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

FORM 10-Q

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

For the quarterly period ended **July 31, 2021**

or

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

For the transition period from ___________ to ___________

Commission file number **001-38175**

ASPEN GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**27-1933597**
State or Other Jurisdiction of Incorporation or Organization	*I.R.S. Employer Identification No.*
276 Fifth Avenue, Suite 505, New York, New York	**10001**
Address of Principal Executive Offices	*Zip Code*

(646) 448-5144

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑	Smaller reporting company ☑
Emerging growth company ☐	

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

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

Class	Outstanding as of September 10, 2021
Common Stock, $0.001 par value per share	24,931,565 shares

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	July 31, 2021	April 30, 2021
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 6,554,423	$ 8,513,290
Restricted cash	3,722,831	5,152,789
Accounts receivable, net of allowance of $3,272,977 and $3,289,816, respectively	17,190,238	16,724,744
Prepaid expenses	914,216	1,077,831
Other current assets	13,890	68,529
Total current assets	28,395,598	31,537,183
Property and equipment:		
Computer equipment and hardware	1,193,278	956,463
Furniture and fixtures	1,793,686	1,705,101
Leasehold improvements	6,182,239	5,729,324
Instructional equipment	491,597	421,039
Software	8,951,241	8,488,635
Construction in progress	88,367	247,767
	18,700,408	17,548,329
Less: accumulated depreciation and amortization	(5,962,034)	(4,892,987)
Total property and equipment, net	12,738,374	12,655,342
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,907,932	7,908,360
Courseware, net	303,020	187,296
Accounts receivable, net of allowance of $— and $625,963, respectively	—	45,329
Long term contractual accounts receivable	11,313,657	10,249,833
Debt issue cost, net	9,722	18,056
Operating lease right of use assets, net	12,242,456	12,714,863
Deposits and other assets	468,361	479,212
Total assets	$ 78,390,552	$ 80,806,906

(Continued)

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

		July 31, 2021		April 30, 2021
		(Unaudited)		
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	1,627,731	$	1,466,488
Accrued expenses		2,361,271		2,040,896
Deferred revenue		4,691,087		6,825,014
Due to students		2,905,192		2,747,484
Operating lease obligations, current portion		2,086,076		2,029,821
Other current liabilities		57,847		307,921
Total current liabilities		13,729,204		15,417,624
Operating lease obligations, less current portion		15,865,044		16,298,808
Total liabilities		29,594,248		31,716,432
Commitments and contingencies – see Note 11				
Stockholders' equity:				
Preferred stock, $0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at July 31, 2021 and April 30, 2021		—		—
Common stock, $0.001 par value; 40,000,000 shares authorized, 25,087,051 issued and 24,931,565 outstanding at July 31, 2021 25,066,297 issued and 24,910,811 outstanding at April 30, 2021		25,088		25,067
Additional paid-in capital		109,617,521		109,040,824
Treasury stock (155,486 at both July 31, 2021 and April 30, 2021)		(1,817,414)		(1,817,414)
Accumulated deficit		(59,028,891)		(58,158,003)
Total stockholders' equity		48,796,304		49,090,474
Total liabilities and stockholders' equity	$	78,390,552	$	80,806,906

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

	Three Months Ended July 31,	
	2021	**2020**
Revenue	$ 19,430,995	$ 15,165,562
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	8,593,568	5,847,523
General and administrative	10,946,477	8,793,756
Bad debt expense	350,000	400,000
Depreciation and amortization	779,409	490,624
Total operating expenses	20,669,454	15,531,903
Operating loss	(1,238,459)	(366,341)
Other income (expense):		
Interest expense	(33,539)	(455,457)
Other income (expense), net	552,120	(123,298)
Total other income (expense), net	518,581	(578,755)
Loss before income taxes	(719,878)	(945,096)
Income tax expense (benefit)	151,010	(1,900)
Net loss	$ (870,888)	$ (943,196)
Net loss per share - basic and diluted	$ (0.03)	$ (0.04)
Weighted average number of common stock outstanding - basic and diluted	25,070,072	22,094,409

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Three Months Ended July 31, 2021 and 2020
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2021	25,066,297	$ 25,067	$ 109,040,824	$ (1,817,414)	$ (58,158,003)	$ 49,090,474
Stock-based compensation	—	—	542,712	—	—	542,712
Common stock issued for stock options exercised for cash	5,097	5	22,543	—	—	22,548
Common stock issued for vested restricted stock units	15,657	16	(16)	—	—	—
Amortization of warrant based cost	—	—	11,458	—	—	11,458
Net loss	—	—	—	—	(870,888)	(870,888)
Balance at July 31, 2021	25,087,051	$ 25,088	$ 109,617,521	$ (1,817,414)	$ (59,028,891)	$ 48,796,304

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2020	21,770,520	$ 21,771	$ 89,505,216	$ (70,000)	$ (47,709,030)	$ 41,747,957
Stock-based compensation	—	—	487,110	—	—	487,110
Common stock issued for stock options exercised for cash	415,175	415	1,269,567	—	—	1,269,982
Common stock issued for warrants exercised for cash	192,049	192	1,081,600	—	—	1,081,792
Modification charge for warrants exercised	—	—	25,966	—	—	25,966
Amortization of warrant based cost	—	—	9,125	—	—	9,125
Net loss	—	—	—	—	(943,196)	(943,196)
Balance at July 31, 2020	22,377,744	$ 22,378	$ 92,378,584	$ (70,000)	$ (48,652,226)	$ 43,678,736

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

	Three Months Ended July 31,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	$ (870,888)	$ (943,196)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	350,000	400,000
Depreciation and amortization	779,409	490,624
Stock-based compensation	542,712	487,110
Amortization of warrant based cost	11,458	9,125
Amortization of debt discounts	—	141,026
Amortization of debt issue costs	8,334	139,362
Modification charge for warrants exercised	—	(25,966)
Loss on asset disposition	1,144	—
Lease expense	8,307	—
Tenant improvement allowances received from landlords	86,591	—
Other adjustments, net	—	10,587
Changes in operating assets and liabilities:		
Accounts receivable	(1,879,318)	(2,747,322)
Prepaid expenses	163,615	(51,870)
Other receivables	—	23,097
Other current assets	54,639	59,966
Accounts receivable, other	45,329	—
Deposits and other assets	10,852	205,425
Accounts payable	161,243	258,855
Accrued expenses	320,375	590,579
Due to students	157,708	(480,342)
Deferred revenue	(2,133,927)	1,053,859
Other current liabilities	(250,074)	(257,678)
Net cash used in operating activities	(2,432,491)	(636,759)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(131,669)	(3,050)
Purchases of property and equipment	(847,213)	(659,168)
Net cash used in investing activities	(978,882)	(662,218)
Cash flows from financing activities:		
Proceeds from stock options exercised	22,548	1,269,982
Proceeds from warrants exercised	—	1,081,792
Net cash provided by financing activities	22,548	2,351,774

(Continued)

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

	Three Months Ended July 31,	
	2021	**2020**
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (3,388,825)	$ 1,052,797
Cash, cash equivalents and restricted cash at beginning of period	13,666,079	17,906,765
Cash, cash equivalents and restricted cash at end of period	$ 10,277,254	$ 18,959,562
Supplemental disclosure cash flow information		
Cash paid for interest	$ 24,384	$ 199,178
Cash paid for income taxes	$ 98,105	$ 1,600

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the accompanying consolidated balance sheet to the total amounts shown in the accompanying unaudited consolidated statements of cash flows:

	July 31, 2021	July 31, 2020
Cash and cash equivalents	$ 6,554,423	$ 15,899,293
Restricted cash	3,722,831	3,060,269
Total cash, cash equivalents and restricted cash	$ 10,277,254	$ 18,959,562

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

Note 1. Nature of Operations

Overview

Aspen Group, Inc. ("AGI") is an education technology holding company. AGI has two subsidiaries, Aspen University Inc. ("Aspen University"), organized in 1987, and United States University Inc. ("United States University" or "USU").

All references to the “Company”, “AGI”, “Aspen Group”, “we”, “our” and “us” refer to Aspen Group, Inc., unless the context otherwise indicates.

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.

Since 1993, Aspen University has been nationally accredited by the Distance Education and Accrediting Council (“DEAC”), a national accrediting agency recognized by the United States Department of Education (the “DOE”), through January 2024.

Since 2009, USU has been regionally accredited by WASC Senior College and University Commission. (“WSCUC”).

Both universities are qualified to participate under the Higher Education Act of 1965, as amended (HEA) and the Federal student financial assistance programs (Title IV, HEA programs). USU has a provisional certification resulting from the ownership change of control in connection with the acquisition by AGI on December 1, 2017.

COVID-19 Update

Nursing students represented 87% or 12,058 of the Company’s total student body of 13,879 students at the end of the first quarter of fiscal 2022. Of the 12,058 nursing students, 2,364 are BSN Pre-Licensure students located across our four metro locations (Phoenix, Austin, Tampa and Nashville). The remaining 9,694 nursing students are licensed registered nurses (RNs) studying to earn an advanced degree (RN to BSN, MSN or DNP degree programs). These 9,694 post-licensure nursing students therefore represent 70% of the Company’s total student body and are the population of AGI students that have been primarily affected by the COVID-19 pandemic. Given that AGI has the highest student body concentration of RNs among publicly-traded higher education companies in the U.S., the COVID-19 pandemic has necessitated the need to track RN behaviors and attitudes carefully for the past 18 months. Below are the effects the Company has seen to date relative to class starts among our RN active student body.

The Company previously reported that RN course starts at both universities were approximately 4% lower than historically expected during the months of September, 2020 – January, 2021, which resulted in approximately $520,000 less revenue in the fiscal 2021 third quarter. However, beginning in late February 2021, RN course starts returned to historically normal levels throughout the remainder of the fourth fiscal quarter which resulted in revenue of $19.1 million for the quarter, approximately $500,000 higher than the midpoint of our forecast.

Starting in the second half of the month of June and continuing throughout the month of July 2021, the Company saw lower course starts than seasonally expected among our RN student body. For example, at Aspen University, course starts among RNs in June were flat year-over-year and July was slightly down year-over-year which was not surprising given the rise of the Delta variant and the spike in hospitalizations. Revenue for the first quarter was relatively unaffected given that the lower RN class starts occurred in the second half of the fiscal quarter. We cannot be certain what impact the Delta variant and other variants will have on the Company’s results as we progress through the second and future quarters in fiscal 2022.

Basis of Presentation

Interim Financial Statements

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

The interim consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations for the three months ended July 31, 2021 and 2020, our cash flows for the three months ended July 31, 2021 and 2020, and our financial position as of July 31, 2021 have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 as filed with the SEC on July 13, 2021. The April 30, 2021 consolidated balance sheet is derived from those statements.

Note 2. Significant Accounting Policies

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP").

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

A full listing of our significant accounting policies is described in Note 2 "Summary of Significant Accounting Policies" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 as filed with the SEC on July 13, 2021.

Accounting Estimates

Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments and assumptions impact the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts and other receivables, the valuation of lease liabilities and the carrying value of the related right-of-use ("ROU") assets, depreciable lives of property and equipment, amortization periods and valuation of courseware, intangibles and software development costs, valuation of goodwill, valuation of loss contingencies, valuation of stock-based compensation and the valuation allowance on deferred tax assets.

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash as of July 31, 2021 of $3,722,831 primarily consists of $934,125 which is collateral for letters of credit for the Aspen University and USU facility operating leases, $9,872 which is collateral for a letter of credit for USU required to be posted based on the level of Title IV funding in connection with USU's most recent Compliance Audit, and a $250,000 compensating balance under a secured credit line. Also included are funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs totaling $2,528,834. As an administrator of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of the program participation agreement with the U.S. Department of Education.

Restricted cash as of April 30, 2021 of $5,152,789 primarily consisted of $934,125 which is collateral for letters of credit for the Aspen University and USU facility operating leases, $9,872 which is collateral for a letter of credit for USU required to be

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

posted based on the level of Title IV funding in connection with USU's most recent Compliance Audit, and a $250,000 compensating balance under a secured credit line. Also included are funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs totaling $3,958,792. As an administrator of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of the program participation agreement with the U.S. Department of Education.

Concentration of Credit Risk

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits of $250,000 per financial institution. The Company has not experienced any losses in such accounts from inception through July 31, 2021. As of July 31, 2021 and April 30, 2021, the Company maintained deposits exceeding federally insured limits by approximately $9,732,634 and $13,005,537, respectively, held in two separate institutions.

Revenue Recognition and Deferred Revenue

The Company follows Accounting Standards Codification 606 (ASC 606). ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASC also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments.

Revenue consists primarily of tuition and course fees derived from courses taught by the Company online and in-person as well as from related educational resources and services that the Company provides to its students. Under ASC 606, tuition and course fee 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 8)

Deferred revenue represents the amount of tuition, fees, and other student payments received in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets. Other revenue may be recognized as sales occur or services are performed.

Net Loss Per Share

Net loss per share is based on the weighted average number of shares of common stock outstanding during each period. Options to purchase 1,141,396 and 1,032,411 shares of common stock, 653,937 and 549,972 restricted stock units ("RSUs"), warrants to purchase 374,174 and 374,174 shares of common stock, and unvested restricted stock of 8,224 and 8,224 were outstanding at July 31, 2021 and April 30, 2021, respectively.

All shares mentioned above were not included in the computation of diluted net loss per share because the effects would have been anti-dilutive. The options, warrants, RSUs, unvested restricted stock and Convertible Notes are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share of common stock when their effect is dilutive.

Segment Information

The Company operates in one reportable segment as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs of its online and campus students regardless of geography. The Company's chief operating decision makers, its Chief Executive Officer, Chief Operating Officer and Chief Academic Officer, manage the Company's operations as a whole.

Recent Accounting Pronouncement Not Yet Adopted

ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

In June 2016, the FASB issued ASU No. 2016-13,*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which significantly changes how entities will measure credit losses for most financial assets, including accounts receivable. ASU No. 2016-13 will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. On November 15, 2019, the FASB delayed the effective date of Topic 326 for certain small public companies and other private companies until fiscal years beginning after December 15, 2022 for SEC filers that are eligible to be smaller reporting companies under the SEC's definition, as well as private companies and not-for-profit entities. The Company is currently evaluating the new guidance and has not yet determined whether the adoption of the new standard will have a material impact on its consolidated financial statements or the method of adoption.

Note 3. Property and Equipment

As property and equipment reach the end of their useful lives, the fully expired assets are written off against the associated accumulated depreciation and amortization. There is no expense impact for such write offs.

Software consisted of the following:

	July 31, 2021	April 30, 2021
Software	$ 8,951,241	$ 8,488,635
Accumulated amortization	(3,855,985)	(3,444,325)
Software, net	$ 5,095,256	$ 5,044,310

Depreciation and amortization expense for property and equipment and software is summarized below:

	Three Months Ended July 31,	
	2021	2020
Depreciation and amortization expense:		
Property and equipment, excluding software	$ 351,373	$ 163,570
Software	$ 411,661	$ 315,107

Note 4. Courseware and Accreditation

For the three months ended July 31, 2021 and 2020, additional courseware and accreditation costs capitalized were $131,669 and $3,050. As courseware and accreditation reach the end of their useful life, they are written off against the accumulated amortization. There was no expense impact for such write-offs for the three months ended July 31, 2021 and 2020.

Courseware and accreditation consisted of the following:

	July 31, 2021	April 30, 2021
Courseware	$ 539,893	$ 408,222
Accreditation	59,350	59,350
	599,243	467,572
Accumulated amortization	(296,223)	(280,276)
Courseware and accreditation, net	$ 303,020	$ 187,296

Amortization expense for courseware and accreditation is summarized below:

	Three Months Ended July 31,	
	2021	2020
Amortization expense	$ 15,948	$ 11,947

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

Amortization expense is included in "Depreciation and amortization" in the unaudited consolidated statements of operations.

Note 5. Secured Note and Accounts Receivable

On March 30, 2008 and December 1, 2008, Aspen University sold courseware pursuant to marketing agreements to Higher Education Management Group, Inc. ("HEMG"), which was then a related party and principal stockholder of the Company. Ultimately, the sum due to Aspen University was reduced to $772,793, and Aspen University obtained a judgment for that amount. HEMG then filed a bankruptcy petition in 2015. As of April 30, 2021, the balance of the account receivable, net of allowance, was $45,329.

On July 21, 2021, the Company received its distribution from the bankruptcy trustee court of $498,120, which is included in "other income (expense), net" in the accompanying unaudited consolidated statements of operations. As a result, the Company wrote off the net receivable of $45,329, described above, at July 31, 2021. No further assets are available for distribution. See Note 11 for additional information.

Note 6. Debt

Revolving Credit Facility

On November 5, 2018, the Company entered into a loan agreement (the "Credit Facility Agreement") with the Leon and Toby Cooperman Family Foundation (the "Foundation"). The Credit Facility Agreement provides for a $5,000,000 revolving credit facility (the "Facility") evidenced by a revolving promissory note (the "Revolving Note"). Borrowings under the Credit Facility Agreement bear interest at 12% per annum. The Facility matures on November 4, 2021. At July 31, 2021 and April 30, 2021, there was no outstanding borrowings under the Revolving Credit Facility.

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 the Foundation a commitment fee, payable quarterly at the rate of 2% per annum on the undrawn portion of the Facility.

The Credit Facility Agreement contains customary representations and warranties and events of default. 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.

On August 31, 2021, the Company extended the Facility maturity one-year to November 4, 2022 and drew down $5,000,000 on the Facility. See Note 12 for additional information.

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 "2018 Cooperman Warrants"). These warrants were exercised on June 8, 2020. The relative fair value of the warrants along with the upfront Facility fee were treated as debt issue cost assets to be amortized over the term of the loan, as the facility has not been drawn on. Total unamortized costs at July 31, 2021 and April 30, 2021 were $9,722 and $18,056, respectively.

On March 6, 2019, the Company amended and restated the Credit Facility Agreement (the "Amended and Restated Facility Agreement") and the Revolving 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 certain deposit accounts of the Company, all current and future accounts receivable of Aspen University and USU, certain of the deposit accounts of Aspen University and USU and all of the outstanding capital stock of Aspen University and USU.

Note 7. Stockholders' Equity

AGI maintains two stock-based incentive plans: the 2012 Equity Incentive Plan (the "2012 Plan") and 2018 Equity Incentive Plan (the "2018 Plan") that provides for the grant of shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and RSUs to employees, consultants, officers and directors.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

On December 30, 2020, the Company held its Annual Meeting of Shareholders at which the shareholders voted to amend the 2018 Plan to increase the number of shares of common stock available for issuance under the 2018 Plan from 1,100,000 to 1,600,000 shares.

As of July 31, 2021 and April 30, 2021 there were431,869 and 549,739 shares remaining available for future issuance under the 2012 and the 2018 Plans, respectively.

Restricted Stock

As of July 31, 2021 and 2020, there were8,224 and 16,448 unvested shares of restricted common stock outstanding, respectively. Total unrecognized compensation expense related to the unvested shares as of July 31, 2021 was $17,545, and is expected to be recognized over a weighted-average period of approximately 0.42 years.

Restricted Stock Units

A summary of the Company's RSU activity during the three months ended July 31, 2021 is presented below:

Restricted Stock Units	Number of Shares	Weighted Average Grant Price
Unvested balance outstanding, April 30, 2021	549,972	$ 6.58
Granted	127,542	6.97
Forfeits	(7,920)	9.37
Vested	(15,657)	6.26
Expired	—	—
Unvested balance outstanding, July 31, 2021	653,937	$ 6.07

Of the 127,542 RSUs granted in the three months ended July 31, 2021, 125,000 RSUs correspond to the Chief Executive Officer grant. On July 21, 2021, as part of a new employment agreement, the Compensation Committee approved a 125,000 RSU grant to the Company's Chief Executive Officer under the Company's 2018 Equity Incentive Plan. The grant has a grant date fair value of $873,750 based on a closing stock price of $6.99 per share. As stipulated in the grant, vesting is subject to continued employment with the Company and will occur in full on the date the Company files with the SEC a quarterly or annual report on Forms 10-Q or 10-K, as applicable, which reflects the Company reported net income on a GAAP basis. The Company is amortizing the expense over one year through July 2022 (the filing date of the Form 10-K for Fiscal Year 2022). At each reporting period of Fiscal Year 2022, the Company will re-assess the likelihood of the performance condition to be met in the fourth quarter of 2022. If the RSUs do not vest within three years from the July 21, 2021 effective date, they will expire and automatically be forfeited. The amortization expense related to this grant for the three months ended July 31, 2021 was $72,813, which is included in general and administrative expense in the consolidated statements of operations. The remaining2,542 RSUs were granted to employees and have a grant date fair value that ranges from $4.92 to $6.50 per share, or a total of $14,943, vesting annually over three years.

Of the 653,937 unvested RSUs outstanding at July 31, 2021, there are 195,000 RSUs remaining from the February 4, 2020 executive grant. These RSUs vestfour years from the grant date, if each applicable executive is still employed by the Company on the vesting date and subject to accelerated vesting for all RSUs if the closing price of the Company's common stock is at least $12 for 20 consecutive trading days, all of the unvested RSUs will vest immediately. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $9.49 per share. The amortization expense related to these transactions for the three months ended July 31, 2021 and 2020, was approximately $112,155 and $111,211, respectively, which is included in general and administrative expense in the consolidated statements of operations.

At July 31, 2021, total unrecognized compensation expense related to unvested RSUs is $3,972,803 and is expected to be recognized over a weighted-average period of approximately 1.49 years. The total unrecognized compensation expense related to the February 4, 2020 executive RSU grant, discussed above, is$1,121,555.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

Warrants

The Company estimates the fair value of warrants utilizing the Black-Scholes pricing model, which is dependent upon several variables such as the expected term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected term and expected dividend yield rate over the expected term. The Company believes this valuation methodology is appropriate for estimating the fair value of warrants issued to 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 expense on a straight-line basis over the vesting period of each warrant issued.

A summary of the Company's warrant activity during the three months ended July 31, 2021 is presented below:

Warrants	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2021	374,174	$ 6.37	1.90	$ —
Granted	25,000	$ 6.99	4.98	—
Exercised	—	$ —	—	—
Surrendered	—	$ —	—	—
Expired	—	$ —	—	—
Balance Outstanding, July 31, 2021	399,174	$ 6.41	1.85	$ 144,000
Exercisable, July 31, 2021	374,174	$ 6.37	1.54	$ 144,000

OUTSTANDING WARRANTS			EXERCISABLE WARRANTS		
Exercise Price	Weighted Average Exercise Price	Outstanding No. of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Exercisable No. of Warrants
$ 4.89	$ 4.89	50,000	$ 4.89	3.44	50,000
$ 6.00	$ 6.00	100,000	$ 6.00	3.09	100,000
$ 6.87	$ 6.87	224,174	$ 6.87	1.48	224,174
$ 6.99	$ 6.99	25,000	$ —	0.00	—
		399,174			374,174

On July 21, 2021, the Compensation Committee approved warrants to a former member of the Board of Directors for the purchase of 25,000 shares of the Company's common stock with an exercise price of $6.99 per share. The warrants have an exercise period of five years from the July 21, 2021 issuance date and vest annually over a three year period subject to continued service on the Company's Advisory Board on each applicable vesting date. The warrants will terminate automatically and immediately upon the expiration of the exercise period. The relative fair value of the warrants is $84,000 and is being amortized over the three year vesting period. The Company has recognized $2,333 of amortization expense in connection with the fair value of the warrants for the three months ending July 31, 2021, which is included in "general and administrative" expense in the consolidated statement of operations.

During the three months ended July 31, 2020, there was a warrant modification and acceleration charge of $25,966 related to the exercise of 192,049 warrants by the Leon and Toby Cooperman Family Foundation, which was included in "other income (expense), net" in the consolidated statement of operations.

Stock Option Grants to Employees and Directors

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

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 and expected dividend yield rate over the expected option term. 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 Company utilizes 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 three months ended July 31, 2021, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2021	1,214,473	$ 6.24	1.88	$ 204,719
Granted	—	—	—	—
Exercised	(5,097)	6.16	—	—
Forfeited	(1,752)	4.68	—	—
Expired	—	—	—	—
Balance Outstanding, July 31, 2021	1,207,624	$ 6.29	1.65	$ 1,150,849
Exercisable, July 31, 2021	1,141,396	$ 6.36	1.60	$ 1,044,364

During the three months ended July 31, 2021 and 2020, the Company received proceeds from the exercise of stock options for cash of $22,548 and $1,269,982, respectively.

OUTSTANDING OPTIONS			EXERCISABLE OPTIONS		
Exercise Price	Weighted Average Exercise Price	Outstanding Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Exercisable Number of Options
$2.28 to $2.76	$ 2.76	10,423	$ 2.76	0.17	10,423
$3.24 to $4.38	$ 3.82	183,249	$ 3.80	1.03	168,914
$4.50 to $5.20	$ 4.94	354,778	$ 4.93	1.39	310,885
$5.95 to $6.28	$ 5.95	28,000	$ 5.95	1.06	28,000
$7.17 to $7.55	$ 7.45	473,425	$ 7.46	2.07	465,425
$8.57 to $9.07	$ 8.98	157,749	$ 8.98	1.44	157,749
		1,207,624			1,141,396

As of July 31, 2021, there was approximately $55,007 of unrecognized compensation costs related to unvested stock options. That cost is expected to be recognized over a weighted-average period of approximately 1.00 year.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

For the three months ended July 31, 2021, the Company recorded compensation expense of $542,712 which consisted of: $85,408, $446,777 and $10,527, respectively, in connection with stock options, RSUs and restricted stock grants, which is included in "general and administrative" expense in the unaudited consolidated statements of operations.

For the three months ended July 31, 2020, the Company recorded compensation expense of $487,110 which consisted of: $168,734, $307,852 and $10,524, respectively, in connection with stock options, RSUs and restricted stock grants, which is included in "general and administrative" expense in the unaudited consolidated statements of operations.

Treasury Stock

As of both July 31, 2021 and April 30, 2021,155,486 shares of common stock were held in treasury representing shares of common stock surrendered upon the exercise of stock options in payment of the exercise prices and the taxes and similar amounts due arising from the option exercises. The value of these shares is approximately $1.8 million and represents the fair market value of shares surrendered as of the date of each applicable exercise date.

Note 8. Revenue

Revenue consists 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 due to students. Deferred revenue represents the amount of tuition, fees, and other student payments received 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 revenue disaggregated by the nature and timing of services:

	Three Months Ended July 31,	
	2021	**2020**
Tuition - *recognized over period of instruction*	$ 17,121,680	$ 13,367,308
Course fees - *recognized over period of instruction*	2,003,340	1,599,693
Book fees - *recognized at a point in time*	27,759	39,138
Exam fees - *recognized at a point in time*	196,042	70,655
Service fees - *recognized at a point in time*	82,174	88,768
	$ 19,430,995	$ 15,165,562

Contract Balances and Performance Obligations

The Company recognizes deferred revenue as a student participates in a course which continues past the consolidated balance sheet date.

Of the total revenue earned during the three months ended July 31, 2021 and 2020, approximately $6.8 million and $3.7 million came from revenue which were deferred at April 30, 2021 and 2020, respectively.

When the Company begins providing the performance obligation by beginning instruction in a course, a contract receivable is created, resulting in accounts receivable. The Company accounts for receivables in accordance with ASC 310, Receivables. The Company uses the portfolio approach.

Cash Receipts

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

Significant Judgments

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

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

The Company had revenue from students outside the United States totaling approximately 1% of consolidated revenue for each of the three months ended July 31, 2021 and 2020.

Note 9. Leases

We determine if a contract contains a lease at inception. We have entered into operating leases totaling approximately 154,528 square feet of office and classroom space in Phoenix, San Diego, New York City, Denver, Austin, Tampa and New Brunswick Province in Canada. These leases expire at various dates through April 2031, the majority contain annual base rent escalation clauses. Most of these leases include options to terminate for a fee or extend for additional five-year periods. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company does not have any financing leases.

As of July 31, 2021, our longer term operating leases are located in Tampa, Austin and Phoenix and set to expire in ten, eight, and seven years, respectively. These leases make up 94% of the total future minimum lease payments.

Operating lease assets are right of use assets ("ROU assets"), which represent the right to use an underlying asset for the lease term. Operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating leases are included in "Operating lease right of use assets, net", "Operating lease obligations, current portion" and "Operating lease obligations, less current portion" in the consolidated balance sheet at July 31, 2021 and April 30, 2021. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. When the lease does not provide an implicit interest rate, the Company uses an incremental borrowing rate of 12% to determine the present value of the lease payments.

Lease incentives are deducted from the right of use assets. Incentives such as tenant improvement allowances are amortized as leasehold-improvements, separately, over the life of the lease term. For the three months ended July 31, 2021 and 2020, the amortization expense for these tenant improvement allowances was $150,387 and $0, respectively.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for the three months ended July 31, 2021 and 2020 was $936,737 and $397,238, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

ROU assets are summarized below:

	July 31, 2021	April 30, 2021
ROU assets - Operating facility leases	$ 14,308,296	$ 14,308,296
Less: accumulated reduction	(2,065,840)	(1,593,433)
Total ROU assets	$ 12,242,456	$ 12,714,863

Operating lease obligations, related to the ROU assets are summarized below:

	July 31, 2021	April 30, 2021
Total lease liabilities	$ 19,946,229	$ 19,946,229
Reduction of lease liabilities	(1,995,109)	(1,617,600)
Total operating lease obligations	$ 17,951,120	$ 18,328,629

The following is a schedule by fiscal years of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of July 31, 2021 [(a)] (by fiscal year).

Maturity of Lease Obligations	Lease Payments
2022 (remaining)	$ 3,076,200
2023	3,647,737
2024	3,514,179
2025	3,288,066
2026	3,383,530
Thereafter	10,417,592
Total future minimum lease payments	27,327,304
Less: imputed interest	(9,376,184)
Present value of operating lease liabilities	$ 17,951,120

(a) Lease payments exclude $3.5 million of legally binding minimum lease payments for the new BSN Pre-Licensure campus location in Nashville, Tennessee lease signed but not yet commenced.

Balance Sheet Classification	July 31, 2021	April 30, 2021
Operating lease obligations, current portion	$ 2,086,076	$ 2,029,821
Operating lease obligations, less current portion	15,865,044	16,298,808
Total operating lease liabilities	$ 17,951,120	$ 18,328,629

Other Information	July 31, 2021
Weighted average remaining lease term (in years)	7.29
Weighted average discount rate	12 %

Note 10. Income Taxes

The Company determined that it has a permanent establishment in Canada, as defined by article V(2)(c) of the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital (the “Treaty”), which would be subject to Canadian taxation as levied under the Income Tax Act. The Company has filed Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA") to cover the 2013 through 2021 tax years during which a permanent establishment was in place. As of July 31, 2021,

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

the CRA has not yet responded to the voluntary disclosure. The Company will also file an annual Canadian T2 Corporation Income Tax return to report the ongoing activity of the permanent establishment for the 2022 and future taxation years.

As of July 31, 2021, the Company recorded a reserve of approximately $150,000 for the estimate of a multi-year foreign income tax liability.

Note 11. Commitments and Contingencies

Employment Agreements

From time to time, the Company enters into employment agreements with certain of its employees. These agreements typically include bonuses, some of which may or may not be performance-based in nature.

Legal Matters

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 July 31, 2021, except as discussed below, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our consolidated 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, HEMG, and its Chairman, 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 the 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 December 10, 2013, the Company 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.

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 to be successful, the damages the Company could pay could potentially be material.

In November 2014, the Company and Aspen University sued HEMG seeking to recover sums due under two 2008 Agreements where Aspen University sold course materials to HEMG in exchange for long-term future payments. On September 29, 2015, the Company and Aspen University obtained a default judgment in the amount of $772,793. This default judgment precipitated the bankruptcy petition discussed in the next paragraph.

On October 15, 2015, HEMG filed bankruptcy pursuant to Chapter 7. As a result, the remaining claims and Aspen's counterclaims in the New York lawsuit are currently stayed. The bankrupt estate's sole asset consisted of 208,000 shares of AGI common stock, plus a claim filed by the bankruptcy trustee against Spada's brother and a third party to recover approximately 167,000 shares. On February 8, 2019, the bankruptcy court issued an order reducing AGI's claim to $888,638 which consisted of the judgment and a $200,000 claim for failure to disclose certain liabilities. On July 21, 2021, the bankruptcy trustee paid the Company $498,120, which is included in "other income (expense), net" in the accompanying consolidated statements of operations. As a result, the Company wrote off the net receivable of $45,329, described in Note 5, at July 31, 2021. No further assets are available for distribution.

Regulatory Matters

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

The Company's subsidiaries, Aspen University and United States University, are subject to extensive regulation by Federal and State governmental agencies and accrediting bodies. In particular, the Higher Education Act (the "HEA") and the regulations promulgated thereunder by the DOE subject the subsidiaries to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy to participate in the various types of federal student financial assistance programs authorized under Title IV of the HEA.

On August 22, 2017, the DOE informed Aspen University of its determination that the institution has qualified to participate under the HEA and the Federal student financial assistance programs (Title IV, HEA programs) and set a subsequent program participation agreement reapplication date of March 31, 2021. On April 16, 2021, the DOE granted provisional certification for a two-year timeframe, and set a subsequent program participation reapplication date of September 30, 2023.

USU currently has provisional certification to participate in the Title IV Programs due to its acquisition by the Company. The provisional certification allows the school to continue to receive Title IV funding as it did prior to the change of ownership. The provisional certification expired on December 31, 2020. While the institution submitted its recertification application timely in October 2020, the DOE has not issued its final certification. The institution is able to continue operating under its current participation agreement until the DOE issues its recertification.

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

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

Title IV Funding

Aspen University and United States University derive a portion of their revenue from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the US Department of Education. When Aspen University students seek funding from the federal government, they receive loans and grants to fund their education under the following Title IV Programs: (1) the Federal Direct Loan program, or Direct Loan; (2) the Federal Pell Grant program, or Pell; (3) Federal Work Study and (4) Federal Supplemental Opportunity Grants. For the fiscal year ended April 30, 2020, approximately 31% of Aspen University's and 33% for United States University's cash-basis revenue for eligible tuition and fees were derived from Title IV Programs.

Return of Title IV Funds

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

On September 28, 2020, the DOE notified USU that the funds held for a letter of credit in the amount of $255,708, based on the audited same day balance sheet requirements that apply in a change of control, which was funded by the University's sole shareholder, AGI, were released. In August 2020, the DOE informed USU that it is required to post a new letter of credit in the amount of $379,345, based on the current level of Title IV funding. This irrevocable letter of credit was to expire on August 25, 2021. Pursuant to USU's provisional Program Participation Agreement ("PPA"), the DOE indicated that USU must agree to participate in Title IV under the HCM1 funding process; however, the DOE does retain discretion on whether or not to implement that term of the agreement. Although DOE has not, to date, notified USU that it has been placed in the HCM1

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021
(Unaudited)

funding process, nor does the DOE's public disclosure website identify USU as being on HCM1, it is possible that prior to the end of the PPA term, the DOE may notify USU that it must begin funding under the HCM1 procedure. If this occurs, the Company believes this will not have a material impact on the consolidated financial statements. In December 2020, the DOE reduced USU's existing letter of credit by $369,473, which was required to be posted based on the level of Title IV funding. In connection with USU's most recent Compliance Audit, USU currently maintains a letter of credit of $9,872 at July 31, 2021.

Approval to Confer Degrees

Aspen University is a Delaware corporation and is approved to operate in the State of Delaware. Aspen University is authorized by the Colorado Commission on Education in the State of Colorado and the Arizona State Board for Private Post-Secondary Education in the State of Arizona to operate as a degree granting institution for all degrees. Aspen University is authorized to operate as a degree granting institution for bachelor degrees by the Texas Higher Education Coordinating Board in the State of Texas. Aspen University has been granted Optional Expedited Authorization as a postsecondary educational institution in Tennessee for its Bachelor of Science in Nursing (Pre-Licensure) degree program. Aspen University has received a Provisional License for its Bachelor of Science in Nursing (Pre-Licensure) degree program to operate in the state of Florida by the Commission for Independent Education of the Florida Department of Education and is in the process for full licensure.

USU is also a Delaware corporation and received initial approval from the Delaware DOE to confer degrees through June 2023. United States University is authorized by the California Bureau of Private Postsecondary Education and the Arizona State Board for Private Post-Secondary Education to operate as degree granting institutions for all degrees.

Note 12. Subsequent Events

On August 31, 2021, the Company extended the Credit Facility Agreement with the Foundation discussed in Note 6 byone year to November 4, 2022. The Credit Facility Agreement provides for a $5,000,000 Facility evidenced by the Revolving Note. Borrowings under the Credit Facility Agreement bear interest at12% per annum. In conjunction with the extension of the Facility, the Company drew down $5,000,000 of funds from the Facility at 12% interest per annum due November 4, 2022. Additionally, on August 31, 2021 the Company issued to the Foundation warrants to purchase 50,000 shares of the Company's common stock exercisable forfive years from the date of issuance at the exercise price of $5.89 per share.

Effective August 16, 2021, the Company entered into an Employment Agreement with Matthew LaVay, who had been appointed as the Chief Financial Officer of the Company on July 8, 2021 with the effective date of August 16, 2021. The Employment Agreement provides that Mr. LaVay will serve as the Chief Financial Officer of the Company for a period of four years, subject to an automatic renewal for successiveone-year terms unless prior notice of non-renewal is given by either party. Pursuant to his Employment Agreement, Mr. LaVay will receive annual base salary of $325,000, such other compensation and benefits as set forth in the Employment Agreement, and will be eligible to participate in the Company's executive performance bonus plan. Additionally, on August 16, 2021, Mr. LaVay received a grant of 125,000 RSUs, pursuant to his Employment Agreement. The RSUs will vest in three approximately equal annual increments with the first increment vesting on August 16, 2022, subject to continued employment on each applicable vesting date. Each RSU represents a right to receive one share of the Company's common stock. The RSUs were granted under the Aspen Group, Inc. 2018 Plan. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $5.80 per share. The amortization expense related to this transaction over the three year vesting term will be $725,000, which will be included in general and administrative expense in the consolidated statements of operations.

On August 12, 2021, Mr. Gerard Wendolowski, the Chief Operating Officer of the Company, and Dr. Cheri St. Arnauld, the Company's Chief Academic Officer, received a grant of 80,000 RSUs each. The RSUs will vest inthree nearly equal annual increments with the first increment vesting on August 12, 2022, subject to continued service as an officer of the Company on each applicable vesting date. Each RSU represents a contingent right to receive one share of the Company's common stock. The RSUs were granted under the Aspen Group, Inc. 2018 Plan and were approved by the Compensation Committee of the Board of Directors of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with our unaudited consolidated financial statements, which are included elsewhere in this Form 10-Q. This Quarterly Report on Form 10-Q contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See "Cautionary Note Regarding Forward Looking Statements" for more information.

Key Terms

In connection with the management of our businesses, we identify, measure and assess a variety of operating metrics. The principal metrics we use in managing our businesses are set forth below:

Operating Metrics

- **Lifetime Value ("LTV")** - Lifetime Value as the weighted average total amount of tuition and fees paid by every new student that enrolls in the Company's universities, after giving effect to attrition.

- **Bookings** - defined by multiplying LTV by new student enrollments for each operating unit.

- **Average Revenue per Enrollment ("ARPU")** - defined by dividing total bookings by total enrollments for each operating unit.

Operating costs and expenses

- **Cost of revenue** - consists of instructional costs and services and marketing and promotional costs.

    - **Instructional costs** - consist primarily of costs related to the administration and delivery of the Company's educational programs. This expense category includes compensation costs associated with online faculty, technology license costs and costs associated with other support groups that provide services directly to the students and are included in cost of revenue.

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

- **General and administrative expense -** consists primarily of compensation expense (including stock-based compensation expense) and other employee-related costs for personnel engaged in executive and academic management and operations, finance, legal, tax, information technology and human resources, fees for professional services, financial aid processing costs, non-capitalizable courseware and software costs, corporate taxes and facilities costs.

Non-GAAP financial measures:

- **Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") -** is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net loss to EBITDA for the three months ended July 31, 2021 and 2020.

- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") -** is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net loss to Adjusted EBITDA for the three months ended July 31, 2021 and 2020.

- **Adjusted EBITDA Margin -** is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net loss to Adjusted EBITDA for the three months ended July 31, 2021 and 2020.

Company Overview

Aspen Group, Inc. is an education technology holding company. It operates two universities, Aspen University Inc. ("Aspen University") and United States University Inc. ("United States University" or "USU").

All references to the “Company”, “AGI”, “Aspen Group”, “we”, “our” and “us” refer to Aspen Group, Inc., unless the context otherwise indicates.

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.

In the fourth quarter of fiscal 2021, the Company announced its Aspen 2.0 business plan to decrease advertising spend on our lower efficiency unit and shift that spend to the higher efficiency business units. Aspen 2.0 is anticipated to reduce our advertising spend as a percentage of revenue for the fiscal year while supporting growth in our new pre-licensure metros and the USU Masters of Nursing-Family Nurse Practitioner (“FNP”) program. As we advance through fiscal year 2022, we expect profitability gains from Aspen 2.0 to have the most significant impact in the second half of the fiscal year given the expected growth in our highest efficiency businesses. As we move through the year, Aspen 2.0 is designed to generate profitability by our fourth fiscal quarter, setting the Company up for consistent, sustained profitable growth in the coming years.

In March 2014, Aspen University began offering monthly payment plans available to all students across every online degree program offered by Aspen 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 undergraduate students the opportunity to pay their tuition and fees at $250/month, online master 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/MAEd/MSN programs ($325/month), online hybrid Bachelor of Arts in Liberal Studies, Teacher Credentialing tracks approved by the California Commission on Teacher Credentialing ($350/month), and the FNP program ($375/month).

Since 1993, Aspen University has been nationally accredited by the DEAC, a national accrediting agency recognized by the DOE and CHEA. On February 25, 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years to January 2024.

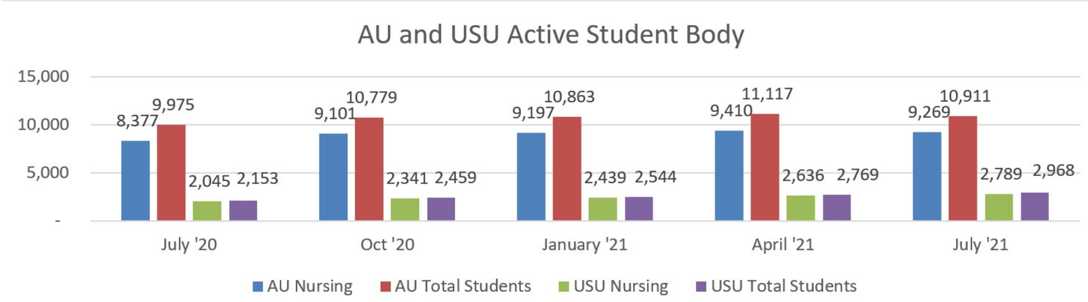
Since 2009, USU has been regionally accredited by WSCUC.

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

AGI’s overall active degree-seeking student body (includes both Aspen University and USU) grew 14% year-over-year to 13,879 as of July 31, 2021 from 12,128 as of July 31, 2020 and students seeking nursing degrees were 12,058 or 87% of total active students at both universities. Of the 12,058 students seeking nursing degrees, 9,694 are Registered Nurses (RNs) studying to earn an advanced degree, including 6,905 at Aspen University and 2,789 at USU, while the remaining 2,364 nursing students are enrolled in Aspen University’s BSN Pre-Licensure program in the Phoenix, Austin, Tampa and Nashville metros.

AU's total active student body increased by 9% year-over-year to 10,911 in Q1 Fiscal 2022 from 9,975 in Q1 Fiscal 2021. On a year-over-year basis, USU’s total active student body grew by 38% to 2,968 from 2,153. The chart below shows five quarters of active student body results. Active student body is comprised of active degree-seeking students, enrolled in a course at the end of the first quarter of fiscal year 2022 or are registered for an upcoming course.



AGI New Student Enrollments

New student enrollments at USU grew by 15% sequentially and 18% year-over-year, from 572 a year ago to a quarterly record of 675. Aspen's Online Nursing + Other unit declined by 3% sequentially and 7% year-over-year as expected, given the previously announced 'Aspen 2.0' plan to reduce spending in the legacy business by $1.3 million in the 2022 fiscal year.

BSN Pre-Licensure enrollments grew by 21% sequentially and were down 17% year-over-year as a result of the planned reduction of enrollments in the Phoenix metro year-over-year, from 490 to 258 (a decrease of 232 enrollments). This planned decrease in enrollments in the Phoenix metro is expected to cause a year-over-year aggregate decrease in the second quarter as well, and then beginning in the third quarter the Company expects to deliver material aggregate enrollment increases year-over-year in the BSN Pre-Licensure unit.

On a Company-wide basis, new student enrollments increased sequentially from 2,182 to 2,276 or 4%. On a year-over-year basis, new student enrollments for the Company were down 3%, however, excluding the 232 planned enrollment reduction in the Phoenix pre-licensure metro, Company-wide enrollments would have been up year-over-year by 7%.

New student enrollments for the past five quarters are shown below:

	New Student Quarterly Enrollments				
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Aspen University	1,779	2,010	1,593	1,593	1,601
USU	572	649	536	589	675
Total	2,351	2,659	2,129	2,182	2,276

Bookings Analysis and ARPU

On a year-over-year basis, Q1 Fiscal 2022 Bookings decreased 2%, to $35.2 million from $36.1 million in the prior year. As previously discussed, the proactive Phoenix pre-licensure enrollment reduction in Q1 Fiscal 2022 from 490 to 258 (or a reduction of 232) enrollments year-over-year, caused Bookings in the Phoenix metro to decrease by $7 million year-over-year. Excluding the Phoenix pre-licensure metro, Company-wide Bookings would have increased by 17% year-over-year.

	First Quarter Bookings[1] and Average Revenue Per Enrollment (ARPU)[1]				
	Q1'21 Enrollments	Q1'21 Bookings [1]	Q1'22 Enrollments	Q1'22 Bookings [1]	Percent Change Total Bookings & ARPU [1]
Aspen University	1,779	$ 25,880,400	1,601	$ 23,150,850	
USU	572	$ 10,193,040	675	$ 12,028,500	
Total	2,351	$ 36,073,440	2,276	$ 35,179,350	(2) %
ARPU		$ 15,344		$ 15,457	1 %

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[1] “Bookings” are defined by multiplying Lifetime Value (LTV) by new student enrollments for each operating unit. “Average Revenue Per Enrollment” (ARPU) is defined by dividing total Bookings by total new student enrollments for each operating unit.

During the Q1 Fiscal 2022, the Company continued to focus its growth capital almost exclusively on its two licensure degree programs which have higher lifetime values. Set forth below is the description of these two key licensure degree programs.

Bachelor of Science in Nursing (BSN) Pre-Licensure Program

Aspen University offers a Bachelor of Science in Nursing Pre-Licensure degree program (the “BSN Pre-Licensure Program”).This innovative hybrid (online/on-campus) program allows most of the credits to be completed online (83 of 120 credits or 69%), with pricing offered at current low tuition rates of $150/credit hour for online general education courses, $325/credit hour for online core nursing courses, and $495 for core clinical courses. For students with no prior college credits, the total cost of attendance is less than $50,000.

Phoenix, AZ Campus Locations

Aspen University began offering the BSN Pre-Licensure program in July 2018 at its initial campus in Phoenix, Arizona.As a result of overwhelming demand in the Phoenix metropolitan area, in January 2019 Aspen University began offering both day (July, November, March) and evening/weekend (January, May, September) terms, equaling six term starts per year. In September 2019, Aspen University opened a second campus in the Phoenix metropolitan area in partnership with HonorHealth.

Due to the significant demand in the Phoenix metro, on February 2, 2021, the Company began implementing its first double cohort enrollment at its main campus in Phoenix.

BSN Pre-Licensure Campus Locations Opened in Fiscal Year 2021

Austin, TX

Aspen University’s BSN Pre-Licensure program in Austin is based in the Frontera Crossing office building located at 101 W. Louis Henna Boulevard in the suburb of Round Rock. The building is situated at the junction of Interstate 35 and State Highway 45, one of the most heavily trafficked freeway exchanges in the metropolitan area with visibility to approximately 143,362 cars per day. Aspen University's initial PPN nursing student enrollments began on the September 29, 2020 semester start date.

Aspen University has executed a clinical affiliation agreement with Baylor Scott & White Health – Central division, the largest not-for-profit healthcare system in Texas and one of the largest in the United States. Baylor Scott & White Health includes 48 hospitals, more than 800 patient care sites, more than 7,800 active physicians, over 47,000 employees and the Scott & White Health Plan.

Tampa, FL

Aspen University’s BSN Pre-Licensure program in Tampa is located at 12802 Tampa Oaks Boulevard. The building is visible from the intersection of Interstate 75 and East Fletcher Avenue, near the University of South Florida, providing visibility to approximately 126,500 cars per day. Aspen University's initial PPN nursing student enrollments began on the December 8, 2020 semester start date.

Aspen University has executed a clinical affiliation agreement with Bayfront Health, a regional network of seven hospitals and over 1,900 staff medical professionals serving the residents of the Tampa Bay area to provide required clinical placements for its nursing students. In addition, clinical affiliation agreements have been signed in the Tampa metropolitan area with John Hopkins All Children’s Hospital, Inc., Care Connections at Home, Global Nurse Network, LLC and The American National Red Cross.

Expected Near Term BSN Pre-Licensure Campus Opening

Nashville, TN

On March 8, 2021, the Company announced that Aspen University received the final required state and board of registered nursing regulatory approvals for their new BSN Pre-Licensure campus location in Nashville, Tennessee, with permission to commence marketing and begin to enroll first-year PPN students effective immediately. Aspen University is targeting to begin its initial (years 2-3) core program semester in Nashville in October 2021.

The Nashville campus will be located at 1809 Dabbs Avenue, which is situated right on Interstate 40 east of downtown Nashville, four miles west of the Nashville airport. Clinical affiliation agreements have been executed with NorthCrest Medical Center, Trust Point Hospital, and Nashville General Hospital, among others.

USU Master of Science in Nursing-Family Nurse Practitioner (MSN-FNP)

USU offers a number of nursing degree programs and other degree programs in health sciences, business & technology and education. Its primary enrollment program is its MSN-FNP which is designed for BSN-prepared registered nurses who are seeking a Nurse Practitioner license. The MSN-FNP is an online-hybrid 50-credit degree program with 100% of the curriculum online, including the curricular component to complete 540 clinical and 32 lab hours.

While MSN-FNP lab hours have been done at USU's San Diego facility through the end of calendar 2020, the rapid growth of the MSN-FNP program has caused AGI to open two additional immersion locations in 2021. Specifically, the Company built-out an additional suite on the ground floor of our main facility in Phoenix (by the airport) and recently opened the Tampa clinical facility. Consequently, students now have the option to attend their weekend immersions at three different metro locations: San Diego, Phoenix and Tampa.

Accounts Receivable - Monthly Payment Plan ("MPP")

The Company offers several payment options to its students including monthly payment plan (MPP), installment plans and financial aid. Our growth in accounts receivable over the last several years has predominantly been a result of students taking advantage of our groundbreaking monthly payment plan which we introduced in 2014 at Aspen University and subsequently in Fiscal Year 2018 at USU. At July 31, 2021, Gross MPP accounts receivable was 90% of total gross accounts receivable. Of the Gross MPP accounts receivable, 53% and 47% was generated at AU and USU, respectively.

The Monthly Payment Plan, offered by both Aspen University and United State University, is a private education loan with a 0% fixed rate of interest (0% APR) and no down payment. Each month the student will make one payment of $250, $325, $350 or $375 (depending on the program) until the program is paid for. The attractive aspect of being able to pay for a degree over a fixed period of time has fueled the growth of this plan. MPP is designed so students can build the cost of their degree into their monthly budget.

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 full contractual amount cannot be recorded as an account receivable upon enrollment. 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 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.

As a result of the growing acceptance of our monthly payment plans, our long-term accounts receivable balance has grown from $10,249,833 at April 30, 2021 to $11,313,657 at July 31, 2021. These are MPP students who make monthly payments over 36, 39 and 72 months. The average student completes their academic program in 30 months; therefore, most of the Company's accounts receivable are short-term. However, when students graduate earlier than the 30 month average completion duration, they transition to long-term accounts receivable. This is the primary factor that has driven an increase in long-term accounts receivable.

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

A	B	C
Payments owed for classes taken where payment plans for classes are less than 12 months, less monthly payments received	Payments owed for classes taken where payment plans 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.

COVID-19 Update

Nursing students represented 87% or 12,058 of the Company's total student body of 13,879 students at the end of the first quarter of fiscal 2022. Of the 12,058 nursing students, 2,364 are BSN Pre-Licensure students located across our four metro locations (Phoenix, Austin, Tampa and Nashville). The remaining 9,694 nursing students are licensed registered nurses (RNs) studying to earn an advanced degree (RN to BSN, MSN or DNP degree programs). These 9,694 post-licensure nursing students therefore represent 70% of the Company's total student body and are the population of AGI students that have been primarily affected by the COVID-19 pandemic. Given that AGI has the highest student body concentration of RNs among publicly-traded higher education companies in the U.S., the COVID-19 pandemic has necessitated the need to track RN behaviors and attitudes carefully for the past 18 months. Below are the effects the Company has seen to date relative to class starts and enrollments.

The Company previously reported that RN course starts at both universities were approximately 4% lower than historically expected during the months of September, 2020 – January, 2021, which resulted in approximately $520,000 less revenue in the fiscal 2021 third quarter. However, beginning in late February 2021, RN course starts returned to historically normal levels throughout the remainder of the fourth fiscal quarter which resulted in revenue of $19.1 million for the quarter, approximately $500,000 higher than the midpoint of our forecast.

Starting in the second half of the month of June and continuing throughout the month of July 2021, the Company saw lower course starts than seasonally expected among our RN student body. For example, at Aspen University, course starts among RNs in June were flat year-over-year and July was slightly down year-over-year which was not surprising given the rise of the Delta variant and the spike in hospitalizations. Revenue for the first quarter was relatively unaffected given that the lower RN class starts occurred in the second half of the fiscal quarter. We cannot be certain what impact the Delta variant and other variants will have on the Company's results as we progress through the second and future quarters in fiscal 2022.

Results of Operations

Set forth below is the discussion of the results of operations of the Company for the three months ended July 31, 2021 ("Q1 Fiscal 2022") compared to the three months ended July 31, 2020 ("Q1 Fiscal 2021").

Revenue

	Three Months Ended July 31,			
	2021	**$ Change**	**% Change**	**2020**
Revenue	$19,430,995	$4,265,433	28%	$15,165,562

The increase was primarily due to revenue growth in USU's MSN-FNP and Aspen's BSN Pre-Licensure program, the degree programs with the highest LTV. The Company expects the majority of its revenue growth in future periods to be derived from these two business units as we continue prioritizing our highest LTV degree programs to achieve our long-term growth plans.

Aspen University's traditional post-licensure online nursing + other business unit and doctoral unit contributed 45% of total Company revenue in Q1 Fiscal 2022, while Aspen University's BSN Pre-Licensure program delivered 23% of the Company's revenue in Q1 Fiscal 2022. Finally, USU contributed 32% of the total revenue for Q1 Fiscal 2022.

Aspen University's revenue in Q1 Fiscal 2022 increased 24% year-over-year, while USU's revenue in Q1 Fiscal 2022 increased 39% year-over-year.

Cost of revenue (exclusive of depreciation and amortization shown separately below)

	Three Months Ended July 31,			
	2021	**$ Change**	**% Change**	**2020**
Cost of Revenue (exclusive of depreciation and amortization shown separately below)	$8,593,568	$2,746,045	47%	$5,847,523
As a percentage of revenue	44%			39%

Total cost of revenue increased, including as a percentage of revenue, due primarily to an increase in class starts year-over-year and additional full-time faculty staffing in the USU MSN-FNP program and faculty hiring in the BSN Pre-Licensure campus locations in Phoenix, Austin and Tampa; and planned advertising spending increase throughout Fiscal Year 2022, targeted primarily to our highest LTV programs. Total advertising spend in Q1 Fiscal 2022 increased 46% year-over-year, however, on a sequential basis was down by 2%. The majority of the year-over-year advertising spending increase is directed to the new pre-licensure metro locations: Austin, Nashville and Tampa, as well as USU's MSN-FNP program.

Instructional Costs and Services

Instructional costs and services for Q1 Fiscal 2022 increased to $4,500,013 or 23% of revenue from $3,056,713 or 20% of revenue for Q1 Fiscal 2021, an increase of $1,443,300 or 47%.

Aspen University instructional costs and services represented 23% of Aspen University revenue for Q1 Fiscal 2022, while USU instructional costs and services was 24% of USU revenue during Q1 Fiscal 2022.

Marketing and Promotional

Marketing and promotional costs for Q1 Fiscal 2022 were $4,093,555 or 21% of revenue compared to $2,790,810 or 18% of revenue for Q1 Fiscal 2021, an increase of $1,302,745 or 47%.

Aspen University marketing and promotional costs represented 21% of Aspen University revenue for Q1 Fiscal 2022, while USU marketing and promotional costs was 16% of USU revenue for Q1 Fiscal 2022.

AGI corporate marketing expenses were $324,265 for Q1 Fiscal 2022 compared to $232,851 for Q1 Fiscal 2021, an increase of $91,414 or 39%.

General and administrative

	Three Months Ended July 31,			
	2021	$ Change	% Change	2020
General and administrative	$10,946,477	$2,152,721	24%	$8,793,756
As a percentage of revenue	56%			58%

General and administrative expense increased primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business and other-employee related costs, including stock-based compensation, and increases in facilities and technology costs across both universities.

The remaining $12 tranche related to the February 2020 Executive RSU grant has approximately $1.2 million of total unrecognized compensation expense at July 31, 2021, which is being amortized over the remaining period through February 4, 2024 when all RSUs will vest subject to continued employment, that could accelerate during the next two years. If our common stock meets the $12 price target, all remaining amortization will accelerate.

Aspen University general and administrative costs, which are included in the above amount, represented 34% and 33% of Aspen University revenue for Q1 Fiscal 2022 and Q1 Fiscal 2021, respectively.

USU general and administrative costs represented 39% and 40% of USU revenue for Q1 Fiscal 2022 and Q1 Fiscal 2021, respectively.

AGI corporate general and administrative costs for Q1 Fiscal 2022 and Q1 Fiscal 2021, which are included in the above amounts, were $4.1 million and $3.5 million, respectively. The increase was primarily due to increases in compensation and other employee-related costs, insurance expense, which includes the annual renewal period, and technology costs.

Bad debt expense

	Three Months Ended July 31,			
	2021	$ Change	% Change	2020
Bad debt expense	$350,000	$(50,000)	(13)%	$400,000
As a percentage of revenue	2%			3%

Bad debt expense decreased as a percentage of total revenue as the prior year reflected the need for higher reserves based on the Company's review of aged accounts receivable.

Depreciation and amortization

	Three Months Ended July 31,			
	2021	$ Change	% Change	2020
Depreciation and amortization	$779,409	$288,785	59%	$490,624
As a percentage of revenue	4%			3%

The increase in depreciation is primarily due to investments in new campuses, including capital expenditures of leasehold improvements and computer equipment, and an increase in amortization of internally developed capitalized software placed into service to support the Company's services, partially offset by a decrease of fully depreciated assets.

Other income (expense), net

	Three Months Ended July 31,			
	2021	$ Change	% Change	2020
Other income (expense), net	$518,581	$1,097,336	NM	$(578,755)

NM - Not meaningful

Other income, net in Q1 Fiscal 2022 of $518,581 primarily includes $498,120 of a litigation settlement amount received on July 21, 2021, partially offset by interest expense related to the 2% commitment fee on the undrawn portion of the $5 million Revolving Credit Facility payable quarterly.

Other expense, net in Q1 Fiscal 2021 of $578,755 primarily includes: an adjustment of $296,471 related to the previously reported earned revenue fee calculation deemed immaterial to our Fiscal 2019 revenue; interest expense of $331,510 on the Convertible Notes issued on January 22, 2020 as well as the commitment fee on the Revolving Credit Facility; and modification and accelerated amortization charges of $149,913 related to the exercise of the 2018 and 2019 Cooperman Warrants on June 5, 2020; partially offset by $198,000 of other immaterial adjustments.

Income tax expense (benefit)

	Three Months Ended July 31,			
	2021	$ Change	% Change	2020
Income tax expense (benefit)	$151,010	NM	NM	$(1,900)

Income tax expense in Q1 Fiscal 2022 includes a reserve of approximately $150,000 for the estimate of the Canada foreign income tax liability which covers the 2013 through 2021 tax years during which a permanent establishment was in place in Canada. In Q1 Fiscal 2022, the Company filed multi-year Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA").

Non-GAAP Financial Measures

This 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 (loss), operating income (loss), and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of AGI 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, Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Gross Profit, which are non-GAAP financial measures. We believe that management, analysts and shareholders benefit from referring to the following non-GAAP financial measures to evaluate and assess our core operating results from period-to-period after removing the impact of items that affect comparability. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described below.

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measures 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 AGI 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.

EBITDA and Adjusted EBITDA

AGI defines Adjusted EBITDA as EBITDA excluding: (1) bad debt expense; (2) stock-based compensation; and (3) non-recurring charges or gains. The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA and of net loss margin to the Adjusted EBITDA margin:

	Three Months Ended July 31,	
	2021	2020
Net loss	$ (870,888)	$ (943,196)
Interest expense, net	32,132	455,223
Taxes	151,010	(1,900)
Depreciation and amortization	779,409	490,624
EBITDA	91,663	751
Bad debt expense	350,000	400,000
Stock-based compensation	542,712	487,110
Non-recurring charges - Severance	19,665	44,000
Non-recurring (income) charges - Other	(498,120)	375,437
Adjusted EBITDA	$ 505,920	$ 1,307,298
Net loss Margin	(4)%	(6)%
Adjusted EBITDA Margin	3 %	9 %

In Fiscal Q1 2022, the non-recurring income of $498,120 is from a litigation settlement, which is included in other income (expense), net. In Q1 Fiscal 2021, there was an additional non-recurring item of $123,947, which is included in interest expense, net, that arose from the acceleration of amortization arising from the exercise of warrants issued to a lender.

The following tables present a reconciliation of net loss to EBITDA and Adjusted EBITDA and of net loss margin to the Adjusted EBITDA margin by business unit:

	Three Months Ended July 31, 2021					
	Consolidated	AGI Corporate	Aspen BSN Pre-Licensure	AU Online	AU Total	USU
Net income (loss)	$ (870,888)	$ (4,458,536)	$ 889,460	$ 1,444,997	$ 2,334,457	$ 1,253,191
Interest expense, net	32,132	33,272	—	(1,000)	(1,000)	(140)
Taxes	151,010	1,163	—	149,807	149,807	40
Depreciation and amortization	779,409	31,043	126,068	537,625	663,693	84,673
EBITDA	91,663	(4,393,058)	1,015,528	2,131,429	3,146,957	1,337,764
Bad debt expense	350,000	—	—	250,000	250,000	100,000
Stock-based compensation	542,712	443,279	—	69,595	69,595	29,838
Non-recurring charges - Severance	19,665	—	—	—	—	19,665
Non-recurring income - Other	(498,120)	—	—	(498,120)	(498,120)	—
Adjusted EBITDA	$ 505,920	$ (3,949,779)	$ 1,015,528	$ 1,952,904	$ 2,968,432	$ 1,487,267
Net income (loss) Margin	(4)%	NM	19 %	17 %	18 %	20 %
Adjusted EBITDA Margin	3 %	NM	22 %	22 %	22 %	24 %

NM - Not meaningful

	Three Months Ended July 31, 2020					
	Consolidated	AGI Corporate	Aspen BSN Pre-Licensure	AU Online	AU Total	USU
Net income (loss)	$ (943,196)	$ (4,255,735)	$ 965,203	$ 1,344,560	$ 2,309,763	$ 1,002,776
Interest expense, net	455,223	455,223	—	—	—	—
Taxes	(1,900)	(1,900)	—	—	—	—
Depreciation and amortization	490,624	13,092	25,000	425,054	450,054	27,478
EBITDA	751	(3,789,320)	990,203	1,769,614	2,759,817	1,030,254
Bad debt expense	400,000	—	—	340,000	340,000	60,000
Stock-based compensation	487,110	392,043	—	61,317	61,317	33,750
Non-recurring charges - Severance	44,000	44,000	—	—	—	—
Non-recurring charges - Other	375,437	375,437	—	—	—	—
Adjusted EBITDA	$ 1,307,298	$ (2,977,840)	$ 990,203	$ 2,170,931	$ 3,161,134	$ 1,124,004
Net income (loss) Margin	(6)%	NM	36 %	17 %	22 %	23 %
Adjusted EBITDA Margin	9 %	NM	37 %	27 %	29 %	25 %

Adjusted EBITDA margin decreased to 3% in Q1 Fiscal 2022 from 9% in Q1 Fiscal 2021, due primarily to new campus investments in the current period.

Adjusted Gross Profit

AGI defines Adjusted Gross Profit as GAAP Gross Profit including amortization expense which is excluded from cost of revenue on the statements of operations. The following table presents a reconciliation of GAAP Gross Profit to Adjusted Gross Profit inclusive of amortization:

	Three Months Ended July 31,	
	2021	2020
GAAP Gross Profit	$10,423,184	$8,990,985
Add back amortization expense included in cost of revenue:		
Intangible asset amortization	10,492	11,947
Call center software/website amortization	403,751	315,107
Total amortization included in cost of revenue	414,243	327,054
Adjusted Gross Profit	$10,837,427	$9,318,039
Revenue	$19,430,995	$15,165,562
Cost of Revenue	8,593,568	5,847,523
Adjusted Gross Profit	$10,837,427	$9,318,039
GAAP Gross Profit as a percentage of revenue	54 %	59 %
Adjusted Gross Profit as a percentage of revenue	56 %	61 %

Adjusted gross profit as a percentage of revenue decreased due primarily to an increase in class starts year-over-year and additional full-time faculty staffing in the USU MSN-FNP program and faculty hiring in the BSN Pre-Licensure campus locations in Phoenix, Austin and Tampa; and planned advertising spending increase throughout Fiscal Year 2022, targeted primarily to our highest LTV programs. The majority of the advertising spending increase is directed to the new pre-licensure metro locations: Austin, Nashville and Tampa, as well as USU's MSN-FNP program. Additionally, capitalized call center costs increased in the current period.

Aspen University GAAP Gross Profit represented 53% of Aspen University revenue for Q1 Fiscal Year 2022, and USU GAAP Gross Profit represented 60% of USU revenue for Q1 Fiscal Year 2022.

Liquidity and Capital Resources

A summary of the Company's cash flows is as follows:

	Three Months Ended July 31,	
	2021	2020
Net cash (used in) provided by		
Operating activities	$ (2,432,491)	$ (636,759)
Investing activities	(978,882)	(662,218)
Financing activities	22,548	2,351,774
Net (decrease) increase in cash	$ (3,388,825)	$ 1,052,797

Net Cash Used in Operating Activities

Net cash used in operating activities for the three months ended July 31, 2021 consists of net loss adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation, bad debt expense, depreciation and amortization expense, amortization of debt discounts and issue costs, warrants issued for services, modification charge for warrants exercised, common shares issued for services and other adjustments.

Adjustments to net loss consist primarily of depreciation and amortization expense of $779,409, stock-based compensation of $542,712, bad debt expense of $350,000, tenant improvement allowances received from landlords of $86,591, and amortization of debt issue costs of $8,334. The increase from changes in working capital primarily consists of decreases in deferred revenue of $2.1 million and increases in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of $1,879,318. The decrease in deferred revenue is due primarily to timing of billings for class starts. The increase in accounts receivable is primarily attributed to the growth in revenue from increased enrollments and students paying through the monthly payment plan as well as timing of billings for class starts.

The Company expects a favorable trend in working capital over time, but there may be volatility from quarter to quarter. In aggregate the Company expects a general trend toward lower cash used in operations in future quarters; however, some quarters could have higher cash used in operations as a result of more cash used to support changes in working capital. Program start timings and the related federal financial aid drawdowns also impact cash timing.

Net cash used in operations for the three months ended July 31, 2020 consist primarily of depreciation and amortization expense of $490,624, stock-based compensation of $487,110, bad debt expense of $400,000 and amortization of debt discounts $0.1 million and amortization of debt issue costs $0.1 million. The increase from changes in working capital primarily consists of an increase in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of $2.7 million, partially offset by increases in deferred revenue of $1.1 million. The increase in accounts receivable is primarily attributed to the growth in revenue from increased enrollments and students paying through the monthly payment plan as well as timing of billings for class starts. The increase in deferred revenue is due primarily to timing of billings for class starts.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended July 31, 2021 includes purchases of property and equipment of $0.8 million primarily due to investments in leasehold improvements, computer equipment and hardware, Company developed software and new campuses and purchases of courseware and accreditation of $0.1 million.

Net cash used in investing activities for the three months ended July 31, 2020 primarily includes purchases of property and equipment of $0.7 million mostly attributed to investments in the purchase of property and equipment as we build out our campuses.

Net Cash Provided By Financing Activities

Net cash provided by financing activities for the three months ended July 31, 2021 includes proceeds from stock options exercised of $22,548.

Net cash provided by financing activities for the three months ended July 31, 2020 includes proceeds from stock options exercised of $1,269,982 and proceeds from warrants exercised of $1,081,792 received from the cash exercise of warrants associated with the Term Loans and Revolving Credit Facility.

Liquidity and Capital Resources

Our cash balances are kept liquid to support our growing infrastructure needs. The majority of our cash is concentrated in large financial institutions.

The Company also has access to a $5 million Revolving Credit Facility. At July 31, 2021 and April 30, 2021, there were no outstanding borrowings under this credit facility.

On August 31, 2021, the Company extended the Revolving Credit Facility by one year to November 4, 2022. The Credit Facility Agreement provides for a $5,000,000 revolving credit facility evidenced by a revolving promissory note. Borrowings under the Credit Facility Agreement bear interest at 12% per annum. In conjunction with the extension of the Revolving Credit Facility, the Company drew down $5,000,000 of funds from the Revolving Credit Facility at 12% interest per annum due November 4, 2022. Pursuant to this agreement, on August 31, 2021 the Company issued to the Foundation warrants to purchase 50,000 shares of the Company’s common stock exercisable for five years from the date of issuance at the exercise price of $5.89 per share. The Company expects to use these funds for general business purposes, including the roll out of the new campuses. The Company anticipates that the Aspen 2.0 business plan, with lower advertising budget that targets the highest LTV programs, will reduce the need to borrow funds in the future.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its campus operations. The Company's Fiscal year 2022 capital expenditures are expected to be lower than Fiscal Year 2021 capital expenditures by approximately $0.5 million related to new campus costs. Additionally, the Company expects additional cash commitments for letters of credit related to securing new campus locations.

The Company expects that its existing cash resources will be sufficient to fund its working capital, including capital expenditures, investing and other needs for more than the next 12 months. As disclosed in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 as filed with the SEC on July 13, 2021, the Company intends to be net income positive by Fiscal Q4 2022.

Critical Accounting Policies and Estimates

At July 31, 2021, there were no material changes to our critical accounting policies and estimates. A full listing of our critical accounting policies and estimates is described in the "Critical Accounting Policies and Estimates" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 and listed here below:

- Revenue Recognition and Deferred Revenue
- Accounts Receivable and Allowance for Doubtful Accounts Receivable
- Goodwill and Intangibles
- Stock-based compensation

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of July 31, 2021.

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 our goal of achieving positive GAAP net income by Q4 of the fiscal year 2022, our plan to decrease advertising spend on our lower efficiency unit and shift that spend to the highest LTV units, the anticipated impact of this plan on our future operating results, liquidity and growth, and the expected timing of such impact, the anticipated near-term changes in enrollments, the expected growth in our highest efficiency businesses, our estimates concerning LTV and ARPU, our expectations regarding accounts receivable, the expected continued revenue growth in Aspen University’s BSN Pre-Licensure and USU’s MSN-FNP programs, the expected timing of subsequent campus openings, including Nashville, TN, the impact of bookings and ARPU, our beliefs with respect to the impact of COVID-19 on class starts and enrollments, the impact of the new federal vaccination mandate on our future results of operations, the expected sources of future revenue growth, our anticipated working capital trends, the intended use of proceeds from the drawdown under the revolving credit facility and the expected capital expenditures related to new campus openings and letters of credit. 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 include, without limitation, our ability to successfully implement the fiscal year 2022 business plan and the accuracy of the assumptions used in estimating the results of such implementation, unanticipated issues with, and delays in, launching phase two of our in-house CRM and the continued ability of the CRM to perform as expected, continued high demand for nurses, the continued effectiveness of our marketing efforts, the effectiveness of our collection efforts and process improvements, our ability to obtain the necessary regulatory approvals to launch our future campuses in a timely fashion or at all, national and local economic factors including the substantial impact of the COVID-19 pandemic on the economy, competition from nursing schools in local markets, risks stemming from the new federal vaccination program, the competitive impact from the trend of major non-profit universities using online education, unfavorable regulatory changes, our failure to continue obtaining enrollments at low acquisition costs and keeping teaching costs down, and potential loss of employees as a result of the COVID-19 vaccine mandate. Further information on the risks and uncertainties affecting our business is contained in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2021. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, required by Rule 13a-15 or 15d-15 of the Securities Exchange Act of 1934 (the "Exchange Act") of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Based on their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. Other than the previously disclosed receipt of payment of $498,120 as a final distribution by the bankruptcy trustee in HEMG bankruptcy proceedings, during the period covered by this report, there were no material changes to the description of legal proceedings set forth in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

ITEM 1A. RISK FACTORS

The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

The proposed new regulation concerning mandatory COVID-19 vaccination of employees could have a material adverse impact on our business and results of operations.

On September 9, 2021, President Biden announced a proposed new rule requiring all employers with at least 100 employees to ensure that their employees are fully vaccinated or require unvaccinated workers to get a negative test at least once a week. The Department of Labor’s Occupational Safety and Health Administration is drafting an emergency regulation to carry out this mandate, which is expected to take effect in the coming weeks. It remains unclear, among other things, if the vaccine mandate will apply to all employees or only to employees who work in the office, and how compliance will be documented.

It is currently not possible to predict with certainty the exact impact the new regulation would have on us. As a company with more than 100 employees, we would be required to mandate COVID-19 vaccination of our workforce or our unvaccinated employees would require weekly testing. This may result in employee attrition, which could be material as a substantial number of our employees are based in Arizona where vaccination rates are below the national average. If we were to lose employees, it could have an adverse effect on future revenues and costs, which could be material. Accordingly, the proposed new regulation when implemented could have a material adverse effect on our business and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On July 21, 2021, the Company issued 25,000 common stock purchase warrants to a former member of the Board of Directors. The warrants are exercisable for a period of five years from the issuance date and vest annually over a three year period subject to continued service on the Company's Advisory Board on each applicable vesting date. The warrants will terminate automatically and immediately upon the expiration of the exercise period. The issuance of the warrants was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933 (the “Securities Act”) and Rule 506 of Regulation D promulgated thereunder.

On July 21, 2021, as part of his new Employment Agreement, the Company granted 125,000 RSUs to Michael Mathews, the Company's Chief Executive Officer, under the 2018 Plan. Vesting is subject to continued employment with the Company and will occur in full on the date the Company files with the SEC a quarterly or annual report on Forms 10-Q or 10-K, as applicable, which reflects the Company reported net income on a GAAP basis. If the RSUs do not vest within three years from the July 21, 2021 grant date, they will expire and automatically be forfeited. The issuance of the RSUs was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

On August 12, 2021, Mr. Gerard Wendolowski, the Chief Operating Officer of the Company, and Dr. Cheri St. Arnauld, the Company’sChief Academic Officer, received a grant of 80,000 RSUs each. The RSUs will vest in three nearly equal annual increments with the first increment vesting on August 12, 2022, subject to continued service as an officer of the Company on each applicable vesting date. Each RSU represents a contingent right to receive one share of the Company’s common stock. The RSUs were granted under the 2018 Plan. The issuance of the RSUs was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

On August 16, 2021, Mr. Matthew LaVay, the Chief Financial Officer of the Company, received a grant of 125,000 RSUs pursuant to his Employment Agreement. The RSUs will vest in three approximately equal annual increments with the first increment vesting on August 16, 2022, subject to continued employment on each applicable vesting date. Each RSU represents a contingent right to receive one share of the Company’s common stock. The RSUs were granted under the 2018 Plan. The issuance of the RSUs was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

See the Exhibit Index at the end of this report.

EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
3.1	Certificate of Incorporation, as amended	10-K	7/9/19	3.1	
3.2	Bylaws, as amended	10-Q	3/15/18	3.2	
10.1	Warrant dated July 21, 2021				Filed
10.2	Employment Agreement, effective July 21, 2021, by the Company and Michael Mathews*	8-K	7/23/21	10.1	
10.3	Employment Agreement, effective August 16, 2021, by the Company and Matthew LaVay*	8-K	8/16/21	10.1	
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	Certification of Principal Executive and Principal Financial Officer (906)				Furnished**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				Filed
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				Filed
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				Filed
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				Filed
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				Filed
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Management contract or compensatory plan or arrangement.

** This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to Aspen Group, Inc., at the address on the cover page of this report, Attention: Corporate Secretary.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Aspen Group, Inc.

September 14, 2021

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

September 14, 2021

By: /s/ Matthew LaVay
Matthew LaVay
Chief Financial Officer
(Principal Financial Officer)

September 14, 2021

By: /s/ Robert Alessi
Robert Alessi
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.1

THIS WARRANT (THIS "*WARRANT*") AND THE UNDERLYING SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "*SECURITIES ACT*"), OR ANY OTHER SECURITIES LAWS, HAVE BEEN TAKEN FOR INVESTMENT, AND MAY NOT BE SOLD OR TRANSFERRED OR OFFERED FOR SALE OR TRANSFER UNLESS A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS WITH RESPECT TO SUCH SECURITIES IS THEN IN EFFECT, OR, IN THE OPINION OF COUNSEL TO THE ISSUER OF THESE SECURITIES, SUCH REGISTRATION UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS IS NOT REQUIRED.

Issuance Date: July 21, 2021 (the "**Issuance Date**")

WARRANT FOR THE PURCHASE OF 25,000 SHARES OF COMMON STOCK OF ASPEN GROUP, INC.

THIS IS TO CERTIFY that, for value received, C. James Jensen (the " **Holder**"), is entitled to purchase, subject to the terms and conditions hereinafter set forth, twenty five thousand (25,000) shares of common stock, par value $0.001 per share (as further detailed in Section 4 of this Warrant, the "**Common Stock**"), of Aspen Group, Inc., a Delaware corporation (the "**Company**"), and to receive certificates for the Common Stock so purchased. The exercise price of this Warrant (the "**Exercise Price**") is $6.99, subject to adjustment as provided in this Warrant.

1. **Exercise Period.**

(a) This Warrant may be exercised by the Holder during the period beginning on the Issuance Date and ending at 5:00 pm (New York time) five years thereafter (the "**Exercise Period**"). The Warrants shall vest annually over a three year period in increments of 8,333 on each of the first and second year and 8,334 warrants on the third year, subject to continued service on the Company's Advisory Board on each applicable vesting date. This Warrant will terminate automatically and immediately upon the expiration of the Exercise Period.

2. **Exercise of Warrant.**

(a) This Warrant may be exercised by the Holder (in whole or in part, in its entirety or in such increments, at any time and from time to time, as in each case the Holder may in its sole discretion elect) throughout the Exercise Period. Each such exercise shall be accomplished by the Holder's (i) tender to the Company of an amount equal to the Exercise Price multiplied by the number of underlying shares of Common Stock then being purchased (the "**Purchase Price**"), by wire transfer of immediately available funds in accordance with wiring coordinates provided to the Holder by the Company, or by certified or bank cashier's check payable to the order of the Company, and (ii) surrender to the Company of this Warrant, together with an executed subscription agreement in substantially the form attached hereto as Exhibit A (the "**Subscription**"). As a condition of exercise, the Holder shall, where applicable, execute a customary investment letter and accredited investor questionnaire. The Holder's right to exercise this Warrant is subject to his compliance with any applicable laws and rules, including Section 5 of the Securities Act of 1933.

(b) Upon receipt of the Purchase Price in respect of any exercise by the Holder of this Warrant, the Company shall promptly (and in all events within two trading days of such exercise date) deliver to the Holder a certificate or certificates representing the shares of Common Stock then purchased, registered in the name of the Holder (or its transferee, if any, as permitted under Section 3 below). With respect to each exercise of this Warrant, if any, the Holder (or its transferee, if any, as the case may be) shall for all purposes be deemed to have become the holder of record of the number of shares of Common Stock purchased hereunder on the date a properly executed Subscription and payment of the Purchase Price are received by the Company (each, an "**Exercise Date**"), irrespective of the date of delivery to the Holder of the certificate(s) evidencing such shares, except that if the date of such receipt is a date on which the stock transfer books of the Company are closed, the Holder (or its transferee, if any, as the case may be) shall be deemed to have become the holder of record of such shares at the close of business on the next succeeding date on which such stock transfer books are open. Fractional shares of Common Stock shall not be issued upon any exercise of this Warrant; provided that in lieu of any fractional shares that would have been issued but for the immediately preceding clause, the Holder shall be entitled to receive cash equal to the current market price of such fraction of a share of Common Stock on the trading day immediately preceding the respective Exercise Date. In the event this Warrant is ever exercised in part, the Company shall promptly (and in all events within two trading days of the respective Exercise Date) issue a New Warrant (as defined below) to the Holder covering the aggregate number of shares of Common Stock as to which this Warrant remains exercisable. The Company acknowledges and agrees that this Warrant was issued on the Issuance Date.

3. **Recording; Transferability; Exchange; Obligations to Issue Common Stock.**

(a) Registration of Warrant. The Company shall register this Warrant, in a register to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the Holder (or its transferee, if any, as the case may be). The Company may deem and treat the registered holder from time to time of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to such holder, and for all other purposes, absent actual notice to the contrary from the Holder and any such transferee.

(b) Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto as Exhibit B duly completed and signed, to the Company at its address specified herein. As a condition to any such transfer, the Company may request a legal opinion as contemplated by the legend. Upon any such registration of transfer, a New Warrant to purchase Common Stock, in substantially the form of this Warrant (each, a "**New Warrant**"), evidencing the portion of this Warrant so transferred shall be issued to such transferee, and a

New Warrant evidencing the remaining portion of this Warrant, if any, not so transferred shall be issued to the Holder. The acceptance of the New Warrant by such transferee shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

(c) Exchange of Warrant. This Warrant is exchangeable upon its surrender by the Holder to the Company for New Warrants of like tenor and date representing in the aggregate the right to purchase the number of shares of Common Stock purchasable hereunder, each of such New Warrants to represent the right to purchase such number of shares of Common Stock as may be designated by the Holder at the time of such surrender (not to exceed the aggregate number of such shares underlying this Warrant).

(d) Absolute Nature of Company's Obligations. The Company's obligations to issue and deliver Common Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Common Stock. Nothing herein shall limit the Holder's right to pursue any other remedies available to him hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

4. **Adjustments to Exercise Price; Number of Shares Subject to Warrant**. The Exercise Price and the number of shares of Common Stock purchasable upon the exercise of this Warrant are subject to adjustment from time to time upon the occurrence of any of the events specified in this Section 4. For the purpose of this Section 4, "**Common Stock**" means shares now or hereafter authorized of any class of common stock of the Company, however designated, that has the right to participate in any distribution of the assets or earnings of the Company without limit as to per-share amount (excluding, and subject to any prior rights of, any class or series of preferred stock of the Company).

(a) In case the Company shall (i) pay a dividend or make a distribution in shares of Common Stock to holders of shares of Common Stock, (ii) subdivide ("split") its outstanding shares of Common Stock into a greater number of shares, (iii) combine ("reverse split") its outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of its shares of Common Stock other securities of the Company, then the Exercise Price in effect at the time of the record date for such dividend or on the effective date of such subdivision, combination or reclassification, as the case may be, and/or the number and kind of securities issuable on such date, shall be proportionately adjusted so that the Holder of this Warrant thereafter exercised shall be entitled to receive the aggregate number and kind of shares of Common Stock (or such other securities other than Common Stock) of the Company, at the same aggregate Exercise Price, that, if this Warrant had been exercised immediately prior to such date, the Holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, distribution, subdivision, combination or reclassification. Such adjustment shall be made successively whenever, and each time, any event listed above shall occur.

(b) In case the Company shall fix a record date for the making of a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the surviving corporation) of cash, evidences of indebtedness or assets, or subscription rights or warrants, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Fair Market Value per share of Common Stock on such record date, less the amount of cash so to be distributed or the Fair Market Value (as determined in good faith by, and reflected in a formal resolution of, the board of directors of the Company) of the portion of the assets or evidences of indebtedness so to be distributed, or of such subscription rights or warrants, applicable to one share of Common Stock, and the denominator of which shall be the Fair Market Value per share of Common Stock. Such adjustment shall be made successively whenever, and each time, such a record date is fixed; and in the event that such distribution is not so made, the Exercise Price shall again be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

(c) Notwithstanding any provision hereof to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price; provided, however, that any adjustments which by reason of this Section 4(c) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 4 shall be made to the nearest cent or the nearest one-hundredth of a share, as the case may be.

(d) In the event that at any time, as a result of an adjustment made pursuant to Section 4(a) above, the Holder of this Warrant thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, thereafter the number of such other shares so receivable upon exercise of this Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares of Common Stock contained in this Section 4, and the other provisions of this Warrant shall apply on like terms to any such other shares.

(e) Fundamental Transactions. If, at any time while this Warrant is outstanding, (i) the Company effects any merger or consolidation of the Company with or into another company, (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another company or person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as he would have been entitled to receive upon the occurrence of such Fundamental Transaction if he had been, immediately prior to such Fundamental Transaction, the holder of the number of Common Stock then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's sole discretion and request, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a New Warrant substantially in the form of this Warrant and consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof. Any such successor or surviving entity shall be deemed to be required to comply with the provisions of this Section 4(e) and shall insure that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(f) In case any event shall occur as to which the other provisions of this Section 4 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles hereof, then, in each such case, the Company shall effect such adjustment, on a basis consistent with the essential intent and principles established in this Section 4, as may be necessary to preserve, without dilution, the purchase rights represented by this Warrant.

(g) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 4, the Company, at its own sole expense, shall promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Common Stock or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company shall promptly deliver a copy of each such certificate to the Holder and to the Company's Transfer Agent.

5. **Legend.** If there is not a current effective registration statement in effect and the exemption provided by Rule 144 under the Securities Act is unavailable when this Warrant is exercised, the stock certificates issued to the Holder shall bear the following legend:

"The securities represented by this certificate have not been registered under the Securities Act of 1933 (the "**Securities Act**"), and may not be offered for sale or sold except pursuant to (i) an effective registration statement under the Securities Act or (ii) an opinion of counsel to the issuer that an exemption from registration under the Securities Act is available."

6. **Reservation of Common Stock.** The Company covenants that it shall at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Common Stock upon exercise of this Warrant as herein provided, the number of shares of Common Stock which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (taking into account the adjustments and restrictions of Section 4). The Company covenants that all Common Stock so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued, fully paid and non-assessable.

7. **Replacement of Warrant.** If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued, in exchange and substitution herefor and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of (a) evidence reasonably satisfactory to the Company of such mutilation, loss, theft or destruction and (b) customary and reasonable indemnity (which may include a surety bond), if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures, and pay such other reasonable third-party costs, as the Company may reasonably prescribe. If a New Warrant is requested as a result of a mutilation of this Warrant, then the Holder shall deliver such mutilated Warrant to the Company as a condition precedent to the Company's obligation to issue the New Warrant.

8. **Charges, Taxes and Expenses.** Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer-agent fee, or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Common Stock or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Common Stock upon exercise hereof.

9. **Certain Notices to Holder.** In the event of (a) any fixing by the Company of a record date with respect to the holders of any class of securities of the Company for the purpose of determining which of such holders are entitled to dividends or other distributions, or any rights to subscribe for, purchase or otherwise acquire any shares of capital stock of any class or any other securities or property, or to receive any other right, (b) any capital reorganization of the Company, or reclassification or recapitalization of the capital stock of the Company, or any transfer of all or substantially all of the assets or business of the Company to, or consolidation or merger of the Company with or into, any other entity or person, or (c) any voluntary or involuntary dissolution or winding up of the Company, then and in each such event the Company shall give the Holder a written notice specifying, as the case may be, (i) the record date for the

purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, conveyance, dissolution, liquidation, or winding-up is to take place and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such capital stock or securities receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock securities) for securities or other property deliverable upon such event. Any such notice shall be given at least ten (10) days prior to the earliest date therein specified and sent by certified mail (return receipt requested), or by reputable commercial overnight courier service (Federal Express, UPS or equivalent that provides a receipt) for next-business-morning delivery, in each case with postage thereon prepaid by the Company and addressed to the Holder, 1920 4th Avenue #2803, Seattle, WA 98101.

10. **No Rights as a Shareholder.** This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company, nor to any other rights whatsoever except the rights herein set forth; provided, however, that the Company shall not close any merger arising out of any merger agreement in which it is not the surviving entity, or sell all or substantially all of its assets, unless the Company shall have first provided the Holder with 20 days' prior written notice.

11. **Additional Covenants of the Company.** The Company shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant.

12. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Company, the Holder, and their respective successors and permitted assigns.

13. **Severability.** Every provision of this Warrant is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the remainder of this Warrant.

14. **Governing Law; Exclusive Jurisdiction.** This Warrant shall be governed by and construed in accordance with the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the Company's or the Holder's actual state of residence or legal domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction. Any action, suit or proceeding relating to this Warrant shall be brought exclusively in the courts located in New York County, New York , and, for all purposes of any such action, suit or proceeding, each of the parties hereby irrevocably (i) submits to the exclusive jurisdiction of such courts, (ii) waives any objection to such choice of venue based on *forum non conveniens* or any other legal or equitable doctrine, and (iii) waives trial by jury and, in the case of the Company, the right to interpose any set-off or counterclaim, of any nature or description whatsoever, in any such action, suit or proceeding.

15. **Attorneys' Fees.** In the event that there is any controversy or claim arising out of or relating to this Warrant, or to the interpretation, breach or enforcement hereof, and any action, suit or proceeding is commenced to enforce the provisions of this Warrant, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs incurred in proceedings undertaken to establish both entitlement to fees and establishing the amount of fees to be recovered, sometimes referred to as "fees on fees"). Should a party take an appeal, the prevailing party shall recover reasonable attorneys' fees and costs on the appeal, unless the outcome of the appeal is a remand for new trial, in which case the party that ultimately prevails shall recover reasonable attorneys' fees and costs for all proceedings including any appeal.

16. **Entire Agreement; Amendments.** This Warrant (including the Exhibits attached hereto) constitutes the entire agreement, arrangement and understanding, written or oral, between the Company and the Holder with respect to the subject matter hereof, superseding and merging all prior and contemporaneous negotiations, discussions, agreements, arrangements and understandings, written or oral, between them relating thereto. This Warrant may not be modified or amended, nor any of its provisions varied or waived, except by further instrument signed by both the Company and the Holder.

17. **Good Faith.** The Company shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but shall at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against such impairment.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its duly authorized officer as of the Issuance Date.

ASPEN GROUP, INC.

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

<u>Exhibit A</u>

SUBSCRIPTION FORM

The undersigned, pursuant to the provisions set forth in the attached Warrant (the "***Warrant***"), hereby notifies the Company that it is exercising the Warrant on the following basis:

<u>Section 1 - Exercise</u>.

- I am exercising my right to purchase ________ shares of Common Stock, being all of the shares of Common Stock which I am entitled to purchase under the Warrant; or
- I am exercising my right to purchase ________ shares of Common Stock, being a portion of the shares of Common Stock which I am entitled to purchase under the Warrant, and request that the Company deliver to me (or as I shall designate below) a new Warrant representing the right to purchase _______ shares of Common Stock, being the remaining shares of Common Stock which I am entitled to purchase under the Warrant.

<u>Section 2 - Payment</u>.

I am making payment in full for the shares of Common Stock being purchased hereby at an exercise price per share of $_______ as provided for in the Warrant. The total exercise price payable for the shares of Common Stock being purchased hereby is $___________. Such payment takes the form of (*check and complete, as applicable*):

___ $__________ in certified or official bank check payable to the order of the Company; or

___ $__________ by wire transfer of immediately available funds.

I request that a certificate for the shares of Common Stock being purchased hereby be issued in the name of the undersigned and delivered to me at the address stated below. If such shares of Common Stock do not comprise all such shares purchasable pursuant to the Warrant, I request that a new Warrant of like tenor for the balance of the shares purchasable thereunder be delivered to me at such address.

In connection with the issuance of the Common Stock, if the Common Stock may not be immediately publicly sold, I hereby represent to the Company that I am acquiring the Common Stock for my own account for investment and not with a view to, or for resale in connection with, a distribution of the shares within the meaning of the Securities Act of 1933 (the "***Securities Act***").

I am______ am not ______ [*please initial one*] an accredited investor for at least one of the reasons listed on Exhibit A-1 to the Warrant. If the SEC has amended the rule defining "accredited investor", I acknowledge that as a condition to exercising the Warrant, the Company may request updated information regarding my status as an accredited investor. My exercise of the Warrant shall be in compliance with the applicable exemptions under the Securities Act and applicable state law.

I understand that if at this time the Common Stock has not been registered under the Securities Act, I must hold the Common Stock indefinitely unless the Common Stock is subsequently registered and qualified under the Securities Act or is exempt from such registration and qualification. I shall make no transfer or disposition of the Common Stock unless (a) such transfer or disposition can be made without registration under the Securities Act by reason of a specific exemption from such registration and such qualification or (b) a registration statement has been filed pursuant to the Securities Act and has been declared effective with respect to such disposition. I agree that each certificate representing Common Stock delivered to me shall bear substantially the same legend as set forth on the front page of the Warrant.

I further agree that the Company may place stop-transfer orders with its transfer agent to the same effect as the above legend. The legend and stop-transfer notice referred to above shall be removed only upon my furnishing to the Company an opinion of counsel to the Company to the effect that such legend may be removed.

Date:________________________________

Signed: ________________________________
Print Name:______________________________
Address:_______________________________

Date:________________________________

Signed: ________________________________
Print Name:______________________________
Address:_______________________________

Exhibit A-1

For Individual Investors Only:

(1) I certify that I am a person who has an individual net worth, or a person who with his or her spouse has a combined net worth, in excess of $1,000,000. For purposes of calculating net worth under this paragraph (1), (i) the primary residence shall not be included as an asset, (ii) to the extent that the indebtedness that is secured by the primary residence is in excess of the fair market value of the primary residence, the excess amount shall be included as a liability, and (iii) if the amount of outstanding indebtedness that is secured by the primary residence exceeds the amount outstanding 60 days prior to exercising these securities, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability.

(2a) I certify that I am an accredited investor because I had individual income (exclusive of any income attributable to my spouse) of more than $200,000 in the two most recent calendar years and I reasonably expect to have an individual income in excess of $200,000 in the current year.

(2b) Alternatively, my spouse and I have joint income in excess of $300,000 in each applicable year.

(3) I am a director or executive officer of the Company.

Other Investors:

(4) The undersigned certifies that it is one of the following: any bank as defined in Section 3(a)(2) of the Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

(5) The undersigned certifies that it is a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

(6) The undersigned certifies that it is an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

(7) The undersigned certifies that it is a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of the Securities Act.

(8) The undersigned certifies that it is an entity in which all of the equity owners are accredited investors.

(9) I am none of the above.

<u>Exhibit B</u>
ASSIGNMENT

For Value Received __________________________ hereby sells, assigns and transfers to _________________________ the Warrant attached hereto and the rights represented thereby to purchase _________ shares of Common Stock in accordance with the terms and conditions thereof, and does hereby irrevocably constitute and appoint ___________________________ as attorney to transfer such Warrant on the books of the Company with full power of substitution.

Dated: ________________________ Signed: _______________________

ASSIGNEE:

Name:________________________

Address:______________________

____

SSN/TIN:______________________

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that:

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

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

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

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

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

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

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

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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: September 14, 2021

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Matthew LaVay, certify that:

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

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

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

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

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

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

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

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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: September 14, 2021

/s/ Matthew LaVay

Matthew LaVay
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)
Dated: September 14, 2021

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Matthew LaVay, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew LaVay

Matthew LaVay
Chief Financial Officer
(Principal Financial Officer)
Dated: September 14, 2021