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

FORM 10-K

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

For the fiscal year ended April 30, 2020

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)

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Approximately $ 108 million based on a closing price of $6.25 on October 31, 2019.

The number of shares outstanding of the registrant's classes of common stock, as of July 2, 2020 was 22,240,993 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2020 Annual Meeting of Shareholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

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PART I

ITEM 1. BUSINESS.

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "AGI") is an education technology holding company. AGI has five subsidiaries, Aspen University Inc. ("Aspen University" or AUI") organized in 1987, Aspen Nursing of Arizona, Inc. ("ANAI"), Aspen Nursing of Florida, Inc. ("ANFI"), Aspen Nursing of Texas, Inc. ("ANTI"), and United States University Inc. ("United States University" or "USU"). ANAI, ANFI and ANTI are subsidiaries of Aspen University Inc.

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

Description of Business

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students’ long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI’s primary focus relative to future growth is to target the high growth nursing profession. As of April 30, 2020, 9,710 of 11,444 or 85% of all students across both universities are degree-seeking nursing students.

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

USU began offering monthly payment plans in the summer of 2017. Today, monthly payment plans are available for the online RN to BSN program ($250/month), online MBA/MAEd/MSN programs ($325/month), online hybrid Bachelor of Arts in Liberal Studies, Teacher Credentialing tracks approved by the California Commission on Teacher Credentialing ($350/month), and the 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 $9,000 two-year payment plan ($375/month x 24 months) designed to pay for the first year’s pre-clinical courses only (approximate cost of $9,000). The second academic year of the two-year FNP program 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).

The Company focused its growth capital over the past fiscal year almost exclusively on its two licensure degree programs which have higher lifetime values. Set forth below is the description of these two key licensure degree programs.

Pre-Licensure Bachelor of Science in Nursing (BSN)

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

Phoenix, AZ, Campuses

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

Future Campuses

Aspen University announced in February 2020 the signing of definitive lease agreements for two new Aspen University Pre-Licensure BSN campus locations in Tampa, Florida and Austin, Texas.

Tampa, FL

Aspen University has executed a definitive lease agreement for 10 years to occupy approximately 30,000 square feet (Suites 150 and 450) of the Tampa Oaks I property located at 12802 Tampa Oaks Boulevard. The building is visible from the intersection of Interstate 75 and East Fletcher Avenue, near the University of South Florida, providing visibility to approximately 126,500 cars per day.

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

Prior to commencing its campus operations, Aspen University is required to obtain approval from the Florida Board of Nursing which has been received. It also requires approval from the Florida Commission for Independent Education which has its next meeting scheduled in late July 2020. Aspen University is targeting to begin its first term at Tampa Oaks I in November, 2020.

Austin, TX

Aspen University has executed a definitive lease agreement for eight years to occupy approximately 22,000 square feet in a portion of the first floor of the Frontera Crossing office building located at 101 W. Louis Henna Boulevard in the Austin suburb of Round Rock. The building is situated at the junction of Interstate 35 and State Highway 45, one of the most heavily trafficked freeway exchanges in the metropolitan area with visibility to approximately 143,362 cars per day.

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

Aspen University has received regulatory approval from the Texas Higher Education Coordinating Board and a regulatory exemption from the Texas Workforce Commission. Required approval from the Texas Board of Nursing is pending its meeting scheduled for later in July 2020.

Effective August 1, 2020, Aspen University has executed a sublease to take over the remaining 20-month lease held by sublandlord National American University (NAU) to occupy their campus of approximately 7,200 square feet in the Austin suburb of Georgetown, Texas. This campus is approximately 10 miles north of Aspen's future Frontera Crossing campus in the Austin suburb of Round Rock. In exchange, Aspen University as subtenant, at no additional cost, has the right to utilize all the existing furniture, fixtures and equipment owned by sublandlord and will convey all such furniture, fixtures and equipment to Aspen via a bill of sale for $10.00. Aspen University is targeting to commence its first term in September 2020 and will share the campus with NAU until February 2021 when NAU will have completed the teach-out of their remaining 12 nursing students.

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

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

While stimulation/immersion lab hours to date have been done at USU's San Diego facility, the rapid growth of the MSN-FNP program has caused AGI to plan to expand for lab immersions in multiple locations across the United States. For example, the Company has leased an additional suite on the ground floor of its main campus facility in Phoenix (by the airport) to begin offering weekend immersions for MSN-FNP students in Phoenix, in addition to San Diego. We expect this additional clinical facility in Phoenix to be open this coming September.

Moreover, AGI's future plans call for the build-out of, on average, 10 exam rooms that will occupy approximately 3,000 square feet in each of its pre-licensure metropolitan areas for USU to implement immersions for its MSN-FNP program. As a result, following regulatory approvals, by the end of calendar year 2020, lab immersions are planned to be conducted in four metropolitan areas for USU MSN-FNP students: San Diego, Phoenix, Austin and Tampa.

On July 7, 2020, the Company announced an affiliation partnership with American-Advanced Practice Network (A-APN), a national clinical network for advanced practice nurses that provides comprehensive health care and nursing services at its outpatient centers and clinical facilities throughout the U.S.

A-APN offers independent nurse practitioners (NPs) a unique, multi-state network or "group practice without walls" with best-in-class technology and business support. A-APN was created for and by NPs. Rural and remote members of the network have nationwide, trusted peer cross-coverage for patients. A-APN members deliver clinical care using CareSpan's Digital Care Delivery platform, facilitating care delivery in-person, or at a distance. The platform includes diagnostics, EMR, e-prescribing, remote monitoring, and dynamic documentation.

Through this affiliation, A-APN will appoint an Educational Coordinator to work with USU's Office of Field Experience to place USU MSN-FNP students with qualified, experienced NP preceptors. We expect that this telehealth partnership will enable MSN-FNP students to complete their required direct care clinical hours with A-APN throughout the COVID-19 crisis and thereafter. As a benefit, the Company does not anticipate any delays to their projected graduation dates.

Accreditation

Since 1993, Aspen University has been nationally accredited by the Distance Education Accrediting Commission ("DEAC"), a national accrediting agency recognized by the United States Department of Education ("DOE") and the Council for Higher Education Accreditation ("CHEA"). On February 25, 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years to January 2024.

Since 2009, USU has been regionally accredited by WASC Senior College and University Commission ("WSCUC"), a regional accrediting agency recognized by the United States Department of Education ("DOE") and the Council for Higher Education Accreditation ("CHEA"). Its current accreditation period extends through 2022.

As a result of their respective accreditations, both universities are qualified to participate under the Higher Education Act of 1965 ("HEA") and the Federal student financial assistance programs (Title IV, HEA programs).

Our operations are organized in one reporting segment.

Competitive Strengths - We believe that we have the following competitive strengths:

Proprietary Education Technology Platform – Traditionally, a University or Online Program Manager (OPM) offering online education has three core systems that serve as the backbone of their technology stack: (i) a Customer Relationship Management (CRM) system used by the enrollment team to manage prospective students; (ii) a student information system (or SIS) that the university uses to manage its student body, and (iii) a learning management system (or LMS) which serves as the online classroom.

In each of these categories, there are a number of software as a service ("SaaS") companies that offer solutions for higher education. Most universities and OPMs license one or all of these systems. In studying these systems, we concluded that there was no reasonable way to have these three separately licensed systems fluently talk to each other to achieve our end goal of having real-time data on every aspect of a students' career – whether it be academic in nature or personal, financial or other behavioral issues.

As a result, several years ago we built an in-house Student Information System and connected it to our Learning Management System, D2L. We subsequently built and launched the first phase of an in-house CRM system that was designed for the enrollment departments at Aspen University and USU.

The first-phase CRM included an algorithm that recommends to Enrollment Advisors (EAs), in priority order, what follow-up calls should be made in a given day to complete the enrollment process for prospective students in that given EAs database. The algorithm was created by studying the daily habits and activities of the three most productive EAs in AGI history. This recommendation engine then automatically updates in real-time after each follow-up/action is conducted by an EA. To our knowledge, these advanced features are not offered by any CRM software company in the industry. This recommendation engine has boosted our lead conversion rates to approximately 12% vs. 10% prior to launch. That is phase one of our in-house CRM, but the true breakthrough technology is targeted in phase two.

Phase two is designed to achieve materially higher persistence rates among our student body, and is targeted to be launched late in calendar year 2021. We believe the biggest persistence challenge among the growing population of fully-online students in the U.S. is the lack of timely student support.

Specifically, students struggle in many different ways during their academic career (academic, financial, personal, and time management, to name a few) and institutions and OPMs lack the ability to obtain timely information on how students are performing and the struggles they are experiencing across all of these areas, and then provide timely student support to overcome these issues. Our CRM is intended to turn our student services departments into a proactive student support group vs. traditional student services departments that simply react to student issues in a defensive manner (often times when it is too late). Specifically, our CRM when completed will alert an Academic Advisor when an at-risk event occurs, in real-time, so the advisor can contact the student to discuss ways to mitigate or solve the issue.

Our in-house CRM, when completed, does not exist in the higher education market and we believe it will drive industry-leading persistence rates and therefore higher LTVs over time. More importantly, this holds promise to deliver better student outcomes meaning higher graduation rates and therefore higher returns on students' education investments.

Emphasis on Online Education - The curriculum for all courses at AGI's universities are designed primarily for online delivery. Two nursing degree programs at AGI's universities require clinical practice: Aspen University's pre-licensure BSN hybrid (online/on-campus) nursing program and USU's hybrid (online/on-campus) MSN-FNP program. In addition, USU's Bachelor of Arts in Liberal Studies, Teacher Credentialing tracks require field experience/student teaching. Online, we provide students the flexibility to study and interact at times that suit their schedules. We design our online/on-campus sessions and materials to be interactive, dynamic and user friendly.

Debt Minimization - We are committed to offering among the lowest tuition rates in the sector, which to date has alleviated the need for a significant majority of our students to take out federal financial aid loans to fund their tuition and fees requirements.

Commitment to Academic Excellence - We are committed to continuously improving our academic programs and services, as evidenced by the level of attention and resources we apply to instruction and educational support. We are committed to achieving high course completion and graduation rates compared to competitive distance learning, for-profit schools. Regular and substantive interaction and one-on-one student contact with our highly experienced faculty brings knowledge and great perspective to the learning experience. Faculty members are available by telephone, video conference and email to answer questions, discuss assignments and provide help and encouragement to our students.

Highly Scalable and Profitable Business Model - We believe our education model, our relatively low student acquisition costs, and our flexible faculty cost model enable us to expand our operating margins. As we increase student enrollments, we are able to scale our online business on a variable basis through growing the number of adjunct faculty members after we reach certain enrollment metrics (not before). A single adjunct faculty member can work with as little as one student or as many as 50 at any given time.

We also believe our hybrid Pre-Licensure BSN Program has significant potential since there are large waiting lists of applicants at many public universities that offer pre-licensure BSN programs in major U.S. metropolitan areas. According to AACN's report on 2018-2019 Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing, U.S. nursing schools turned away 75,029 qualified applicants from baccalaureate and graduate nursing programs in 2018 due to an insufficient number of faculty, clinical sites, classroom space, clinical preceptors, and budget constraints. (https://www.aacnnursing.org/Portals/42/News/Factsheets/Faculty-Shortage-Factsheet.pdf?ver=2019-04-02-160735-400)

Our experience in the Phoenix metropolitan area has confirmed the existence of a backlog. Throughout our second full fiscal year (FY'20) marketing the program, Aspen University increased its active student body from 396 to 1,521 in its Pre-Licensure BSN Program in the Phoenix metropolitan area.

"One Student at a Time" Personal Care - We are committed to providing our students with highly responsive and personal individualized support. Every student is assigned an Academic Advisor who becomes an advocate for the student's success. Our one-on-one approach assures contact with faculty members when a student needs it and monitoring to keep them on course. Our administrative staff is readily available to answer any questions and work with a student from initial interest through the application process and enrollment, and most importantly while the student is pursuing their studies.

Admissions

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

Industry Overview

According to Department of Education reports, among college students that study exclusively online, public and private not-for-profits represent the majority of students -- 79% of the total in fall 2017. All of the online growth since fall 2012 came at not-for-profit schools, as online enrollment fell at for-profit schools during this period, decreasing private for-profit institutions' market share to 21% of total online enrollment from 35% in fall 2012. However, for those that do attend for-profit institutions, the bulk of those students attend online. As of fall 2017 (2017-2018 school year), nearly 60% of students attending private for-profit institutions did so online.

Competition

According to the 2018 Digest of Education Statistics (nces.ed.gov), there are more than 4,600 U.S. colleges and universities serving traditional college age students and adult students. Any reference to universities herein also includes colleges. Competition is highly fragmented and varies by geography, program offerings, delivery method, ownership, quality level, and selectivity of admissions. No one institution has a significant share of the total postsecondary market. While we compete in a sense with traditional "brick and mortar" universities, our primary competitors are universities that primarily enroll online students. Our primarily online university competitors include: American Public Education, Inc. (Nasdaq: APEI), Adtalem Global Education (NYSE: ATGE), Apollo Education Group, Inc. (Nasdaq: APOL), Grand Canyon Education, Inc. (Nasdaq: LOPE), and Strategic Education, Inc. (Nasdaq: STRA).

We believe that these competitors have degreed enrollments ranging from approximately 38,000 to over 100,000 students. As of April 30, 2020, AGI had 11,444 active degree-seeking students enrolled. Because of the current COVID-19 pandemic, we may face more online competition in the future.

The primary mission of most traditional accredited four-year universities is to serve full-time students and conduct research. Most online universities serve working adults. Aspen Group acknowledges the differences in the educational needs between working and full-time students at "brick and mortar" schools and provides programs and services that allow our students to earn their degrees without major disruption to their personal and professional lives.

We also compete with public and private degree-granting regionally and nationally accredited universities. An increasing number of universities enroll working students in addition to the traditional 18 to 24-year-old students, and we expect that these universities will continue to modify their existing programs to serve working learners more effectively, including by offering more distance learning programs. We believe that the primary factors on which we compete are the following:

- Active and relevant curriculum that considers the needs of employers;
- The ability to provide flexible and convenient access to programs and classes;
- Cost of the program;
- High-quality courses and services;
- Comprehensive student support services;
- Breadth of programs offered;
- The time necessary to earn a degree;
- Qualified and experienced faculty;
- Reputation of the institution and its programs;
- The variety of geographic locations of campuses;
- Name recognition; and
- Convenience.

Academics

Aspen University
School of Nursing and Health Sciences

School of Education
School of Business and Technology
School of Arts and Sciences

United States University
College of Nursing and Health Sciences
College of Business and Technology
College of Education
Extended Studies

Sales and Marketing

Following Mr. Michael Mathews becoming our Chief Executive Officer in May 2011, Mr. Mathews and his team made significant changes to Aspen's sales and marketing program, specifically spending a significant amount of time, money and resources on our proprietary Internet marketing program. What is unique about our Internet marketing program is that we have not used and have no plans in the near future to acquire non-branded, non-exclusive leads from third-party online lead generation companies to attract prospective students. To our knowledge, most if not all for-profit online universities utilize multiple third-party online lead generation companies to obtain a meaningful percentage of their prospective student leads that are branded and exclusive in nature, and those leads are both non-branded and non-exclusive in addition to exclusive branded leads. Our executive officers have many years of expertise in the online lead generation and Internet advertising industry, which for the foreseeable future will allow us to cost-effectively drive all prospective student leads that are branded and exclusive in nature.

We have invested in our technology infrastructure and believe our education technology platform enables us to provide lower costs per enrollment. Additionally, in connection with the launch of the BSN Pre-Licensure Program in Phoenix, AZ, Aspen University has begun to augment its Internet advertising campaigns with local radio spots in the Phoenix metropolitan area. To date, we have found that our enrollment costs per student are lower in this program than our other degree programs at AGI.

Employees

As of June 15, 2020, we had 319 full-time employees, and 511 adjunct professors, who are part-time employees. None of our employees are parties to any collective bargaining arrangement. We believe our relationships with our employees are good.

Corporate History

Aspen Group was incorporated on February 23, 2010 in Florida. In February 2012, Aspen Group reincorporated in Delaware under the name Aspen Group, Inc.

Aspen University Inc. was incorporated on September 30, 2004 in Delaware. Its predecessor was a Delaware limited liability company organized in Delaware in 1999. On March 13, 2012, Aspen Group, which was then inactive, acquired Aspen University Inc. in a transaction we refer to as the reverse merger. On December 1, 2017, Aspen Group acquired USU.

Available Information

Our corporate website is www.aspu.com. On our website under "SEC Filings", we make available access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), free of charge.

Regulation

Regulatory Environment

Students attending our schools finance their education through a combination of individual resources, corporate reimbursement programs and federal student financial assistance funds available through our participation in the Title IV Programs. The discussion which follows outlines the extensive regulations that affect our business. Complying with these regulations entails significant effort from our executives and other employees. Further, regulatory compliance is also expensive. Beyond the internal costs, compliance with the extensive regulatory requirements also involves engagement of outside regulatory professionals.

To participate in Title IV Programs, a school must, among other things, be:

- Authorized to offer its programs of instruction by the applicable state education agencies in the states in which it is physically located (in our case, Colorado, Arizona and California) or otherwise have a physical presence as defined by the state and meet the state education agency requirements to legally offer postsecondary distance education in any state in which the school is not physically located;
- Accredited by an accrediting agency recognized by the Secretary of DOE; and
- Certified as an eligible institution by DOE.

Collectively, state education agencies, accrediting agencies, and the DOE comprise the higher education regulatory triad.
We cannot predict the actions that any entity in the higher education regulatory triad, Congress, or Administration may take or their effect on our schools.

State Authorization

As institutions of higher education that grant degrees and certificates, we are required to be authorized by applicable state education authorities which exercise regulatory oversight of our schools. In addition, in order to participate in the Title IV Programs, we must be authorized by the applicable state education agencies.

Because we are subject to extensive regulations by the states in which we become authorized or licensed to operate, we must abide by state laws that typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations and other operational matters. State laws and regulations may limit our ability to offer educational programs and to award degrees. Some states may also prescribe financial regulations that are different from those of DOE. If we fail to comply with state licensing requirements, we may lose our state licensure or authorizations, which in turn would result in a loss of accreditation and access to Title IV funds.

On February 22, 2019, members of the California Assembly proposed a legislative package of seven bills that would increase regulatory compliance requirements for institutions that are approved by the -California Bureau. A modified form of the legislative package passed out of the California Assembly but the most onerous provisions of the bills were amended, and in one case, the bill did not make it out of committee. Only three of the original seven bills made it through the California Senate and were signed into law. The final bills impact the calculation of the Student Tuition Recovery Fund, create additional reporting requirements around graduate job placement, and change the process for out-of-state institutions to register their online programs in California. While the other, more onerous, bills did not make it out of the Legislature, we cannot predict whether the same provisions will resurface in future legislative packages.

Licensure of Physical Locations

The Higher Education Opportunity Act (HEOA) and certain state laws require our institutions to be legally authorized to provide educational programs in states in which our schools have a physical location or otherwise have a physical presence as defined by the state. Aspen University is authorized to provide educational programs in Colorado by the Colorado Department of Higher Education (“Colorado Department”) and Arizona State Board for Private Postsecondary Education (“Arizona Board”). USU is authorized to provide educational programs in California by the California Bureau for Private Postsecondary Education (“California Bureau”). Failure to comply with state requirements could result in Aspen University losing its authorization from the Colorado Department or Arizona Board, and USU losing its authorization from the California Bureau. In such event, the schools would lose their eligibility to participate in Title IV Programs, or their ability to offer certain educational programs, any of which may force us to cease the school’s operations.

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

Licensure of Online Programs

On December 19, 2016, DOE issued regulations regarding state authorization of distance education (the “2016 regulations”) that were originally scheduled to go into effect on July 1, 2018. Under the 2016 regulations, Title IV Program institutions, like ours, that offer postsecondary education through distance education to students in a state in which the institution is not physically located or in which it is otherwise subject to state jurisdiction as determined by that state, must meet any state requirements to offer postsecondary education to students in that state and provide specific consumer disclosures regarding educational programs. Under the 2016 regulations, an institution may meet state requirements by seeking authorization from the state or (in all states other than California) through a state authorization reciprocity agreement. The 2016 regulations required an institution to document state approval for distance education if requested by DOE.

On May 25, 2018, the DOE published an announcement in the Federal Register (the "Notice") that proposed a two-year delay, until July 1, 2020, of the effective date of the 2016 regulations, and on July 3, 2018, the DOE's delay of the 2016 regulations took effect. In April 2019, a U.S. District Court judge determined that the delay to July 1, 2020 was improper, and ordered the 2016 regulations had taken effect on May 26, 2019. The DOE appealed this decision, but ultimately announced on July 29, 2019 that the 2016 regulations had taken effect on May 26, 2019.

On July 31, 2018, the DOE announced its intention to convene a negotiated rulemaking committee (the "Committee") to consider proposed regulations for Title IV Programs, including revisions to the 2016 regulations. The Committee convened for several meetings from January to April 2019. On June 12, 2019, the DOE published a notice of proposed rulemaking, which included proposed regulations that would supplant the 2016 regulations. The DOE released final regulations on accreditation and state authorization of distance education on November 1, 2019, which took effect July 1, 2020 (the "Final Regulations"). Like the 2016 regulations, the Final Regulations require Title IV Program institutions, like ours, that offer postsecondary education through distance education to students in a state in which the institution is not physically located or in which it is otherwise subject to state jurisdiction as determined by that state, to meet any state requirements to offer postsecondary education to students who are located in that state.

Under the Final Regulations, institutions may meet the authorization requirements by obtaining such authorization directly from any state that requires it or through a state authorization reciprocity agreement, such as the State Authorization Reciprocity Agreement ("SARA"). SARA is intended to make it easier for students to take online courses offered by postsecondary institutions based in another state. SARA is overseen by a National Council ("NC-SARA") and administered by four regional education compacts.

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

Because USU is based in California, which does not participate in NC-SARA, USU must obtain authorization in every state in which it intends to market and enroll online students, which was the standard method prior to the formation of NC-SARA. USU is currently authorized to offer one or more programs in 42 states and is in the application development process with 8 additional states and the District of Columbia. USU maintains its state authorizations through annual reporting and required renewals.

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

Accreditation

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

Accreditation is important to our schools for several reasons. Accreditation provides external recognition and status. Employers rely on the accredited status of institutions when evaluating an employment candidate's credentials. Corporate and government sponsors under tuition reimbursement programs look to accreditation for assurance that an institution maintains quality educational standards. Other institutions depend, in part, on our accreditation in evaluating transfers of credit and applications to graduate schools.

Moreover, institutional accreditation awarded from an accrediting agency recognized by DOE is necessary for eligibility to participate in the Title IV Programs. As part of the Final Regulations published on November 1, 2019, and which take effect July 1, 2020, the DOE amended regulations relating to the recognition of accrediting agencies. The Final Regulations amend the DOE's process for recognition and review of accrediting agencies, including the criteria used by the DOE to recognize accrediting agencies, and the DOE's requirements for accrediting agencies' policies and standards that are applied to institutions and programs. From time to time, accrediting agencies adopt or make changes to their policies, procedures and standards. If our schools fail to comply with any of these requirements, the non-complying school's accreditation status could be at risk.

In addition to institutional accreditation, there are numerous specialized accreditors that accredit specific programs or schools within their jurisdiction, many of which are in healthcare and professional fields. USU's and Aspen University's baccalaureate and master's degree programs in nursing are accredited by the Commission on Collegiate Nursing Education (CCNE) and Aspen University's doctoral nursing degree is currently CCNE-accredited. CCNE is officially recognized by CHEA and the DOE and provides accreditation for nursing programs. Accreditation by CCNE signifies that those programs have met the additional standards of that agency. We are also pleased that Aspen University's School of Business and Technology has been awarded the status of Candidate for Accreditation by the International Accreditation Council for Business Education (IACBE) for its baccalaureate and master's business programs. Finally, USU's Bachelor of Arts in Liberal Studies has two Teacher Credentialing tracks: (1) Multiple Subject Credential Preparation track for students in California interested in teaching at the TK-6 level, and (2) General track for students interested in exploring a variety of topics, transfer students, or students outside of California. Both tracks are approved by the California Commission on Teacher Credentialing (CTC).

If we fail to satisfy the standards of specialized accreditors, we could lose the specialized accreditation for the affected programs, which could result in materially reduced student enrollments in those programs and prevent our students from seeking and obtaining appropriate licensure in their fields.

State Professional Licensure

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

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

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

In addition, the Final Regulations that take effect July 1, 2020 require institutions to make readily available disclosures to enrolled and prospective students regarding whether programs leading to professional licensure or certification meet state educational requirements for that professional license or certification. These disclosures apply to both on-ground and online programs that lead to professional licensure or certification or are advertised as leading to professional licensure or certification. Under the Final Regulations, institutions must determine the state in which current and prospective students are located, and then must: (1) determine whether such program's curriculum meets the educational requirements for licensure or certification in that state; (2) determine whether such program's curriculum does not meet the educational requirements for licensure or certification in that state; or (3) choose not to make a determination as to whether such program's curriculum meets the educational requirements for licensure or certification in that state. Institutions must also provide direct disclosures in writing to prospective students and current students under certain circumstances. Institutions must provide direct disclosures in writing to prospective students if the institution has determined the program in which the student intends to enroll does not meet the educational requirements for licensure or certification in the state in which the student is located or if the institution has not made any determination. Institutions must provide direct disclosures in writing to current students, but only if the institution has determined the program in which the student is enrolled does not meet the educational requirements for licensure in the state in which the student is located.

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

The federal government provides a substantial part of its support for postsecondary education through the Title IV Programs, in the form of grants and loans to students. Students can use those funds at any institution that has been certified by DOE to participate in the Title IV Programs. Aid under Title IV Programs is primarily awarded on the basis of financial need, generally defined as the difference between the cost of attending the institution and the amount a student can reasonably contribute to that cost. All recipients of Title IV Program funds must maintain satisfactory academic progress and must progress in a timely manner toward completion of their program of study. In addition, each school must ensure that Title IV Program funds are properly accounted for and disbursed in the correct amounts to eligible students.

Our institutional missions manifest themselves through offering students the opportunity to fund their education without relying solely on student loans. In March 2014, Aspen University launched a $250 monthly payment plan for associate and bachelor degree students and a $325 monthly payment plan for master's degree students, and subsequently a $375 monthly payment plan for doctoral students. The monthly payment plan is available to all Aspen University and United States University students except those in the Aspen University BSN Pre-licensure program. Note that effective August 2019, new student enrollments for USU's FNP monthly payment plan are offered a $9,000 two-year payment plan ($375/month x 24 months) designed to pay for the first year's pre-clinical courses only (approximate cost of $9,000). The second academic year in which students complete their clinical courses (approximate cost of $18,000) will be required to be funded through conventional payment methods (either cash, private loans, corporate tuition reimbursement or federal financial aid).

Currently, 62% of Aspen University students utilize monthly payment options, including the monthly payment plan or the installment plan. In 2017, USU implemented these monthly payment options and currently has 65% of its students utilizing them.

When Aspen University students seek funding from the federal government, they receive loans and grants to fund their education under the following Title IV Programs: (1) the Federal Direct Loan program, or Direct Loan and (2) the Federal Pell Grant program, or Pell. USU students are eligible for the same, plus Federal Work Study and Federal Supplemental Opportunity Grants. For the fiscal year ended April 30, 2020, approximately 28% of Aspen University's cash-basis revenues for eligible tuition and fees were derived from Title IV Programs. Therefore, the majority of Aspen University students self-finance all or a portion of their education. For the fiscal year ended April 30, 2020, approximately 20% of United States University's cash-basis revenues for eligible tuition and fees were derived from Title IV Programs.

Additionally, students may receive full or partial tuition reimbursement from their employers. Eligible students can also access private loans through a number of different lenders for funding at current market interest rates.

Under the Direct Loan program, the DOE makes loans directly to students. The Direct Loan Program includes the Direct Subsidized Loan, the Direct Unsubsidized Loan, the Direct PLUS Loan (including loans to graduate and professional students), and the Direct Consolidation Loan. The Budget Control Act of 2011 signed into law in August 2011, eliminated Direct Subsidized Loans for graduate and professional students, as of July 1, 2012. The terms and conditions of subsidized loans originated prior to July 1, 2012 are unaffected by the law.

For Pell Grants, the DOE makes grants to undergraduate students who demonstrate financial need. To date, few of our students have received Pell Grants. Accordingly, the Pell Grant program currently is not material to the Company's cash revenues.

Regulation of Federal Student Financial Aid Programs

The substantial amount of federal funds disbursed through Title IV Programs, the large number of students and institutions participating in these programs, and allegations of fraud and abuse by certain for-profit institutions have prompted the DOE to exercise considerable regulatory oversight over for-profit institutions of higher learning. Accrediting agencies and state education agencies also have responsibilities for overseeing compliance of institutions in connection with Title IV Program requirements. As a result, our institutions are subject to extensive oversight and review. Because the DOE periodically revises its regulations and changes its interpretations of existing laws and regulations, we cannot predict how the Title IV Program requirements will be applied in all circumstances. See the “Risk Factors” contained herein which disclose comprehensive regulatory risks.

In addition to the state authorization requirements and other regulatory requirements described herein, other significant factors relating to Title IV Programs that could adversely affect us include the following legislative action and regulatory changes:

Congressional Action. Congress reauthorizes the Higher Education Act approximately every five to six years. Congress most recently reauthorized the Higher Education Act in August 2008 through the end of 2013 and the law has been extended since that date. Congress has held hearings regarding the reauthorization of the HEA and has continued to consider new legislation regarding passage of the HEA. We cannot predict whether or when Congress might act to amend further the HEA. The elimination of additional Title IV Programs, material changes in the requirements for participation in such programs, or the substitution of materially different programs could increase our costs of compliance and could reduce the ability of certain students to finance their education at our institutions.

Federal Rulemaking. On July 31, 2018, DOE announced its intention to convene a negotiated rulemaking committee (the “Committee”) to prepare proposed regulations for Title IV Programs. From January 2019 to April 2019, the Committee met to consider proposed regulations on a variety of topics including the following:

- Criteria used by the Secretary of the DOE to recognize accrediting agencies;
- Clarification of the primary functions and responsibilities of accrediting agencies, state education agencies, and DOE;
- Clarification of permissible arrangements between institutions and other organizations to provide a portion of an education program;
- Revisions to rules related to distance education, direct assessment programs, and competency-based education;
- Consideration of the 2016 regulations relating to state authorization of distance education and corresponding disclosures;
- Revisions to various regulatory definitions, including the definition of "distance education" and a “credit hour”; and
- Elimination of regulations related to Title IV Programs that have not been funded in recent years.

In April 2019, the Committee reached consensus on all proposed rules subject to the negotiated rulemaking. On June 12, 2019, the DOE issued a notice of proposed rulemaking (“NPRM”) that proposes rules related to accreditation and state authorization. The DOE issued Final Regulations on November 1, 2019, which take effect July 1, 2020. On December 11, 2019, the DOE issued a NPRM that proposes rules related to TEACH Grants and Faith-Based Entities, which was subject to a public comment period that concluded on January 10, 2020. On April 2, 2020, the DOE issued a NPRM that proposes rules related to distance education and innovation, which was subject to a public comment period that concluded on May 4, 2020.

We cannot predict when the DOE will publish final regulations for those NPRMs, how or whether those regulations may impact Aspen and USU, or if the regulations as proposed in those NPRMs will go into effect as currently drafted or will be revised.

Administrative Capability. DOE regulations specify extensive criteria by which an institution must establish that it has the requisite “administrative capability” to participate in Title IV Programs. Failure to satisfy any of the standards may lead DOE to find the institution ineligible to participate in Title IV Programs or to place the institution on provisional certification as a condition of its participation. To meet the administrative capability standards, an institution must, among other things:

- Comply with all applicable Title IV Program regulations;
- Have capable and sufficient personnel to administer the federal student financial aid programs;
- Have acceptable methods of defining and measuring the satisfactory academic progress of its students;
- Have cohort default rates above specified levels;
- Have various procedures in place for safeguarding federal funds;
- Not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension;
- Provide financial aid counseling to its students;
- Refer to DOE’s Office of Inspector General any credible information indicating that any applicant, student, employee, or agent of the institution, has been engaged in any fraud or other illegal conduct involving Title IV Programs;
- Report annually to the Secretary of Education on any reasonable reimbursements paid or provided by a private education lender or group of lenders to any employee who is employed in the institution’s financial aid office or who otherwise has responsibilities with respect to education loans;

- Develop and apply an adequate system to identify and resolve conflicting information with respect to a student's application for Title IV aid;
- Submit in a timely manner all reports and financial statements required by the regulations; and
- Not otherwise appear to lack administrative capability.

DOE regulations also add an administrative capability standard related to the existing requirement that students must have a high school diploma or its recognized equivalent in order to be eligible for Title IV Program aid. Under the administrative capability standard, institutions must develop and follow procedures for evaluating the validity of a student's high school diploma if the institution or the Secretary of Education has reason to believe that the student's diploma is not valid.

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

- Require the repayment of Title IV Program funds;
- Transfer the institution from the "advance" system of payment of Title IV Program funds to heightened cash monitoring status or to the "reimbursement" system of payment;
- Place the institution on provisional certification status; or
- Commence a proceeding to impose a fine or to limit, suspend or terminate the participation of the institution in Title IV Programs.

Distance Education. We offer all of our existing degree and certificate programs via Internet-based telecommunications from our headquarters in Colorado, Arizona and California. Under the HEOA, an accreditor that evaluates institutions offering distance education must require such institutions to have processes through which the institution establishes that a student who registers for a distance education program is the same student who participates in and receives credit for the program.

On December 16, 2016, the DOE issued a final rule that requires institutions to meet all state requirements for legally offering distance education in any state in which the institution is offering distance education courses. The rule was scheduled to go into effect on July 1, 2018, and ultimately took effect on May 26, 2019. On November 1, 2019, DOE issued Final Regulations that among other things, modifies the 2016 regulations regarding state authorization of distance education. See "Risk Factors" in Item 1A of this Report.

Financial Responsibility. The Higher Education Act and DOE regulations establish extensive standards of financial responsibility that institutions such as Aspen and USU must satisfy to participate in the Title IV Programs. These standards generally require that an institution provide the resources necessary to comply with Title IV Program requirements and meet all of its financial obligations, including required refunds and any repayments to the DOE for liabilities incurred in programs administered by the DOE.

The DOE evaluates institutions on an annual basis for compliance with specified financial responsibility standards that include a complex formula that uses line items from the institution's audited financial statements. In addition, the financial responsibility standards require an institution to receive an unqualified opinion from its accountants on its audited financial statements, maintain sufficient cash reserves to satisfy refund requirements, meet all of its financial obligations, and remain current on its debt payments. The formula focuses on three financial ratios: (1) equity ratio (which measures the institution's capital resources, financial viability, and ability to borrow); (2) primary reserve ratio (which measures the institution's viability and liquidity); and (3) net income ratio (which measures the institution's profitability or ability to operate within its means). An institution's financial ratios must yield a composite score of at least 1.5 on a scale of -1.0 to 3.0 for the institution to be deemed financially responsible without the need for further federal oversight. The DOE may also apply such measures of financial responsibility to the operating company and ownership entities of an eligible institution.

Although we believe our schools met the minimum composite score necessary to meet the financial ratio standard for fiscal year 2019, the DOE may determine that our calculations are incorrect, and/or it may determine that either or both of our schools continue to not meet other financial responsibility standards. If the DOE were to determine that we do not meet its financial responsibility standards, we may be able to continue to establish financial responsibility on an alternative basis. Alternative bases include, for example:

- Posting a letter of credit in an amount equal to at least 50% of the total Title IV Program funds received by us during our most recently completed fiscal year;
- Posting a letter of credit in an amount equal to at least 10% of such prior year's Title IV Program funds received by us, accepting provisional certification, complying with additional DOE monitoring requirements and agreeing to receive Title IV Program funds under an arrangement other than DOE's standard advance payment arrangement such as the "reimbursement" system of payment or cash monitoring.

USU had been requested to post a letter of credit (LOC) in the amount of $71,634 in response to a compliance audit that reported the university had a repeat finding related to late R2T4 (return to Title IV) returns, but that LOC, as funded by AGI expired as of March 31, 2019. On May 14, 2019, USU was granted provisional approval to participate in the Title IV Programs and has a program participation agreement reapplication date of December 31, 2020. As part of the provisional approval, the DOE informed USU that it must post a letter of credit in the amount of $255,708 based on a failure to meet the audited same day balance sheet requirements that apply in a change of control. This LOC was funded by AGI. The DOE informed AGI that the LOC was reduced to $21,857; this letter with the reduced amount will remain in effect for at least the duration of the provisional approval. Pursuant to USU's provisional Program Participation Agreement ("PPA"), the DOE indicated that USU must agree to participate in Title IV under the HCM1 funding process; however, the DOE does retain discretion on whether or not to implement that term of the agreement. Although the DOE has not, to date, notified USU that it has been placed in the HCM1 funding process, nor does DOE's public disclosure website identify USU as being on HCM1, it is possible that prior to the end of the PPA term, the DOE may notify USU that it must begin funding under the HCM1 procedure. See "Risk Factors" contained in Item 1A of this Report.

Provisional certification alone does not limit an institution's access to Title IV Program funds; however, an institution with provisional status is subject to closer review by the DOE and may be subject to summary adverse action if it violates Title IV Program requirements.

Failure to meet the DOE's "financial responsibility" requirements, either because we do not meet the DOE's financial responsibility standards or are unable to establish financial responsibility on an alternative basis, would cause us to lose access to Title IV Program funding.

Third-Party Servicers. DOE regulations permit an institution to enter into a written contract with a third-party servicer for the administration of any aspect of the institution's participation in Title IV Programs. The third-party servicer must, among other obligations, comply with Title IV Program requirements and be jointly and severally liable with the institution to the Secretary of Education for any violation by the servicer of any Title IV Program provision. An institution must report to the DOE new contracts with, or any significant modifications to contracts with third-party servicers as well as other matters related to third-party servicers. We contract with a third-party servicer which performs certain activities related to our participation in Title IV Programs. If our third-party servicer does not comply with applicable statutes and regulations including the Higher Education Act, we may be liable for its actions, and we could lose our eligibility to participate in Title IV Programs.

Return of Title IV Program Funds. Under the DOE's return of funds regulations, when a student withdraws or reduces their enrollment status or credit load to less than full time, an institution must return unearned funds to the DOE in a timely manner. An institution must first determine the amount of Title IV Program funds that a student "earned." If the student withdraws during the first 60% of any period of enrollment or payment period, the amount of Title IV Program funds that the student earned is equal to a pro rata portion of the funds for which the student would otherwise be eligible. If the student withdraws after the 60% threshold, then the student has earned 100% of the Title IV Program funds. The institution must return to the appropriate Title IV Programs, in a specified order, the lesser of (i) the unearned Title IV Program funds and (ii) the institutional charges incurred by the student for the period multiplied by the percentage of unearned Title IV Program funds. An institution must return the funds no later than 45 days after the date of the institution's determination that a student withdrew. If such payments are not timely made, an institution may be subject to adverse action, including being required to submit a letter of credit equal to 25% of the refunds the institution should have made in its most recently completed fiscal year. Under the DOE regulations, late returns of Title IV Program funds for 5% or more of students sampled in the institution's annual compliance audit or a DOE program review constitutes material non-compliance with the Title IV Program requirements.

The "90/10 Rule." A requirement of the Higher Education Act commonly referred to as the "90/10 Rule," applies only to "proprietary institutions of higher education." An institution is subject to loss of eligibility to participate in the Title IV Programs if it derives more than 90% of its revenues (calculated on a cash basis and in accordance with a DOE formula) from Title IV Programs for two consecutive fiscal years. An institution whose rate exceeds 90% for any single fiscal year will be placed on provisional certification for at least two fiscal years and may be subject to other conditions specified by the Secretary of DOE. For the year ended April 30, 2020, approximately 28% of Aspen's revenues were derived from Title IV Programs. For the year ended April 30, 2020, approximately 20% of USU's revenues were derived from Title IV Programs.

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

If an institution's cohort default rate equals or exceeds 25% in any single year, the institution may be placed on provisional certification status. Provisional certification does not limit an institution's access to Title IV Program funds; however, an institution with provisional status is subject to closer review by DOE and may be subject to summary adverse action if it violates Title IV Program requirements. If an institution's default rate exceeds 40% for one federal fiscal year, the institution may lose eligibility to participate in some or all Title IV Programs. Aspen University's current official 3-year cohort default rates are as follows: FY2016 (8.8%), FY2015 (5.7%), and FY2014 (6.2%). USU's current official 3-year cohort default rates are as follows: FY2016 (10.6%), FY2015 (11.4%), and FY2014 (9.6%).

Incentive Compensation Rule. As a part of an institution's program participation agreement with DOE and in accordance with the HEOA, an institution may not provide any commission, bonus or other incentive payment to any person or entity engaged in any student recruitment, admissions or financial aid awarding activity based directly or indirectly on success in securing enrollments or financial aid. Failure to comply with the incentive payment rule could result in termination of participation in Title IV Programs, limitation on participation in Title IV Programs, or financial penalties. Aspen believes it is in compliance with the Incentive Compensation Rule (the "IC Rule").

In recent years, other postsecondary educational institutions have been named as defendants in whistleblower lawsuits, known as "qui tam" cases, brought by current or former employees pursuant to the Federal False Claims Act, alleging that their institution's compensation practices did not comply with the IC Rule. A qui tam case is a civil lawsuit brought by one or more individuals, referred to as a relator, on behalf of the federal government for an alleged submission to the government of a false claim for payment. The relator, often a current or former employee, is entitled to a share of the government's recovery in the case, including the possibility of treble damages. A qui tam action is always filed under seal and remains under seal until the government decides whether to intervene in the case. If the government intervenes, it takes over primary control of the litigation. If the government declines to intervene in the case, the relator may nonetheless elect to continue to pursue the litigation at his or her own expense on behalf of the government. Any such litigation could be costly and could divert management's time and attention away from the business, regardless of whether a claim has merit.

The U.S. Government Accountability Office (the "GAO") released a report finding that the DOE has inadequately enforced the current ban on incentive payments. In response, the DOE has undertaken to increase its enforcement efforts by, among other approaches, strengthening procedures provided to auditors reviewing institutions for compliance with the incentive payments ban and updating its internal compliance guidance in light of the GAO findings.

Code of Conduct Related to Student Loans. As part of an institution's program participation agreement with the DOE, HEOA requires that institutions that participate in Title IV Programs adopt a code of conduct pertinent to student loans. For financial aid officers or other employees who have responsibility related to education loans, the code must forbid, with limited exceptions, gifts, consulting arrangements with lenders, and advisory board compensation other than reasonable expense reimbursement. The code also must ban revenue-sharing arrangements, "opportunity pools" that lenders offer in exchange for certain promises, and staffing assistance from lenders. The institution must post the code prominently on its website and ensure that its officers, employees, and agents who have financial aid responsibilities are informed annually of the code's provisions. Aspen has adopted a code of conduct under the HEOA which is posted on its website. In addition to the code of conduct requirements that apply to institutions, HEOA contains provisions that apply to private lenders, prohibiting such lenders from engaging in certain activities as they interact with institutions. Failure to comply with the code of conduct provision could result in termination of our participation in Title IV Programs, limitations on participation in Title IV Programs, or financial penalties.

Misrepresentation. The HEOA and current regulations authorize the DOE to take action against an institution that participates in Title IV Programs for any "substantial misrepresentation" made by that institution regarding the nature of its educational program, its financial charges, or the employability of its graduates. DOE regulations define "substantial misrepresentation" to cover additional representatives of the institution and additional substantive areas and expands the parties to whom a substantial misrepresentation cannot be made. The regulations also augment the actions the DOE may take if it determines that an institution has engaged in substantial misrepresentation, which include revoking an institution's program participation agreement, imposing limitations on an institution's participation in Title IV Programs, or initiating proceedings to impose a fine or to limit, suspend, or terminate the institution's participation in Title IV Programs.

Credit Hours. The Higher Education Act and current regulations use the term "credit hour" to define an eligible program and an academic year and to determine enrollment status and the amount of Title IV Program aid an institution may disburse for particular programs. Recently, both Congress and the DOE have increased their focus on institutions' policies for awarding credit hours. DOE regulations define the term "credit hour" in terms of a certain amount of time in class and outside class, or an equivalent amount of work. The regulations also require accrediting agencies to review the reliability and accuracy of an institution's credit hour assignments. If an accreditor identifies systematic or significant noncompliance in one or more of an institution's programs, the accreditor must notify the Secretary of Education. If the DOE determines that an institution is out of compliance with the credit hour definition, the DOE could require the institution to repay the incorrectly awarded amounts of Title IV Program aid. In addition, if the DOE determines that an institution has significantly overstated the amount of credit hours assigned to a program, the DOE may fine the institution, or limit, suspend, or terminate its participation in the Title IV Programs.

On July 31, 2018, the DOE announced its intention to convene a negotiated rulemaking committee (the "Committee") to consider proposed regulations for Title IV Programs, including revisions to the regulatory definition of "credit hour." The Committee reached consensus on a revised definition of "credit hour" in April 2019, and published a NPRM on April 2, 2020 that includes revised definitions of "academic engagement", "credit hour", "clock hour" and "distance education". These proposed definitions clarify what the DOE will consider appropriate methods of establishing a student's participation in distance education programs and issuing academic credit. The DOE has not published a final version of these revised regulations.

Compliance Reviews. We are subject to announced and unannounced compliance reviews and audits by various external agencies, including the DOE, its Office of Inspector General, state licensing agencies, and accrediting agencies. As part of the DOE's ongoing monitoring of institutions' administration of Title IV Programs, the HEOA and the DOE regulations require institutions to submit annually a compliance audit conducted by an independent certified public accountant in accordance with Government Auditing Standards and applicable audit standards of the DOE, which were updated effective for fiscal years beginning after June 30, 2016. These auditing standards differ from those followed in the audit of our consolidated financial statements contained herein. In addition, to enable the DOE to make a determination of financial responsibility, institutions must annually submit audited financial statements prepared in accordance with DOE regulations. Furthermore, the DOE regularly conducts program reviews of education institutions that are participating in the Title IV Programs, and the Office of Inspector General of the DOE regularly conducts audits and investigations of such institutions.

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

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

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

On August 22, 2017, the DOE recertified Aspen University to participate in Title IV Programs, and set a subsequent program participation agreement reapplication date of March 31, 2021. On May 15, 2019, United States University was granted provisional approval to participate in the Title IV Programs and has a program participation agreement reapplication date of December 31, 2020. While provisionally certified, USU must apply for and receive approval from DOE for expansion or for any substantial change before it may award, disburse or distribute Title IV, HEA funds based on the substantial change. The provisional participation agreement indicates that substantial changes generally include, but are not limited to: (a) establishment of an additional location; (b) increase in the level of academic offering beyond those listed in the Institution's eligibility documents; or (c) addition of any educational program (including degree, non-degree, or short-term training programs).

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

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

Gainful Employment. Under the Higher Education Act, only proprietary school educational programs that lead to gainful employment in a recognized occupation are eligible to participate in Title IV Program funding. DOE issued final Gainful Employment (“GE”) regulations on October 31, 2014 (“2014 GE Rule”), which went into effect on July 1, 2015. The 2014 GE Rule defines the requirements that programs at proprietary institutions must meet in order to be considered a GE program that is eligible for Title IV Program funding.

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

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

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

In addition, during the period of provisional certification, the institution must comply with any additional conditions included in its program participation agreement. If the DOE determines that a provisionally certified institution is unable to meet its responsibilities under its program participation agreement, it may seek to revoke the institution’s certification to participate in Title IV Programs with fewer due process protections for the institution than if it were fully certified. Students attending provisionally certified institutions remain eligible to receive Title IV Program funds.

Borrower Defense to Repayment (“BDTR”). Pursuant to the Higher Education Act and following negotiated rulemaking, on November 1, 2016, the DOE released a final regulation (“2016 BDTR Rule”) specifying the acts or omissions of an institution that a borrower may assert as a defense to repayment of a loan made under the Direct Loan Program and the consequences of such borrower defenses for borrowers, institutions, and the DOE. Under the regulation, for Direct Loans disbursed after July 1, 2017, a student borrower may assert a defense to repayment if: (1) the student borrower obtained a state or federal court judgment against the institution; (2) the institution failed to perform on a contract with the student; and/or (3) the institution committed a “substantial misrepresentation” on which the borrower reasonably relied to his or her detriment.

These defenses are asserted through claims submitted to the DOE, and the DOE has the authority to issue a final decision in which it may discharge all or part of a borrower's Direct Loan. In addition, the regulation permits the DOE to grant relief to an individual or group of individuals, including individuals who have not applied to the DOE seeking relief. If a defense is successfully raised, the DOE has discretion to initiate action to collect from an institution the amount of losses incurred based on the borrower defense discharge.

The 2016 regulation also amends the rules concerning discharge of federal student loans when a school or campus closes, requires institutions to report events that might potentially impact an institution’s financial responsibility (“financial triggers”) to allow the DOE to determine if the institution needs to provide additional assurances or surety to continue participating in the Title IV Programs, and prohibits pre-dispute arbitration agreements and class action waivers for borrower defense-type claims.

On January 19, 2017, the DOE issued a final procedural rule, specifically relating to the then-upcoming borrower defense rules, with request for comments. These rules were limited to updating the hearing procedures for actions to establish liability against an institution of higher education and establishing procedures for recovery proceedings under the borrower defense regulations.

Several times between June 2017 and February 2018, the DOE announced delays until July 1, 2019 for implementation of certain portions of the 2016 BDTR Rule. However, in September 2018, a judge denied a request to further delay implementation, and as a result, the regulations went into effect as of October 16, 2018 and remained in effect until July 1, 2020, based on the effective date of an amended BDTR Rule, as noted below. DOE issued additional guidance regarding its planned implementation of the 2016 BDTR rule on March 15, 2019, which included specific processes for reporting financial responsibility trigger events occurring since July 1, 2017.

Prior to the court decision noted above, on June 16, 2017, the DOE announced its intent to convene a negotiated rulemaking committee to develop new and different proposed regulations related to borrower defense to replace the 2016 BDTR Rule and to address certain other related matters. Following three negotiated rulemaking sessions, on July 31, 2018, the DOE published a notice of proposed rulemaking that, among other things, would establish a new federal standard for evaluating, and a process for adjudicating, BDTR claims made on or after July 1, 2019. The DOE accepted public comments on the notice of proposed rulemaking through August 30, 2018; however, the DOE did not publish the final rule by November 1, 2018, as required by the Department's master calendar to allow the final regulation to take effect on July 1, 2019.

The DOE eventually published the amended final BDTR Rule on September 23, 2019 (the "2019 BDTR Rule"), with an effective date of July 1, 2020. The amended rule made substantial changes to the 2016 Rule. The 2019 BDTR Rule again changes the basis under which a student can make a BDTR claim for loans disbursed after July 1, 2020, limiting it from the three bases in the 2016 Rule to only one basis in the 2019 Rule: misrepresentation upon which a borrower reasonably relied, and which resulted in financial harm to the borrower. The 2019 Rule also removes the group claim option, and instead relies on individual evaluation of borrower's claims; however, as was the case in the 2016 Rule, DOE can still initiate an action against the institution to recoup its losses for discharged loans.

In addition, the 2019 BDTR Rule changes the "financial triggers" and reporting process, narrowing the DOE's bases for determining a school lacks financial responsibility, and relying on more definitive liabilities that would impact an institution's composite score, as opposed to more speculative potential losses. The updated provisions include both "mandatory triggering events," and "discretionary triggering events" that may impact the institution's financial responsibility under the DOE rules. Institutions are required to report any of the events included under either category, but mandatory events will require DOE to take action (which includes recalculating the institution's most recent composite score, if applicable), while the DOE has discretion to determine whether action needs to be taken if the trigger is discretionary. The mandatory triggers include a liability from a settlement or final determination in an action brought by a state or federal agency; a capital distribution or distribution of dividends when an institution's composite score is below 1.5; or, for publicly traded institutions, an action to revoke registration or delist by the applicable exchange.

The 2019 Rule removes the prohibition on pre-dispute arbitration provisions and class action waivers, and instead requires institutions to disclose, in laymen's terms, how arbitration and class action waivers impact the student. The 2019 Rule also makes additional changes to the closed school and false certification loan discharge rules, as well as updating the financial reporting requirements relating to how long term debt is calculated and disclosed in annual financial audits, and how institutions must account for operating leases to reflect updated GAAP standards.

In January and March 2020, the House of Representatives and Senate, respectively, voted to overturn the 2019 BDTR Rule under the authority provided in the Congressional Review Act. The bill was presented to the President on May 19, 2020 for his consideration. On May 29, 2020, the President vetoed the Congressional action and sent the bill back to Congress where it could either remain without further action or be revisited in an effort to override the Presidential veto, which would require a two-thirds vote in each Chamber. The House announced that it would seek further consideration of the proposals and on June 26, 2020, the House attempted to override the veto, but did not reach the required 290 votes needed to move the resolution to the Senate. Having failed to achieve the requisite number of votes, the Presidential veto stands, and the 2019 BDTR Rule became effective on July 1, 2020. It is still possible that there could be last minute efforts to delay the 2019 BDTR Rule implementation through the courts; however, we do not know if this is likely or whether such a legal challenge would be successful.

Change in Ownership Resulting in a Change of Control. In addition to school acquisitions, other types of transactions can also cause a change of control. The DOE, accrediting agencies, and most state education agencies, all have standards pertaining to the change of control of schools, but those standards are not uniform. The DOE regulations describe some transactions that constitute a change of control, including the transfer of a controlling interest in the voting stock of an institution or the institution's parent corporation. The DOE regulations provide that a change of control of a publicly-traded corporation occurs in one of two ways: (i) if there is an event that would obligate the corporation to file a Current Report on Form 8-K with the Securities and Exchange Commission, or the SEC, disclosing a change of control or (ii) if the corporation has a shareholder that owns at least 25% of the total outstanding voting stock of the corporation and is the largest shareholder of the corporation, and that shareholder ceases to own at least 25% of such stock or ceases to be the largest shareholder. A significant purchase or disposition of our voting stock could be determined by the DOE to be a change of control under this standard. Many states include the sale of a controlling interest of common stock in the definition of a change of control requiring approval. A change of control under the definition of one of these agencies would require us to seek approval of the change in ownership and control to maintain our accreditations, state authorization or licensure. The requirements to obtain such approval from the states and our accrediting agencies vary widely. In some cases, approval of the change of ownership and control cannot be obtained until after the transaction has occurred.

When a change of ownership resulting in a change of control occurs at a for-profit institution, the DOE applies a different set of financial tests to determine the financial responsibility of the institution in conjunction with its review and approval of the change of ownership. The institution generally is required to submit a same-day audited balance sheet reflecting the financial condition of the institution or its parent corporation immediately following the change in ownership. The institution's same-day balance sheet must demonstrate an acid test ratio of at least 1:1, which is calculated by adding cash and cash equivalents to current accounts receivable and dividing the sum by total current liabilities (and excluding all unsecured or uncollateralized related party receivables). The same-day balance sheet must also demonstrate positive tangible net worth. If the institution does not satisfy either of these requirements, the DOE may condition its approval of the change of ownership on the institution's agreeing to post a letter of credit, provisional certification, and/or additional monitoring requirements, as described in the above section on Financial Responsibility. As part of the change of control of USU, in addition to being granted provisional approval to participate in the Title IV Programs, the DOE informed USU that it must post a letter of credit based on a failure to meet the audited same day balance sheet requirements that apply in a change of control.

A change of control also could occur as a result of future transactions in which Aspen is involved. Some corporate reorganizations and some changes in the composition of the Board are examples of such transactions. Moreover, the potential adverse effects of a change of control could influence future decisions by us and our shareholders regarding the sale, purchase, transfer, issuance or redemption of our stock. In addition, the regulatory burdens and risks associated with a change of control also could discourage bids for your shares of common stock and could have an adverse effect on the market price of your shares. The time required for the DOE to act on a change in ownership and control application may vary substantially. In some such recent transactions, institutions have experienced extensive delays in this review process, in some cases exceeding 18-24 months.

Possible Acquisitions. Similar to the Company's acquisition of USU, we may expand through acquisition of related or synergistic businesses. Our internal growth is subject to monitoring and ultimately approval by the DEAC and WSCUC. If the DEAC or WSCUC finds that the growth may adversely affect our academic quality, the DEAC or WSCUC can request us to slow the growth and potentially withdraw accreditation and require us to re-apply for accreditation. The DOE may also impose growth restrictions on an institution, including in connection with a change in ownership and control.

Clery Act and Title IX. Both USU and Aspen University publish the required Annual Crime and Security Reports to comply with the requirements of the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act ("Clery Act"). USU publishes separate reports for its San Diego, CA and Phoenix, AZ locations; Aspen publishes separate reports for its Denver, CO and Phoenix, AZ locations. Both universities are committed to providing students, faculty, staff, and guests a safe and secure environment. The Reports identify policies and procedures for security and crime prevention, substance abuse, sexual misconduct/harassment (Title IX), and emergency response and evacuation. On May 6, 2020, the DOE issued a new final rule regarding Title IX which substantially changes institutions' responsibilities in responding to sexual harassment and sexual assault. The new rule will become effective on August 14, 2020, and USU and Aspen are currently assessing the new rule and evaluating necessary changes to our policies and procedures to maintain compliance.

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

Seasonality

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

ITEM 1A. RISK FACTORS.

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

Risks Relating to Our Business

Because there is strong competition in the postsecondary education market, especially in the online education market and in the wake of COVID-19, our cost of acquiring students may increase and our results of operations may be harmed.

Postsecondary education is highly fragmented and competitive. We compete with traditional public and private two-year and four-year brick and mortar colleges as well as other for-profit schools and online not-for-profit schools. Public and private colleges and universities, as well as other for-profit schools, offer programs similar to those we offer. Public institutions receive substantial government subsidies, and public and private institutions have access to government and foundation grants, tax-deductible contributions that create large endowments and other financial resources generally not available to for-profit schools. Accordingly, public and private institutions may have instructional and support resources that are superior to those in the for-profit sector. In addition, some of our competitors, including both traditional colleges and universities and online for-profit schools, have substantially greater name recognition and financial and other resources than we have, which may enable them to compete more effectively for potential students. We also expect to face increased competition as a result of new entrants to the online education market, including established colleges and universities that have not previously emphasized online education programs, a trend which will likely be amplified and accelerated as a result of the COVID-19 pandemic. Major brick and mortar universities continue to develop and advertise their online course offerings. Purdue University's 2017 acquisition of Kaplan University is a prime example of this change. Another example is Arizona State University which spends considerable sums on advertising its online degree programs in partnership with its Online Program Manager.

To the extent the COVID-19 pandemic and related regulatory and safety protocols require continued social distancing, we expect to see increased competition in the short term as traditionally on-campus universities shift to online classes, and as hybrid universities that offer licensure programs such as ours move to 100% online course offerings, including virtual immersions. For example, in addition to AGI, for-profit competitors such as Adtalem Global Education, Inc. and American Public Education, Inc., as well as public non-profit institutions, shifted their licensure program on-campus classes to 100% online classes in response to the pandemic. Because the long-term effects of COVID-19, including the widespread adoption of online learning methods employed by our competitors, remain uncertain, the resultant increase in competition may subsist beyond the pandemic.

We may not be able to compete successfully against current or future competitors and may face competitive pressures including price pressures that could adversely affect our business or results of operations and reduce our operating margins. These competitive factors could cause our enrollments, revenues and profitability to materially decrease.

The current COVID-19 pandemic and any future public health emergencies may adversely affect our business.

The current COVID-19 pandemic has caused a significant downturn to the U.S. and global economies. Any economic recession or depression that results could reduce the demand for our non-nursing graduates in the labor market, which may in turn reduce our enrollments and class starts in the future. Further, in order to comply with government mandates and to protect the safety of our students and employees, Aspen Group and its subsidiaries have implemented a remote work policy, temporarily closed physical campuses and office locations and moved to online-only classes. The transition to remote work poses operational challenges which may adversely affect our ability to manage our physical campus program, maintain student enrollment, and meet other operational objectives within the time frames or to the same extent anticipated prior to the pandemic.

While our initial experience has revealed that we have not sustained any material adverse effect from the pandemic and the economic downturn, we cannot assure that this will continue. The effect of the COVID-19 pandemic on our business, operations and financial results remains uncertain and will depend on numerous evolving factors that are impossible to predict, including the duration and scope of the pandemic and economic downturn; increased competition in the online learning sector as universities switch from a campus to an online environment; the impact on economic activity and actions taken in response, including those of lawmakers and government agencies; the impact on our employees and business partners; our ability to effectively and efficiently operate with employees working remotely and/or temporary closures of our campus locations; the ability of our students to continue to attend and pay for their courses; and the ability of our non-nursing graduates to procure employment notwithstanding the economic downturn. We cannot predict whether students will be able to continue paying tuition under our monthly payment plan at the same historical rates or if future enrollment and class starts will be reduced. Any negative effect of the pandemic on our operations, for the foregoing reasons or due to other factors which cannot be predicted, could have a material adverse effect on our financial condition and results of operations.

If we are unable to successfully execute our growth strategy of opening new nursing campuses, our results of operations and future growth could be materially and adversely affected.

In addition to its two existing campuses in the Phoenix metropolitan area, the Company expects to open at least two additional campuses per year in the foreseeable future. In calendar year 2020, we plan to open new campuses in Tampa, Florida and Austin, Texas. This requires us to obtain appropriate state and accrediting agency approvals and to comply with any requirements from those agencies related to a new location. Our application with the Florida Commission for Independent Education has been delayed to the Department's next scheduled meeting on July 28, 2020. Our meeting with the Texas Board of Nursing is scheduled for July 23, 2020. These state approvals must be received before we can start marketing efforts. Any further delays will delay our planned start dates. Adding new locations will also require significant financial investments, including capital improvements, human resource capabilities, and new clinical placement relationships. If we are unable to obtain the required approvals, attract sufficient additional students to new campus locations, offer programs at new campuses in a cost-effective manner, identify appropriate clinical placements, or otherwise manage effectively the operations of newly established campuses, our results of operations and financial condition could be materially and adversely affected.

In the event that we are unable to update and expand the content of existing programs and develop new programs and specializations on a timely basis and in a cost-effective manner, our results of operations may be harmed.

The updates and expansions of our existing programs and the development of new programs and specializations may not be accepted by existing or prospective students or employers. If we cannot respond to changes in market requirements, our business may be adversely affected. Even if we are able to develop acceptable new programs, we may not be able to introduce these new programs as quickly as students require or as quickly as our competitors introduce competing programs. To offer a new academic program, we may be required to obtain appropriate federal, state and accrediting agency approvals, which may be conditioned, delayed or declined in a manner that could significantly affect our growth plans. In addition, a new academic program that must prepare students for gainful employment must be approved by the DOE for Title IV purposes if the institution is provisionally certified. If we are unable to respond adequately to changes in market requirements due to financial constraints, regulatory limitations or other factors, our ability to attract and retain students could be impaired and our financial results could suffer.

Establishing new academic programs or modifying existing programs may require us to make investments in management and faculty, incur marketing expenses and reallocate other resources. If we are unable to increase the number of students, or offer new programs in a cost-effective manner, or are otherwise unable to manage effectively the operations of newly established academic programs, our results of operations and financial condition could be adversely affected.

Because we are primarily an online provider of education, we are substantially dependent on continued growth and acceptance of online education and, if the recognition by students and employers of the value of online education does not continue to grow, our ability to grow our business could be adversely impacted.

We believe that continued growth in online education will be largely dependent on additional students and employers recognizing the value of degrees and courses from online institutions. If students and employers are not convinced that online schools are an acceptable alternative to traditional schools or that an online education provides necessary value, or if growth in the market penetration of exclusively online education slows, growth in the industry and our business could be adversely affected. Because our business model is in part based on online education, if the acceptance of online education does not grow, our ability to continue to grow our business and our financial condition and results of operations could be materially adversely affected.

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

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

- Grow our nursing programs including Aspen University's Pre-Licensure BSN hybrid online/campus program; USU's MSN-FNP program; and Aspen University's legacy Baccalaureate, Master's and Doctoral online degree programs;
- Select communities which have excess demand for nursing students interested in an on-campus model;
- Replicate the success we have had with nursing in other programs;
- Create greater awareness of our schools and our programs;
- Identify the most effective and efficient level of spending in each market and specific media vehicle;
- Determine the appropriate creative message and media mix for advertising, marketing and promotional expenditures;
- Comply with applicable laws and regulations affecting our marketing activities; and
- Effectively manage marketing costs (including creative and media).

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

If our assumptions with respect to our long-term accounts receivable prove to be inaccurate, we may be required to take a charge to our Allowance for Doubtful accounts and incur a material non-cash charge to earnings.

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 $6,701,136 at April 30, 2020. The primary component consists of students who make monthly payments over 36, 39 and 72 months. The average student completes their academic program in 30 months, therefore most of the Company's accounts receivable are short-term. However, when students graduate earlier than the 30-month average completion duration, and as students enter academic year two of USU's MSN-FNP legacy 72-month payment plan, they all transition to long-term accounts receivable when their liability increases to over $4,500. Our ability to collect the sums owed directly by students in contrast to the federal government or other third parties is directly tied to the future ability of students to pay us and their other obligations stemming from a variety of factors including the impact of the current economic decline in the United States, the students' individual and family financial conditions, including unemployment and under-employment, health issues which affect students, and/or family members and whether students continue with their courses or cease taking courses. While our management, based on its experience, makes assumptions which affect the reserves we take against our long-term accounts receivable, these assumptions may be incorrect and the above or other factors may cause us to increase our reserves and reduce the long-term accounts receivable on our balance sheet. The amount of any future reductions we take may be a non-cash material charge to future earnings.

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

Aspen Group's primary focus has been the continued growth of enrollment in its nursing programs at both universities. As of April 30, 2020, approximately 85% of our active degree-seeking students were enrolled in our nursing programs. If the demand for nurses does not continue to grow (or declines) or there are changes within the healthcare industry that make the nursing occupation less attractive to learners or reduce the benefits of a bachelor's or an advanced degree, our enrollment and results of operations will be adversely affected.

Although our management has successfully implemented a monthly payment business model, it may not be successful long-term.

Under the leadership of Mr. Michael Mathews, our Chief Executive Officer, we have developed a monthly payment business model designed to substantially increase our student enrollment and reduce student debt among Aspen University's and USU's student bodies. While results to date have been as anticipated, there are no assurances that this marketing campaign will continue to be successful. Among the risks are the following:

- Our ability to compete with existing online colleges which have substantially greater financial resources, deeper management and academic resources, and enhanced public reputations;
- The emergence of more successful competitors including traditional campus based universities which accelerated their online presence as a result of the pandemic;
- Factors related to our marketing, including the costs of Internet advertising and broad-based branding campaigns;
- Limits on our ability to attract and retain effective employees because of the incentive compensation rule;
- Performance problems with our online systems;
- Our failure to maintain accreditation or regulatory approvals;
- Student dissatisfaction with our services and programs;

- Adverse publicity regarding us, our competitors or online or for-profit education generally;
- A decline in the acceptance of online education;
- A decrease in the perceived or actual economic benefits that students derive from our programs;
- Potential students may not be able to afford the monthly payments as a result of declines in the economy;
- The failure to collect our growing accounts receivable.

If our monthly payment plan business model does not continue to be favorably received, our revenues may not increase.

If we are unable to develop awareness among, and attract and retain, high quality learners to our schools, our ability to generate significant revenue or achieve profitability will be significantly impaired.

Building awareness of Aspen University and USU and the programs we offer are critical to our ability to attract prospective learners. If we are unable to successfully market and advertise our educational programs, our ability to attract and enroll prospective students in such programs could be adversely affected, and consequently, our ability to increase revenue or achieve profitability could be impaired. It is also critical to our success that we convert these applicants to enrolled students in a cost-effective manner and that these students remain active in our programs. Some of the factors that could prevent us from successfully enrolling and retaining students in our programs include:

- The emergence of more successful competitors;
- Factors related to our marketing, including the costs of Internet advertising and broad-based branding campaigns;
- Performance problems with our online systems;
- Failure to maintain accreditation or regulatory approvals;
- Student dissatisfaction with our services and programs, including with our customer service and responsiveness;
- Adverse publicity regarding us, our competitors, or online or for-profit education in general;
- Price reductions by competitors that we are unwilling or unable to match;
- A decline in the acceptance of online education or our degree offerings by students or current and prospective employers;
- Increased regulation of online education, including in states in which we do not have a physical presence;
- A decrease in the perceived or actual economic benefits that students derive from our programs;
- Litigation or regulatory investigations that may damage our reputation; and
- Difficulties in executing on our strategy as a preferred provider to employers for the vertical markets we serve.

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

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

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

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

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

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

The growth that we have experienced as well as any future growth that we experience, may place a significant strain on our resources and increase demands on our management information and reporting systems and financial management controls. We have experienced growth at Aspen University over the last several years and USU has grown significantly since we acquired it. Further, we have somewhat limited experience in managing our hybrid programs and anticipate substantial growth from this business. Managing multiple campuses in many locations will pose operational challenges which may impact our ability to manage our business with the same level of effectiveness as we achieved in fiscal year 2020. If growth negatively impacts our ability to manage our business, the learning experience for our students could be adversely affected, resulting in a higher rate of student attrition and fewer student referrals. Future growth will also require continued improvement of our internal controls and systems, particularly those related to complying with federal regulations under the Higher Education Act, as administered by the DOE, including as a result of our participation in federal student financial aid programs under Title IV. If we are unable to manage our growth, we may also experience operating inefficiencies that could increase our costs and adversely affect our profitability and results of operations.

If we experience system disruptions to our online computer networks, it could impact our ability to generate revenue and damage our reputation, limiting our ability to attract and retain students.

We continue to make investments to update our computer network and systems primarily to permit accelerated student enrollment and enhance our students' learning experience. We plan to make significant changes to our student systems and our accounting systems to enhance our ability to support the growth of the business, improve the visibility of program specific activities and related costs and enhance overall business intelligence to support capital allocation decision making. The performance and reliability of our technology infrastructure is critical to our reputation and ability to attract and retain students and manage our business. Any system error or failure, or a sudden and significant increase in bandwidth usage, could result in the unavailability of our online classroom, damaging our reputation, and could cause a loss in enrollment. In addition, changes in systems can be disruptive, divert manage time and typically may involve bugs which causes further disruptions. Our technology infrastructure and systems could be vulnerable to interruption or malfunction due to events beyond our control, including natural disasters, terrorist activities, hacking or cyber security issues and telecommunications failures.

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

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

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

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

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

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

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

Our computer networks may be vulnerable to unauthorized access, computer hackers, computer viruses and other security problems. A user who circumvents security measures could misappropriate proprietary information, personal information about our students or cause interruptions or malfunctions in operations. This problem is heightened with all of our employees working remotely who may have less security with their home Wi-Fi systems. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by any breaches.

Because the CAN-SPAM Act imposes certain obligations on the senders of commercial emails, it could adversely impact our ability to market Aspen University's and USU's educational services, and otherwise increase the costs of our business.

The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or the CAN-SPAM Act, establishes requirements for commercial email and specifies penalties for commercial email that violates the CAN-SPAM Act. In addition, the CAN-SPAM Act gives consumers the right to require third parties to stop sending them commercial email.

The CAN-SPAM Act covers email sent for the primary purpose of advertising or promoting a commercial product, service, or Internet website. The Federal Trade Commission, a federal consumer protection agency, is primarily responsible for enforcing the CAN-SPAM Act, and the Department of Justice, other federal agencies, state attorneys general, and Internet service providers also have authority to enforce certain of its provisions.

The CAN-SPAM Act's main provisions include:

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

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

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

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

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

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

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

If our data or our users' content is hacked, including through privacy and data security breaches, our business could be damaged, and we could be subject to liability.

Our business is and we expect it will continue to be heavily reliant upon the Internet. Cyber security events have caused significant damage to large well-known companies. If our systems are hacked and our students' confidential information is misappropriated, we could be subject to liability.

We may fail to detect the existence of a breach of user content and be unable to prevent unauthorized access to user and company content. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often not recognized until launched against a target. They may originate from less regulated third world countries where lax local enforcement and poverty create opportunities for hacking. If our security measures are breached, or our students' content is otherwise accessed through unauthorized means, or if any such actions are believed to occur, Aspen University and USU may lose existing students and/or fail to enroll new students or otherwise be materially harmed.

Our business could be harmed by any significant disruption of service on our websites.

Because of the importance of the Internet to our business, in addition to cybersecurity, we face the risk that our systems will fail to function in a robust manner. Our reputation and ability to attract, retain, and serve our students are dependent upon the reliable performance of our websites, including our underlying technical infrastructure. Our technical infrastructure may not be adequately designed with sufficient reliability and redundancy to avoid performance delays or outages that could be harmful to our business. If our websites are unavailable when students and professors attempt to access them, or if they experience frequent slowdowns or disruptions, we may lose students and professors.

If we incur liability for the unauthorized duplication or distribution of class materials posted online during our class discussions, it may affect our future operating results and financial condition.

In some instances, our faculty members or our students may post various articles or other third-party content on class discussion boards. We may incur liability for the unauthorized duplication or distribution of this material posted online for class discussions. Third parties may raise claims against us for the unauthorized duplication of this material. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether the claims have merit. As a result, we may be required to alter the content of our courses or pay monetary damages.

Because the personal information that we or our vendors collect may be vulnerable to breach, theft or loss, any of these factors could adversely affect our reputation and operations.

Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. Aspen University and USU use a third-party to collect and retain large amounts of personal information regarding our students and their families, including social security numbers, tax return information, personal and family financial data and credit card numbers. We also collect and maintain personal information on our employees in the ordinary course of our business. Some of this personal information is held and managed by certain of our vendors. Errors in the storage, use or transmission of personal information could result in a breach of student or employee privacy. Possession and use of personal information in our operations also subjects us to legislative and regulatory burdens that could require notification of data breaches, restrict our use of personal information, and cause us to lose our certification to participate in the Title IV Programs. We cannot guarantee that there will not be a breach, loss or theft of personal information that we store or our third parties store. A breach, theft or loss of personal information regarding our students and their families or our employees that is held by us or our vendors could have a material adverse effect on our reputation and results of operations and result in liability under state and federal privacy statutes and legal or administrative actions by state attorneys general, private litigants, and federal regulators and by such other international laws including the European Union's GDPR and their respective enforcement mechanisms any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If governments enact new laws to regulate Internet commerce, it may negatively affect our business.

The widespread use of the Internet has led and may in the future lead to the adoption of new laws and regulatory practices in the U.S. and to new interpretations of existing laws and regulations. As well as regulations elsewhere including the European Union. These new laws and interpretations may relate to issues such as online privacy, data protection and breach copyrights, trademarks and service marks, sales taxes, fair business practices and the requirement that online education institutions qualify to do business as foreign corporations or be licensed in one or more jurisdictions where they have no physical location or other presence. New laws, regulations or interpretations related to doing business over the Internet could increase our costs and materially and adversely affect our enrollments, revenues and results of operations.

If we fail to comply with laws and regulations relating to privacy, data protection, information security, advertising and consumer protection, government access requests, or, new laws in one or more of these areas are enacted, it could result in proceedings, actions, or penalties against us and could adversely affect our business, financial condition, and results of operations.

We rely on a variety of marketing techniques, including email, radio, telemarketing, display advertising, and social media marketing, targeted online advertisements, and postal mailings, and we are or may become subject to various laws and regulations that govern such marketing and advertising practices. A variety of federal, state, and international laws and regulations, including those enforced by various federal government agencies such as the Federal Trade Commission, Federal Communications Commission, and state and local agencies, govern the collection, use, retention, sharing, and security of personal data, particularly in the context of online advertising, which we utilize to attract new students.

The laws and regulations which may restrict, limit or otherwise affect our advertising efforts include the Telephone Consumer Protection Act of 1991, the Telemarketing Sales Rule, the CAN-SPAM Act and various U.S. state laws regarding telemarketing. These laws generally impose restrictions on advertising practices, may be subject to varying interpretations by courts and governmental authorities and often require subjective interpretation, which could render our compliance efforts more challenging. We cannot guarantee our efforts to comply with these laws, rules and regulations will be successful, or, if they are successful, that the cost of such compliance will not be materially adverse to our business. If any laws, rules or regulations applicable to our advertising techniques significantly restrict our business, we may not be able to implement adequate alternative communication and marketing strategies at favorable costs or at all. Further, any non-compliance with these laws, rules and regulations may result in financial penalties or litigation, which would adversely affect our financial condition and reputation.

The use and storage of data, files, and information on our websites and those of our third-party service providers concerning, among others, student information is essential to their enrollment in our schools. Laws and regulations relating to privacy, data protection, information security, marketing and advertising, and consumer protection are evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other regulations or our current practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements, and obligations. We have implemented various features, integrations, and capabilities as well as contractual obligations intended to enable us to comply with applicable privacy and security requirements in our collection, use, and transmittal of data, but these features do not ensure our compliance and may not be effective against all potential privacy concerns. In particular, as a United States company, we may be obliged to disclose data pursuant to government requests under United States law. Compliance with such requests may be inconsistent with local laws in other countries where our students reside. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any privacy or consumer protection-related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject, or other legal obligations relating to privacy or consumer protection, whether federal, state, or international, could adversely affect our reputation, brand, and business, and may result in claims, proceedings, or actions against us by governmental entities, students, users of our website, third party service providers, or others, or may require us to change our operations and/or cease using certain types of data. Any such claims, proceedings, or actions could hurt our reputation, brand, and business, force us to incur significant expenses in defense of such proceedings or actions, result in adverse publicity, distract our management, increase our costs of doing business, result in a loss of students and/or third party service providers, and result in the imposition of monetary penalties.

The legislative and regulatory bodies or self-regulatory organizations in various jurisdictions both inside and outside the United States may expand current laws or regulations, enact new laws or regulations, or issue revised rules or guidance regarding privacy, data protection, consumer protection, information security, and online advertising. For example, the GDPR, implemented on May 25, 2018 across the European Union, imposes more stringent data protection obligations on companies that process personal data in the E.U. GDPR has created new compliance obligations, requires investment into ongoing data protection activities and documentation requirements, and creates the potential for significantly increased fines for noncompliance. Noncompliance with the GDPR can trigger fines of up to the greater of €20 million or 4% of global annual revenues. In the first 20 months of the GDPR, E.U. regulators issued hundreds of fines to companies, including Google and Facebook, for over €114 million. California has enacted the California Consumer Privacy Act of 2018 (the "CCPA"), which went into effect on January 1, 2020. The CCPA requires companies that process personal information on California residents to make new disclosures to consumers about such companies' data collection, use, and sharing practices and inform consumers of their personal information rights such as deletion rights, allows consumers to opt out of certain data sharing with third parties, and provides a new cause of action for data breaches. The CCPA is the most prescriptive general privacy law in the United States and may lead to similar laws being enacted in other U.S. states or at the federal level. For example, the State of Nevada has also passed a law, which went into effect on October 1, 2019, that amends the state's online privacy law to allow consumers to submit requests to prevent websites and online service providers ("Operators") from selling personally identifiable information that Operators collect through a website or online service. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to our business model or practices, or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could adversely affect our business, financial condition, and results of operations.

In addition, federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third-party “cookies” and other methods of online tracking for behavioral advertising and other purposes. The U.S. government has enacted legislation and regulations, and may enact further legislation or regulations in the future, that could significantly restrict the ability of companies and individuals to utilize online behavioral tracking, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could, if widely adopted, result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new students on cost-effective terms and consequently, materially and adversely affect our business, financial condition, and results of operations.

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

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

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

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

If we are subject to intellectual property infringement claims, it could cause us to incur significant expenses and pay substantial damages.

Third parties may claim that we are infringing or violating their intellectual property rights. Any such claims could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages and prevent us from using our intellectual property that may be fundamental to our business. Even if we were to prevail, any litigation regarding the intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

If there is new tax treatment of companies engaged in Internet commerce, this may adversely affect the commercial use of our marketing services and our financial results.

Due to the growing budgetary problems facing state and local governments, it is possible that governments might attempt to tax our activities. New or revised tax regulations may subject us to additional sales, income and other taxes. In 2018 the United States Supreme Court ruled that states can tax the sale of goods sold to residents of their respective state. We cannot predict the effect of current or future attempts to impose taxes on commerce over the Internet. New or revised taxes and, in particular, sales or use taxes, would likely increase the cost of doing business online which could have an adverse effect on our business and results of operations.

If we are unable to repay our outstanding indebtedness under our senior secured convertible notes, we could lose our business.

Our obligations under our outstanding $10 million convertible notes 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 a pledge of all of the outstanding capital stock of Aspen University and USU. The notes are due on January 22, 2023. The conversion feature on the convertible notes are as follows: after six months from the issuance date, the lenders have the right to convert the principal into our shares of the Company's common stock at a conversion price of $7.15 per share and the convertible notes automatically convert into shares of the Company's common stock if the average closing price of our common stock is at least $10.725 over a 20 consecutive trading day period. If an acceleration event occurs under the notes, our entire indebtedness will immediately become due and payable and, if we do not have sufficient funds to repay the indebtedness, the lenders would have the right to proceed against the collateral in which we granted a security interest to them and we could lose our business.

Our business is subject to the risks of earthquakes, hurricanes, tornadoes, fires, power outages, floods and other catastrophic events, any of which may adversely affect our business and results of operations.

Our business, including our brick and mortar campuses, may experience business interruptions resulting from natural disasters, such as earthquakes, hurricanes, tornadoes, floods, fires or significant power outages. In addition to our largest office facility and two campuses in Phoenix, AZ, we presently have an office in Denver, CO, and a campus in San Diego, CA in addition to our planned campuses in Florida and Texas. These events could cause us to close schools — temporarily or permanently — and could affect student recruiting opportunities in those locations, causing enrollment and revenue to decline, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If our goodwill on our balance sheet arising from the USU acquisition becomes impaired, it would require us to record a material charge to earnings in accordance with generally accepted accounting principles.

As a result of our acquisition of USU, we recorded approximately $5 million of goodwill which is currently shown as an asset on our balance sheet at April 30, 2020. Generally Accepted Accounting Principles ("GAAP") require us to test our goodwill for impairment on an annual basis, or more frequently if indicators for potential impairment exist. The testing required by GAAP involves estimates and judgments by management. Although we believe our assumptions and estimates are reasonable and appropriate, any changes in key assumptions, including a failure to meet business plans or other unanticipated events and circumstances, may affect the accuracy or validity of such estimates. If in the future we determine an impairment exists, we may be required to record a material charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill is determined.

Risks Related to the Regulation of Our Industry

If we fail to comply with the extensive regulatory requirements for our business, we could face penalties and significant restrictions on our operations, including loss of access to Title IV Program funds.

We are subject to extensive regulation by (1) the federal government through the DOE under the HEA/HEOA, (2) state regulatory bodies and (3) accrediting agencies recognized by the DOE, including DEAC, a "national accrediting agency" recognized by the DOE, and WSCUC, a "regional accrediting agency" recognized by the DOE. In addition, the U.S. Department of Defense and the U.S. Department of Veterans Affairs regulate our participation in the military's tuition assistance program and the VA's veterans education benefits program, respectively. The laws, regulations, standards and policies of these agencies cover the vast majority of our operations, including our educational programs, facilities, instructional and administrative staff, administrative procedures, marketing, recruiting, financial operations and financial condition. These regulatory requirements can also affect our ability to add new or expand existing educational programs and to change our corporate structure and ownership.

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

Our operations are also subject to regulation due to our participation in Title IV Programs which are administered by the DOE and include loans made directly to students by the DOE and several grant programs for students with economic need as determined in accordance with the HEOA and the DOE regulations. To participate in Title IV Programs, a school must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting agency recognized by the U.S. Secretary of Education and be certified as an eligible institution by the DOE. Our growth strategy is partly dependent on being able to offer financial assistance through Title IV Programs as it may increase the number of potential students who may choose to enroll in our programs. Our two highest long-term value programs, Aspen University's BSN Pre-Licensure nursing program, and USU's MSN-FNP program which only offers a monthly payment program for the first year of each program, make these students dependent upon Title IV or other payment options in order to continue their education.

The laws, regulations, standards, and policies of the DOE, state education agencies, and our accrediting agencies change frequently particularly when there is a change in the U.S. President. Pending changes in, or new interpretations of, applicable laws, regulations, standards, or policies, or our noncompliance with any applicable laws, regulations, standards, or policies, could have a material adverse effect on our accreditation, authorization to operate in various states, activities, receipt of funds under tuition assistance programs of the United States Armed Forces, our ability to participate in Title IV Programs, receipt of veterans education benefits funds, or costs of doing business. Findings of noncompliance with these laws, regulations, standards and policies also could result in our being required to pay monetary damages, or subjected to fines, penalties, injunctions, limitations on our operations, termination of our ability to grant degrees, revocation of our accreditation, restrictions on or loss of our access to Title IV Program funds or other censure that could have a material adverse effect on our business.

If we do not maintain authorization in Colorado, Arizona and California and future states where we plan to have campuses, our operations would be curtailed, and we would not be able to grant degrees.

Aspen University is headquartered in Colorado and is authorized by the Colorado Commission on Higher Education to grant degrees, diplomas or certificates. Aspen's BSN pre-licensure hybrid program is authorized by the Arizona Board. USU is headquartered in California and is authorized by the California Bureau to grant degrees, diplomas or certificates. If Aspen were to lose its authorization from the Colorado Commission on Higher Education, Aspen would be unable to provide educational services in Colorado and would lose its access to accreditation and eligibility to participate in the Title IV Programs. If Aspen were to lose its authorization from the Arizona Board, it would be unable to provide educational services in Arizona. If USU were to lose its authorization from the California Bureau, it would be unable to provide educational services in California and would lose access to accreditation and its eligibility to participate in the Title IV Programs.

Our failure to comply with regulations of various states could have a material adverse effect on our enrollments, revenues, and results of operations.

Various states impose regulatory requirements on education institutions operating within their boundaries. Many states assert jurisdiction over online education institutions that have no physical location or other presence in the state but offer education services to students who reside in the state or advertise to or recruit prospective students in the state. State regulatory requirements for online education are inconsistent among states and not well developed in many jurisdictions. As such, these requirements change frequently and, in some instances, are not clear or are left to the discretion of state regulators.

State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations, and other operational matters. To the extent that we have obtained, or obtain in the future, state authorizations or licensure, changes in state laws and regulations and the interpretation of those laws and regulations by the applicable regulators may limit our ability to offer educational programs and award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. If we fail to comply with state licensing or authorization requirements, we may be subject to the loss of state licensure or authorization. If we fail to comply with state requirements to obtain licensure or authorization, we may be the subject of injunctive actions or other penalties or fines. Loss of licensure or authorization or the failure to obtain required licensures or authorizations could prohibit us from recruiting or enrolling students in particular states, reduce significantly our enrollments and revenues and have a material adverse effect on our results of operations.

In addition, the DOE's 2016 regulations for distance education ultimately took effect on May 26, 2019. On November 1, 2019, the Department issued the Final Regulations on accreditation and the authorization of distance education, which took effect July 1, 2020. Like the 2016 regulations, the Final Regulations require us to (i) obtain authorization to offer our programs from each state where authorization is required or through participation in a reciprocity agreement, and (ii) provide specific consumer disclosures regarding our educational programs, including both general and direct disclosures to current and prospective students relating to professional licensure and whether the curriculum for on-ground and online professional licensure or certification programs meet states' educational requirements for licensure. If we fail to obtain required state authorization to provide postsecondary distance education in a specific state, we could lose our ability to award Title IV aid to students within that state or be required to refund Title IV funds related to jurisdictions in which we failed to have state authorization. We must be able to document state approval for distance education if requested by the DOE. In addition, effective with the DOE's new state authorization regulations in effect as of July 1, 2020, the consumer disclosures required pursuant to the distance education rule are detailed and include disclosures regarding licensure and certification requirements, state authorization, student complaints, adverse actions by state and accreditation agencies, and refund policies. These disclosure requirements will require a considerable amount of data gathering needed to support such disclosures and will require our institutions to closely track where students enrolled in online programs are located during the course of their studies. These various disclosure requirements could subject us to financial penalties from the DOE and heightened the risk of potential federal and private misrepresentation claims.

Moreover, in the event we are found not to be in compliance with a state's new or existing requirements for offering distance education within that state, the state could seek to restrict one or more of our business activities within its boundaries, we may not be able to recruit students from that state, and we may have to cease providing service to students in that state. In addition, a state may impose penalties on an institution for failure to comply with state requirements related to an institution's activities in a state, including the delivery of distance education to persons in that state. In addition, if Aspen University is found not to be in compliance with SARA's eligibility criteria, including requirements related to financial responsibility that require institutions to maintain a composite score of 1.0 or higher, Aspen University could become ineligible to participate in SARA. If Aspen University fails to meet SARA's eligibility criteria and can no longer participate in SARA, Aspen University would need to comply with each state's requirements for offering distance education in that state, which could lead to disruptions in enrollments and operations while Aspen University obtains any necessary authorizations.

If our pre-licensure BSN nursing programs fail to have a required minimum pass rate on the NCLEX, it could result in sanctions and could adversely affect our business, results of operations and future growth.

Our BSN pre-licensure nursing degree program must comply with state regulations which require approval from the local nursing board and compliance with local laws and regulations. State nursing boards in the states where we currently have or plan to open pre-licensure nursing campuses require that these nursing programs have a certain minimum pass rate on the National Council Licensure Examination (the "NCLEX"). If the NCLEX pass rate falls below the required minimum for multiple years, our program in a state may be put on probation and ultimately terminated, which would materially adversely affect our business, results of operations and future growth. Additionally, the BSN pre-licensure program is accredited by CCNE which has a required minimum NCLEX pass rate to maintain accreditation. If the NCLEX pass rate falls below the required minimum, our program's accreditation may be in jeopardy which would materially affect our business.

If the DOE determines that borrowers of federal student loans who attended our institutions have a defense to repayment of their federal student loans, our institution's repayment liability to the DOE could have a material adverse effect on our enrollments, revenues and results of operations.

The DOE's 2016 BDTR regulations as published on November 1, 2016 and put into effect by court order issued on October 16, 2018, as well as the new 2019 BDTR Rule, provide borrowers of loans under the Direct Loan program a defense against repayment under certain circumstances outlined in each rule. In the event the borrower's defense against repayment is successful, DOE has the authority to discharge all or part of the student's obligation to repay the loan and may require the institution to repay to DOE the amount of the loan to which the defense applies.

Under the 2016 BDTR Rule, there are three grounds for a borrower defense to repayment claim, for loans disbursed between July 1, 2017 and June 30, 2020: (1) the student borrower obtained a state or federal court judgment against the institution; (2) the institution failed to perform on a contract with the student; and/or (3) the institution committed a "substantial misrepresentation" on which the borrower reasonably relied to his or her detriment. Claims based on a court judgment or claims to assert a defense against loan payments that are still due can be made any time (with no statute of limitations), while other claims (such as to recoup loan funds already repaid to DOE) must be made within six years. For loans disbursed after July 1, 2020, the basis for a BDTR claim will be limited to a misrepresentation claim, under the DOE's new definition, and generally, the claim must be made within three years of the borrower's last date of enrollment.

Claim resolution process: The regulations call for the DOE to set up a fact-finding process to resolve claims. The structure includes providing the institution with notice and an opportunity to submit evidence. In addition, under the 2016 Rule, the DOE has also given itself authority to process claims on a group basis, and to take the initiative to create groups and include borrowers who have not filed a claim. Borrowers who file successful claims may have their loans forgiven in whole or in part, with the DOE reserving the right to calculate the amount of forgiveness in various ways. As noted above, the 2019 BDTR Rule removes the group claim option, but DOE will continue to evaluate student claims individually and make determinations about the borrower's relief.

For debts relieved for individual borrowers, both the 2016 and 2019 regulations give the DOE the authority to initiate a proceeding to seek repayment from the institution for any loan amounts forgiven.

If the DOE determines that borrowers of Direct Loan program loans who attended Aspen University or USU have a defense to repayment of their Direct Loan program loans based on our acts or omissions, the repayment liability to the DOE could have a material adverse effect on our financial condition, results of operations and cash flows.

If our institutions experience a "financial trigger" event as defined in either the 2016 or 2019 BDTR Rules, DOE could determine that we are not financially responsible, resulting in a requirement that we post an additional letter of credit, possible negative impacts on the status of our Title IV program participation agreement, additional reporting, growth limitations, and a change to a more stringent funding process, such as Heightened Cash Monitoring II or "reimbursement."

Both the 2016 and 2019 BDTR Rules amend the financial responsibility regulations to describe numerous operational or financial events that would potentially indicate that the institution will have difficulty meeting its financial or administrative obligations. If one of the enumerated triggering events occur, the institution is required to report to DOE according to the reporting requirements included in the regulation.

For certain of the triggers, the DOE will assess the potential liability or fiscal impact reported and recalculate the institution's composite score. If the institution's composite score drops below 1.0, the DOE may require the institution to provide additional surety to continue Title IV participation. The regulations also include "discretionary trigger" events or conditions that institutions must report, and which the DOE will review to determine whether they are reasonably likely to have a materially adverse effect on the institution's fiscal or operational condition.

If based on these events and the DOE's assessment, it is determined that the institution is not financially responsible, DOE will require the institution to become provisionally certified and post a letter of credit in an amount specified, generally at least 10% of the Title IV funds received in the most recent fiscal year. The institution and the DOE may also agree to an offset of the institution's future Title IV funds for six to 12 months until the DOE is able to capture the amount of the surety required.

If Aspen University or USU were to experience an event that the DOE determines is an indication that either institution is not financially responsible, we could be forced to post letter(s) of credit and be moved to provisional certification, both of which could have a material adverse effects on our financial condition, results of operations and cash flows.

The 2016 BDTR Rule had included a prohibition on mandatory pre-dispute arbitration clauses and class action waivers as means to resolve a borrower defense-related claim (meaning related to the making of a Direct Loan or the educational services for which the Direct Loan was issued). Under the 2016 Rule, institutions were required to amend their arbitration and class action waiver agreements to include mandatory DOE language, and to provide notice to students under previous (non-compliant) versions of these agreements that the institution would not compel the borrower to arbitrate their claim or waive the right to join a class action for similar types of claims. For students who borrowed through the Direct Loan program between July 1, 2017 and June 30, 2020, they cannot be compelled to bring an action in arbitration or waive their right to be a member of a class action lawsuit against Aspen University or USU, if the basis of the borrower's claim is rooted in the making of the Direct Loan or the educational services it paid for. In addition, under the 2016 Rule, institutions were required to report and provide DOE with arbitral and judicial records when a student files a borrower defense-related claim.

Under the 2019 BDTR Rule, which became effective on July 1, 2020, pre-dispute arbitration agreements and class action waivers are no longer prohibited. Institutions that opt to use these types of agreements will be required to provide "plain language" disclosures that explain arbitration and class action, and make those disclosures publicly available on the institution's admission webpage.

If we fail to maintain our institutional accreditation, we would lose our ability to participate in the tuition assistance programs of the U.S. Armed Forces and also to participate in Title IV Programs.

Aspen University is accredited by the DEAC, which is a national accrediting agency and USU is accredited by WSCUC, which is a regional accrediting agency. Both the DEAC and WSCUC are recognized by the U.S. Secretary of Education for Title IV purposes. Accreditation by an accrediting agency that is recognized by the Secretary of Education is required for an institution to become and remain eligible to participate in Title IV Programs as well as in the tuition assistance programs of the United States Armed Forces. The DEAC or WSCUC may impose restrictions on our accreditation or may terminate our accreditation. To remain accredited, we must continuously meet certain criteria and standards relating to, among other things, performance, governance, institutional integrity, educational quality, faculty, administrative capability, resources and financial stability. Failure to meet any of these criteria or standards could result in the loss of accreditation at the discretion of the accrediting agency. The loss of accreditation would, among other things, render our students and us ineligible to participate in the tuition assistance programs of the U.S. Armed Forces or Title IV Programs and have a material adverse effect on our enrollments, revenues and results of operations. In addition, although the loss of accreditation by one school would not necessarily result in the loss of accreditation by the other school, the accreditor may consider the loss of accreditation by one school as a factor in considering the on-going qualification for accreditation of the other school.

Because we participate in Title IV Programs, our failure to comply with the complex regulations associated with Title IV Programs would have a significant adverse effect on our operations and prospects for growth.

Aspen University and USU participate in Title IV Programs. Compliance with the requirements of the Higher Education Act and Title IV Programs is highly complex and imposes significant additional regulatory requirements on our operations, which require additional staff, contractual arrangements, systems and regulatory costs. We have a limited demonstrated history of compliance with these additional regulatory requirements. If we fail to comply with any of these additional regulatory requirements, the DOE could, among other things, impose monetary penalties, place limitations on our operations, and/or condition or terminate the eligibility of one or both of our schools to receive Title IV Program funds, which would limit our potential for growth and materiality and adversely affect our enrollment, revenues and results of operations. In addition, the failure to comply with the Title IV Program requirements by one institution could increase the DOE's scrutiny of the other institution and could impact the other institution’s participation in the Title IV Programs.

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

An institution generally must seek re-certification from the DOE at least every six years and possibly more frequently depending on various factors. In certain circumstances, the DOE provisionally certifies an institution to participate in Title IV Programs, such as when it is an initial participant in Title IV Programs or has undergone a change in ownership and control.

On May 14, 2019, United States University was granted provisional approval to participate in the Title IV Programs and has a program participation agreement reapplication date of December 31, 2020. As part of the provisional approval, USU posted a letter of credit in the amount of $255,708 which was funded by AGI. In March 2020, USU was notified that amount will be reduced to $21,857; this letter with the reduced amount will remain in effect for the duration of the provisional approval.

Under provisional certification, an institution must obtain prior DOE approval to add an educational program or make other significant changes and may be subject to closer scrutiny by the DOE. In addition, if the DOE determines that a provisionally certified institution is unable to meet its responsibilities to comply with the Title IV requirements, the DOE may revoke the institution’s certification to participate in the Title IV Programs without advance notice or opportunity to challenge the action. USU expects to be on HCM1, once formal notification is received from the DOE.

Pursuant to USU’s provisional PPA, the DOE indicated that USU must agree to participate in Title IV under the HCM1 funding process; however, the DOE does retain discretion on whether or not to implement that term of the agreement. Although DOE has not, to date, notified USU that it has been placed in the HCM1 funding process, nor does the DOE’s public disclosure website identify USU as being on HCM1, it is possible that prior to the end of the PPA term, the DOE may notify USU that it must begin funding under the HCM1 procedure.

If the DOE does not ultimately approve USU’s certification to participate in Title IV Programs, USU students would no longer be able to receive Title IV Program funds, which would have a material adverse effect on our enrollments, revenues and results of operations. In addition, regulatory restraints related to the addition of new programs or substantive change of existing programs or imposition of an additional letter of credit could impair our ability to attract and retain students and could negatively affect our financial results.

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

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

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

Under the Higher Education Act, an institution is subject to loss of eligibility to participate in the Title IV Programs if, on a cash accounting basis, it derives more than 90% of its fiscal year revenue from Title IV Program funds, for two consecutive fiscal years. This rule is known as the 90/10 rule. Our online programs are well below this threshold due to our monthly payment plans. However, our BSN Pre-licensure hybrid campus/online nursing program tuition is too high to justify use of our monthly payment plans.

An institution whose rate exceeds 90% for any single fiscal year is placed on provisional certification for at least two fiscal years and may be subject to other conditions specified by the U.S. Secretary of Education. We must monitor compliance with the 90/10 rule by both Aspen University and USU. Failure to comply with the 90/10 rule for one fiscal year may result in restrictions on the amounts of Title IV funds that may be distributed to students; restrictions on expansion; requirements related to letters of credit or any other restrictions imposed by the DOE. Failure to comply with the 90/10 rule for one year is also considered a triggering event under the 2016 and 2019 BDTR Rules. Additionally, if we fail to comply with the 90/10 rule for two consecutive years, we will be ineligible to participate in Title IV Programs and any disbursements of Title IV Program funds made while ineligible must be repaid to the DOE.

Further, due to scrutiny of the sector, legislative proposals have been introduced in Congress that would revise the requirements of the 90/10 rule to be stricter, including proposals that would reduce the 90% maximum under the rule to 85% and/or prohibit tuition derived from military and veterans benefit programs to be considered when determining whether the institution has adequate non-Title IV revenue to meet the requirements of the rule.

If our competitors are subject to further regulatory claims and adverse publicity, it may affect our industry and reduce our future enrollment.

We are one of a number of for-profit institutions serving the postsecondary education market. In recent years, regulatory investigations and civil litigation have been commenced against several companies that own for-profit educational institutions. These investigations and lawsuits have alleged, among other things, deceptive trade practices and non-compliance with the DOE regulations. These allegations have attracted adverse media coverage and have been the subject of federal and state legislative hearings. Although the media, regulatory and legislative focus has been primarily on the allegations made against specific companies, broader allegations against the overall for-profit school sector may negatively affect public perceptions of other for-profit educational institutions, including Aspen University and USU. In addition, in recent years, reports on student lending practices of various lending institutions and schools, including for-profit schools, and investigations by a number of state attorneys general, Congress and governmental agencies have led to adverse media coverage of postsecondary education. For example, large competitors such as ITT Technical Institute and Corinthian Colleges sold or shut down their schools due to substantial regulatory investigations and the DOE actions. Adverse media coverage regarding other companies in the for-profit school sector or regarding Aspen University or USU directly could damage our reputation, could result in lower enrollments, revenues and operating profit, and could have a negative impact on our stock price. Such allegations could also result in increased scrutiny and regulation by the DOE, Congress, accrediting bodies, state legislatures or other governmental authorities with respect to all for-profit institutions, including Aspen University and USU.

Due to new regulations or congressional action or reduction in funding for Title IV Programs, our future enrollment may be reduced and costs of compliance increased.

The Higher Education Act comes up for reauthorization by Congress approximately every five to six years. When Congress does not act on complete reauthorization, there are typically amendments and extensions of authorization. Additionally, Congress reviews and determines appropriations for Title IV Programs on an annual basis through the budget and appropriations process. There is no assurance that Congress will not in the future enact changes that decrease Title IV Program funds available to students, including students who attend our institutions. Any action by Congress that significantly reduces funding for Title IV Programs or the ability of our schools or students to participate in these programs would require us to arrange for other sources of financial aid and would materially decrease our enrollment. Such a decrease in enrollment would have a material adverse effect on our revenues and results of operations. Congressional action may also require us to modify our practices in ways that could result in increased administrative and regulatory costs and decreased profit margin.

Further, there has been growing regulatory action and investigations of for-profit companies that offer online education. We are not in a position to predict with certainty whether any legislation will be passed by Congress or signed into law in the future. The reallocation of funding among Title IV Programs, material changes in the requirements for participation in such programs, or the substitution of materially different Title IV Programs could reduce the ability of students to finance their education at our institutions and adversely affect our revenues and results of operations.

If our efforts to comply with the DOE regulations are inconsistent with how the DOE interprets those provisions, either due to insufficient time to implement the necessary changes, uncertainty about the meaning of the rules, or otherwise, we may be found to be in noncompliance with such provisions and the DOE could impose monetary penalties, place limitations on our operations, and/or condition or terminate the eligibility of our schools to receive Title IV Program funds. We cannot predict with certainty the effect the new and impending regulatory provisions will have on our business.

Because we are subject to sanctions if we fail to calculate correctly and return timely Title IV Program funds for students who stop participating before completing their educational program, our future operating results may be adversely affected.

A school participating in Title IV Programs must correctly calculate the amount of unearned Title IV Program funds that have been disbursed to students who withdraw or reduce their enrollment status in their educational programs before completion and must return those unearned funds in a timely manner, generally within 45 days after the date the school determines that the student has withdrawn. Under recently effective DOE regulations, institutions that use the last day of attendance in an academically related activity must determine the relevant date based on accurate institutional records (not a student's certificate of attendance). For online classes, "academic attendance" means engaging in an academically-related activity, such as participating in class through an online discussion or initiating contact with a faculty member to ask a question; simply logging into an online class does not constitute "academic attendance" for purposes of the return of funds requirements. Under the DOE regulations, late return of Title IV Program funds for 5% or more of students sampled in connection with the institution's annual compliance audit or a program review constitutes material non-compliance. If unearned funds are not properly calculated and timely returned, we may have to repay Title IV funds, post a letter of credit in favor of the DOE or otherwise be sanctioned by the DOE, which could increase our cost of regulatory compliance and adversely affect our results of operations. This may have an impact on our systems, our future operations and cash flows.

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

If we fail to ensure that the delivery of our distance education programs supports regular and substantive interaction between students and instructors, our distance education programs could be considered "correspondence courses" which could make those programs ineligible to participate in the Title IV Programs.

The DOE distinguishes between distance education and correspondence courses. Distance education involves the delivery of instruction to students who are separated from the instructor, which supports regular and substantive interaction between the students and the instructor. Correspondence courses do not involve regular and substantive interaction between the students and the instructor. An institution is not eligible to participate in the Title IV Programs if 50% or more of its students were enrolled in correspondence courses during its latest completed award year, making it important for the schools' distance education to involve regular and substantive interaction. If Aspen and USU distance education programs do not include regular and substantive interaction, they could be considered correspondence courses, and we would need to refund DOE financial aid money for those programs.

On April 2, 2020, the DOE issued a NPRM that proposes rules related to distance education and innovation, including revisions to the definition of "distance education." The NPRM was subject to a public comment period that concluded on May 4, 2020, and we cannot predict when the DOE will issue final regulations or will take effect, or whether the revised definition of "distance education" will be different than in the NPRM.

If we fail to demonstrate "financial responsibility," Aspen University and USU may lose their eligibility to participate in Title IV Programs or be required to post a letter of credit in order to maintain eligibility to participate in Title IV Programs.

To participate in Title IV Programs, an eligible institution must satisfy specific measures of financial responsibility prescribed by the DOE, or post a letter of credit in favor of the DOE and possibly accept other conditions, such as additional reporting requirements or regulatory oversight, on its participation in Title IV Programs. Effective July 1, 2020, the DOE has updated the triggering events and factors it considers when evaluating whether an institution is financially responsible, which may render compliance more difficult or costly in the future. The DOE may also apply its measures of financial responsibility to the operating company and ownership entities of an eligible institution and, if such measures are not satisfied by the operating company or ownership entities, require the institution to meet alternative standards for continued participation in the Title IV Programs. Any of these alternative standards would increase our costs of regulatory compliance. If we were unable to meet these alternative standards, we would lose our eligibility to participate in Title IV Programs. If we fail to demonstrate financial responsibility and thus lose our eligibility to participate in Title IV Programs, our students would lose access to Title IV Program funds for use in our institutions, which would limit our potential for growth and adversely affect our enrollment, revenues and results of operations.

If we fail to demonstrate "administrative capability," we may lose eligibility to participate in Title IV Programs.

The DOE regulations specify extensive criteria an institution must satisfy to establish that it has the requisite "administrative capability" to participate in Title IV Programs. If an institution fails to satisfy any of these criteria or comply with any other DOE regulations, the DOE may require the repayment of Title IV funds, transfer the institution from the "advance" system of payment of Title IV funds to cash monitoring status or to the "reimbursement" system of payment, place the institution on provisional certification status, or commence a proceeding to impose a fine or to limit, suspend or terminate the participation of the institution in Title IV Programs. If we are found not to have satisfied the DOE's "administrative capability" requirements we could be limited in our access to, or lose, Title IV Program funding, which would limit our potential for growth and adversely affect our enrollment, revenues and results of operations.

Because we rely on a third-party to administer our participation in Title IV Programs, its failure to comply with applicable regulations could cause our schools to lose our eligibility to participate in Title IV Programs.

We rely on third-party assistance to comply with the complex administration of participation in Title IV Programs for each of our schools. A third party assists us with administration of our participation in Title IV Programs, and if it does not comply with applicable regulations, we may be liable for its actions and we could lose our eligibility to participate in Title IV Programs. In addition, if the third-party servicer is no longer able to provide the services to us, we may not be able to replace it in a timely or cost-efficient manner, or at all, and we could lose our ability to comply with the requirements of Title IV Programs, which would limit our potential for growth and adversely affect our enrollment, revenues and results of operation.

If we pay impermissible commissions, bonuses or other incentive payments to individuals involved in recruiting, admissions or financial aid activities, we will be subject to sanctions.

A school participating in Title IV Programs may not provide any commission, bonus or other incentive payment based, directly or indirectly, on success in enrolling students or securing financial aid to any person involved in student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds. If we pay a bonus, commission, or other incentive payment in violation of applicable DOE rules, we could be subject to sanctions, which could have a material adverse effect on our business. The incentive payment rule and related uncertainty as to how it will be interpreted also may influence our approach, or limit our alternatives, with respect to employment policies and practices and consequently may affect negatively our ability to recruit and retain employees, and as a result our business could be materially and adversely affected.

In addition, the GAO has issued a report critical of the DOE's enforcement of the incentive payment rule, and the DOE has undertaken to increase its enforcement efforts. If the DOE determines that an institution violated the incentive payment rule, it may require the institution to modify its payment arrangements to the DOE's satisfaction. The DOE may also fine the institution or initiate action to limit, suspend, or terminate the institution's participation in the Title IV Programs. The DOE may also seek to recover Title IV funds disbursed in connection with the prohibited incentive payments. In addition, third parties may file "qui tam" or "whistleblower" suits on behalf of the DOE alleging violation of the incentive payment provision. Such suits may prompt the DOE investigations. Particularly in light of the uncertainty surrounding the incentive payment rule, the existence of, the costs of responding to, and the outcome of, qui tam or whistleblower suits or the DOE investigations could have a material adverse effect on our reputation causing our enrollments to decline and could cause us to incur costs that are material to our business, among other things. As a result, our business could be materially and adversely affected.

If their student loan default rates are too high, our schools may lose eligibility to participate in Title IV Programs.

The DOE regulations provide that an institution's participation in Title IV Programs ends when historical default rates reach a certain level in a single year or for a number of years. Because of our limited experience enrolling students who are participating in these programs, we have limited historical default rate information. Relatively few students are expected to enter the repayment phase in the near term, which could result in defaults by a few students having a relatively large impact on our default rate. If Aspen University or USU loses its eligibility to participate in Title IV Programs because of high student loan default rates, our students would no longer be eligible to use Title IV Program funds in our institution, which would significantly reduce our enrollments and revenues and have a material adverse effect on our results of operations.

If either institutional accrediting agency loses recognition by the U.S. Secretary of Education or we fail to maintain institutional accreditation for Aspen University and USU, we may lose our ability to participate in Title IV Programs.

Increased regulatory scrutiny of accrediting agencies and their accreditation of universities is likely to continue. For example, in February 2020 a bill titled the "Accreditation Reform Act of 2020" was introduced to Congress, which, if enacted, would implement a regulatory overhaul with respect to accrediting agencies by, among other things, requiring enhanced scrutiny of such agencies by the DOE. While Aspen University and USU are each accredited by a DOE-recognized accrediting body, if the DOE were to limit, suspend, or terminate either accreditor's recognition that institution could lose its ability to participate in the Title IV Programs. If we were unable to rely on accreditation in such circumstances, among other things, our students and our institution would be ineligible to participate in the Title IV Programs, and such consequence would have a material adverse effect on enrollments, revenues and results of operations. In addition, increased scrutiny of accrediting agencies by the Secretary of Education in connection with the DOE's recognition process may result in increased scrutiny of institutions by accrediting agencies.

Furthermore, based on continued scrutiny of the for-profit education sector, it is possible that accrediting bodies will respond by adopting additional criteria, standards and policies that are intended to monitor, regulate or limit the growth of for-profit institutions like Aspen University and USU. Actions by, or relating to, an accredited institution, including any change in the legal status, form of control, or ownership/management of the institution, any significant changes in the institution's financial position, or any significant growth or decline in enrollment and/or programs, could open up an accredited institution to additional reviews by the applicable accreditor.

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

The DOE may take action against an institution in the event of substantial misrepresentation by the institution concerning the nature of its educational programs, its financial charges or the employability of its graduates. In 2011, the DOE expanded the activities that constitute a substantial misrepresentation. Under the DOE regulations, an institution engages in substantial misrepresentation when the institution itself, one of its representatives, or an organization or person with which the institution has an agreement to provide educational programs, marketing, advertising, or admissions services, makes a substantial misrepresentation directly or indirectly to a student, prospective student or any member of the public, or to an accrediting agency, a state agency, or to the Secretary of Education. The regulations define misrepresentation as any false, erroneous or misleading statement, and they define a misleading statement as any statement that has the likelihood or tendency to deceive or confuse. The regulations define substantial misrepresentation as any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to the person's detriment. If the DOE determines that an institution has engaged in substantial misrepresentation, the DOE may revoke an institution's program participation agreement, impose limitations on an institution's participation in the Title IV Programs, deny participation applications made on behalf of the institution, or initiate a proceeding against the institution to fine the institution or to limit, suspend or termination the institution's participation in the Title IV Programs. We expect that there could be an increase in our industry of administrative actions and litigation claiming substantial misrepresentation, which at a minimum would increase legal costs associated with defending such actions, and as a result our business could be materially and adversely affected.

If we fail to comply with the DOE's credit hour requirements, it could result in sanctions against our schools.

The DOE has defined "credit" hour for Title IV purposes. The credit hour is used for Title IV purposes to define an eligible program and an academic year and to determine enrollment status and the amount of Title IV aid that an institution may disburse for students in a particular program. The regulations define credit hour as an institutionally established equivalency that reasonably approximates certain specified time in class and out of class and an equivalent amount of work for other academic activities. The final regulations also require institutional accreditors to review an institution's policies, procedures, and administration of policies and procedures for assignment of credit hours. An accreditor must take appropriate actions to address an institution's credit hour deficiencies and to notify the DOE if it finds systemic noncompliance or significant noncompliance in one or more programs. The DOE has indicated that if it finds an institution to be out of compliance with the credit hour definition for Title IV purposes, it may require the institution to repay the amount of Title IV awarded under the incorrect assignment of credit hours and, if it finds significant overstatement of credit hours, it may fine the institution or limit, suspend, or terminate its participation in Title IV Programs, the result of which could be that our business is materially and adversely affected.

The U.S. Congress continues to examine the for-profit postsecondary education sector which could result in legislation or additional the DOE rulemaking that may limit or condition Title IV Program participation of proprietary schools in a manner that may materially and adversely affect our business.

In recent years, the U.S. Congress has increased its focus on for-profit education institutions, including with respect to their participation in the Title IV Programs, and has held hearings regarding such matters. In addition, the GAO released a series of reports following undercover investigations critical of for-profit institutions. We cannot predict the extent to which, or whether, these hearings and reports will result in legislation, further rulemaking affecting our participation in Title IV Programs, or more vigorous enforcement of Title IV requirements. Moreover, with the HEA pending reauthorization and an election coming up in 2020, political considerations could impact Title IV funding as well as the treatment of for-profit education in future legislation. To the extent that any laws or regulations are adopted that limit or condition Title IV Program participation of proprietary schools or the amount of federal student financial aid for which proprietary school students are eligible, our business could be materially and adversely affected.

Failure to comply with the federal campus safety and security reporting requirements as implemented by the DOE would result in sanctions, which could have a material adverse effect on our business and results of operation.

We must comply with certain campus safety and security reporting requirements as well as other requirements in the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act of 1990 (the "Clery Act"), as amended by the Violence Against Women Reauthorization Act of 2013. The Clery Act requires an institution to report to the DOE and disclose in its annual security report, for the three most recent calendar years, statistics concerning the number of certain crimes that occurred within the institution's so-called "Clery geography." As we expand to new campus locations, our efforts to comply with the Clery Act will become more costly and the risk of noncompliance will increase. Failure to comply with the Clery Act requirements or regulations promulgated by the DOE could result in fines or suspension or termination of our eligibility to participate in Title IV programs, could lead to litigation, or could harm our reputation, each of which could, in turn, have a material adverse effect on our business and results of operations. Although not related to educational regulations, we must comply with state and local social distancing and pandemic related regulations and orders. These requirements may increase our expenses.

Other Risks

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

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

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

- Changes in market valuations of similar companies.

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

Because we may issue preferred stock without the approval of our shareholders and have other anti-takeover defenses, it may be more difficult for a third-party to acquire us and could depress our stock price.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES

We lease approximately 88,600 square feet of office and classroom space in the Phoenix metro area, San Diego, New York, Denver, Austin and Moncton, New Brunswick Canada. Our lease cost for the fiscal year ending April 30, 2020 was $2,516,213.

Additionally, the Company announced in February 2020 the signing of definitive lease agreements for two new Pre-Licensure BSN campus locations in Tampa, Florida and Austin, Texas, and a sublease in Austin, Texas. See "Part I. Item 1. Business – Future Campuses" for more information. Furthermore, as the result of the rapid growth of the Master of Science in Nursing-Family Nurse Practitioner program, the Company plans to build-out on average 10 exam rooms that are expected to occupy approximately 3,000 square feet in each of San Diego, Phoenix, Austin and Tampa, its pre-licensure metropolitan areas for USU to implement lab immersions for its MSN-FNP program. To that end, the Company announced in July 2020 a lease agreement for an additional suite in its Phoenix campus (by the airport) to begin conducting weekend immersions for its MSN-FNP program starting in September 2020.

ITEM 3. LEGAL PROCEEDINGS.

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

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

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

The litigation has been stayed since HEMG's 2015 bankruptcy filing. In February 2019, the bankruptcy court judge entered an order reducing AGI's claim to $888,631. While there is about $924,500 available for distribution, the trustee's fees as of a few months ago were $346,500. The trustee is awaiting computation of the amount of taxes due which must be paid from the available funds and means that AGI will recover far less than the sum it is entitled to.

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Our common stock is listed on The Nasdaq Global Market under the symbol "ASPU". Effective after the U.S. stock market opened on June 29, 2020, the Company joined the small cap Russell 2000® Index and the broad-market Russell 3000® Index at the conclusion of the annual reconstitution of the Russell stock indexes.

The last reported sale price of our common stock as reported by Nasdaq on July 2, 2020 was $8.74. As of that date, we had 135 record holders. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers, and other financial institutions.

Dividend Policy

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

Unregistered Sales of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

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

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

Key Terms

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

Operating Metrics

- **Lifetime Value ("LTV")** - Lifetime Value as the weighted average total amount of tuition and fees paid by every new student that enrolls in the Company's universities, after giving effect to attrition.
- **Bookings** - defined by multiplying LTV by new student enrollments for each operating unit.
- **Average Revenue per Enrollment ("ARPU")** - defined by dividing total bookings by total enrollments for each operating unit.
- **Marketing Efficiency Ratio ("MER")** - is defined as revenue per enrollment divided by cost per enrollment.

Operating costs and expenses

- **Cost of revenues** - consists of instructional costs and services and marketing and promotional costs.
  - **Instructional costs** - consist primarily of costs related to the administration and delivery of the Company's educational programs. This expense category includes compensation costs associated with online faculty,

technology license costs and costs associated with other support groups that provide services directly to the students and are included in cost of revenues.

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

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

Non-GAAP financial measures:

- **Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") -** is a non-GAAP financial measure. See "Non-GAAP – Financial Measures" for a reconciliation of Net loss allocable to common shareholders to EBITDA for the fiscal years 2020 and 2019.

- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") -** is a non-GAAP financial measure. See "Non-GAAP – Financial Measures" for a reconciliation of Net loss allocable to common shareholders to Adjusted EBITDA for the fiscal years 2020 and 2019.

Company Overview

AGI is an educational technology holding company. It operates two universities, Aspen University ("Aspen University" or "AUI" or "Aspen") and United States University ("United States University" or "USU").

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

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students’ long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI’s primary focus relative to future growth is to target the high growth nursing profession. As of April 30, 2020, 9,710 of 11,444 or 85% of all students across both universities are degree-seeking nursing students.

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

USU began offering monthly payment plans in the summer of 2017. Today, monthly payment plans are available for the online RN to BSN program ($250/month), online MBA/MAEd/MSN programs ($325/month), online hybrid Bachelor of Arts in Liberal Studies, Teacher Credentialing tracks approved by the California Commission on Teacher Credentialing ($350/month), and the online hybrid Masters of Nursing-Family Nurse Practitioner (“FNP”) program ($375/month). Effective August 2019, new student enrollments for USU’s FNP monthly payment plan will be offered a $9,000 two-year payment plan ($375/month x 24 months) designed to pay for the first year’s pre-clinical courses only (approximate cost of $9,000). The second academic year of the two-year FNP program 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 and CHEA. On February 25, 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years to January 2024.

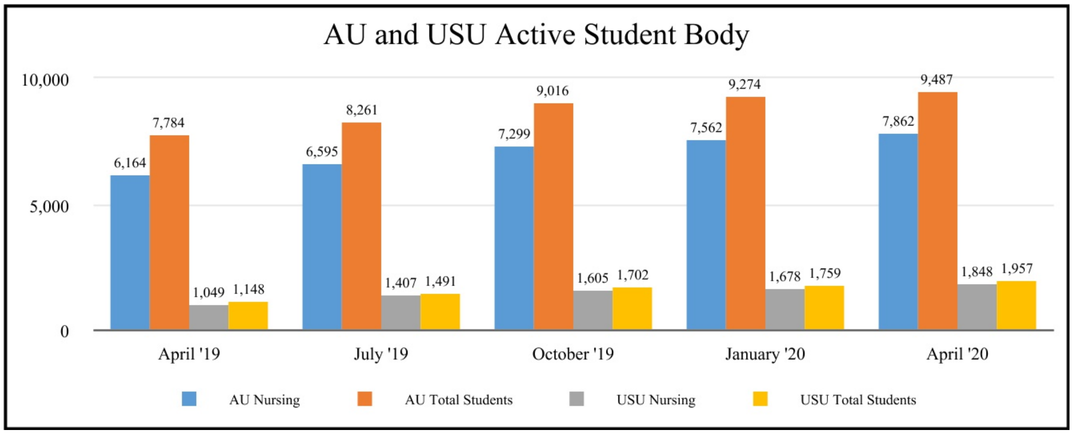
Since 2009, USU has been regionally accredited by WSCUC.

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

AGI Student Population Overview*

AGI's overall active student body (includes both Aspen University and USU) grew 28% year-over-year from 8,932 to 11,444 as of April 30, 2020 and students seeking nursing degrees were 9,710 or 85% of total students at both universities. Active student body is comprised of active degree-seeking students enrolled in a course at the end of the fiscal year or are registered for an upcoming course.

Aspen University's total active degree-seeking student body grew 22% year-over-year from 7,784 to 9,487. USU's total active degree-seeking student body grew year-over-year from 1,148 to 1,957 or 70%.



AGI New Student Enrollments

For the fourth quarter of fiscal year 2020, Aspen University accounted for 1,344 new student enrollments delivering overall enrollment growth at Aspen University of 8% year-over-year. Enrollment growth at Aspen University was driven primarily by the Pre-Licensure BSN program as a result of a full quarter of enrollments at both Phoenix, AZ campuses, as compared to the prior year with only one campus open.

USU accounted for 432 new student enrollments in the quarter driven primarily by FNP enrollments, a 36% enrollment increase year-over-year.

For fiscal year 2020, Aspen University year-over-year enrollment grew 26% to 5,953 new student enrollments, and USU year-over-year enrollment grew 62% to 1,715 new student enrollments.

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

	New Student Enrollments by Quarter				
	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
Aspen University	1,243	1,415	1,823	1,371	1,344
USU	317	514	394	375	432
Total	1,560	1,929	2,217	1,746	1,776

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 nine month period, divided by the number of new student enrollments achieved in that given nine month period, in order to obtain an average CPE (or CAC outside of the education sector) 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.

In the fourth quarter of fiscal year 2020 the Marketing Efficiency Ratio (MER) for our universities, representing revenue-per-enrollment (LTV) over cost-per-enrollment (CPE), improved 38% for Aspen University and 14% for USU, as shown in the below table:

	Fourth Quarter Marketing Efficiency Ratio					
	Enrollments	CAC[1]	LTV[2]	Q4 '20 MER	Q4 '19 MER	MER % Change
Aspen University	1,344	$ 1,284	$14,058 [3]	10.9X	7.9X	38 %
USU	432	$ 1,423	$17,820 [4]	12.5X	11.0X	14 %

[1]Based on 6-month rolling weighted average CAC for each university's enrollments
[2]Lifetime Value (LTV) of a new student enrollment
[3]Weighted average LTV for all Aspen University enrollments in the quarter
[4]LTV for USU's MSN-FNP Program

The improved year-over-year MER results were driven by the decline in cost of enrollment. Compared to the previous year, AGI's weighted average cost of enrollment declined 10%, from $1,462 to $1,315.

	Fourth Quarter Weighted Average Cost of Enrollment				
	Q4 '19 Enrollments	Q4 '19 CAC[1]	Q4 '20 Enrollments	Q4 '20 CAC[1]	CAC % Change
Aspen University	1,243	$ 1,420	1,344	$ 1,284	(10) %
USU	317	$ 1,619	432	$ 1,423	(12) %
Weighted Average		$ 1,462		$ 1,315	(10) %

[1]Based on 6-month rolling average

Bookings Analysis

On a year-over-year basis, fiscal fourth quarter 2020 bookings increased 36% to $26.6 million, delivering a company-wide average revenue per enrollment (APRU) increase of 19% to $14,973. For the full year fiscal 2020, bookings increased 68% to $111.3 million, delivering a company-wide average revenue per enrollment (APRU) increase of 27% to $14,514.

	Fourth Quarter Bookings[1] and Average Revenue Per Enrollment (ARPU)				
	Q4 '19 Enrollments	Q4 '19 Bookings	Q4 '20 Enrollments	Q4 '20 Bookings	% Change Total Bookings & ARPU
Aspen University	1,243	$ 13,942,200	1,344	$ 18,893,550	
USU	317	$ 5,648,940	432	$ 7,698,240	
Total	1,560	$ 19,591,140	1,776	$ 26,591,790	36 %
ARPU		$ 12,558		$ 14,973	19 %

[1] "Bookings" are defined by multiplying Lifetime Value (LTV) per enrollment by new student enrollments for each operating unit. "Average Revenue Per User" (ARPU) is defined by dividing total bookings by total enrollment

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

In July 2018, Aspen University through ANI began its Pre-Licensure Bachelor of Science in Nursing degree program at its initial campus in Phoenix, Arizona. As a result of overwhelming demand in the Phoenix metropolitan area, in January 2019 Aspen University began offering both day (July, November, March 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 metropolitan 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).

Pre-Licensure BSN Program - Future Campus Expansion Plans

Aspen University announced in February 2020 the signing of definitive lease agreements for two new Aspen University Pre-Licensure BSN campus locations in Tampa, Florida and Austin, Texas.

Tampa, Florida Campus

Aspen University has executed a definitive lease agreement for ten years to occupy approximately 30,000 square feet (Suites 150 and 450) of the Tampa Oaks I property located at 12802 Tampa Oaks Boulevard. The building is visible from the intersection of Interstate 75 and East Fletcher Avenue, near the University of South Florida, providing visibility to approximately 126,500 cars per day. Aspen is targeting to begin its first semester at Tampa Oaks I in August 2020 in campus space formerly occupied by the University of Phoenix.

Aspen University has executed an agreement 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 to provide required clinical placements for Aspen's nursing students. In addition, clinical affiliation agreements have been signed in the Tampa metropolitan area with John Hopkins All Children's Hospital, Inc., Care Connections at Home, Global Nurse Network, LLC and The American National Red Cross.

Prior to commencing its campus operations, Aspen is required to obtain approval by the Florida Board of Nursing and the Florida Commission on Independent Education (FLCIE). To date, Aspen has obtained approval from the Florida Board of Nursing and has received confirmation that we are on the agenda for final approval during the month of July 2020 with the FLCIE. Assuming approval is granted in July 2020, we expect to commence our first semester in Tampa in November 2020.

Austin, Texas Campus

Aspen University has executed a definitive lease agreement for eight years to occupy approximately 22,000 square feet in a portion of the first floor of the Frontera Crossing office building located at 101 W. Louis Henna Boulevard in the Austin suburb of Round Rock. The building is situated at the junction of Interstate 35 and State Highway 45, one of the most heavily trafficked freeway exchanges in the metropolitan area with visibility to approximately 143,362 cars per day. Aspen is targeting to begin its first semester at Frontera Crossing in November 2020 in campus space formerly occupied by The Art Institute.

Aspen has executed a clinical affiliation agreement with Baylor Scott & White Health – Central division, the largest not-for-profit healthcare system in Texas and one of the largest in the United States. Baylor Scott & White 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.

Aspen is working with the Texas Board of Nursing, the Texas Higher Education Coordinating Board, and the Texas Workforce Commission to complete their respective regulatory approval processes and is required to obtain approval from all agencies prior to commencing its campus operations. To date, Aspen has obtained approval from the Texas Higher Education Coordinating Board and the Texas Workforce Commission, and has received confirmation that we are on the agenda for final approval during the month of July, 2020 with the Texas Board of Nursing.

In addition to the Round Rock campus, effective August 1, 2020, Aspen University has executed a sublease to take over the remaining 20-month lease held by sublandlord National American University (NAU) to occupy approximately 7,200 square feet of their campus in the suburb of Georgetown, Texas, which is approximately 10 miles north of Aspen's future Frontera Crossing campus in the suburb of Round Rock. In exchange, Aspen as subtenant, at no additional cost, shall have the right to utilize all the existing furniture, fixtures and equipment owned by sublandlord and will convey all such furniture, fixtures and equipment to subtenant via a bill of sale for $10.00. Subject to regulatory approval, Aspen University is targeting to commence its first semester in September 2020 and will share the campus with NAU until January 2021 when NAU will have completed the teach-out of their remaining 12 nursing students.

AGI's Plan for United States University (USU) to Implement MSN-FNP Weekend Immersions in Every Campus Metropolitan Area:

While lab hours to date have been done at USU's San Diego facility, the rapid growth of the MSN-FNP program has caused AGI to plan to expand the lab immersions in multiple locations across the United States. For example, the Company has leased an additional suite on the ground floor of our main campus facility in Phoenix (by the airport) to begin offering weekend immersions for MSN-FNP students in both San Diego and Phoenix. We expect this additional clinical facility in Phoenix to be open this coming September.

Moreover, AGI's future plans call for the build-out of, on average, 10 exam rooms that will occupy approximately 3,000 square feet in each of its pre-licensure metropolitan areas for USU to implement immersions for its MSN-FNP program. As a result, following regulatory approvals, by the end of calendar year 2020, lab immersions are planned to be conducted in four metropolitan areas for USU MSN-FNP students: San Diego, Phoenix, Austin and Tampa.

AGI's Tele-Health Affiliation Partnership with American-Advanced Practice Network (A-APN)

On July 7, 2020, the Company announced an affiliation partnership with American-Advanced Practice Network (A-APN), a national clinical network for advanced practice nurses that provides comprehensive health care and nursing services at its outpatient centers and clinical facilities throughout the U.S.

A-APN offers independent nurse practitioners (NPs) a unique, multi-state network or "group practice without walls" with best-in-class technology and business support. A-APN was created for and by NPs. Rural and remote members of the network have nationwide, trusted peer cross-coverage for patients. A-APN members deliver clinical care using CareSpan's Digital Care Delivery platform, facilitating care delivery in-person, or at a distance. The platform includes diagnostics, EMR, e-prescribing, remote monitoring, and dynamic documentation.

Through this affiliation, A-APN will appoint an Educational Coordinator to work with USU's Office of Field Experience to place USU MSN-FNP students with qualified, experienced NP preceptors. We expect that this telehealth partnership will enable MSN-FNP students to complete their required direct care clinical hours with A-APN throughout the COVID-19 crisis and thereafter. As a benefit, the Company doesn't anticipate any delays to their projected graduation dates.

ACCOUNTS RECEIVABLES 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 $21,027,927 at April 30, 2020. 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, that student's account receivable balance will rise accordingly.

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. Aspen University students paying tuition and fees through a monthly payment method grew by 9% year-over-year, from 5,404 to 5,888. Those 5,888 students paying through a monthly payment method represent 62% of Aspen University's total active student body.

USU students paying tuition and fees through a monthly payment method grew from 758 to 1,273 students sequentially. Those 1,273 students paying through a monthly payment method represent 65% of USU's total active student body.

Change in Business Mix and Relationship to Accounts Receivable

During fiscal year 2020 revenue from students using the Monthly Payment Plan increased by 34% year over year, but declined as a percentage of total revenue for the second year in a row down from 61.5% in 2019 to 57.2% in 2020, while total revenue increased 44% year over year.

Our two highest lifetime value programs are Aspen University's Pre-Licensure BSN Program and USU's MSN-Family Nurse Practitioner Program.These programs are our fastest growing programs and now represent 40% of total annual revenue. We expect the revenue from these programs to continue to grow as a percentage of our total revenue as we continue to expand our campus footprint from 2 to 10+ campuses over the next 3-4 years.

This change in our business mix will have a meaningful change in our accounts receivable and our allowance for doubtful accounts.The BSN Pre-licensure program and the second academic year of the MSN-FNP program require payment prior to the start of each term. This means that approximately 90+% of all revenue from these two programs will be paid in advance; meaningfully reducing our accounts receivable and the allowance for doubtful accounts as a percentage of our total revenue.

As revenue from these programs continue to grow as a percentage of overall revenue, we expect that we will see a corresponding increase in our cashflow from operations that in turn will allow AGI to turn cashflow positive and generate positive free cashflow over time.

In addition to this change in our business mix, we have built upon the existing analysis of our accounts receivable and expanded our analysis to include evaluation of all payment types, student status, and aging within programs. Previously our evaluation was focused primarily on students using the Monthly Payment Plan.As we upgrade our financial systems we expect to gain greater ability to track discrete data faster and easier to support more proactive student engagement that we believe will improve the performance of our student receivable portfolio.

As we identify program and student status specific trends, we will strive to create ways to isolate program specific revenue and accounts receivable activity to gather, analyze and report program specific data and trends. Over time we will use this knowledge to enhance our allowance reserving policies going forward.

By improving visibility into trends earlier we expect to see improvement in overall student performance and a reduction of account delinquencies.

Reserving for Allowance for Doubtful Accounts and Charges to the Allowance

During the fourth quarter we built upon the existing analysis of our accounts receivable and evaluated several segments of our older dated student files.During this analysis we made the determination that receivables for approximately 656 students, amounting to $686,000 for Aspen University and $81,000 of receivables for approximately 39 students for USU were deemed uncollectible based on the payment detail and student status. These amounts were charged against the allowance for doubtful accounts in the fourth quarter of fiscal year 2020.

As part of the account receivable analysis discussed earlier, we evaluated our long-term MPP student receivables. The analysis evaluated students in two categories: nursing and non-nursing. Based on our analysis of the payment details and student performance, in the fourth quarter, we elected to charge $152,000 of MPP receivables against the reserve for doubtful accounts. The MPP receivables will be evaluated in conjunction with our updated recovery and collection process and we expect results to be positive.

Our accounts receivable remaining for former students are from 2018 or more recent with the exception of certain alumni from our nursing programs. We believe our analysis is appropriate and reasonable. We further believe that we are positioned to focus our enhanced recovery and collections efforts on delinquencies and past due amounts from recent graduates and current enrolled students.

Based on our review of accounts receivable, overall revenue growth trends and changes in our mix of business, we evaluated our reserve methodology and increased our reserve by $720,000 for Aspen University and by $60,005 for USU also in the fourth quarter of fiscal year 2020. Note that the AGI's bad debt allowance started the year at $1.25 million and ended the year at $1.75 million.

As part of the process of evaluating our reserving methodology we also evaluated our processes in student accounts, our accounts receivable recovery and collections processes. We have designed an enhanced recovery and collections process that is expected to begin recovery of student late payments earlier and manage these students more proactively during their course of study and post-graduation for MPP students

We will continue to reserve against our receivables based on revenue growth trends, mix of business and specific trends we identify on a program by program basis. We feel we currently have sufficient reserves against our current student portfolio but we intend to stay vigilant to become aware of external changes that could affect our students ability to meet their obligations such as the continuation of the COVID-19 economic slowdown or other exogenous events and circumstances that could give us reason to make a material change to our current methodology and reserve policy.

Overtime we expect the change in our mix of business together with process improvements and collection enhancements to result in a better managed portfolio of student receivables and improving cash flow from operations.

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.

At April 30, 2020, the allowance for doubtful accounts was $1,758,920 which represents 7.7% of the gross accounts receivable balance of $22,786,847, 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 $6,701,136 at April 30, 2020. The primary component consists of MPP students who make monthly payments over 36, 39 and 72 months. The average student completes their academic program in 30 months, therefore most of the Company's accounts receivable are short-term. However, when students graduate earlier than the 30 month average completion duration, and as students enter academic year two of USU's MSN-FNP legacy 72 month payment plan, they transition to long-term accounts receivable when their liability increases to over $4,500. Those are the two primary factors that have driven an increase in long-term accounts receivable.

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

A	B	C
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.

2020 Developments

On January 22, 2020, the Company closed on an underwritten public offering of common stock for net proceeds of approximately $16 million. On January 22, 2020, the Company refinanced its then existing $10 million term loan held by two investors issuing the investors each a $5 million Convertible Note. The key terms of the Convertible Notes are as follows:

- After six months from the issuance date, the lenders have the right to convert the principal into our shares of the Company's common stock at a conversion price of $7.15 per share;
- The Convertible Notes automatically convert into shares of the Company's common stock if the average closing price of our common stock is at least $10.725 over a 20 consecutive trading day period;
- The Convertible Notes are due January 22, 2023 or approximately three years from the closing;
- The interest rate of the Convertible Notes is 7% per annum (payable monthly in arrears) compared to 12% under the Term Loans; and
- The Convertible Notes are secured in the same manner as the Term Loans.

On March 1, 2020, the statute of limitations expired to enforce payment on a $50,000 convertible note which matured on March 1, 2014. Therefore, the Company is not liable to pay this loan and treated this as a debt extinguishment in the fourth quarter of fiscal year 2020.

In June 24, 2019, the Company's common stock, which had previously been listed on the Nasdaq Capital Market, was listed on the Nasdaq Global Market.

2020 Consolidated Results

Revenues for the fiscal year 2020 increased to $49,061,080 from $34,025,418 for the fiscal year 2019, an increase of $15,035,662 or 44%. The Company's focus on its two newest business units that generate the Company's highest LTV's, United States University's MSN-Family Nurse Practitioner (MSN-FNP) and Aspen University's Pre-Licensure BSN (PL-BSN) programs, now represent 40% of total revenue.

New student enrollments for fiscal year 2020 increased 32% to 7,668 students, and total Bookings rose 68% to $111.3 million, delivering a company-wide APRU increase of 27% to $14,514. The enrollment increases in our Aspen University Doctor of Nursing Practice (DNP) and PL-BSN, and United States University's (USU) MSN-FNP programs drove total bookings growth and increased ARPU. The improvement in our MER which remained over 10X at both universities was the result of the consistent year-over-year decline in the cost of enrollment.

AGI's overall active student body (includes both Aspen University and USU) grew 28% year-over-year from 8,932 to 11,444. Aspen University's total active degree-seeking student body grew 22% year-over-year from 7,784 to 9,487. On a year-over-year basis, USU's total active student body grew from 1,148 to 1,957 or 70%.

COVID-19 Update

The COVID-19 crisis did not have a material impact on the Company's financial results for the fourth quarter of fiscal year 2020, as evidenced by our record revenues of $14.1 million. Course starts and persistence amongst our active student body remained at pre-COVID-19 levels throughout the fourth quarter of fiscal year 2020 and during May and June, 2020.

Enrollments in our highest LTV programs remained at pre-COVID-19 levels throughout the fourth quarter of fiscal year 2020, however the Company did experience a moderate slowdown in Aspen University post-licensure online nursing degree enrollments for approximately a six week period between mid-March and end-April 2020. Subsequently, enrollments across all units in the Company returned to pre-COVID-19 levels throughout May and June, 2020.

COVID-19 has focused a spotlight on the shortage of nurses in the U.S. and, in particular, the need for nurses with four-year and advanced degrees such as USU's MSN-FNP and Aspen University's DNP programs. We believe we will be operating in a tailwind environment for many years relative to the planned expansion of our Pre-Licensure BSN hybrid campus business.

Results of Operations

For the Three Months Ended April 30, 2020 Compared to the Three Months Ended April 30, 2019 and Fiscal Year Ended April 30, 2020 Compared to Fiscal Year Ended April 30, 2019

Revenue

For the three months ended April 30, 2020 ("4Q 2020") compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Revenue	$ 14,079,193	$ 3,865,051	38%	$ 10,214,142

Revenue from operations for the fiscal year 2020 increased to $14,079,193 from $10,214,142 for the fiscal year 2019, an increase of $3,865,051 or 38%.

Aspen University's revenues contributed 71% of total revenue and increased $2,157,982 to $9,988,306 from $7,830,324. AU's Pre-Licensure BSN program accounted for 17% of overall Company revenues. USU revenues increased $1,707,067 or 72% from $2,383,819 to $4,090,886 and accounted for 29% of overall Company revenues.

During the Company's standard year end revenue testing procedures we determined that our earned revenue report at Aspen University inadvertently wasn't reporting credits issued to withdrawn students for certain de minimus technology fees. Note that all invoices and credits issued to students were and are correct and their student ledger were and accounts are accurate, so this earned revenue reporting error has no effect on our student body. For fiscal year 2020, this incorrect earned fee calculation amounted to $480,303. Consequently, revenue for the fourth fiscal quarter is $14,079,193 rather than the pre-announced revenue estimate of $14.5 million. For fiscal year 2019, this incorrect earned fee calculation amounted to $296,471. This amount was deemed immaterial to our fiscal 2019 revenue and the Company will be recording this adjustment to other expense in our Q1 Fiscal 2021 10-Q.

For the years ended April 30, 2020 ("FY 2020") compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Revenue	$ 49,061,080	$ 15,035,662	44%	$ 34,025,418

Revenue from operations for the fiscal year 2020 increased to $49,061,080 from $34,025,418 for the fiscal year 2019, an increase of $15,035,662 or 44%.

Aspen University's revenues contributed 73% to total revenue and increased $8,572,316 to $35,648,490 from $27,076,174. AU's Pre-Licensure BSN program accounted for 13% of overall full year Company revenues. USU revenues increased $6,463,344 or 93% from $6,949,245 to $13,412,589 and accounted for 27% of overall Company revenues.

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

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Cost of Revenues (exclusive of depreciation and amortization shown separately below)	$ 5,431,182	$ 1,118,851	26%	$ 4,312,331
As a percentage of revenue	39%			42%

Instructional Costs and Services

Instructional costs and services for the three months ended April 30, 2020 increased to $2,691,185 or 19% of revenues from $1,974,846 or 19% of revenues for the three months ended April 30,2019, an increase of $716,339 or 36%. The increase was primarily due to the increase in the number of class starts year-over-year and the hiring of additional full-time faculty in our nursing licensure programs; AU's BSN Pre-Licensure and USU's MSN-FNP program.

Aspen University instructional costs and services represented 18% of Aspen University revenues for three months ended April 30, 2020, while USU instructional costs and services equaled 21% of USU revenues over the same period.

Marketing and Promotional

Marketing and promotional costs for the three months ended April 30, 2020 were $2,739,997 or 19% of revenues compared to $2,337,486 or 23% of revenues for the three months ended April 30, 2019, an increase of $402,511 or 17%.

Aspen University marketing and promotional costs represented 18% of Aspen University revenues for the three months ended April 30, 2020, while USU marketing and promotional costs equaled 16% of USU revenues for the same period.

AGI corporate marketing expenses equaled $265,375 for the three months ended April 30, 2020 compared to $201,190 for the three months ended April 30, 2019, an increase of $64,185 or 32%.

Gross profit rose to 59% of revenues or $8,351,112 for the three months ended April 30, 2020, from $5,683,536 or 56% for the three months ended April 30, 2019, an increase of 47% year over year.

Aspen University gross profit represented 60% of Aspen University revenues for the three months ended April 30, 2020, and USU gross profit equaled 63% of USU revenues during the same period.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Cost of Revenues (exclusive of depreciation and amortization shown separately below)	$ 19,135,302	$ 3,158,084	20%	$ 15,977,218
As a percentage of revenue	39 %			47 %

Instructional Costs and Services

Instructional costs and services for the fiscal year 2020 increased to $9,639,323 or 20% of revenues from $6,880,668 or 20% of revenues for the fiscal year 2019, an increase of $2,758,655 or 40%. The increase was primarily due to the increase in the number of class starts year-over-year and the hiring of additional full-time faculty in our nursing licensure programs; AU's BSN Pre-Licensure and USU's MSN-FNP program..

Aspen University instructional costs and services represented 18% of Aspen University revenues for the fiscal year 2020, while USU instructional costs and services equaled 21% of USU revenues over the same period.

Marketing and Promotional

Marketing and promotional costs for the fiscal year 2020 were $9,495,980 or 19% of revenues compared to $9,096,551 or 27% of revenues for the fiscal year 2019, an increase of $399,429 or 4%.

Aspen University marketing and promotional costs represented 18% of Aspen University revenues for the fiscal year 2020, while USU marketing and promotional costs equaled 16% of USU revenues for the same period.

AGI corporate marketing expenses equaled $994,113 for the fiscal year 2020 compared to $852,904 for the fiscal year 2019, an increase of $141,209 or 17%.

Gross profit rose to 59% of revenues or $28,848,786 for the fiscal year 2020, from $17,299,195 for the fiscal year 2019, an increase of 67% year over year.

Aspen University gross profit represented 61% of Aspen University revenues for the fiscal year 2020, and USU gross profit equaled 62% of USU revenues during the same period.

Given gross profit for the year increased over $11.5 million year-over-year while revenue increased $15 million, 77% of the fiscal year revenue increase therefore dropped to the gross profit line.

Costs and Expenses

General and Administrative

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
General and Administrative	$ 7,716,277	$ 1,420,452	23%	$ 6,295,825
As a percentage of revenue	53%			62%

General and administrative costs for the fiscal year 2020 were $7,716,277 or 53% of revenues compared to $6,295,825 or 62% of revenues during the fiscal year 2019, an increase of $1,420,452, or 23%. 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.

Note that AGI recorded $77,000 of one-time G&A expense items in the quarter, primarily related to recruiting fees. Excluding those one-time items, G&A would have increased year-over-year by only $1.3 million, meaning that G&A would have grown at 21% year-over-year.

Aspen University general and administrative costs which are included in the above amount represented 33% of Aspen University revenues for the three months ended April 30, 2020, while USU general and administrative costs equaled 46% of USU revenues for the same period.

AGI's general and administrative costs for the three months ended April 30, 2020 and 2019 are included in the above amounts equaled $2,492,208 and $1,727,814, respectively, include corporate employees in the New York corporate office, IT, rent, non-cash AGI stock based compensation, and professional fees (legal, accounting, and Investor Relations), as well as one-time expense items in the quarter related to recruiting fees.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
General and Administrative	$ 30,329,520	$ 6,195,700	26%	$ 24,133,820
As a percentage of revenue	62%			71%

General and administrative costs for the fiscal year 2020 were $30,329,520 or 62% of revenues compared to $24,133,820 or 71% of revenues during the fiscal year 2019, an increase of $6,195,700, or 26%. In fiscal year 2020, general and administrative expenses, excluding non-recurring items, grew 21% over the prior year. Going forward, the Company expects recurring general and administrative expenses to grow at approximately half the rate of revenue. 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 39% of Aspen University revenues for the fiscal year 2020, while USU general and administrative costs equaled 53% of USU revenues for the same period.

AGI's general and administrative costs for the fiscal years 2020 and 2019 are included in the above amounts equaled $9,157,729 and $6,136,918, respectively, include corporate employees in the New York corporate office, IT, rent, non-cash AGI stock based compensation, and professional fees (legal, accounting, and Investor Relations), as well as one-time expense items as stated above.

Bad Debt Expense

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Bad debt expense	$ 780,005	$ 406,057	109%	$ 373,948
As a percentage of revenue	5%			4%

Bad debt expense for the three months ended April 30, 2020 increased to $780,005 from $373,948 for the three months ended April 30, 2019, an increase of $406,057, or 109%. Based on revenue growth trends and review of accounts receivable, the Company evaluated its reserve methodology and increased reserves for Aspen and USU accordingly.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Bad debt expense	$ 1,431,210	$ 577,202	68%	$ 854,008
As a percentage of revenue	3%			3%

Bad debt expense for the fiscal year 2020 increased to $1,431,210 from $854,008 for the fiscal year 2019, an increase of $577,202, or 68%. Based on revenue growth trends and review of accounts receivable, the Company evaluated its reserve methodology and increased reserves for Aspen and USU accordingly.

Depreciation and Amortization

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Depreciation and amortization	$ 493,268	$ (99,366)	(17)%	$ 592,634
As a percentage of revenue	4%			6%

Depreciation and amortization costs for the three months ended April 30, 2020 decreased to $493,268 from $592,634 for the three months ended April 30, 2019, an decrease of $99,366, or 17%. The decrease in depreciation expense is primarily due to a decrease in amortization expense at USU relating to intangibles from the AGI acquisition in late 2017.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Depreciation and amortization	$ 2,203,461	$ 33,363	2%	$ 2,170,098
As a percentage of revenue	4%			6%

Depreciation and amortization costs for the fiscal year 2020 increased to $2,203,461 from $2,170,098 for the fiscal year 2019, an increase of $33,363, or 2%. The increase in depreciation expense is mainly due to additional investment in company developed software, partially offset by a decrease in amortization expense at USU from the AGI acquisition in late 2017. Moreover, AGI has made capital investments in the Phoenix campuses and expects to invest in other campus locations that will cause depreciation expense to continue to increase in the near future.

Other Expense, net

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Other expense, net	$ (333,711)	$ (84,378)	34%	$ (249,333)

Other expense, net for the three months ended April 30, 2020 primarily includes interest expense related to the Company's line of credit and secured loan payable of approximately $400,000 offset by a write off of a $50,000 promissory note.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Other expense, net	$ (1,568,832)	$ (1,400,341)	831%	$ (168,491)

Other expense, net for the fiscal year 2020 includes interest expense related to the Company's line of credit, secured loan payable and former convertible notes of approximately $1.8 million offset by recovery of approximately $120,000 of previously written off USU accounts receivable and the write off of a $50,000 promissory note.

Income Tax Expense

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Income tax expense	$ 10,688	$ 10,688	NM	$ —

NM - Not meaningful

Income taxes expense for the three months ended April 30, 2020 was $10,688 compared to $0 in for the fiscal year 2019. 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.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Income tax expense	$ 51,820	$ 51,820	NM	$ —

Income taxes expense for the fiscal year 2020 was $51,820 compared to $0 in for the fiscal year 2019. 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.

Net Loss

For the three months ended April 30, 2020 compared to the three months ended April 30, 2019

	Three Months Ended April 30,			
	2020	$ Change	% Change	2019
Net loss	$ (664,563)	$ 945,360	59%	$ (1,609,923)

Net loss allocable to stockholders was $664,563 or net loss per basic share of $0.03 for the three months ended April 30, 2020 as compared to $1,609,923, or net loss per basic share of $0.09 for the three months ended April 30, 2019, a decrease in loss of $945,360, or 59% improvement.

For the years ended April 30, 2020 (Fiscal Year 2020) compared to April 30, 2019 (Fiscal Year 2019)

	Fiscal Year Ended April 30,			
	2020	$ Change	% Change	2019
Net loss	$ (5,659,065)	$ 3,619,152	39%	$ (9,278,217)

Net loss allocable to stockholders was $5,659,065 or net loss per basic share of $0.29 for the fiscal year 2020 as compared to$9,278,217, or net loss per basic share of $0.50 for the fiscal year 2019, a decrease in loss of $3,619,152, or 39% 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 AGI nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

Our management uses and relies on EBITDA 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 comparisons. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described below.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table below including non-recurring charges - stock based compensation of $474,324 and non-recurring charges - other of $745,748 in 2020 and non-recurring charges - other of $497,300 in 2019. 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 that affect comparability.

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

The following table presents a reconciliation of Net Loss allocable to common shareholders to Adjusted EBITDA, a GAAP requirement:

	Three Months Ended April 30,		Years Ended April 30,	
	2020	2019	2020	2019
Net loss	$ (664,563)	$ (1,609,923)	$ (5,659,065)	$ (9,278,217)
Interest expense	393,471	285,437	1,818,078	441,961
Taxes	(10,688)	—	51,820	9,276
Depreciation & amortization	493,268	592,634	2,203,461	2,170,098
EBITDA	211,488	(731,852)	(1,585,706)	(6,656,882)
Bad debt expense	780,005	373,942	1,431,210	854,008
Stock-based compensation	300,740	324,256	1,641,984	1,190,385
Non recurring charges - Stock-based compensation	—	—	474,324	—
Non-recurring charges - other	77,000	106,589	745,748	497,300
Adjusted EBITDA	$ 1,369,233	$ 72,935	$ 2,707,560	$ (4,115,189)

Aspen University generated $9.1 million of Adjusted EBITDA for fiscal 2020 and $3.1 million of Adjusted EBITDA for fiscal Q4 2020.

USU generated Adjusted EBITDA of $1.4 million during fiscal 2020 and Adjusted EBITDA of $689 thousand for fiscal Q4 2020.

Aspen Group corporate generated Adjusted EBITDA of $(7.8) million for fiscal 2020 and Adjusted EBITDA of $(2.4) million for Q4 2020.

Liquidity and Capital Resources

A summary of our cash flows is as follows:

	For the Years Ended April 30,	
	2020	2019
Net cash used in operating activities	$ (5,748,633)	$ (10,216,014)
Net cash used in investing activities	(3,290,361)	(2,623,043)
Net cash provided by financing activities	16,978,007	8,003,744
Net increase in cash	$ 7,939,013	$ (4,835,313)

Net Cash Used in Operating Activities

Net cash used in operating activities during the 2020 Period totaled $(5.7) million and resulted primarily from the net loss of $(5.7) million, offset by $8.1 million in non-cash items and a $8.2 million decrease in operating assets and liabilities. The most significant item change in operating assets and liabilities was an increase in accounts receivable of $(8.7) 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 $2.2 million and stock-based compensation expense of $2.1 million.

Net cash used in operating activities during the 2019 Period totaled $(10.2) million and resulted primarily from the net loss of $(9.3) million, offset by $4.4 million in non-cash items and a $5.3 million decrease in operating assets and liabilities. The most significant item change in operating assets and liabilities was an increase in accounts receivable of $6.5 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 $2.2 million and stock-based compensation expense of $1.2 million.

Net Cash Used in Investing Activities

Net cash used in investing activities during the 2020 Period totaled $(3.3) million mostly attributed to investments in the purchase of property and equipment as we build up our campuses.

Net cash used in investing activities during the 2019 Period totaled ($2.6) million, mostly attributed to investments in the purchase of property and equipment as we built up our campuses in Arizona.

Net Cash Provided By Financing Activities

Net cash provided by financing activities during the 2020 Period totaled $17.0 million which primarily reflects proceeds from the Company's equity offering in the fiscal third quarter.

Net cash provided by financing activities during the 2019 Period totaled $8.0 million which reflects the early repayment of the remaining outstanding principal of the Convertible Note, issued in connection with the USU acquisition, offset by the proceeds from the senior secured term loans.

Liquidity

The Company had cash and cash equivalents of approximately $15.2 million on July 2, 2020, and approximately $3.7 million of restricted cash. In addition to its cash, the Company also had access to the $5 million Revolving Credit Facility, which is undrawn at April 30, 2020 and currently remains undrawn. The Company has sufficient cash resources to meet its working capital needs for at least the next 12 months.

Included in cash and cash equivalents are proceeds of $1.1 million from the June 5, 2020 exercise of stock purchase warrants and $847,000 from current and former employee option exercises. Employee funds received for payroll taxes to be remitted from these option exercises were approximately $546,000, and are included in restricted cash

At April 30, 2020, the Company has $17.56 million remaining available under its shelf registration statement on Form S-3 (File No. 333-224230), which is set to expire in April 2021.

For each new campus, the Company expects to spend $750,000 to $1.0 million of capital. Approximately $350,000 to $500,000 will be in the form of letters of credit to facilitate the leases. These letters of credit wind down over three to four years in accordance with the lease agreements. Approximately $500,000 will be spent on property build out, furniture and fixtures and other equipment for labs and clinical classrooms.

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

The Company has analyzed its liquidity position and believes its current resources are adequate to meet anticipated liquidity needs for the next 12 months.

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. AGI establishes reserves to its receivables based upon an estimate of the risk presented by the program within the university, student status, payment type and age of receivables. 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.

Business Combinations

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

Goodwill and Intangibles

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

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

Related Party Transactions

The Company did not have any related party transactions in fiscal year 2020.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of April 30, 2020.

New Accounting Pronouncements

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

Cautionary Note Regarding Forward Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the expected launch of Aspen University's Florida and Texas campuses and the expected rate of subsequent campus openings, the expected effect of telehealth partnership with A-APN, our planned USU lab immersion expansions, the impact of bookings, our estimates concerning Lifetime Value, the expected launch of phase two of our in-house CRM and the anticipated effects of such launch on persistence rates and Lifetime Value, future expansion of our operating margins, the anticipated increase in competition, including as the result of the COVID-19 pandemic, our expected ability to cost-effectively drive prospective student leads internally, our future ability to provide lower costs per enrollment, the expected growth in our future revenues from the Aspen University's Pre-Licensure BSN Program and USU's MSN-FNP Program, the expected changes to our accounts receivable and allowance for doubtful accounts, our anticipated increase in cash flow from operations, the expected increase in the future general and administrative costs, the near-term continued increase in the depreciation expense, the expected capital expenditures related to new campus openings, and future 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 our ability to obtain the necessary regulatory approvals to launch our future campuses in a timely fashion or at all, unanticipated issues with, and delays in, launching phase two of our in-house CRM and the continued ability of the CRM to perform as expected, continued high demand for nurses, the continued effectiveness of our marketing efforts, the effectiveness of our collection efforts and process improvements, national and local economic factors including the substantial impact of the COVID-19 pandemic on the economy, the competitive impact from the trend of major non-profit universities using online education, unfavorable regulatory changes, and our failure to continue obtaining enrollments at low acquisition costs and keeping teaching costs down. Further information on the risks and uncertainties affecting our business is contained Part I. Item 1A. – Risk Factors. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise. For more information regarding some of the ongoing risks and uncertainties of our business, see the Risk Factors and our other filings with the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and the other information required by this Item can be found beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

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

Management's Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of the end of the period covered by this report. In making this assessment, our management used the criteria set forth by the Committee of Sponsor Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* as issued in 2013. In evaluating our information technology controls, management also used components of the framework contained in the Control Objectives for Information and Related Technology, which was developed by the Information Systems Audit and Control Association's IT Governance Institute, as a complement to the COSO internal control framework. Based on these evaluations, our management concluded that our internal control over financial reporting was effective based on these criteria.

Our internal control over financial reporting is a process designed under the supervision of our Principal Executive Officer and Principal Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

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

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended April 30, 2020.

Our Board of Directors has adopted a Code of Ethics applicable to all officers, directors and employees, which is available on our website (http://ir.aspen.edu/governance-docs) under "Corporate Governance." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Ethics and by posting such information on our website at the address and location specified above.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to our Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended April 30, 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item is incorporated by reference to our Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended April 30, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated by reference to our Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended April 30, 2020.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is incorporated by reference to our Proxy Statement for the 2020 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended April 30, 2020.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of the report.

(1) Financial Statements. See Index to Consolidated Financial Statements, which appears on page F-1 hereof. The financial statements listed in the accompanying Index to Consolidated Financial Statements are filed herewith in response to this Item.

(2) Financial Statements Schedules. All schedules are omitted because they are not applicable or because the required information is contained in the consolidated financial statements or notes included in this report.

(3) Exhibits. See the Exhibit Index.

EXHIBIT INDEX

		Incorporated by Reference			Filed or Furnished Herewith
Exhibit #	**Exhibit Description**	**Form**	**Date**	**Number**	
3.1	Certificate of Incorporation, as amended	10-K	7/9/2019	3.1	
3.2	Bylaws, as amended	10-Q	3/15/2018	3.2	
4.1	Description of securities registered under Section 12 of the Exchange Act of 1934	10-K	7/9/2019	4.1	
10.1	2012 Equity Incentive Plan, as amended*	10-Q	3/15/2018	10.11	
10.1(a)	Amendment No. 10 to the 2012 Equity Incentive Plan	8-K	3/22/2018	10.1	
10.2	Aspen Group, Inc. 2018 Equity Incentive Plan*	DEF 14A	10/31/2018	Annex A	
10.2(a)	Amendment No. 1 to the Aspen Group, Inc. 2018 Equity Incentive Plan*	DEF 14A	11/5/2019	Annex A	
10.3	Employment Agreement dated November 2, 2016 - Michael Mathews*	10-Q	3/9/2017	10.1	
10.4	Employment Agreement dated November 24, 2014 - Gerard Wendolowski*	10-K	7/28/2015	10.19	
10.5	Employment Agreement dated June 11, 2017 – St. Arnauld*	10-K	7/25/2017	10.5	
10.6	Employment Agreement dated November 1, 2019 – Anne McNamara*				Filed
10.7	Employment Agreement between the Company and Frank J. Cotroneo dated December 2, 2019*	8-K	12/5/2019	10.1	
10.8	Employment Agreement between the Company and Robert Alessi dated December 1, 2019*	8-K	12/5/2019	10.2	
10.9	Form of Restricted Stock Unit Agreement				Filed
10.10	Form of Restricted Stock Unit Agreement – price based vesting				Filed
10.11	Form of Stock Option Agreement				Filed
10.12	Securities Purchase Agreement, dated as of July 19, 2018, by and between Aspen Group, Inc. and ESL	8-K	7/19/2018	10.1	
10.13	Loan Agreement, dated November 5, 2018	8-K	11/5/2018	10.1	
10.14	Revolving Promissory Note, dated November 5, 2018	8-K	11/5/2018	10.2	
10.15	Warrant to purchase 92,049 shares of common stock, dated November 5, 2018	8-K	11/5/2018	4.1	
10.16	Form of Term Promissory Note and Security Agreement dated March 6, 2019	10-Q	3/11/2019	10.1	
10.17	Form of Loan Agreement, dated March 6, 2019	10-Q	3/11/2019	10.2	
10.18	Form of Intercreditor Agreement, dated March 6, 2019	10-Q	3/11/2019	10.3	
10.19	Form of Warrant for the Purchase of 100,000 shares of common stock, dated March 6, 2019	10-Q	3/11/2019	10.4	
10.20	Amended and Restated Revolving Promissory Note and Security Agreement, dated March 6, 2019	10-Q	3/11/2019	10.5	
10.21	Form of Amended and Restated Convertible Promissory Note and Security Agreement dated January 22, 2020	8-K	1/23/2020	10.1	
10.22	Form of Amended and Restated Revolving Promissory Note and Security Agreement dated January 22, 2020	8-K	1/23/2020	10.2	
10.23	Form of Investors/Registration Rights Agreement dated January 22, 2020	8-K	1/23/2020	10.3	
10.24	Form of Loan Agreement dated January 15, 2020	10-Q	3/10/2020	10.7	

21.1	Subsidiaries	Filed
23.1	Consent of Independent Registered Public Accounting Firm	Filed
31.1	Certification of Principal Executive Officer (302)	Filed
31.2	Certification of Principal Financial Officer (302)	Filed
32.1	Certification of Principal Executive and Principal Financial Officer (906)	Furnished**
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Filed
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.
+ Certain schedules, appendices and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission staff upon request.

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.

ITEM 16. FORM 10-K SUMMARY.

Not applicable.

SIGNATURES

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

Aspen Group, Inc.

Date: July 7, 2020

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

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

Signature	Title	Date
/s/ Michael Mathews Michael Mathews	Principal Executive Officer and Director	July 7, 2020
/s/ Frank J. Cotroneo Frank J. Cotroneo	Chief Financial Officer and Director (Principal Financial Officer)	July 7, 2020
/s/ Robert Alessi Robert Alessi	Chief Accounting Officer (Principal Accounting Officer)	July 7, 2020
/s/ Norman Dicks Norman Dicks	Director	July 7, 2020
/s/ C. James Jensen C. James Jensen	Director	July 7, 2020
/s/ Andrew Kaplan Andrew Kaplan	Director	July 7, 2020
/s/ Malcolm MacLean IV Malcolm MacLean IV	Director	July 7, 2020
/s/ Sanford Rich Sanford Rich	Director	July 7, 2020

Aspen Group, Inc. and Subsidiaries
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SALBERG & COMPANY, P.A.
Certified Public Accountants and Consultants

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of:
Aspen Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aspen Group, Inc. and Subsidiaries (the "Company") as of April 30, 2020 and 2019, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the two years in the period ended April 30, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of April 30, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

// Salberg & Company, P.A.

We have served as the Company's auditor since 2012
SALBERG & COMPANY, P.A.
Boca Raton, Florida
July 7, 2020

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	April 30, 2020	April 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 14,350,554	$ 8,316,285
Restricted cash	3,556,211	1,651,467
Accounts receivable, net of allowance of $1,758,920 and $1,247,031, respectively	14,326,791	10,656,470
Prepaid expenses	941,671	410,745
Other receivables	23,097	2,145
Other current assets	173,090	—
Total current assets	33,371,414	21,037,112
Property and equipment:		
Computer equipment and hardware	649,927	521,395
Furniture and fixtures	1,007,099	915,936
Leasehold improvements	867,024	204,545
Instructional equipment	301,842	260,790
Software	6,162,770	4,314,198
	8,988,662	6,216,864
Less: accumulated depreciation and amortization	(2,841,019)	(1,825,524)
Total property and equipment, net	6,147,643	4,391,340
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	8,541,667
Courseware, net	111,457	161,930
Accounts receivable, secured - net of allowance of $625,963, and $625,963, respectively	45,329	45,329
Long term contractual accounts receivable	6,701,136	3,085,243
Debt issue cost, net	182,418	300,824
Operating lease right of use asset, net	6,412,851	—
Deposits and other assets	355,831	629,626
Total assets	$ 66,239,511	$ 43,204,503

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

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

	April 30, 2020	April 30, 2019
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,505,859	$ 1,699,221
Accrued expenses	537,413	651,418
Deferred revenue	3,712,994	2,456,865
Refunds due students	2,371,844	1,174,501
Deferred rent, current portion	—	47,436
Convertible note payable	—	50,000
Operating lease obligations, current portion	1,683,252	—
Other current liabilities	545,711	270,786
Total current liabilities	10,357,073	6,350,227
Convertible notes, net of discount of $1,550,854	8,449,146	—
Senior secured loan payable, net of discount of $353,328	—	9,646,672
Operating lease obligations	5,685,335	—
Deferred rent	—	746,176
Total liabilities	24,491,554	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 April 30, 2020 and April 30, 2019	—	—
Common stock, $0.001 par value; 40,000,000 shares authorized, 21,770,520 issued and 21,753,853 outstanding at April 30, 2020 18,665,551 issued and 18,648,884 outstanding at April 30,2019	21,771	18,666
Additional paid-in capital	89,505,216	68,562,727
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(47,709,030)	(42,049,965)
Total stockholders' equity	41,747,957	26,461,428
Total liabilities and stockholders' equity	$ 66,239,511	$ 43,204,503

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended April 30,	
	2020	2019
Revenues	$ 49,061,080	$ 34,025,418
Operating expenses		
Cost of revenues (exclusive of depreciation and amortization shown separately below)	19,135,302	15,977,218
General and administrative	30,329,520	24,133,820
Bad debt expense	1,431,210	854,008
Depreciation and amortization	2,203,461	2,170,098
Total operating expenses	53,099,493	43,135,144
Operating loss	(4,038,413)	(9,109,726)
Other income (expense):		
Other income	249,246	276,189
Interest expense	(1,818,078)	(444,680)
Total other expense, net	(1,568,832)	(168,491)
Loss before income taxes	(5,607,245)	(9,278,217)
Income tax expense	51,820	—
Net loss	$ (5,659,065)	$ (9,278,217)
Net loss per share allocable to common stockholders - basic and diluted	$ (0.29)	$ (0.50)
Weighted average number of common shares outstanding: basic and diluted	19,708,708	18,409,459

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED APRIL 30, 2020 AND 2019

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of April 30, 2018	18,333,521	$ 18,334	$ 66,557,005	$ (70,000)	$ (32,771,748)	$ 33,733,591
Stock-based compensation	—	—	1,190,385	—	—	1,190,385
Common stock issued for cashless stock options exercised	111,666	112	(112)	—	—	—
Common stock issued for stock options exercised for cash	56,910	56	128,145	—	—	128,201
Common stock issued for cashless warrant exercise	119,594	120	(120)	—	—	—
Common stock issued for warrants exercised for cash	43,860	44	99,956	—	—	100,000
Warrants issued with debt financing	—	—	615,587	—	—	615,587
Amortization of warrant based cost issued for services	—	—	1,713	—	—	1,713
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
Other offering costs	—	—	(29,832)	—	—	(29,832)
Net loss	—	—	—	—	(9,278,217)	(9,278,217)
Balance as of April 30, 2019	**18,665,551**	**$ 18,666**	**$ 68,562,727**	**$ (70,000)**	**$ (42,049,965)**	**$ 26,461,428**
Stock-based compensation	—	—	2,116,309	—	—	2,116,309
Amortization of restricted stock issued for service	—	—	122,250	—	—	122,250
Common stock issued for cashless stock options exercised	190,559	191	(191)	—	—	—
Common stock issued for stock options exercised for cash	277,678	278	962,372	—	—	962,650
Common stock issued for cashless warrant exercise	76,929	77	(77)	—	—	—
Amortization of warrant based cost issued for services	—	—	36,719	—	—	36,719
Restricted stock issued for services, subject to vesting	144,803	144	(144)	—	—	—
Common stock issued for equity raise, net of underwriter costs of $1,222,371	2,415,000	2,415	16,042,464	—	—	16,044,879
Other offering costs	—	—	(51,282)	—	—	(51,282)
Beneficial conversion feature on Convertible Debt	—	—	1,692,309	—	—	1,692,309
Common stock short swing reclamation	—	—	21,760	—	—	21,760
Net loss	—	—	—	—	(5,659,065)	(5,659,065)
Balance as of April 30, 2020	**21,770,520**	**$ 21,771**	**$ 89,505,216**	**$ (70,000)**	**$ (47,709,030)**	**$ 41,747,957**

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

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

	Years Ended April 30,	
	2020	2019
Cash flows from operating activities:		
Net loss	$ (5,659,065)	$ (9,278,217)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	1,431,210	854,008
Depreciation and amortization	2,203,461	2,170,098
Stock-based compensation	2,116,309	1,190,385
Warrants issued for service	36,719	1,713
Loss on asset disposition	3,918	—
Lease expense	162,127	—
Amortization of debt discounts	261,128	40,881
Amortization of debt issue costs	118,406	54,247
Gain on debt extinguishment	(50,000)	—
Non-cash payments to investor relation firm	122,250	—
Cash paid to settle convertible debt	—	60,932
Amortization of prepaid shares for services	—	8,285
Changes in operating assets and liabilities:		
Accounts receivable	(8,717,424)	(6,477,948)
Prepaid expenses	(530,926)	(219,624)
Other receivables	(20,952)	182,424
Other current assets	(173,090)	—
Deposits and other assets	273,792	(44,660)
Accounts payable	(193,362)	(527,993)
Accrued expenses	138,467	(7,436)
Deferred rent	—	663,376
Refunds due students	1,197,343	358,660
Deferred revenue	1,256,129	642,729
Other liabilities	274,927	112,126
Net cash used in operating activities	(5,748,633)	(10,216,014)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(13,851)	(91,522)
Purchases of property and equipment	(3,276,510)	(2,531,521)
Net cash used in investing activities	(3,290,361)	(2,623,043)
Cash flows from financing activities:		
Proceeds from sale of common stock net of underwriter costs	16,044,879	—
Disbursements for equity offering costs	(51,282)	(29,832)
Common stock short swing reclamation	21,760	—
Proceeds of stock options exercised and warrants exercised	962,650	228,201
Proceeds of senior secured loan	—	10,000,000
Repayment of convertible note payable	—	(2,000,000)
Offering costs paid on debt financing	—	(100,000)
Closing costs of senior secured loans	—	(33,693)
Cash paid to settle convertible debt	—	(60,932)
Purchase of treasury stock	—	(7,370,000)
Re-sale of treasury stock	—	7,370,000
Net cash provided by financing activities	16,978,007	8,003,744

(Continued)

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

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

	Years Ended April 30,	
	2020	2019
Net increase (decrease) in cash and cash equivalents and restricted cash	$ 7,939,013	$ (4,835,313)
Cash and cash equivalents and restricted cash at beginning of year	9,967,752	14,803,065
Cash and cash equivalents and restricted cash at end of year	$ 17,906,765	$ 9,967,752
Supplemental disclosure cash flow information:		
Cash paid for interest	$ 1,208,285	$ 118,217
Cash paid for income taxes	$ 51,820	$ —
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued for services	$ 178,477	$ 29,809
Beneficial conversion feature on convertible debt	$ 1,692,309	$ —
Gain on debt extinguishment	$ 50,000	$ —
Right-of-use lease asset offset against operating lease obligations	$ 8,988,525	$ —
Warrants issued as part of revolving credit facility	$ —	$ 255,071
Warrants issued as part of senior secured term loans	$ —	$ 360,516

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

	April 30,	
	2020	2019
Cash and cash equivalents	$ 14,350,554	$ 8,316,285
Restricted cash	3,556,211	1,651,467
Total cash and cash equivalents and restricted cash	$ 17,906,765	$ 9,967,752

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

Note 1. Nature of Operations and Liquidity

Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "AGI") is an education technology holding company. AGI hasfive subsidiaries, Aspen University Inc. ("Aspen University" or AUI") organized in 1987, Aspen Nursing of Arizona, Inc. ("ANAI"), Aspen Nursing of Florida, Inc. ("ANFI"), Aspen Nursing of Texas, Inc. ("ANTI"), and United States University Inc. ("United States University" or "USU"). ANAI, ANFI and ANTI are subsidiaries of Aspen University Inc.

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

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI's primary focus relative to future growth is to target the high growth nursing profession. As of April 30, 2020, 9,710 of 11,444 or 85% 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 United States Department of Education (the "DOE") and Council for Higher Education Accreditation ("CHEA"). On February 25, 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.

COVID-19 Update

The COVID-19 crisis did not have a material impact on the Company's financial results for the fourth quarter of fiscal year 2020, as evidenced by our record revenues of $14,079,193. Course starts and persistence amongst our active student body remained at pre-COVID-19 levels throughout the fourth quarter of fiscal year 2020 and during May and June, 2020.

Enrollments in our highest LTV programs remained at pre-COVID-19 levels throughout the fourth quarter of fiscal year 2020, however the Company did experience a moderate slowdown in Aspen University post-licensure online nursing degree enrollments for approximately a six week period between mid-March and end-April 2020. Subsequently, enrollments across all units in the Company returned to pre-COVID-19 levels throughout May and June, 2020.

COVID-19 has focused a spotlight on the shortage of nurses in the U.S. and, in particular, the need for nurses with four-year and advanced degrees such as USU's MSN-FNP and Aspen University's DNP programs. We believe we will be operating in a tailwind environment for many years relative to the planned expansion of our Pre-Licensure BSN hybrid campus business.

Liquidity

At April 30, 2020, the Company had a cash and cash equivalents balance of $14,350,554 with an additional $3,556,211 in restricted cash.

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 by paying a 1% one-time extension fee. On January 22, 2020, the Term Loans were exchanged for convertible notes maturing January 22, 2023. (See Note 9)

On January 22, 2020, the Company closed on an underwritten public offering of common stock for the net proceeds of approximately $6 million. The public offering was a condition precedent to the closing of the refinancing described above.

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 9)

The Company paid $1,160,000 of principal and accrued interest related to a convertible note on December 3, 2018, as explained in Note 9. Also, on February 25, 2019, the Company paid a total of $1,080,000, which included the remaining $1 million of principal, $19,068 of accrued unpaid interest and settlement expense of $60,932 to prepay the debt and eliminate the holder's conversion option. This was the final payment for the acquisition of USU and was originally due on December 1, 2019. (See Note 9).

During the year ended April 30, 2020 the Company provided net cash of $7,939,013, which included using $5,748,633 in operating activities.

The Company has analyzed its liquidity position and believes its current resources are adequate to meet anticipated liquidity needs for the next 12 months.

Note 2. Significant Accounting Policies

Basis of Presentation and Consolidation

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

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

Accounting Estimates

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

Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts and other receivables, the valuation of collateral on certain receivables, the carrying value of right-of-use ("ROU") assets, estimates of the fair value of assets acquired and liabilities assumed in a business combination, depreciable lives of property and equipment, amortization periods and valuation of courseware, intangibles and software development costs, 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 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.

ASU No 2016-18 – In November 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash (ASU 2016- 18), requiring restricted cash and cash equivalents to be included with cash and cash equivalents of the statement of cash flows. The standard is effective for fiscal years, and interim periods with those year, beginning December 15, 2017, with early adoption permitted. The Company adopted this ASU on May 1, 2018.

As of April 30, 2020, restricted cash of $3,556,211 consists of $692,293 which is collateral for letters of credit for the Aspen University and USU facility operating leases and $255,708, which is collateral for a letter of credit issued by the bank and $71,828 which is related to USU's receipt of Title IV funds and is required by the Department of Education ("DOE") in connection with the change of control of USU. Also included are funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs totaling $2,536,382. As an administrator of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of the program participation agreement with the U.S. Department of Education.

Restricted cash as of April 30, 2019 was $1,651,467 and includes $120,864 which is collateral for the USU facility operating lease and $255,708, which is collateral for a letter of credit issued by the bank and $71,828 which is related to USU’s receipt of Title IV funds and is required by DOE in connection with the change of control of USU. Also included are funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs totaling $1,203,067 which were previously included in Cash and cash equivalents. See Prior Period Reclassifications below for additional information.

Concentration of Credit Risk

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits of $250,000 per financial institution. The Company has not experienced any losses in such accounts from inception through April 30, 2020. As of April 30, 2020 and 2019, there were deposits totaling $16,742,603 and $9,359,208 respectively, held in two separate institutions.

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

ASU 2017-04 - In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-04: "Intangibles - Goodwill and Other (Topic 350)" - to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019. The Company early adopted this standard effective April 30, 2018.

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.

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 AGI for tuition, fees and other expenses. As of April 30, 2020, the monthly payment plan represents approximately 57% 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 AGI'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, AGI may have to return all or a portion of the Title IV funds to the DOE and the student will owe AGI all amounts incurred that are in excess of the amount of financial aid that the student earned, and that AGI is entitled to retain. In this case, AGI must collect the receivable using the student's second payment option.

For accounts receivable from students, 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. AGI 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. AGI estimates the amounts to increase the allowance based upon the risk presented by the age of the receivables and student status. AGI writes off accounts receivable balances at the time the balances are deemed uncollectible. AGI 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, AGI 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, AGI 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. AGI may also record a general allowance as necessary.

Direct write-offs are taken in the period when AGI has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that AGI should abandon such efforts. (See Note 14)

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 April 30, 2020 and 2019, those balances are $6,701,136 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 less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets per the following table.

Category	Useful Life
Computer equipment & hardware	3 years
Software	5 years
Instructional equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	The lesser of 8 years or the number of years of the lease term

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.

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 the 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.

In February 2016, 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 Consolidated Balance Sheet as of May 1, 2019. For presentation purposes, the deferred rent liability is presented as a separate line item at April 30, 2019 and is deducted from the operating lease ROU asset at April 30, 2020. 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 consolidated statements of cash flows.

Disclosures related to the amount, timing, and uncertainty of cash flows arising from leases are included in Note 11.

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, this tuition revenue is recognized pro-rata over the applicable period of instruction and are not considered separate performance obligations. Non-tuition related revenue and fees are recognized as services are provided or when the goods are received by the student. (See Note 14)

Cost of Revenues

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

Instructional Costs and Services

Instructional costs and services consist primarily of costs related to the administration and delivery of the Company's educational programs. This expense category includes 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. Total marketing and promotional costs were $9,495,980 and $9,096,550 for year ended April 30, 2020 and 2019, respectively and are included in cost of revenues.

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, 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 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.

Accounting for Derivatives

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging". The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion, exercise, or other extinguishment (transaction) of a derivative instrument, the instrument is marked to fair value at the transaction date and then that fair value is recognized as an extinguishment gain or loss. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liability at the fair value of the instrument on the reclassification date.

The Company has early adopted FASB ASU 2017-11, which simplifies the accounting for certain equity-linked financial instruments and embedded features with down round features that reduce the exercise price when the pricing of a future round of financing is lower. This allows the company to treat such instruments or their embedded features as equity instead of considering them as a derivative. If such a feature is triggered in a stand-alone instrument treated as equity, the value is measured pre-trigger and post-trigger. The difference in these two measurements is treated as a dividend, reducing income. The value recognized as a dividend is not subsequently remeasured, but in instances where the feature is triggered multiple times each instance is recognized.

Stock-Based Compensation

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

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

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 common share is based on the weighted average number of common shares outstanding during each period. Options to purchase 2,734,899 and 3,408,154 common shares, 643,175 and 0 restricted stock units ("RSUs"), warrants to purchase 566,223 and 731,152 common shares, unvested restricted stock of 24,672 and 64,116, and $10,000,000 and $50,000 of convertible debt (convertible into 1,398,601 and 4,167 common shares) were outstanding at April 30, 2020 and 2019, 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 common share when their effect is dilutive.

Segment Information

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

Recent Accounting Pronouncements

Financial Accounting Standards Board, Accounting Standard Updates which are not effective until after April 30, 2020, are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

Prior Period Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current year presentation.

Restricted cash in fiscal 2020, previously included in cash in fiscal 2019, of $1,203,067 has been reclassified to include funds from: (1) unearned educational services that were received from Title IV programs that the Company will expect to be earned in the subsequent period up to approximately 84%; (2) non-Title IV funds held for students who have withdrawn representing refunds due students up to approximately 12%; and (3) other items up to approximately 4% for all periods presented. As an administrator of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of the program participation agreement with the U.S. Department of Education. See Consolidated Balance Sheets and Cash, Cash equivalents and Restricted cash section above for additional information.

Property and equipment categories have been updated to align with the current period presentation for all periods presented. There was no impact to the useful lives of property and equipment at April 30, 2019. The computer and office equipment category has been renamed to computer equipment and hardware, and now includes call center equipment. The instructional equipment and leasehold improvements categories are now separate categories; previously included in furniture and fixtures.

Additionally, bad debt expense, which was previously included in general and administrative expense in fiscal 2019 of $854,008, is now reported separately as a component of operating expenses for all periods presented. See Statement of operations for additional information.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at April 30, 2020 and 2019:

	April 30, 2020	April 30, 2019
Accounts receivable	$ 22,786,847	$ 14,988,744
Long term contractual accounts receivable	(6,701,136)	(3,085,243)
Less: Allowance for doubtful accounts	(1,758,920)	(1,247,031)
Accounts receivable, net	$ 14,326,791	$ 10,656,470

Bad debt expense for the years ended April 30, 2020 and 2019, were $1,431,210 and $854,008 respectively.

Note 4. Property and Equipment

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

Property and equipment consisted of the following at April 30, 2020 and April 30, 2019:

	April 30, 2020	April 30, 2019
Computer equipment and hardware	$ 649,927	$ 521,395
Furniture and fixtures	1,007,099	915,936
Leasehold improvements	867,024	204,545
Instructional equipment	301,842	260,790
Software	6,162,770	4,314,198
	8,988,662	6,216,864
Accumulated depreciation and amortization	(2,841,019)	(1,825,524)
Property and equipment, net	$ 6,147,643	$ 4,391,340

Software consisted of the following at April 30, 2020 and 2019:

	April 30, 2020	April 30, 2019
Software	$ 6,162,770	$ 4,314,198
Accumulated amortization	(2,049,809)	(1,351,193)
Software, net	$ 4,112,961	$ 2,963,005

Depreciation and amortization expense for all Property and Equipment as well as the portion for just software is presented below for the years ended April 30, 2020 and 2019:

	Years Ended April 30, 2020	Years Ended April 30, 2019
Depreciation and amortization expense	$ 1,497,470	$ 1,002,347
Software amortization expense	$ 1,013,466	$ 684,871

The following is a schedule of estimated future amortization expense of software at April 30, 2020:

Year Ending April 30,		
2021	$	1,203,497
2022		1,109,903
2023		942,271
2024		639,618
Thereafter		217,672
Total	$	4,112,961

Note 5. 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 for a purchase price of approximately $14.8 million. The purchase consideration consisted of a cash payment of $2,500,000 less an adjustment for working capital of approximately $110,000 plus approximately $200,000 of additional costs paid to/on behalf of and for the benefit of the seller, a convertible note of $2,000,000 and 1,203,209 shares of AGI stock valued at the quoted closing price of $8.49 per share as of November 30, 2017. The stock consideration represents $10,215,244 of the purchase consideration.

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

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

We assigned an indefinite useful life to the accreditation and regulatory approvals and the trade name and trademarks as it believes 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 the Company intends to renew the intangibles, as applicable, and renewal can be accomplished at little cost. We determined all other acquired intangibles are finite-lived and we are amortizing them on either a straight-line basis or using an accelerated method to reflect the pattern in which the economic benefits of the assets are expected to be consumed. Amortization expense for the year ended April 30, 2020 and for the year ended April 30, 2019 was $641,667 and $1,100,000, respectively.

Intangible assets consisted of the following at April 30, 2020 and April 30, 2019:

	April 30,			
		2020		2019
Intangible assets	$	10,100,000	$	10,100,000
Accumulated amortization		(2,200,000)		(1,558,333)
Net intangible assets	$	7,900,000	$	8,541,667

Note 6. Courseware and Accreditation

Courseware & accreditation costs capitalized were $13,851 for the year ended April 30, 2020 and $91,522 for the year ended April 30, 2019. As courseware and accreditation reach the end of its useful life, it is written off against the accumulated amortization. There is no expense impact for such write-offs.

Courseware and accreditation consisted of the following at April 30, 2020 and 2019:

	April 30, 2020	April 30, 2019
Courseware	$ 287,813	$ 325,987
Accreditation	59,350	57,100
Accumulated amortization	(235,706)	(221,157)
Courseware and accreditation, net	$ 111,457	$ 161,930

Amortization expense of courseware and accreditation for the years ended April 30, 2020 and 2019:

	Years Ended April 30, 2020	Years Ended April 30, 2019
Amortization expense	$ 64,324	$ 67,751

The following is a schedule of estimated future amortization expense of courseware and accreditation at April 30, 2020:

Year Ending April 30,	
2021	$ 40,454
2022	31,935
2023	26,116
2024	11,743
Thereafter	1,209
Total	$ 111,457

Note 7. Secured Note and Accounts Receivable

On March 30, 2008 and December 1, 2008, Aspen University sold courseware pursuant to marketing agreements to Higher Education Management Group, Inc. ("HEMG",) which was then a related party and principal stockholder of the Company. The sold courseware amounts were $455,000 and $600,000, respectively; UCC filings were filed accordingly. Under the marketing agreements, the receivables were due net 60 months. On September 16, 2011, HEMG pledged 772,793 Series C preferred shares (automatically converted to 54,571 common shares on March 13, 2012) of the Company as collateral for this account receivable which at that time had a remaining balance $772,793. Based on the reduction in value of the collateral to $2.28 based on the then current price of the Company's common stock, the Company recognized an expense of $123,647 during the year ended April 30, 2014 as an additional allowance. As of April 30, 2020, and April 30, 2019, the balance of the account receivable, net of allowance, was $45,329.

HEMG failed to pay to Aspen University any portion of the $772,793 amount due as of September 30, 2014. Consequently, on November 18, 2014 Aspen University filed a complaint vs. HEMG in the United States District Court for the District of New Jersey, to collect the full amount due to the Company. HEMG defaulted and Aspen University obtained a default judgment. In addition, Aspen University gave notice to HEMG that it intended to privately sell the 54,571 shares after March 10, 2015. On April 29, 2015, the Company sold those shares to a private investor for $1.86 per share or $101,502 which proceeds reduced the receivable balance to $671,291 with a remaining allowance of $625,963, resulting in a net receivable of $45,329. See Note 10.

Note 8. Accrued expenses

Accrued expenses consisted of the following at April 30, 2020 and 2019:

	April 30,	
	2020	2019
Accrued compensation	$ —	$ 226,805
Accrued interest	49,863	135,115
Other accrued expenses	487,550	289,498
Accrued expenses	$ 537,413	$ 651,418

Note 9. Debt

Convertible Notes Due January 22, 2023

On January 22, 2020, the Company issued $5 million in principal amount convertible notes ("Convertible Notes") to each of two lenders in exchange for the two $5 million notes issued under senior secured term loans entered into in 2019 as discussed below (the "Term Loans"). The Company recorded a beneficial conversion feature on these Convertible Notes of $1,692,309.

The closing of the refinancing was conditioned upon the Company conducting an equity financing resulting in gross proceeds to the Company of at least $10 million. On January 22, 2020, the Company closed on an underwritten public offering for net proceeds of approximately $16 million (See Note 12) and the condition precedent to the closing of the refinancing was satisfied. The key terms of the Convertible Notes are as follows:

- After six months from the issuance date, the lenders have the right to convert the principal into our shares of the Company's common stock at a conversion price of $7.15 per share;
- The Convertible Notes automatically convert into shares of the Company's common stock if the average closing price of our common stock is at least $10.725 over a 20 consecutive trading day period;
- The Convertible Notes are due January 22, 2023 or approximately three years from the closing;
- The interest rate of the Convertible Notes is 7% per annum (payable monthly in arrears); and
- The Convertible Notes are secured.

The former notes under the Senior Secured Term Loans were due in September 2020 and were subject to a one-year extension and the payment of an extension fee for each note of $50,000 (total of $100,000). The Company also paid each lender $40,400 at closing of the Convertible Notes offering to cover taxes they would incur as part of the note exchange and paid their legal fees arising from the re-financing. In connection with refinancing of the Term Loans, on January 22, 2020, the Company also entered into an Investors/Registration Rights Agreement with the lenders whereby, upon request of the lenders on or after June 22, 2020, the Company must file and obtain and maintain the effectiveness of a registration statement registering the shares of common stock issued or issuable upon conversion of the Convertible Notes.

The Company's obligations under the Convertible Notes 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").

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. The Security Agreement was amended on January 22, 2020 to give effect to the Convertible Note issuances.

Convertible Notes

On February 29, 2012, a loan payable of $50,000 was converted into a two-year convertible promissory note, interest of 0.19% per annum. Beginning March 31, 2012, the note was convertible into shares of common stock of the Company at the conversion price of $12.00 per share (taking into account the one-for-12 reverse stock split of the Company's common stock). The Company evaluated the convertible note and determined that, for the embedded conversion option, there was no beneficial conversion value to record as the conversion price is considered to be the fair market value of the common stock on the note issue date. This loan (now a convertible promissory note) was due in February 2014.

On March 1, 2020, the statute of limitations expired on this note and can no longer be enforced. As such, the Company wrote off this liability and recognized a gain on debt extinguishment which is included in other income of $50,000 during the three months ended April 30, 2020.

Convertible notes payable consisted of the following at April 30, 2020 and 2019:

	April 30,	
	2020	2019
Convertible note payable - originating February 29, 2012; no monthly payments required; bearing interest at 0.19%; maturing at February 29, 2014	$ —	$ 50,000
Less: Current maturities	—	(50,000)
Total	$ —	$ —

Convertible Notes – Related Party

On December 1, 2017, the Company completed the acquisition of USU and, as part of the consideration, a $2 million convertible note (the "Note") was issued, bearing 8% annual interest that matures over a two years period after the closing. (See Note 5) At the option of the Note holder, on each of the first and second anniversaries of the closing date, $1,000,000 of principal and accrued interest under the Note will be convertible into shares of the Company's common stock based on the volume weighted average price per share for the ten preceding trading days (subject to a floor of $2.00 per share) or become payable in cash. There was no beneficial conversion feature on the note date and the conversion terms of the note exempt it from derivative accounting. Subsequently the note was assigned to a third party. On December 1, 2018 the Company paid the first payment of $1 million principal and $60,000 in interest. On February 25, 2019, the Company paid the remaining principal of $1 million and $80,000 of interest and fees.

Revolving Credit Facility

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

Pursuant to the terms of the Credit Facility Agreement, the Company agreed to pay to the Foundation a $100,000 one-time upfront Facility fee. The Company also agreed to pay to the Foundation a commitment fee, payable quarterly at the rate of 2% per annum on the undrawn portion of the Facility. As of April 30, 2020, the Company has not borrowed any sum under the Facility.

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

Pursuant to the Credit Facility Agreement, on November 5, 2018 the Company issued to the Foundation warrants to purchase 92,049 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $5.85 per share which were deemed to have a relative fair value of $255,071. The relative fair value of the warrants along with the Facility fee were treated as debt issue costs, as the facility has not been drawn on, assets to be amortized over the term of the loan. Total unamortized costs at April 30, 2020 were $182,418.

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.

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 January 22, 2020, the Term Loans were cancelled and exchanged for convertible notes as discussed above. In connection with this transaction, the Company wrote off approximately $182,000 of unamortized debt issuance costs as the transaction qualified as a debt extinguishment.

Note 10. Commitments and Contingencies

Employment Agreements

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

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of April 30, 2020, except as discussed below, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

On February 11, 2013, Higher Education Management Group, Inc., ("HEMG") and its Chairman, Mr. Patrick Spada, sued the Company, certain senior management members and our directors in state court in New York seeking damages arising principally from (i) allegedly false and misleading statements in the filings with the Securities and Exchange Commission (the "SEC") and the DOE where the Company disclosed that HEMG and Mr. Spada borrowed $2.2 million without board authority, (ii) the alleged breach of an April 2012 agreement whereby the Company had agreed, subject to numerous conditions and time limitations, to purchase certain shares of the Company from HEMG, and (iii) alleged diminution to the value of HEMG's shares of the Company due to Mr. Spada's disagreement with certain business transactions the Company engaged in, all with Board approval.

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

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

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

On October 15, 2015, HEMG filed bankruptcy pursuant to Chapter 7. As a result, the remaining claims and Aspen's counterclaims in the New York lawsuit are currently stayed. The bankrupt estate's sole asset consisted of 208,000 shares of AGI common stock, plus a claim filed by the bankruptcy trustee against Spada's brother and a third party to recover approximately 167,000 shares. On February 8, 2019, the bankruptcy court issued an order reducing AGI's claim to $88,638 which consisted of the judgment and a $200,000 claim for failure to disclose certain liabilities. Subsequently, the trustee sold the AGI common stock and has $924,486 available for distribution. However priorities are an unknown amount of income taxes due from the sale of the common stock, and as of June 2, 2020 $346,480 in fees due the trustee and his counsel and $574,145 due arising from settlements with the secured creditor and Spada's brother and the third party. While we do not know how much the Company will receive, it will be substantially less than the amount it is due.

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.

Subsequent to a compliance audit, in 2015, Educacion Significativa, LLC ("ESL") the predecessor to USU recognized that it had not fully complied with all requirements for calculating and making timely returns of Title IV funds (R2T4). In 2016, ESL, the predecessor to USU, had a material finding related to the same issue and is required to maintain a letter of credit in the amount of $71,634 as a result of this finding. The letter of credit was been provided to the Department of Education by AGI since it assumed this obligation in its purchase of USU. This letter of credit expired in early 2020 and the cash is expected to be returned.

USU also was asked to post a letter of credit for $255,708, which was funded by AGI in April 2020. This amount has been formally reduced to $21,857; this letter with the reduced amount will remain in effect for at least the duration of the provisional approval. Pursuant to USU's provisional PPA, DOE indicated that USU must agree to participate in Title IV under the HCM1 funding process; however, DOE does retain discretion on whether or not to implement that term of the agreement. Although DOE has not, to date, notified USU that it has been placed in the HCM1 funding process, nor does DOE's public disclosure website identify USU as being on HCM1, it is possible that prior to the end of the PPPA term, DOE may notify USU that it must begin funding under the HCM1 procedure.

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. Leases

Operating lease assets are 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 ROU assets, net, and Operating Lease Obligations, Current and Long-term on the Consolidated Balance Sheet at April 30, 2020. 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 year ended April 30, 2020 was $2,516,213 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.

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 April 30, 2020 [(a)].

Maturity of Lease Obligations	Lease Payments
2021	$ 2,409,191
2022	2,250,755
2023	1,686,197
2024	1,488,839
2025	1,136,640
Thereafter	779,286
Total	9,750,908
Less Interest	(2,382,321)
Present value of operating lease obligations	$ 7,368,587

(a) Lease payments exclude $4.3 million of legally binding minimum lease payments for the new Aspen University BSN Pre-Licensure campus location in Austin, Texas lease signed but not yet commenced. Prior to commencing its Austin campus operations, Aspen is required to obtain approvals from the Texas Board of Nursing.

Balance Sheet Classification	
Operating lease obligations, current	$ 1,683,252
Operating lease obligations, long-term	5,685,335
Total operating lease obligations	$ 7,368,587

Other Information	
Weighted average remaining lease term	4.6
Weighted average discount rate	12.06 %

Note 12. Stockholders' Equity

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 from 10,000,000 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.

Preferred Stock

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 April 30, 2020 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.

On January 22, 2020 the Company raised $17,267,250 through the issuance of 2,415,000 shares of common stock at a price of $7.15. The net proceeds were $16,044,879 after deducting underwriting discounts and commissions. The number of shares sold through this public offering includes 315,000 shares of common stock pursuant to an option granted to the underwriters to cover over allotments that was exercised in full.

On November 30, 2019, the Company issued 25,000 shares of common stock for services in connection with the CFO transition which immediately vested. The total value of the grant was $177,500. The Company also issued 15,000 shares of common stock to its new Chief Financial Officer upon the vesting of RSUs previously granted to him for Audit Committee services. The total value of the grant was approximately $103,350.

During the years ended April 30, 2020 and 2019, the Company issued 190,559 and 111,666 shares of common stock upon the cashless exercise of 363,334 and 194,276 stock options, respectively.

During the years ended April 30, 2020 and 2019, the Company issued 76,929 and 119,594 shares of common stock upon the cashless exercise of 164,929 and 218,323 stock warrants, respectively.

During the years ended April 30, 2020 and 2019, the Company issued 277,678 and 56,910 shares of common stock upon the exercise of stock options for cash and received proceeds of $962,650 and $128,201, respectively.

During the year ended April 30, 2020, the company did not issue any common stock for warrants exercised for cash. During the years ended April 30, 2019, the Company issued 43,860 shares of common stock, respectively, upon the exercise of 43,860 warrants for cash and received proceeds of $100,000.

Restricted Stock

As of the years ended April 30, 2020 and 2019, there were 24,672 and 64,116 unvested shares of restricted common stock outstanding, respectively. Total unrecognized compensation expense related to the unvested shares as of the years ended April 30, 2020 and 2019 amounted to $70,178 and $340,000 respectively.

In December 2018, Company issued 24,672 shares of restricted common stock to directors, with a fair value of $126,320 to be recognized over 36 months, of which $70,178 is unrecognized as of April 30, 2020 and will be amortized over the remaining vesting periods. Amortization expense for these shares was $42,107 and $14,036 for the years ended April 30, 2020 and 2019.

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 a total of 25,000 shares of restricted common stock valued at $122,232 and expensed immediately.

In April 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 was amortized and recognized over the fiscal 2020 year.

The Board approved a grant of 25,000 shares of restricted common stock to the then Chief Financial Officer in September 2018. The stock price was $7.15 on the date of the grant and was to vest over a period of 36 months. The value of the compensation was approximately $180,000. Upon leaving the Company on November 30, 2019 the remaining two-thirds of restricted stock was immediately vested as part of the separation agreement resulting in accelerated amortization expense of approximately $108,000.

Restricted Stock Units

A summary of the Company's Restricted Stock Unit activity during the year ended April 30, 2020 is presented below:

	Number of Shares	Weighted Average Grant Price
Restricted Stock Units		
Balance outstanding at April 30, 2019	—	$ —
Granted	658,675	5.67
Vested	(15,000)	6.89
Forfeited	(500)	5.18
Balance outstanding at April 30, 2020	643,175	5.64

For the year ended April 30, 2020, the Company recorded compensation expense of $454,999 in connection with RSU grants.

There were 643,175 unvested RSUs as of April 30, 2020. Total unrecognized compensation expense related to the unvested RSUs as of April 30, 2020 is approximately $3,274,970 which will be amortized over the remaining vesting periods.

On February 4, 2020, the Compensation Committee approved the following grants of restricted stock units (the "RSUs") to the executive officers of the Company under the Company's 2018 Equity Incentive Plan: 100,000 RSUs to the Chief Executive Officer, 75,000 RSUs to each of the Chief Financial Officer, Chief Operating Officer, and Chief Academic Officer, and 50,000 to the Chief Nursing Officer. Each RSU represents the right to receive one share of the Company's common stock. The RSUs vest four years from the grant date, subject to accelerated vesting as follows: (i) if the closing price of the Company's common stock is at least $9 for 20 consecutive trading days, 10% of the RSUs will vest immediately; (ii) if the closing price of the Company's common stock is at least $10 for 20 consecutive trading days, 25% of the RSUs will vest immediately; and (iii) if the closing price of the Company's common stock is at least $12 for 20 consecutive trading days, all of the unvested RSUs will vest immediately. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $9.49 per share. The grants have a four year vesting period. For fiscal 2020 amortization expense related to these RSUs was $111,211.

In December 2019, the CFO and CAO received grants of 100,000 and 20,000 RSU's, respectively, as part of their employment agreements. These grants will vest annually over three years and had a combined fair value of $826,800.

In December 2019, the current CFO immediately vested in 15,000 RSUs with a total expense of $103,350, which he was granted as Audit Committee Chairman in November 2019.

In November 2019, the Chief Nursing Officer received a grant of 50,000 RSUs as part of her employment agreement. These grants will vest annually over three years and have a fair value of $314,500. The Company also issued 98,675 RSUs to employees vesting over three years subject to continued employment with a fair value of $708,425.

Treasury Stock

On July 19, 2018, AGI in simultaneous transactions repurchased $1,000,000 shares of common stock at $7.40 per share and re-sold the shares to a large well-known institutional money manager at $7.40 per share. The shares were purchased by the Company from ESL pursuant to a Securities Purchase Agreement dated July 18, 2018. The purchaser paid $30,000 to a broker-dealer in connection with the transaction.

Warrants

A summary of the Company's warrant activity during the year ended April 30, 2020 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, April 30, 2020	566,223	$ 6.22	3.17	$ 950,100
Exercisable, April 30, 2020	566,223	$ 6.22	3.17	$ 950,100

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	3.85	50,000
$ 5.85	$ 5.85	92,049	$ 5.85	3.82	92,049
$ 6.00	$ 6.00	200,000	$ 6.00	3.85	200,000
$ 6.87	$ 6.87	224,174	$ 6.87	2.24	224,174
		566,223			566,223

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 cashlessly exercised 21,930 warrants, receiving 9,806 shares of common stock. On June 7, 2019, the CEO cashlessly exercised the same amount of warrants receiving 9,597 shares of common stock.

As part of the Credit Facility Agreement executed on November 8, 2018, 92,049 five-year warrants were issued with an exercise price of $5.85 per share.

The Company issued 200,000 warrants on March 5, 2019 related to senior secured loans.

The Company issued 50,000 warrants on April 30, 2019 to an advisory board member for services. The warrants vest ratably over three years.

During the year ended April 30, 2019, 262,183 warrants were exercised. Of these, 218,323 warrants were cashless exercises resulting in a net of 119,594 shares of common stock being issued and 43,860 were exercised for cash resulting in 43,860 shares being issued and generating $100,000 in proceeds.

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 RSUs to employees, consultants, officers and directors.

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 RSUs to employees, consultants, officers and directors.

On December 30, 2019, the Company held its Annual Meeting of Shareholders at which the shareholders voted to amend the 2018 Plan to increase the number of shares of common stock available for issuance under the 2018 Plan from 500,000 to 1,100,000 shares.

As of April 30, 2020, there were 179,380 and 47,277 shares remaining available for future issuance under the 2012 and 2018 Plan, respectively.

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

	April 30,	
	2020	**2019**
Expected life (years)	3.5	3.5
Expected volatility	57.0 %	50.1 %
Risk-free interest rate	0.24 %	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 expected volatility is based on historical volatility. The risk-free interest rate is based on the U.S. Treasury yields with terms equivalent to the expected life of the related option at the time of the grant. Dividend yield is based on historical trends. While the Company believes these estimates are reasonable, the compensation expense recorded would increase if the expected life was increased, a higher expected volatility was used, or if the expected dividend yield increased.

A summary of the Company's stock option activity for employees and directors during the year ended April 30, 2020, is presented below:

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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	156,900	5.18	—	—
Exercised	(624,346)	3.17	—	—
Forfeited	(205,809)	7.37	—	—
Expired	—	—	—	—
Balance Outstanding, April 30, 2020	2,734,899	$ 4.62	1.97	$ 9,146,198
Exercisable, April 30, 2020	1,742,599	$ 3.71	1.48	$ 7,366,936

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	$2.00	561,724	$2.00	0.71	561,724
$2.28 to $2.76	$2.30	374,446	$2.30	0.41	374,446
$3.24 to $4.38	$3.89	327,730	$3.87	1.60	275,063
$4.50 to $5.20	$4.94	677,277	$4.94	2.54	226,125
$5.95 to $6.28	$6.07	79,917	$6.07	2.20	26,639
$7.17 to $7.55	$7.41	549,639	$7.32	3.58	223,880
$8.57 to $9.07	$8.97	164,166	$8.97	2.69	54,722
Options only		2,734,899			1,742,599

For the years ended April 30, 2020 and 2019, the Company recorded compensation expense in connection with stock options of $1,289,546 and $1,190,385. For the years ended April 30, 2020 and 2019, the Company recorded no stock based compensation expense related to the executive officer target bonus plan.

As of April 30, 2020, there was approximately $724,965 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 1.7 years.

In April 2020, the Company awarded 6,900 options to employees hired during the fiscal third quarter. The fair value of these grants was $11,088 with an average grant price of $4.58.

On December 9, 2019, the Company granted 61,000 options to its directors with an exercise price of $6.92 per share for services performed for the calendar year 2019. The fair value of these options was approximately $116,000 and was fully recognized as of January 31, 2020.

ASPEN GROUP, INC. AND SUBSIDIARIES
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On August 1, 2019, the Company granted 59,000 options with an exercise price of $3.99 per share 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 months.
The Company granted a total of 30,000 five years non-qualified stock options on May 13, 2019, which were immediately vested, to certain former directors exercisable at $4.12 per share. The fair value of the options was $33,600 and expensed during the three months ended July 31, 2019.

The Company granted 65,750 options to 44 new and continuing employees on April 30, 2019. The exercise price was $4.56 per share and the fair value was approximately $117,000. The options vest over 36 months.

On December 24, 2018, the Company granted 61,667 options to three directors, 41,667 to one director, and 10,000 each to two others. The exercise price was $5.14 per share and the total fair value was approximately $123,000, which will be recognized over 36 months.

On December 13, 2018, the Company granted 89,125 options to 61 employees who had been hired throughout 2018. The fair value of these options was approximately $136,000 and will be recognized over 36 month. The exercise price is $5.20 per share.

On July 19, 2018, the Board granted 200,000 five year options to the Chief Executive Officer and 180,000 options to each of the Chief Operating Officer and Chief Academic Officer. The fair value per option was $2.56 or $1,433,600 for all 560,000 options granted. The exercise price is $7.55 per share. In April 2019, the CEO rescinded his grant and the expenses associated with the unvested options previously recorded were reversed during the fiscal year ended April 30, 2019.

As of September 6, 2018, the Board approved a grant of 180,000 five-year options to the then Chief Financial Officer and 50,000 five years options to the then Chief Accounting Officer. The fair value of the two grants on September 6, 2018 was $257,400 for the Chief Financial Officer and $71,500 for the Chief Accounting Officer. As required by the rules of the Nasdaq Stock Market, both option grants were subject to shareholder approval which occurred on December 13, 2018, which is the measurement date for recording the transaction. The compensation will be recognized over 36 months.

Note 13. Related Party Transactions

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

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

See Note 9 for additional information on the repayment of a convertible note issued in conjunction with the USU acquisition.

Note 14. Revenue

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

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

	For the Years Ended April 30,	
	2020	2019
Tuition - *recognized over period of instruction*	$ 43,917,321	$ 31,032,677
Course fees - *recognized over period of instruction*	4,536,639	2,488,232
Book fees - *recognized at a point in time*	80,845	106,819
Exam fee - *recognized at a point in time*	219,015	189,090
Service fees - *recognized at a point in time*	307,260	208,600
	$ 49,061,080	$ 34,025,418

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 April 30, 2020 was $3,712,994 which is future revenue that has not yet been earned for courses in progress. The Company has $2,371,844 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 year ended April 30, 2020, approximately $2.5 million came from revenues which were deferred at 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.

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. AGI 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. AGI applies reserves to its receivables based upon an estimate of the risk presented by the age of the receivables and student status. AGI writes off accounts receivable balances at the time the balances are deemed uncollectible. AGI 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 approximately2.5% and 1.6% of the revenues for the year ended April 30, 2020 and 2019 respectively.

Note 15. Income Taxes

The components of income tax expense are as follows:

	For the Years Ended April 30,	
	2020	2019
Current:		
Federal	$ —	$ —
State	51,820	—
	51,820	—
Deferred:		
Federal	—	—
State	—	—
	—	—
Total Income tax expense	$ 51,820	$ —

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

	April 30,	
	2020	2019
Deferred tax assets:		
Net operating loss carryforward	$ 11,044,236	$ 9,033,235
Allowance for doubtful accounts	629,272	181,774
Deferred rent	606,594	180,154
Stock-based compensation	439,454	954,586
Contributions carryforward	11,275	60
Intangibles	86,897	—
Total deferred tax assets	12,817,728	10,349,809
Deferred tax liabilities:		
Property and equipment	(417,780)	(234,336)
Intangibles	—	(64,439)
Total deferred tax liabilities	(417,780)	(298,775)
Deferred tax assets, net	$ 12,399,948	$ 10,051,034
Valuation allowance:		
Beginning of year	(10,051,034)	(7,837,755)
Increase during period	(2,348,914)	(2,213,279)
Ending balance	(12,399,948)	(10,051,034)
Net deferred tax asset	$ —	$ —

As of April 30, 2020, as part of its periodic evaluation of the necessity to maintain a valuation allowance against its deferred tax assets, and after consideration of all factors, including, among others, projections of future taxable income, current year net operating loss carryforward utilization and the extent of the Company's cumulative losses in recent years, the Company determined that, on a more likely than not basis, it would not be able to use remaining deferred tax assets. Accordingly, the Company has determined to maintain a full valuation allowance against its net deferred tax assets. As of April 30, 2020 and 2019, the valuation allowance was approximately $12,400,000 and $10,100,000, respectively. In the future, the utilization of the Company's net operating loss carryforwards may be subject to certain change of control limitations. If the Company determines it will be able to use some or all of its deferred tax assets in a future reporting period, the adjustment to reduce or eliminate the valuation allowance would reduce its tax expense and increase after-tax income.

At April 30, 2020, the Company had approximately $41,900,000 of net operating loss carryforwards, $28,200,000 of which will expire from 2031 to 2038, the remainder will carryforward indefinitely. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for unrecognized tax benefits. As of April 30, 2020, tax years 2017 through 2019 remain open for IRS audit. The Company has received no notice of audit from the Internal Revenue Service for any of the open tax years. A reconciliation of income tax computed at the U.S. statutory rate to the effective income tax rate is as follows:

The Company's effective income tax expense differs from the statutory federal income tax rate of 21% as follows:

	April 30,	
	2020	2019
Statutory Rate applied to net loss before income taxes	21.0 %	21.0 %
Increase (decrease) in income taxes resulting from:		
State income taxes, net of federal tax benefit	5.3 %	3.6 %
Federal and State Minimum Taxes	(0.9)%	— %
Permanent Differences	(0.3)%	— %
Change in Tax Rates - States	17.3 %	— %
Change in Valuation Allowance	(41.9)%	(23.8)%
Other	(1.4)%	(0.8)%
Effective Income Tax Rate	(0.9)%	0.0 %

Note 16. Quarterly Results (Unaudited)

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30	Year Ended April 30
Year Ended April 30, 2020					
Revenue	$ 10,357,982	$ 12,085,965	$ 12,537,940	$ 14,079,193	$ 49,061,080
Cost of revenue (exclusive of depreciation and amortization)	4,353,058	4,188,056	5,163,007	5,431,181	19,135,302
Operating loss	(1,638,800)	(331,775)	(1,728,048)	(339,790)	(4,038,413)
Loss before income taxes	(2,039,687)	(628,168)	(2,265,889)	(673,501)	(5,607,245)
Net loss	(2,075,282)	(638,168)	(2,281,052)	(664,563)	(5,659,065)
Net loss per share allocable to common stockholders - basic and diluted	$ (0.11)	$ (0.03)	$ (0.12)	$ (0.03)	$ (0.29)

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30	Year Ended April 30
Year Ended April 30, 2019					
Revenue	$ 7,221,305	$ 8,095,344	$ 8,494,627	$ 10,214,142	$ 34,025,418
Cost of revenue (exclusive of depreciation and amortization)	3,752,392	3,835,515	4,076,980	4,312,331	15,977,218
Operating loss	(2,853,324)	(2,474,649)	(2,421,686)	(1,360,067)	(9,109,726)
Loss before income taxes	(2,837,276)	(2,475,078)	(2,355,940)	(1,609,923)	(9,278,217)
Net loss	(2,837,276)	(2,475,078)	(2,355,940)	(1,609,923)	(9,278,217)
Net loss per share allocable to common stockholders - basic and diluted	$ (0.15)	$ (0.13)	$ (0.13)	$ (0.09)	$ (0.50)

Note 17. Subsequent Events

On June 5, 2020, the Company reduced by 5% the exercise price of the common stock purchase warrants issued to the Foundation, on November 5, 2018 (the "2018 Cooperman Warrants") and on March 5, 2020 (the "2019 Cooperman Warrants"). The 2018 Cooperman Warrants exercise price was reduced from $5.85 to $5.56 per share. The 2019 Cooperman Warrants exercise price was reduced from $6.00 to $5.70 per share. On June 8, 2020, the Foundation immediately exercised the 2018 and 2019 Cooperman Warrants paying the Company $1,081,792 and the Company issued 192,049 shares of common stock to the Foundation. In consideration of the reduction, the Foundation in addition to its immediate exercise executed a lock-up agreement agreeing not to request registration of or sell the underlying shares of common stock for at least six months. The warrant modification and acceleration charge related to this transaction in the first quarter of fiscal 2021 will be approximately $26,000.

In May and June 2020, current and former employees exercised 295,091 stock options. Total proceeds received by the Company were approximately $847,000 upon the issuance of 136,031 shares.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of November 1, 2019 (the "Effective Date"), between Aspen Group, Inc., a Delaware corporation (the "Company"), and Dr. Anne McNamara (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's Services (as defined), information concerning proposed new Services, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 9(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of her employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Students and Professors, each, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to employ the Executive and to ensure the availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

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

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that she (i) is not subject to any non-solicitation or non-competition agreement affecting her employment with the Company, (ii) is not subject to any confidentiality or nonuse/nondisclosure agreement affecting her employment with the Company, and (iii) will bring to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

a. Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing as of the Effective Date (such period, as it may be extended or renewed, the "Term"), unless sooner terminated in accordance with the provisions of Section 6. The Term shall be automatically renewed for successive one-year terms unless notice of non-renewal is given by either party at least 30 days before the end of the Term.

b. Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 6(e), 7, 8, 9, 10, 12 15, 18, 19, and 22 shall remain in full force and effect and the provisions of Section 9 shall be binding upon the legal representatives, successors and assigns of the Executive.

3. Duties.

a. General Duties. The Executive shall serve as the Chief Nursing Officer of the Company, with duties and responsibilities that are customary for such an executive. The Executive shall report to the Company's Chief Academic Officer (the "CAO"). The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use her best efforts to perform her duties and discharge her responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used her best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement. The Executive shall, if requested, also serve as an officer or director of any affiliate of the Company for no additional compensation.

b. Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote such time, attention and energies to the affairs of the Company and its subsidiaries and affiliates as are necessary to perform her duties and responsibilities pursuant to this Agreement. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any professional financial-related services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board. Notwithstanding the above, the Executive shall be permitted to devote a limited amount of her time, to professional, charitable or similar organizations, including, but not limited to, serving as a non-executive director or an advisor to a board member, or committee member of any company or organization provided that such activities do not interfere with, or otherwise create a conflict with, the Executive's performance of her duties and responsibilities as provided hereunder.

c. Location of Office. The Executive's principal business office shall be in Arizona. However, the Executive's job responsibilities shall include all business travel necessary for the performance of her job including travel to the Company's offices located in Colorado, New York, California and any other location in which the Company may in the future establish an office.

d. Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

a. Salary and Equity. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of $240,000 (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations payable in accordance with the Company's customary payroll practices. The Executive's Base Salary shall be reviewed at least annually by the Board and the Board may, but shall not be required to, increase the Base Salary during the Term. However, the Executive's Base Salary may not be decreased during the Term. In addition, under the 2012 Equity Incentive Plan, the Company shall grant the Executive 50,000 restricted stock units ("RSUs), which shall cliff vest on November 1, 2019, subject to continued employment on the applicable vesting date, execution of the Company's standard RSU Agreement, and acceleration per Section 6 hereof.

b. Target Bonus. For each fiscal year during the Term beginning May 1st and ending April 30th of the applicable fiscal year, the Executive shall have the opportunity to earn a bonus up to 30%, 66% or 100% of her then Base Salary (the "Target Bonus") as follows:

When the Company achieves annual Adjusted EBITDA (as defined below) at certain threshold levels (each, an "EBITDA Threshold"), the Executive shall receive an automatic cash bonus (the "Automatic Cash Bonus") equal to a percentage of her then Base Salary, and shall receive a grant of fully vested shares of the Company's common stock having an aggregate Fair Market Value (as such term is defined in the Company's 2012 Equity Incentive Plan, as amended) equal to a percentage of the Executive's then Base Salary (the "Automatic Equity Bonus"). In addition, the Executive shall be eligible to receive an additional percentage of her then Base Salary as a cash bonus (the "Discretionary Cash Bonus") and an additional grant of fully vested shares of the Company's common stock having an aggregate Fair Market Value equal to a percentage of the Executive's then Base Salary (the "Discretionary Equity Bonus") based on the Board's determination that the Executive has achieved certain annual performance objectives established by the Board, based on the mutual agreement of the Chief Executive Officer and the Executive, at the beginning of each fiscal year.

The EBITDA Thresholds and corresponding bonus levels are set forth in the table below. For the avoidance of doubt, the Executive shall only be eligible to receive the bonuses associated with a single EBITDA Threshold; i.e. in the event the Company attains EBITDA Threshold (2), only the bonuses associated with EBITDA Threshold (2) below (and not the bonuses associated with EBITDA Threshold (1)) shall be applicable.

EBITDA Threshold	Automatic Cash Bonus	Automatic Equity Bonus	Discretionary Cash Bonus	Discretionary Equity Bonus
(1) $1,000,000 -$1,999,999	7.5%	7.5%	Up to 7.5%	Up to 7.5%
(2) $2,000,000 -$3,999,999	16.5%	16.5%	Up to 16.5%	Up to 16.5%
(3) $4,000,000 and over	25%	25%	Up to 25%	Up to 25%

Provided, however, that the earning of the Target Bonus is subject to the Company having at least $2,000,000 in available cash as of the last day of an applicable fiscal year after deducting the Target Bonus paid to all executive officers of the Company or its subsidiaries under the same Target Bonus formula pursuant to such executives' employment agreements (the "Cash Threshold") and the Executive continuing to provide services under this Agreement on the applicable Target Bonus determination date. If the Company is unable to pay the Target Bonus as a result of not meeting the Cash Threshold, no Target Bonus will be earned for that fiscal year. As used in this Agreement, Adjusted EBITDA is calculated as earnings (or loss) from continuing operations before preferred dividends, interest expense, income taxes, collateral valuation adjustment, bad debt expense, depreciation and amortization, and amortization of stock-based compensation; however, if Adjusted EBITDA shall be defined differently in any filing of the Company with the Securities and Exchange Commission subsequent to the date of this Agreement, then Adjusted EBITDA shall thereafter be defined in accordance with the definition most recently set forth in any such filing at each Target Bonus determination date. In meeting the $2,000,000 cash requirement referred to above, the Company shall deduct all borrowings including under its secured line of credit (the "Credit Line") which were made within three months of the end of any applicable fiscal year unless the borrowings were attributable to paying ongoing operating expenses then due or which are expected to become due and for which, based on internal forecasts will not be paid by expected cash flow, within three months from the end of a fiscal year. By way of example, assume that the Company has borrowed $200,000 under the Credit Line in the past three months prior to the fiscal year end (which if it is April 30 would be February 1 through April 30) which is A and that due to expansion of the Scottsdale office, its payroll expenses will increase by $150,000 over the next three months which is B. The formula is A minus B equals C or the amount deducted from the cash balance. Accordingly, in this example C is $50,000 which would be deducted from the cash balance on the last day of the fiscal year. To receive the Target Bonus the amount of cash should be at least $2,050,000. In the event that the Company changes its fiscal year, for any partial fiscal years the EBITDA Threshold shall be which are proportionately adjusted.

c. Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable documented travel (including travel expenses incurred by the Executive related to her travel to the Company's other offices), entertainment and miscellaneous expenses incurred in connection with the performance of her duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the

Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

a. Paid Time Off. For each 12-month period during the Term, the Executive shall be entitled to four weeks of Paid Time Off without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. Any unused days will be carried over to the next 12 month period.

b. Fringe Benefits and Perquisites. During the Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both to similarly situated executives of the Company).

c. Employee Benefits. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, as in effect from time to time (collectively, “Employee Benefit Plans”), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Notwithstanding the foregoing sentence, during the Term, the Company shall provide the Executive with health insurance covering the Executive and family dependents.

6. Termination.

a. Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), “disability” shall mean (i) the Executive is unable to engage in her customary duties by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive’s regularly attending physician (or her guardian) (or the Social Security Administration, where applicable). In the event that the Executive’s employment is terminated by reason of Executive’s death or disability, the Company shall pay the following to the Executive or her personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any earned but unpaid bonuses for any prior period and her annual bonus prorated to date of termination (to the extent the Compensation Committee has set a formula and it can be calculated), and (v) all equity awards previously granted to the Executive under the Incentive Plan or similar plan shall thereupon become fully vested, and the Executive or her legally appointed guardian, as the case may be, shall have up to two years from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or her estate) shall receive the payments provided herein at such times as he would have received them if there was no death or disability. Additionally, if the Executive's employment is terminated because of disability, any benefits (except perquisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

b. Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates her employment with the Company without Good Reason (as defined in Section 6(c)), then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony related to the business of the Company; (ii) the Executive, in carrying out her duties hereunder, has acted with gross negligence or intentional misconduct resulting, in any case, in material harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company including a material amount of money or property; (iv) the Executive breaches her fiduciary duty to the Company resulting in material profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company and fails to cure such breach within 10 days of receipt of notice, unless the act is incapable of being cured; (vi) the Executive breaches any provision of Section 8 or Section 9; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission after an opportunity for a hearing; (ix) the Executive refuses to carry out a resolution adopted by the Company's Board at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (x) the Executive abuses alcohol or drugs in a manner that interferes with the successful performance of her duties.

c. Termination by the Company Without Cause, Termination by Executive for Good Reason or Automatic Termination Upon a Change of Control or at the end of a Term after the Company provides notice of Non-Renewal.

1. This Agreement may be terminated: (i) by the Executive for Good Reason (as defined below), (ii) by the Company without Cause, (iii) upon any Change of Control event as defined in Treasury Regulation Section 1.409A-3(i)(5) provided, that, within 6 months of the Change of Control event (A) the Company terminates the Executives employment or changes her title as Chief Financial Offer, or (B) the Executive terminates her employment or (iv) at the end of a Term after the Company provides the Executive with notice of non-renewal.

2. In the event this Agreement is terminated by the Executive for Good Reason or by the Company without Cause, the Executive shall be entitled to the following:

A. any accrued but unpaid Base Salary for services rendered to the date of termination;

B. any accrued but unpaid expenses required to be reimbursed under this Agreement;

C. a payment equal to six months of the then Base Salary ("Severance Amount");

D. the Executive or her legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its Term;

E. all equity awards previously granted to the Executive under the Incentive Plan or similar plan shall thereupon become fully vested; and

F. any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for six months, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to

Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

(3) In the event of a Change of Control during the Term, the Executive, subject to the termination of employment or change in title as outlined in Section 6(c)(1), shall be entitled to receive each of the provisions of Section 6(c)(2)(A) – (F) above except the Severance Amount shall equal to 12 months of the then Base Salary and the benefits under Section 6(c)(2)(F) shall continue for an 12 month period provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits under Section 6(c)(2)(F) are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)). The Executive shall receive 100% of the existing Target Bonus, if any, for that fiscal year, when the Change of Control occurs.

(4) In the event this Agreement is terminated at the end of a Term after the Company provides the Executive with notice of non-renewal and the Executive remains employed until the end of the Term, the Executive shall be entitled to the following:

A. any accrued but unpaid Base Salary for services rendered to the date of termination;

B. any accrued but unpaid expenses required to be reimbursed under this Agreement;

C. a Severance Amount equal to six months of the then Base Salary;

D. all equity awards previously granted to the Executive under the Equity Incentive Plan or similar plan shall become fully vested;

E. the Executive or her legally appointed guardian, as the case may be, shall have up to two years from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its Term; and

F. any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for six months, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to

Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

Provided, however, that the Executive shall only be entitled to receive each of the provisions of this Section 6(c)(4)(A)-(E) if the Executive is willing and able (i) to execute a new agreement providing terms and conditions substantially similar to those in this Agreement and (ii) to continue providing such services, and therefore, the Company's non-renewal of the Term will be considered an "involuntary separation from service" within the meaning of Treasury Regulation Section 1.409A-1(n).

(5) In the event of a termination for Good Reason, without Cause, or non-renewal by the Company, the payment of the Severance Amount shall be made at the same times as the Company pays compensation to its employees over the applicable monthly period and any other payments owed under Section 6(c) shall be promptly paid. Provided, however, that any balance of the Severance Amount remaining due on the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)) after the end of the tax year in which the Executive's employment is terminated or the Term ends shall be paid on the last day of the applicable 2½ month period. The payment of the Severance Amount and the acceleration of vesting shall be conditioned on the Executive signing an Agreement and General Release (in the form which is attached as Exhibit A, which is subject to compliance with applicable laws existing as of any termination date) which releases the Company or any of its affiliates (including its officers, directors and their affiliates) from any liability under this Agreement or related to the Executive's employment with the Company provided that (x) the payment of the Severance Amount is made on or before the 90th day following the Executive's termination of employment; (y) such Agreement and General Release is executed by the Executive, submitted to the Company, and the statutory period during which the Executive is entitled to revoke the Agreement and General Release under applicable law has expired on or before that 90th day; and (z) in the event that the 90 day period begins in one taxable year and ends in a second taxable year, then the payment of the Severance Amount shall be made in the second taxable year. Upon any Change of Control event, all payments owed under Section 6(c)(3) shall be paid immediately.

The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities due to no fault of the Executive other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law; (ii) the Company no longer maintains or operates an office in the Phoenix, Arizona Metro Area; (iii) the Company requires the Executive to change her principal business office as defined in Section 3(c) to a location other than the Phoenix, Arizona Metro Area, (iv) a change in Executive's overall compensation or bonus structure such that her overall compensation is materially diminished; or (v) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating her employment with the Company for Good Reason, the Executive must provide written notice to the Company, within 30 days following the Executive's initial awareness of the existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason.

(d) Any termination made by the Company under this Agreement shall be approved by the Board.

(e) Upon (1) voluntary or involuntary termination of the Executive's employment or (2) the Company's request at any time during the Executive's employment (provided it does not interfere with her ability to perform her duties and responsibilities hereunder), the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, manuals, work product, thumb drives or other removable information storage devices, and hard drives, and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or work product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with her employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

7. Indemnification. As provided in an Indemnification Agreement to be entered into between the Company and the Executive, a copy of which is annexed as Exhibit B, the Company shall indemnify the Executive, to the maximum extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of him being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. The Company shall provide, at its expense, directors and officers insurance for the Executive in amounts and for a term consistent with industry standards.

8. Non-Competition Agreement.

a. Competition with the Company. Until termination of her employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, manager, member, or otherwise, of or through any person, firm, corporation, partnership, limited liability company, association or other entity) shall not, directly or indirectly, act as an employee or officer (or comparable position) of, owning an interest in, or providing Services as defined in Section 9(a).

b. Solicitation of Students and Professors. During the periods in which the provisions of Section 8(a) shall be in effect, the Executive, directly or indirectly, will not seek nor accept Prohibited Business from any Students or Professors (each as defined below) on behalf of himself or any enterprise or business other than the Company, refer Prohibited Business from any Student to any enterprise or business other than the Company or receive commissions based on sales or otherwise relating to the Prohibited Business from any Student, or any enterprise or business other than the Company. For purposes of this Agreement, the word "Student" means any person who enrolled as a student in Aspen University Inc. or other school owned, directed or indirectly, by the Company during the 24-month period prior to the time at which any determination is required to be made as to whether any such person is a Student. For purposes of this Agreement, the word "Professor" refers to any person engaged in the teaching of Students (without regard to actual title) at Aspen University Inc. or other school owned, directed or indirectly, by the Company during the 24-month period prior to the time at which any determination is required to be made as to whether any such person is a Professor.

c. Solicitation of Employees. During the period in which the provisions of Section 8(a) and (b) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee of the Company to terminate her or her employment with the Company, for the purposes of providing services for a Prohibited Business, or solicit for employment or recommend to any third party the solicitation for employment of any individual who was employed by the Company or any of its subsidiaries and affiliates at any time during the one year period preceding the Executive's termination of employment.

d. Non-disparagement. The Executive agrees that, after the end of her employment, he will refrain from making, in writing or orally, any unfavorable comments about the Company, its operations, policies, or procedures that would be likely to injure the Company's reputation or business prospects; provided, however, that nothing herein shall preclude the Executive from responding truthfully to a lawful subpoena or other compulsory legal process or from providing truthful information otherwise required by law.

e. No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of her undertakings in this Section 8, and confirms he has received adequate consideration for such undertakings.

f. References. References to the Company in this Section 8 shall include the Company's subsidiaries and affiliates.

9. Non-Disclosure of Confidential Information.

a. Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Services (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Students or Professors, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Student and/or Professor lists, Student and/or Professor information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Students and/or former Students or Professors and/or former Professors. In addition, Confidential Information also includes the names of Students and Professors and the identity of and telephone numbers, e-mail addresses and other addresses of Students or Professors who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Services" shall include all services offered for sale and marketed by the Company during the Term, which as of the Effective Date consist of operating a for profit online university in compliance with all applicable regulatory requirements. Services also includes any other services which the Company has taken concrete steps to offer for sale, but has not yet commenced selling or marketing, during or prior to the Term. Services also include any services disclosed in the Company's latest Form 10-K, Form 10-Q and/or Form S-1 or S-3 (or successor form) filed with the SEC.

b. Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets; (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key relationships with specific prospective or existing Students or Professors, vendors or suppliers; (iv) Student goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Services, methods, operations and procedures. Notwithstanding the foregoing, nothing in this Section 9(b) shall be construed to impose restrictions greater than those imposed by other provisions of this Agreement.

c. Confidentiality. During the Term of this Agreement and following termination of employment, for any reason, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to her employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to her employment. All records, files, materials and other Confidential Information obtained by the Executive in the course of her employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company. The Executive shall not, except in connection with and as required by her performance of her duties under this Agreement, for any reason use for her own benefit or the benefit of any person or entity other than the Company or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

d. References. References to the Company in this Section 9 shall include the Company's subsidiaries and affiliates.

e. Whistleblowing. Nothing contained in this Agreement shall be construed to prevent the Executive from reporting any act or failure to act to the SEC or other governmental body or prevent the Executive from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

10. Equitable Relief.

a. The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave her employment for any reason and/or take any action in violation of Section 8 and/or Section 9, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 10(b) below, to enjoin the Executive from breaching the provisions of Section 8 and/or Section 9.

b. Any action arising from or under this Agreement must be commenced only in the appropriate state or federal court located in Phoenix, Arizona. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

11. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee, directly or indirectly:

a. participate as an individual in any way in the benefits of transactions with any of the Company's vendors, Students, or Professors, including, without limitation, having a financial interest in the Company's vendors, Students, or Professors, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Students, or Professors;

b. realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

c. accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

12. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of her employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company, and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company, and the Executive hereby assigns any such inventions to the Company. An invention, idea, process, program, software, or design (including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional

consideration, the Executive's entire right, title and interest in and to all work product and intellectual property rights, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any work product or intellectual property rights so as to be less in any respect than the Company would have had in the absence of this Agreement. If applicable, the Executive shall provide as a schedule to this Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to her employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section 12 shall include the Company, its subsidiaries and affiliates.

13. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, and if permitted by applicable law, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

14. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

15. Severability.

a. The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

b. If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

16. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery to the addresses detailed below (or to such other address, as either of them, by notice to the other may designate from time to time), or by e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company: Michael Mathews
Chief Executive Officer
Aspen Group, Inc.
276 Fifth Avenue, Suite 505
New York, NY 10001
Email: ___________________

With a copy to: Nason, Yeager, Gerson White & Lioce, P.A.
Attn: Michael D. Harris, Esq.
3001 PGA Blvd., Suite 305
Palm Beach Gardens, Florida 33410
Email: ________________________

To the Executive: Dr. Anne McNamara
____
____
Email: __________________

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

18. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

19. Governing Law. This Agreement shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of Delaware without regard to choice of law considerations.

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

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

22. Section 409A Compliance.

a. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), or an exemption thereunder. This Agreement shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement to the contrary, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service (including a voluntary separation from service for good reason that is considered an involuntary separation for purposes of the separation pay exception under Treasury Regulation 1.409A-1(n)(2)) or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

b. Notwithstanding any other provision of this Agreement, if at the time of the Executive's termination of employment, the Executive is a "specified employee", determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A (e.g., payments and benefits that do not qualify as a short-term deferral or as a separation pay exception) that are provided to the Executive on account of the Executive's separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the Executive's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. If the Executive dies during the six-month period, any delayed payments shall be paid to the Executive's estate in a lump sum upon the Executive's death.

c. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

1. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

2. any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

3. any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

d. In the event the Company determines that the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of the Executive’s separation from service, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive’s separation from service would be considered deferred compensation subject to Section 409A as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive’s separation from service, or (ii) the Executive’s death (the “Six Month Delay Rule”).

1. For purposes of this subparagraph, amounts payable under the Agreement should not provide for a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (e.g., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (e.g., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of the Treasury Regulations.

2. To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

3. To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following her separation from

service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

e. The parties intend that this Agreement will be administered in accordance with Section 409A. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

f. The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, such Section.

[Signature Page To Follow]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

Aspen Group, Inc.

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

Executive:

/s/ Anne McNamara________________
Dr. Anne McNamara

Exhibit A
General Release Agreement

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (the "Agreement") is made and entered into as of ___________ ____, 20__ (the "Effective Date"), by and between Dr. Anne McNamara (the "Employee") and Aspen Group, Inc. (the "Employer" or the "Company").

WHEREAS, the Employee is employed as the Chief Nursing Officer of the Employer;

WHEREAS, the Employee desires to resign as Chief Nursing Officer of the Employer and as an employee in order to pursue other interests;

WHEREAS, the parties wish to resolve all outstanding claims and disputes between them in an amicable manner;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. The Employee hereby resigns as the Chief Nursing Officer and as an employee of the Employer, and the Employer accepts the Employee's resignation, effective as of the Effective Date.

2. In consideration for the Employee's acknowledgments, representations, warranties, covenants, releases and agreements set forth in this Agreement, the Employer agrees to pay the Employee ____ months of her base salary, which equates to $_______, in equal payments of $________ (the "Payments"). All Payments shall be made in accordance with the Employer's customary twice-per-month payroll practices and shall be subject to withholding for all applicable federal, state, social security and other taxes. The Employee acknowledges that he would not otherwise be entitled to the Payments but for her promises in this Agreement.

3. As further consideration, the Employer also agrees to extend any current benefits that Employee previously elected to receive during her employment with Employer for a period of six months.

4. During the above ___-month period in which the Payments are made to the Employee, the Employee agrees to be available to the Employer, its officers, directors, employees, attorneys, or agents, to assist with the transition of any projects of the Employer or to provide any information that the Employee may have knowledge regarding the Employer's business. The Employee may provide this information by telephone and/or email communication.

5. Nothing in this Agreement shall be construed as an admission of liability or wrongdoing by the Employer, its past and present affiliates, officers, directors, owners, employees, attorneys, or agents, and the Employer specifically disclaims liability to or wrongful treatment of the Employee on the part of itself, its past and present affiliates, officers, directors, owners, employees, attorneys, and agents. Additionally, nothing in this Agreement shall be construed as an admission of liability or wrongdoing by the Employee and the Employee specifically disclaims liability to or wrongful acts directed at the Employer.

6. The Employee covenants not to sue, and fully and forever releases and discharges the Employer, its past and present affiliates, directors, officers, owners, employees and agents, as well as its successors and assigns from any and all legally waivable claims, liabilities, damages, demands, and causes of action or liabilities of any nature or kind, whether now known or unknown, arising out of or in any way connected with the Employee's employment with the Employer or the termination of that employment; <u>provided</u>, <u>however</u>, that nothing in this Agreement shall either waive any rights or claims of the Employee that arise after the Employee signs this Agreement or impair or preclude the Employee's right to take action to enforce the terms of this Agreement. This release includes but is not limited to claims arising under federal, state or local laws prohibiting employment discrimination or relating to leave from employment, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended, the Equal Pay Act and the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, claims for attorneys' fees or costs, and any and all claims in contract, tort, or premised on any other legal theory. The Employee acknowledges that the Employee has been paid in full all compensation owed to the Employee by the Employer as a result of Employee's employment, except from compensation due following the Effective Date for 90 days which shall be paid as provided in this Agreement. The Employer and its directors, officers, and employees covenant not to sue, and fully and forever release and discharge the Employee, from any and all legally waivable claims from the beginning of time until the date of this Agreement, and from liabilities, damages, demands, and causes of action, attorney's fees, costs or liabilities of any nature or kind, whether now known or unknown, arising out of or in any way connected with the Employee's employment with the Employer.

7. The Employee represents that he has not filed any complaints or charges against the Employer with the Equal Employment Opportunity Commission, or with any other federal, state or local agency or court, and covenants that he will not seek to recover on any claim released in this Agreement.

8. The Employee agrees that he will not encourage or assist any of the Employer's employees to litigate claims or file administrative charges against the Employer or its past and present affiliates, officers, directors, owners, employees and agents, unless required to provide testimony or documents pursuant to a lawful subpoena or other compulsory legal process.

9. The Employee acknowledges that he is subject to non-compete and confidentiality provisions under that certain Employment Agreement between the Employee and the Employer dated November 1, 2019, (the "Employment Agreement"). Any violation of the non-compete and confidentiality provisions in the Employment Agreement as determined by a court of competent jurisdiction shall result in the termination of the Payments. The Employee further acknowledges that all confidential information regarding the Employer's business compiled, created or obtained by, or furnished to, the Employee during the course of or in connection with her employment with the Employer including suppliers, other sources of supply and pricing, is the Employer's exclusive property. Upon or before execution of this Agreement, the Employee will return to the Employer all originals and copies of any material containing confidential information and the Employee further agrees that he will not, directly or indirectly, use or disclose such information. The Employee will also return to the Employer upon execution of this Agreement any other items in her possession, custody or control that are the property of the Employer, including, but not limited to a laptop computer, iPad and smartphone, her files, credit cards, identification card, flash drives, passwords and office keys.

10. The Employee acknowledges that he has been given at least 21 days to consider this Agreement and that he has seven days from the date he executes this Agreement in which to revoke it and that this Agreement will not be effective or enforceable until after the seven-day revocation period ends without revocation by the Employee. Revocation can be made by delivery of a written notice of revocation to Michael Mathews, Chief Executive Officer at the offices of the Employer, by midnight on or before the seventh calendar day after the Employee signs the Agreement.

11. The Employee acknowledges that he has been advised to consult with an attorney of her choice with regard to this Agreement. The Employee hereby acknowledges that he understands the significance of this Agreement, and represents that the terms of this Agreement are fully understood and voluntarily accepted by him.

12. The Employee and the Employer agree that neither he nor they, nor any of either's agents or representatives will disclose, disseminate and/or publicize, or cause or permit to be disclosed, disseminated or publicized, the existence of this Agreement, any of the terms of this Agreement, or any claims or allegations which the Employee believes he or they could have made or asserted against one another, specifically or generally, to any person, corporation, association or governmental agency or other entity except: (i) to the extent necessary to obtain legal advice or to report income to appropriate taxing authorities; (ii) in response to an order of a court of competent jurisdiction or subpoena issued under the authority thereof; or (iii) in response to any inquiry or subpoena issued

by a state or federal governmental agency; provided, however, that notice of receipt of such order or subpoena shall be emailed to Aspen Group, Inc. - attention Michael Mathews, Michael.mathews@aspen.edu, and in the case of the Employee to Dr. Anne McNamara, anne.mcnamara@aspen.edu, within 24 hours of the receipt of such order or subpoena, so that both the Employee and the Employer will have the opportunity to assert what rights they have to non-disclosure prior to any response to the order, inquiry or subpoena. Either party may give email notice of a different email address.

13. The Employee and the Employer agree to refrain from disparaging or making any unfavorable comments, in writing or orally, about either party, and in the case of the Employer, about its management, its operations, policies, or procedures and in the case of the Employee, to prospective employers, those making inquiry as to the reasons for her separation from the Company or to any person, company or other business entity.

14. In the event of any lawsuit against the Employer that relates to alleged acts or omissions by the Employee during her employment with the Employer, the Employee agrees to cooperate with the Employer by voluntarily providing truthful and full information as reasonably necessary for the Employer to defend against such lawsuit. Provided, however, the Employee shall be entitled to receive reimbursement for expenses, including lost wages, incurred in assisting the Employer regarding any lawsuit.

15. Nothing contained in this Agreement shall be construed to prevent the Employee from reporting any act or failure to act to the Securities and Exchange Commission or other governmental body or prevent the Employee from obtaining a fee as a “whistleblower” under Rule 21F-17(a) under the Securities and Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

16. Except as provided herein, all agreements between the Employer and the Employee including but not limited to the Employment Agreement, are null and void and no longer enforceable.

17. This Agreement sets forth the entire agreement between the Employee and the Employer, and fully supersedes any and all prior agreements or understandings between them regarding its subject matter; provided, however, that nothing in this Agreement is intended to or shall be construed to modify, impair or terminate any obligation of the Employee or the Employer pursuant to provisions of the Employment Agreement that by their terms continues after the Employee’s separation from the Employer’s employment. This Agreement may only be modified by written agreement signed by both parties.

18. The Employer and the Employee agree that in the event any provision of this Agreement is deemed to be invalid or unenforceable by any court or administrative agency of competent jurisdiction, or in the event that any provision cannot be modified so as to be valid and enforceable, then that provision shall be deemed severed from the Agreement and the remainder of the Agreement shall remain in full force and effect.

19. This Agreement and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law provisions of the State of Delaware or of any other state. This Agreement is subject to any modifications required by applicable laws in effect as of the date of execution.

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

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

PLEASE READ CAREFULLY. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

ASPEN GROUP, INC.

By:
Michael Mathews,
Chief Executive Officer

I have carefully read this Agreement and understand that it contains a release of known and unknown claims. I acknowledge and agree to all of the terms and conditions of this Agreement. I further acknowledge that I enter into this Agreement voluntarily with a full understanding of its terms.

Dr. Anne McNamara

Exhibit B
Indemnification Agreement

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is entered into as of this 1st day of November, 2019 (the "Effective Date"), by and between Aspen Group, Inc., a Delaware corporation (the "Company"), and Anne McNamara(the "Indemnitee") and replaces any and all Indemnification Agreements previously entered into between the Parties:

WHEREAS, competent and experienced persons may be reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through liability insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to the corporation;

WHEREAS, the board of directors of the Company (the "Board") has determined that the inability to attract and retain such persons would be detrimental to the best interests of the Company's shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, Section 145 of the Delaware General Corporation Law (the "DGCL") empowers the Company to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations or enterprises;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, the Indemnitee is willing to serve as a director or officer of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Company and the Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Act" means the Securities Exchange Act of 1934.

) "Beneficial Owner" means (as defined in Rule 13d-3 under the Act), any Person who directly or indirectly, owns securities of the Company representing 10% or more of the combined voting power of the Company's then outstanding securities.

) "Change of Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 5.01 on Form 8-K (or in response to any similar item on any similar schedule or form) promulgated under the Act, whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change of Control shall be deemed to have occurred after the Effective Date if a Person (as defined below) becomes the Beneficial Owner without the prior approval of at least two-thirds of the directors in office immediately prior to such person attaining such percentage; (ii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or (iii) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board (including for this purpose, any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

"Effective Date" means the date first above written.

) "Expenses" shall include all reasonable attorney's fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

(h) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or the Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

(i)"Person" means (as such term is used in Sections 13(d) and 14(d) of the Act) an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

(j)"Proceeding" includes any actual or threatened action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, whether or not initiated prior to the Effective Date, except a proceeding initiated by an Indemnitee pursuant to Section 11 of this Agreement to enforce her rights under this Agreement.

(k)"Standard" shall mean the applicable standard of conduct set forth in Sections 145(a) and (b) of the DGCL.

2. Agreement to Serve. The Indemnitee agrees to serve as a director or officer of the Company. The Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). Similarly, the Company shall have no obligation under this Agreement to continue the Indemnitee in any position with the Company.

3. Indemnification — General. The Company shall indemnify and advance Expenses to the Indemnitee as provided in this Agreement and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. However, no indemnification shall be made by the Company (except as ordered by a court) unless a determination has been made in the manner provided for in Section 145(d) of the DGCL and Section 9(b) herein that the Indemnitee has met the applicable Standard. The rights of the Indemnitee provided under the preceding sentence shall include, but shall not be limited to, the rights set forth in the other sections of this Agreement.

4. Third-Party Actions. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of her Corporate Status, he is, or is threatened to be made, a party to any Proceeding, other than a Proceeding by or in the right of the Company. Pursuant to this Section 4, the Indemnitee shall be indemnified against Expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding or any claim, issue or matter therein, if (i) he acted in good faith, and in a manner he reasonably believed to be in or not

opposed to the Company's best interests; and (ii) with respect to any criminal Proceeding, had no reasonable cause to believe her conduct was unlawful. The Indemnitee shall not be entitled to indemnification in connection with any Proceeding charging improper personal benefit to the Indemnitee, whether or not involving action in her official capacity, in which he was judged liable on the basis that personal benefit was improperly received by him.

5. Direct and Derivative Actions. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 5, by reason of her Corporate Status, if he is, or is threatened to be made, a party to any Proceeding brought by a shareholder directly or on behalf of the Company to procure a judgment in its favor. Pursuant to this Section, the Indemnitee shall be indemnified against Expenses actually and reasonably incurred by him or on her behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the Indemnitee shall have been adjudged to be liable to the Company unless the Delaware Court of Chancery or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for such Expenses which the Delaware Court of Chancery or such other court shall deem proper.

The Indemnitee shall not be entitled to the rights of indemnification provided in this Section 5, by reason of her Corporate Status, if he is, or is threatened to be made, a party to any Proceeding brought by the Company, or files any claim against the Company in a Proceeding.

6. Indemnification for Expenses of an Indemnitee. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of her Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify the Indemnitee against all Expenses actually and reasonably incurred by him or on her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 6 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

7. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of her Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on her behalf in connection therewith.

8. Advancement of Expenses. The Company shall advance all reasonable Expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding within 20 working days after the receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses

incurred by the Indemnitee including providing detailed invoices from attorneys and other parties (unless an advance retainer) and shall include, be preceded by or accompanied by, as the case may be, the following: (i) a written affirmation of the Indemnitee's good-faith that he has met the Standard; (ii) an undertaking by or on behalf of the Indemnitee to repay any Expenses advanced if it shall be determined that the Indemnitee did not meet the Standard or that the Indemnitee is not entitled to be indemnified against such Expenses; and (iii) a determination that the facts then known to those making the determination would not preclude indemnification under the DGCL.

The Indemnitee understands and agrees that the undertaking required by this Section 8(ii) shall be an unlimited general obligation of the Indemnitee.

9. Indemnification Procedure.

(a) To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(b) Upon written request by the Indemnitee for indemnification pursuant to Section 9(a) hereof, a determination, if required by applicable law, with respect to the Indemnitee's entitlement thereto shall be made (i) by the Board by a majority vote of a quorum consisting of Disinterested Directors; or (ii) if a quorum cannot be obtained or, even if attainable, a quorum of Disinterested Directors so directs, by (a) Independent Counsel in a written opinion; or (b) by the shareholders of the Company. If it is determined that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within 10 working days after such determination. The Indemnitee shall cooperate with the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination.

10. Presumptions and Effect of Certain Proceedings.

(a) If a Change of Control shall have occurred, in making a determination with respect to entitlement to indemnification hereunder, and following the procedures in Section 9, as applicable, it shall be presumed that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

(b) If the Indemnitee's right to indemnification shall not have been made within 60 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of Section 10(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 9(b) of this Agreement and if (A) within 15 days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the shareholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of shareholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(b) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that her conduct was unlawful.

11. Remedies of the Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 9 of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(b) of this Agreement and such determination shall not have been made and delivered in a written opinion within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 of this Agreement within 10 days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within 10 days after a determination has been made that the Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 9 or 10 of this Agreement, the Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware**,** or in any other court of competent jurisdiction, of her entitlement to such indemnification or advancement of Expenses. The Indemnitee shall commence such proceeding seeking an adjudication within 180 days following the date on which the Indemnitee first has the right to commence such proceeding pursuant to this Section 11(a).

(b) In the event that a determination shall have been made pursuant to Section 9 of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial on the merits and the Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 11, the Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 9 or 10 of this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 11, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) In the event that the Indemnitee, pursuant to this Section 11, seeks a judicial adjudication to enforce her rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses (of the types described in the definition of Expenses in Section 1 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, but only if he prevails therein. If it shall be determined in said judicial adjudication that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by the Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

12. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Articles of Incorporation, the Bylaws, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or any provision hereof shall be effective as to any Indemnitee with respect to any action taken or omitted by such Indemnitee in her Corporate Status prior to such amendment, alteration or repeal.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company may, to the full extent authorized by law, create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and other similar arrangements) to ensure the payment of such amounts as may become necessary to effect indemnification provided hereunder.

13. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) six years after the date that the Indemnitee shall have ceased to serve as a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which the Indemnitee served at the request of the Company; or (b) the final termination of all pending Proceedings in respect of which the Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by the Indemnitee pursuant to Section 11 of this Agreement relating thereto.

14. Exceptions to Indemnification Rights. Notwithstanding any other provision of this Agreement, except for Indemnification or advancement of Expenses in a Proceeding to enforce or claim therein to enforce the provisions of that Agreement, the Indemnitee shall not be entitled to Indemnification or advancement of Expenses with respect to any Proceeding, or any claim therein, brought or made by him against the Company or the Company against the Indemnitee; except as provided in the Company's Certificate of Incorporation. Provided further that no right of indemnification under the provisions set forth herein shall be available to the Indemnitee unless within 10 days after the later of (i) the filing of or (ii) learning of any such Proceeding he shall have offered the Company in writing the opportunity to handle and defend such Proceeding at its own expense.

15. Gender. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

16. Successors. Subject to the provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

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

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

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

20. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressee in person, by Federal Express or similar receipted delivery, or by email delivery as follows:

The Company: Aspen Group, Inc.
276 Fifth Avenue
New York, NY 10001
Attention: Mr. Michael Mathews
Email: michael.mathews@aspen.edu

with a copy to: Michael D. Harris, Esq.
Nason, Yeager, Gerson, White & Lioce, P.A.
3001 PGA Boulevard, Suite 305
Palm Beach Gardens, FL 33410
Email: mharris@nasonyeager.com

To the Indemnitee: Dr. Anne McNamara
____
____
Email: ____________________

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

21. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding relating to this Agreement is filed, the prevailing party shall be entitled to an award by the court of reasonable attorneys' fees, costs and expenses.

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

23. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the

obligations provided herein or performance shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations.

24. Arbitration. Any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in Maricopa County, Arizona (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the rules of the American Arbitration Association then in effect. In any such arbitration proceeding the parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

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

[Signature Page To Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year indicated below.

ASPEN GROUP, INC.

By:
Date Michael Mathews
Chief Executive Officer

INDEMNITEE:

By:
Date Dr. Anne McNamara

<u>RESTRICTED STOCK UNIT AGREEMENT</u>

This Restricted Stock Unit Agreement (this "Agreement"), entered into as of __________________ (the "Grant Date"), sets forth the terms and conditions of an award (this "Award") of restricted stock units ("Units") granted by Aspen Group, Inc., a Delaware corporation (the "Company"), to _____________ (the "Recipient").

1. <u>Definition and Incorporation of Certain Terms</u>. This Award is made pursuant to the Company's _____ Equity Incentive Plan (the "Plan") and the equity award granted hereunder shall be made from the pool of equity awards authorized under the Plan. The terms of the Plan are otherwise incorporated in this Agreement. Capitalized terms used in this Agreement that are not defined in this Agreement have the meanings as used or defined in the Plan. The Recipient hereby acknowledges receipt of the Plan.

2. <u>Award</u>. Effective as of the date of this Agreement, the Recipient was granted __________ Units.

3. <u>Vesting/Forfeiture</u>.

(a) The Units shall vest in equal annual installments over a three year period (with fractional numbers initially rounded up and then rounding down) subject to continued service with the Company as of each applicable vesting date.

Vested Units shall be paid out in the form of shares of the Company's Common Stock with delivery of the Common Stock 10 days upon vesting. The Units shall fully vest upon a Change of Control as defined in the Plan, with delivery of the shares of Common Stock to be issued immediately prior to the occurrence of such Change of Control.

(b) Notwithstanding any other provision of this Agreement, upon resolution of the Board, all Units and shares of Common Stock issued under this Agreement, whether vested or unvested, will be immediately forfeited if any of the events specified in Section 24 of the Plan occur.

4. <u>Profits on the Sale of Certain Shares; Cancellation</u>. If any of the events specified in Section 24 of the Plan occur within 12 months following the date the Recipient last performed services as a director or officer of the Company (the "Termination Date") (or such longer period required by any written employment agreement), the vested units will be delivered in the form of shares of the Company's Common Stock 10 days from the Termination Date. Further, in such event, the Company may at its option cancel the Units and/or the Common Stock underlying the Units. The Company's rights under this Section 4 do not lapse one year from the Termination Date but are a contract right subject to any appropriate statutory limitation period.

5. <u>Rights</u>. The Recipient will receive no benefit or adjustment to the Units with respect to any cash or stock dividend, or other distributions except as provided for in the Plan.

Further, the Recipient will have no voting rights with respect to the Units until the shares of Common Stock are issued.

6. Restriction on Transfer. The Recipient shall not sell, transfer, pledge, hypothecate or otherwise dispose of any Units prior to the applicable vesting date.

7. Reservation of Right to Terminate Relationship. Nothing contained in this Agreement shall restrict the right of the Company to terminate the relationship of the Recipient at any time, with or without cause.

8. Tax Withholding. The Recipient acknowledges and agrees that the Company may require the Recipient to pay, or may withhold from sums owed by the Company to the Recipient, any amount necessary to comply with the minimum applicable withholding requirements that the Company deems necessary to comply with any federal, state or local withholding requirements for income and employment tax purposes.

9. No Obligation to Minimize Taxes. The Company has no duty or obligation to minimize the tax consequences of this Award to the Recipient and will not be liable to the Recipient for any adverse tax consequences arising in connection with this Award. The Recipient has been advised to consult with his own personal tax, financial and/or legal advisors regarding the tax consequences of this Award.

10. 409A Compliance. The provisions of this Agreement and the issuance of the shares of Common Stock in respect of the Units is intended to comply with the short-term deferral exception as specified in Treas. Reg. § 1.409A-l(b)(4).

11. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, as follows:

The Recipient: To the Recipient at the address on the signature page of this Agreement

The Company: Aspen Group, Inc.
276 Fifth Avenue, Suite 505
New York, New York, 10001
Attention: Chief Executive Officer
Email: __________________

with a copy to: Michael D. Harris, Esq.
Nason, Yeager, Gerson, Harris & Fumero, P.A.

3001 PGA Boulevard, Suite 305
Palm Beach Gardens, Florida 33410
Email: ___________________

or to such other address as either of them, by notice to the other may designate from time to time.

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

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

14. Severability. If any term or condition of this Agreement shall be invalid or unenforceable to any extent or in any application, then the remainder of this Agreement, and such term or condition except to such extent or in such application, shall not be affected hereby and each and every term and condition of this Agreement shall be valid and enforced to the fullest extent and in the broadest application permitted by law.

15. Entire Agreement. This Agreement represents the entire agreement and understanding between the parties and supersedes all prior negotiations, understandings, representations (if any), and agreements made by and between the parties. Each party specifically acknowledges, represents and warrants that they have not been induced to sign this Agreement.

16. Governing Law; Exclusive Jurisdiction. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations. Any action arising out of or related to this Agreement shall only be brought in the state or federal courts located in New York County, New York. The parties agree not to raise any objection to the venue including whether it is an inconvenient forum in the federal courts.

17. Headings. The headings in this Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered as of the date aforesaid.

Aspen Group, Inc.

By:___
Michael Mathews
Chief Executive Officer

RECIPIENT

____

Address:

____

____

RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement"), entered into as of ________________ (the "Grant Date"), sets forth the terms and conditions of an award (this "Award") of restricted stock units ("Units") granted by Aspen Group, Inc., a Delaware corporation (the "Company"), to _____________ (the "Recipient").

1. Definition and Incorporation of Certain Terms. This Award is made pursuant to the Company's ______ Equity Incentive Plan (the "Plan"). The terms of the Plan are otherwise incorporated in this Agreement. Capitalized terms used in this Agreement that are not defined in this Agreement have the meanings as used or defined in the Plan. The Recipient hereby acknowledges receipt of the Plan.

2. Award. On __________________ (the "Grant Date"), the Recipient was granted __________ Units.

3. Vesting.

(a) One-half of the Units shall vest on ___________________, subject to acceleration as provided in Section 3(b) or Section 3(d).

(b) All Units shall vest on an accelerated basis if the Company's Common Stock, subject to adjustment for stock splits, stock dividends, combinations and similar events, meets one or more of the following price targets:

(i)if the closing price per share of the Company's Common Stock is at least $9 for 20 consecutive trading days, then 10% of the RSUs granted shall vest immediately;

(ii)if the closing price per share of the Company's Common Stock is at least $10 for 20 consecutive trading days, then 25% of the RSUs granted shall vest immediately; and

(iii)if the closing price per share of the Company's Common Stock is at least $12 for 20 consecutive trading days, then all of the RSUs remaining unvested shall vest immediately;

(c) The vesting of the RSUs shall be subject to continued service with the Company as of each applicable vesting date.

(d) The Units shall fully vest upon a Change of Control as defined in the Plan, with delivery of the shares of Common Stock to be issued immediately prior to the occurrence of such Change of Control.

4. Delivery of Common Stock.

The Recipient must initial one. If no selection is made, Section 4(a) shall be deemed to be selected

i._______Delivery of shares upon vesting.

ii.________If any vesting occurs in the last 45 days of a calendar year, the delivery of Common Stock shall occur on the first business day of the next calendar year.

5. Forfeiture; Profits on the Sale of Certain Shares. Notwithstanding any other provision of this Agreement, upon resolution of the Board, all Units and shares of Common Stock issued under this Agreement, whether vested or unvested, will be immediately forfeited if any of the events specified in Section 24 of the Plan occur. If any of the events specified in Section 24 of the Plan occur within 12 months following the date the Recipient last performed services as a director or officer of the Company (the "Termination Date") (or such longer period required by any written employment agreement), all profits earned from the Recipient's sale of the Company's Common Stock during the two-year period commencing one year prior to the Termination Date shall be forfeited and forthwith paid by the Recipient to the Company. Further, in such event, the Company may at its option cancel the Units and/or the Common Stock underlying the Units. The Company's rights under this Section 5 do not lapse one year from the Termination Date but are a contract right subject to any appropriate statutory limitation period.

6. Rights. The Recipient will receive no benefit or adjustment to the Units with respect to any cash or stock dividend, or other distributions except as provided for in the Plan. Further, the Recipient will have no voting rights with respect to the Units until the shares of Common Stock are issued.

7. Restriction on Transfer. The Recipient shall not sell, transfer, pledge, hypothecate or otherwise dispose of any Units prior to the applicable vesting date.

8. Reservation of Right to Terminate Relationship. Nothing contained in this Agreement shall restrict the right of the Company to terminate the relationship of the Recipient at any time, with or without cause.

9. Tax Withholding. The Recipient acknowledges and agrees that upon shares of Common Stock being delivered as the result of vesting, the Company shall withhold a number of shares of Common Stock owed by the Company to the Recipient having a Fair Market Value, as defined by the Plan, equal to the amount necessary to comply with the minimum applicable withholding requirements of any federal withholding requirements for income and employment tax purposes. As a result of the withholding of Common Stock, the Company shall make the required payments to the United States government.

10. No Obligation to Minimize Taxes. The Company has no duty or obligation to minimize the tax consequences of this Award to the Recipient and will not be liable to the Recipient for any adverse tax consequences arising in connection with this Award. The Recipient has been advised to consult with his own personal tax, financial and/or legal advisors regarding the tax consequences of this Award.

11. 409A Compliance. The provisions of this Agreement and the issuance of the shares of Common Stock in respect of the Units is intended to comply with the short-term deferral exception as specified in Treas. Reg. § 1.409A-l(b)(4).

12. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, as follows:

The Recipient: To the Recipient at the address on the signature page of this Agreement

The Company: Aspen Group, Inc.
276 Fifth Avenue, Suite 505
New York, New York, 10001
Attention: Chief Executive Officer
Email: ____________________

with a copy to: Michael D. Harris, Esq.
Nason, Yeager, Gerson, Harris & Fumero, P.A.
3001 PGA Boulevard, Suite 305
Palm Beach Gardens, Florida 33410
Email: _____________________

or to such other address as either of them, by notice to the other may designate from time to time.

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

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

15. Severability. If any term or condition of this Agreement shall be invalid or unenforceable to any extent or in any application, then the remainder of this Agreement, and such term or condition except to such extent or in such application, shall not be affected hereby and each and every term and condition of this Agreement shall be valid and enforced to the fullest extent and in the broadest application permitted by law.

16. Entire Agreement. This Agreement represents the entire agreement and understanding between the parties and supersedes all prior negotiations, understandings, representations (if any), and agreements made by and between the parties. Each party

specifically acknowledges, represents and warrants that they have not been induced to sign this Agreement.

17. Governing Law; Exclusive Jurisdiction. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations. Any action arising out of or related to this Agreement shall only be brought in the state or federal courts located in New York County, New York. The parties agree not to raise any objection to the venue including whether it is an inconvenient forum in the federal courts.

18. Headings. The headings in this Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered as of the date aforesaid.

Aspen Group, Inc.

By:___
Michael Mathews

Chief Executive Officer

RECIPIENT

____

Address:

____
____

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (the “Agreement”) is entered into as of _________________ (the “Grant Date”) between Aspen Group, Inc. (the “Company”) and ____________ (the “Optionee”).

WHEREAS, by action taken by the Board of Directors (the “Board”) it has adopted the ____ Equity Incentive Plan (the “Plan”); and

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

NOW THEREFORE, in consideration of the mutual covenants and promises hereafter set forth and for other good and valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

1. Grant of Non-Qualified Options. On the Grant Date, the Company irrevocably granted to the Optionee, as a matter of separate agreement and not in lieu of salary or other compensation for services, the right and option to purchase all or any part of _____ shares of authorized but unissued or treasury common stock of the Company (the “Options”) on the terms and conditions herein set forth. The Optionee acknowledges receipt of a copy of the Plan, as amended.

2. Price. The exercise price of the Options is $______, per share.

3. Vesting - When Exercisable.

(a) The Options shall vest in equal annual installments over a three year period (with fractional numbers initially rounded up and then rounding down) subject to continued service with the Company as of each applicable vesting date. Notwithstanding any other provision in this Agreement, the Options shall vest immediately on the occurrence of a Change of Control as defined under the Plan. In the event of a Change of Control, the Options shall be assumed or substituted by the successor corporation or a parent or subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the Options, all Options immediately prior to the closing of the Change of Control event will automatically be exercised by a net exercise of the Options, under which the Company will not require a payment of the exercise price of the Options in cash but will reduce the number of shares of stock issued upon exercise by a whole number of shares based upon the price paid per share by the successor corporation. For example, if the successor corporation pays $2.00 per share and your exercise price is $0.50, if you hold 1,000 options, the Company will issue you 750 shares immediately prior to the Change of Control event. If the successor corporation pays a price per share which is below the exercise price under Section 2, then the Options will terminate immediately upon the Change of Control event if they are not assumed.

(b) Subject to Section 24 of the Plan, any of the vested Options may be exercised prior to and until 6:00 p.m. New York time, 10 years from the Grant Date (the "Expiration Date").

(c) Notwithstanding any other provision of this Agreement, upon resolution of the Board or the Committee (as defined in the Plan), the Options, whether vested or unvested, shall be immediately forfeited if any of the events specified in Sections 24(a) or (b) of the Plan, as applicable, occur.

4. Termination of Relationship.

(a) Except as provided in Section 4(b) or (c), if for any reason the Optionee ceases to perform services for the Company, all rights granted hereunder shall terminate effective 12 months from that date.

(b) If the Optionee ceases to provide services for the Company as a result of her death, the Optionee's estate or any Transferee, as defined herein, shall have the right for 12 months form the date of death to exercise the Options subject to Section 3(c). For the purpose of this Agreement, "Transferee" shall mean a person to whom such shares are transferred by will or by the laws of descent and distribution.

(c) If the Optionee ceases to provide services as a result of becoming disabled within the meaning of Section 22(e)(3) of the Code, all rights granted hereunder shall terminate effective one year from that date.

(d) Notwithstanding anything contained in this Section 4, the Options may not be exercised after the Expiration Date.

(e) Any of the Options that were not vested immediately prior to the Termination Date shall terminate at that time.

For purposes of this Section 4 "Company" shall include subsidiaries and/or affiliates of the Company.

5. Profits on the Sale of Certain Shares; Redemption. The Options granted hereunder shall be subject to the redemption provisions under Section 24(c) of the Plan.

6. Method of Exercise. The Options shall be exercisable by a written notice in the form attached to this Agreement, which shall:

(a) be signed by the person or persons entitled to exercise the Options and, if the Options are being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to counsel for the Company, of the right of such person or persons to exercise the Options;

(b) be accompanied by full payment of the exercise price by tender to the Company of an amount equal to the exercise price multiplied by the number of underlying shares being purchased either in cash, by wire transfer, or by certified check or bank cashier's check, payable to the order of the Company;

(c) be accompanied by payment of any amount that the Company, in its sole discretion, deems necessary to comply with any federal, state or local withholding requirements for income and employment tax purposes. If the Optionee fails to make such payment in a timely manner, the Company may: (i) decline to permit exercise of the Options or (ii) withhold and set-off against compensation and any other amounts payable to the Optionee the amount of such required payment. Such withholding may be in the shares underlying the Options at the sole discretion of the Company.

The certificate or certificates for shares of common stock as to which the Options shall be exercised shall be registered in the name of the person or persons exercising the Options unless the underlying common stock is available to be sold pursuant to a Registration Statement.

7. Anti-Dilution Provisions. The Options granted hereunder shall have the anti-dilution rights set forth in Section 14 of the Plan.

8. Necessity to Become Holder of Record. Neither the Optionee, the Optionee's estate, nor any Transferee shall have any rights as a shareholder with respect to any shares underlying the Options until such person shall have become the holder of record of such shares. No dividends or cash distributions, ordinary or extraordinary, shall be provided to the holder if the record date is prior to the date on which such person became the holder of record thereof.

9. Reservation of Right to Terminate Relationship. Nothing contained in this Agreement shall restrict the right of the Company to terminate the relationship of the Optionee at any time, with or without cause. The termination of the relationship of the Optionee by the Company, regardless of the reason therefor, shall have the results provided for in Section 24 of the Plan.

10. Conditions to Exercise of Options. If a Registration Statement on Form S-8 (or any other successor form) is not effective as to the shares of common stock issuable upon exercise of the Options, the remainder of this Section 10 is applicable as to federal law. In order to enable the Company to comply with the Securities Act of 1933 (the "Securities Act") and relevant state law, the Company may require the Optionee, the Optionee's estate, or any Transferee as a condition of the exercising of the Options granted hereunder, to give written assurance satisfactory to the Company that the shares subject to the Options are being acquired for such person's own account, for investment only, with no view to the distribution of same, and that any subsequent resale of any such shares either shall be made pursuant to a registration statement under the Securities Act and applicable state law which has become effective and is current with regard to the shares being sold, or shall be pursuant to an exemption from registration under the Securities Act and applicable state law.

The Options are further subject to the requirement that, if at any time the Board shall determine, in its discretion, that the listing, registration, or qualification of the shares of common stock underlying the Options upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with the issue or purchase of shares underlying the Options, the Options may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected.

11. Sale of Shares Acquired Upon Exercise of Options. If the Optionee is an officer (as defined by Section 16(b) of the Securities Exchange Act of 1934 ("Section 16(b)")) or a director of the Company, any shares of the Company's common stock acquired pursuant to the Options cannot be sold by the Optionee until at least six months elapse from the Grant Date except in case of death or disability or if the grant was exempt from the short-swing profit provisions of Section 16(b).

12. Transfer. No transfer of the Options by the Optionee by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the letters testamentary or such other evidence as the Board may deem necessary to establish the authority of the estate and the acceptance by the Transferee or Transferees of the terms and conditions of the Options.

13. Duties of the Company. The Company will at all times during the term of the Options:

(a) Reserve and keep available for issue such number of shares of its authorized and unissued common stock as will be sufficient to satisfy the requirements of this Agreement;

(b) Pay all original issue taxes with respect to the issuance of shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith;

(c) Use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

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

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

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

17. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing and shall be delivered to the addresses in person, by FedEx or similar receipted delivery as follows:

The Optionee: at the address on the Signature Page

The Company: Aspen Group, Inc.
276 Fifth Avenue
Suite 305
New York, New York 10001
Attention: Michael Mathews

with a copy to: Michael D. Harris, Esq.
Nason, Yeager, Gerson, Harris & Fumero, P.A.
3001 PGA Boulevard
Suite 305
Palm Beach Gardens, Florida 33410

or to such other address as either of them, by notice to the other may designate from time to time.

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

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

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

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

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

23. Stop-Transfer Orders.

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

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

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

25. Exclusive Jurisdiction and Venue. Subject to Section 24, any action brought by either party against the other concerning the transactions contemplated by or arising under this Agreement shall be brought only in the state or federal courts of New York County, New York. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non convenience.

[Signature Page to Follow]

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

ASPEN GROUP, INC.

By: _____
Michael Mathews, Chief Executive Officer

OPTIONEE:

____

Address:
____
____
____

NOTICE OF EXERCISE

To: ____________________________
____
____
Attention _________, _______________
Facsimile: (____) _____-______

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

Number of Shares to Be Purchased: _______________

Multiplied by: Purchase Price Per Share $______________

Total Purchase Price $_______________

Please check the payment method below:

____ Enclosed is a check for the total purchase price above.

____ Wire transfer sent on _____________, 20__.

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

Name of Option Holder (Please Print): ________________________________

Address of Option Holder

____

Telephone Number of Option Holder: ________________________________

Social Security Number of Option Holder: ________________________________

If the certificate is to be issued to person other than the Option Holder, please provide the following for such person:

____
(Name)

____
(Address)

____

____

____
(Telephone Number)

____
(Social Security Number)

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

I am______ am not ______ [***please initial one***] an accredited investor for at least one of the reasons on the attached Exhibit A. If the SEC has amended the rule defining the definition of accredited investor, the new provisions shall be applicable. I acknowledge that as a condition to exercise the Options, the Company may request updated information regarding the Holder's status as an accredited investor. My exercise of the Options shall be in compliance with the applicable exemptions under the Securities Act and applicable state law.

________________________________ Dated: _________________
Signature of Option Holder

Exhibit A To Stock Option Agreement

For Individual Investors Only:

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

2a. A person who had individual income (exclusive of any income attributable to the person's spouse) of more than who has $200,000 in each of the two most recently completed years and who reasonably expects to have an individual income in excess of $200,000 this year.

2b. Alternatively, a person, who with his or her spouse, has joint income in excess of $300,000 in each applicable year.

3. A director or executive officer of the Company.

Other Investors:

4. Any bank as defined in Section 3(a)(2) of the Securities Act of 1933 ("Securities Act") whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

5. A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

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

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

8. An entity in which all of the equity owners are accredited investors.

Exhibit 21.1

SUBSIDIARIES

Aspen University Inc., a Delaware corporation
Aspen Nursing of Arizona, Inc., an Arizona corporation[1]
Aspen Nursing of Florida, Inc., a Florida corporation[1]
Aspen Nursing of Texas, Inc., a Texas corporation[1]
United States University, Inc., a Delaware corporation

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[1] Subsidiary of Aspen University, Inc.

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 filed on December 13, 2016, as amended by Post-Effective Amendment No. 1 filed on November 21, 2018 (File No. 333-215075), and the Registration Statement on Form S-3 filed on April 11, 2018 (File No. 333-224230), of our report dated July 7, 2020 on the consolidated financial statements of Aspen Group, Inc. as of and for the years ended April 30, 2020 and 2019, which report is included in the Annual Report on Form 10-K of Aspen Group, Inc. for the year ended April 30, 2020.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
July 7, 2020

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that:

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

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

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

4. The registrant'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 : July 7, 2020

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Frank J. Cotroneo, certify that:

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

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

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

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

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

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 : July 7, 2020

/s/ Frank J. Cotroneo

Frank J. Cotroneo
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the annual report of Aspen Group, Inc. (the “Company”) on Form 10-K for the fiscal year ended April 30, 2020, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)

Dated : July 7, 2020

In connection with the annual report of Aspen Group, Inc. (the “Company”) on Form 10-K for the fiscal year ended April 30, 2020, as filed with the Securities and Exchange Commission on the date hereof, I, Frank J. 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 annual report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

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

/s/ Frank J. Cotroneo

Frank J. Cotroneo
Chief Financial Officer
(Principal Financial Officer

Dated : July 7, 2020