



## EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the "Amendment") amends the Annual Report on Form 10-K (the "2019 Form 10-K") of Aspen Group, Inc. (the "Company") for the year ended April 30, 2019, as filed with the Securities and Exchange Commission (the "SEC") on July 9, 2019. We are filing this Amendment solely to correct a typographical error in the disclosure regarding the Company's cash position as of July 9, 2019 in the Liquidity section of Item 7 of Part II – Management's Discussion and Analysis of Item 7 section of the 2019 Form 10-K.

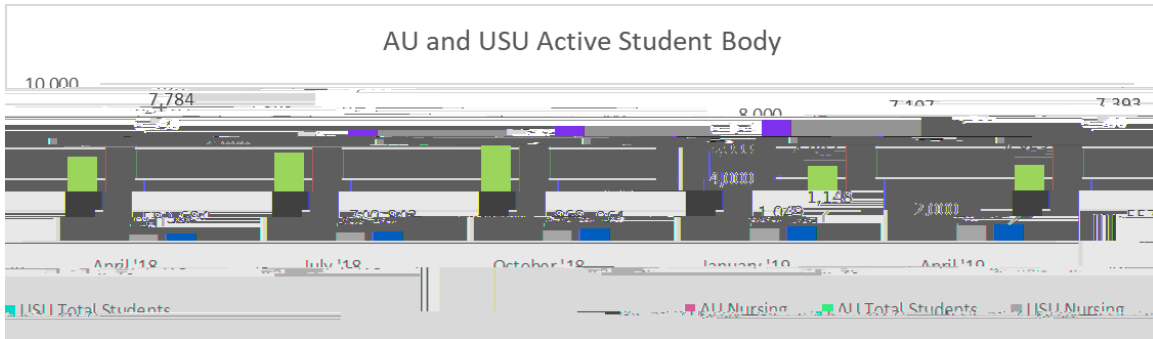
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**PART II**

**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





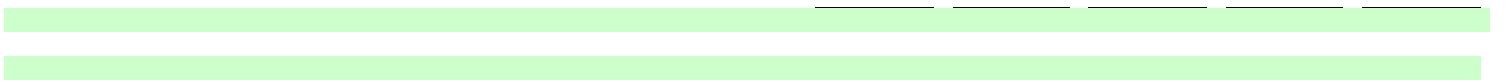
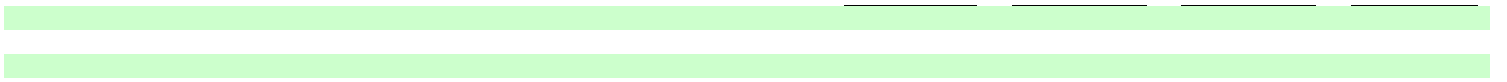
\* Note: "Active Degree-Seeking Students" are defined as degree-seeking students who were enrolled in a course during the quarter reported or are registered for an upcoming course.

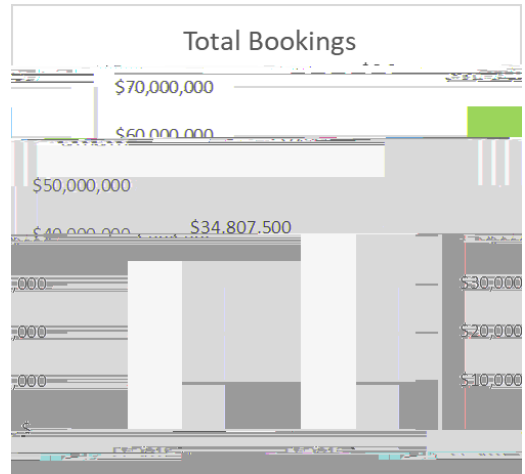
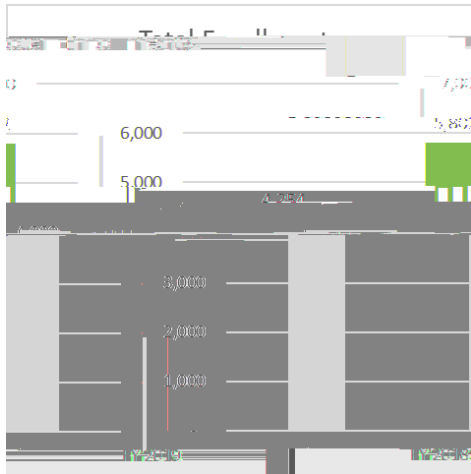
### AGI New Student Enrollments

AGI delivered 1,560 new student enrollments for the fiscal fourth quarter, a 23% increase year-over-year. Aspen University accounted for 1,243 new student enrollments (includes 113 Doctoral enrollments and 186 Pre-licensure BSN AZ campus enrollments). USU accounted for 317 new student enrollments (primarily MSN-Family Nurse Practitioner ("FNP") enrollments), a 79% increase year-over-year. Enrollments for Aspen University's Pre-Licensure BSN program increased 92% sequentially as the university began accepting enrollments for prerequisite students taking online courses in anticipation of entering the HonorHealth final two-year core campus program targeted to launch

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

	New Student Enrollments					EAs		Enrolls/ Month/EA
	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q4'18	Q4'19	
Aspen (Nursing + Other)	980	882	1,104	895	944	49	48	6.6
Aspen (Doctoral)	116	118						





\* Note: "Bookings" are defined by multiplying LTV by new student enrollments for each operating unit. "Average Revenue Per User or (ARPU)" is defined by dividing total bookings by total enrollments.

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

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As mentioned in the accounts receivab

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## **Results of Operations**

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

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

### **Revenue**

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

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

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

### **Cost of Revenues (exclusive of amortization)**

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

#### **Instructional Costs and Services**

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

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

#### **Marketing and Promotional**

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

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

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

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

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

### **Costs and Expenses**

#### **General and Administrative**

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

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



**Marketing and Promotional**

Marketing and promotional costs for the 2019 Quarter were \$2,337,486 or 23% of revenues compared to \$2,039,832 or 28% of revenues for the 2018 Quarter, an increase of \$297,654 or 15%.

Aspen University marketing and promotional costs represented 21% of Aspen University revenues for the 2019 Quarter, while USU marketing and promotional costs equaled 19% of USU revenues for the 2019 Quarter.

AGI corporate marketing expenses equaled \$201,190 for the 2019 Quarter compared to \$247,835 for the 2018 Quarter, a decrease of \$46,645 or 19%.

Gross profit rose to 56% of revenues or \$5,683,536 for the 2019 Quarter from 49% of revenues or \$3,506,254 for the 2018 Quarter.

Aspen University gross profit represented 58% of Aspen University revenues for the 2019 Quarter, while USU gross profit equaled 55% of USU revenues during the 2019 Quarter.

**Costs and Expenses**

**General and Administrative**

General and administrative costs for the 2019 Quarter were \$6,669,767 compared to \$5,353,495 during the 2018 Quarter, an increase of \$1,316,272 or 25%.

Aspen University general and administrative costs which are included in the above amount represented 43% of Aspen University revenues for the 2019 Quarter, while USU general and administrative costs represented 43% of USU revenues for the 2019 Quarter.





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

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

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

**Liquidity and Capital Resources**

A summary of our cash flows is as follows:

	For the Years Ended	
	April 30,	
	2019	2018
Net cash uso		





For accounts receivable from primary payors other than students, Aspen estimates its allowance for doubtful accounts by evaluating



**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](#).



**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.**

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Joseph Sevely, 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; and
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.

Date: July 17, 2019

*/s/ Joseph Sevely*

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Joseph Sevely  
Chief Financial Officer  
(Principal Financial Officer)