

ASPEN GROUP, INC.  
Form 10-Q  
March 17, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended **January 31, 2014**

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: 000-55107**

**Aspen Group, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**27-1933597**

*(I.R.S. Employer Identification No.)*

**720 South Colorado Boulevard, Suite 1150N**

**Denver, CO**

*(Address of principal executive offices)*

**80246**

*(Zip Code)*

**Registrants telephone number: (646) 450-1843**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>

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

Class  
Common Stock, \$0.001 par value per share

Outstanding as of March 17, 2014  
72,625,002 shares



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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ASPEN GROUP, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	<b>January 31, 2014 (Unaudited)</b>	<b>April 30, 2013</b>
Assets		
Current assets:		
Cash and cash equivalents	\$ 850,627	\$ 724,982
Restricted cash	265,579	265,173
Accounts receivable, net of allowance of \$215,643 and \$72,535, respectively	659,814	364,788
Prepaid expenses	37,420	165,426
Net assets from discontinued operations (Note 1)	5,250	113,822
Total current assets	1,818,690	1,634,191
Property and equipment:		
Call center equipment	122,653	121,313
Computer and office equipment	66,118	61,036
Furniture and fixtures	32,914	32,914
Library (online)	100,000	100,000
Software	1,809,860	1,518,142
	2,131,545	1,833,405
Less accumulated depreciation and amortization	(837,427)	(569,665)
Total property and equipment, net	1,294,118	1,263,740
Courseware, net	129,367	208,095
Accounts receivable, secured - related party, net of allowance of \$625,962 and \$502,315, respectively	146,831	270,478
Debt issuance costs, net	260,114	
Other assets	25,181	25,181
Total assets	\$ 3,674,301	\$ 3,401,685

(Continued)



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

	<b>January 31, 2014 (Unaudited)</b>	<b>April 30, 2013</b>
<b>Liabilities and Stockholders Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable	\$ 376,600	\$ 313,405
Accrued expenses	133,148	128,569
Deferred revenue	806,160	904,590
Loan payable to stockholder	491	491
Title IV Funds In Transit	235,311	253,883
Deferred rent, current portion	12,879	10,418
Convertible notes payable, current portion	200,000	200,000
Net liabilities from discontinued operations (Note 1)	11,475	124,504
Total current liabilities	1,776,064	1,935,860
Line of credit	244,175	250,000
Loan payable to officer - related party	1,000,000	
Convertible notes payable - related party	600,000	600,000
Debenture payable, net of discounts of \$573,060	1,666,940	
Deferred rent	11,750	21,450
Total liabilities	5,298,929	2,807,310
Commitments and contingencies - See Note 8		
Stockholders' equity (deficiency):		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized		
Common stock, \$0.001 par value; 120,000,000 shares authorized, 69,667,107 issued and 69,467,107 outstanding at January 31, 2014 and 58,573,222 issued and 58,373,222 outstanding at April 30, 2013	69,467	58,573
Additional paid-in capital	15,343,576	13,345,888
Treasury stock (200,000 shares)	(70,000)	(70,000)
Accumulated deficit	(16,967,671)	(12,740,086)
Total stockholders' equity (deficiency)	(1,624,628)	594,375
Total liabilities and stockholders' equity (deficiency)	\$ 3,674,301	\$ 3,401,685

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





**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues	\$ 1,002,167	\$ 831,562	\$ 2,817,497	\$ 2,257,354
Operating expenses				
Cost of revenues (exclusive of amortization expense included in depreciation and amortization shown separately below)	555,625	557,689	1,558,599	1,579,813
General and administrative	1,697,403	1,043,461	4,698,343	3,547,485
Receivable collateral valuation reserve	123,647		123,647	502,316
Depreciation and amortization	121,904	111,862	350,990	316,141
Total operating expenses	2,498,579	1,713,012	6,731,579	5,945,755
Operating loss from continuing operations	(1,496,412)	(881,450)	(3,914,082)	(3,688,401)
Other income (expense):				
Interest income	136	3,479	750	4,037
Interest expense	(260,062)	(6,395)	(398,916)	(363,528)
Total other expense, net	(259,926)	(2,916)		