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PART I

ITEM 1. BUSINESS.

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

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

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, 2022, 11,522 of 13,334 or 86% of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 9,562 are RNs studying to earn an advanced degree, including 6,672 at Aspen University and 2,890 at USU. In contrast, the remaining 1,960 nursing students are enrolled in Aspen University’s BSN Pre-Licensure program in the Phoenix, Austin, Tampa, Nashville and Atlanta metros.

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

USU has been offering monthly payment plans since the summer of 2017. Today, USU 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 Master of Science in Nursing-Family Nurse Practitioner (“FNP”) program ($375/month).

Fiscal 2022 Overview

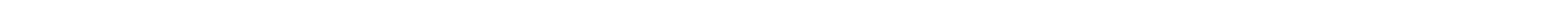
For Fiscal Year 2022, the Company achieved and experienced the following key developments:

Aspen 2.0 Business Plan and Other Trends

In Fiscal Year 2022, the Company implemented its ‘Aspen 2.0’ business plan. Aspen 2.0 is designed to deliver maximum efficiency as defined by revenue earned from each marketing dollar spent. Under the plan, growth spending has been re-focused on our highest efficiency businesses in an effort to accelerate the growth in these units, with decreased spending in our lowest efficiency unit (an area where high growth is not essential). Specifically, we have reduced marketing spending in our traditional AU Nursing + Other unit. In addition, we have suspended spending in our Phoenix metro BSN Pre-Licensure, as it was nearing capacity and also more recently due to regulatory issues described beginning at page 1 of this Report. Those marketing dollars have been redirected towards high LTV programs, specifically our four new BSN Pre-Licensure metros, AU’s online doctoral programs, and USU's MSN-FNP program. Additionally, due to a requirement to collateralize a new surety bond required by the Arizona State Board for Private Postsecondary Education, the Company reduced marketing spend in the fourth quarter of fiscal year 2022 compared to immediately preceding periods. While this resulted in improved operating results for that quarter, we may see negative trends in future periods if the decrease in marketing spend results in a decline in enrollments. In the Phoenix metro, which was profitable, we cannot currently matriculate pre-professional nursing students into the two-year core nursing program. See Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Arizona State Board of Nursing Probation

Because Aspen University’s first-time pass rates for our BSN pre-licensure students taking the NCLEX-RN exam in Arizona fell from 80% in 2020 to 58% in 2021, which is below the minimum 80% standard set by the Arizona State Board of Nursing (“AZ BON”) in March 2022, AU entered into a Consent Agreement for Probation and a Civil Penalty (the “Consent Agreement”) with the AZ BON pursuant to which AU’s Provisional Approval was revoked, with the revocation stayed pending



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 communicate with to each other to achieve our end goal of having real-time data on every aspect of a student's career – whether it be academic in nature or personal, financial or other behavioral aspects.

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, the follow-up calls that should be made in a given day to complete the enrollment process for prospective students in that EAs individually designated 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 a

(https://www.aacnnursing.org/Portals/42/News/Factsheets/Faculty-Shortage-Factsheet.pdf).

The Company is currently operating five pre-licensure locations in the Phoenix, Austin, Tampa, Nashville and Atlanta metros. We started operating in Phoenix in 2018. The Company opened two additional new metro locations in Fiscal Year 2021 (Austin and Tampa) and in Fiscal Year 2022 (Nashville and Atlanta), the latter of which began enrolling first year students in February 2022). We stopped admitting students into our Phoenix locations in the fourth quarter of fiscal year 2022 in accordance with the AZ BON matter.

“One Student at a Ti

Human Capital

We recognize that our performance depends on the education, experiences, and efforts of our employees, and our ability to foster a culture that brings out the best in each. As of April 30, 2022, we had 312 full-time employees, including full-time faculty, and 821 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. Our employees have diverse backgrounds, as evidenced by the fact that approximately 74% of our faculty and staff are female and approximately 48% of our employees self-identify as ethnically diverse.

Diversity and equity are at the heart of our culture, influenced in part by the communities we serve including but not limited to healthcare, the military, and veterans. In support of their respective missions, each of our universities have published diversity and equity statements that guide and support their actions to attract, retain and develop highly qualified administration, faculty, and staff:

> **Aspen University** is committed to diversity, equity, and inclusion in its faculty, administration, and staff hiring practices, employee policies, and student admissions practices and policies. It is committed to non-discrimination in the delivery of its educational services and employment opportunities. The University does not discriminate on the basis of sex, race, color, national origin, religion, age, gender, sexual orientation, veteran status, physical or mental disability, medical condition as defined by law, or any basis prohibited by law.
>
> As forged by its mission and vision and the University's unique and distinctive character to serve the underserved community in California and the nation, **United States University** ensures an uncompromising commitment to offering access to affordable higher education to all individuals who meet the criteria for admission regardless of age, gender, culture, ethnicity, socio-economic class and disability. At all times, USU shall strive to ensure equitable representation of all diverse groups in its student body. USU's diverse administration, faculty and staff shall be equally dedicated to the success of all students. The diversity of USU's administration and faculty shall help enrich curricula, while a diverse staff shall serve students with sensitivity to special needs.

We have learned that an inclusive and positive workplace results in business growth and inspires increased academic and business innovation, the retention of exceptional talent, and a more involved workforce.

Talent Development and Retention

The Company is dedicated to attracting, retaining, and developing employees who adhere to high standards of business and personal integrity and who maintain a reputation for honesty, fairness, respect, responsibility, and trust. Our strategic initiatives require our leadership, management, faculty, and staff to perform at a consistently high level and to adapt and learn new skills and capabilities. Our employees must have a wide and diverse range of education, experience, background, and skill to anticipate and meet our business needs and exercise sound business judgment.

To promote retention, we offer comprehensive compensation and benefits packages that are competitive and performance-based. We have undertaken an analysis of market-competitive compensation and benefits practices to attract new and more culturally diverse employees and to reward current ones. We believe that continuous education aids in employee retention and so we provide a tuition benefit to them, their spouses, or their dependents. Full-time employees receive a 100% tuition discount on most programs offered by the universities. Spouses, legal partners, and legal dependents of full-time employees, as well as adjunct faculty, receive a 50% discount.

To promote career development among our leadership and staff, we provide job and leadership training as well as professional development opportunities. We financially support university administration and management as they seek professional development through professional organizations relevant to their fields and conference attendance. We financially support faculty professional development to stay current in their field of study through NurseTim trainings (nursing faculty only) and conference attendance. The Faculty Speaker Series, Tuesday Teaching Tips, and Research Colloquium, all supported through the Center for Graduate Studies, also contribute to the professional development of faculty.

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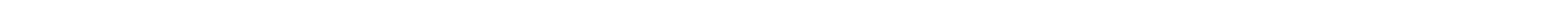
The DOE evaluates institutions on an annual basis for compliance with specified financial responsibility standards that include a complex formula that uses line items from the institution’s audited financial statements. In addition, the financial responsibility standards require an institution to receive 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 [illegible]



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. The 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 ional sub srepres sta HEOAitontic

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 [illegible]

The DOE has begun aggressively pursuing resolution of hundreds of thousands of BDTR claims, granting billions in loan discharges. This has proven quite difficult for institutions as the applicable regulation varies depending on the date of disbursement of the loan for which discharge is sought. Thus, for any borrower applicant, depending on their dates of enrollment and when loans were disbursed, could have their claim reviewed under three different versions of the BDTR regulation.

Now to further complicate this process, the DOE included a revision of the BDTR regulations in the 2021/2022 negotiated rulemaking. The proposed rule is currently with OIRA/OMB and the text is not yet public. However, [illegible]

- the accuracy of our assumptions with respect to our long-term accounts receivable;
- continued demand for the nursing workforce;
- the long-term success of our monthly payment plan;
- our ability to develop awareness among, and attract and retain, high quality learners to our schools;
- the impact on our business of failure by the third parties on which we rely to provide services in running our operations, including administration and hosting of learning management system software for our online classroom;
- any system disruptions to our online computer networks;
- the loss of the services of key personnel and our continued ability to attract and retain our faculty, administrators, management and skilled personnel;
- our and our service providers’ ability to update the technology that we rely upon to offer online education;
- any interruption to our technology infrastructure or service on our websites, including through privacy and data security breaches;
- the potential impact of new laws or regulations governing Internet commerce;
- compliance 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;
- failure to protect our intellectual property and the impact of potential intellectual property infringement claims against us;
- inflation and government responses thereto could result in a recession in the U.S., which could adversely impact us, directly and through lower student enrollments;
- tax treatment of companies engaged in Internet commerce;
- potential impairment of goodwill and intangible assets aFn intanÃtÃtÃcees i n; 6

As more particularly described in “Item 3 – Legal Proceedings,” in April 2022 certain students who had completed the PPN portion of AU’s BSN Pre-Licensure nursing degree program filed a class action lawsuit in Arizona state court against A a̋

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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, the need to comply with, and any failure by us 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.

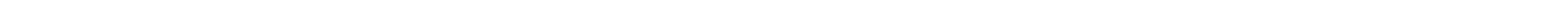
We may fail to detect the existence of a breach of user content and be unable to prevent unauthorized access to user and company content. The techniques used sve t ĵ 2Ewe ulat an

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 ©d any, fevepr ncernment ny anged t en

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 [illegible] DOE's satisfaction. The [illegible]



On February 11, 2013, HEMG, and its Chairman, Mr. Patrick Spada, sued the Company, certain senior management members and our directors in state court in New York seeking damages arising principally from (i) allegedly false and misleading statements in the filings with the SEC and the DOE where the Company disclosed that HEMG and Mr. Spada borrowed $2.2 million without board authority, (ii) the alleged breach of ooo

new and existing academic programs. We engage non-direct response advertising activities, which are expensed as incurred, or the first time the advertising takes place, depending on the type of advertising activity and are included in cost of revenue.

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

Non-GAAP financial measures:

- **Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")** is a non-GAAP financial measure. See "Non-GAAP Financial Measures"

AGI's active degree-seeking student body at AU and USU, declined 4% year-over-year to 13,334 from 13,886. AU's total active student body decreased by 8% year-over-year to 10,225 from 11,117. On a year-over-year basis, USU's total active student body grew by 12% to 3,109 from 2,769. The chart below shows five quarters of active student body results.

Students seeking nursing degrees were 11,522, or 86% of total active students at both universities. Of the students seeking nursing degrees, 9,562 are RNs studying to earn an advanced degree, including 6,672 at Aspen University and 2,890 at USU. In contrast, the remaining 1,960 nursing students are enrolled in Aspen University's BSN Pre-Licensure program in the Phoenix, Austin, Tampa, Nashville and Atlanta metros. The BSN Pre-Licensure program student body decreased from 2,382 to 1,960 year-over-year or 422 students as a result of the enrollment stoppag meg BSN Pre-L0 ye

	FY '21 Enrollments	FY '21 Revenue Bookings	FY '22 Enrollments	FY '22 Revenue Bookings	% Change ˝

On January 20, 2022, the Company announced that Aspen University received the final required state and board of registered nursing regulatory approvals for their new BSN Pre-Licensure location in Atlanta, Georgia. The Atlanta site was occupied by the University of Phoenix, located at 859 Mt. Vernon Highway NE, Suite 100, which is situated just off Interstate 285 in the Sandy Springs suburb in the inner ring of Atlanta. Aspen University began enrolling first-year Pre-Professional Nursing (“PPN”) students in Atlanta in February 2022, and expects to enroll Nursing Core students (Years 2-3) in Fall 2022.

Austin, TX

Aspen University’s BSN Pre-Licensure program in Austin is based in the Frontera Crossing office building located at 101 W. Louis Henna Boulevard in the suburb of Round Rock. The building is situated at the junction of Interstate 35 and State Highway 45, one of the most heavily trafficked freeway exchanges in the metropolitan area with visibility to approximately 143,362 cars per day. Aspen University's initial PPN enrollments began on the September 29, 2020 start date and the first core cohort began in February 2021.

Tampa, FL

Aspen University’s BSN Pre-Licensure program in Tampa is located at 12802 Tampa Oaks Boulevard. The building is visible from the intersection of Interstate 75 and East Fletcher Avenue, near the University of South Florida, providing visibility to approximately 126,500 cars per day. Aspen University's initial PPN enrollments began on the December 8, 2020 start date and the first core cohort began in June 2021.

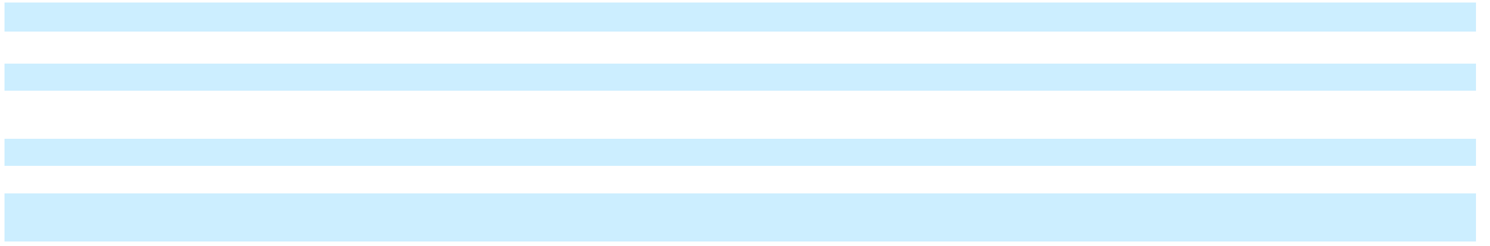
Nashville, TN

Aspen University’s BSN Pre-licensure program in Nashville is located at 1809 Dabbs Ave. The campus is within easy access of Intersection of Interstate 40 and the 155, near the Sonesta Nashville Airport. On April 27, 2021, Aspen University began to enroll first-year PPN students in Nashville, Tennessee. The first core cohort began in June 2021.

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 48-credit degree program with 100% of the curriculum online, including the curricular component to complete 540 clinical and 32 lab hours.

While MSN-FNP lab hours have been done at USU’s San Diego facility through the end of calendar year 2020, enþ â



2023. Our revenue is expected to be lower while the probationary period under the Consent Agr

Corporate marketing costs were $358,976 for Q4 Fiscal 2022 compared to $310,415 for Q4 Fiscal 2021, an increase of $48,561 or 16%.

Fiscal 2022 compared to Fiscal 2021

Instructional Costs and Services

Consolidated instructional costs and services for Fiscal 2022 increased to $19,463,085 or 25% of revenue from $15,275,131 or 23% of revenue for Fiscal 2021, an increase of $4,187,954 or 27%. The increases are due primarily to the factors described above in the three-month costs of revenue discussion.

AU instructional costs and services were 25% and 22% of AU revenue for Fiscal 2022 and Fiscal 2021, respectively. As a percentage of revenue, instructional costs and services increased primarily due to the factors described above in the three month discussion.

USU instructional costs and services were 26% and 25% of USU revenue for Fiscal 2022 and Fiscal 2021, respectively.

Marketing and Promotional

Consolidated marketing and promotional costs for Fiscal 2022 were $15,796,196 or 21% of revenue compared to $14,178,602 or 21% of revenue for Fiscal 2021, an increase of $1,617,594 or 11%. The increase of marketing costs is a result of a planned advertising spending increase during Fiscal Year 2022, targeted primarily to our highest LTV programs. Specifically, the majority of the advertising spending increase was directed toward the growing USU MSN-FNP program and the four new pre-licensure metro locations in Austin, Tampa, Nashville and Atlanta. Partially off- lanTampa. Partiabinstructi Fnstructi ni nstr roTnstr roTng w ucti n ˝ /

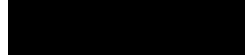
USU general and administrative costs were 36% and 34% of USU revenue for Q4 Fiscal 2022 and Q4 Fiscal 2021, respectively. As a percentage of revenue, general and administrative expense increased due primarily to additional headcount, and the related increase in compensation and benefits, and increased facilities costs associated with the growing USU MSN-FNP program.

Corporate general and administrative costs were $4.2 million in Q4 Fiscal 2022 and $4.4 million in Q4 Fiscal 2021, a decrease of $0.2 million, or 5%. The decrease was primarily due to planned corporate cost control.

Fiscal 2022 compared to Fiscal 2021

Consolidated general and administrative expense for Fiscal 2022 was $45,535,001 or 59% of revenue compared to $41,908,030 or 62% of revenue for Fiscal 2021, an increase of $3,626,971 or 9%. The increase in general and administrative expense is related to the factors described below.

[illegible] of revenue, general and administrative expense increased due primarily to additional headcount, and the related increase [illegible]. As a percentag



Q4 Fiscal 2022 compared to Q4 Fiscal 2021

Other expense, net in Q4 Fiscal 2022 includes: $210,000 of interest expense related to the $5 million Revolving Credit Facility borrowings on August 31, 2021, interest expense of $108,000 related to the $10 million Convertible Notes issued on March 14, 2022, amortization expense of $17,000 related to the 2% annual commitment fee on the undrawn portion of the $20 million Revolving Credit Facility, and $20,000 of amortization expense in connection with the fair value of the warrants issued to the Leon and Toby Cooperman Family Foundation as an extension fee in connection with the $5 million revolving line of credit.

Other expense, net for Fiscal Q4 2021 primarily includes the 2% quarterly commitment fees on the undrawn $5 million Revolving Credit Facility which matured on November 4, 2021.

Fiscal 2022 compared to Fiscal 2021

Other expense, net in Fiscal 2022 primarily includes: $498,120 of a litigation settlement amount received on July 21, 2021 offset by the write-off of a related net receivable of $45,329 with the adverse party in this litigation; partially offset by interest expense of approximately $411,000 related to the period of time after August 31, 2021 that the $5 million Revolving Credit Facility was fully drawn, amortization expense of $58,000 related to the 2% annual commitment fee incurred during the period of time prior to August 31, 2021 that the $5 million Revolving Credit Facility was undrawn, interest expense of $108,000 related to the $10 million Convertible Notes issued on March 14, 2022, amortization expense of $17,000 related to the 2% annual commitment fee for the undrawn $20 million Revolving Credit Facility, $69,000 of amortization expense in connection with the fair value of the warrants issued to the Leon and Toby Cooperman Family Foundation as an extension fee in connection with the $5 million revolving line of credit; and a $36,000 loss on disposal of fixed assets.

Other expense, net for Fiscal Year 2021 includes: interest expense of (i) a non-cash charge of $1.4 million of accelerated amortization expense related to the conversion of the $10 million Convertible Notes which occurred on September 14, 2020; (ii) $0.5 million for the $10 million Convertible Notes issued on January 22, 2020 as well as the commitment fee on the $5 million Revolving Credit Facility; (iii) an adjustment of $0.3 million related to the previously reported earned revenue fee calculation deemed immaterial to our Fiscal Year 2019 revenue; (iv) a non-cash modification and accelerated amortization charges of $0.2 million related to the exercise of the 2018 and 2019 Cooperman Warrants on June 5, 2020; partially offset by $0.3 million of other income.

Income Tax (Benefit) Expense

	Three Months Ended April 30,				Years Ended April 30,			
	2022	$ Change	% Change	2021	2022	$ Change	% Change	2021
Income tax expense (benefit)	$ 38,880	$51,326	(412)%	$ (12,446)	$ 427,400	$394,756	1,209%	$ 32,644

Income tax expense in Q4 Fiscal 2022 includes a reserve of approximately $40,000 for the estimated Fiscal Year 2022 Canada foreign income tax liability which covers the 2022 tax year for which a permanent establishment is in place in Canada. The Company will file an annual Canadian T2 Corporation Income Tax return to report the ongoing activity of the permanent establishment for 2022.

Income tax expense in Fiscal 2022 includes a reserve of $300,000 for the Canada foreign income tax liability which covers the 2013 through 2021 tax years during which a permanent establishment was in place in Canada. Additionally, the Company recorded a reserve of $100,000 for the estimated Fiscal Year 2022 Canada foreign income tax liability. The Company is prepared to file Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA") to cover the 2013 through 2021 tax years. The Company will also file an annual Canadian T2 Corporation Income Tax return to report the ongoing activity of the permanent establishment for 2022 and future taxation years.

Non-GAAP – Financial Measures

This discussion and analysis includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income (loss),

operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of AGI ential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance AP.

, Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Gross Profit, which are non-GAAP financial measures. We believe benefit from referring to the following non-GAAP financial measures to evaluate and assess our core operating results from period- that affect comparability. Our management recognizes that the non-GAAP financial measures have inherent limitations because of

-GAAP financial measures to the most comparable financial measures calculated in accordance with GAAP. We believe that together with the reconciliation to GAAP, helps investors make comparisons between AGI and other companies. In making any ed to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under

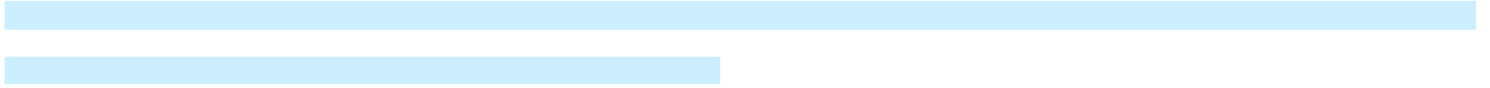
xcluding: (1) bad debt expense; (2) stock-based compensation; and (3) non-recurring charges or gains. The following table A and Adjusted EBITDA and of net loss margin to the Adjusted EBITDA margin:

	Three Months Ended April 30,		For the Years Ended April 30,	
	2022	2021	2022	2021
	$ (2,128,638)	$ (2,319,986)	$ (9,585 A91	$INÂ 1 s

conversion of $10 million Convertible Notes on September 14, 2020 (included in "Interest expense, net"). An additional non-recurring item in Q1 Fiscal 2021 of $123,947 (included in "Interest expense, net"), which arose from the acceleration of amortization arising from the exercise of warrants issued to a lender.

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

	Three Months End(aP A			A



ITEM 7A. QUANTITATIVE AND QUALITATIVE D

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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 29, 2022

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 29, 2022
/s/ Matthew LaVay Matthew LaVay	Chief Financial Officer (Principal Financial Officer)	July 29, 2022
/s/ Robert Alessi Robert Alessi	Chief Accounting Officer (Principal Accounting Officer)	July 29, 2022
/s/ Andrew Kaplan Andrew Kaplan	Director	July 29, 2022
/s/ Michael Koehneman Michael Koehneman	Director	July 29, 2022
/s/ Sanford Rich Sanford Rich	Director	July 29, 2022
/s/ Doug Kass Doug Kass	Director	July 29, 2022
/s/ Dr. Joan Prince Dr. Joan Prince	Director	July 29, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors 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, 2022 and 2021, 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, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of April 30, 2022 and 2021, and the consolidated results of its operations and its cash flows for each of the two years in the period ended April 30, 2022, 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 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. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to [illegible] Matters

Goodwill and Intangibles Impairment Assessment

As described in footnote 2 "Goodwill and Intangibles" and in footnote 5, to the consolidated financial statements, the Company's consolidated Goodwill balance was $5,011,432 and Intangible Assets, net was $7,900,000 at April 30, 2022. Goodwill is tested for impairment by management at least annually at the reporting unit level and intangible assets with indefinite-lives are also tested for impairment at least annually. The determination of fair value of a reporting unit or fair value of indefinite-lived intangible assets requires management to make significant estimates and assumptions related to forecasts of future revenues, operating margins, discount rates and contributory asset charges. As disclosed by management, changes in these assumptions could have a significant impact on either the fair value of the reporting unit, the goodwill impairment charge, or both and on the fair value of indefinite-lived intangible assets.

We identified the goodwill and indefinite-lived intangible asset impairment assessment as a critical audit matter. Auditing management's judgments regarding forecasts of future revenues and operating margins, the discount rate to be applied and the contributory asset charge involved a high degree of subjectivity.

The primary procedures we performed to address this critical audit matter included (a) evaluated the reasonableness of management's forecasts by comparing them to historical information, year to date current information and other supporting information, (b) assessed the reasonableness of the discount rate by evaluating each component, (c) evaluated

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

	April 30,	
	2022	**2021**
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	$ 1,893,287	$ 1,466,488
Accrued expenses	2,821,432	2,040,896
Deferred revenue	5,889,911	6,825,014
Due to students	4,063,811	2,747,484
Operating lease obligations, current portion	2,036,570	2,029,821
Other current liabilities	130,262	307,921
Total current liabilities	16,835,273	1 urrentTFe

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended April 30,	
	2022	2021
Revenue	$ 76,694,366	$ 67,812,520
Operating expenses:		
Cost of revenues (exclusive of depreciation and amortization shown separately below)	35,259,281	29,453,733
General and administrative	45,535,001	41,908,030
Bad debt expense	1,500,000	2,268,540
Depreciation and amortization	3,370,407	2,426,365
Total operating expenses	85,664,689	76,056,668
Operating loss	(8,970,323)	(8,244,148)
Other income (expense):		
Interest expense	(718,786)	(2,051,381)
Other income (expense), net	530,728	(120,800)
Total other expense, net	(188,058)	(

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

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

	Years Ended April 30,	
	2022	2021
Net decrease in cash and cash equivalents	$ (749,932)	$ (4,240,686)
Cash, cash equivalents and restricted cash at beginning of year	13,666,079	17,906,765
Cash, cash equivalents and restricted cash at end of year	$ 12,916,147	$ 13,666,079
Supplemental disclosure cash flow information:		
Cash paid for interest	$ 470,895	$ 310,958
Cash paid for income taxes	$ 27,400	$ 57,208
Supplemental disclosure of non-cash investing and financing activities:		
Warrants issued as part of the 2018 Credit facility amendment	$ 137,500	$ —
Warrants issued for Intercreditor Agreement Amendment	$ 118,000	$ —
Common stock issued for conversion of Convertible Notes	$ —	$ 10,000,000

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,	
	2022	2021
Cash and cash equivalents	i ¡	

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

Note 1. Nature of Operations

Overview

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

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

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

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

Since 2009, USU has been institutionally 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.

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, the valuation of lease liabilities and the carrying value of the [illegible] ("ROU assets"), depreciable live [illegible]

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.

The Company’s non-financial assets, such as goodwill, intangible assets, ROU assets, and property and equipment, are adjusted to fair value only when an impairment is recognized. Such fair value measurements are based predominantly on Level 3 inputs**.**

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. The monthly payment plan represents the majority of the payments that are made by AGI's total active students, making it the most common payment type. In instances where a student selects financial aid as the primary payment option, the student often selects personal cash as the secondary option. If a student who has selected financial aid as the student's 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 the student's 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 and payors other than students, AGI 5c d ac d

Property and equipment are recorded at cost less accumulated depreciation and amortization. Repairs and maintenance costs are expensed in the period incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, or, in the case of leasehold improvements, the lease term, if shorter.

Category	Useful Life
Computer equipment and hardware	3 years
Software	5 years
Instructional equipment	5 years
Furniture and fixtures	7 years
Leasehold Improvements	The lesser of 8 years or 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. Amortization 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.

The Company has construction in progress which includes property and equipment amounts for new campuses. These assets are not depreciated until they are completed and reclassified to the appropriate category within property and equipment.

Upon the retirement or disposition of property and equipment, the related cost and accumulated depreciation or amortization 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 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

Long-lived assets, which consist of ROU assets, property and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscountf

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

Leases

The Company accounts for leases in accordance with FASB issued ASU No. 2016-2, *Leases (Topic 842)*. 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 financing 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 [illegible] is recorded [illegible] The Company expenses any additional [illegible] payments under its operating leases for taxes, in[illegible]

is permitted, including adoption in an interim period. The amendments will impact our disclosures but will not otherwise impact the consolidated financial statements. The Company is currently evaluating the new guidance.

Reclassifications

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

The Company has concluded that based on industry practices, the preferred presentation for cash received in advance for unearned tuition and stipends should be reclassified from "restricted cash" to "cash and cash equivalents." The cash balance of $3,958,793 for funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs at April 30, 2021, which was previously included in "restricted cash" in the accompanying consolidated balance sheet, was reclassified to "cash and cash equivalents" to align with the current year presentation. There is no impact to total current assets included in the accompanying consolidated balance sheet at April 30, 2021. The restricted cash balance at April 30, 2021, now includes collateral for letters of credit and a compensating balance arrangement under a secured credit line of $1,193,997.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at April 30, 2022 and 2021:

	April 30,	
	2022	2021
Total accounts receivable, gross	$ 39,226,054	$ 30,264,393
Long-term contractual accounts receivable	(11,406,525)	(10,249,833)
Accounts receivable, gross	27,819,529	20,014,560
Less: allowance for doubtful accounts	(3,460,288)	(3,289,816)
Accounts receivable, net	$ 24,359,241	$ 16,724,744

Bad debt expense for the years ended April 30, 2022 and 2021, was $1,500,000 and $2,268,540, 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.

When assets are disposed of before reaching the end of their useful lives, both the recorded cost of the fixed asset and the corresponding amount of accumulated depreciation is reversed. Any remaining difference between the two is recognized as either other income or expense.

Property and equipment consisted of the following:

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

	April 30,			
	2022		2021	
Computer equipment and hardware	$	1,516,475	$	956,463
Furniture and fixtures		2,193,26[illegible]		

finite-lived, of $2.2 million, and they became fully amortized during fiscal 2020. There wasno amortization expense for the years ended April 30, 2022 and 2021.

Note 6. Courseware and Accreditation

As courseware and accreditation reach the end of their useful life, they are written off against the accumulated amortization. There is no expense impact for such write-offs for the years ended April 30, 2022 and 2021.

Courseware and accreditation consisted of the following:

	April 30,	
	2022	2021
Courseware	$ 575,283	$ 408,222
Accreditation	59,350	59,350
	634,633	467,572
Accumulated amortization	(360,586)	(280,276)
Courseware and accreditation, net	$ 274,047	$ 187,296

Amortization expense of courseware and accreditation is as follows:

	Years Ended April 30,	
	2022	2021
Courseware and accreditation amortization expense	$ 80,310	$ 44,709

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

The following is a schedule of estimated future amortization expense of courseware and accreditation at April 30, 2022 (by fiscal year):

	Future Expense
2023	$ 83,690
2024	70,142
2025	59,054
2026	52,579
2027	8,582 o
Total	$ 274,047

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. As discussed in Note 10. Commitments and Contingencies, the Company and Aspen University sued HEMG seeking to recover sums due under the agreements. Ultimately, the Company and Aspen University obtained a favorable default judgment, and as a result received a distribution from the bankruptcy trustee court of $

$1,692,309. On Septembeept

relating to the program, as outlined below. At this time, the only action taken by Aspen was to file for change of venue which was granted. The size of the potential class is not yet known.

On February 11, 2013, HEMG, and its Chairman, Mr. Patrick Spada, sued the Company, certain senior management members and our directors in state court in New York seeking damages arising principally from (i) allegedly false and misleading statements in the filings with the SEC and the DOE where the Company disclosed that HEMG and Mr. Spada borrowed $2.2 million without board authority, (ii) the alleged breach of an April 2012 agreement whereby the Company had agreed, subject to numerous conditions and time limitations, to purchase certain shares of the Company from HEMG, and (iii) alleged i di rt

students taking the NCLEX-RN test in Arizona fell from 80% in 2020 to 58% in 2021, which is below the minimum 80% standard set by the Arizona Board of Nursing. As a result of the decline in NCLEX pass rates and other issues, and in alignment with a recommendation from the Arizona State Board of Nursing, the university voluntarily suspended BSN pre-licensure enrollments and the formation of new cohorts at its two Phoenix pre-licensure locations, effective February 2022. In March 2022, Aspen University entered into a Consent Agreement for Probation and a Civil Penalty (the "Consent Agreement") with the Arizona State Board of Nursing in which Aspen University's Provisional Approval was revoked, with the revocation stayed pending Aspen University's compliance with the terms and conditions of the Consent Agreement. The probationary period is 36 months from the date of the Consent Agreement. In June 2022, the AZ BON granted approval of Aspen University's request for provisional approval as long as the program is in compliance with the consent agreement through March 31, 2025. The stay is broken into two phases, the first lasting through the end of Calendar Year 2022. During Phase I, Aspen University is not permitted to enroll any new students into the core component of its pre-licensure nursing program in Arizona, and must achieve the AZ BON-required 80% NCLEX pass rate for the Calendar Year 2022 annual reporting cycle. If this benchmark is not achieved, the AZ BON may lift the stay and initiate the revocation. If Phase I is completed successfully, Phase II will commence with Aspen on Probation (regular or "stayed revocation" probation, depending on the outcome of Phase I). Aspen is permitted to begin enrollments into the core component of its pre-licensure nursing program in Arizona once four consecutive quarters of 80% NCLEX first-time pass rates occur. However, once achieved, if the NCLEX pass rate falls below 80% for any quarter, the AZ BON may limit enrollments, and repeated failures may result in a required cessation of enrollments and teach-out of the program. The terms of the Consent Agreement also include requirements that we provide the AZ BON with monthly reports, provide that our faculty and administrators undergo additional training, retain an approved consultant to prepare and submit evaluations to the AZ BON, and hire a minimum of 35% full-time qualified faculty by September 30, 2022. To date, Aspen has provided the required reports to the AZ BON timely, contracted for and held the required faculty and administrator trainings, and hired and begun working with the AZ BON-approved consultant whose report to the AZ BON is due August 30, 2022. Aspen continues to work towards the 35% full-time faculty requirement (currently at 31%) and has hired a recruiting firm to assist in that endeavor. Aspen University is not currently enrolling students in the BSN Pre-licensure program in Arizona.

Aspen University has also entered into a Stipulated Agreement with the Arizona State Board for Private Postsecondary Education which required the University to post a surety bond for $18.3 million in the fourth quarter of fis

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ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

value of the warrants for the year ended April 30, 2022, respectively, which is included in general and administrative expense in the accompanying consolidated statement of operations.

Fiscal 2021 activity

On June 5, 2020, the Company, as an inducement to exerciseA eA o A ˝ Z

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ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

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

	April [illegible]	

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

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

	April 30,	
	2022	**2021**
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	4.2 %	4.4 %
Effect on change in federal tax rates	— %	— %
Federal and State Minimum Taxes	— %	(0.2)%
Permanent Differences	(1.9)%	(0.2)%
Foreign income tax	(4.4)%	— %
Change in Tax Rates - States	1.1 %	(2.8)%
Change in Tax Credits	— %	— %
Change in Valuation Allowance	[illegible]	(22.8)%
Other	25.6 %	0.3 %
Effective Income Tax Rate	(4.7)%	(0.3)%

The Company determined that it has a permanent establishment in Canada, as defined by article V(2)(c) of the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital (the “Treaty”), which would be subject to Canadian taxation as levied under the Income Tax Act. The Company is preparing to file Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Proga

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2022 and 2021

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30
Year Ended April 30, 2022				
Revenue	$ 19,430,995	$ 18,940,211	$ 18,944,798	$ 19,378,362
Cost of revenue (exclusive of depreciation and amortization)	8,593,568	8,789,201	9,275,419	8,601,093
Operating loss	(1,238,459)	(2,657,536)	(3,335,644)	(1,738,684)
Loss before income taxes	(719,878)	(2,846,358)	(3,502,387)	(2,089,758)
Net loss	(870,888)	(2,852,258)	(3,733,997)	(2,128,638)
Net loss per share allocable to common stockholders - basic and diluted	$ (0.03)	$ (0.11)	$ (0.15)	$ (0.09)

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended “ ˇ	

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), the Registration Statement on Form S-8 filed on September 21, 2020 (File No. 333-248932) and the Registration Statement on Form S-3 filed on December 18, 2020, as amended by Amendment No. 1 filed on March 17, 2021 (File No. 333-251459), of our report dated July 29, 2022 on the consolidated financial statements of Aspen Group, Inc. as of and for the years ended April 30, 2022 and 2021, which report is included in the Annual Report on Form 10-K of Aspen Group, Inc. for the year ended April 30, 2022.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
July 29, 2022

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, M

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 endedo t LC