under the symbol “ASPU”. Prior to June 24, 2019 our stock traded on The Nasdaq Capital Market and prior to August 2, 2017, our stock traded on the OTCQB.

The last reported sale price of our common stock as reported by Nasdaq on July 8, 2019 was $4.28. As of that date, we had 150 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.

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.

Unregistered Sales of Equity Securities

On April 10, 2019, the Executive Committee of the Board of Directors of the Company (the “Executive Committee”) approved a grant to a consultant of the Company and such consultant’s designated affiliate of a total of 25,000 shares of the Company’s restricted common stock in exchange for services. Of these restricted shares, 5,000 shares were deemed vested as of the date of the grant and the remaining 20,000 shares vest quarterly over a one-year period.

In addition, on April 10, 2019, the Executive Committee approved a grant to a member of the Company’s Advisory Board of five-year warrants to purchase 50,000 shares of the Company’s common stock at an exercise price of $4.89 per share, which shall vest annually over a three-year period beginning one year from the grant date, subject to continued service on the Company’s Advisory Board.

Both awards were exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933 and Rule 506(b) promulgated thereunder.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

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

You should read the following discussion in conjunction with our consolidated financial statements, which are included elsewhere in this Annual Report on Form 10-K. Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in the Risk Factors contained herein.

Company Overview

AGI is an educational technology holding company. AGI has three subsidiaries, Aspen University, ANI and USU. On March 13, 2012, the Company acquired Aspen University. On December 1, 2017, the Company acquired USU.

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI's primary focus relative to future growth is to target the high growth nursing profession, as today 81% of all students across both universities are degree-seeking nursing students.

In March 2014, Aspen University unveiled a monthly payment plan available to all students across every online degree program offered by the university. The monthly payment plan is designed so that students will make one payment per month, and that monthly payment is applied towards the total cost of attendance (tuition and fees, excluding textbooks). The monthly payment plan offers online associate and bachelor students the opportunity to pay their tuition and fees at $250/month, online master's students $325/month, and online doctoral students $375/month, interest free, thereby giving students a monthly payment option versus taking out a federal financial aid loan.

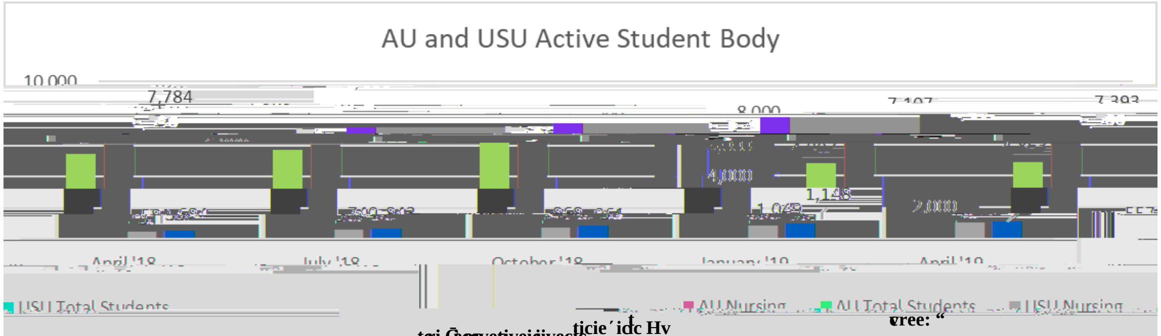
USU began offering monthly payment plans in the summer of 2017. Today, monthly payment plans are available for the online RN to BSN program ($250/month), online MBA/M.A.Ed/MSN programs ($325/month), and the online hybrid Masters of Nursing-Family Nurse Practitioner ("FNP") program ($375/month). Effective August 2019, new student enrollments for USU's FNP monthly payment plan will be offered a $9,000 two-year payment plan ($375/month x 24 months) designed to pay for the first year's pre-clinical courses only (approximate cost of $9,000). The second academic year in which students complete their clinical courses (approximate cost of $18,000) will be required to be funded through conventional payment methods (either cash, private loans, corporate tuition reimbursement or federal financial aid).

Since 1993, Aspen University has been nationally accredited by the DEAC, a national accrediting agency recognized by the DOE. In February 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years to January 2024.

Since 2009, USU has been regionally accredited by WSCUC.

Both universities are qualified to participate under the Higher Education Act and the Federal student financial assistance programs (Title IV, HEA programs).

AGI Student Population Overview*



* Note: “Active Degree-

Aspen University students paying tuition and fees through a monthly payment method grew by 19% year-over-year, from 4,532 to 5,404. Those 5,404 students paying through a monthly payment method represent 69% of Aspen University's total active student body. The total contractual value of Aspen University's monthly payment plan students now exceeds $40 million which currently delivers monthly recurring tuition cash payments exceeding $1,200,000.

USU students paying tuition and fees through a monthly payment method grew from 602 to 758 students sequentially. Those 758 students paying through a monthly payment method represent 66% of USU's total active student body. The total contractual value of United States University's monthly payment plan students now exceeds $10 million which currently delivers monthly recurring tuition cash payments exceeding $200,000.

Marketing Efficiency Ratio (MER) Analysis

AGI has developed a marketing efficiency ratio to continually monitor the performance of its business model.

$$\text{Marketing Efficiency Ratio (MER)} = \frac{\text{Revenue per Enrollment (RPE)}}{\text{Cost per Enrollment (CPE)}}$$

Cost per Enrollment (CPE)
The Cost per Enrollment measures the advertising investment spent in a given six month period, divided by the number of new student enrollments achieved in that given six month period, in order to obtain an average CPE for the period measured.

Revenue per Enrollment (RPE)
The Revenue per Enrollment takes each quarterly cohort of new degree-seeking student enrollments, and measures the amount of earned revenue including tuition and fees to determine the average RPE for the cohort measured. For the later periods of a cohort, we have used reasonable projections based off of historical results to determine the amount of revenue we will earn in later periods of the cohort.

The current Marketing Efficiency Ratio (MER = revenue-per-enrollment or LTV/cost-per-enrollment or CAC) for our four degree units is reflected in the below table:

	Enrollments	Cost-of-Enrollment	LTV	MER
Aspen (Nursing + Other)	944	$ 1,361[2]	$ 7,350	5.4X
Aspen (Doctoral)	113	$ 2,892[2]	$ 12,600	4.4X
USU (FNP + Other)	317	$ 1,619[2]	$ 17,820[3]	11.0X
Aspen (Pre-Licensure BSN, AZ)	186	$ 402[4]	$ 30,000[5]	74.6X

[2] Based on 6-month rolling average

[3] LTV for USU's MSN-FNP Program

[4] Based on 3-month rolling average

[5] Preliminary LTV estimate for Aspen's Pre-Licensure BSN Program

Bookings Analysis (FY'2018 v. FY'2019)

In the charts below, we have provided a full-year comparison of enrollments and bookings from fiscal year 2018 to fiscal year 2019. Note that the Company's enrollments rose 36% year-over-year, however, the bookings increased 90% year-over-year.

Growing enrollments by 36% year-over-year yet achieving a 90% increase in bookings translates to a 39% average revenue per unit/enrollment (ARPU) increase year-over-year. This result is why the Company focused its growth spending on these three new business units during fiscal year 2019.

	Lifetime Value (LTV) Per Enrollment	FY'2018 Enrollments	FY'2018 Bookings	FY'2019 Enrollments	FY'2019 Bookings
AU Online (Nursing + Other) Unit	$ 7,350	3,858	$ 28,356,300	3,825	$ 28,113,750
AU (Doctoral) Unit	$ 12,600	116	$ 1,461,600	484	$ 6,098,400
AU (Pre-Licensure BSN) Unit	$ 30,000	—	$ —	433	$ 12,990,000
USU (FNP + Other) Unit	$ 17,820	280	$ 4,989,600	1,060	$ 18,889,200
Total		4,254	$ 34,807,500	5,802	$ 66,091,350
Average Revenue Per User (ARPU)			$ 8,182		$ 11,391

As mentioned in the accounts receivable section, the change in revenue cannot be compared to the change in accounts receivable. Revenue does not have the impact of cash received whereas accounts receivable does. Depending on the month and the amount of cash received, it is likely that revenue or accounts receivable will increase at a rate different from the other. The impact of cash is easy to substantiate as it agrees to deposits in our bank accounts.

At April 30, 2019, the allowance for doubtful accounts was $1,247,031 which represents 8.3% of the gross accounts receivable balance of $14,988,744, the sum of both short-term and long-term receivables.

The Introduction of Long-Term Accounts Receivable

When a student signs up for the monthly payment plan, there is a contractual amount that the Company can expect to earn over the life of the student's program. This contractual amount cannot be recorded as an account receivable as the student does have the option to stop attending. As a student takes a class, revenue is earned over that eight-week class. Some students accelerate their program, taking two classes every eight-week period, and as we discussed, that increases the student's accounts receivable balance. If any portion of that balance will be paid in a period greater than 12 months, that portion is reflected as long-term accounts receivable. At April 30, 2019 and 2018, those balances are $3,085,243 and $1,315,050, respectively.

As a result of the growing acceptance of our monthly payment plans, our long-term accounts receivable balance has grown from $1,315,050 at April 30, 2018 to $3,085,243 at April 30, 2019. The primary component consist of students who make monthly payments over 36 and 39 months. The average student completes their academic program in 24 months, therefore most of the Company's accounts receivable are short-term.

Here is a graphic of both short-term and long-term receivables, as well as contractual value:

A	B	C
Classes Taken less monthly payments received	Payments for classes taken that are greater than 12 months	Expected classes to be taken over balance of program.
Short-Term Accounts Receivable	Long-term Accounts Receivable	Not recorded in financial statements

The Sum of A, B and C will equal the total cost of the program.

Seasonality Briefing and Revenue Guidance

As Aspen University continues to scale its traditional online Nursing student body, seasonality in that unit has become more pronounced. As previously disclosed, the Company's first fiscal quarter (May – July) is the seasonal low point because it falls during the summer months and therefore our primarily working professional students tend to take less courses during that quarter relative to the other three fiscal quarters.

By way of example, in Q4 fiscal 2018 (quarter ending April 30, 2018), Aspen University's revenues were $6,167,367. In the following quarter (Q1 fiscal 2019), revenues sequentially declined 4% or $234,081 to $5,933,286. The following quarter (Q2 fiscal 2019), revenues rose sequentially by 11% or $650,883 to $6,584,169.

The Company expects a similar seasonality effect with Aspen University's online degree program to occur in the first quarter of the current 2020 fiscal year. Consequently, Aspen University online degree program revenues are expected to decline in Q1 relative to Q4, however as a result of the growing revenue contribution from USU and AU's pre-licensure BSN campus program, overall Company revenues are expected to be at least $10 million for the 2020 first fiscal quarter.

Results of Operations

For the Year Ended April 30, 2019 Compared with the Year Ended April 30, 2018

***Note that the USU acquisition closed on December 1, 2017, therefore year-over-year comparatives include only five months of USU in the 2018 Period.**

Revenue

Revenue from operations for the year ended April 30, 2019 ("2019 Period") increased to $34,025,418 from $22,021,512 for the year ended April 30, 2018 ("2018 Period"), an increase of $12,003,906 or 55%.

Aspen University's revenues increased 27% year-over-year in its traditional post-licensure online nursing + other degree programs; and Aspen University's Pre-Licensure BSN program delivered approximately 4% of the company's revenues following its first campus launching in Phoenix in July 2018.

USU contributed approximately 20% of the total revenues for the full fiscal year.

Cost of Revenues (exclusive of amortization)

The Company's cost of revenues consists of instructional costs and services and marketing and promotional costs.

Instructional Costs and Services

Instructional costs and services for the 2019 Period rose to $6,880,668 from $4,424,991 for the 2018 Period, an increase of $2,455,677 or 55%.

Aspen University instructional costs and services represented 18% of Aspen University revenues for the 2019 period, while USU instructional costs and services equaled 29% of USU revenues for the 2019 period.

Marketing and Promotional

Marketing and promotional costs for the 2019 Period were $9,096,550 compared to $5,428,828 for the 2018 Period, an increase of $3,667,722 or 68%.

Aspen University marketing and promotional expenses represented 24% of Aspen University revenues for the 2019 Period, while USU marketing and promotional expenses equaled 24% of USU revenues for the 2019 period.

AGI corporate marketing expenses equaled $852,904 for the 2019 Period compared to $201,190 for the 2018 Period, an increase of $651,714 or 324%. The AGI corporate marketing increase was a result of the initiation of an outside sales force in early calendar year 2018.

Gross profit fell to 51% of revenues or $17,299,195 for the 2019 Period from 53% of revenues or $11,636,809 for the 2018 Period.

Aspen University gross profit represented 55% of Aspen University revenues for the 2019 Period, while USU gross profit equaled 47% of USU revenues for the 2019 Period.

Costs and Expenses

General and Administrative

General and administrative costs for the 2019 Period were $24,987,828 compared to $16,328,580 during the 2018 Period, an increase of $8,659,248 or 53%.

Aspen University general and administrative costs represented 47% of Aspen University revenues for the 2019 Period, while USU general and administrative costs equaled 88% of USU revenues for the 2019 Period. It is anticipated that USU's general and administrative expenses as a percent of revenues will decline over time as USU's revenues increase.

Aspen Group, Inc. general and administrative costs which are included in the above amount for the 2019 Period equaled approximately $6.14 million, including corporate employees in the NY corporate office, IT, rent, non-cash AGI stock based compensation, and professional fees (legal, accounting, and IR).

Depreciation and Amortization

Depreciation and amortization costs for the 2019 Period increased to $2,170,098 from $1,092,283 for the 2018 Period, an increase of $1,077,815 or 99%. The increase in depreciation expense is mainly due to the depreciation of intangible assets acquired with USU. Additionally, Aspen has begun making capital investments in the ground campus business and that will cause depreciation expense to continue to increase in the near future.

Other (Expense)

Other expense, net for the 2019 Period decreased to ($168,491) from ($1,807,891) in the 2018 Period, a decrease of $1,639,400 or 91%. The other expenses in the 2018 period consists primarily of expenses associated with the early repayment in April 2018 of the $7,500,000 credit facility with Runway Growth Credit Fund.

Income Taxes

Income taxes expense (benefit) for the comparable years was $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 for 2019 Period was ($9,278,217) as compared to ($7,061,061) for the 2018 Period, an increase in the loss of $2,217,156 or approximately 31%. The primary reason for the increased loss was that USU is operating at a loss and it had a full year of operation in the 2019 Period but only a partial year of operation in the 2018 Period.

Aspen University generated approximately $1.9 million of net income for the 2019 period, while USU experienced a net loss of approximately ($3.77) million for the 2019 period.

AGI corporate incurred $7.41 million of operating expenses for the 2019 period, including $0.44 million interest expense.

<u>For the Quarter Ended April 30, 2019 Compared with the Quarter Ended April 30, 2018</u>

[illegible]

Revenue

Revenue from operations for the quarter ended April 30, 2019 (“2019 Quarter”) increased to $10,214,143 from $7,225,029 for the quarter ended April 30, 2018 (“2018 Quarter”), an increase of $2,989,114 or 41%.

Aspen University’s revenue [illegible]

Net Loss

Net loss applicable to shareholders was ($1,609,923) or net loss per share of $(0.09) for the 2019 Quarter as compared to ($3,664,486) for the 2018 Quarter, a decrease in the loss of $2,054,563.

Non-GAAP – Financial Measures

The following discussion and analysis includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income, operating income, and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of Aspen Group nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

Our management uses and relies on EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the described excluded items.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table below including non-recurring charges of $497,300 in 2019 and $764,253 in 2018. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

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 the Company 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 Years Ended April 30, 2019	For the Years Ended April 30, 2018
Net loss	$ (9,278,217)	$ (7,061,061)
Interest expense	[illegible]	[illegible]

Aspen University generated $3.9 million of Adjusted EBITDA for the 2019 Period and $1.8 million of Adjusted EBITDA for the 2019 Quarter.

USU experienced an Adjusted EBITDA loss of $(2.2) million during the 2019 Period and an Adjusted EBITDA loss of $(0.1) million during the 2019 Quarter.

Aspen Group corporate incurred $7.0 million of operating expenses to the $(4.1) million Aspen Group Adjusted EBITDA loss for the 2019 Period and $(1.6) million of operating expenses to the $72,935 Adjusted EBITDA result for the 2019 Quarter.

Liquidity and Capital Resources

A summary of our cash flows is as follows:

	For the Years Ended April 30,	
	2019	**2018**

For accounts receivable from primary payors other than students, Aspen estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations, such as bankruptcy proceedings and receivable amounts outstanding for an extended period beyond contractual terms. In these cases, Aspen uses assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. Aspen may also record a general allowance as necessary.

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.

Business Combinations

We include the results of operations of businesses we acquire from the date of the respective acquisition. We allocate the purchase price of acquisitions to the assets acquired and liabilities assumed at fair value. The excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed is recorded as goodwill. We expense transaction costs associated with business combinations as incurred.

Goodwill and Intangibles

Goodwill represents the excess of purchase price over the fair market value of assets acquired and liabilities assumed from Educacion Significativa, LLC. Goodwill has an indefinite life and is not amortized. Goodwill is tested annually for impairment.

Intangible assets represent both indefinite lived and definite lived assets. Accreditation and regulatory approvals and Trade name and trademarks are deemed to have indefinite useful lives and accordingly are not amortized but are tested annually for impairment. Student relationships and curriculums are deemed to have definite lives and are amortized accordingly.

Related Party Transactions

See Note 13 to the consolidated financial statements included herein for additional description of related party transactions that had a material effect on our consolidated financial statements.

Off Balance Sheet Arrangements

We do not engage in any activities involving variable interest entities or off-balance sheet arrangements.

New Accounting Pronouncements

See Note 13 to our consolidated financial statements included herein for discussion of recent accounting pronouncements.

Cautionary Note Regarding Forward Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including statements regarding the effect of bookings on future revenue, attrition rates from the three programs AGI is focusing on, the future effect of seasonality on our operating results, expected income from Aspen University's inaugural campus, our expected future revenues, expected continued increase in our depreciation expense, projections with respect to our marketing efficiency ratio, and liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements are contained in the Risk Factors contained in Item 1A. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise. For more information regarding some of the ongoing risks and uncertainties of our business, see the Risk Factors and our other filings with the SEC.

ITEM 7A. QN Ď ǯ

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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.

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 9, 2019

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.

Signature	Title	Date
/s/ Michael Mathews Michael Mathews	Principal Executive Officer and Director	July 9, 2019
/s/ Joseph Sevely Joseph Sevely	Chief Financial Officer (Principal Financial Officer)	July 9, 2019
/s/ Janet Gill Janet Gill	Chief Accounting Officer (Principal Accounting Officer)	July 9, 2019
/s/ Norman Dicks Norman Dicks	Director	July 9, 2019
C. James Jensen	Director	
/s/ Andrew Kaplan Andrew Kaplan	Director	July 9, 2019
/s/ Malcolm MacLean IV Malcolm MacLean IV	Director	July 9, 2019
/s/ Frank Cotroneo Frank Cotroneo	Director	July 9, 2019
/s/ Sanford Rich Sanford Rich	Director	July 9, 2019

Aspen Group, Inc. and Subsidiaries
Index to Consolidated Financial Statements

[illegible]

Our

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

	April 30, 2019	April 30, 2018
Liabilities and Stoytoyta Ŏ ¾ Ŏ ł ƺ ݣ		

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended April 30, 2019	For the Years Ended April 30, 2018
Revenues	$ 34,025,418	$ 22,021,512
Operating expenses		
Cost of revenues		

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2019 and 2018

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. USU was the vehicle we used to acquire United States University on December 1, 2017. (See Note 5). When we refer to USU in this Report, we refer to either the online university which has operated under the name United States University or our subsidiary which operates this university, as the context implies.

AGI is an education technology holding company that leverages its infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students’ long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI’s primary focus relative to future growth is to target the high growth nursing profession, as today 81% of all students across both universities are degree-seeking nursing students.

Since 1993, Aspen University has been nationally accredited by the Distance Education and Accrediting Council (“DEAC”), a national accrediting agency recognized by the U.S. Department of Education (the “DOE”). In February 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years through January 2024.

Since 2009, USU has been regionally accredited by WASC Senior College and University Commission. (“WSCUC”) vrCotio”fu is i in lilyI lm ilyIlnghen ’ Ft tsiv DEA er education

Revenues consist primarily of tuition and course fees derived from courses taught by the Company online as well as from related educational resources and services that the Company provides to its students. Under ASC 606, this tuition revenue is recognized pro-rata over the applicable period of instruction and are not considered separate performance obligations. Non-tuition related revenue and fees are recognized as services are provided or when the goods are received by the student. (See Note 14)

The Company had revenues from students outside the United States representing 1.62% and 2.3% of the revenues for the years ended April 30, 2019 and 2018 respectively.

Cost of Revenues

Cost of revenues consists of two categories of cost, instructional costs and services, and marketing and promotional costs.

Instructional Costs and Services

Instructional costs and services consist primarily of costs related to the administration and delivery of the Company's educational programs. This expense category includes [illegible]

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 Chief Executive Officer and Chief Academic Officer, 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

Financial Accounting Standards Board, Accounting Standard Updates which are not effective until after April 30, 2019, are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

ASU 2018-07 - In June 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2018-07, Compensation – Stock Compensation (Topic 718). This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. The company implemented this standard in February 2019.

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. The Company does not anticipate this ASU to have a material impact on its consolidated financial statements when implemented on May 1, 2019.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at April 30, 2019 and 2018:

	April 30,	
	2019	**2018**
Accounts receivable	$ 14,988,744	$ 8,585,947
Long term contractual accounts receivable	(3,085,243)	(1,315,050)
Less: Allowance for doubtful accounts	(1,247,031)	(468,174)
Accounts receivable, net	$ 10,656,470	$ 6,802,723

Bad debt expense for the years ended April 30, 2019 and 2018, were $854,008 and $535,366 respectively.

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 year ended April 30, 2019 was $1,100,000.

Intangible assets consisted of the following at April 30, 2019 and 2018:

	April 30, 2019	April 30, 2018
Intangible assets	$ 10,100,000	$ 10,100,000
Accumulated amortization	(1,558,333)	(458,333)
Net intangible assets	$ 8,541,667	$ 9,641,667

Note 6. Courseware and Accreditation

Courseware costs capitalized were $34,422 for the year ended April 30, 2019 and $48,388 for the year ended April 30, 2018. As courseware reaches the end of its useful life, it is written off against the accumulated amortization. There is no expense impact for such write-offs.

Courseware consisted of the following at April 30, 2019 and 2018:

	April 30,	
	2019	2018
Courseware	$ 325,987	$ 298,064
Accreditation	57,100	—
Accumulated amortization	(221,157)	(159,905)
Courseware, net	$ 161,930	$ 138,159

The Company capitalized $57,100 in accreditation costs associated with intangible assets during the year ended April 30, 2019.

Amortization expense of courseware for the years ended April 30, 2019 and 2018:

	For the	

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 “Lender”). 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 agreed to pay to the Foundation a $100,000 one-time upfront Facility fee. The Company also agreed to pay to the Foundation a commitment fee, payable quarterly at the rate of 2% per annum on the undrawn portion of the Facility. 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, 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 $255,071. The relative fair value of the warrants along with the Facility fee were treated as debt issue costs, as the facility has not been drawn on, assets to be amortized over the term of the loan.

On March 6, 2019, in connection with entering into the Senior Secured Loans, the Company amended and restated the Credit Facility Agreement (the “Amended and Restated Facility Agreement”) and the related revolving promissory note. The Amended and Restated Facility Agreement provides among other things that the Company’s obligations thereunder are secured by a first priority lien in the Collateral, on a pari passu basis with the Lenders.

Senior Secured Term Loans

On July 25, 2017, the Company signed a $10 million senior secured term loan with Runway Growth Capital Fund (formerly known as GSV Growth Capital Fund). The Company drew $5 million under the facility at closing, then subsequently drew $2.5 million in December 2017, following the closing of the Company’s acquisition of substantially all the assets of Educacion Significativa, LLC (ESL), including receipt of all required regulatory approvals, among other conditions to funding. Terms of the 4-year senior loan included a 10% over 3-month LIBOR per annum interest rate.

The Company would have been required to begin making principal repayments upon the 24-month anniversary of the initial closing (July 24, 2019), and each month thereafter would have been required to repay 1/24th of the total loan amount outstanding. Should the Company achieve both annualized revenue growth of at least 30% and operating margin of at least 7.5% for any 12-month trailing period, then at the quarter-end of that 12-month trailing period, the Company could have elected to extend the interest only period for the quarter immediately following the 12-month trailing period throughout the duration of the loan.

Additionally, the Company paid a 0.25% origination fee on the initial $5 million draw and paid another 0.25% origination fee upon the second $2.5 million draw, and issued 224,174 5-year warrants at an exercise price of $6.87. The relative fair value of the warrants was $478,428 and was recor e rel at 8,428

On March 6, 2019, the Company entered into loan agreements (each a “Loan Agreement” and together, the “Loan Agreements”) with the Leon and Toby Cooperman Family Foundation, of which Mr. Leon Cooperman, a stockholder of the Company, is the trustee, and another stockholder of the Company (each a “Lender” and together, the “Lenders”). Each Loan Agreement provides for a $5 million term loan (each a “Loan” and together, the “Loans”), evidenced by a term promissory note and security agreement (each a “Note” and together, the “Term Notes”), for combined total proceeds of $10 million. The Company borrowed $5 Million from each Lender that day. The Term Notes bear interest at 12% per annum and mature on September 6, 2020, subject to one 12-month extension upon the Company’s option, and upon payment of a 1% one-time extension fee.

Pursuant to the Loan Agreements and the Term Notes, all future or contemporaneous indebtedness incurred by the Company, including any sums borrowed under the $5 Million Credit Facility Agreement, other than indebtedness expressly permitted by the Loan Agreements and the Term Notes, will be subordinated to the Loans.

The Company’s obligations under the Loan Agreements are secured by a first priority lien in certain deposit accounts of the Company, all current and future accounts receivable of Aspen University and USU, subsidiaries of the Company (the “Subsidiaries”), certain of the deposit accounts of the Subsidiaries and all of the outstanding capital stock of the Subsidiaries (the “Collateral”).

Pursuant to the Loan Agreements, on March 6, 2019 the Company issued to each Lender warrants to purchase 100,000 shares of the Company’s common stock exercisable for five years from the date of issuance at the exercise price of $6.00 per share. The two warrants were deemed to have a combined relative fair value of $360,516. The relative fair value along with closing costs of $33,693 were treated as debt discounts to be amortized over the term of the loan.

On March 6, 2019, in connection with entering into the Loan Agreements, the Company also entered into an intercreditor agreement (the “Intercreditor Agreement”) among the Company, the Lenders and the lender under the Credit Facility Agreement. The Intercreditor Agreement provides among other things that the Company’s obligations under, and the security interests in the Collateral granted pursuant to, the Loan Agreements and the Amended and Restated Facility Agreement shall rank *pari passu* to one another.

Note 11. Commitments and Contingencies

Operating Leases

On September 18, 2017 the Company signed a six year lease for its corporate headquarters in New York, NY commencing December 1, 2017. The rent amount is $186,060 per year, subject to an increase annually, and is payable at a rate of $15,505 per month. Related to this lease the Company produced a security deposit of $32,500, which is included in other assets and security deposits on the accompanying consolidated balance sheet.

On December 17, 2018 the Company entered into an agreement to terminate the New York lease and replace it with a new lease for a larger office within the same location. The [illegible]
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During fiscal 2018, the Company issued 87,775 shares of common stock upon the exercise of warrants and received proceeds of $246,380.

During fiscal 2018, the Company issued 136,563 shares of common stock upon the exercise of stock options and received proceeds of $475,825.

During the year ended April 30, 2019, the Company issued 111,666 shares of common stock upon the cashless exercise of stock options.

During the year ended April 30, 2019, the Company issued 119,594 shares of common stock upon the cashless exercise of 218,323 stock warrants.

During the year ended April 30, 2019, the Company issued 56,910 shares of common stock upon the exercise of stock options for cash and received proceeds of $128,´r edĎaî

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Stock Incentive Plan and Stock Option Grants 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 shares, stock appreciation rights and restricted stock units to employees, consultants, officers and directors. As of April 30, 2019, there were 322,712 shares remaining available for future issuance under the 2012 Plan.

On December 13, 2018, the stockholders of the Company approved the "2018 Plan" that provides for the grant of 500,000 shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and restricted stock units to employees, consultants, officers and directors. As of April 30, 2019, there were approximately 8,000 shares remaining available for future issuance under the Plan.

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 believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes compensation on a straight-line basis over the requisite service period for each award. The following table summarizes the assumptions the Company utilized to record compensation expense for stock options granted to employees during the period ended.

	April 30, 2019	April 30, 2018
Expected life (years)	3.5	4-5
Expected volatility	50.1%	40% - 43%
Risk-free interest rate	2.63%	0.38%
Dividend yield	0.00%	0.00%
Expected forfeiture rate	n/a	n/a

The Company utilized the simplified method to estimate the expected life for stock options granted to employees. The simplified method was used as the Company does not have sufficient historical data regarding stock option exercises. The expected volatility is based on historical volatility. The risk-free interest rate is based on the U.S. Treasury yields with terms equivalent to the expected life of the related option at the time of the grant. Dividend yield is based on historical trends. While the Company believes these estimates are reasonable, the compensation expense recorded would increase if the expected life was increased, a higher expected volatility was used, or if the expected dividend yield increased.

A summary of the Company's stock option activity for employees and directors during the year ended April 30, 2019, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2018	2,980,010	$ 3.62	3.15	$16,558,373
Granted	1,006,542	6.88	—	—
Exercised	(251,186)	2.30	—	—
Forfeited	(326,212)	6.47	—	—
Expired	—	—	—	—
Balance Outstanding, April 30, 2019	3,409,154	$ 4.44	2.90	$ 6,880,644
Exercisable, April 30, 2019	2,244,861	$ 3.35	2.31	$ 6,868,206

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2019 and 2018

ALL OPTIONS			EXERCISABLE OPTIONS		
Exercise Price	Weighted Average Exercise Price	Outstanding No. of Op	Weighted Average Exercise	Weighted Average Remaining Life	Exercisable No. of

During the year ended April 30, 2018, the company issued 113,597 shares of common stock in conjunction with the exercise of 63,838 stock options. The company received $455,387 related to these exercises.

During the year ended April 30, 2019, the Company issued 111,666 shares of common stock upon the cashless exercise of stock options.

During the year ended April 30, 2019, the Company issued 56,910 shares of common stock upon the exercise of stock options for cash and received proceeds of $128,202.

On July 19, 2018, the Board granted 200,000 five year options to the Chief Executive Officer and 180,000 options to each of the Chief Operating Officer and Chief Academic Officer. The fair value per option was $2.56 or $1,433,600 for all 560,000 options granted. The exercise price is $7.55 per share. As of September 6, 2018, the Board approved 180,000 five-year options to the Chief Financial Officer and 50,000 five-year options to the Chief Accounting Officer. The fair value of the two grants on September 6, 2018 was $257,400 for the Chief Financial Officer and $71,500 for the Chief Accounting Officer. As required by the rules of the Nasdaq Stock market, both option grants subject to shareholder approval which occurred on December 13, 2018, which will be the measurement date for recording the transaction and the compensation will be recognized over 33 months. In April 2019, the CEO rescinded his grant and the expenses associated with the unvested options previously recorded was reversed during the year ended April 30, 2019.

On December 13, 2018, the Company granted 67,000 options to 61 employees who had been hired throughout 2018. The fair value of these options was approximately $136,000 and will be recognized over 36 month. The exercise price is $5.20.

On December 24, 2018, the Company granted 61,667 options to three directors, 41,667 to one director, and 10,000 each to two others. The exercise price is $5.1445 and the total fair value was approximately $123,000, which will be recognized over 36 months.

In April 30, 2019, the Company granted 65,750 options to 44 new and continuing employees. The exercise price is $4.56 and the fair value was approximately $117,000.

Effective May 13, 2019, the Company granted 10,000 five-year non-qualified stock options to each of three former directors exercisable at $4.12 per share. On June 18, 2019, as a result of errors in a third party software system used to track stock options, the Company granted Andrew Kaplan, a current director, and two former directors (not recipients of the options in the first sentence) 5,131, 15,000 and 10,000 shares of restricted common stock, respectively.

The Company recorded compensation expense of $1,190,385 for the year ended April 30, 2019 in connection with employee stock options and restricted stock grants.

As of April 30, 2019, there was $1,917,367 of unrecognized compensation costs related to non-vested share-based option arrangements. That cost is expected to be recognized over a weighted-average period of approximately 2.5 years.

Note 13. Related party

On July 19, 2018, AGI in simultaneous transactions repurchased 1,000,000 shares of common stock (the “Shares”) at $7.40 per share and re-sold the Shares to a large well-known institutional money manager (the “Purchaser”) at $7.40 per share. The Shares were purchased by the Company from ESL pursuant to a Securities Purchase Agreement. The Shares were sold to the Purchaser through Craig-Hallum Capital Group, LLC (“Craig Hallum”). Craig-Hallum acted as a dealer in this transaction and received an ordinary brokerage commission from the Purchaser.

The Purchaser initiated the transaction by contacting the Company seeking to buy a large block of common stock. The Company approached ESL which had acquired the Shares on December 1, 2017 when it sold United States University to the Company. Ms. Oksana Malysheva, the sole manager of ESL, became a director of the Company as part of the purchase of United States University and is no longer a director of the Company.

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2019 and 2018

Note 14. Revenue

Revenues consist primarily of tuition and fees derived from courses taught by the Company online as well as from related educational resources that the Company provides to its students, such as access to our online materials and learning management system. The Company's educational programs have starting and ending dates that differ from its fiscal quarters. Therefore, at the end of each fiscal quarter, a portion of revenue from these programs is not yet earned and is therefore deferred. The Company also charges students fees for library and technology costs, which are recognized over the related service period and are not considered separate performance obligations. Other services, books, and exam fees are recognized as services are provided or when goods are received by the student. The Company's contract liabilities are reported as deferred revenue and refunds due students. Deferred revenue represents the amount of tuition, fees, and other student invoices in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets.

The following table represents our revenues disaggregated by the nature and timing of services:

	For the Years Ended April 30, 2019	For the Years Ended April 30, 2018
Tuition - *recognizer*		

Significant components of the Company's deferred income tax assets and liabilities are as follows:

	April 30, 2019	April 30, 2018
Deferred tax assets:		
Net operating loss carryforward	$ 9,033,235	$ 7,163,547
Allowance for doubtful accounts (recovery)	181,774	105,122
Deferred rent	180,154	20,574
Stock-based compensation	954,586	687,067
Contributions carryforward	60	60
Total deferred tax assets	10,349,809	7,976,370
Deferred tax liabilities:		
Property and equipment	(234,336)	(132,042)
Intangibles	(64,439)	(6,573)
Total deferred tax liabilities	(298,775)	(138,615)
Deferred tax assets, net	10,051,034	7,837,755
Valuation allowance:		
Beginning of year	(7,837,755)	(9,471,662)
Decrease (increase) during period	(2,213,279)	1,633,907
Ending balance	(10,051,034)	(7,837,755)
Net deferred tax asset	$ B	B B B

Note 16. Concentrations

Concentration of Credit Risk

As of April 30, 2019, the Company's bank balances exceed FDIC insurance by $9,359,208.

Note 17. Fair Value Measurements – Warrant Derivative liability

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standard established a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities measured at fair value on a recurring and non-recurring basis consisted of the following at April 30, 2018 which related to 62,500 warrants which contained price protection:

	Carrying Value at April 30, 2017	Fair value Measurements at April 30, 2017		
		(Level 1)	(Level 2)	(Level 3)
Warrant derivative liability	$ 52,500	$ —	$ —	$ 52,500

The following is a summary of activity of Level 3 liabilities for the years ended April 30, 2018

Balance April 30, 2017	$ 52,500
Gain on extinguishment of warrant liability	(52,500)
Balance April 30, 2018	$ —

Changes in fair value of the warrant derivative liability are included in other income (expense) in the accompanying consolidated statements of operations.

There were no changes in the valuation techniques during years ended April 30, 2019 and 2018.

Note 18. Subsequent Events

The Company held a special meeting of shareholders (the "Special Meeting") of the Company on June 28, 2019. At the Special Meeting, the Company's shareholders approved a proposal to reduce the number of authorized shares of common stock from 250,000,000 to 40,000,000 shares, and the number of authorized shares of preferred stock from 10,000,000 to 1,000,000 shares (the "Authorized Share Reduction"), and a corresponding Amendment to the Company's Certificate of Incorporation, as amended, to effect the Authorized Share Reduction.

On June 28, 2019, the Company then amended its Certificate of Incorporation by reducing its authorized common stock to 40,000,000 and preferred stock to 1,000,000 shares.

EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference Form	Incorporated by Reference Date	Incorporated by Reference Number	Filed or Furnished Herewith
3.1	Certificate of Incorporation, as amended				Filed
3.2	Bylaws, as amended	10-Q	3/15/18	3.2	
4.1	Description of securities registered under Section 12 of the Exchange Act of 1934				

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EXHIBIT 3.1

CERTIFICATE OF INCORPORATION
OF
ASPEN GROUP, INC.

1. The name of the corporation is Aspen Group, Inc. (the “Company”).

2. The address of its registered office in the State of Delaware, County of New Castle, is Vcorp Services, LLC, 1811 Silverside Road, Wilmington, Delaware 19810.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

4. The total number of shares of stock of all classes and series the Company shall have authority to issue is 65,000,000 shares consisting of (i) 60,000,000 shares of common stock, par value of $0.001 per share and (ii) 5,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law.

5. The name and mailing address of the incorporator is as follows:

Michael D. Harris
3507 Kyoto Gardens Drive
Suite 320
Palm Beach Gardens, FL 33410

6. The Company is to have perpetual existence. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, amend, alter or repeal the bylaws of the Company.

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10. No director of this Company shall be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director. Nothing in this paragraph shall serve to eliminate or limit the liability of a director (a) for any breach of the director’s duty of loyalty to this Company or its shareholders, (b) for acts or omissions not in good faith or which involves intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the shareholders of this article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

11. (a) Each person who was or is made a party or is threatenr or ing at b thebility of a A n who wg a

(b) If a claim under paragraph (a) of this Section is not paid in full by the Company within 60 days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In

(i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and

(ii) any suit by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Company shall be entitled to recover such expenses upon a final adjudication that,

the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Company (including its board of directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its board of directors, independent legal counsel, or its shareholders) that the Indemnitee has not met such applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right hereunder, or by the Company to recover an Advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified or to such Advancement of Expenses under this Section or otherwise shall be on the Company.

(c) The rights to indemnification and to the Advancement of Expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this certificate of incorporation, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION
OF
ASPEN GROUP, INC.

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of Aspen Group, Inc. (the "Corporation") resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation be amended by changing Articles thereof numbered Fourth relating to the authorized shares of the Corporation so that, as amended, said Article shall be read as follows:

"FOURTH:

The total number of shares of stock of all classes and series the Company shall have authority to issue is 130,000,000 shares consisting of (i) 120,000,000 shares of common stock, par value of $0.001 per share and (ii) 10,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the 14th day of February, 2012.

/s/ Don Ptalis
Don Ptalis, Chief Executive Officer

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

Aspen Group, Inc. (the ‘‘Co

IN WITNESS WHEREOF, the undersigned has caused this certificate to be executed as of this ______day of September, 2014.

ASPEN GROUP, INC.

By: /s/ Michael Mathews
Name: Michael Mathews
Title: Chief Executive Officer and Director

3. This Certificate of Amendment to Certificate of Incorporation was duly adopted and approved by the shareholders of the Company on the 17th day of November, 2016 in accordance with Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to Certificate of Incorporation as of the 6th day of December, 2016.

ASPEN GROUP, INC.

By: /s/ Michael Mathews
Michael Mathews
Chief Executive Officer

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF
ASPEN GROUP, INC.

Pursuant to the provisions of Section 242 of the General Corporation Law of the State of Delaware, Aspen Group, Inc., a Delaware Corporation (the "Corporation"), in order to amend its Certificate of Incorporation, as amended, hereby certifies as follows:

FIRST: The name of the Corporation is Aspen Group, Inc.

SECOND: That the Board of Directors of the Corporation adopted resolutions setting forth a proposed amendment to the Corporation's Certificate of Incorporation, as amended, declaring said amendment to be advisable and [illegible] in the best interests of the Corporation and its stockholders, and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Board has determined it to be advisable and in the best interests of the Companom s [illegible]

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 9, 2019

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

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Joseph Sevely, certify that:

1. I have reviewed this annual report o)þ pẠ̃ d o كِ

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b)

c)

d)

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a)

b)