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 **October 31, 2019**

or

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

For the transition period from ___________ to ___________

Commission file number **001-38175**

ASPEN GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**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 December 6, 2019
Common Stock, $0.001 par value per share	19,131,899 shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2019 (Unaudited)	April 30, 2019
Assets		
Current assets:		
Cash	$ 6,472,417	$ 9,519,352
Restricted cash	454,288	448,400
Accounts receivable, net of allowance of $1,892,318 and $1,247,031, respectively	12,813,517	10,656,470
Prepaid expenses	788,929	410,745
Other receivables	312	2,145
Other current assets	172,507	—
Total current assets	20,701,970	21,037,112
Property and equipment:		
Call center equipment	270,010	193,774
Computer and office equipment	345,241	327,621
Furniture and fixtures	1,484,930	1,381,271
Software	5,178,944	4,314,198
	7,279,125	6,216,864
Less accumulated depreciation and amortization	(2,296,365)	(1,825,524)
Total property and equipment, net	4,982,760	4,391,340
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,991,667	8,541,667
Courseware, net	135,446	161,930
Accounts receivable, secured - net of allowance of $625,963 and $625,963, respectively	45,329	45,329
Long term contractual accounts receivable	5,490,733	3,085,243
Debt issue cost, net	250,569	300,824
Right of use lease asset	7,953,283	—
Deposits and other assets	324,950	629,626
Total assets	$ 52,888,139	$ 43,204,503

(Continued)

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

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

	October 31, 2019	April 30, 2019
	(Unaudited)	
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,187,748	$ 1,699,221
Accrued expenses	739,661	651,418
Deferred revenue	5,509,861	2,456,865
Refunds due students	1,902,211	1,174,501
Deferred rent, current portion	—	47,436
Convertible note payable	50,000	50,000
Senior secured loan payable, net of discount of $218,030 at October 31, 2019	9,781,970	—
Operating lease obligations, current portion	1,509,429	—
Other current liabilities	28,605	270,786
Total current liabilities	20,709,485	6,350,227
Senior secured loan payable, net of discount of $353,328 at April 30, 2019	—	9,646,672
Operating lease obligations	6,443,854	—
Deferred rent	767,710	746,176
Total liabilities	27,921,049	16,743,075
Commitments and contingencies – see Note 10		
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized,		
0 issued and outstanding at October 31, 2019 and April 30, 2019	—	—
Common stock, $0.001 par value; 40,000,000 shares authorized		
19,142,316 issued and 19,125,649 outstanding at October 31, 2019		
18,665,551 issued and 18,648,884 outstanding at April 30, 2019	19,142	18,666
Additional paid-in capital	69,781,363	68,562,727
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(44,763,415)	(42,049,965)
Total stockholders' equity	24,967,090	26,461,428
Total liabilities and stockholders' equity	$ 52,888,139	$ 43,204,503

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 October 31,		Six Months Ended October 31,	
	2019	**2018**	**2019**	**2018**
Revenues	$ 12,085,965	$ 8,095,344	$ 22,443,947	$ 15,316,649
Operating expenses				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	4,188,056	3,835,515	8,541,114	7,587,907
General and administrative	7,601,459	6,210,411	14,638,609	12,034,543
Depreciation and amortization	628,225	524,067	1,234,799	1,022,172
Total operating expenses	12,417,740	10,569,993	24,414,522	20,644,622
Operating loss	(331,775)	(2,474,649)	(1,970,575)	(5,327,973)
Other income (expense)				
Other income	132,567	41,493	155,369	97,894
Interest expense	(428,960)	(41,922)	(852,649)	(82,275)
Total other income/(expense), net	(296,393)	(429)	(697,280)	15,619
Loss before income taxes	(628,168)	(2,475,078)	(2,667,855)	(5,312,354)
Income tax expense	10,000	—	45,595	—
Net loss	$ (638,168)	$ (2,475,078)	$ (2,713,450)	$ (5,312,354)
Net loss per share allocable to common stockholders - basic and diluted	$ (0.03)	$ (0.13)	$ (0.14)	$ (0.29)
Weighted average number of common stock outstanding - basic and diluted	18,985,371	18,335,413	18,859,344	18,326,621

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 October 31, 2019 and 2018
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at July 31, 2019	18,913,527	$ 18,914	$ 69,146,123	$ (70,000)	$ (44,125,247)	$ 24,969,790
Stock-based compensation	—	—	391,067	—	—	391,067
Common stock issued for cashless stock options exercised	80,313	80	(80)	—	—	—
Common stock issued for stock options exercised for cash	90,950	90	192,432	—	—	192,522
Common stock issued for cashless warrant exercise	57,526	58	(58)	—	—	—
Amortization of warrant based cost	—	—	9,125	—	—	9,125
Amortization of restricted stock issued for services	—	—	42,754	—	—	42,754
Net loss	—	—	—	—	(638,168)	(638,168)
Balance at October 31, 2019	19,142,316	$ 19,142	$ 69,781,363	$ (70,000)	$ (44,763,415)	$ 24,967,090

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at July 31, 2018	18,341,440	$ 18,341	$ 66,744,959	$ (70,000)	$ (35,609,024)	$ 31,084,276
Stock-based compensation	—	—	305,315	—	—	305,315
Common stock issued for cashless stock options exercised	25,534	26	(26)	—	—	—
Common stock issued for stock options exercised for cash	24,118	24	52,261	—	—	52,285
Net loss	—	—	—	—	(2,475,078)	(2,475,078)
Balance at October 31, 2018	18,391,092	$ 18,391	$ 67,102,509	$ (70,000)	$ (38,084,102)	$ 28,966,798

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 (CONTINUED)
Six Months Ended October 31, 2019 and 2018
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2019	18,665,551	$ 18,666	$ 68,562,727	$ (70,000)	$ (42,049,965)	$ 26,461,428
Stock-based compensation	—	—	889,484	—	—	889,484
Common stock issued for cashless stock options exercised	182,207	182	(182)	—	—	—
Common stock issued for stock options exercised for cash	112,826	113	237,600	—	—	237,713
Common stock issued for cashless warrant exercise	76,929	77	(77)	—	—	—
Amortization of warrant based cost	—	—	18,565	—	—	18,565
Amortization of restricted stock issued for services	—	—	73,350	—	—	73,350
Restricted Stock Issued for Services, subject to vesting	104,803	104	(104)	—	—	—
Net loss	—	—	—	—	(2,713,450)	(2,713,450)
Balance at October 31, 2019	19,142,316	$ 19,142	$ 69,781,363	$ (70,000)	$ (44,763,415)	$ 24,967,090

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2018	18,333,521	$ 18,334	$ 66,557,005	$ (70,000)	$ (32,771,748)	$ 33,733,591
Stock-based compensation	—	—	515,291	—	—	515,291
Common stock issued for cashless stock options exercised	30,764	31	(31)	—	—	—
Common stock issued for stock options exercised for cash	26,807	26	60,076	—	—	60,102
Purchase of treasury stock, net of broker fees	—	—	—	(7,370,000)	—	(7,370,000)
Re-sale of treasury stock, net of broker fees	—	—	—	7,370,000	—	7,370,000
Fees associated with equity raise	—	—	(29,832)	—	—	(29,832)
Net loss	—	—	—	—	(5,312,354)	(5,312,354)
Balance at October 31, 2018	18,391,092	$ 18,391	$ 67,102,509	$ (70,000)	$ (38,084,102)	$ 28,966,798

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)

	Six Months Ended October 31, 2019	Six Months Ended October 31, 2018
Cash flows from operating activities:		
Net loss	$ (2,713,450)	$ (5,312,354)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	648,658	292,889
Depreciation and amortization	1,234,799	1,022,172
Stock-based compensation	889,484	515,291
Warrants issued for services	18,565	—
Loss on asset disposition	3,918	—
Amortization of debt discounts	135,298	—
Amortization of debt issue costs	50,255	—
Amortization of prepaid shares for services	—	8,285
Non-cash payments to investor relations firm	73,350	—
Changes in operating assets and liabilities:		
Accounts receivable	(5,211,195)	(4,028,143)
Prepaid expenses	(378,184)	(238,951)
Other receivables	1,833	179,196
Other current assets	(172,507)	—
Other assets	304,676	(20,846)
Accounts payable	(511,473)	(601,225)
Accrued expenses	88,243	72,737
Deferred rent	(25,902)	453,880
Refunds due students	727,710	366,098
Deferred revenue	3,052,996	1,631,170
Other liabilities	(242,181)	172,378
Net cash used in operating activities	(2,025,107)	(5,487,423)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(9,575)	(85,821)
Purchases of property and equipment	(1,244,078)	(1,345,777)
Net cash used in investing activities	(1,253,653)	(1,431,598)
Cash flows from financing activities:		
Disbursements for equity offering costs	—	(29,832)
Proceeds of stock options exercised and warrants exercised	237,713	60,102
Purchase of treasury stock, net of broker fees	—	(7,370,000)
Re-sale of treasury stock, net of broker fees	—	7,370,000
Net cash provided by financing activities	237,713	30,270
Net (decrease) in cash and cash equivalents	(3,041,047)	(6,888,751)
Cash, restricted cash, and cash equivalents at beginning of period	9,967,752	14,803,065
Cash and cash equivalents at end of period	$ 6,926,705	$ 7,914,314
Supplemental disclosure cash flow information		
Cash paid for interest	$ 652,121	$ —
Cash paid for income taxes	$ 49,595	$ —
Supplemental disclosure of non-cash investing and financing activities		
Common stock issued for services	$ 178,447	$ —
Right-of-use lease asset offset against operating lease obligations	$ 7,469,167	$ —

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)

The following table provides a reconciliation of cash and restricted cash reported within the unaudited consolidated balance sheets that sum to the same such amounts shown in the unaudited consolidated statements of cash flows:

	Six Months Ended October 31,	
	2019	**2018**
Cash	$ 6,472,417	$ 7,723,808
Restricted cash	454,288	190,506
Total cash and restricted cash	$ 6,926,705	$ 7,914,314

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
October 31, 2019
(Unaudited)

Note 1. Nature of Operations and Liquidity

Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company," "Aspen," or "AGI") is a holding company, which hasthree subsidiaries. They are Aspen University Inc. ("Aspen University") organized in 1987, Aspen Nursing, Inc. ("ANI") (a subsidiary of Aspen University) formed in October 2018 and United States University, Inc. ("USU") formed in May 2017. USU was the vehicle we used to acquire United States University on December 1, 2017. (See Note 4). When we refer to USU in this Report, we refer to either the online university which has operated under the name United States University or our subsidiary which operates this university, as the context implies.

AGI is an education technology holding company that leverages its infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI's primary focus relative to future growth is to target the high growth nursing profession, currently 83% of all students across both universities are degree-seeking nursing students.

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

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

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.

Basis of Presentation

Interim Financial Statements

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 and six months ended October 31, 2019 and 2018, our cash flows for the six months ended October 31, 2019 and 2018, and our financial position as of October 31, 2019 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, 2019 as filed with the SEC on July 9, 2019. The April 30, 2019 balance sheet is derived from those statements.

Liquidity

At October 31, 2019, the Company had a cash balance of $6,472,417 with an additional $454,288 in restricted cash.

On November 5, 2018 the Company entered into a three year, $5,000,000 senior revolving credit facility. There is currently no outstanding balance under that facility. (See Note 6)

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

In March 2019, the Company entered into two loan agreements for a principal amount of $5 million each and received total proceeds of $10 million. In connection with the loan agreements, the Company issued 18 month senior secured promissory notes, with the right to extend the term of the loans for an additional 12 months subject to paying a 1% one-time extension fee. (See Note 6)

During the six months ended October 31, 2019 the Company used net cash of $3,041,047, which included using $2,025,107 in operating activities.

Note 2. Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

The preparation of the unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements. Actual results could differ from those estimates. Significant estimates in the accompanying unaudited consolidated financial statements include the allowance for doubtful accounts and other receivables, the valuation of collateral on certain receivables, estimates of the fair value of assets acquired and liabilities assumed in a business combination, amortization periods and valuation of courseware, intangibles and software development costs, estimates of the valuation of initial right of use ("ROU") assets and corresponding lease liabilities, valuation of beneficial conversion features in convertible debt, 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 unaudited 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. There were no cash equivalents at October 31, 2019 and April 30, 2019. 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 October 31, 2019.

As of October 31, 2019 and April 30, 2019, the Company maintained deposits totaling $6,352,050 and $9,359,208, respectively, held in two separate institutions.

Restricted cash was $454,288 as of October 31, 2019 and consisted of $122,262 which is collateral for a letter of credit issued by the bank and required under the USU facility operating lease. Also, included was $71,932 and an additional $260,094, which was collateral for a letter of credit issued by the bank and related to USU's receipt of Title IV funds as required by DOE in connection with the change of control of USU. Restricted cash as of April 30, 2019 was $448,400.

Goodwill and Intangibles

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

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

Fair Value Measurements

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

Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;

Level 2—Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and

Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

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

Accounts Receivable and Allowance for Doubtful Accounts Receivable

All students are required to select both a primary and secondary payment option with respect to amounts due to Aspen for tuition, fees and other expenses. The monthly payment plan represents approximately 66% of the payments that are made by students, making it the most common payment type. In instances where a student selects financial aid as the primary payment option, he or she often selects personal cash as the secondary option. If a student who has selected financial aid as his or her primary payment option withdraws prior to the end of a course but after the date that Aspen’s institutional refund period has expired, the student will have incurred the obligation to pay the full cost of the course. If the withdrawal occurs before the date at which the student has earned 100% of his or her financial aid, Aspen may have to return all or a portion of the Title IV funds to the DOE and the student will owe Aspen all amounts incurred that are in excess of the amount of financial aid that the student earned, and that Aspen is entitled to retain. In this case, Aspen must collect the receivable using the student’s second payment option.

For accounts receivable from students, Aspen records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student’s cost of tuition and related fees. Aspen determines the adequacy of its allowance for doubtful accounts using an allowance method based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and each student’s status. Aspen estimates the amounts to increase the allowance based upon the risk presented by the age of the receivables and student status. Aspen writes off accounts receivable balances at the time the balances are deemed uncollectible. Aspen continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

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

Direct write-offs are taken in the period when Aspen has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that Aspen should abandon such efforts. (See Note 8)

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

When a student signs up for the monthly payment plan, there is a contractual amount that the Company can expect to earn over the life of the student's program. This contractual amount cannot be recorded as an accounts receivable because, the student does have the option to stop attending. As a student takes a class, revenue is earned over the class term. Some students accelerate their program, taking two or more classes every eight week period, which increases the student's accounts receivable balance. If any portion of that balance will be paid in a period greater than 12 months, that portion is reflected as long-term accounts receivable. At October 31, 2019 and April 30, 2019, those balances were $5,490,733 and $3,085,243, respectively. The Company has determined that the long term accounts receivable do not constitute a significant financing component as the list price, cash selling price and promised consideration are equal. Further, the interest free financing portion of the monthly payment plans are not considered significant to the contract.

Property and Equipment

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

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

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

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

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

Courseware and Accreditation

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

Generally, costs of courseware creation and enhancement are capitalized. Accreditation renewal or extension costs related to intangible assets are capitalized as incurred. Courseware is stated at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the expected useful life of five years.

Long-Lived Assets

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

Refunds Due Students

The Company receives Title IV funds from the Department of Education to cover tuition and living expenses. After deducting tuition and fees, the Company sends checks for the remaining balances to the students.

Leases

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

The Company implemented ASU 2016-2 as of May 1, 2019. There were no material changes to our unaudited consolidated financial statements other than additional assets and off-setting liabilities.

In February 2016, the Financial Accounting Standards Board, of FASB, issued Accounting Standards Update, or ASU, No. 2016-2, Leases (Topic 842). This standard requires entities to recognize most operating leases on their balance sheets as right-of-use assets with a corresponding lease liability, along with disclosing certain key information about leasing arrangements. The Company adopted the standard effective May 1, 2019 using the cumulative effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the comparative periods presented. The Company adopted the following practical expedients and elected the following accounting policies related to this standard:

- Carry forward of historical lease classification;
- Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less; and
- Not separate lease and non-lease components for office space and campus leases.

The adoption of this standard resulted in the recognition of an initial operating lease right-of-use assets ("ROU's") and corresponding lease liabilities of approximately $8.8 million, on the unaudited Consolidated Balance Sheet as of May 1, 2019. There was no impact to the Company's net income or liquidity as a result of the adoption of this ASU. Additionally, the standard did not materially impact the Company's unaudited consolidated statements of cash flows.

Disclosures related to the amount, timing, and uncertainty of cash flows arising from leases are included in Note 9.

Treasury Stock

Purchases and sales of treasury stock are accounted for using the cost method. Under this method, shares acquired are recorded at the acquisition price directly to the treasury stock account. Upon sale, the treasury stock account is reduced by the original acquisition price of the shares and any difference is recorded in equity. This method does not allow the company to recognize a gain or loss to income from the purchase and sale of treasury stock.

Revenue Recognition and Deferred Revenue

On May 1, 2018, the Company adopted 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. Our adoption of this ASC, resulted in no change to our results of operations or our balance sheet.

Revenues consist primarily of tuition and course fees derived from courses taught by the Company online as well as from related educational resources and services that the Company provides to its students. Under ASC 606, the 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)

Cost of Revenues

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

Instructional Costs and Services

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

Marketing and Promotional Costs

Marketing and promotional costs include costs associated with producing marketing materials and advertising. 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. For the three and six months ended October 31, 2019, total marketing and promotional costs was $2,006,989 and $4,216,227, respectively. For the six months ended October 31, 2018, total marketing and promotional costs was $2,248,611 and $4,436,067, respectively.

General and Administrative

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

Legal Expenses

All legal costs for litigation are charged to expense as incurred.

Income Tax

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

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company accounts for uncertainty in income taxes using a two-step approach for evaluating tax positions. Step one, recognition, occurs when the Company concludes that a tax position, based solely on its technical merits, is

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more likely than not to be sustained upon examination. Step two, measurement, is only addressed if the position is more likely than not to be sustained. Under step two, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Stock-Based Compensation

Stock-based compensation expense is measured at the grant date of the award and is expensed over the requisite service period. For employee stock-based awards, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, employee stock option exercise behaviors and forfeiture rates. The assumptions used in calculating the fair value of stock-based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. For non-employee stock-based awards, the Company has early adopted ASU 2018-7, which substantially aligns share based compensation for employees and non-employees.

Business Combinations

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

Net Loss Per Share

Net loss per share of common stock is based on the weighted average number of shares of common stock outstanding during each period. Options to purchase 3,021,131 and 3,435,616 shares of common stock, warrants to purchase 566,223 and 650,847 shares of common stock, unvested restricted stock of 69,672 and 0, and 50,000 and 50,000 of convertible debt (convertible into 4,167 and 4,167 shares of common stock) were outstanding at October 31, 2019 and October 31, 2018, respectively, but were not included in the computation of diluted net loss per share because the effects would have been anti-dilutive. The options, warrants and convertible debt are considered to be common stock equivalents and are only included in the calculation of diluted earnings per 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 students regardless of geography. The Company's chief operating decision makers, its Chief Executive Officer and Chief Academic Officer, manage the Company's operations as a whole, and no revenue, expense or operating income information is evaluated by the chief operating decision makers on any component level.

Recent Accounting Pronouncements

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

Note 3. Property and Equipment

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

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	October 31, 2019	April 30, 2019
Call center hardware	$ 270,010	$ 193,774
Computer and office equipment	345,241	327,621
Furniture and fixtures	1,484,930	1,381,271
Software	5,178,944	4,314,198
	7,279,125	6,216,864
Accumulated depreciation	(2,296,365)	(1,825,524)
Property and equipment, net	$ 4,982,760	$ 4,391,340

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

	October 31, 2019	April 30, 2019
Software	$ 5,178,944	$ 4,314,198
Accumulated depreciation	(1,645,950)	(1,351,193)
Software, net	$ 3,532,994	$ 2,963,005

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2019	2018	2019	2018
Depreciation and amortization expense	$ 332,212	$ 233,109	$ 648,740	$ 440,841
Software amortization expense	$ 242,797	$ 160,666	$ 463,250	$ 304,440

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

	Future Expense
2020	$ 507,808
2021	960,396
2022	870,922
2023	710,683
2024	421,401
Thereafter	61,784
Total	$ 3,532,994

Note 4. USU Goodwill and Intangibles

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

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

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

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

We assigned an indefinite useful life to the accreditation and regulatory approvals and the trade name and trademarks as we believe they have the ability to generate cash flows indefinitely. In addition, there are no legal, regulatory, contractual, economic or other factors to limit the intangibles' useful life and we intend to renew the intangibles, as applicable, and renewal can be accomplished at little cost. We determined all other acquired intangibles are finite-lived and we are amortizing them on either a straight-line basis or using an accelerated method to reflect the pattern in which the economic benefits of the assets are expected to be consumed. Amortization expense for six months ended October 31, 2019 and for the year ended April 30, 2019 were $550,000 and $1,100,000, respectively.

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

	October 31, 2019	April 30, 2019
Intangible assets	$ 10,100,000	$ 10,100,000
Accumulated amortization	(2,108,333)	(1,558,333)
Net intangible assets	$ 7,991,667	$ 8,541,667

Note 5. Courseware and Accreditation

Courseware costs capitalized were $7,325 for the six months ended October 31, 2019 and $34,422 for the year ended April 30, 2019. As courseware reaches the end of its useful life, it is written off against the accumulated amortization. There is no expense impact for such write-offs.

Courseware consisted of the following at October 31, 2019 and April 30, 2019:

	October 31, 2019	April 30, 2019
Courseware	$ 283,538	$ 325,987
Accreditation	59,350	57,100
Accumulated amortization	(207,442)	(221,157)
Courseware, net	$ 135,446	$ 161,930

The Company had capitalized accreditation costs of $2,250 and $57,100 for the six months ended October 31, 2019 and year ended April 30, 2019, respectively.

Amortization expense of courseware for the three and six months ended October 31, 2019 and 2018:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2019	2018	2019	2018
Amortization expense	$ 16,917	$ 15,960	$ 36,059	$ 31,331

The following is a schedule of estimated future amortization expense of courseware at October 31, 2019:

	Future Expense
2020 (remaining)	$ 28,824
2021	38,560
2022	30,673
2023	25,133
2024	12,256
Thereafter	—
Total	$ 135,446

Note 6. Debt

Convertible Note

On February 29, 2012, a loan payable of $50,000 was converted into a two-year convertible promissory note, interest of 0.19% per annum. Beginning March 31, 2012, the note was convertible into shares of common stock of the Company at the conversion price of $12.00 per share (taking into account the one-for-12 reverse stock split of the Company's common stock). The Company evaluated the convertible note and determined that, for the embedded conversion option, there was no beneficial conversion value to record as the conversion price is considered to be the fair market value of the common stock on the note issue date. This loan (now a convertible promissory note) was due in February 2014. The amount due under this note has been reserved for payment upon the note being tendered to the Company by the note holder. However, this $50,000 note is derived from $200,000 of loans made to Aspen University prior to 2011. No disclosure was made of these loans in connection with the merger of Aspen University and EGC, the acquisition vehicle led by Michael Mathews, the Company's current Chairman and Chief Executive Officer. The bankruptcy judge in the HEMG bankruptcy proceedings has recently ruled that the Company may pursue remedies for these undisclosed loans.

Revolving Credit Facility

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

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

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

Pursuant to the Credit Facility Agreement, on November 5, 2018 the Company issued to the Foundation warrants to purchase 92,049 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $5.85 per share which were deemed to have a relative fair value of $255,071. The relative fair value of the warrants along with the Facility fee were treated as debt issue costs, as the facility has not been drawn on, assets to be amortized over the term of the loan.

On March 6, 2019, in connection with entering into the Senior Secured Loans, the Company amended and restated the Credit Facility Agreement (the "Amended and Restated Facility Agreement") and the 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 the Collateral, on a pari passu basis with the Lenders.

Senior Secured Term Loans

On March 6, 2019, the Company entered into two loan agreements (each a "Loan Agreement" and together, the "Loan Agreements") with the Foundation, of which Mr. Leon Cooperman, a stockholder of the Company, is the trustee, and another stockholder of the Company (each a "Lender" and together, the "Lenders"). Each Loan Agreement provides for a $5,000,000 term loan (each a "Loan" and together, the "Loans"), evidenced by a term promissory note and security agreement (each a "Term Note" and together, the "Term Notes"), for combined total proceeds of $10,000,000 million. The Company borrowed $5,000,000 from each Lender that day. The Term Notes bear interest at12% per annum and mature on September 6, 2020, subject to one 12-month extension upon the Company's option, and upon payment of a 1% one-time extension fee.

Pursuant to the Loan Agreements and the Term Notes, all future or contemporaneous indebtedness incurred by the Company, other than indebtedness expressly permitted by the Loan Agreements and the Term Notes, will be subordinated to the Loans.

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

Pursuant to the Loan Agreements, on March 6, 2019 the Company issued to each Lender warrants to purchase100,000 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $6.00 per share. The two warrants were deemed to have a combined relative fair value of $360,516. The relative fair value along with closing costs of $33,693 were treated as debt discounts to be amortized over the term of the Loans.

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

Note 7. Stockholders' Equity

Preferred Stock

On June 28, 2019, the Company amended its Certificate of Incorporation, as amended, to reduce in the number of shares of common stock the Company is authorized to issue from 250,000,000 to 40,000,000 shares, and the number of shares of preferred stock the Company is authorized to issue from10,000,000 to 1,000,000 shares. The stockholders of the Company had previously approved the Amendment at a special meeting of stockholders held on June 28, 2019.

The Company is authorized to issue 1,000,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board of Directors. As of October 31, 2019 and April 30, 2019, we had no shares of preferred stock issued and outstanding.

Common Stock

The Company is authorized to issue 40,000,000 shares of common stock.

During the three months ended October 31, 2019, the Company issued80,313 shares of common stock upon the cashless exercise of stock options.

During the three months ended October 31, 2019, the Company issued57,526 shares of common stock upon the cashless exercise of121,070 warrants.

During the three months ended October 31, 2019, the Company issued 90,950 shares of common stock upon the exercise of stock options for cash and received proceeds of $192,522.

During the three months ended July 31, 2019, the Company issued 101,894 shares of common stock upon the cashless exercise of stock options.

During the three months ended July 31, 2019, the Company issued 19,403 shares of common stock upon the cashless exercise of 43,860 warrants.

During the three months ended July 31, 2019, the Company issued 21,876 shares of common stock upon the exercise of stock options for cash and received proceeds of $45,190.

Restricted Stock

There were 69,672 unvested shares of restricted common stock outstanding at October 31, 2019. Total unrecognized compensation expense related to the unvested restricted stock as of October 31, 2019 amounted to approximately $249,000 which will be amortized over the remaining vesting periods.

During the three months ended July 31, 2019, the Company issued 30,131 shares of restricted common stock to certain directors with a fair value of $122,332.

On June 18, 2019, in order to correct errors in a third party software system used to track stock options, the Company granted Andrew Kaplan, a current director, 5,131 shares of restricted common stock and two former directors (not recipients of the May 2019 stock options mentioned above) a total of 25,000 shares of restricted common stock.

During fiscal 2019, the Company granted 25,000 shares to its investor relations firm, of which 5,000 were vested with the balance vesting quarterly over one year, subject to continued service. The total value was $122,250 which is being recognized over the service period.

The Board approved a grant of 25,000 shares of restricted stock to the then Chief Financial Officer in September 2018. The stock vests over 36 months and the stock price was $7.15 on the date of the grant. The value of the compensation was approximately $180,000 and is being recognized over 36 months. See Note 11 for further information concerning the resignation of the former Chief Financial Officer and modification of the vesting.

On December 24, 2018, the Company granted a total of 24,672 shares to certain directors with a value of $126,320 which is being recognized over 36 months.

Warrants

A summary of the Company's warrant activity during the six months ended October 31, 2019 is presented below:

Warrants	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2019	731,152	$ 5.28	3.29	$ 413,296
Granted	—	—	—	—
Exercised	(164,929)	$ 2.05	—	—
Surrendered	—	—	—	—
Expired	—	—	—	—
Balance Outstanding, October 31, 2019	566,223	$ 6.22	3.66	$ 154,820
Exercisable, October 31, 2019	516,223	$ 6.35	3.59	$ 86,820

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ALL 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	4.70	—
$ 5.85	$ 5.85	92,049	$ 5.85	4.27	92,049
$ 6.00	$ 6.00	200,000	$ 6.00	4.60	200,000
$ 6.87	$ 6.87	224,174	$ 6.87	2.99	224,174
		566,223			516,223

On August 17, 2019 an investor elected a cashless exercise of 13,542 warrants, receiving 6,271 shares. On August 20, 2019 two investors elected cashless exercises of 18,818 and 88,710 warrants, receiving 8,970 and 42,285 shares, respectively.

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

Stock Incentive Plan and Stock Option Grants to Employees and Directors

On March 13, 2012, the Company adopted the Aspen Group, Inc. 2012 Equity Incentive Plan (the “2012 Plan”) that provides for the grant of 3,500,000 shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and restricted stock units ("RSUs") to employees, consultants, officers and directors. As of October 31, 2019, there were 180,434 shares remaining available for future issuance under the 2012 Plan.

On December 13, 2018, the stockholders of the Company approved the Aspen Group, Inc. 2018 Equity Incentive Plan (the “2018 Plan”) that provides for the grant of 500,000 shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and restricted stock units to employees, consultants, officers and directors. As of October 31, 2019, there were 13,852 shares remaining available for future issuance under the 2018 Plan. At the annual meeting of shareholders scheduled for December 30, 2019, the Company is seeking shareholder approval to increase the number of shares available for grant from 500,000 to 1,100,000.

The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of the Company’s stock price over the expected term, expected risk-free interest rate over the expected option term, expected dividend yield rate over the expected option term, and an estimate of expected forfeiture rates. The Company believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes compensation on a straight-line basis over the requisite service period for each award. The following table summarizes the assumptions the Company utilized to record compensation expense for stock options granted to employees during the period ended.

	October 31, 2019	April 30, 2019
Expected life (years)	3.5	3.5
Expected volatility	46.0 %	50.1 %
Risk-free interest rate	1.67 %	2.63 %
Dividend yield	0.00 %	0.00 %
Expected forfeiture rate	n/a	n/a

The Company utilized the simplified method to estimate the expected life for stock options granted to employees. The simplified method was used as the Company does not have sufficient historical data regarding stock option exercises. The

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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 six months ended October 31, 2019, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2019	3,408,154	$ 4.44	2.90	$ 6,880,644
Granted	89,000	4.03	—	—
Exercised	(453,660)	2.20	—	—
Forfeited	(22,363)	5.92	—	—
Expired	—	—	—	—
Balance Outstanding, October 31, 2019	3,021,131	$ 4.57	2.90	$ 6,880,644
Exercisable, October 31, 2019	1,902,579	$ 3.78	1.86	$ 7,545,471

ALL OPTIONS			EXERCISABLE OPTIONS		
Exercise Price	**Weighted Average Exercise Price**	**Outstanding No. of Options**	**Weighted Average Exercise Price**	**Weighted Average Remaining Life In Years**	**Exercisable No. of Options**
$1.57 to $2.10	$ 1.99	600,115	$ 1.99	1.18	600,115
$2.28 to $2.76	$ 2.31	392,780	$ 2.29	0.87	400,486
$3.24 to $4.38	$ 3.90	358,388	$ 3.93	2.00	235,904
$4.50 to $5.20	$ 4.93	711,459	$ 4.90	2.53	336,611
$5.95 to $6.28	$ 6.07	80,417	$ 6.13	2.68	36,806
$7.17 to $7.55	$ 7.39	660,972	$ 7.39	3.73	220,324
$8.57 to $9.07	$ 8.98	217,000	$ 8.98	3.44	72,333
Options only		3,021,131			1,902,579

On August 1, 2019, the Company granted 59,000 options to 26 employees who had been hired during the first quarter ended July 31, 2019. The fair value of these options was approximately $83,000 and will be recognized over 36 month. The exercise price is $3.99.

Effective May 13, 2019, the Company granted a total of 30,000 five years non-qualified stock options to certain former directors exercisable at $4.12 per share.

For the three and six months ended October 31, 2019, the Company recorded compensation expense of $492,130 and $990,547, respectively, in connection with stock options and restricted stock grants. For the three months ended October 31, 2019, the Company recorded stock based compensation expense related to the executive officer target bonus plan of $101,063.

As of October 31, 2019, there was approximately $1,300,000 of unrecognized compensation costs related to non-vested share-based option arrangements. That cost is expected to be recognized over a weighted-average period of approximately 2.0 years.

Note 8. Revenue

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2019	2018	2019	2018
Tuition - *recognized over period of instruction*	$ 10,807,131	$ 7,442,392	$ 20,098,083	$ 14,076,232
Course fees - *recognized over period of instruction*	1,119,259	539,665	2,045,213	1,000,876
Book fees - *recognized at a point in time*	20,631	26,251	41,416	50,465
Exam fees - *recognized at a point in time*	55,415	43,600	115,515	95,840
Service fees - *recognized at a point in time*	83,529	43,436	143,720	93,236
	$ 12,085,965	$ 8,095,344	$ 22,443,947	$ 15,316,649

Contract Balances and Performance Obligations

The Company recognizes deferred revenue as a student participates in a course which continues past the balance sheet date. Deferred revenue at October 31, 2019 was $5,509,861 which is future revenue that has not yet been earned for courses in progress. The Company has $1,902,211 of refunds due students, which mainly represents Title IV funds due to students after deducting their tuition payments.

Of the total revenue earned during the three and six months ended October 31, 2019, approximately $2.7 million and $2.5 million, respectively, came from revenues which were deferred at July 31, 2019 and April 30, 2019.

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, as discussed below.

Aspen records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. Aspen determines the adequacy of its allowance for doubtful accounts using an allowance method based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. Aspen writes off accounts receivable balances at the time the balances are deemed uncollectible. Aspen continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

Cash Receipts

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

Significant Judgments

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

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

The Company had revenues from students outside the United States representing 1.32% and 1.70% of the revenues for the six months ended October 31, 2019 and 2018, respectively.

Note 9. Leases

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 the Operating Lease Assets, net, and Operating Lease Liabilities, Current and Long-term on the unaudited Consolidated Balance Sheet at October 31, 2019. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. When the lease does not provide an implicit interest rate, the Company uses an incremental borrowing rate to determine the present value of the lease payments. The right-of-use asset includes all lease payments made and excludes lease incentives. Lease expense for operating leases is recognized on a straight-line basis over the lease term. There are no variable lease payments. Lease expense for the three and six month period ended October 31, 2019 was $669,459 and $1,245,880, respectively. These costs are primarily related to long-term operating leases, but also include amounts for short-term leases with terms greater than 30 days that are not material.

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

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of October 31, 2019.

Maturity of Lease Obligations	**Lease Payments**
2020 (remaining)	$ 1,140,612
2021	2,293,382
2022	2,225,348
2023	1,663,434
2024	1,474,175
2025	1,134,718
2026 and beyond	779,287
Total future minimum lease payments	10,710,956
Less imputed interest	(2,757,673)
Present value of operating lease obligations	$ 7,953,283

Balance Sheet Classification	
Operating lease obligations, current	$ 1,509,429
Operating lease obligations, long-term	6,443,854
Total operating lease obligations	$ 7,953,283

Other Information	
Weighted average remaining lease term (in years)	5.1
Weighted average discount rate	12.06 %

Cash Flows

An initial right of use asset of approximately $8.8 million was recognized as a non-cash asset addition with the adoption of the standard. There were no additional right of use assets recognized as non-cash asset additions during the quarter ended October 31, 2019. Cash paid for amounts included in the present value of operating lease obligations at adoption and for the three and six months ended October 31, 2019 was $0.6 million and $1.1 million, respectively, and is included in operating cash flows.

Note 10. Commitments and Contingencies

Regulatory Matters

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.

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

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

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

Return of Title IV Funds

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

Delaware Approval to Confer Degrees

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

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

Note 11. Subsequent Events

Effective December 1, 2019, the Company appointed Frank J. Cotroneo Chief Financial Officer and Robert Alessi Chief Accounting Officer. Mr. Cotroneo is a director and was Chairman of the Audit Committee until he resigned from the Audit Committee in conjunction with his appointment. Mr. Alessi was Vice President and Controller until his promotion. Effective December 2, 2019, Mr. Cotroneo entered into an Employment Agreement with the Company, and effective December 1, 2019, Mr. Alessi entered into an Employment Agreement with the Company. Mr. Cotroneo received a grant of 100,000 RSUs vesting annually over three years subject to continued employment; the Company vested 15,000 RSUs Mr. Cotroneo previously received in November 2019 for Audit Committee service. Mr. Alessi received a grant of 20,000 RSUs vesting annually over three years subject to continued employment. The former Chief Financial Officer, Joseph Sevely, resigned on November 30, 2019. The Company agreed to pay him a six month severance or $150,000 payable on December 15, 2019, fully vested 25,000 shares of restricted stock issued to Mr. Sevely in September 2018 (only one-third of which was vested) and also issued Mr. Sevely 25,000 vested shares of common stock.

In November 2019, the Company issued 26,050 RSUs to 52 employees vesting over three years subject to continued employment.

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

You should read the following discussion in conjunction with our consolidated financial statements, which are included elsewhere in this Form 10-Q. Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in the Risk Factors contained in the Annual Report on Form 10-K for the year ended April 30, 2019 and the Quarterly Report on Form 10-Q for the three months ended July 31, 2019 each as filed with the Securities and Exchange Commission (the "SEC").

Company Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "AGI") is an education technology holding company. AGI has three subsidiaries, Aspen University Inc. organized in 1987, United States University, Inc. organized in May 2017 for the purposes of acquiring United States University in December 2017, and Aspen Nursing, Inc. ("ANI") organized in 2018. ANI is a subsidiary of Aspen University Inc.

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University ("USU"), to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI's primary focus relative to future growth is to target the high growth nursing profession. As of October 31, 2019, 8,904 of 10,718 or 83% of all students across both universities are degree-seeking nursing students.

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

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

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

Since 2009, USU has been regionally accredited by WSCUC.

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

Monthly Payment Programs Overview

AGI offers two monthly payment programs:

- a monthly payment plan in which students make payments every month over a fixed period depending on the degree program; and
- a monthly installment plan in which students pay three monthly installments (day 1, day 31 and day 61 after the start of each course).

Aspen University students paying tuition and fees through a monthly payment method grew by 17% year-over-year, from 5,074 to 5,927. Those 5,927 students paying through a monthly payment method represent 66% of Aspen University's total active student body. Aspen University's monthly payment plan students currently deliver monthly recurring tuition cash payments exceeding $1,300,000.

USU students paying tuition and fees through a monthly payment method grew from 1,053 to 1,101 students sequentially. Those 1,101 students paying through a monthly payment method represent 65% of USU's total active student body. USU's monthly payment plan students currently deliver monthly recurring tuition cash payments exceeding $300,000.

Note that during fiscal Q2, Aspen University tested changing its monthly payment amounts for bachelorette- and master-level programs from $250 to $300 and $325 to $350, respectively. The cost per lead rose materially during the two week test period, so the Company reverted back to advertising the original payment amounts per month immediately thereafter and lead costs returned to their original levels. No changes to Aspen's original payment amounts per month (first introduced in 2014) are planned in the future.

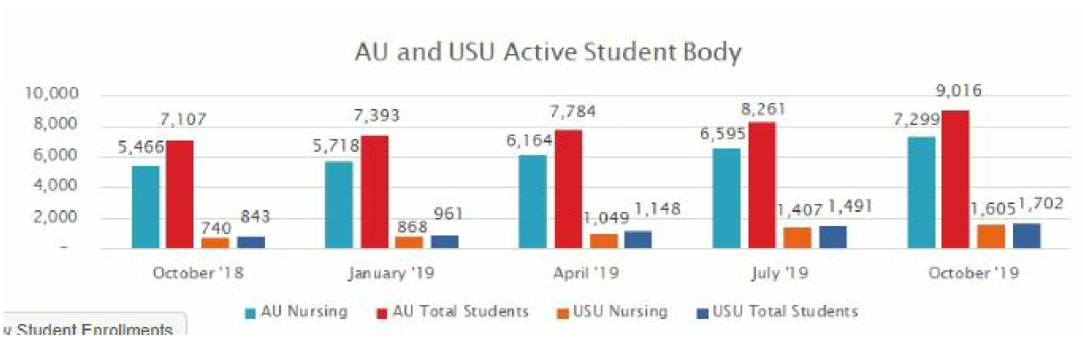
AGI Student Population Overview

AGI's overall active student body (including both Aspen University and USU) grew 35% year-over-year from 7,950 to 10,718 students. Active student body is comprised of active degree-seeking students, enrolled in a course during the quarter covered by this Form 10-Q or are registered for an upcoming course.

Aspen University's total active degree-seeking student body grew 27% year-over-year from 7,107 to 9,016 students. Aspen University's School of Nursing grew 34% year-over-year, from 5,466 to 7,299 active students, which includes 1,051 active students in the BSN Pre-Licensure program in Phoenix, Arizona. Specifically, Aspen's BSN Pre-Licensure program active student body grew sequentially by 57%, from 670 to 1,051 students, as a result of now having two campuses open in Phoenix, AZ.

USU's total active student body grew year-over-year from 843 to 1,702, or 102%, and sequentially from 1,491 to 1,702, or a sequential increase of 14%. USU's MSN-FNP active student body grew sequentially from 1,294 to 1,463, or a sequential increase of 13%. USU's MSN-FNP program now represents 86% of USU's active student body.

AGI's overall active student body (including both Aspen University and USU) grew 35% year-over-year from 7,950 to 10,718 students as of October 31, 2019, and students seeking nursing degrees were 8,904 or 83% of total students at both universities.



AGI New Student Enrollments

AGI delivered a company record 2,217 new student enrollments for the fiscal quarter ended October 31, 2019 (the "Fiscal 2020 Q2"), a 15% sequential enrollment increase and an increase of 42% year-over-year.

Aspen University accounted for 1,823 new student enrollments (including 190 Doctoral enrollments and 437 Pre-licensure BSN AZ campus enrollments), delivering overall enrollment growth at Aspen University of 41% year-over-year. Enrollment growth at Aspen University was highlighted by the Doctoral unit increasing by 43% and the Pre-Licensure BSN unit increasing by 667% year-over-year. Enrollment efforts remained focused on the highest expected return businesses as management increased the number of enrollment advisors (the "EA")dedicated to Aspen's Doctoral and Pre-Licensure units during the quarter. In addition, our Aspen Nursing + Other Unit experienced an increase in the number of enrollments per EA and cost per enrollment declined. As a result of this increased efficiency, Aspen's Nursing + Other unit grew enrollments by 8% year-over-year.

USU accounted for 394 new student enrollments (primarily FNP enrollments), a 45% enrollment increase year-over-year.

Below is a table reflecting unconditional acceptance new student enrollments for the past five quarters:

	New Student Enrollments					EAs*	Enrolls/ Month/EA
	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20		
Aspen (Nursing + Other)	1,104	895	944	941	1,196	47	8.5
Aspen (Doctoral)	133	120	113	198	190	8	7.9
USU (FNP + Other)	271	251	317	514	394	18	7.3
Aspen (Pre-Licensure BSN, AZ Campuses)	57	97	186	276	437	8	18.2
Total	1,565	1,363	1,560	1,929	2,217	81	

*The EAs reflect the number at quarter end Q2'20.

Marketing Efficiency Ratio (MER) Analysis

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

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

Cost per Enrollment (CPE)

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

Revenue per Enrollment (RPE)

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

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

	Enrollments	Cost-of-Enrollment[1]	LTV	MER
Aspen (Nursing + Other)	1,196	$ 1,061	$ 7,350	6.9X
Aspen (Doctoral)	190	$ 943	$ 12,600	13.4X
USU (FNP + Other)	394	$ 862	$ 17,820 [1]	20.7X
Aspen (Pre-Licensure BSN, AZ)	437	$ 336	$ 30,000 [2]	89.3X

[1]Based on 6-month rolling average
[2]LTV for USU's MSN-FNP Program

The improved MER results were driven by declining cost of enrollment. Compared to the previous quarter the weighted average cost of enrollment declined 25%, as the cost of enrollment declined for each program.

	Q2'20 Enrollments	Q2'20 Cost of Enrollment [1]	Q1'20 Enrollments	Q1'20 Cost of Enrollment [1]	Percent Change
Aspen (Nursing + Other)	1,196	$ 1,061	941	$ 1,231	-14 %
Aspen (Doctoral)	190	$ 943	198	$ 1,987	-53 %
USU (FNP + Other)	394	$ 862	514	$ 1,078	-20 %
Aspen (Pre-Licensure BSN, AZ)	437	$ 336	276	$ 478	-30 %
Total / Weighted Average	2,217	$ 873	1,929	$ 1,160	-25 %

[1]Based on 6-month rolling average

Bookings Analysis

On a year-over-year basis, fiscal Q2'20 bookings increased 92%, from $16.3 million to $31.3 million, delivering an average revenue per enrollment (APRU) increase of 35%, from $10,434 to $14,125.

	Lifetime Value (LTV) Per Enrollment	Q2'2019 Enrollments	Q2'2019 Bookings*	Q2'2020 Enrollments	Q2'2020 Bookings*
AU Online (Nursing + Other) Unit	$ 7,350	1,104	$ 8,114,400	1,196	$ 8,790,600
AU (Doctoral) Unit	$ 12,600	133	$ 1,675,800	190	$ 2,394,000
AU (Pre-Licensure BSN) Unit	$ 30,000	57	$ 1,710,000	437	$ 13,110,000
USU (FNP + Other) Unit	$ 17,820	271	$ 4,829,220	394	$ 7,021,080
Total		1,565	$ 16,329,420	2,217	$ 31,315,680
ARPU			$ 10,434		$ 14,125

*Note: "Bookings" are defined by multiplying Lifetime Value (LTV) per enrollment by new student enrollments for each operating unit.

ASPEN UNIVERSITY'S PRE-LICENSURE BSN HYBRID (ONLINE/ON-CAMPUS) DEGREE PROGRAM

In July 2018, Aspen University through ANI began offering its Pre-Licensure Bachelor of Science in Nursing (BSN) degree program at its initial campus in Phoenix, Arizona. As a result of overwhelming demand in the Phoenix metro area, in January 2019 Aspen University began offering both day (July, November, March semesters) and evening/weekend (January, May, September semesters) programs, equaling six semester starts per year. Moreover, in September 2018, AGI entered into a memorandum of understanding to open a second campus in the Phoenix metro area in partnership with HonorHealth. The initial semester at HonorHealth began in September 2019.

Aspen University's 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 and $325/credit hour for online core nursing courses. For students with no prior college credits, the total cost of attendance is less than $50,000.

Aspen University's Pre-Licensure BSN program is offered as a full-time, three-year (nine semester) program that is specifically designed for students who do not currently hold a state nursing license and have no prior nursing experience. Aspen is admitting students into one of two program components: (1) a pre-professional nursing component for students that have less than the required 41 general education credits completed (Year 1), and (2) the nursing core component for students that are ready to participate in the competitive evaluation process for entry (Years 2-3).

New student enrollments for Aspen University's Pre-Licensure BSN program increased from 276 to 437, or 58% sequentially. Aspen University ended the fiscal second quarter with 1,051 active students in its Pre-Licensure BSN program.

Pre-Licensure BSN Program Campus Expansion Plan

Aspen University plans to launch a stand-alone campus in Tampa, Florida in the summer of calendar year 2020. A clinical affiliation agreement has been executed with Bayfront Health, a regional network of seven hospitals and over 1,900 medical professionals on staff serving the residents of Florida's Gulf Coast.

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

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

ACCOUNTS RECEIVABLE AND MONTHLY PAYMENT PLAN

Since the inception of the monthly payment plan in the spring of 2014, the accounts receivable balance, both short-term and long-term, has grown from a net number of $649,890 at April 30, 2014 to a net number of $18,304,250 at October 31, 2019. This growth could be portrayed as the engine of the monthly payment plan. The attractive aspect of being able to pay for a degree over a fixed period of time has fueled the growth of this plan and, as a result, the increase of the accounts receivable balance.

Each student's receivable account is different depending on how many classes a student takes each period. If a student takes two classes each eight-week period while paying $250, $325 or $375 a month as an example, that student's account receivable balance will rise accordingly. The converse is true also. A student who takes courses at a slower pace, even taking time off between eight-week terms, could have a balance due to them. It is much more likely however that a student participating in the monthly payment plan will have an accounts receivable balance, as the majority of students complete their degree program of study prior to the completion of the fixed monthly payment plan.

The common thread is the actual monthly payment, which functions as a retail installment contract with no interest that each student commits to pay over a fixed number of months. If a student stops paying, that person can no longer register for a class. If a student decides to withdraw from the university, their account will be settled, either through collection of their balance or disbursement of the amount owed them. Aspen University students paying tuition and fees through a monthly payment method grew by 17% year-over-year, from 5,074 to 5,927. Those 5,927 students paying through a monthly payment method represent 66% of Aspen University's total active student body.

USU students paying tuition and fees through a monthly payment method grew from 1,053 to 1,101 students sequentially. Those 1,101 students paying through a monthly payment method represent 65% of USU's total active student body.

Relationship Between Accounts Receivable and Revenue

The gross accounts receivable balance for any period is the net effect of the following three factors:

1. Revenue;
2. Cash receipts; and
3. The net change in deferred revenue.

All three factors equally determine the gross accounts receivable. If one quarter experiences particularly high cash receipts, the gross accounts receivable will go down. The same effect if cash receipts are lower or if there are significant changes in either of the other factors.

Simply looking at the change in revenue does not translate into an equally similar change in gross accounts receivable. The relative change in cash and the deferral must also be considered. For net accounts receivable, the changes in the reserve must also be considered. Any additional reserve or write-offs will influence the balance.

As it is a straight mathematical formula for both gross accounts receivable and net accounts receivable, and most of the information is public, one can reasonably calculate the two non-public pieces of information, namely the cash receipts in gross accounts receivable and the write-offs in net accounts receivable.

For revenue, the quarterly change is primarily billings and the net impact of deferred revenue. The deferral from the prior quarter or year is added to the billings and the deferral at the end of the period is subtracted from the amount billed. The total deferred revenue at the end of every period is reflected in the liability section of the balance sheet. Deferred revenue can vary for many reasons, but seasonality and the timing of the class starts in relation to the end of the quarter will cause changes in the balance.

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

AGI records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. At October 31, 2019, the allowance for doubtful accounts was $1,892,318 which represents 9% of the gross accounts receivable balance of $20,196,568, the sum of both short-term and long-term receivables.

The Introduction of Long-Term Accounts Receivable

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

As a result of the growing acceptance of our monthly payment plans, our long-term accounts receivable balance has grown from $3,085,243 at April 30, 2019 to $5,490,733 at October 31, 2019. The primary component consist of students who make monthly payments over 36 and 39 months. The average student completes their academic program in 24 months, therefore most of the Company's accounts receivable are short-term.

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

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

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

<u>Results of Operations</u>

<u>For the Quarter Ended October 31, 2019 (Fiscal 2020 Q2) Compared with the Quarter Ended October 31, 2018 (Fiscal 2019 Q2</u>)

Revenues

Revenue from operations for the Fiscal 2020 Q2 increased to $12,085,965 from $8,095,344 for the Fiscal 2019 Q2, an increase of $3,990,621 or 49%. The increase was primarily due to enrollment growth in the degree programs with the highest lifetime value (LTV). By focusing our marketing spend on delivering enrollment growth in the degree programs with the highest lifetime value (LTV), we increased our average revenue per enrollment (or ARPU) by 35%. The Company expects revenue growth to continue in future periods as we continue prioritizing our highest LTV degree programs to achieve our long-term growth plans.

Aspen University's revenues in the Fiscal 2020 Q2 increased 35% year-over-year. Aspen University's traditional post-licensure online nursing + other business unit contributed 61% of total Company revenue in the Fiscal 2020 Q2, while Aspen University's Pre-Licensure BSN program delivered approximately 12% of the Company's revenues in the Fiscal 2020 Q2. Finally, USU contributed approximately 27% of the total revenues for the Fiscal 2020 Q2.

The Company now expects annual revenue growth to meet or exceed 41% for the full fiscal year 2020.

Cost of Revenues (exclusive of amortization)

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

Instructional Costs and Services

Instructional costs and services for Fiscal 2020 Q2 increased to $2,181,067 or 18% of revenues from $1,586,904 or 20% of revenues for the Fiscal 2019 Q2, an increase of $594,163 or 37%. The increase was primarily due to the increase in the number of class starts year-over-year.

Aspen University instructional costs and services represented 16% of Aspen University revenues for the Fiscal 2020 Q2, while USU instructional costs and services equaled 23% of USU revenues during the Fiscal 2020 Q2.

Marketing and Promotional

Marketing and promotional costs for the Fiscal 2020 Q2 were $2,006,989 or 17% of revenues compared to $2,248,611 or 28% of revenues for the Fiscal 2019 Q2, a decrease of $241,622 or (11%).

Aspen University marketing and promotional costs represented 16% of Aspen University revenues for the Fiscal 2020 Q2, while USU marketing and promotional costs equaled 11% of USU revenues for the Fiscal 2020 Q2.

AGI corporate marketing expenses equaled $247,904 for the Fiscal 2020 Q2 compared to $205,969 for the Fiscal 2019 Q2, an increase of $41,936 or 20%.

Gross profit rose to 63% of revenues or $7,638,195 for the Fiscal 2020 Q2 from 50% of revenues, or $4,083,951 for the Fiscal 2019 Q2, an increase of 87% year over year.

Aspen University gross profit represented 65% of Aspen University revenues for the Fiscal 2020 Q2, while USU gross profit equaled 67% of USU revenues during the Fiscal 2020 Q2.

Costs and Expenses

General and Administrative

General and administrative costs for the Fiscal 2020 Q2 were $7,601,459 or 63% of revenues compared to $6,210,411 or 77% of revenues during the Fiscal 2019 Q2, an increase of $1,391,048, or 22%. The increase in expense is consistent with our long term expectations that general and administrative costs will grow at approximately half the rate of revenues. There is a portion of these costs that are variable which increased as our revenues increased; but there also is a fixed cost component that tends to grow at a slower rate.

Aspen University general and administrative costs which are included in the above amount represented 44% of Aspen University revenues for the Fiscal 2020 Q2, while USU general and administrative costs equaled 56% of USU revenues for the Fiscal 2020 Q2.

AGI's general and administrative costs for the Fiscal 2020 Q2 and Fiscal 2019 Q2 are included in the above amounts equaled $1,909,085 and $1,534,166, respectively, include corporate employees in the NY corporate office, IT, rent, non-cash AGI stock based compensation, and professional fees (legal, accounting, and IR).

Depreciation and Amortization

Depreciation and amortization costs for the Fiscal 2020 Q2 increased to $628,225 from $524,067 for the Fiscal 2019 Q2, an increase of $104,158, or 20%. The increase in depreciation expense is mainly due to additional investment in company developed software. Moreover, AGI has made capital investments in the Phoenix campuses and will invest in other campus locations that will cause depreciation expense to continue to increase in the near future.

Other Income (Expense)

Other income/(expense), net for the Fiscal 2020 Q2 decreased to $(296,393) from $(429) in the Fiscal 2019 Q2, a decrease of $(295,964), or (2,598)%. The decrease is primarily due to amortization of original issue discount and interest on our debt.

Income Taxes

Income taxes expense for the Fiscal 2020 Q2 was $10,000 compared to $0 in the Fiscal 2019 Q2. Aspen Group experienced operating losses in both periods. As management made a full valuation allowance against the deferred tax assets stemming from these losses, there was no tax benefit recorded in the statement of operations in either quarter.

Operating Income and Loss

The Company reported an operating loss of $(331,775) during the Fiscal 2020 Q2 as compared to $(2,474,649) for the Fiscal 2019 Q2, a decrease in the loss of $2,142,874, or 87% improvement.

Aspen University generated approximately $1.8 million of operating income for the Fiscal 2020 Q2. Note that Aspen's Pre-Licensure BSN program accounted for $0.5 million of the $1.8 million operating income generated at Aspen University, becoming the highest margin unit of the Company. USU generated $34,420 of operating income during the Fiscal 2020 Q2, while AGI corporate incurred approximately $(2.2) million of operating expenses for the Fiscal 2020 Q2.

Net Loss

Net loss applicable to stockholders was $(638,168), or net loss per share of $(0.03) for the Fiscal 2020 Q2 as compared to $(2,475,078) for the Fiscal 2019 Q2, a decrease in the loss of $1,836,910, or 74% improvement.

For the Six Months Ended October 31, 2019 (Fiscal Year 2020 Q2) Compared with the Six Months Ended October 31, 2018 (Fiscal Year 2019 Q2)

Revenues

Revenues from operations for the six months ended October 31, 2019 increased to $22,443,947 from $15,316,649 for the six months ended October 31, 2018, an increase of $7,127,298 or 47%.

Aspen University's revenues contributed 74% to total revenue and increased $4,030,066 to $16,547,521 from $12,517,455. USU revenues increased $3,097,232 or 111% from $2,799,194 to $5,896,426.

Cost of Revenues (exclusive of amortization)

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

Instructional Costs and Services

Instructional costs and services for six months ended October 31, 2019 increased to $4,324,886 or 19% of revenues from $3,151,840 or 21% of revenues for the six months ended October 31, 2018, an increase of $1,173,046 or 37%. The increase was primarily due to the increase in the number of class starts year-over-year.

Aspen University instructional costs and services represented 17% of Aspen University revenues for the six months ended October 31, 2019, while USU instructional costs and services equaled 25% of USU revenues over the same period.

Marketing and Promotional

Marketing and promotional costs for the six months ended October 31, 2019 were $4,216,228 or 19% of revenues compared to $4,436,067 or 29% of revenues for the six months ended October 31, 2018, a decrease of $219,839 or (5%).

Aspen University marketing and promotional costs represented 18% of Aspen University revenues for the six months ended October 31, 2019, while USU marketing and promotional costs equaled 14% of USU revenues for the same period.

AGI corporate marketing expenses equaled $476,136 for the six months ended October 31, 2019 compared to $432,054 for the six months ended October 31, 2018, an increase of $44,082 or 10%.

Gross profit rose to 60% of revenues or $13,403,524 for the six months ended October 31, 2019 from 48% of revenues, or $7,393,719 for the six months ended October 31, 2018, an increase of 81% year over year.

Aspen University gross profit represented 62% of Aspen University revenues for the six months ended October 31, 2019, while USU gross profit equaled 61% of USU revenues during the same period.

Costs and Expenses

General and Administrative

General and administrative costs for the six months ended October 31, 2019 were $14,638,609 or 65% of revenues compared to $12,034,543 or 79% of revenues during the six months ended October 31, 2018, an increase of $2,604,066, or 22%. The increase in expense is consistent with our long term expectations that general and administrative costs will grow at approximately half the rate of revenues. There is a portion of these costs that are variable which increased as our revenues increased; but there also is a fixed cost component that tends to grow at a slower rate.

Aspen University general and administrative costs which are included in the above amount represented 45% of Aspen University revenues for the six months ended October 31, 2019, while USU general and administrative costs equaled 58% of USU revenues for the same period.

AGI's general and administrative costs for the six months ended October 31, 2019 and October 31, 2018 are included in the above amounts equaled $3,865,972 and $2,863,171, respectively, include corporate employees in the NY corporate office, IT, rent, non-cash AGI stock based compensation, and professional fees (legal, accounting, and IR).

Depreciation and Amortization

Depreciation and amortization costs for the six months ended October 31, 2019 increased to $1,234,799 from $1,022,172 for the six months ended October 31, 2018, an increase of $212,627, or 21%. The increase in depreciation expense is mainly due to additional investment in company developed software. Moreover, AGI has made capital investments in the Phoenix campuses and will invest in other campus locations that will cause depreciation expense to continue to increase in the near future.

Other Income (Expense)

Other income/(expense), net for the six months ended October 31, 2019 decreased to $(697,280) from $15,619 for the six months ended October 31, 2018, a decrease of $(712,899), or (4,564)%. The decrease is primarily due to amortization of original issue discount and interest on our debt.

Income Taxes

Income taxes expense for the six months ended October 31, 2019 were $45,595 compared to $0 in for the six months ended October 31, 2018. Aspen Group experienced operating losses in both periods. As management made a full valuation allowance against the deferred tax assets stemming from these losses, there was no tax benefit recorded in the statement of operations in either period.

Operating Income and Loss

The Company reported an operating loss of $(1,970,575) during the six months ended October 31, 2019 as compared to $(5,327,973) for the six months ended October 31, 2018, a decrease in the loss of $3,357,398, or 63% improvement.

Aspen University generated approximately $2.7 million of operating income for the six months ended October 31, 2019. Note that Aspen's Pre-Licensure BSN program accounted for $0.6 million of the $2.7 million operating income generated at Aspen University, becoming the highest margin unit of the Company. USU incurred $(384,869) of operating loss during the six months ended October 31, 2019, while AGI corporate incurred approximately $(4.4) million of operating expenses for the six months ended October 31, 2019.

Net Loss

Net loss applicable to stockholders was $(2,713,450), or net loss per share of $(0.14) for the six months ended October 31, 2019 as compared to $(5,312,354) for the six months ended October 31, 2018, a decrease in loss of $2,598,904, or 49% improvement.

Non-GAAP – Financial Measures

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

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

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table below including non-recurring charges of approximately $0 in the Fiscal 2020 Q2 and approximately $118,872 in the Fiscal 2019 Q2. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2019	2018	2019	2018
Net loss	$ (638,168)	$ (2,475,078)	$ (2,713,450)	$ (5,312,354)
Interest expense, net of interest income	426,694	41,922	846,761	82,275
Taxes	44,168	9,276	134,445	9,276
Depreciation & amortization	628,225	524,067	1,234,799	1,022,172
EBITDA (loss)	460,919	(1,899,813)	(497,445)	(4,198,631)
Bad debt expense	407,759	171,084	648,658	292,889
Non-recurring charges	—	118,872	132,949	307,537
Stock-based compensation	492,130	305,315	990,547	515,291
Adjusted EBITDA (Loss)	$ 1,360,808	$ (1,304,542)	$ 1,274,709	$ (3,082,914)

For the Quarter Ended October 31, 2019 (Fiscal 2020 Q2) Compared with the Quarter Ended October 31, 2018 (Fiscal 2019 Q2)

The Company reported Adjusted EBITDA of $1,360,808 for the Fiscal 2020 Q2 as compared to an Adjusted EBITDA loss of $(1,304,542) for the Fiscal 2019 Q2, an improvement of >100%.

Aspen University generated $1.8 million of net income and $2.6 million of Adjusted EBITDA for the Fiscal 2020 Q2 as compared to approximately net income of $0.4 million and $0.9 million of Adjusted EBITDA for the Fiscal 2019 Q2.

USU generated net income of $151,359 and $0.5 million of Adjusted EBITDA for the Fiscal 2020 Q2 as compared to a net loss of $(1.1) million and an Adjusted EBITDA loss of approximately $(0.8) million during the Fiscal 2019 Q2.

Aspen Group corporate incurred an Adjusted EBITDA loss of ($1.7) million which contributed to the consolidated Aspen Group Adjusted EBITDA result of $1.4 million for the Fiscal 2020 Q2. Aspen Group corporate incurred an Adjusted EBITDA loss of $(1.4) million that contributed to the consolidated Aspen Group Adjusted EBITDA loss of $(1.3) million for the Fiscal 2019 Q2.

For the Six Months Ended October 31, 2019 (Fiscal Year 2020 Q2) Compared with the Six Months Ended October 31, 2018 (Fiscal Year 2019 Q2)

The Company reported Adjusted EBITDA of $1,274,709 for the six months ended October 31, 2019 as compared to an Adjusted EBITDA loss of $(3,082,914) for the six months ended October 31, 2018, an improvement of >100%.

Aspen University generated $2.7 million of net income and $4.1 million of Adjusted EBITDA for the six months ended October 31, 2019 as compared to approximately net income of $0.4 million and $1.2 million of Adjusted EBITDA for the six months ended October 31, 2018.

USU incurred a net loss of $(267,667) and $0.5 million of Adjusted EBITDA for the six months ended October 31, 2019 as compared to a net loss of $(2.3) million and an Adjusted EBITDA loss of approximately $(1.6) million for the six months ended October 31, 2018.

Aspen Group corporate incurred an Adjusted EBITDA loss of ($3.5) million which impacted the consolidated Aspen Group Adjusted EBITDA result of $1.2 million for the six months ended October 31, 2019. Aspen Group corporate incurred an Adjusted EBITDA loss of ($2.7) million which impacted the consolidated Aspen Group Adjusted EBITDA result of $(3,082,914) for the six months ended October 31, 2018.

Liquidity and Capital Resources

A summary of our cash flows is as follows:

	Six Months Ended October 31,	
	2019	2018
Net cash used in operating activities	$ (2,025,107)	$ (5,487,423)
Net cash used in investing activities	(1,253,653)	(1,431,598)
Net cash provided by financing activities	237,713	30,270
Net decrease in cash	$ (3,041,047)	$ (6,888,751)

Net Cash Used in Operating Activities

Net cash used in operating activities for the six months ended October 31, 2019 totaled $(2,025,107) and resulted primarily from the net loss of $(2,713,450) and a net change in operating assets and liabilities of $(2,365,984), partially offset by $3,054,327 in non-cash items. The net loss included $852,649 for interest expense. The most significant change in operating assets and liabilities was an increase in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of approximately $5.2 million which is primarily attributed to the growth in revenues from students paying through the monthly payment plan. The most significant non-cash items were depreciation and amortization expense of approximately $1.2 million and stock-based compensation expense of approximately $0.9 million.

Cash used in operations is also affected by changes in working capital. The Company expects a favorable trend in working capital over time, but there may be volatility from quarter to quarter. So, 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. For example, this quarter the timing of the drawdown for our USU MSN-FNP program resulted in over $500,000 of cash just before quarter end. In the future, the opposite effect may occur depending on program start timing during the year.

Net cash used in operating activities for the six months ended October 31, 2018 totaled $(5,487,423) and resulted primarily from the net loss of $(5,312,354), partially offset by $1,838,637 in non-cash items and $2,013,706 decrease in operating assets and liabilities. The most significant item change in operating assets and liabilities was an increase in accounts receivable of $4,028,143 which is primarily attributed to the growth in revenues from students paying through the monthly payment plan. The most significant non-cash items were depreciation and amortization expense of $1,022,172 and stock-based compensation expense of $515,291.

Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended October 31, 2019 totaled $(1,253,653) mostly attributed to investments in Company developed software.

Net cash used in investing activities for the six months ended October 31, 2018 totaled $(1,431,598) mostly attributed to investments in courseware and the purchase of property and equipment as we were building up our campus.

Net Cash Provided By Financing Activities

Net cash provided by financing activities for the six months ended October 31, 2019 totaled $237,713 which reflects proceeds from the exercise of stock options and warrants.

Net cash provided by financing activities for the six months ended October 31, 2018 totaled $30,270, which reflects stock option exercise proceeds net of payment of offering costs.

Liquidity

The Company had cash deposits of approximately $7.3 million on December 6, 2019, including $454,288 of restricted cash. In addition to its cash, the Company also had access to the $5 million Revolving Credit Facility, which is unused. The Company expects that its cash resources will be sufficient to meet its working capital needs for at least the next 12 months.

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

Critical Accounting Policies and Estimates

In response to financial reporting release FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, from the SEC, we have selected our more subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on our financial condition. There were no material changes to our principal accounting estimates during the period covered by this report.

Revenue Recognition and Deferred Revenue

Revenue consisting primarily of tuition and fees derived from courses taught by Aspen online as well as from related educational resources that Aspen provides to its students, such as access to our online materials and learning management system. Tuition revenue is recognized pro-rata over the applicable period of instruction. Aspen maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. Certain states in which students reside impose separate, mandatory refund policies, which override Aspen’s policy to the extent in conflict. If a student withdraws at a time when a portion or none of the tuition is refundable, then in accordance with its revenue recognition policy, Aspen recognizes as revenue the tuition that was not refunded. Since Aspen 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 Aspen’s accounting policies revenue is not recognized with respect to amounts that could potentially be refunded. Aspen’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. Aspen also charges students annual fees for library, technology and other services, which are recognized over the related service period. 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.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

All students are required to select both a primary and secondary payment option with respect to amounts due to Aspen for tuition, fees and other expenses. The most common payment option for Aspen's students is personal funds or payment made on their behalf by an employer. In instances where a student selects financial aid as the primary payment option, he or she often selects personal cash as the secondary option. If a student who has selected financial aid as his or her primary payment option withdraws prior to the end of a course but after the date that Aspen's institutional refund period has expired, the student will have incurred the obligation to pay the full cost of the course. If the withdrawal occurs before the date at which the student has earned 100% of his or her financial aid, Aspen will have to return all or a portion of the Title IV funds to the DOE and the student will owe Aspen all amounts incurred that are in excess of the amount of financial aid that the student earned and that Aspen is entitled to retain. In this case, Aspen must collect the receivable using the student's second payment option.

For accounts receivable from students, Aspen records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. Aspen determines the adequacy of its allowance for doubtful accounts using a general reserve method based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. Aspen applies reserves to its receivables based upon an estimate of the risk presented by the age of the receivables and student status. Aspen writes off accounts receivable balances at the time the balances are deemed uncollectible. Aspen continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

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

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

Business Combinations

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

Goodwill and Intangibles

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

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

Off Balance Sheet Arrangements

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

New Accounting Pronouncements

See Note 2 to our unaudited consolidated financial statements included herein for discussion of recent accounting pronouncements.

Cautionary Note Regarding Forward Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future revenue growth, the expectations from highest LTV programs, expected pace of increase in expenses, future bottom line results, reductions in future cash used in operations, the expected future effect of seasonality on our operating results, the Pre-Licensure BSN program campus expansion plans, the expected timing of launching of, and anticipated capital expenditures and other costs related to, new campuses, collection of our accounts receivable and liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements include continued high demand for nurses, the continued effectiveness of our marketing efforts, signing leases and unanticipated issues with, and delays in, launching our third and fourth campuses, future U.S. economic conditions and the impact on our enrollments and our students ability to make monthly payment plan payments, the failure of our students to meet minimum NCLEX scores required by applicable states, and our failure to continue obtaining enrollments at low acquisition costs and keeping teaching costs down. Further information on the risk factors affecting our business is contained in our filings with the SEC, including our Annual Report on Form 10-K for the year ended April 30, 2019, as updated by the Quarterly Report on Form 10-Q for the three months ended July 31, 2019. 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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. As of the date of this report, we are not aware of any other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS

Not applicable to smaller reporting companies. However, the Company did add a risk factor in its Quarterly Report on Form 10-Q for the three months ended July 31, 2019.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Exhibit Index at the end of this report.

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.

December 10, 2019	By: /s/ Michael Mathews Michael Mathews Chief Executive Officer (Principal Executive Officer)
December 10, 2019	By: /s/ Frank Cotroneo Frank Cotroneo Chief Financial Officer (Principal Financial Officer)
December 10, 2019	By: /s/ Robert Alessi Robert Alessi Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed or Furnished Herewith
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	Securities Purchase Agreement, dated as of July 19, 2018, by and between Aspen Group, Inc. and ESL	8-K	7/19/18	10.1	
10.2	Form of Term Promissory Note and Security Agreement, dated March 6, 2019	10-Q	3/11/19	10.1	
10.3	Form of Loan Agreement, dated March 6, 2019	10-Q	3/11/19	10.2	
10.4	Form of Intercreditor Agreement, dated March 6, 2019	10-Q	3/11/19	10.3	
10.5	Form of Warrant for the Purchase of 100,000 shares of common stock, dated March 6, 2019	10-Q	3/11/19	10.4	
10.6	Amended and Restated Revolving Promissory Note and Security Agreement, dated March 6, 2019	10-Q	3/11/19	10.5	
10.7	Aspen Group, Inc. 2018 Equity Incentive Plan*	DEF 14A	10/31/18	Annex A	
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
31.3	Certification of Principal Accounting 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.

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: December 10, 2019

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Frank Cotroneo, 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

e. 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: December 10, 2019

/s/ Frank Cotroneo

Frank Cotroneo
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.3

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER

I, Robert Alessi, 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: December 10, 2019

/s/ Robert Alessi

Robert Alessi
Chief Accounting Officer
(Principal Accounting 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 October 31, 2019, 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: December 10, 2019

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended October 31, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, Frank Cotroneo, 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/ Frank Cotroneo

Frank Cotroneo
Chief Financial Officer
(Principal Financial Officer)

Dated: December 10, 2019

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended October 31, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, Robert Alessi, 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/ Robert Alessi

Robert Alessi
Chief Accounting Officer
(Principal Accounting Officer)

Dated: December 10, 2019