This Amendment No. 3 on Form 8-K/A (this "report") amends and restates in its entirety the Aspen Group, Inc. ("Aspen") audited consolidated financial statements for the years ended December 31, 2011 and 2010. This report was necessary to reflect a restatement relating to the write-off of a loan receivable of approximately $2.2 million owed by a corporation which is believed to still be controlled by Aspen's former Chairman. Conforming changes were made in Item 2.01 to reflect this write off as well as certain information in this report was updated to a recent date.

We are accredited by the Distance Education and Training Council ("DETC"), a "national accrediting agency" recognized by the U.S. Department of Education ("DOE"). Aspen first received DETC accreditation in 1993 and most recently received re-accreditation in January 2009. In February 2012, DETC informed Aspen that it had approved the change of ownership application related to the Reverse Merger, subject to customary conditions. Additionally, Aspen is authorized by the Colorado Commission on Higher Education, a departmental division of the Colorado Department of Higher Education ("CDHE"), to operate in Colorado as a private university under the Degree Authorization Act. In

Aspen is a Global Charter Education Provider for the Project Management Institute ("PMI") and a Registered Education Provider (R.E.P.) of the PMI. The PMI recognizes select Aspen Project Management Courses as Professional Development Units. These courses help prepare individuals to sit for the Project Management Professional ("PMP") certification examination. PMP certification is the project management profession's most recognized and respected certification credential. Project management professionals may take the PMI approved Aspen University courses to fulfill continuing education requirements for maintaining their PMP certification.

In connection with our Bachelor and Master degrees in Psychology of Addiction and Counseling, the National Association of Alcoholism and Drug Abuse Counselors ("NAADAC") has approved Aspen as an "academic education provider." NAADAC-approved education providers offer training and education for those who are seeking to become certified, and those who want to maintain their certification, as alcohol and drug counselors. In connection with the approval process, NAADAC reviews all educational training programs for content applicability to state and national certification standards.

In 2012, Aspen plans to add five new degree or certificate programs and one specialization. Aspen plans to seek DETC approval for the following:

- Certificate in Internet Marketing;
- Doctorate of Nursing Practice;
- Bachelor of Science in Technology (with specialization in telecommunications and digitally integrated premise design);
- Bachelor of Fine Arts;
- Associate in Fine Arts; and
- MBA Specialization in Internet Marketing.

Aspen also plans to seek DOE approval for the above programs in order to award Title IV aid to students participating in such programs. See "Regulation" beginning at page 15 of this report. These programs and certificates focus on Aspen's strategic goal of increasing enrollments in business, nursing, and technology program areas.

____________________- We believe that we have the following competitive strengths:

Exclusively Online Education wpe nicati tooy coursst ae prograou Spetifital 5

Debt Minimization   We are committed to offering among the lowest tuition rates in the sector, which to date has alleviated the need for a significant majority of our students to require debt financing to fund Aspen's tuition requirements. In July 2011, we raised our course-by-course tuition rates to $300/credit hour for all degree-seeking programs. However, we believe based on our competitors' public information that our tuition rates remain significantly lower than our competitors. For example, University of Phoenix, Capella University and Grand Canyon University charge $715, $678, and $550, respectively, per credit hour for their MBA program versus Aspen's $300 per credit hour.

Commitment to Academic Excellence   We are committed to continuously improving our academic programs and services, as evidenced by the level of attention and resources we apply to instruction and educational support. We are committed to achieving high course completion and graduation rates compared to competitive distance learning, for-profit schools. 67% of our adjunct faculty members hold a doctorate degree. One-on-one contact with our highly experienced faculty brings knowledge and great perspective to the learning experience. Faculty members are available by telephone and email to answer questions, discuss assignments and provide help and encouragement to our students. The new faculty service department will offer a continuing faculty development program (training and courses) as well as a centralized instructional design component. For example, the faculty service department will offer training on the new technology and tools that Aspen adopted in 2011. This training will enable Aspen's faculty to implement optimally the new technology and tools. The faculty service department will also include an instructional design department, which will centralize preparation of course materials.

Highly Scalable and Profitable Business Model   We believe our exclusively online education model, our relatively low student acquisition costs, and our variable faculty cost model will enable us to expand our operati p ţ e

The U.S. market for postsecondary education is a large, growing market. According to a 2011 publication by the National Center for Education Statistics ("NCES"), the number of postsecondary learners enrolled as of Fall 2009 in U.S. institutions that participate in Title IV programs was approximately 20 million (including both undergraduate and graduate students), up from 18.2 million in the Fall of 2007. We believe the growth in postsecondary enrollment is a result of a number of factors, including the significant and measurable personal income premium that is attributable to postsecondary education, and an increase in demand by employers for professional and skilled workers, partially offset in the near term by current economic conditions. According to the NCES, in 2009, the median earnings of young adults with a bachelor's degree was $51,000 for men and $40,100 for women compared to $40,000 for men and $35,000 for women with an associate's degree and $32,900 for men and $25,000 for women with a high school diploma.

Eduventures, Inc., an education consulting and research firm, estimates that 20% of all postsecondary students will be in fully-online programs by 2014, with perhaps another 20% taking courses online. The estimated increase in students online increased 18% in 2010. We believe that the higher growth in demand for fully-online education is largely attributable to the flexibility and convenience of this instructional format, as well as the growing recognition of its educational efficacy.

There are more than 4,200 U.S. colleges and universities serving traditional college age students and adult students. Any reference to universities in this report also includes colleges. Competition is highly fragmented and varies by geography, program offerings, delivery method, ownership, quality level, and selectivity of admissions. No one institution has a significant share of the total postsecondary market. While we compete in a sense with traditional "brick and mortar" universities, our primary competitors are with online universities. Our online university competitors that are publicly tradipwi osts Rt vGia5 nlit f Riusi5l' }, t sh o ly tntun, and, anRiusl5nl' 5nl i an R5ul 5ari t r

We also compete with public and private degree-granting regionally and nationally accredited universities. An increasing number of universities enroll working students in addition to the traditional 18 to 24 year-old students, and we expect that these universities will continue to modify their existing programs to serve working learners more effectively, including by offering more distance learning programs. We believe that the primary factors on which we compete are the following:

- [illegible] curriculum development th lso dietson fols

Certificate in Information Technology with specializations in • Information Systems Management • Java Development • Object Oriented Application Development • Smart Home Integration • Web Development Certificate in Project Management
Associate of General Studies Associate of Applied Science Early Childhood Education
Bachelor of General Studies Bachelor of Arts in Psychology and Addiction Counseling Bachelor of Science in Alternative Energy Bachelor of Science in Business Administration Bachelor of Science in Business Administration, (Completion Program) Bachelor of Science in Criminal Justice Bachelor of Science in Criminal Justice, (Completion Program) Bachelor of Science in Criminal Justice with specializations in •• Criminal Justice Administration •• Major Crime Investigation Procedure •• Major Crime Investigation Procedure, (Completion Program) Bachelor of Science in Early Childhood Education Bachelor of Science in Early Childhood Education, (Completion Program) Bachelor of Science in Early Childhood Education with a specialization in •• Infants and Toddlers •• Infants and Toddlers, (Completion Program) •• Preschool •• Preschool, (Completion Program) Bachelor of Science in Foodservice Operations and Restaurant Management Bachelor of Science in Medical Managements

Master of Arts Psychology and Addiction Counseling
Master of Science in Criminal Justice
Master of Science in Criminal Justice with a specialization in

- Forens JP spe

Doctorate of Science in Computer Science
Doctorate in Education Leadership and Learning
Doctorate in Education Leadership and Learning with specializations

- Education Administration
- Faculty Leadership
- Instructional Design
- Leadership and Learning

Independent online classes start on the 1st and the 16th of every month and students may enroll in up to a maximum of three courses at a time. Online interactive courses are offered five times a year.

Prior to the EGC Merger, Aspen had conducted minimal efforts and spent immaterial sums on sales and marketing. During the second half of 2011, Mr. Michael Mathews and his team made significant changes to our sales and marketing program and spent a significant amount of time, money and resources on our marketing program. Following the EGC Merger, Aspen spent approximately $1,000,000 on marketing from July through December 31, 2011.

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In October 2011, Aspen began to advertise directly on website publisher sites, reaching prospective students who would benefit from the programs we offer within nursing and business programs.

In November 2011, Aspen complemented its search and social media marketing programs by utilizing proprietary email networks to send Aspen branded email advertisements specific to the nursing and business programs. These email networks are provided with Aspen marketing advertisements which relate to those programs and direct students to program specific informational pages. At all times marketing serves to provide prospective students with information about Aspen and their indicated program of interest, so that students may make an informed decision regarding Aspen. All networks are carefully vetted and only utilize advertisements created and approved by Aspen in order to ensure the messages adhere to our rigorous quality and integrity standards.

Aspen's marketing plan in 2012 is consistent with the changes made in 2011. Aspen intends to increase its marketing spend rates during the course of 2012 assuming Aspen is able to raise sufficient capital. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" later in this report. Aspen recently hired an Executive Vice President of Marketing, who will supervise the opening of a new call center in the Phoenix-metro area in 2012, subject to any required regulatory approvals. This executive has prior experience in marketing with an online university competitor and, more recently, an online lead generation company.

This change in marketing coincided with our new tuition plan which we launched effective July 15, 2011. Our new plan features increased tuition rates on a per course basis; i.e. $300/credit hour for master or doctorate program, with a pre-payment option that offers students a discount of approximately 33% off the $300/credit hour standard payment plan.

Previously in June 2010, Aspen initiated a combination pre-payment/low per course plan that charged students tuition of only $3,600 for the entire 12-course Master or Doctorate program (the pre-payment option offered the student the ability to pre-pay $2,700 for the first four courses or 12 credit hours, followed by $112.50 per course or $37.50/credit hour for the remaining eight courses). This program was terminated as of July 15, 2011. In 2011, 29% of our revenue was derived from the 2010 plan and 49% of our full-time students were on this plan.

Aspen receives referrals of corporate clients from its business development partner. The business development partner designs the certificate-based courses tailored to the needs of the corporations (subject to the approval of our professors). We pay the business development partner a portion of the revenues we receive from the referred corporate clients. See the risk factor on page 38.

Anticipating significant growth from our new marketing efforts, we spent approximately $1.3 million upgrading our information technology o

We are subject to extensive regulations by the states in which we become authorized or licensed to operate. State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations and other operational matters. State laws and regulations may limit our ability to offer educational programs and to award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. If we fail to comply with state licensing requirements, we may lose our state licensure or authorizations. Failure to comply with state requirements could result in Aspen losing its authorization from the Colorado Commission on Higher Education, its eligibility to participate in Title IV programs, or its ability to offer certain programs, any of which may force us to cease operations.

Additionally, Aspen is a Delaware corporation. Delaware law requires an institution to obtain approval from the Delaware Department of Education ("Delaware DOE") before it may incorporate with the power to confer degrees.   In July 2012, Aspen received notice from the Delaware DOE that it is granted provisional approval status effective until June 30, 2015.

The federal government provides a substantial part of its support for postsecondary education through the Title IV programs, in the form of grants and loans to students. Students can use those funds at any institution that has been certified by the DOE to participate in the Title IV programs. Aid under Title IV programs is primarily awarded on the basis of financial need, generally defined as the difference between the cost of attending the institution and the amount a student can reasonably contribute to that cost. All recipients of Title IV program funds must maintain satisfactory academic progress and must progress i esad

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In recent years, other postsecondary educational institutions have been named as defendants to whistleblower lawsuits, known as “qui tam” cases, brought by current or former employees pursuant to the Federal False Claims Act, alleging that their institution’s compensation practices did not comply with the incentive compensation rule. A qui tam case is a civil lawsuit brought by one or more individuals, referred to as a relator, on behalf of the federal government for an alleged submission to the government of a false claim for payment. The relator, often a current or former employee, is entitled to a share of the government’s recovery in the case, including the possibility of treble damages. A qui tam action is always filed under seal and remains under seal until the government decides whether to intervene in the case. If the government intervenes, it takes over primary control of the litigation. If the government declines to intervene in the case, the relator may nonetheless elect to continue to pursue the litigation at his or her own expense on behalf of the government. Any such litigation could be costly and could divert management’s time and attention away from the business, regardless of whether a claim has merit.

The GAO released a report finding that the DOE has inadequately enforced the current ban on incentive payments. In response, the DOE has undertaken to increase its enforcement efforts by, among other approaches, strengthening procedures provided to auditors reviewing institutions for compliance with the incentive payments ban and updating its internal compliance guidance in light of the GAO findings and the recently amended DOE incentive payment rule.

<u>Code of Conduct Related to Student Loans</u>. hedtemn̂O argla t n ia el’espos , o rt damagepos e ”o Ď
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Misrepresentation. The Higher Education Act and current regulations authorize the DOE to take action against an institution that participates in Title IV programs for any "substantial misrepresentation" made by that institution regarding the nature of its educational program, its financial charges, or the employability of its graduates. Effective July 1, 2011, DOE regulations expand the definition of "substantial misrepresentation" to cover additional representatives of the institution and additional substantive areas and expands the parties to whom a substantial misrepresentation cannot be made. The regulations also augment the actions the DOE may take if it determines that an institution has engaged in substantial misrepresentation. Under the final regulations, the DOE may revoke an institution's program participation agreement, impose limitations on an institution's participation in Title IV programs, or initiate proceedings to impose a fine or to limit, suspend, or terminate the institution's participation in Title IV programs.

Credit Hours. The Higher Education Act and current regulations use the term "credit hour" to define an eligible program and an academic year and to determine enrollment status and the amount of Title IV aid an institution may disburse during a payment period. Recently, both Congress and the DOE have increased their focus on institutions' policies for awarding credit hours. Recent DOE regulations define the previously undefined term "credit hour" in terms of a certain amount of time in class and outside class, or an equivalent amount of work. The regulations also require accrediting agencies to review the reliability and accuracy of an institution's credit hour assignments. If an accreditor identifies systematic or significant noncompliance in one or more of an institution's programs, the accreditor must notify the Secretary of Education. If the DOE determines that an institution is out of compliance with the credit hour definition, the DOE could require the institution to repay the incorrectly awarded amounts of Title IV aid. In addition, if the DOE determines that an institution has significantly overstated the amount of credit hours assigned to a program, the DOE may fine the institution, or limit, suspend, or terminate its participation in the Title IV programs.

Compliance Reviews. We are subject to announced and unannounced compliance reviews and audits by various external agencies, including the DOE, its Office of Inspector General, state licensing agencies, and accrediting agencies. As part of the DOE's ongoing monitoring of institutions' administration of Title IV programs, the Higher Education Act and DOE regulations require institutions to submit annually a compliance audit conducted by an independent certified public accountant in accordance with Government Auditing Standards and applicable audit standards of the DOE. These auditing standards differ from those followed in the audit of our financial statements filed with this report. In addition, to enable the DOE to make a determination of financial responsibility, institutions must annually submit audited financial statements prepared in accordance with DOE regulations. Furthermore, the DOE regularly conducts program reviews of education institutions that are participating in the Title IV programs, and the Office of Inspector General of the DOE regularly conducts audits and investigations of such institutions. In August 2010, the Secretary of Education announced in a letter to several members of Congress that, in part in response to recent allegations against proprietary institutions of deceptive trade practices and noncompliance with DOE regulations, the DOE planned to strengthen its oversight of Title IV programs through, among other approaches, increasing the number of program reviews by 50%, from 200 conducted in 2010 to up to 300 reviews in 2011.

Potential Effect of Regulatory Violations. If we fail to comply with the regulatory standards governing Title IV programs, the DOE could impose one or more sanctions, including transferring Aspen to the reimbursement or cash monitoring system of payment, seeking to require repayment of certain Title IV program funds, requiring Aspen to post a letter of credit in favor of the DOE as a condition for continued Title IV certification, taking emergency action against us, referring the matter for criminal prosecution or initiating proceedings to impose a fine or to limit, condition, suspend or terminate our participation in Title IV programs.

We also may be subject, from time to time, to complaints and lawsuits relating to regulatory compliance brought not only by our regulatory agencies, but also by other government agencies and third parties, such as present or former students or employees and other members of the public.

Restrictions on Adding Educational Programs. State requirements and accrediting agency standards may, in certain instances, limit our ability to establish additional programs. Many states require approval before institutions can add new programs under specified conditions. The Colorado Commission on Higher Education, and other state educational regulatory agencies that license or authorize us and our programs, may require institutions to notify them in advance of implementing new programs, and upon notification may undertake a review of the institution's licensure or authorization.

In addition, we were advised by the DOE that because we were provisionally certified due to being a new Title IV program participant, we could not add new degree or non-degree programs for Title IV program purposes, except under limited circumstances and only if the DOE approved such new program, until the DOE reviewed a compliance audit that covered one complete fiscal year of Title IV program participation. That fiscal year ended on December 31, 2010, and we timely submitted our compliance audit and financial statements to the DOE. In addition, in June 2011, Aspen timely applied for recertification to participate in Title IV programs. At the time of the Reverse Merger, the DOE had not acted on our 2010 financial statements and compliance audits, nor had it acted on our recertification application.

Recent DOE regulations establish a new process under which an institution must apply for approval to offer a program that, under the Higher Education Act, must prepare students for "gainful employment in a recognized occupation" in order to be eligible for Title IV funds. An institution must notify the DOE at least 90 days before the first day of classes when it intends to add a program that prepares students for gainful employment. The DOE may, as a condition of certification to participate in Title IV programs, require prior approval of programs or otherwise restrict the number of programs an institution may add.

DETC requires pre-approval of new courses, programs, and degrees that are characterized as a "substantive change." An institution must obtain written notice approving such change before it may be included in the institution's grant of accreditation. An institution is further prohibited from advertising or posting on its website information about the course or program before it has received approval. The process for obtaining approval generally requires submission of a report and course materials and may require a follow-up on-site visit by an exa } eit by tngoi state Óplgir Ďsfor urni e

Gainful Employment. Under the Higher Education Act, proprietary schools are eligible to participate in Title IV programs only in respect of education programs that lead to gainful employment in a recognized occupation. Under the DOE rules, with respect to each gainful employment program, a proprietary institution of higher education d

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Possible Acquisitions. In addition to the planned expansion through Aspen's new marketing program, we may expand through acquisition of related or synergistic businesses. Our internal growth is subject to monitoring and ultimately approval by the DETC. If the DETC finds that the growth may adversely affect our academic quality, the DETC can request us to slow the growth and potentially withdraw accreditation and require us to re-apply for accreditation. The DOE may also impose growth restrictions on an institution, including in connection with a change in ownership and control. While acquisitions of online universities would be subject to approval by the DETC, approval of businesses which supply services to online universities or which provide educational services and/or products may not be subject to regulatory approval or extensive regulation.

From time to time, we are party to certain legal proceedings that arise in the ordinary course and are incidental to our business. There are currently no such pending proceedings to which we are a party that our management believes will have a material adverse effect on the Public Company's consolidated financial position or results of operations. However, future events or circumstances, currently unknown to management, will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on our consolidated financial position, liquidity or results of operations in any future reporting periods.

Investing in our common stock involves a high degree of risk. You should carefully consider the following Risk Factors before deciding whether to invest. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations or our financial condition. If any of the events discussed in the Risk Factors below occur, our business, consolidated financial condition, results of operations or prospects could be materially and adversely affected. In such case, the value and marketability of the common stock could decline.

Postsecondary education is highly fragmented and competitive. We compete with traditional public and private two-year and four-year brick and mortar colleges as well as other for-profit schools, particularly those that offer online learning programs. Public and private colleges and universities, as well as other for-profit schools, offer programs similar to those we offer. Public institutions receive substantial government subsidies, and public and private institutions have access to government and foundation grants, tax-deductible contributions that create large endowments and other financial resources generally not available to for-profit schools. Accordingly, public and private institutions may have instructional and support resources that are superior to those in the for-profit sector. In addition, some of our competitors, including both traditional colleges and universities and online for-profit schools, have substantially greater name recognition and financial and other resources than we have, which may enable them to compete more effectively for potential students. We also expect to face increased competition as a result of new entrants to the online education market, including established colleges and universities that have not previously offered online education programs.

We may not be able to compete successfully against current or future competitors and may face competitive pressures including price pressures that could adversely affect our business or results of operations and reduce our operating margins. We may also face increased competition if our competitors pursue relationships with the military and government educational programs with which we already have relationships. These competitive factors could cause our enrollments, revenues and profitability to decrease significantly.

The updates and expansions of our existing programs and the development of new programs and specializations may not be accepted by existing or prospective students or employers. If we cannot respond to changes in market requirements, our business may be adversely affected. Even if we are able to develop acceptable new programs, we may not be able to introduce these new programs as quickly as students require or as quickly as our competitors introduce competing programs. To offer a new academic program, we may be required to obtain appropriate federal, state and accrediting agency approvals, which may be conditioned or delayed in a manner that could significantly affect our growth plans. In addition, a new academic program that must prepare students for gainful employment must be approved by the DOE for Title IV purposes if the institution is provisionally certified, which we will be if the DOE approves our change in ownership and control. If we are unable to respond adequately to changes in market requirements due to financial constraints, regulatory limitations or other factors, our ability to attract and retain students could be impaired and our financial results could suffer.

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Establishing new academic programs or modifying existing programs may require us to make investments in management and faculty, incur marketing expenses and reallocate other resources. If we are unable to increase the number of students, or offer new programs in a cost-effective manner, or are otherwise unable to manage effectively the operations of newly established academic programs, our results of operations and financial condition could be adversely affected.

- failure to maintain accreditation;
- student dissatisfaction with our services and programs;
- adverse publicity regarding us, our competitors or online or for-profit education generally;
- a decline in the acceptance of online education;
- a decrease in the perceived or actual economic benefits that students derive from our programs;
- potential students may not be able to afford the monthly payments; and
- potential students may not react favorably to our marketing and advertising campaigns.

If our new marketing campaign and tuition plan are not favorably received, our revenues may not increase.

In July 2011, we launched a new tuition plan which was materially higher. The prior business model and pricing structure implemented by our prior management was flawed and could not be sustained. Although changes in our marketing strategy and upgraded technology infrastructure have increased our enrollment, we cannot assure that our student enrollment will not suffer in the future as a result of the increased tuition. If we are unable to enroll students in a cost-effective manner, our results of operations will suffer and you may lose your investment.

In 2011, we spent approximately $1.3 million to update our computer network primarily to permit accelerated student enrollment and enhance our students' learning experience. The performance and reliability of our technology infrastructure is critical to our reputation and ability to attract and retain students. Any system error or failure, or a sudden and significant increase in bandwidth usage, could result in the unavailability of our online classroom, damaging our ability to generate revenue and could cause a loss in enrollment. Our technology infrastructure could be vulnerable to interruption or malfunction due to events beyond our control, including natural disasters, terrorist activities and telecommunications failures.

In March 2012, one of our directors pledged a total of 117,943 shares of personally owned Aspen common stock (now shares of the Public Company). The shares were pledged (in addition to shares of Series C pledged by Aspen's founder and his company) to secure payment of a $772,796 accounts receivable. The Stock Pledge Agreement provides that the shares will be cancelled at the rate of $1.00 per share in the event that Aspen is unable to collect this receivable which is due in 2014. Based on Aspen's plans to raise additional capital from the sale of its common stock, and the estimated price per share from such offering, the value of the collateral will be lower than a $1.00 per share. If we are unable to collect on this receivable, Aspen will suffer a number of consequences, including:

- The amount written off will reduce total assets on the Public Company's balance sheet;
- If the Public Company's common stock is less than $1.00 per share, it will be damaged to the extent it seeks to sell the treasury shares at a price of less than $1.00; or
- If the founder institutes litigation against Aspen and is successful, Aspen will be required to pay any adverse judgment or otherwise consummate a settlement. As a consequence, in addition to this out-of-pocket damage, any litigation will be expensive, result in substantial attorney's fees, accounting fees, expert witness fees and divert management from our business.

In April 2012, the founder and his corporation, which is the Public Company's principal shareholder, agreed not to sue the Public Company unless the Public Company first sues them. However, the Public Company has not fully complied with its commitment to purchase 600,000 shares. Thus, there is uncertainty as to whether the agreement not to sue remains in effect.

Our computer networks may also be vulnerable to unauthorized access, computer hackers, computer viruses and other security problems. A user who circumvents security measures could misappropriate proprietary information, personal information about our students or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches.

We rely on third parties to provide us with services in order for us to efficiently and securely operate our business including our computer network and the courses we offer to students. Any interruption in our ability to obtain the services of these or other third parties or deterioration in their performance could impair the quality of our educational product and overall business. Generally, there are multiple sources for the services we purchase. Our business could be disrupted if we were required to replace any of these third parties, especially if the replacement became necessary on short notice, which could adversely affect our business and results of operations.

We believe that continued growth will require our service providers to increase the capacity and capabilities of their technology infrastructure. Increasing the capacity and capabilities of the technology infrastructure will require these third parties to invest capital, time and resources, and there is no assurance that even with sufficient investment their systems will be scalable to accommodate future growth. Our service providers may also need to invest capital, time and resources to update their technology in response to competitive pressures in the marketplace. If they are unwilling or unable to increase the capacity of their resources or update their resources appropriately and we cannot change over to other service providers efficiently, our ability to handle growth, our ability to attract or retain students, and our financial condition and results of operations could be adversely affected.

The CAN-SPAM Act’s main provisions include:

- Prohibiting false or misleading email header information;
- Prohibiting the use of deceptive subject lines;
- Ensuring that recipients may, for at least 30 days after an email is sent, opt out of receiving future commercial email messages from the sender;
- Requiring that commercial email be identified as a solicitation or advertisement unless the recipient affirmatively permitted the message; and
- Requiring that the sender include a valid postal address in the email message.

The CAN-SPAM Act also prohibits unlawful acquisition of email addresses, such as through directory harvesting and transmission of commercial emails by unauthorized means, such as through relaying messages with the intent to deceive recipients as to the origin of such messages.

Violations of the l messa ing ng

Our future success depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued services of Mr. Michael Mathews, our Chief Executive Officer, and Dr. Gerald Williams, our President, who are critical to the management of our business and operations and the development of our strategic direction and would also be difficult to replace. The loss of the services of Mr. Mathews and/or Dr. Williams and other key individuals and the process to replace these individuals would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives.

To execute our growth strategy, we must attract and retain highly qualified faculty, administrators, management and skilled personnel. Competition for hiring these individuals is intense, especially with regard to faculty in specialized areas. If we fail to attract new skilled personnel or faculty or fail to retain and motivate our existing faculty, administrators, management and skilled personnel, our business and growth prospects could be severely harmed. The DOE’s revised incentive payment rule, which took effect July 1, 2011, may affect the manner in which we attract, retain, and motivate new and existing employees.

In the ordinary course of our business, we develop intellectual property of many kinds that is or will be the subject of copyright, trademark, service mark, trade secret or other protections. This intellectual property includes but is not limited to courseware materials, business know-how and internal processes and procedures developed to respond to the requirements of operating and various education regulatory agencies. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names, agreements and registrations to protect our intellectual property. We rely on service mark and trademark protection in the U.S. to protect our rights to the mark "ASPEN UNIVERSITY" as well as distinctive logos and other marks associated with our services. We rely on agreements under which we obtain rights to use course content developed by faculty members and other third party content experts. We cannot assure you that the measures that we take will be adequate or that we have secured, or will be able to secure, appropriate protections for all of our proprietary rights in the U.S. or select foreign jurisdictions, o l lo l lo l lo ltrtiaterwiu irwilleiiaia8ci _arprotects in ct mart theurs_arpana

We may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in these disputes. Third parties may raise a claim against us alleging an infringement or violation of the intellectual property of that third party.

Third parties may claim that we are infringing or violating their intellectual property rights. Any such claims could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages and prevent us from using our intellectual property that may be fundamental to our business. Even if we were to prevail, any litigation regarding the intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from gemege Ďag®e blrd pxy5d cr

The increasing popularity and use of the Internet and other online services have led and may lead to the adoption of new laws and regulatory

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The regulations, standards, and policies of the DOE, state education agencies, and our accrediting agencies change frequently. Recent and impending changes in, or new interpretations of, applicable laws, regulations, standards, or policies, or our noncompliance with any applicable laws, regulations, standards, or policies, could have a material adverse effect on our accreditation, authorization to operate in various states, activities, receipt of funds under tuition assistance programs of the United States Armed Forces, our ability to participate in Title IV programs, receipt of veterans education benefits funds, or costs of doing business. Findings of noncompliance with these regulations, standards and policies also could result in our being required to pay monetary damages, or being subjected to fines, penalties, injunctions, limitations on our operations, termination of our ability to grant degrees, revocation of our accreditation, restrictions on our access to Title IV program funds or other censure that could have a material adverse effect on our business.

Aspen is headquartered in Colorado and is authorized by the Colorado Commission on Higher Education to grant degrees, diplomas or certificates. If we were to lose our authorization from the Colorado Commission on Higher Education, we would be unable to provide educational services in Colorado and we would lose our eligibility to participate in the Title IV programs.

Various states impose regulatory requirements on education institutions operating within their boundaries. Several states assert jurisdiction over online education institutions that have no physical location or other presence in the state but offer education services to students who reside in the state or advertise to or recruit prospective students in the state. State regulatory requirements for online education are inconsistent among states and not well developed in many jurisdictions. As such, these requirements change frequently and, in some instances, are not clear or are left to the discretion of state regulators.

State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations, and other operational matters. To the extent that we have obtained, or obtain in the future, additional authorizations or licensure, changes in state laws and regulations and the interpretation of those laws and regulations by the applicable regulators may limit our ability to offer education programs and award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. If we fail to comply with state licensing or authorization requirements, we may be subject to the loss of state licensure or authorization. If we fail to comply with state requirements to obtain licensure or authorization, we may be the subject of injunctive actions or penalties. Loss of licensure or authorization or the failure to obtain required licensures or authorizations could prohibit us from recruiting or enrolling students in particular states, reduce significantly our enrollments and revenues and have a material adverse effect on our results of operations. We enroll students in all 50 states, as well as the District of Columbia and Puerto Rico. We have sought and received confirmation that our operations do not require state licensure or authorization, or we have been notified that we are exempt from licensure or authorization requirements, in three states. We have submitted applications for approval or exemption in the remaining 47 states. We have contacted the remaining states directly seeking guidance on whether any authorization is required or if we are exempted from obtaining a license or authorization in that state. Because we enroll students in all 50 states, as well as the District of Columbia and Puerto Rico, we may have to seek licensure or authorization in additional states in the future.

Under DOE regulations, if an institution offers postsecondary education through distance education to students in a state in which the institution is not physically located or in which it is otherwise subject to state jurisdiction as determined by that state, the institution must have met any state requirements for it to be legally offering postsecondary distance education in that state. A federal court has vacated such requirement, and the case is currently on appeal. See page 16 of this report. Should the requirement be upheld or otherwise enforced, however, and if we fail to obtain required state authorization to provide postsecondary distance education in a specific state, we could lose our ability to award Title IV aid to students within that state.

The DOE's new requirement could lead some states to adopt new laws and regulatory practices affecting the delivery of distance education to students located in those states. In the event we are found not to be in compliance with a state's new or existing requirements for offering distance education within that state, the state could seek to restrict one or more of our business activities within its boundaries, we may not be able to recruit students from that state, and we may have to cease providing service to students in that state. In addition, under the DOE's regulation regarding state authorization and distance education, if and when the regulation is enforced or re-promulgated, we could lose eligibility to offer Title IV aid to students located in that state.

Aspen is accredited by the DETC, which is a national accrediting agency recognized by the Secretary of Education for Title IV purposes. Accreditation by an accrediting agency that is recognized by the Secretary of Education is required for an institsehe Secret ein

Because we operate in a highly regulated industry, we are subject to compliance reviews and claims of non-compliance and lawsuits by government agencies, regulatory agencies, and third parties, including claims brought by third parties on behalf of the federal government. If the results of compliance reviews or other proceedings are unfavorable to us, or if we are unable to defend successfully against lawsuits or claims, we may be required to pay monetary damages or be subject to fines, limitations, loss of Title IV funding, injunctions or other penalties, including the requirement to make refunds. Even if we adequately address issues raised by an agency review or successfully defend a lawsuit or claim, we may have to divert significant financial and management resources from our ongoing business operations to address issues raised by those reviews or to defend against those lawsuits or claims. Claims and lawsuits brought against us may damage our reputation, even if such claims and lawsuits are without merit.

We are one of a number of for-profit institutions serving the postsecondary education market. In recent years, regulatory investigations and civil litigation have been commenced against several companies that own for-profit educational institutions. These investigations and lawsuits have alleged, among other things, deceptive trade practices and non-compliance with DOE regulations. These allegations have attracted adverse media coverage and have been the subject of federal and state legislative hearings. Although the media, regulatory and legislative focus has been primarily on the allegations made against specific companies, broader allegations against the overall for-profit school sector may negatively affect public perceptions of other for-profit educational institutions, including Aspen. In addition, in recent years, reports on student lending practices of various lending institutions and schools, including for-profit schools, and investigations by a number of state attorneys general, Congress and governmental agencies have led to adverse media coverage of postsecondary education. Adverse media coverage regarding other companies in the for-profit school sector or regarding us directly could damage our reputation, could result in lower enrollments, revenues and operating profit, and could have a negative impact on our stock price. Such allegations could also result in increased scrutiny and regulation by the DOE, Congress, accrediting bodies, state legislatures or other governmental authorities with respect to all for-profit institutions, including us.

In the past few years, the student lending practices of postsecondary educational institutions, financial aid officers and student loan providers were subject to several investigations being conducted by state attorneys general, Congress and governmental agencies. These investigations concern, among other things, possible deceptive practices in the marketing of private student loans and loans provided by lenders pursuant to Title IV programs. HEOA contains new requirements pertinent to relationships between lenders and institutions. In particular, HEOA requires institutions to have a code of conduct, with certain specified provisions, pertinent to interactions with lenders of student loans, prohibits certain activities by lenders and guaranty agencies with respect to institutions, and establishes substantive and disclosure requirements for lists of recommended or suggested lenders of private student loans. In addition, HEOA imposes substantive and disclosure obligations on institutions that make available a list of recommended lenders for potential borrowers. State legislators have also passed or may be considering legislation related to relationships between lenders and institutions. Because of the evolving nature of these legislative efforts and va o s r

To participate in Title IV programs, an eligible institution must satisfy specific measures of financial responsibility prescribed by the DOE, or post a letter of credit in favor of the DOE and possibly accept other conditions, such as additional reporting requirements or regulatory oversight, on its participation in Title IV programs. Our financial statements are qualified on our ability to continue as a going concern, which means the DOE may determine that we are not financially responsible under DOE regulations. The DOE may also apply its measures of financial responsibility to the operating company and ownership entities of an eligible institution and, if such measures are not

DOE regulations provide that an institution’s participation in Title IV programs ends when historical default rates reach a certain level in a single year or for a number of years. Because of our limited experience enrolling students who are ÎΠegsiogr n es r

The DOE's regulations on gainful employment programs are effective July 1, 2012. Should a program fail the gainful employment metrics three times within a four year period, the DOE would terminate the program's eligibility for federal student aid (i.e., students in the program would immediately lose eligibility to participate in Title IV programs), and the institution would not be able to reestablish the program's eligibility for at least three years, though the program could continue to operate without Title IV funding. The earliest a program could lose eligibility under the gainful employment rule will be 2015, based on its 2012, 2013, and 2014 performance under the metrics. Because the DOE's gainful employment rules will be implemented over several years and are based at least in part on data that is unavailable to us, it is not possible at this time to determine with any degree of certainty whether these new regulations will cause any of our programs to become ineligible to participate in the Title IV programs. However, under this new regulation, the continuing eligibility of our education o[illegible]

We have not and do not intend to pay any dividends in the foreseeable future, as we intend to retain any earnings for development and expansion of our business operations. As a result, you will not receive any dividends on your investment for an indefinite period of time.

This discussion should be read in conjunction with the other sections of Form 8-K, including the risk factors and the consolidated financial statements attached hereto as Exhibit 99.1 and the related exhibits. The various sections of this discussion contain a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this Form 8-K as well as other matters over which we have no control See “Cautionary Note Regarding Forward-Looking Statements.” Our actual results may differ materially.

Founded in 1987, Aspen’s mission is to become an institution of choice for adult Rsm i o offedinfcnsddeffeceiv7,cosrthĖnsiv7, and Ė

We generate revenues predominant

Net cash provided by financing activities during the year ended December 31, 2011 was $2,830,630 and resulted primarily from proceeds from the issuance of preferred shares of $3,469,985, the issuance of convertible notes of $328,000, partially offset by proceeds used to repurchase treasury shares of $761,200, payments for shareholder rescissions of $165,000, and principal payments on notes payable of $30,871. Net cash from financing activities include non-recurring expenditures of $942,572.

We have limited working capital and our current cash position is not sufficient to satisfy our short-term working capital needs. Additionally, we do not anticipate cash from operations will support our working capital needs until approximately July 2013. This assumption is predicated on our raising at least $3,000,000 from the financings described below and successful implementation of our marketing program. As of the date of this report, we had $556,371 in available cash. As discussed above, we anticipate our marketing will increase.

To meet our working capital needs, we plan to raise additional working capital. In March 2012, we commenced an offering to sell $2,000,000 of convertible notes due September 30, 2012, together with approximately 500,000 five-year warrants. As of the date of this report, we have raised $2,00[illegible]

Subsequent to the closing of the Reverse Merger (and after the April 4, 2012 Agreement), management discovered that Dr. Michael D'Anton lent Aspen University $100,000 in 2008. As of the date of this report, as amended, there was a balance due of $38,473 including accrued interest. Although Dr. D'Anton recently requested payment of the balance, the Pubic Company does not expect he will take any action until our liquidity is improved.

See Note 10 to our consolidated financial statements for a description of our write-off of an approximately $2.2 million receivable owed by a corporation Mr. Spada is believed to control. See "Related Person Transactions" later in this report which fully disclose these and other related person transactions.

See Note 2 to our consolidated financial statements included in this report for discussion of recent accounting pronouncements.

This report contains forward-looking statements including future revenues, planned financings, capital expenditures, and liquidity.

All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all st awent Se r feqsaivio i li _

We do not engage in any activities involving variable interest entities or off-ii ties st off ar

Our stock trades on the Bulletin Board under the symbol "ASPU." Since March 31, 2011, the Public Company's common stock has been quoted on the Bulletin Board. The last reported sale price of the Public Company's common stock as reported by the Bulletin Board on May 3, 2012 was $3.75. As of August 15, 2012, Aspen had approximately 150 record holders. The following table provides the high and low bid price information for our common stock for the periods our stock was quoted on the Bulletin Board. For the period our stock was quoted on the Bulletin Board, the prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and does not necessarily represent actual transactions. Our common stock does not trade on a regular basis.

2012	June 30	$ 3.75	$ 3.75
	March 31	$ 6.50	$ 3.28
2011	December 31	$ 6.50	$ 6.50
	September 30	$ 6.50	$ 6.50
	June 30	$ 6.50	$ 6.25
	March 31	$ 0.0208	$ 0.0208

(1) On June 21, 2011, the Public Company completed a 12 for 1 forward stock split. All prices in the table have been adjusted for the forward split.
(2) All prices give effect to the 1-for-2.5 reverse stock split effected in February 2012.

Dividend Policy

We have not paid cash dividends on our common stock and do not plan to pay such dividends in the foreseeable future. Our Board will determine our future dividend policy on the basis of many factors, including results of operations, capital requirements, and general business conditions.

Recent Sales of Unregistered Securities

In addition to those unregistered securities previously disclosed in reports filed with the SEC, we and Aspen have sold securities without registration under the Securities Act of 1933 (the "Securities Act") in reliance upon the exemption provided in Section 3(a)(9) and Section 4(2), Rule 506 thereunder as described below.

Series A Investors (1)	May 20, 2011	850,395 Series A Preferred Stock	Equity exchange of $809,900
Series B Note Investors (1)	May 20, 2011	368,411 Series B Notes	Loans of $350,000
Series B Note Holders (2)	May 20, 2011	368,411 Series B Preferred Stock	Conversion of Notes to Series B
Series C Investors (2)	May 20, 2011	11,307,450 Series C Preferred Stock	Conversion of common stock
Series D Investors (1)	August 19, 2011	1,176,750 Series D Preferred Stock	Investments of $1,176,750
Series E Investors (1)	September 28, 2011	1,700,000 Series E Preferred Stock	Investments of $1,700,000
Aspen Shareholders (3)	March 13, 2012	25,515,204 shares of Common Stock, $500,000 of convertible notes and 456,000 warrants	Merger Consideration
Bridge Lenders (1)	March 15, 2012	$150,000 Convertible Notes and 37,500 warrants	Loan

(1) The securities were issued in reliance upon the exemption provided by Section 4(2) and Rule 506 under the Securities Act. There was no general solicitation and the investors were accredited. Of the funds received in the Series A offering, $740,000 was used to repurchase common stock from prior investors under an agreement entered into prior to 2011.

(2) The securities were issued in reliance upon the exemption provided by 3(a)(9) under the Securities Act.

(3) The securities were issued in reliance upon the exemption provided by Section 4(2) under the Securities Act. There was no general solicitation.

Share Eligible for Future Sale

As of March 16, 2012, we had 35,275,204 shares of common stock outstanding, of which our directors and officers own approximately 15.2 million shares. Of the 9,760,000 shares held by the Public Company shareholders, all but 2,000,000 are freely tradable; the balance become free trading three months after the closing of the Reverse Merger (or June 13, 2012). No shares issued in connection with the Reverse Merger can be publicly sold under Rule 144 of the Securities Act until 12 months after the Reverse Merger (or March 13, 2013). In general, Rule 144 provides that any non-affiliate of Aspen, who has held restricted common stock for at least 12-months, is entitled to sell their restricted stock freely, provided that Aspen stays current in its SEC filings. After 12-months, a non-affiliate may sell without any t a

Mr. Don Ptalis, the Public Company's sole officer and director resigned at the time of the consummation of the Reverse Merger. Reference is made to the disclosure set forth under Item 2.01 of this Form 8-K, which disclosure is incorporated herein by reference. The following executive officers and directors were appointed to their current positions listed in the table in connection with the Reverse Merger. Except for Sanford Rich, who was appointed a director effective with the closing of the Reverse Merger, each person listed in the table had identical positions with Aspen.

Michael Mathews	50	Chief Executive Officer, and Chairman of the Board
Gerald Williams	58	President
David Garrity	51	Chief Financial Officer
Brad Powers	36	Chief Marketing Officer
Angela Siegel	32	Executive Vice President of Marketing
Michael D'Anton	54	Director
C. James Jensen	70	Director
David Pasi	51	Director
Sanford Rich	54	Director
John Scheibelhoffer	50	Director
Paul Schneier	61	Director

has served as Aspen's Chief Executive Officer and a director since May 2011. He served as Chief Executive Officer of interclick, inc. (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. o, ,l has served as Aspe

has served as a director of Aspen since May 2011. Since 1983, Mr. Jensen has been the managing partner of Mara Gateway Associates, L.P., a privately owned real estate investment company he co-founded. Since 2006, Mr. Jensen has been the co-managing partner of Stronghurst, LLC, which provides advisory and financial services to emerging growth companies. Since April 2011, Mr. Jensen has served as a director of Sugarmade, Inc. (OTC BB: SGMD). From April 2006 until March 2008, Mr. Jensen served as a director of Health Benefits Direct Corp. (OTC BB: HBDT). Mr. Jensen was selected a director as a designee of Mr. Mathews in connection with the EGC Merger due to his previous service on a public company Board and his experience with entrepreneurial companies.

has served as a director of Aspen since May 2011. Since December 2010, Mr. Pasi has been a financial advisor. From August 2008 until August 2010, Mr. Pasi was a risk manager at Credit Suisse. From January 2004 until June 2008, Mr. Pasi was the risk manager at Citigroup, Inc. Mr. Pasi was selected as a designee of Mr. Spada in connection with the EGC Merger. Because of his finance background, Mr. Pasi was selected as a director of the Public Company.

has served as a director since March 13, 2012. Since October 2011, Mr. Rich has 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. Since January 2008, Mr. Rich has served as Managing Director of Whitemarsh Capital Advisors, a broker-dealer. From May 2008 to February 2009, Mr. Rich was a Managing Director with Matrix USA LLC, a broker-dealer. From 1995 until January 2008, Mr. Rich was the Senior Vice President of Investments, a Portfolio Manager and a Specialist Manager of High Yield and Convertible Securities Portfolios for institutions at GEM Capital Management, Inc. Since April 2006, Mr. Rich has served as a director and Audit t t ecth recio.Ôd i Ĕn iiV i rr ig. h }iH }g}as a has served as a director of Aspen for approximately five years. Since 1996, Dr. Scheibelhoffer has been a physician and surgeon employed by ENT Allergy Associates. Dr. Scheibelhoffer was selected to serve as a director for his experience in running a successful surgery center and his knowledge of Aspen from serving as a director member prior to the EGC Merger.

has served as a director of Aspen for approximately four years. Since April 2007, Mr. Schneier has been a Division President at PulteGroup, Inc. (NYSE: PHM), a homebuilding company. Prior to that, Mr. Schneier was a Division President at Beazer Homes USA, Inc. (NYSE: BZEH), a homebuilding company. Mr. Schneier was selected to serve as a director because of his management background.

Except for Dr. D'Anton and Mr. Pasi, who are brother-in-laws, there are no family relationships among our directors and/or executive officers.

Director Independence

We currently have seven directors serving on our Board. We are not a listed issuer and, as such, are not subject to any director independence standards. Using the definition of independence set forth in the rules of the NYSE MKT, all of our directors except Mr. Mathews are independent.

Board Committees and Charters

We currently have Audit and Compensation Committees of the Board. The members of the Audit Committee are Sanford Rich, Chairman, David Pasi and C. James Jensen. Each of Messrs. Rich, Pasi and Jensen are independent in accordance with the independence standards for audit committees under the NYSE MKT listing rules. The Audit Committee has a written charter approved by the Board.

The members of the Compensation Committee are Mr. Jensen, Chairman, Paul Schneier and John Scheibelhoffer, MD. Our Board is expected to appoint a Nominating Committee, and to adopt charters relative to the Compensation Committee and the Nominating Committee, in the near future. We intend to appoint such persons to the Nominating Committee of the Board as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek listing on a national securities exchange, and we are under no obligation to do so.

Code of Ethics

We have adopted a Code

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. Our Board believes that diversity brings a variety of ideas, judgments and considerations that benefit Aspen and its shareholders. Although there are many other factors, the Board seeks individuals with experience on public company boards, experience on operating growing businesses, and experience with online universities.

The following information is related to the compensation paid to Aspen's Chief Executive Officers (principal executive officers) serving during the last fiscal year (the "Named Executive Officers"). No other executive officer earned over $100,000.

On September 16,

In May 2011, the following investments in Aspen’s Series A Preferred Stock offering were made directly or indirectly by our officers and/or directors:

- David Pasi invested $30,000 for 31,500 shares of Series A.
- Sanford Rich invested $25,000 for 26,250 shares of Series A*.
- C. James Jensen invested $50,000 for 52,500 shares of Series A.
- Michael Mathews invested $150,000 for 157,500 shares of Series A.
- David Garrity invested $25,000 for 26,250 shares of Series A*.

*Messrs. Rich and Garrity were not affiliated with Aspen at the time.

In May 2011, the following investments in Aspen’s Series B Preferred Stock offering were made directly or indirectly by officers and/or directors:

- Michael Mathews invested $50,000 for 52,631 shares of Series B.
- John Scheibelhoffer invested $31,500 for 33,157 shares of Series B.
- Michael D’Anton invested $7,500 for 7,894 shares of Series B.

In September 2011, the following investments in Series C were made directly or indirectly by officers and/or directors:

- John Scheibelhoffer invested $50,000 for 188,457 shares of Series C.
- Michael D’Anton invested $50,000 for 188,457 shares of Series C.
- C. James Jensen invested $53,062 for 200,000 shares of Series C.
- David E. Pasi invested $50,000 for 188,457 shares of Series C.
- David Garrity invested $25,053 for 94,430 shares of Series C.
- Michael Mathews invested $238,209.94 for 897,848 shares of Series C.
- Gerald Williams invested $25,000 for 94,229 shares of Series C.

The Series C shares were sold by HEMG, not Aspen.

On April 10, 2012, HEMG sold 400,000 shares of common stock of Aspen for $200,000 to individuals who were not executive officers or directors of Aspen (the “April Agreement”). In connection with the April Agreement, Aspen guaranteed that it would purchase 600,000 shares at $0.50 per share within 90 days of the April Agreement and agreed to use its best efforts to purchase an additional 1,400,000 shares of common stock at $0.50 per shares within 180 days from the date of the April Agreement. As of August 20, 2012, a group of predominately existing shareholders have purchased 306,000 shares of common stock at $0.50 per share in lieu of the Public Company making the purchase. An additional $15,000 received from investors is in escrow and is expected to be used to purchase shares from HEMG shortly, leaving a balance due of $132,000. Provided that HEMG and Mr. Spada meet their obligations under the April Agreement, Aspen agreed to allow HEMG and Mr. Spada to privately sell up to 500,000 se en Nurchase 5,se phâr h l’ א

(2) Mr. Mathews is our Chairman and Chief Executive Officer. Includes 300,000 shares issuable upon conversion of a $300,000 Note. Also includes 117,943 shares pledged as collateral for a receivable. See page 85 for a description of this transaction.

(3) Mr. Spada is the former Chairman of Aspen. Includes shares owned by HEMG.

(4) A director.

(5) In accordance with SEC rules, includes shares held by executive officers who are not Named Executive Officers.

(6) HEMG is an entity controlled by Aspen's former Chairman, Patrick Spada. A total of 772,793 shares of Public Company common stock are pledged to Aspen to secure payment of $772,793 originally due in December 2013, and now due in 2014.

(7) At inception, Aspen issued all of its 10 million shares of authorized common stock to HEMG. In order to raise money over a five-year period, Aspen sold shares and HEMG relinquished and returned to Aspen's treasury the number of shares Aspen sold. Due to some clerical errors, 120,500 shares owned by HEMG were not cancelled by Mr. Spada's personal assistant. Due to this pattern, Aspen does not believe that it sold shares improperly. In support of this, HEMG agreed not to sell 131,500 shares (including 11,000 dividend shares discussed below) pending resolutions in connection with the April Agreement (described on page 88). Therefore, Aspen does not [illegible] believe that it has any exposure to liability in these manners. Of the Aspen shares sold by HEMG, one investor has asserted a claim; this investor never received the 10,000 shares he purchased plus 11,000 shares representing a 2011 stock dividend he [illegible]

Preferred Stock

We are authorized to issue 10,000,000 shares of $0.001 par value preferred stock in one or more series with such designations, voting powers, if any, preferences and relative, participating, optional or other special rights, and such qualifications, limitations and restrictions, as are determined by resolution of our board of directors. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by shareholders and could adversely affect the rights and powers, including voting rights, a vo vo

Our certificate of incorporation provides that none of our directors will be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- For any breach of the director's duty of loyalty to us or our shareholders;
- For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- Under Section 174 of the Delaware General Corporation Law for the unlawful payment of dividends; or
- For any transaction from which the director derives an improper personal benefit.

These provisions eliminate our rights and those of our shareholders to recover monetary damages from a director for breach of his fiduciary duty of care as a director except in the situations described above. The limitations summarized above, however, do not affect our ability or that of our shareholders to seek non-monetary remedies, such as an injunction or rescission, against a director for breach of his fiduciary duty.

Section 145 of the Delaware General Corporation Law provides a corporation with the power to indemnify any officer or director acting in his capacity as our representative who is or is threatened to be made a party to any lawsuit or other proceeding for expenses, judgment and amounts paid in settlement in connection with such lawsuit or proceeding. The indemnity provisions apply whether the action was instituted by a third party or was filed by one of our shareholders. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise. We have provided for this indemnification in our Certificate of Incorporation because we believe that it is important to attract qualified directors and officers. We have further provided in our Certificate of Incorporation that no indemnification shall be available, whether pursuant to our Certificate of Incorporation or otherwise, arising from any lawsuit or proceeding in which we assert a direct claim, as opposed to a shareholders' derivative action, against any directors and officers (or a director or officer sues us). This limitation is designed to insure that if we are involved in litigation adverse to a director or officer, we do not have to pay for his legal fees. We have also entered into Indemnification Agreements with each of our executive officers and directors as well as Patrick Spada, Aspen's former chairman, and HEMG, a company controlled by Mr. Spada.

(b) Appointment of New Independent Registered Public Accounting Firm

Effective March 15, 2012, Salberg & Company, P.A. (“Salberg”) was engaged to serve as the Public Company’s new independent registered

* The confidential disclosure schedules are not filed in accordance with SEC Staff policy, but will be provided to the Staff upon request. Certain material agreements contain representations and warranties, which are qualified by the following factors:

(i) the representations and warranties contained in any agreements filed with this report were made for the purposes of allocating contractual risk between the parties and not as a means of establishing facts;
(ii) the agreement may have different standards of materiality than standards of materiality under applicable securities laws;
(iii) the representations are qualified by a confidential disclosure schedule that contains nonpublic information that is not material under applicable securities laws;
(iv) facts may have changed since the date of the agreement; and
(v) only parties to the agreement and specified third-party beneficiaries have a right to enforce the agreement.

Notwithstanding the ab_riaht isor the p enfoe r ag anding hithe ab r b r b r y te t o ʻ

Pursuant to the requirements of the Securities Exchange Act of 1934, the regist[illegible]

Revenues	$ 4,477,931	$ 3,028,699
Revenues - related parties	-	125,000
Total revenues	4,477,931	3,153,699
Costs and expenses:		
Instructional costs and services	2,493,341	1,759,140
Marketing and promotional	1,181,558	242,134
General and adminstrative	2,634,453	998,777
Depreciation and amortization	264,082	338,803
Total costs and expenses	6,573,434	3,338,854
Operating loss	(2,095,503)	(185,155)
Other income (expense):		
Interest income	2,656	8
Interest expense	(27,850)	(18,399)
Loss due to unauthorized borrowing	(14,876)	(261,468)
Total other expense	(40,070)	(279,859)
Loss before income taxes	(2,135,573)	(465,014)
Income tax expense (benefit)	-	-
Net loss	(2,135,573)	(465,014)
Cumulative preferred stock dividends	(87,326)	-
Net loss allocable to common stockholders	$ (2,222,899)	$ (465,014)
Loss per share:		
Basic and diluted	$ (0.14)	$ (0.02)
Weighted average number of common shares outstanding:		
Basic and diluted	15,377,413	21,000,000

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

Balance at December 31, 2009 (As Restated)	5	5 -	$ -	-	$ -	21,000,000	$ 21,000	$3,600,309	$(2,725,783	52,7,2 ber	5

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Aspen University Inc. (together with its subsidiary, the “Company”, “Aspen” or the “University”) was founded in Colorado in 1987 as the International School of Information Management. On September 30, 2004, the University was acquired by Higher Education Management Group, Inc. (“HEMG”) and changed its name to Aspen University Inc. On May 13, 2011, the Company formed in Colorado a subsidiary, Aspen University Marketing, LLC, which is currently inactive. 0

Aspen’s mission is to become an institution of choice for adult learners by offering cost-effective, comprehensive, and relevant online education. One of the key differences between Aspen and other publicly-traded, exclusively online, for-profit universities is that approximately 88% of our degree-seeking students (as of December 31, 2011) were enrolled in graduate degree programs (Master or Doctorate degree program). Since 1993, we have been nationally accredited by the Distance Education and Training Council (“DETC”), a national accrediting agency recognized by the U.S. Department of Education (the “DOE”).

On May 19, 2011, the Company closed an reve y

The financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

The consolidated financial statements include the accounts of Aspen University Inc. and its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements. Actual results could differ from those estimates. Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts and other receivables, the valuation of collateral Ďf5oary receivables, the valuation and amoai

The Company considers all highly liquid investments with matufities of thfee months or less at the time of pufZbase to be cash equivalents.

(highest level) reflect market data obry ed from independent soufZes, while unobservable inpute (lowest level) reflect internally developed marke) assumptions.

Accounts and student loans receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is estimated by management based on (i) an assessment of individual accounts receivable over a specific aging and amount (and all other balances on a pooled basis based on historical collection experience), (ii) consideration of the nature of the receivable accounts and (iii) potential changes in the economic environment. Bad debt expense is recorded in instructional costs and services expense in the consolidated statements of operations.

All students are required to select both a primary and secondary payment option with respect to amounts due to the University for tuition, fees and other expenses. The most common payment option for the University's students is personal funds or payment made on their behalf by an employer. In instances where a student selects financial aid as the primary payment option, he or she often selects personal cash as the secondary option. If a student who has selected financial aid as his or her primary payment option withdraws prior to the end of a course but after the date that the University'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 his or her financial aid, the University will have to return all or a portion of the Title IV funds to the DOE and the student will owe the University all amounts incurred that are in excess of the amount of financial aid that the student earned and that the University is entitled to retain. In this case, the University must collect the receivable using the student's second payment option.

For accounts receivable from students, the University records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students 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. The University determines the adequacy of its allowance for doubtful accounts based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. The University applies reserves to its receivables based upon an estimate of the risk presented by the age of the receivables and student status. Historically, the University has written off accounts receivable balances at the earlier of the time the balances were deemed uncollectible, or one year after the revenue is generated. The University continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

For accounts receivable from companies, the Company estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations, such as bankruptcy proceedings and receivable amounts outstanding for an extended period beyond contractual terms. In these cases, the Company uses assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. The Company may also record a general allowance as necessary.

Direct write-offs are taken in the period when the Company has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that the Company should abandon such efforts.

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets per the following table.

Call center equipment	5 years
Computer and office equipment	5 years
Library (online)	3 years
Vehicle	5 years

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the assets. Upon the retirement or disposition of property and equipment, the related cost and accumulated depreciation is removed and a gain or loss is recorded in the consolidated statements of operations. Repairs and maintenance costs are expensed in the period incurred.

Intangible assets with definite lives are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the assets per the following table.

Call center	5 years
Course curricula	5 years

The Company assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carryizt

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[illegible]

In December 2011, the FASB issued ASU 2011-12, which amends ASC Topic 220, Comprehensive Income, to defer certain aspects of ASU 2011-05. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company adopted this guidance, along with ASU 2011-05, on December 31, 2011, and such adoption did not have a material impact on the Company's financial statements.

Accounts receivable consisted of the following at December 31, 2011 and 2010:

Accounts receivable	$ 894,829	$1,112,597
Less: Allowance for doubtful accounts	(47,595)	(47,934)
Accounts receivable, net	$ 847,234	$1,064,663

Bad debt expense was $21,200 and $23,379 for the years ended December 31, 2011 and 2010, respectively.

See also Note 14 for concentrations of accounts receivable.

[illegible] note bearing 3% per annum. As collateral, the note was secured by 40,000 shares of common stock of interclick, Inc. (a publicly-traded company) that are owned personally by the CEO. The note along with accrued interest was [illegible]

Notes payable consisted of the following at December 31, 2011 and 2010:

Note payable - related party originating June 15, 2009, monthly payment of interest only; interest at 18%	$ -	$ 25,000
Note payable for vehicle, 72 monthly payments of $618; interest at 8.4% through March 2014	15,151	21,022
Less: Current maturities	(6,383)	(30,871)
Amount due after one year [illegible]	$ 8,768	$ 15,151

Future maturities of the notes payable are as follows:

2012	$ 6,383
2013	6,940 [illegible]
2014	1,828
	$ 15,151

The Company maintains a line of credit with a bank, up to a maximum credit line of $250,000. The line of credit bears interest equal to the prime rate plus 0.50% (overall interest rate of 3.75% at December 31, 2011). The line of credit requires minimum monthly payments consisting of interest only. The line of credit is secured by all business assets, inventory, equipment, accounts, general intangibles, chattel paper, documents, instruments and letter of credit rights of the Company. The line of credit is for an unspecified time until the bank notifies the Company of the Final Availability Date, at which time payments on the line of credit become the sum of: (a) accrued interest and (b) 1/60th of the unpai[illegible]:

From time to time, the Company enters into employment agreements with certain of its employees. These agreements typically include bonuses, some of which are performance-based in nature. As of December 31, 2011, the Company had entered into five employment agreements whereby the Company is obligated to pay an annual performance bonus ranging from 50% to 100% of the employee's base salary based upon the achievement of pre-established milestones. Such annual bonuses are to be paid one-half in cash and the remainder in common shares of the Company. As of December 31, 2011, no performance bonuses have been earned.

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On September 16, 2011, the Company entered into a two-year consulting agreement with the former Chairman of the Company in which the Company was obligated to pay $11,667 per month. On September 28, 2011, the Company prepaid 13 months of the consulting agreement, or $151,667, which was being amortized until December 2011, at which time the consulting agreement was terminated and the remaining unamortized prepaid expense was recognized immediately as consulting expense. No additional amounts are due under the consulting agreement

During 2011, the Company sold an aggregate of 1,700,000 Series E preferred shares in exchange for cash proceeds of $1,550,817, net of offering costs of $149,183 and a warrant to purchase 56,000 Series E shares. The warrants are exercisable at $1.00 per share for five years beginning September 28, 2011 and, after the SEC Reporting Date, are exercisable into common shares of the Company. The Series E shares have the same features as the Series A shares (see above) except item (v) the price protection is for a period of 36 months following the SEC Reporting Date. During the year ended December 31, 2011, cumulative dividend on the Series E preferred shares amounted to $22,194 (See Note 16).

On October 28, 2011, the Company filed a First Amendment to the second amended and restated certificate of incorporation whereby a liquidation preference equal to the original issue price ($1.00) was added to both the Series D and Series E shares. In addition, the liquidation preferences of the Series D shares became pari passu with the liquidation preferences of the Series E shares and the liquidation preferences of both the Series D and Series E shares became senior to the liquidation preferences of the Series C shares (See Note 16).

On May 17, 2011, the Company declared a stock dividend of 1.1 new shares of common stock of the Company for each share presently held as of the close of business on May 20, 2011. All references to the Company's outstanding shares, warrants and per share information have been retroactively adjusted to give effect to the stock dividend.

On February 23, 2012, the Company approved a stock dividend of one new share of the Company for each share presently held. Following the stock dividend, the Company approved a one-for-two reverse stock split as of the close of business on February 24, 2012 in which each two shares of common stock shall be combined into one share of common stock. This was done in order to reduce the conversion ratio of the convertible preferred stock for all Series to 1 for 1 except for Series C, which now has a conversion ratio of 0.8473809 (See Note 16).

On May 17, 2011, the Company amended its certificate of incorporation whereby the total number of authorized shares was increased from 10,000,000 shares to: (i) 60,000,000 shares of common stock having a par value of $0.001 per share, and (ii) 20,000,000 shares of preferred stock having a par value of $0.001 per share.

On May 17, 2011, the Company designated 850,500 Series A preferred shares, 368,421 Series B preferred shares, 11,411,400 Series C preferred shares, and 3,700,000 Series D preferred shares.

On September 9, 2011, the Company filed its second amended certificate of incorporation whereby the Company designated 2,000,000 Series E preferred shares.

In May 2011, $350,000 of convertible notes were converted into 368,411 Series B preferred shares (See Notes 9 and 15). The Series B shares have the following features: (i) equal voting rights as the common shares; (ii) automatically convert to common shares at the time the Company is required to file Forms 10-Q and 10-K with the SEC (the "SEC Reporting Date"); (iii) a conversion ratio of 1 share of common for each share of Series B; (iv) until the SEC Reporting Date, transfer restricted to permitted transfers; and (v) until the SEC Reporting Date, price protection should any common stock or equivalents be issued with a lower conversion ratio (See Note 16).

On May 20, 2011, as part of a post-closing transaction of the merger with EGC, the Company's largest stockholder exchanged all 11,307,450 common shares owned into 11,307,450 Series C shares. The Series C shares have the following features: (i) equal voting rights as the common shares; (ii) automatically convert to common shares at the time the Company is required to file Forms 10-Q and 10-K with the SEC (the "SEC Reporting Date"); (iii) a conversion ratio of 0.8473809 shares of common for each share of Series C; (iv) until the SEC Reporting Date, transfer restricted to permitted transfers; (v) exclusion from the two-for-one stock split effectuated immediately prior to the SEC Reporting Date (See Note 16); and (vi) a liquidation preference of $0.001 per share (See Note 16).

On March 6, 2011, the Company authorized the issuance of up to $350,000 of convertible notes that were convertible into Series B preferred shares at $0.95 per share, bearing interest of 6% per annum. The notes were convertible beginning after the closing of the EGC Merger (See Note 1). As of May 13, 2011, the Company had received an aggregate of $328,000 (of which _wh c rt r o r s

The following unaudited pro forma combined financiaz a com e

(A) On December 12, 2011, subsequent to the historical balance sheet date the his