

ASPEN GROUP, INC.
Form 10-Q
December 10, 2018

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 **October 31, 2018**.

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.

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(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.)

276 Fifth Avenue, Suite 306, New York, New York

(Address of principal executive offices)

10001

(Zip Code)

Registrants telephone number: (212) 477-1210

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit 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
Non-accelerated filer
Emerging growth company

Accelerated filer
Smaller reporting company

If an emerging growth company, indicate by checkmark 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Class

Outstanding as of December 10, 2018

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Common Stock, \$0.001 par value per share

18,374,425 shares

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****ASPEN GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	October 31, 2018 (Unaudited)	April 30, 2018
Assets		
Current assets		
Cash	\$ 7,723,808	\$ 14,612,559
Restricted cash	190,506	190,506
Accounts receivable, net of allowance of \$736,103 and \$468,174, respectively	10,040,398	6,802,723
Prepaid expenses	430,072	199,406
Other receivables	5,373	184,569
Total current assets	18,390,157	21,989,763
Property and equipment:		
Call center equipment	166,051	140,509
Computer and office equipment	294,419	230,810
Furniture and fixtures	1,271,536	932,454
Software	3,485,118	2,878,753
	5,217,124	4,182,526
Less accumulated depreciation and amortization	(1,450,025)	(1,320,360)
Total property and equipment, net	3,767,099	2,862,166
Goodwill	5,011,432	5,011,432
Intangible assets, net	9,091,667	9,641,667
Courseware and accreditation, net	192,652	138,159
Accounts receivable, secured - net of allowance of \$625,963 and \$625,963, respectively	45,329	45,329
Long term contractual accounts receivable	1,812,629	1,315,050
Other assets	605,812	584,966
Total assets	\$ 38,916,777	\$ 41,588,532

(Continued)

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

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

	October 31, 2018 (Unaudited)	April 30, 2018
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 1,625,989	\$ 2,227,214
Accrued expenses	731,591	658,854
Deferred revenue	3,445,306	1,814,136
Refunds due students	1,181,939	815,841
Deferred rent, current portion	12,247	8,160
Convertible notes payable, current portion	1,050,000	1,050,000
Other current liabilities	375,749	203,371
Total current liabilities	8,422,821	6,777,576
Convertible note	1,000,000	1,000,000
Deferred rent	527,158	77,365
Total liabilities	9,949,979	7,854,941
Commitments and contingencies - See Note 6		
Stockholders equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, 0 issued and outstanding at October 31, 2018 and April 30, 2018		
Common stock, \$0.001 par value; 250,000,000 shares authorized, 18,391,092 issued and 18,374,425 outstanding at October 31, 2018 18,333,521 issued and 18,316,854 outstanding at April 30, 2018	18,391	18,334
Additional paid-in capital	67,102,509	66,557,005
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(38,084,102)	(32,771,748)
Total stockholders equity	28,966,798	33,733,591
Total liabilities and stockholders equity	\$ 38,916,777	\$ 41,588,532

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

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

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2018	2017	2018	2017
Revenues	\$ 8,095,344	\$ 4,851,639	\$ 15,316,649	\$ 9,094,525
Operating expenses				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	3,835,515	1,864,659	7,587,907	3,617,150
General and administrative	6,210,411	3,166,391	12,034,543	6,297,725
Depreciation and amortization	524,067	145,355	1,022,172	284,074
Total operating expenses	10,569,993	5,176,405	20,644,622	10,198,949
Operating loss	(2,474,649)	(324,766)	(5,327,973)	(1,104,424)
Other income (expense):				
Other income	41,492	23,111	97,894	41,888
Interest expense	(41,922)	(179,896)	(82,275)	(186,093)
Total other income (expense), net	(430)	(156,785)	15,619	(144,205)
Loss before income taxes	(2,475,079)	(481,551)	(5,312,354)	(1,248,629)
Income tax expense (benefit)				