Aspen University, Inc.

Financial Statements

April 30, 2022 and 2021

OPE ID NUMBER: 04080300

Aspen University, Inc.

Table of Contents to Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder of:
Aspen University, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Aspen University, Inc. (a wholly-owned subsidiary of Aspen Group, Inc.) (the "Company"), which comprises the balance sheets at April 30, 2022 and 2021, and the related statements of operations, changes in stockholder's equity, and cash flows for the years ended April 30, 2022 and 2021 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspen University, Inc. as of April 30, 2022 and 2021, and the results of its operations and its cash flows for the years ended April 30, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying footnote 15 on the Company's calculation of its Title IV 90/10 revenue test, footnote 13 on related party transactions and Supplemental Schedule I – Financial Responsibility Supplemental Schedule are required by the U.S Department of Education and are presented for purposes of additional analysis and was not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2022 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Aspen University's internal control over financial reporting and compliance.

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December 29, 2022

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Aspen University, Inc.
Balance Sheets

	April 30, 2022	April 30, 2021
Assets		
Current assets:		
Cash	$ 2,235,913	$ 8,727,325
Restricted cash	1,114,089	874,689
Accounts receivable, net of allowance of $2,713,014 and $2,783,461, respectively	15,992,161	11,914,235
Prepaid expenses	424,492	487,595
Other current assets	565,386	67,655
Total current assets	20,332,041	22,071,499
Property and equipment:		
Computer equipment and hardware	1,029,590	730,928
Furniture and fixtures	2,052,053	1,605,714
Leasehold improvements	5,529,096	5,573,083
Instructional equipment	477,525	193,771
Software	9,149,371	8,429,907
Construction in progress	2,100	247,767
	18,239,735	16,781,170
Accumulated depreciation and amortization	(7,351,827)	(4,495,600)
Total property and equipment, net	10,887,908	12,285,570
Courseware and accreditation, net	89,059	101,477
Accounts receivable, secured - net of allowance of $0 and $625,963, respectively	—	45,329
Long-term contractual accounts receivable	4,381,677	4,212,389
Operating lease right-of-use assets, net	9,243,517	11,075,701
Deposits and other assets	381,298	342,715
Total assets	$ 45,315,500	$ 50,134,680

(Continued)

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

Aspen University, Inc.
Balance Sheets

	April 30, 2022	April 30, 2021
Liabilities and Stockholder's Equity		
Liabilities:		
Current liabilities:		
Accounts payable	$ 1,322,577	$ 759,002
Accrued expenses	612,717	480,943
Deferred revenue	5,691,972	6,774,335
Due to students	3,253,794	2,412,965
Operating lease obligations, current portion	1,141,052	1,049,038
Other current liabilities	50,499	4,153
Total current liabilities	12,072,611	11,480,436
Operating lease obligations, less current portion	12,606,965	15,496,929
Total liabilities	24,679,576	26,977,365
Commitments and contingencies - See Note 8		
Stockholder's equity:		
Common stock, $0.01 par value; 1,000 shares authorized, issued and outstanding at April 30, 2022 and 2021, respectively	1	1
Additional paid-in capital	13,364,754	22,026,561
Retained earnings	7,271,169	1,130,753
Total stockholder's equity	20,635,924	23,157,315
Total liabilities and stockholder's equity	$ 45,315,500	$ 50,134,680

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

Aspen University, Inc.

Statements of Operations

	Years Ended April 30,	
	2022	2021
Revenue	$ 51,839,354	$ 47,942,339
Operating Expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately)	23,565,471	19,948,006
General and administrative	18,429,882	16,504,868
Bad debt expense	950,000	1,862,000
Depreciation and amortization	2,809,255	2,210,166
Total operating expenses	45,754,608	40,525,040
Operating income	6,084,746	7,417,299
Other income (expense), net	416,617	(102,962)
Income before income taxes	6,501,363	7,314,337
Income tax expense	360,947	32,644
Net income	$ 6,140,416	$ 7,281,693

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

Aspen University, Inc.
Statements of Changes in Stockholder's Equity
For the Years Ended April 30, 2022 and 2021

	Common Stock				
	Shares	**Amount**	**Additional Paid-In Capital**	**(Accumulated Deficit) Retained Earnings**	**Total Stockholder's Equity**
Balance as of April 30, 2020	1,000	$ 1	$ 25,553,746	$ (6,150,940)	$ 19,402,807
Distribution of capital to parent, net	—	—	(3,527,185)	—	(3,527,185)
Net income	—	—	—	7,281,693	7,281,693
Balance as of April 30, 2021	1,000	1	22,026,561	1,130,753	23,157,315
Distribution of capital to Affiliates, net	—	—	(8,661,807)	—	(8,661,807)
Net income	—	—	—	6,140,416	6,140,416
Balance as of April 30, 2022	1,000	$ 1	$ 13,364,754	$ 7,271,169	$ 20,635,924

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

Aspen University, Inc.
Statements of Cash Flows

	Years Ended April 30,	
	2022	2021
Cash flows from operating activities:		
Net income	$ 6,140,416	$ 7,281,693
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	950,000	1,862,000
Depreciation and amortization	2,809,255	2,210,166
Non-cash lease (benefit) expense	(1,739,061)	39,179
Tenant improvement allowances received from landlords	773,295	4,593,255
Loss on asset disposal	36,443	—
Changes in operating assets and liabilities:		
Accounts receivable	(5,197,213)	(4,090,799)
Prepaid expenses	63,103	(68,258)
Accounts receivable, secured	45,329	—
Deposits and other assets	(38,583)	(98,949)
Other current assets	(497,731)	105,552
Accounts payable	563,575	18,124
Accrued expenses	131,774	333,849
Due to students	840,829	232,071
Deferred revenue	(1,082,363)	3,368,166
Other current liabilities	46,343	(1,868)
Net cash provided by operating activities	3,845,411	15,784,181
Cash flows from investing activities:		
Purchases of courseware and accreditation	(29,391)	(32,475)
Disbursements for reimbursable leasehold improvements	(773,295)	(4,593,255)
Purchases of property and equipment	(1,972,285)	(4,017,088)
Net cash used in investing activities	(2,774,971)	(8,642,818)
Cash flows from financing activities:		
Distribution of capital to affiliates, net	(7,322,452)	(3,527,185)
Net cash used in financing activities	(7,322,452)	(3,527,185)
Net (decrease) increase in cash and restricted cash	(6,252,012)	3,614,178
Cash and restricted cash at beginning of year	9,602,014	5,987,836
Cash and restricted cash at end of year	$ 3,350,002	$ 9,602,014
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ —	$ —
Cash paid for income taxes	$ 20,947	$ 32,644
Supplemental disclosure of non-cash investing and financing activities:		
Allocation of leasehold improvements to Affiliates	$ 1,339,355	$ —

(Continued)

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

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

	April 30,	
	2022	2021
Cash	$ 2,235,913	$ 8,727,325
Restricted cash	1,114,089	874,689
Total cash and restricted cash	$ 3,350,002	$ 9,602,014

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

Note 1. Nature of Operations

Overview

Aspen University, Inc. (the "Company", the "University" or "Aspen"), organized in 1987, is a wholly owned subsidiary of Aspen Group, Inc. ("AGI" or "Parent").

Aspen University's vision is to make college affordable again in America. 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 online higher education. Aspen University has been offering a monthly payment plan that is available to all students across every online degree program offered, 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.

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.

Aspen University is qualified to participate under the Higher Education Act of 1965, as amended ("HEA") and the Federal student financial assistance programs (Title IV, HEA programs).

Note 2. Significant Accounting Policies

Basis of Presentation

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

Accounting Estimates

Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its 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 financial statements include the allowance for doubtful accounts, the valuation of lease liabilities and the carrying value of the related right-of-use ("ROU assets"), depreciable lives of property and equipment, amortization periods and valuation of courseware and software development costs, valuation of loss contingencies, and the valuation allowance on deferred tax assets.

All references to the year ended April 30, 2022 and 2021 are to the fiscal years ending April 30, 2022 and 2021.

Cash and Restricted Cash

For the purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at April 30, 2022 and 2021.

Restricted cash as of April 30, 2022 and 2021, of $1,114,089 and $874,689, respectively, consists of collateral for letters of credit for the Aspen University operating leases.

Fair Value Measurements and Fair Value of Financial Instruments

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 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 Aspen for tuition, fees and other expenses. The monthly payment plan represents the majority of the payments that are made by Aspen'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 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 the student's financial aid, Aspen may have to return all or a portion of the Title IV funds to the DOE and the student will owe Aspen all amounts incurred that are in excess of the amount of financial aid that the student earned and that Aspen is entitled to retain. In this case, Aspen must collect the receivable using the student’s second payment option.

For accounts receivable from students, and the payors other than students, Aspen records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students or the payors 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 estimates the amounts to adjust the allowance based upon the risk presented by the age of the receivables, student status, payment type, program and estimate of new revenue. 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.

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 until revenue is earned 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 contractual accounts receivable. At April 30, 2022 and 2021, those balances are $4,381,677 and $4,212,389, respectively. The Company has determined that the long-term contractual 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 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 statements of operations.

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

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 undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is deemed not to be recoverable, an impairment loss is recorded equal to the amount by which the carrying value of the long-lived asset exceeds its fair value. Amortization of definite-lived intangible assets is computed either on a straight-line basis or based on the pattern in which the economic benefits of the asset will be realized.

Due to Students

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

Leases

The Company accounts for leases in accordance with FASB issued No. 2016-02, *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 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.

Lease incentives received are deducted from the ROU assets and classified as leasehold improvements. The asset reduction due to incentives is classified within cash flows from operations. The corresponding leasehold improvement is amortized over the life of the lease term and classified within cash flows from investing activities.

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

Revenue Recognition and Deferred Revenue

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

Revenue consists primarily of tuition and course fees derived from courses taught by the Company online and in-person as well as from related educational resources and services that the Company provides to its students. Under ASC 606, tuition and course fee revenue is recognized pro-rata over the applicable period of instruction and are not considered separate performance obligations. Non-tuition related revenue and fees are recognized as services are provided or when the goods are received by the student. Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. Discounts and scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the tuition is reduced directly by these discounts or scholarships from the amount of the standard tuition rate charged.

The Company's disaggregated revenue disclosures are presented in Note 10. Revenue.

Deferred revenue, a contract liability, 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 balance sheets. Other revenue may be recognized as sales occur or services are performed.

Cost of Revenue

Cost of revenue 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 and in-person faculty, technology license costs and costs associated with other support groups that provide services directly to the students and are included in cost of revenue. Total instructional costs and services were $13.0 million and $10.3 million for the years ended April 30, 2022 and 2021, respectively, and are included in cost of revenue.

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. The Company's marketing generally consists of non-direct response advertising activities and 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 $10.6 million and $9.6 million for the years ended April 30, 2022 and 2021, respectively, and are included in cost of revenue.

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 Taxes

The University is included in the consolidated tax return of Aspen Group, Inc. The University calculates the provision for income taxes by using a “separate return” method. Under this method, the University is assumed to file a separate return with the tax authority, thereby reporting the University’s taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Aspen Group, Inc. Our current provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical return and assess the need for a valuation allowance on the basis of our projected separate return results.

Any difference between the tax provision (or benefit) allocated to us under the separate return method and payments to be made to (or received from) Aspen Group, Inc. for tax expense, are treated as either dividends or capital contributions. Accordingly, the amount by which our tax liability under the separate return method exceeds the amount of tax liability ultimately settled as a result of using incremental expenses of Aspen Group, Inc. is periodically settled as a capital contribution from Aspen Group, Inc. to the University.

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.

Segment Information

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

Recent Accounting Pronouncement Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which significantly changes how entities will measure credit losses for most financial assets, including accounts receivable. ASU No. 2016-13 will replace today’s “incurred loss” approach with an “expected loss” model, under which companies will recognize allowances based on expected rather than incurred losses. On November 15, 2019, the FASB delayed the effective date of Topic 326 for certain small public companies and other private companies until fiscal years beginning after December 15, 2022 for SEC filers that are eligible to be smaller reporting companies under the SEC’s definition, as well as private companies and not-for-profit entities. The Company is currently evaluating the new guidance and has not yet determined whether the adoption of the new standard on May 1, 2023 will have a material impact on its financial statements or the method of adoption.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The guidance was issued as improvements to ASU No. 2016-13 described above. The vintage disclosure changes require an entity to disclose current-period gross write-offs by year of origination for financing receivables. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The amendments should be applied prospectively. Early adoption of the amendments is permitted, including adoption in an interim period. The amendments will impact our disclosures but will not otherwise impact the financial statements upon adoption on May 1, 2023.

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." The cash balance of $3,501,803 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 balance sheet, was reclassified to "cash" to align with the current year presentation. There is no impact to total current assets included in the accompanying balance sheet at April 30, 2021. The restricted cash balance at April 30, 2021, now includes collateral for letters of credit of $874,689.

The tenant improvement allowances received from landlords balance of $4,593,255 for the year ended April 30, 2021, which was previously included in "Purchases of property and equipment" in the accompanying statements of cash flows, was reclassified to "Disbursements for reimbursable leasehold improvements" to align with the current fiscal year presentation. There is no impact to total cash used in investing activities included in the accompanying statements of cash flows for the year ended April 30, 2021.

Note 3. Accounts Receivable

Accounts receivable consisted of the following:

	April 30,	
	2022	2021
Total accounts receivable, gross	$ 23,086,852	$ 18,910,085
Long-term contractual accounts receivable	(4,381,677)	(4,212,389)
Accounts receivable, gross	18,705,175	14,697,696
Less: allowance for doubtful accounts	(2,713,014)	(2,783,461)
Accounts receivable, net	$ 15,992,161	$ 11,914,235

Bad debt expense for the years ended April 30, 2022 and 2021, was $950,000 and $1,862,000, respectively.

Note 4. 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 AGI. As discussed in Note 8. Commitments and Contingencies, AGI and Aspen University sued HEMG seeking to recover sums due under the agreements. Ultimately, AGI and Aspen University obtained a favorable default judgment, and as a result received a distribution from the bankruptcy trustee court of $498,120, which was included in "other (expense) income, net" in the statements of operations during the year ended April 30, 2022. Due to the bankruptcy of HEMG, AGI also wrote off a net receivable of $45,329 in the same period.

Note 5. 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. There is no expense impact for such write offs for the years ended April 30, 2022 and 2021.

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:

	April 30,	
	2022	2021
Computer equipment and hardware	$ 1,029,590	$ 730,928
Furniture and fixtures	2,052,053	1,605,714
Leasehold improvements	5,529,096	5,573,083
Instructional equipment	477,525	193,771
Software	9,149,371	8,429,907
Construction in progress	2,100	247,767
	18,239,735	16,781,170
Accumulated depreciation and amortization	(7,351,827)	(4,495,600)
Total property and equipment, net	$ 10,887,908	$ 12,285,570

Software consisted of the following:

	2022	2021
Software	$ 9,149,371	$ 8,429,907
Accumulated amortization	(5,053,067)	(3,437,772)
Software, net	$ 4,096,304	$ 4,992,135

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

	For the Year Ended April 30,	
	2022	2021
Depreciation and amortization expense:		
Property and equipment, excluding software	$ 1,152,150	$ 771,586
Software	$ 1,615,295	$ 1,396,125

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

	Future Expense
2023	$ 1,534,313
2024	1,246,528
2025	840,069
2026	391,684
2027	83,710
Total	$ 4,096,304

Note 6. Courseware and Accreditation

As courseware and accreditation reach the end of its 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	$ 349,681	$ 320,289
Accreditation	59,350	59,350
	409,031	379,639
Accumulated amortization	(319,972)	(278,162)
Courseware and accreditation, net	$ 89,059	$ 101,477

Amortization expense of courseware and accreditation is as follows:

	For the Years Ended April 30,	
	2022	2021
Courseware and accreditation amortization expense	$ 41,810	$ 42,455

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

	Future Expense
2023	$ 38,964
2024	25,021
2025	13,933
2026	9,573
2027	1,568
Total	$ 89,059

Note 7. Accrued Expenses

Accrued expenses consisted of the following:

	April 30,	
	2022	2021
Accrued foreign tax	$ 340,000	$ —
Accrued marketing	148,873	337,720
Accrued insurance	—	79,992
Other accrued expenses	123,844	63,231
Accrued expenses	$ 612,717	$ 480,943

Note 8. Commitments and Contingencies

Operating Leases

The Company leases space for its campus and corporate operations. (See Note 9. Leases)

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, the Company may be involved in litigation relating to claims arising out of its 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 April 6, 2022, Aspen University was served with a class action claim in Arizona Superior Court, alleging violations of the Arizona Consumer Fraud Act and Unjust Enrichment, based on the class representative's claims that Aspen University misstated the quality of its pre-licensure nursing program. This complaint was likely in response to the Arizona Board of Nursing actions against Aspen University relating to the program, as outlined below. At this time, the only action taken by Aspen University was to file for change of venue which was granted. The size of the potential class action claim is not yet known.

On February 11, 2013, HEMG, and its Chairman, 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 the 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 December 10, 2013, AGI 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.

In November 2014, AGI 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, AGI 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 July 21, 2021, the bankruptcy trustee paid AGI $498,120 based on assets available in the trust, which is included in "other income (expense), net" in the accompanying statements of operations. As a result, AGI wrote off the net receivable of $45,329 against the payment received as settlement in the first quarter of fiscal year 2022 and recognized a gain. No further assets are available for distribution.

On September 13, 2022, Spada, the remaining plaintiff, and AGI entered into a Stipulation Discontinuing Action under which the complaint and counterclaims were dismissed with prejudice.

Regulatory Matters

The Company is subject to extensive regulation by Federal and State governmental agencies and accrediting bodies. In particular, the HEA and the regulations promulgated thereunder by the DOE subject the subsidiaries to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy to participate in the various types of federal student financial assistance programs authorized under Title IV of the HEA.

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

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 the Company operates in a highly regulated industry, Aspen 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.

The Company is also subject to regulation by self-regulatory bodies such as accreditors and by state regulators in certain states including states where the Company has a physical presence. Aspen University's first-time pass rates for our BSN pre-licensure 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 State Board of Nursing ("AZ BON"). 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 was broken into two phases, the first lasting through the end of Calendar Year 2022. During Phase I, Aspen University was 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 was not achieved, the AZ BON could lift the stay and initiate the revocation. If Phase I was completed successfully, Phase II would commence with Aspen University on Probation (regular or "stayed revocation" probation, depending on the outcome of Phase I). Aspen University was 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 fell below 80% for any quarter, the AZ BON could 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 the Company 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. For the calendar quarters ended March 31, 2022, June 30, 2022 and September 30, 2022, Aspen University's NCLEX-RN test pass rates were 73.33%, 69.64% and 59.15%, respectively.

On September 20, 2022, Aspen University and the Arizona State Board of Nursing entered into a revised Consent Agreement under which Aspen agreed to voluntarily surrender its program approval for its pre-licensure nursing program in Phoenix, Arizona. Aspen sought the agreement after concluding that it was unable to meet the minimum 80% NCLEX first-time pass rates for calendar year 2022, which was a requirement of an earlier consent agreement that Aspen and the Board signed in March 2022. Aspen did so to minimize uncertainty for its students. Aspen had suspended admissions to its Arizona program in January 2022.

Under the terms of the revised Consent Agreement, many of the previous requirements were eliminated; for example, Aspen no longer has a requirement to use a consultant nor the requirement for a certain percentage of full-time faculty. However, Aspen will continue its current Arizona Core nursing program for all current students and provide regular reports to the Board of Nursing about the program. It remains accountable to the Board to ensure that its current students receive expected instruction and learning opportunities. Once all currently enrolled students in the program have either completed the program or ceased enrollment, or within two years, whichever is sooner, Aspen's program approval will be automatically voluntarily surrendered for a minimum period of two years.

Having entered into the revised Consent Agreement with the Arizona State Board of Nursing, Aspen suspended new enrollments to its pre-licensure nursing program in Florida, Georgia, Tennessee and Texas and will complete instruction for currently enrolled Core nursing students in those states. The state authorizing units and state boards of nursing were noticed to this effect on September 20, 2022. (See Note 10. Revenue.)

On March 8, 2022, Aspen University 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 fiscal year 2022. The Stipulated Agreement required the cessation of enrollment in both the pre-professional nursing and core components of the program in Arizona, the submission of student records monthly, the removal of Arizona start date information from websites and catalogs, and monthly reporting to the Board staff. The collateral for this surety bond of $5 million was included in restricted cash in the consolidated balance sheets at AGI. On October 31, 2022, Aspen and the Arizona State Board for Private Postsecondary Education entered into a revised stipulated agreement that reduces AU's surety bond requirement from $18.3 million to $5.5 million, requires a civil penalty of $12,000 and enrollment stoppage and teach out of the pre-licensure program. Other requirements from the April 2022 stipulated Agreement were carried forward to this revised agreement. In December 2022, as a result of the revised stipulated agreement with the Arizona State Board for Private Postsecondary Education, $1.5 million of the restricted cash associated with the surety bond became unrestricted at AGI, providing additional cash for operations.

Aspen University’s State Authorization Reciprocity Agreement ("SARA"), which is overseen by a National Council ("NC-SARA"), annual approval through the Colorado SARA State Portal Entity has to be renewed by January 30 each year. Aspen University applied on January 18, 2022 and received its 2022 approval effective February 8, 2022. On February 23, 2022, Aspen University received a Notification of Provisional SARA Status from the Colorado SARA State Portal Entity. On March 4, 2022, the DOE provided the final approval for Aspen University’s move from Colorado to Arizona. On March 29, 2022, Aspen University received a Notification of Loss of Eligibility for SARA through Colorado which permitted continued SARA coverage for students enrolled for courses between February 1, 2022 and August 2, 2022. On April 10, 2022, Aspen University submitted an official appeal of the eligibility loss to the Colorado SARA State Portal Entity. Aspen University sought a return to the prior provisional status while the appeal was pending or until the completion of the existing SARA term to February 2023 or until there was approval by the Arizona SARA Council. On April 12, 2022, Aspen University was restored to Provisional Status by the Colorado SARA State Portal Entity according to the terms of the February 23, 2022 letter. On May 17, 2022, Aspen University was informed that its appeal was denied and on June 10, 2022, Aspen University received a letter from the Colorado SARA State Portal Entry indicating that students currently enrolled in academic terms in progress as of May 17, 2022, were covered under SARA for 16 weeks, until September 6, 2022.

In the meantime, Aspen University submitted an application to the Arizona State Portal Entry. This application to obtain approval to become an institutional participant again in NC-SARA from its new primary location in Arizona was deferred at the September 8, 2022 meeting, and will be considered at the January 2023 meeting. Since February 2022, the start of the regulatory concerns over SARA approval, Aspen University has been seeking individual state authorizations for its students. Aspen University has succeeded in securing full approval, exemption, or has determined approval is not required, in 39 states, while 9 additional states allow our currently enrolled students to continue while applications are under review or in process. Students in these states represent 99% of the current student body.

Aspen continues to work with its accreditor on options for a few students in Rhode Island and the District of Columbia. The university has determined that it will not be able to secure authorization in Maryland. Articulation agreements for students in these two states and the District of Columbia are available for the 118 students who may not choose to wait for Aspen to garner NC-SARA approval through Arizona.

Composite Score

Institutions participating in Title IV programs are required to demonstrate financial responsibility. The Department of Education determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered financially responsible. Institutions receiving a composite score between 1.0 and 1.4 are subject to additional monitoring and institutions receiving a score below 1.0 may be required to submit financial guarantees in order to continue participation in the Title IV programs.

Title IV Funding

Aspen University derives a portion of their revenue from financial aid received by its students under programs authorized by Title IV of the Higher Education Act ("HEA"), which are administered by the US Department of Education. When Aspen University students seek funding from the federal government, they receive loans and grants to fund their education under the following Title IV Programs: (1) the Federal Direct Loan program, or Direct Loan; (2) the Federal Pell Grant program, or Pell; (3) Federal Work Study; and (4) Federal Supplemental Opportunity Grants. For the years ended April 30, 2022 and 2021, 36.37% and 44.72%, respectively, of Aspen University's cash-basis revenue for eligible tuition and fees was derived from Title IV Programs.

Return of Title IV Funds

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

Approval to Confer Degrees

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

Note 9. Leases

The Company determines if a contract contains a lease at inception. We have entered into operating leases totaling approximately 151,347 square feet of office and classroom space in Phoenix, AZ, Denver, CO, Austin, TX, Tampa, FL, Nashville, TN and Atlanta, GA. These leases expire at various dates through April 2031, and the majority contain annual base rent escalation clauses. Most of these leases include options to extend for additional five-year periods. Since it is not reasonably certain that the leases would be renewed, the Company does not consider the renewal option in the lease term. As permitted by ASC 842, leases with an initial term of twelve months or less are not recorded on the accompanying balance sheet. The Company does not have any financing leases.

As of April 30, 2022, except for Denver, all of our leases are longer term operating leases and are set to expire in six to eight years.

Operating lease ROU assets represent the right to use an underlying asset for the lease term. Operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating leases are included in "Operating lease right- of-use assets, net", "Operating lease obligations, current portion" and "Operating lease obligations, less current portion" in the balance sheets at April 30, 2022 and 2021. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. Variable lease costs such as common area maintenance, property taxes and insurance are expensed as incurred. When the lease does not provide an implicit interest rate, the Company uses an incremental borrowing rate of 12% to determine the present value of the lease payments.

Lease incentives are deducted from the ROU assets. Incentives such as tenant improvement allowances are amortized as leasehold improvements, separately, over the life of the lease term. For the years ended April 30, 2022 and 2021, the amortization expense for these leasehold improvements was $437,111 and $263,492, respectively.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for the years ended April 30, 2022 and 2021 was $2,123,901 and $1,740,432, respectively, which is included in general and administrative expense in the statements of operations.

ROU assets are summarized below:

	April 30,	
	2022	2021
ROU assets - Operating facility leases	$ 14,278,313	$ 12,627,888
Less: accumulated reduction	(5,034,796)	(1,552,187)
Total ROU assets	$ 9,243,517	$ 11,075,701

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

	April 30,	
	2022	2021
Total lease liabilities	$ 20,929,007	$ 18,407,796
Reduction of lease liabilities	(7,180,990)	(1,861,829)
Total operating lease obligations	$ 13,748,017	$ 16,545,967

The following is a schedule by future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of April 30, 2022 [(a)] (by fiscal year).

Maturity of Lease Obligations	Lease Payments
2023	$ 2,705,250
2024	2,782,572
2025	2,861,868
2026	2,940,092
2027	3,000,723
Thereafter	6,400,289
Total future minimum lease payments	20,690,794
Less: imputed interest	(6,942,777)
Present value of operating lease obligations	$ 13,748,017

[a] Lease payments exclude $3.7 million of legally binding minimum lease payments for the new BSN Pre-Licensure campus location in Atlanta, Georgia for its lease signed but not yet commenced.

	April 30,	
Balance Sheet Classification	**2022**	**2021**
Operating lease obligations, current portion	$ 1,141,052	$ 1,049,038
Operating lease obligations, less current portion	12,606,965	15,496,929
Total operating lease liabilities	$ 13,748,017	$ 16,545,967

	April 30,	
Other Information	**2022**	**2021**
Weighted average remaining lease term (in years)	7.17	8.30
Weighted average discount rate	12 %	12 %

Note 10. Revenue

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

The following table represents the Company's revenue disaggregated by the nature and timing of services:

	For the Years Ended April 30,	
	2022	**2021**
Tuition - *recognized over period of instruction*	$ 45,779,780	$ 42,684,383
Course fees - *recognized over period of instruction*	4,799,797	4,543,419
Book fees - *recognized at a point in time*	42,778	150,969
Exam fees - *recognized at a point in time*	746,268	233,070
Service fees - *recognized at a point in time*	470,731	330,498
Revenue	$ 51,839,354	$ 47,942,339

Contract Balances and Performance Obligations

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

The deferred revenue balance as of April 30, 2022 and 2021, was $5,691,972 and $6,774,335, respectively. During the year ended April 30, 2022, the Company recognized $3,409,519 of revenue that was included in the deferred revenue balance as of April 30, 2021. The Company classifies deferred revenue as current when the remaining term of the course, including the effect to the refund policy, is one year or less.

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

Cash Receipts

The Company's 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 veteran and military funding and grants, and cash payments. Most students elect to use our monthly payment plan. This plan allows them to make fixed monthly payments over the length of the payment plan. Title IV and military funding typically arrive 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

The Company analyzes 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. The Company has determined that all of our students can be grouped into one portfolio. Students behave similarly, regardless of their payment method. Enrollment agreements and refund policies are similar for all of our students. The Company does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if the Company was to assess each student contract separately.

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

The Company had revenue from students outside the United States totaling approximately 2% and 1%, respectively, of the revenues for the years ended April 30, 2022 and 2021.

Teach-out of the Pre-licensure Nursing Programs

On September 20, 2022, Aspen University and the Arizona State Board of Nursing entered into a Consent Agreement under which Aspen agreed to voluntarily surrender its program approval for its pre-licensure nursing program in Phoenix. Having entered into this agreement, the Company also determined to voluntarily suspend new enrollments to its pre-licensure nursing program in Florida, Georgia, Tennessee and Texas, and will complete instruction for currently enrolled Core nursing students in these locations. The state authorizing units and state boards of nursing were given notice to this effect on September 20, 2022. See Note 8. Commitments and Contingencies for additional information.

For the years ended April 30, 2022 and 2021, 33% and 29% of total Aspen revenue was earned from its pre-licensure nursing program.

Note 11. Income Taxes

The components of income tax expense are as follows:

	For the Years Ended April 30,	
	2022	2021
Current:		
Federal	$ —	$ —
State	20,947	32,644
Foreign	340,000	—
	360,947	32,644
Deferred:		
Federal	—	—
State	—	—
	—	—
Total income tax expense	$ 360,947	$ 32,644

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

	April 30,	
	2022	2021
Deferred tax assets:		
Net operating loss carryforward	$ 5,568,430	$ 5,530,649
Allowance for doubtful account	704,043	878,763
Stock-based compensation	69,004	—
Contributions carryforward	11,089	11,013
Intangibles	9,651	—
Total deferred tax assets	6,362,217	6,420,425
Deferred tax liabilities:		
Property and equipment	(943,768)	(373,799)
Intangibles	—	(1,030)
Accrued compensation	(36,845)	—
Deferred rent	(770,935)	(402,556)
Stock-based compensation	—	(94,207)
Total deferred tax liabilities	(1,751,548)	(871,592)
Deferred tax assets, net	$ 4,610,669	$ 5,548,833
Valuation allowance:		
Beginning of year	$ (5,548,833)	$ (6,138,639)
Decrease during period	938,164	589,806
Ending balance	(4,610,669)	(5,548,833)
Net deferred tax asset	$ —	$ —

The Company's taxable income (loss) is reported on a U.S. Consolidated Corporation Income Tax Return which includes its parent, Aspen Group, Inc., along with its wholly owned subsidiaries. As of April 30, 2022, 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, 2022 and 2021, the valuation allowance was approximately $4.6 million and $5.5 million, 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, 2022, the Company had approximately $21.5 million of net operating loss carryforwards, $21.2 million 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, 2022, tax years 2019 through 2021 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:

	April 30,	
	2022	2021
Statutory rate applied to earnings before income taxes	21.00 %	21.00 %
Increase (decrease) in income tax resulting from:		
State income taxes, net of federal tax benefit	5.37 %	5.25 %
Federal and state minimum taxes	0.02 %	0.20 %
Permanent differences	0.25 %	0.11 %
Foreign Income Tax	5.23 %	— %
Change in tax rates - states	(0.58)%	1.94 %
Change in valuation allowance	(14.43)%	(8.06)%
Other	(11.26)%	(19.79)%
Effective income tax rate	5.60 %	0.65 %

Note 12. Concentrations

Uninsured Cash Balances

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, 2022. As of April 30, 2022 and 2021, the Company maintained deposits exceeding federally insured limits by $2,850,002 and $9,102,014, respectively, held in two separate institutions.

Concentration of Revenue

Aspen is an eligible proprietary institution that participates in Federal Student Financial Assistance Programs ("Title IV"). In order to continue eligibility in these programs, the institution must meet the “90/10 rule.” This means that no more than 90 percent of the Institution’s revenue for a fiscal year may be derived from Title IV programs; at least 10 percent must come from non-Title IV program funds. Aspen received 36.37% of its funding from Title IV and 63.63% from non-Title IV for the year ended April 30, 2022. See Note 15. Title IV 90% Rule.

Note 13. Related Party Transactions

Aspen participates in Student Financial Aid ("SFA") under the Title IV programs administrated by the U.S. Department of Education pursuant to the Higher Education Act of 1965, as amended ("HEA"). Aspen must comply with the regulations promulgated under the HEA. Those regulations require that all related party transactions be disclosed, regardless of their materiality to the balance sheet.

For the years ended April 30, 2022 and 2021, Aspen University distributed a net amount of $7,322,452 and $3,527,185, respectively, to affiliates. For the year ended April 30, 2022, Aspen University allocated leasehold improvements of $1,339,355 to AGI and its Affiliate.

Included in general and administrative expense in the accompanying statements of operations is stock-based compensation expense allocated by the parent AGI to Aspen University for Aspen University employees. For the years ended April 30, 2022 and 2021, the amount of stock compensation expense in the Aspen University financial statements was $200,980 and $210,771, respectively. As of April 30, 2022, all intercompany liabilities were settled and reclassified as "Distribution of capital to parent, net." Management believes these allocations are reasonable.

Note 14. Subsequent Events

In preparing these financial statements, the University evaluated subsequent events through December 29, 2022, the date the financial statements were available to be issued.

Note 15. Title IV 90% Rule

Aspen University derives a substantial portion of its revenues from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the U.S. Department of Education. To continue to participate in the programs, Aspen must comply with the regulations promulgated under the HEA. The regulations restrict the proportion of cash receipts for tuition, fees, and other institutional charges from eligible programs to not be more than 90 percent from Title IV programs. The failure of Aspen to meet the 90 percent limitation for two consecutive years will result in the loss of our ability to participate in Title IV programs. If a school receives more than 90 percent of its revenue from Title IV programs during its fiscal year, the school becomes provisionally certified for the next two fiscal years.

For the year ended April 30, 2022, Aspen received $17,848,612 of Title IV funds and total eligible cash receipts of $49,076,122, resulting in Title IV revenues of 36.37% of total cash receipts.

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

For the year ended April 30, 2022, Aspen's cash basis calculation formula is:

The sum of Adjusted Student Title IV Revenue = 90/10 Revenue Percentage
Sum of Adjusted Student title IV Revenue
+ Sum of Student Non-Title IV Revenue
+ Total Revenue from Other Sources

	Year Ended April 30, 2022	
	Amount Disbursed	Adjusted Amount
Adjusted Student Title IV Revenue		
Subsidized loan	$ 7,272,445	$ 7,272,445
Unsubsidized loan up to pre-ECASLA loan limits	20,130,736	20,130,736
Plus	771,009	771,009
Federal Pell Grant	6,916,098	6,916,098
FSEOG (subject to matching reduction, the amount of FSEOG funds disbursed to a student and the amount of FWS funds credited to the student's account are reduced by the amount of the school matching (25% of $500 = $125; $500 – $125 = $375)	120,451	120,451
Federal Work Study applied to tuition and fees (subject to matching reduction)	—	—
Student Title IV Revenue		35,210,739
Revenue Adjustment		
(If the amount of Funds Applied First plus Student Title IV Revenue is more than Tuition and fees, then reduce Student Title IV Revenue by the amount over Tuition and Fees)		(11,948,861)
Title IV funds returned for a student under 34 C.F.R. § (withdrawal), reduce Student Title IV Revenue 668.22		(5,413,266)
Adjusted Student Title IV Revenue		17,848,612
Student Non-Title IV Revenue		
Grant funds for the student from non-Federal public agencies or private sources independent of the institution	—	
Funds provided for the student under a contractual arrangement with a Federal, State or local government agency for the purpose of providing job training to low-income individuals	—	
Funds used by a student from savings plans for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code	—	
Institutional scholarships disbursed to the student	—	
Student payments	31,227,510	
Student Non-Title IV Revenue	31,227,510	
Revenue from Other Sources		
Activities that are conducted by the institution that are necessary for education and training (34 C.F.R. § 668.28(a)(3)(ii))	—	
Funds paid by a student, or on behalf of a students by a party other than the school for an education or training program that is not eligible (34 C.F.R. § 668.28(a)(3)(iii))	—	
Allowable student payments + allowable amounts from account receivable or institutional loan sales – any required payments under a recourse agreement	—	
Revenue from Other Sources	—	
Total Non-Title IV Revenue (Student Non-Title IV Revenue + Revenue from Other Sources)		31,227,510
Total Revenue (Adjusted Student Title IV Revenue + Student Non-Title IV Revenue + Revenue from Other Sources)		$ 49,076,122

ASPEN UNIVERSITY, INC. - OPE ID: 04080300
SUPPLEMENTARY INFORMATION
(Information Required by the U.S. Department of Education)
for the year ended April 30, 2022
Schedule I
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

Lines		**Primary Reserve Ratio:**		
		Adjusted Equity		
34	Balance Sheet - Total Equity	Total equity		$ 20,635,924
6, 7, 12	Balance Sheet - All Related party receivable, net and Receivable from affiliate, net and Related party note	Secure and Unsecured related party receivables and/or other related party assets	$ —	
6, 12	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		—
10	Balance Sheet - Property, Plant and Equipment, net	Property, plant and equipment, net - including construction in progress	10,887,908	
FS Note line 10A	Note of the Financial Statements - Balance Sheet - Property, Plant and Equipment, net - pre-implementation	Property, plant and equipment, net - pre-implementation less any construction in progress		—
FS Note line 10B	Note of the Financial Statements Balance Sheet - Property, Plant and Equipment, net - pre-implementation with outstanding debt for original purchase	Property, plant and equipment, net - post-implementation less any construction in progress with outstanding debt for original		—
FS Note line 10D	Note of the Financial Statements Balance sheet - Property, Plant and Equipment, net - post-implementation without outstanding dept for original purchase	Property, plant and equipment, net - post-implementation less any construction in progress with outstanding debt for original		—
FS Note line 10C	Note of the Financial Statements Balance Sheet - Property, Plant, and Equipment - Construction in process	Construction in progress		2,100
11	Balance Sheet - Lease right-of-use asset	Lease right-of-use asset	9,243,517	
Excluded 11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre- implementation	Lease right-of-use asset - pre-implementation		—
M11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre- implementation	Lease right-of-use asset - post- implementation		—
13, 14	Balance Sheet - Goodwill and Intangibles, net	Intangible assets		—
31	Balance Sheet - Post-employment and pension liability	Post-employment and defined pension plan liabilities		—
19, 23, 24, 27, 28	Balance Sheet - Notes payable and Line of Credit (both current and long-term) and Line of Credit for Construction in process	Long-term debt - for long-term purposes and Construction in process debt	—	
M19, 23, 24, 27, 28 Note Debt A	Balance Sheet - Notes payable and Line of Credit (both current and long-term) and Line of Credit for Construction in process	Long-term debt for long-term purposes pre- implementation		—
Debt Note B	Balance Sheet - Notes payable and Line of Credit (both current and long-term) for purchase of Property, Plant and Equipment	Qualified Long-term debt for long-term purposes post-implementation for purchase of Property, Plant and Equipment		—
Debt Note C	Balance Sheet - Notes payable and Line of Credit for Construction in process	Line of Credit for Construction in process		—
21, 29	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Lease right-of-use asset liability	13,748,017	

The supplementary information should be read in connection with the financial statements.

ASPEN UNIVERSITY, INC. - OPE ID: 04080300
SUPPLEMENTARY INFORMATION (CONTINUED)
(Information Required by the U.S. Department of Education)
for the year ended April 30, 2022
Schedule I
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)

Lines		**Primary Reserve Ratio (Continued):**		
		Adjusted Equity (Continued)		
Excluded 21, 29 Leases	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Pre-Implementation right-of-use leases		$ —
M21, 29 FS Note	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Post-Implementation right-of-use leases		—
45, 50, 51	Statement of (Loss) Income - Total Operating Expenses, Other expense, Interest Expense and Loss on Disposal of Assets	**Total Expenses and Losses:**		45,791,051

Lines		**Equity Ratio:**		
		Modified Equity		
34	Balance Sheet - Total Equity	Total equity		20,635,924
Excluded 21, 29 Leases	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Pre-Implementation right-of-use leases		—
Excluded 11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		—
13, 14	Balance Sheet - Goodwill and Intangibles, net	Intangible assets		—
6, 7, 12	Balance Sheet - All Related party receivable, net and Receivable from affiliate, net and Related party note	Secure and Unsecured related party receivables and/or other related party assets	$ —	
6, 12	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		—

Lines		**Modified Assets:**		
17	Balance Sheet - Total assets	Total assets		$ 45,315,500
Excluded 11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		
13, 14	Balance Sheet - Goodwill and Intangibles, net	Intangible assets		—
6, 7, 12	Balance Sheet - All Related party receivable, net and Receivable from affiliate, net and Related party note	Secure and Unsecured related party receivables and/or other related party assets	$ —	
6, 12	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		—

Lines		**Net Income Ratio:**		
53	Statement of (Loss) Income - Net Income Before Income Taxes	**Income Before Taxes**		$ 6,501,363
39, 48, 49	Statement of (Loss) Income - Total Revenue, Investment income, dividend income and Interest income	**Total Revenues and Gains**		51,841,093

The supplementary information should be read in connection with the financial statements.

ASPEN UNIVERSITY, INC. - OPE ID: 04080300
SUPPLEMENTARY INFORMATION (CONTINUED)
(Information Required by the U.S. Department of Education)
for the year ended April 30, 2022
Schedule I
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)
Balance Sheet

Line				
	Current Assets			
1	Cash and cash equivalents		$	3,350,002
2	Investments			—
3	Accounts receivable, net			15,992,161
4	Other receivables			—
5	Prepaid expenses			424,492
6	Related party receivable			—
7	Related party receivable, secured			—
8	Other current assets			565,386
9		**Total Current Assets**		20,332,041
10	Property, plant and equipment, net			10,887,908
11	Lease right-of-use assets, net			9,243,517
12	Receivable from affiliate, net			—
13	Goodwill			—
14	Intangibles, net			—
15	Cash surrender value of life insurance			—
16	Other non-current assets (Courseware and accreditation, LT AR, deposits and other assets)			4,852,034
17		**Total Assets**	$	45,315,500
	Current Liabilities			
18	Accounts payable, accrued expenses, and other current liabilities		$	1,985,793
19	Line of credit - short term CIP			—
20	Deferred revenue and student deposits			8,945,766
21	Leases right-of-use assets liability			1,141,052
22	Line of credit - operation			—
23	Line of credit - for long term purposes			—
24	Current portion of debt			—
25		**Total Current Liabilities**		12,072,611
26	Line of credit - operating			—
27	Line of credit - for long term purposes			—
28	Debt			—
29	Lease right-of-use asset liabilities			12,606,965
30	Other liabilities			—
31	Post-employment and pension liability			—
32		**Total Liabilities**		24,679,576
	Equity			
33	Stockholders' equity			20,635,924
34		**Total Equity**		20,635,924
35	**Total Liabilities and Equity**		$	45,315,500

The supplementary information should be read in connection with the financial statements.

ASPEN UNIVERSITY, INC. - OPE ID: 04080300
SUPPLEMENTARY INFORMATION (CONTINUED)
(Information Required by the U.S. Department of Education)
for the year ended April 30, 2022
Schedule I
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)

STATEMENT OF INCOME

Line			
	Revenue		
36	Tuition and fees, net		$ 51,839,354
37	Auxiliary		—
38	Other		—
39		**Total Revenue**	51,839,354
	Operating Expenses		
40	Instructional		13,042,452
41	Advertising		10,523,019
42	Rent and occupancy		2,932,689
43	General and administrative (includes bad debt expense)		16,447,193
44	Depreciation and amortization		2,809,255
45		**Total Operating Expenses**	45,754,608
46		**Operating Income**	6,084,746
	Other Income (expense)		
47	Other income, net		451,321
48	Dividend income		—
49	Interest income		1,739
50	Loss on disposal of assets		(36,443)
51	Interest expense		—
52		**Total Other Income**	416,617
53		**Net Income Before Income Taxes**	6,501,363
54	Income taxes expense		360,947
55		**Net Income**	$ 6,140,416

Note for Line 11 - Lease right-of-use assets

A.	Lease right-of-use assets - pre-implementation	$ —	Removed from assets
B.	Lease right-of-use assets - post-implementation	9,243,517	
	Total	$ 9,243,517	

The supplementary information should be read in connection with the financial statements.

ASPEN UNIVERSITY, INC. - OPE ID: 04080300
SUPPLEMENTARY INFORMATION (CONTINUED)
(Information Required by the U.S. Department of Education)
for the year ended April 30, 2022
Schedule I
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)

Notes for Line 10 - Net Property, Plant and Equipment

A.	Pre-Implementation Property, Plant and Equipment		$ —
B.	Post-Implementation Property, Plant and Equipment		—
	Vehicles	—	
	Furniture	—	
	Computers	—	
	Equipment	—	
C.	Construction in progress		2,100
D.	Post-Implementation Property, Plant and Equipment		—
	Total		$ 2,100

A. This is the ending balance on the last financial statement submission prior to the implementation of the regulations — Less any depreciation or disposals

B. This is the balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt.

C. Asset value of the Construction in progress

D. Post-Implementation Property, Plant and Equipment with no outstanding debt.

Notes for Line 19, 23, 24, 27 and 28 - Long-term debt for long term purposes

A.	Pre-Implementation Long-term Debt		$ —
B.	Allowable Post-Implementation Long-term Debt		—
	Vehicles	—	
	Furniture	—	
	Computers	—	
	Equipment	—	
C.	Construction in progress - debt		—
D.	Long-term debt not for the purchase of Property, Plant and Equipment or liability greater than assets value		—
	Total		$ —

A. This is the ending balance of the last financial statement submission prior to the implementation of the regulations — Less in repayments

B. This is the lessor of actual outstanding debt of each assets or the value of the asset.

C. All debt associated with Construction in progress up to the asset value for construction on progress is included

D. Long-term debt not for the purchase of Property, Plant and Equipment.

Notes for Line 21 and 29 - Lease right-of-use assets liability

A.	Lease right-of-use assets liability - pre-implementation	$ —	Removed from liabilities
B.	Lease right-of-use assets liability - post-implementation	13,748,017	
	Total	$ 13,748,017	

The supplementary information should be read in connection with the financial statements.

ASPEN UNIVERSITY, INC. - OPE ID: 04080300
SUPPLEMENTARY INFORMATION (CONTINUED)
(Information Required by the U.S. Department of Education)
for the year ended April 30, 2022
Schedule I
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)

Calculating the Composite Score	Lines		
*Primary Reserve Ratio = Adjusted Equity	34 - 13 - 14 - (6 + 12) - (10 + M11) + 31 + 29 + (M19 + M21 + M23 + M24 + M27 + M28 + M29)	14,252,515	
			0.3113
/ Total Expenses and Losses	45 + 50+ 51	45,791,051	
*Equity Ratio = Modified Equity	34 - (6 + 12) - 13 - 14	20,635,924	
			0.4554
/Modified Assets	17 - (6 + 12) - 13 - 14	45,315,500	
Net Income Ratio = Income Before Taxes	53	6,501,363	
			0.1254
/Total Revenue and Gains	39 + 48 + 49	51,841,093	

***All pre-implementation right-of-use assets and liabilities are removed from total assets and total liabilities**

M# - Modified for the right-of-use liabilities pre-implementation and post implementation debt not directly related to purchase of assets.

Step 1: Calculate the strength factor score for each ratio by using the following algorithms

Primary Reserve strength factor score = 20 x the primary reserve ratio result
Equity strength factor score = 6 x the equity ratio result
Net Income strength factor score = 1 + (33.3 x net income ratio result)

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3
If the strength factor score for any ratio is less than or equal to -1, the strength factor score for that ratio is -1

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores

Primary Reserve weighted score = 30% x the primary reserve strength factor
Equity weighted score = 40% x the equity strength factor score
Net income weighted score = 30% x the net income strength factor score
Composite Score = the sum of all weighted scores
Round the composite score to one digit after the decimal point to determine the final score

RATIO	Ratio	Strength Factor	Weight	Composite Score
Primary Reserve Ratio	0.3113	3.0000	30%	0.9000
Equity Ratio	0.4554	2.7323	40%	1.0929
Net Income Ratio	0.1254	3.0000	30%	0.9000
				2.8929
TOTAL Composite Score - Rounded				**2.9**

The supplementary information should be read in connection with the financial statements.

**INDEPENDENT AUDITORS REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aspen University, Inc. which comprise the balance sheets of Aspen University, Inc. (the "Company") at April 30, 2022 and 2021, and the related statements of operations, changes in stockholder's equity, and cash flows for the each of the two years in the period ended April 30, 2022 and the related notes to the financial statements and have issued our report thereon dated December 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements for the year ended April 30, 2022, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the attached schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements for the year ended April 30, 2022 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Such tests included compliance tests as set forth in the 2016 edition of the *Guide For Audits of Proprietary Schools and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*, issued by the U.S. Department of Education, Office of Inspector General (the Guide) including those relating to related parties and percentage of revenue derived from Title IV programs. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Guide.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salberg & Company, P.A.

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

Aspen University, Inc.
Schedule of Findings
Year Ended April 30, 2022

Internal Controls Over Financial Reporting

Significant Deficiencies

Observation 2022-001:

During the audit process, it was noted that certain manual checks were written but excluded as outstanding checks from the bank reconciliation. The checks were written and outstanding at April 30, 2022 but excluded from the bank reconciliation as they were not entered into the accounting system until they cleared in May 2022.

Effect:

An audit adjustment was recorded to increase expense by $5,100 and reduce cash by $5,100.

Auditor Recommendations:

Establish controls and procedures including monitoring controls surrounding cash and bank reconciliations to ensure all transactions are recorded in the appropriate accounting periods.

Management Response:

Based on the finding, the company has implemented controls surrounding the writing of manual checks and processes with the accounting team to ensure all transactions are properly recorded in the accounting system and that bank reconciliations are correct.

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

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended April 30, 2022

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 $ 112 million based on a closing price of $4.75 on October 29, 2021.

The number of shares outstanding of the registrant's classes of common stock, as of August 12, 2022 was 25,236,203 shares.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the "Amendment") amends the Annual Report on Form 10-K (the "2022 Form 10-K") of Aspen Group, Inc. (the "Company") for the year ended April 30, 2022 ("Fiscal 2022"), as filed with the Securities and Exchange Commission (the "SEC") on July 29, 2022. We are filing this Amendment to amend Part III of the 2022 Form 10-K to include the information required by and not included in Part III of the 2022 Form 10-K because we do not intend to file our definitive proxy statement within 120 days of the end of Fiscal 2022.

In addition, the Exhibit Index in Item 15 of Part IV of the 2022 Form 10-K is hereby amended and restated in its entirety and currently dated certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to this Amendment. Because no financial statements are contained within this Amendment, we are not filing currently dated certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Except as described above, no other changes have been made to the 2022 Form 10-K. The 2022 Form 10-K continues to speak as of the date of the 2022 Form 10-K, and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the 2022 Form 10-K other than as expressly indicated in this Amendment.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table represents our Board of Directors (the "Board"):

Name	Age	Position
Michael Mathews	60	Chairman of the Board
Andrew Kaplan	56	Director
Doug Kass	73	Director
Michael Koehneman	62	Director
Dr. Joan Prince	68	Director
Sanford Rich	64	Director

Director Biographies

Michael Mathews has served as the Company's Chief Executive Officer and a director since March 2012 and as Chief Executive Officer of Aspen University Inc. ("Aspen University"), a subsidiary of the Company, since May 2011. He served as Chief Executive Officer of Interclick, Inc. ("Interclick") (Nasdaq: ICLK) from August 28, 2007 until January 31, 2011. From June 2007 until it was acquired by Yahoo, Inc. (Nasdaq: YHOO) in December 2011, Mr. Mathews also served as a director of Interclick. From May 15, 2008, until June 30, 2008, Mr. Mathews served as the interim Chief Financial Officer of Interclick. From 2004 to 2007, Mr. Mathews served as the senior vice-president of marketing and publisher services for World Avenue U.S.A., LLC, an Internet promotional marketing company. Mr. Mathews was selected to serve as a director due to his knowledge of the for profit education industry, his commitment to "making college affordable again", his track record of success in managing early stage and growing businesses, his extensive knowledge of the Internet marketing industry and his knowledge of running and serving on the boards of public companies.

Andrew Kaplan has served as a director of the Company since June 2014. Since January 1, 2015, Mr. Kaplan has been a Managing General Partner in Education Growth Partners, a private equity firm focused exclusively on the education and training industry. From July 2000 through March 2014, Mr. Kaplan was a partner in Quad Partners ("Quad") a private equity firm focused exclusively on the education industry. During his tenure with Quad, Mr. Kaplan also served as a Managing Director of Quad College Group, the operational team focused on Quad's postsecondary portfolio. From March 2014 to December 2014, Mr. Kaplan was a consultant to the education industry. Mr. Kaplan was selected as a director for his extensive knowledge of the education industry.

Douglas Kass has served as a director since July 2020. Mr. Kass has been the President of Seabreeze Partners Management, Inc., which, up to July 2013, was the General Partner of Seabreeze Partners, LP. From 2014 to 2020, Seabreeze managed individual accounts. Since early 2021, Mr. Kass has been the President of Seabreeze Partners Management LLC, a hedge fund sponsor and the General Partner of Seabreeze Capital Partners LP. Mr. Kass served on the board of directors of MVC Capital, Inc. (formerly NYSE: MVC), a non-diversified, closed-end management investment company, from June 2019 until December 2020 when the company was merged with Barings BDC, Inc. (NYSE: BBDC). From July 2011 through May 2017, Mr. Kass served on the board of directors of Empire Resources Inc. (formerly Nasdaq: ERS), a distributor of value added, semi-finished metal products. In 2017 Empire was sold to a unit of Ta Chen Stainless Pipe Co. Ltd. He is currently a special advisor to the board of directors of Ocwen Financial Corp (NYSE: OCN). Mr. Kass was selected as a director due to his prior experience serving on boards of directors of several organizations as well as his background in finance.

Michael Koehneman has served as a director since July 2020. Prior to his recent retirement, Mr. Koehneman previously held various positions at Pricewaterhouse Coopers, a global accounting firm ("PwC"), including the Global Advisory Chief Operating Officer and Human Capital Leader from 2016 through 2019, the U.S. Advisory Operations Leader from 2005 through 2016, and the Lead Engagement Partner for Financial Statement Audits and Internal Control and Security Reviews from 1993 through 2004. Since June 9, 2021, Mr. Koehneman has served as a director of Ipsidy Inc. (OTCQB: AUID), a provider of secure, mobile, biometric identity verification solutions. Mr. Koehneman was selected as a director due to his background in accounting and technology.

Dr. Joan Prince was appointed as a director of the Company effective July 14, 2021. Dr. Prince previously served as the Vice Chancellor of Global Inclusion and Engagement at the University of Wisconsin-Milwaukee from September 2000 to March 1, 2021. During this time, Dr. Prince was the chief administrator for the Divisions of Global Inclusion and Engagement and

Partnerships and Innovation the University of Wisconsin-Milwaukee, with responsibilities as the chief inclusion officer. In 2012, President Barack Obama nominated Dr. Prince to the key administrative post of alternate representative to the 67th General Assembly of the United Nations with the honorary rank of ambassador. This diplomatic position also maintained an appointment as a senior advisor to the State Department and Public Delegate. She also served in an advisory capacity to the 2013 United States Delegation to the Commission on the Status of Women. Dr. Prince was selected as a director due to her background and leadership in higher education, and her work to foster diversity and inclusion.

Sanford Rich has served as a director of the Company since March 2012. Since January 2016 Mr. Rich has served as the Executive Director of the New York City Board of Education Retirement System. From November 2012 to January 2016, Mr. Rich served as the Chief of Negotiations and Restructuring for the Pension Benefit Guaranty Corporation (a United States Government Agency). From October 2011 to September 2012, Mr. Rich served as Chief Executive Officer of In The Car LLC. Mr. Rich served as a director of Interclick from August 28, 2007 until June 5, 2009 and as Audit Committee Chairman from August 2007 to June 2009. From April 2006 to April 2020, Mr. Rich has served as a director and Audit Committee Chairman for InsPro Technologies (OTCQB: ITCC). Mr. Rich had a 35-year career as an investment and commercial banker. Mr. Rich was selected as a director for his 40 years of experience in the financial sector and his experience serving on the audit committees of public companies.

Executive Officers

Name	Age	Position
Michael Mathews	60	Chief Executive Officer
Matthew LaVay	52	Chief Financial Officer
Robert Alessi	51	Chief Accounting Officer
Dr. Cheri St. Arnauld	65	Chief Academic Officer
Gerard Wendolowski	36	Chief Operating Officer

See "Director Biographies" above for Mr. Michael Mathews' biography.

Matthew LaVay was appointed the Company's Chief Financial Officer effective August 16, 2021. Mr. LaVay has worked in accounting and finance for over 25 years. Mr. LaVay started his career in public accounting at Arthur Andersen serving as a senior manager in the audit practice. Subsequent to Arthur Andersen, Mr. LaVay went on to serve in progressively more senior finance and accounting roles, primarily in publicly traded software and financial services companies. Most recently, Mr. LaVay served as the Chief Financial Officer of Ellie Mae, Inc., a publicly traded cloud-based platform provider for the mortgage finance industry, and as the Chief Financial Officer of Amerit Fleet Solutions, a private equity backed fleet management company. Mr. LaVay brings extensive experience optimizing the financial operations of high growth companies. Mr. LaVay holds a Master of Professional Accountancy degree from Georgia State University and a Bachelor of Science degree in Industrial Management from The Georgia Institute of Technology. Mr. LaVay is a Certified Public Accountant ("CPA") in the State of California.

Robert Alessi has been the Company's Chief Accounting Officer since December 1, 2019; previously, from July 15, 2019 until that date, Mr. Alessi was the Company's Vice President and Controller and served as Interim Chief Financial Officer from February 25, 2021 to August 15, 2021.Mr. Alessi is a CPA in the State of New York. Prior to joining the Company, Mr. Alessi served as the Vice President and Financial Controller for Prometheus Global Media, a New York City based media company, from August 2017 through June 2019. Mr. Alessi was previously the Controller for FunctionX, Inc., a social publishing and interactive media platform from January 2017 through August 2017.

Dr. Cheri St. Arnauld has been the Company's Chief Academic Officer since June 11, 2017 and has served as the President of Aspen University since October 2020. Dr. St. Arnauld previously served as Aspen University's Chief Academic Officer since March 6, 2014. From January 2012 until March 6, 2014, Dr. St. Arnauld was an educational consultant for the St. Arnauld Group. From 2008 to 2012, Dr. St. Arnauld was the Provost and Chief Academic Officer of Grand Canyon University.

Gerard Wendolowski has been the Company's Chief Operating Officer since March 11, 2014. From May 2011 until March 11, 2014, Mr. Wendolowski served as Aspen University's Senior Vice President of Marketing and Business Development. Previously, from January 2008 until May 2011, Mr. Wendolowski was the VP, Marketing at Atrinisic, a New-York based digital media company, where he led customer acquisition and monetization.

Family Relationships

There are no family relationships among our directors and/or executive officers.

Board Responsibilities

The Board oversees, counsels, and directs management in the long-term interest of the Company and its shareholders. The Board's responsibilities include establishing broad corporate policies and reviewing the overall performance of the Company. The Board is not, however, involved in the operating details on a day-to-day basis. In December 2017, our Board established an Executive Committee which, subject to the limitations of Delaware law, has since performed the functions of the Board.

Board Committees and Charters

The Board and its committees meet throughout the year and act by written consent from time to time as appropriate. The Board delegates various responsibilities and authority to its Board committees. Committees regularly report on their activities and actions to the Board. The Board currently has and appoints the members of the following standing committees: the Executive Committee, the Audit Committee, the Compensation Committee, the Regulatory Oversight Committee (the "Regulatory Committee") and the Nominating and Corporate Governance Committee (the "Corporate Governance Committee"). Each of the committees, except for the Executive Committee, has a written charter approved by the Board. The charters of the Audit Committee, the Compensation Committee and the Corporate Governance Committee can be found on our corporate website at http://www.aspu.com/governance-docs.

The following table identifies the independent and non-independent current Board and committee members:

Name	Independent	Executive	Audit	Compensation	Regulatory	Governance
Michael Mathews						
Andrew Kaplan	✓	✓	✓		Chairman	
Doug Kass	✓			✓	✓	
Michael Koehneman	✓		✓		✓	Chairman
Dr. Joan Prince	✓			✓		
Sanford Rich	✓	✓	Chairman			✓

Director Independence

With the exception of Michael Mathews, all of the directors are independent as such term is defined under The Nasdaq Stock Market Rules (the "Nasdaq Rules").

As a result of being employed as an executive officer of the Company, Mr. Mathews is not independent under the Nasdaq Rules.

Messrs. Sanford Rich, Andrew Kaplan, and Michael Koehneman meet the independence requirements under the Nasdaq Rules and the heightened independence requirements for Audit Committee members under the rules of the SEC. Also, our Board has determined that Dr. Joan Prince and Mr. Douglas Kass are independent under the Nasdaq Rules relating to independence standards for Compensation Committee members.

Committees of the Board of Directors

Executive Committee

The function of the Executive Committee is to provide a committee for the Company which can approve corporate actions efficiently or in a timely fashion when the full Board is unavailable. The Executive Committee was established in December 2017.

Audit Committee

Management has the primary responsibility for the consolidated financial statements and the reporting process, including the system of internal controls. The Audit Committee reviews the Company's financial reporting process on behalf of the Board and administers our engagement of the independent registered public accounting firm. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its examinations, the evaluations of our internal controls, and the overall quality of our financial reporting.

Audit Committee Financial Expert

Our Board has determined that Messrs. Rich and Koehneman are each qualified as an Audit Committee Financial Expert, as that term is defined under the rules of the SEC and in compliance with the Sarbanes-Oxley Act of 2002.

Compensation Committee

The function of the Compensation Committee is to determine the compensation of our executive officers. The Compensation Committee has the power to set performance targets for determining periodic bonuses payable to executive officers and may review and make recommendations with respect to shareholder proposals related to compensation matters. Additionally, the Compensation Committee is responsible for administering the 2012 Equity Incentive Plan, as amended (the "2012 Plan") and the 2018 Equity Incentive Plan, as amended (the "2018 Plan" and together, the "Plans").

Corporate Governance Committee

The responsibilities of the Corporate Governance Committee include the identification of individuals qualified to become Board members, the selection of nominees to stand for election as directors, the oversight of the selection and composition of committees of the Board, establishing procedures for the nomination process including procedures, oversight of possible conflicts of interests involving the Board and its members, developing corporate governance principles, and the oversight of the evaluations of the Board and management. The Corporate Governance Committee has not established a policy with regard to the consideration of any candidates recommended by shareholders. If we receive any shareholder recommended nominations, the Corporate Governance Committee will carefully review the recommendation(s) and consider such recommendation(s) in good faith.

Regulatory Committee

Since our business is highly regulated, our Board established the Regulatory Committee in October 2019 to assist the Board in meeting its fiduciary duties. Its principal role is to monitor management's regulatory compliance and communicate with our counsel including our regulatory counsel and bring matters that may be pertinent to the attention of the Board.

Board and Committee Meetings in Fiscal 2022

In Fiscal 2022, the Board and the Company's Committees had the following number of meetings and consents in lieu of a meeting:

Board or Committee	Number of Meetings	Number of Consents in Lieu of a Meeting
Board of Directors	11	4
Compensation Committee	1	7
Corporate Governance Committee	1	—
Regulatory Committee	—	—
Executive Committee	—	2
Audit Committee	4	—

There were no directors (who were incumbent at the time) except for Joan Prince, who attended fewer than 75 percent of the aggregate total number of Board meetings and meetings of the Board committees of which the director was a member during Fiscal 2022.

Board Diversity

While we do not have a formal policy on diversity, our Board considers diversity to include the skill set, background, reputation, type and length of business experience of our Board members as well as a particular nominee's contributions to that mix. More recently, the Company has included race, gender and other characteristics as key diversity factors. Our Board believes that diversity brings a variety of ideas, judgments and considerations that benefit the Company and its shareholders. Although there are many other factors, the Board seeks individuals with experience on public company boards or the investment community, experience on operating growing businesses, and experience with online universities.

Pursuant to Nasdaq Rules, the Company has uploaded to its website a Board diversity matrix which provides certain information about the diversity characteristics of the directors serving on our Board. The matrix can be accessed at https://www.aspu.com/governance-docs.

Board Leadership Structure

We have chosen to combine the Chief Executive Officer and Board Chairman positions. We believe that this Board leadership structure is the most appropriate for the Company. Because we are a small company, it is more efficient to have the leadership of the Board in the same hands as the Chief Executive Officer. The challenges faced by us at this stage – implementing our business and marketing plans and continuing and managing our growth – are most efficiently dealt with by one person who is familiar with both the operational aspects as well as the strategic aspects of our business.

Board Role in Risk Oversight

Our risk management function is overseen by our Board. Our management keeps its Board apprised of material risks and provides its directors access to all information necessary for them to understand and evaluate how these risks interrelate, how they affect us, and how management addresses those risks. Mr. Michael Mathews, as our Chief Executive Officer and Chairman of the Board, works closely together with the Board once material risks are identified on how to best address such risks. If the identified risk poses an actual or potential conflict with management, our independent directors may conduct the assessment. Presently, the primary risks affecting us are our ability to comply with regulatory requirements, including the probation terms under the Consent Agreement with the Arizona State Board of Nursing (which while ongoing prevents us from enrolling new students in the Phoenix metro area), managing our working capital including reducing expenses in a manner that improves our working capital while also mitigating adverse operational impacts, overseeing our hybrid campus program, maintaining and increasing our enrollment and class starts, and otherwise managing our operations and growth consistent with regulatory oversight. See Item 1A – Risk Factors in the 2022 Form 10-K filed on July 29, 2022 for more information on the risks we face.

Code of Ethics

Our Board has adopted a Code of Ethics that applies to all of our employees, including our Chief Executive Officer and Chief Financial Officer. Although not required, the Code of Ethics also applies to our directors. The Code of Ethics provides written standards that we believe are reasonably designed to deter wrongdoing and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, full, fair, accurate, timely and understandable disclosure and compliance with laws, rules and regulations, including insider trading, corporate opportunities and whistleblowing or the prompt reporting of illegal or unethical behavior. We will provide a copy, without charge, to anyone that requests a copy of our code of ethics in writing by contacting Aspen Group, Inc., 276 Fifth Avenue, Suite 505, New York, New York 10001, Attention: Corporate Secretary.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors, executive officers, and persons who own more than 10% of our common stock to file initial reports of ownership and changes in ownership of our common stock and other equity securities with the SEC. These individuals are required by the regulations of the SEC to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of the forms furnished to us, and written representations from reporting persons, we believe that all filing requirements applicable to our officers, directors and 10% beneficial owners were complied with during Fiscal 2022 except that one Form 4 for Douglas Kass reporting a purchase of shares of common stock was not timely filed due to an administrative error.

Communication with our Board of Directors

Although we do not have a formal policy regarding communications with the Board, shareholders may communicate with the Board by writing to us at Aspen Group, Inc., 276 Fifth Avenue, Suite 505, New York, New York 10001, Attention: Corporate Secretary. Shareholders who would like their submission directed to a member of the Board may so specify, and the communication will be forwarded, as appropriate.

Risk Assessment Regarding Compensation Policies and Practices as they Relate to Risk Management

Our compensation program for employees does not create incentives for excessive risk taking by our employees or involve risks that are reasonably likely to have a material adverse effect on us. Our compensation has the following risk-limiting characteristics:

- Our base pay programs consist of competitive salary rates that represent a reasonable portion of total compensation and provide a reliable level of income on a regular basis, which decreases incentive on the part of our executives to take unnecessary or imprudent risks;

- A portion of executive incentive compensation opportunity is tied to long-term incentive compensation that emphasizes sustained performance over time. This reduces any incentive to take risks that might increase short-term compensation at the expense of longer term company results;

- Awards are not tied to formulas that could focus executives on specific short-term outcomes;

- Equity awards may be recovered by us should a restatement of earnings occur upon which incentive compensation awards were based, or in the event of other wrongdoing by the recipient; and

- Equity awards, generally, have multi-year vesting which aligns the long-term interests of our executives with those of our shareholders and, again, discourages the taking of short-term risk at the expense of long-term performance.

ITEM 11. EXECUTIVE COMPENSATION.

Set forth below is the information regarding the compensation paid, distributed or accrued by us for the fiscal year ended April 30, 2022 ("Fiscal 2022") and the fiscal year ended April 30, 2021 ("Fiscal 2021") to our Chief Executive Officer (principal executive officer) serving during the last fiscal year and the three other most highly compensated executive officers serving at the end of the last fiscal year whose compensation exceeded $100,000 (the "Named Executive Officers").

Summary Compensation Table

Name and Principal Positions (a)	Fiscal Year (b)	Salary $ (c)	Bonus $ (1) (d)	Stock Awards $ (2) (e)	Non-Equity Inventive Plan Compensation $ (g)	All Other Compensation $ (i)	Total $ (j)
Michael Mathews	2022	$ 346,823	$ —	$ 873,750 (3)	$ — (10)	$ 108,415 (4)	$ 1,328,988
Chief Executive Officer	2021	$ 334,750	$ 100,425 (5)	$ 138,080 (6)	$ —	$ 106,345 (4)	$ 679,600
Matthew LaVay	2022	$ 230,208	$ —	$ 725,000 (7)	$ — (10)	$ 40,000 (8)	$ 995,208
Chief Financial Officer	2021	$ —	$ —	$ —	$ —	$ —	$ —
Gerard Wendolowski	2022	$ 309,000	$ —	$ 518,400 (9)	$ — (10)	$ —	$ 827,400
Chief Operating Officer	2021	$ 309,000	$ 92,700 (5)	$ 127,458 (6)	$ —	$ —	$ 529,158
Cheri St. Arnauld	2022	$ 309,000	$ —	$ 518,400 (9)	$ — (10)	$ —	$ 827,400
Chief Academic Officer	2021	$ 309,000	$ 92,700 (5)	$ 127,458 (6)	$ —	$ —	$ 529,158

(1) Represents cash bonuses earned.

(2) These amounts do not reflect the actual economic value realized by the Named Executive Officers. The amounts in this column represent the grant date fair value of restricted stock units ("RSUs") granted during each covered fiscal year as computed in accordance with the Financial Accounting Standards Board ("FASB") ASC Topic 718 and the SEC disclosure rules. Pursuant to SEC rules, the amounts shown disregard the impact of estimated forfeitures related to service-based vesting conditions. See "Note 11. Stockholders' Equity" to the audited consolidated financial statements for Fiscal 2022 included in the Form 10-K for the assumptions used in calculating the grant date fair value.

(3) On July 21, 2021, as part of a new employment agreement, the Compensation Committee approved a 125,000 RSU grant to the Company's Chief Executive Officer under the Company's 2018 Plan. The grant has a grant date fair value of $873,750 based on a closing stock price of $6.99 per share. As stipulated in the grant, vesting is subject to continued employment with the Company and will occur in full on the date the Company files with the SEC a quarterly or annual report on Forms 10-Q or 10-K, as applicable, which reflects the Company's reported net income on a GAAP basis. At April 30, 2022, the Company was amortizing the expense over three years through July 2024 (the filing date of the Form 10-K for Fiscal Year 2024). The Company assessed the performance condition at July 31, 2022 and determined that it will not be met during the three-year period ending July 2024; therefore, these RSUs have been forfeited.

(4) The Company currently provides and intends to continue to provide perquisites that it feels are necessary to enable the Named Executive Officers to perform their responsibilities efficiently, to minimize distractions and help build a successful culture and business. We believe the benefit, financial or otherwise, the Company receives from providing these perquisites significantly outweighs the cost of providing them. For Fiscal 2022, this amount includes $7,000 per month paid to Mr. Mathews to cover expenses he incurs while traveling to the New York offices following the sale of his New York City area residence. Mr. Mathews, an Arizona resident, split his time during Fiscal 2021 between the Phoenix and New York offices given the majority of the Company's employees are based in Phoenix. Additionally, this amount includes a total of $24,415 in country club dues in the Phoenix area which the Company paid in accordance with the approval of the Compensation Committee. On a monthly basis, employees of the Phoenix office used the country club as part of a shared team-building experience. Mr. Mathews reimbursed the Company for personal expenses he incurs at the country club. For Fiscal 2021, this amount includes $7,000 per month paid to Mr. Mathews to cover expenses he incurred in maintaining a home in the New York City area. Additionally, this amount includes a total of $22,345 in country club dues in the Phoenix area which the Company paid in accordance with the approval of the Compensation Committee. Effective May 1, 2021, the Compensation Committee of the Board approved an extension of the previously approved $7,000 per month housing allowance for Mr. Mathews to cover the estimated expenses he incurs in maintaining a residence in the New York City area. These sums are disclosed in this Summary Compensation Table pursuant to the SEC Staff's interpretations, even though the payment of these expenses resulted in a benefit to the Company and saved the Company money.

(5) Represents the cash portion of the discretionary bonus for Fiscal 2021 paid in equal quarterly installments during Fiscal 2022.

(6) Represents the grant date fair value of the RSU portion of the discretionary bonus for Fiscal 2020. The RSUs were granted on July 8, 2020 and vest on July 8, 2023.

(7) On August 16, 2021, the Compensation Committee approved a 125,000 RSU grant to the Company's newly hired Chief Financial Officer as part of his employment agreement. The grant has a grant date fair value of $725,000 based on a closing stock price of $5.80 per share and vest on August 16, 2024.

(8) The Company currently provides and intends to continue to provide perquisites that it feels are necessary to enable the Named Executive Officers to perform their responsibilities efficiently, to minimize distractions and help build a successful culture and business. We believe the benefit, financial or otherwise, the Company receives from providing these perquisites significantly outweighs the cost of providing them. This amount includes $5,000 per month paid to Mr. LaVay to cover expenses he incurs while traveling to the Arizona offices until he permanently relocates to the Phoenix metro area.

(9) On August 12, 2021, the Compensation Committee approved individual grants of 80,000 RSUs to the Company's Chief Operating Officer and Chief Academic Officer. Each grant has a grant date fair value of $518,400 based on a closing stock price of $6.48 per share and vest in equal annual increments beginning on August 12, 2022 through August 12, 2024.

(10) As of the date of this Amendment, the Board of Directors has not met to determine the Fiscal 2022 discretionary bonus.

Named Executive Officer Employment Agreements

The Company has entered into Employment Agreements with Michael Mathews, Matthew LaVay, Cheri St. Arnauld and Gerard Wendolowski. Set forth below is the description of the material terms of the Employment Agreements.

Michael Mathews. The Employment Agreement with Mr. Mathews effective July 21, 2021 provides that he will serve as the Chief Executive Officer of the Company for a period of three years, subject to an automatic renewal for successive one-year terms unless prior notice of non-renewal is given by either party. Pursuant to his Employment Agreement, Mr. Mathews receives an annual base salary of $350,000.

Matthew LaVay. The Employment Agreement with Mr. LaVay effective August 16, 2021 provides that he will serve as the Chief Financial Officer of the Company for a period of four years, subject to an automatic renewal for successive one-year terms unless prior notice of non-renewal is given by either party. Pursuant to his Employment Agreement, Mr. LaVay receives an annual base salary of $325,000.

Cheri St. Arnauld. Pursuant to her Employment Agreement effective June 11, 2017, Dr. St. Arnauld will serve as the Chief Academic Officer of the Company for a period of three years, subject to an automatic renewal for successive one-year terms unless prior notice of non-renewal is given by either party. Pursuant to her Employment Agreement, Dr. St. Arnauld receives an annual base salary of $300,000.

Gerard Wendolowski. Mr. Wendolowski's Employment Agreement effective November 11, 2014, provides that he will serve as the Chief Operating Officer of the Company for a period of three years, subject to an automatic renewal for successive one-year terms unless prior notice of non-renewal is given by either party. Pursuant to his Employment Agreement, Mr. Wendolowski receives an annual base salary of $300,000.

Severance Agreements

On July 15, 2022, Dr. Anne McNamara, Chief Nursing Officer retired from her position as an officer and terminated her employment with the Company. In connection with Dr. McNamara's retirement, the Company entered into a Severance Agreement with Dr. McNamara (the "Agreement"). Dr. McNamara's Employment Agreement, dated November 1, 2019, terminated upon execution of the Agreement. Under the Agreement, for six months, the Company agreed to pay Dr. McNamara's a severance of $125,000 and health insurance and related costs of $10,000. In addition, the Company agreed to the accelerated vesting of 50,000 RSUs at a grant price of $6.29. The remaining price based RSUs terminated and the RSU portion of the discretionary bonus for Fiscal 2020 which was granted on July 8, 2020 also terminated.

As previously disclosed, on February 25, 2021, Frank J. Cotroneo, Chief Financial Officer and director of the Company, resigned from his positions as an officer and director of the Company and terminated his employment with the Company. In connection with Mr. Cotroneo's resignation, the Company entered into a Confidential Severance Agreement with Mr. Cotroneo (the "Former CFO Agreement"). Mr. Cotroneo's Employment Agreement, dated December 1, 2020, terminated upon execution of the Former CFO Agreement. Under the Former CFO Agreement, Mr. Cotroneo received severance of $150,000, $18,563 as a final bonus for Fiscal 2020, $33,750 as a final bonus for Fiscal 2021, and $96,250 as reimbursement for relocation costs which the Company had previously agreed to in order to induce Mr. Cotroneo to move. For six months, the Company agreed to pay Mr. Cotroneo's health insurance and related costs of $5,307. In addition, the Company agreed to the automatic vesting of 13,892 unvested nonqualified stock options exercisable at $5.12 and the accelerated vesting of 80,251 RSUs in the amount of $606,698. The remaining price based RSUs terminated.

Bonuses

Target Bonus

For each fiscal year during the term of the Named Executive Officers' Employment Agreements beginning May 1 and ending April 30 of the applicable fiscal year, each Named Executive Officer, has the opportunity to earn a bonus up to 30%, 66% or 100% of his or her then base salary (the "Target Bonus") as follows.

When the Company achieves annual Adjusted EBITDA (as defined in their Employment Agreements) at certain threshold levels (each, an "EBITDA Threshold"), the Named Executive Officers shall receive an automatic cash bonus (the "Automatic Cash Bonus") equal to a percentage of his or 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 Plan) equal to a percentage of the Named Executive Officer's then base salary (the "Automatic Equity Bonus"). See "Severance Agreement" above for the discussion of the payments made to Dr. Anne McNamara who retired in July 2022.

The EBITDA Thresholds and corresponding bonus levels are set forth in the table below. For the avoidance of doubt, the Named Executive Officer 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
$1,000,000 - $1,999,999	7.5 %	7.5 %
$2,000,000 - $3,999,999	16.5 %	16.5 %
$4,000,000 and over	25.0 %	25.0 %

The earning of the Automatic Cash Bonus is subject to the Company having at least $2,000,000 in available cash after deducting the Target Bonuses 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 officer continuing to provide services under their Employment Agreement on the applicable Target Bonus determination date. If the Company is unable to pay the Automatic Cash Bonus as a result of not meeting the Cash Threshold, no Automatic Cash Bonus will be earned for that fiscal year.

Discretionary Bonus

In addition, each of the Named Executive Officers is eligible to receive a discretionary bonus (the "Discretionary Bonus") consisting of a cash and equity component matching the applicable Target Bonus based on the Board's determination that the Named Executive Officer has achieved certain annual performance objectives established by the Board. See "Severance Agreement" above for the discussion of the payments made to Dr. Anne McNamara who retired in July 2022.

Termination Provisions

Under their Employment Agreements, the Named Executive Officers are entitled to severance payments. All of the termination provisions are intended to comply with Section 409A of the Internal Revenue Code of 1986, or the Code, and the Regulations thereunder.

In the event of termination by the Company without "cause" or resignation for "good reason," each of the Named Executive Officers is entitled to receive 12 months base salary, immediate vesting of unvested equity awards and continued benefits for six months.

In case of termination or change in title upon a change of control event, each of the Named Executive Officers is entitled to receive 18 months base salary, immediate vesting of unvested equity awards, continued benefits for 18 months and 100% of the existing Target Bonus, if any, for that fiscal year when the change of control occurs.

"Change of control" is defined in the Employment Agreements the same way it is defined under Section 409A of the Code. Generally, "good reason" is defined as a material diminution in the Named Executive Officer's authority, duties or responsibilities due to no fault of his or her own (unless he or she has agreed to such diminution); or (ii) any other action or inaction that constitutes a material breach by the Company under the Employment Agreement; or (iii) generally a relocation of the principal place of employment to a location outside the location specified in the Employment Agreements, including metropolitan New York, New York or Phoenix, Arizona area.

In the event employment is terminated at the end of the term upon the notice of non-renewal and a Named Executive Officer remains employed until the end of the term, such Named Executive Officer will be entitled to receive six months base salary and continued benefits for six months.

Under the terms of the Employment Agreements, the Named Executive Officers are subject to non-competition and non-solicitation covenants during the term of their employment and during one year following termination of employment with the Company. The Employment Agreements also contain customary confidentiality and non-disparagement covenants.

Outstanding Awards at April 30, 2022

Listed below is information with respect to unexercised options that have not vested, and equity incentive plan awards for each Named Executive Officer outstanding as of April 30, 2022. The vesting of all unvested options and RSUs are subject to continued employment on each applicable vesting date.

	Options Awards				Stock Awards	
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisabe (c)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock that Have Not Vested (3) (g)	Market Value of Shares of Units of Stock that Have Not Vested ($) (1) (h)
Michael Mathews	—	—	$ —		205,157	$ 178,487
Matthew LaVay	—	—	$ —		125,000	$ 108,750
Cheri St. Arnauld	180,000	—	$ 7.55	7/19/23	142,741	$ 124,185
Gerard Wendolowski	180,000	—	$ 7.55	7/19/23	142,741	$ 124,185

Compensation of Directors

Our employees do not receive compensation for serving as members of our Board. Our non-employee directors receive compensation for their service as directors and members of committees of the Board, consisting of cash and equity awards. Our non-employee directors can elect to receive equity instead of all or a portion of their cash compensation for service as directors. Compensation for service on committees of the Board is paid in shares of restricted common stock. In January 2022, each non-employee director received compensation for Board service in the amount of $35,000 for calendar year 2021 and additional compensation for service on committees of the Board. All non-employee directors elected to receive awards of restricted common stock instead of the annual cash retainer, except for Norman D. Dicks (who resigned as a director on April 1, 2022), C. James Jensen (who resigned as a director on July 14, 2021) and Dr. Joan Prince. Directors are reimbursed for reasonable expenses incurred in attending meetings and carrying out duties as Board and committee members. Under the Plans, our non-employee directors receive grants of restricted common stock as compensation for their services on our Board, as described above. Because we do not pay compensation to employee directors, Mr. Mathews was not compensated for his services as a director in Fiscal 2022 and is omitted from the following table.

In Fiscal 2022, non-employee members of our Board were compensated as follows:

Name (a)	Fees Earned or Paid in Cash ($) (1) (b)	Stock Awards ($) (2) (3) (4) (c)	Total ($) (j)
Norman D. Dicks (5)	$ 35,000	$ 48,036	$ 83,036
C. James Jensen (6)	$ 8,750	$ —	$ 8,750
Andrew Kaplan	$ —	$ 56,226	$ 56,226
Douglas Kass	$ —	$ 43,124	$ 43,124
Michael Koehneman	$ —	$ 48,036	$ 48,036
Dr. Joan Prince	$ 35,000	$ 21,563	$ 56,563
Sanford Rich	$ —	$ 62,230	$ 62,230

(1) Represents the portion of cash compensation earned as of April 30, 2022.

(2) The table below sets forth unvested restricted common stock awards and unexercised options held by each of our non-employee directors outstanding as of April 30, 2022.

Name	Aggregate Number of Restricted Stock Awards Outstanding	Aggregate Number of Unexercised Option Awards Outstanding
Norman D. Dicks	—	38,000
C. James Jensen	—	35,000
Andrew Kaplan	—	50,000
Douglas Kass	—	—
Michael Koehneman	—	—
Dr. Joan Prince	—	—
Sanford Rich	—	51,000

(3) Amounts reported represent the aggregate grant date fair value of awards without regards to forfeitures granted to the independent members of our Board during Fiscal 2022, computed in accordance with ASC 718. This amount does not reflect the actual economic value realized by each director.

(4) Pursuant to their election to receive shares of restricted common stock in lieu of $35,000 in cash compensation, Messrs. Kaplan, Kass, Koehneman, and Rich each received a grant of fully vested restricted common stock in January 2022. Committee service fees were also paid in restricted common stock, which included grants of fully vested restricted common stock in January 2022 to Mr. Dicks and Dr. Prince.

(5) Mr. Dicks retired from the Board effective April 1, 2022.

(6) Mr. Jensen retired from the Board effective July 14, 2021.

Equity Compensation Plan Information

The following chart reflects the number of securities granted and the weighted average exercise price for our compensation plans as of April 30, 2022.

Name of Plan	Number of securities to be issued upon exercise of outstanding options, restricted stock units, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights $ (b)	Number of securities remaining available for future issuance under compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
Aspen Group, Inc. 2012 Equity Incentive Plan, as amended (1)	1,254,155	$ 6.94	—
Aspen Group, Inc. 2018 Equity Incentive Plan (2)	1,185,129	$ 5.94	812,763
Equity compensation plans not approved by security holders	—		—
Total	2,439,284		812,763

(1) The 2012 Plan expired March 15, 2022 and remains in effect for outstanding grants only, and is no longer available for new grants. On March 8, 2022, the Company transferred the 129,009 unused shares under the 2012 Plan to the 2018 Plan.

(2) Represents options issued under the 2018 Equity Incentive Plan, as amended.

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

The following table sets forth the number of shares of the Company’s common stock beneficially owned as of August 12, 2022 by (i) those persons known by the Company to be owners of more than 5% of its common stock, (ii) each director, (iii) the Named Executive Officer (as disclosed in the Summary Compensation Table), and (iv) the Company’s executive officers and directors as a group. Unless otherwise specified in the notes to this table, the address for each person is: c/o Aspen Group, Inc., 276 Fifth Avenue, Suite 505, New York, New York 10001, Attention: Corporate Secretary.

Title of Class	Beneficial Owner	Amount of Beneficial Ownership (1)	Percent Beneficially Owned (1)
Named Executive Officers:			
Common Stock	Michael Mathews (2)	901,281	3.6 %
Common Stock	Matthew LaVay (3)	41,667	*
Common Stock	Dr. Cheri St. Arnauld (4)	270,365	1.1 %
Common Stock	Gerard Wendolowski (5)	325,358	1.3 %
Directors:			
Common Stock	Andrew Kaplan (6)	179,376	*
Common Stock	Douglas Kass (7)	142,894	*
Common Stock	Michael Koehneman (8)	26,160	*
Common Stock	Dr. Joan Prince (9)	9,060	*
Common Stock	Sanford Rich (10)	149,538	*
Common Stock	**All directors and executive officers as a group (11 persons) (12)**	2,099,743	8.1 %
5% Shareholders:			
Common Stock	Leon G. Cooperman (12)	2,470,000	9.7 %
Common Stock	Calm Waters Partnership (13)	2,336,307	9.3 %
Common Stock	Long Focus Capital Management, LLC (14)	1,501,163	5.9 %

* Less than 1%.

(1) **Beneficial Ownership Note.** Applicable percentages are based on 25,236,203 shares of common stock outstanding as of August 12, 2022, excluding securities held by or for the account of the Company. Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days whether upon the exercise of options, warrants or conversion of notes. Unless otherwise indicated in the footnotes to this table, the Company believes that each of the shareholders named in the table has sole voting and investment power with respect to the shares of Common Stock indicated as beneficially owned by them. This table does not include any unvested stock options except for those vesting within 60 days. Certain 5% shareholders have beneficial ownership limitations; the numbers in the table give effect to such limitations.

(2) **Mathews.** Mr. Mathews is our Chairman and Chief Executive Officer. Includes (i) 2,917 shares held jointly with his spouse, and (ii) 8,334 shares held by a trust of which Mr. Mathews is the trustee. Does not include (i) 65,000 shares underlying RSUs that are subject to stock price based vesting or otherwise vesting in 2024, (ii) 15,157 shares underlying RSUs vesting on July 8, 2023, or (iii) 125,000 shares underlying RSUs that vest following the Company's filing of a quarterly or annual report on Forms 10-Q or 10-K as applicable, which report directly or indirectly reflects that the Company delivered net income on a GAAP basis for the fiscal quarter covered by such report.

(3) **LaVay.** Mr. LaVay is our Chief Financial Officer. Does not include 83,333 shares underlying RSUs vesting in two approximately equal annual increments from August 16, 2022.

(4) **St. Arnauld.** Dr. St. Arnauld is our Chief Academic Officer and President of Aspen University. Includes 180,000 shares underlying vested stock options. Does not include (i) 48,750 shares underlying RSUs that are subject to stock price-based vesting or otherwise vesting in 2024, (ii) 13,991 shares underlying RSUs vesting on July 8, 2023, or (iii) 53,333 shares underlying RSUs vesting in two approximately equal annual increments from August 12, 2022.

(5) **Wendolowski**. Mr. Wendolowski is our Chief Operating Officer. Includes 380,000 shares underlying vested stock options. Does not include (i) 48,750 shares underlying RSUs that are subject to stock price-based vesting or otherwise vesting in 2024, (ii) 13,991 shares underlying RSUs vesting on July 8, 2023, or (iii) 53,333 shares underlying RSUs vesting in two approximately equal annual increments from August 12, 2022.

(6) **Kaplan.** Mr. Kaplan is a director. Includes 50,000 shares underlying vested stock options.

(7) **Kass.** Mr. Kass is a director. Includes 123,000 shares held by Seabreeze Capital Partners LP, of which Mr. Kass is the general partner.

(8) **Koehneman.** Mr. Koehneman is a director. Includes 2,000 shares held by Michael Koehneman Roth IRA.

(9) **Prince.** Dr. Prince is a director.

(10) **Rich**. Mr. Rich is a director. Includes (i) 2,188 shares held in the name of Mr. Rich's IRA and (ii) 78,538 shares underlying vested stock options.

(11) **Directors and Executive Officers as a group**. This amount includes ownership by all directors and all current executive officers including those who are not Named Executive Officers under the SEC's disclosure rules.

(12) **Cooperman**. Based on a Schedule 13G filed on February 14, 2022. Mr. Cooperman is the trustee of The Leon and Toby Cooperman Family Foundation. Address is St. Andrew's Country Club, 7118 Melrose Castle Lane, Boca Raton, FL 33496.

(13) **Calm Waters**. Based on a Schedule 13D filed on March 21, 2022. Richard S. Strong Is the Managing Partner of Calm Waters Partnership. Address is 833 E. Michigan Street, Suite 1800, Milwaukee, WI 53202.

(14) **Long Focus Capital Management, LLC.** Based on Schedule 13G filed on May 20, 2022. Mr. John B. Helmers is the Managing Member of Long Focus Capital Management, LLC. Address is 207 Calle Del Parque, A&M Tower, 8th Floor, San Juan, PR 00912.

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

Set forth below is a brief description of the transactions since May 1, 2020 in excess of $120,000 in which the Company was a participant and in which any director or executive officer of the Company, any known 5% or greater stockholder of the Company or any immediate family member of any of the foregoing persons, had a direct or indirect material interest as defined in Item 404(a) of Regulation S-K. As permitted by the SEC rules, discussion of employment relationships or transactions involving the Company's executive officers and directors, and compensation solely resulting from such employment relationships or transactions, or service as a director of the Company, as the case may be, has been omitted to the extent disclosed in the Executive Compensation or the Director Compensation section of this Amendment, as applicable.

Loan Agreements

On March 6, 2019, the Company entered into a loan agreement with a lender. Under the Loan Agreement we borrowed $5 million (the "Loan"), evidenced by a 12% term Promissory Note and Security Agreement due September 6, 2020. The loan was secured by a first priority lien in the Collateral. Concurrently with entering into the Loan Agreement, the Company entered into, and borrowed another $5 million under, a loan agreement with another stockholder of the Company, which is not a related party, on the same terms as are contained in the Loan Agreement. The Company issued 100,000 Warrants to the lender and the other lender exercisable at $6 per share.

On January 22, 2020, the Company refinanced the Loan and the other $5 million loan by issuing each lender a $5 million 7% Convertible Note. The Convertible Notes were convertible at $7.15 per share and due on January 22, 2023. The Convertible Notes automatically converted into common stock if the average closing price of our common stock is at least $10.725 over a 20 consecutive trading day period. On September 14, 2020, the Company issued 1,398,602 shares of its common stock to the two holders of the Convertible Notes upon mandatory conversion of the Convertible Notes pursuant to their terms.

On June 5, 2020, the Leon and Toby Cooperman Family Foundation (the "Lender"), of which Mr. Leon Cooperman, a principal stockholder of the Company, is the trustee, exercised all of its Warrants which the Company had issued to the Lender in connection with prior loan agreements, and received 192,049 shares of common stock in exchange for a 5% discount in the exercise prices. In addition, the Lender agreed to not sell its common stock for at least six months.

On August 31, 2021, the Company entered into a letter agreement (the “Amendment Agreement”) with the Lender to amend the terms of the Credit Facility Agreement, as amended and restated, and the form of the Amended and Restated Revolving Promissory Note, dated March 6, 2019 (the “Note”). Pursuant to the Amendment Agreement, the Credit Facility Agreement which the Company originally entered into with the Lender in November 2018 and the form of the Note were amended to extend the expiration of the commitment period during which the Company can borrow under the Credit Facility Agreement and the final maturity date to November 4, 2022, or the day immediately preceding the fourth anniversary of the original Note. The Credit Facility Agreement provides for a $5 million revolving credit facility with the Lender. Borrowings under the Credit Facility Agreement are evidenced by the Note and bear interest at 12% per annum. The Company granted the Lender a first priority lien in certain deposit accounts of the Company, all current and future accounts receivable of Aspen University Inc. and United States University, Inc., subsidiaries of the Company (the “Subsidiaries”), certain of the deposit accounts of the Subsidiaries and all of the outstanding capital stock of the Subsidiaries (the “Collateral”) on a pari passu basis with the other lender.

On September 1, 2021, the Company borrowed $5 million under the Credit Facility Agreement, as amended by the Amendment Agreement. The loan evidenced by the Note, as amended by the Amendment Agreement, bore interest at the rate of 12% per annum payable monthly and matured on November 4, 2022. Subsequently, on March 14, 2022, the Company entered into an amendment with the lender pursuant to the Credit Facility Agreement for interest at the rate of 14% per annum payable monthly and to extend the maturity date by one year to November 4, 2023.

The Company’s obligations under the Note are secured by a first priority lien in certain deposit accounts of the Company, all current and future accounts receivable of the Subsidiaries, certain of the deposit accounts of the Subsidiaries and all of the outstanding capital stock of the Subsidiaries.

Pursuant to the Amendment Agreement, on August 31, 2021, the Company issued the Lender warrants to purchase 50,000 shares of the Company’s common stock exercisable for five years from the date of issuance at the exercise price of $5.85 per share.

2022 Loans

On March 14, 2022, the Company issued a $5 million convertible note (the "2022 Convertible Note") to the Lender in exchange for a $5 million note. The Company also issued an identical Convertible Note to another unaffiliated lender (the "Lenders"). The key terms of the Convertible Note are as follows:

- At any time after 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 $1.00 per share;
- The Convertible Note automatically converts at $1.00 per share into shares of the Company’s common stock if the average closing price of our common stock is at least $2.00 over a 30 consecutive trading day period. This mandatory conversion is subject to the Lenders' 9.9% beneficial ownership limitation and is also subject to the Nasdaq combined 19.99% requirement which generally provides that a listed issuer may not issue 20% or more of its outstanding common stock or voting power in a non-public offering at below a minimum price unless the Company’s stockholders first approve such issuance;
- The Convertible Note is due March 14, 2027 or approximately five years from the closing;
- The interest rate of the Convertible Note is 12% per annum (payable monthly in arrears); and

- The Convertible Note is secured by a first priority lien in all current and future accounts receivable of the Company's subsidiaries, certain of the deposit accounts of the Company and its subsidiaries and a pledge of the common stock of the Company held by its Chief Executive Officer (the "2022 Collateral").

At closing of the 2022 Convertible Note, the Company agreed to pay the Lenders' legal fees arising from this transaction of $135,362.

On March 14, 2022, the Company entered into Revolving Promissory Note and Security Agreements (the "2022 Revolver Agreements") with the same two lenders (including the Lender) of the 2022 Convertible Notes for a one-year, $20 million
secured revolving line of credit that requires monthly interest payments on sums borrowed at the rate of 12% per annum (the "2022 Revolving Credit Facility"). The Company paid a 1% commitment fee of $200,000 at closing. If the revolving credit facility has not been replaced in six months of the closing date, the Company must pay another 1% commitment fee.

Pursuant to the 2022 Convertible Notes and the 2022 Revolving Credit Facility (the "2022 Notes"), all future indebtedness incurred by the Company, other than indebtedness expressly permitted by the 2022 Notes, will be subordinated to the 2022 Notes and the related facility, with an exception for acquisitions of software and equipment under purchase money agreements and capital leases.

The Company's obligations under the 2022 Revolver Agreements are secured by a first priority lien in the same 2022 Collateral as described above.

On March 14, 2022, in connection with the issuance of the 2022 Notes, the Company also entered into an intercreditor agreement (the "Intercreditor Agreement") among the Company, the two lenders who were issued the 2022 Notes, and the lender under a prior credit facility dated November 5, 2018 (as amended, the "2018 Credit Facility"). The Intercreditor Agreement provides among other things that the Company's obligations under, and the security interests in the Collateral granted pursuant to, the Note and the 2018 Credit Facility shall rank pari passu to one another.

In connection with the issuance of the 2022 Notes, the Company also entered into an Investors/Registration Rights Agreement with the lenders (including the Lender) (the "Registration Rights Agreement") whereby, upon request of a lender on or after August 15, 2022 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 2022 Convertible Notes.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

All of the services provided and fees charged by Salberg & Company, P.A. (PCAOB ID #106, Boca Raton, Florida) ("Salberg") our principal accountant, were approved by our Audit Committee. The following table shows the fees paid to Salberg for the fiscal years ended April 30, 2022 and 2021.

	Year Ended April 30,	
	2022	**2021**
Audit Fees (1)	$ 196,600	$ 178,600
Audit Related Fees (2)	—	15,200
Tax Fees	—	—
All Other Fees	—	—
Total	$ 196,600	$ 193,800

(1) Audit fees – these fees relate to services rendered for the audits of our annual consolidated financial statements, for the review of our quarterly consolidated financial statements, and for services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements including filings with the Department of Education.

(2) Audit related fees – these fees are audit related consulting relating to registration statements.

Audit Committee's Pre-Approval Policy

The Audit Committee pre-approves all audit and permissible non-audit services on a case-by-case basis. In its review of non-audit services, the Audit Committee considers whether the engagement could compromise the independence of our independent registered public accounting firm, and whether the reasons of efficiency or convenience is in our best interest to engage our independent registered public accounting firm to perform the services. All of the services provided and fees charged by Salberg were approved by our Audit Committee.

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

Exhibit #	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed or Furnished Herewith
3.1	Certificate of Incorporation, as amended	10-K	7/9/2019	3.1	
3.1(a)	Certificate of Amendment to Articles of Incorporation - authorized shares	8-K	7/12/2022	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	Aspen Group, Inc. 2012 Equity Incentive Plan, as amended*	S-8	9/21/2020	10.1	
10.2	Aspen Group, Inc. 2018 Equity Incentive Plan, as amended*	10-Q	3/16/2021	10.1	
10.2(a)	Amendment No. 3 to the Aspen Group, Inc. 2018 Equity Incentive Plan*	DEF 14A	11/5/2021	Annex A	
10.2(b)	Amendment No. 4 to the Aspen Group, Inc. 2018 Equity Incentive Plan*	10-Q	3/15/2022	10.7	
10.3	Employment Agreement effective July 21, 2021, by the Company and Michael Mathews*	8-K	7/23/2021	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 – Cheri St. Arnauld*	10-K	7/25/2017	10.5	
10.6	Employment Agreement dated November 1, 2019 – Anne McNamara*	10-K	7/7/2020	10.6	
10.7	Employment Agreement dated December 1, 2020 - Robert Alessi*	10-Q	3/16/2021	10.2	
10.8	Employment Agreement, effective August 16, 2021, by the Company and Matthew LaVay*	8-K	8/16/2021	10.1	
10.9	Form of Restricted Stock Unit Agreement*	10-K	7/7/2020	10.9	
10.10	Form of Restricted Stock Unit Agreement – price based vesting*	10-K	7/7/2020	10.10	
10.11	Form of Stock Option Agreement*	10-K	7/7/2020	10.11	
10.12	Amended and Restated Revolving Promissory Note and Security Agreement, dated March 6, 2019	10-Q	3/11/2019	10.5	
10.13	Form of Investors/Registration Rights Agreement dated January 22, 2020	8-K	1/23/2020	10.3	
10.14	Confidential Severance Agreement, dated February 25, 2021, by and between the Company and Frank J. Cotroneo	10-K	7/13/2021	10.13	
10.15	Warrant dated July 21, 2021	10-Q	9/14/2021	10.1	
10.16	Form of Revolving Promissory Note and Security Agreement+	10-Q	3/15/2022	10.1	
10.17	Form of Convertible Promissory Note and Security Agreement+	10-Q	3/15/2022	10.2	
10.18	Form of Intercreditor Agreement	10-Q	3/15/2022	10.3	
10.19	Form of Investors/Registration Rights Agreement dated March 14, 2022	10-Q	3/15/2022	10.4	
10.20	Form of Third Amendment to the Amended and Restated Revolving Promissory Note and Security Agreement dated November 5, 2018	10-Q	3/15/2022	10.5	
10.21	Form of Letter Agreement +	10-Q	3/15/2022	10.6	

10.22	Consent Agreement dated March 31, 2022	8-K	4/1/2022	99.1	
10.23	First Amendment to Intercreditor Agreement dated April 22, 2022	8-K	4/27/2022	10.1	
21.1	Subsidiaries	10-K	7/13/2021	21.1	
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.

^ Previously filed with our 2022 Form 10-K, originally filed with the SEC on July 29, 2022, which is being amended hereby.

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

SIGNATURES

Pursuant to the requirements of 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: August 19, 2022

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

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.

Date: August 19, 2022

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Matt LaVay, 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.

Date: August 19, 2022

/s/ Matt LaVay

Matt LaVay
Chief Financial Officer
(Principal Financial Officer)