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

FORM 10-Q

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

For the quarterly period ended September 30, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number: 333-165685

Aspen Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	27-1933597 (I.R.S. Employer Identification No.)
720 South Colorado Boulevard, Suite 1150N Denver, CO (Address of principal executive offices)	80246 (Zip Code)

Registrants telephone number: (303) 333-4224

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes þ No o

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

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

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	þ

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

Class	Outstanding as of November 20, 2012
Common Stock, $0.001 par value per share	53,200,863 shares

Explanatory Note: Relying on the Securities and Exchange Commission's Order (Securities Exchange Act of 1934 Release No. 68224, November 14, 2012), Aspen Group, Inc. (the "Company") is filing this Form 10-Q for the three and nine months ended September 30, 2012 (the "Report") after the filing deadline. The Company's accounting and financial reporting office is located in New York. As a result of Hurricane Sandy, the Company's management team had a limited ability to communicate with each other and its auditors for an extended period of time which hindered the Company's ability to file the Report on a timely basis.

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Aspen Group, Inc. and Subsidiaries Index to Condensed Consolidated Financial Statements

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 2,477,356	$ 766,602
Accounts receivable, net of allowance of $99,580 and $47,595, respectively	726,063	847,234
Accounts receivable, secured - related party	-	772,793
Note receivable from officer, secured - related party	-	150,000
Prepaid expenses	80,682	103,478
Other current assets	20,927	-
Total current assets	3,305,028	2,640,107
Restricted cash	264,832	-
Property and equipment, net	104,762	129,944
Intangible assets, net	1,388,531	1,236,996
Accounts receivable, secured - related party, net of allowance of $502,315 and $0, respectively	270,478	-
Other assets	6,559	6,559
Total assets	$ 5,340,190	$ 4,013,606
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable	$ 1,435,595	$ 1,094,029
Accrued expenses	973,500	167,528
Deferred revenue	1,107,274	835,694
Convertible notes payable, current portion - related party	600,000	-
Notes payable, current portion	22,000	6,383
Loan payable to stockholder	491	-
Deferred rent, current portion	5,766	4,291
Total current liabilities	4,144,626	2,107,925
Line of credit	215,754	233,215
Loans payable (includes $50,000 to related parties)	-	200,000
Convertible notes payable (includes $50,000 to related parties)	200,000	-
Notes payable	-	8,768

Deferred rent		16,582		21,274
Total liabilities		4,576,962		2,571,182
Commitments and contingencies - See Note 7				
Temporary equity:				
Series A preferred stock, $0.001 par value; 850,500 shares designated, none and 850,395 shares issued and outstanding, respectively		-		809,900
Series D preferred stock, $0.001 par value; 3,700,000 shares designated, none and 1,176,750 shares issued and outstanding, respectively (liquidation value of $1,176,750)		-		1,109,268
Series E preferred stock, $0.001 par value; 2,000,000 shares designated, none and 1,700,000 shares issued and outstanding, respectively (liquidation value of $1,700,000)		-		1,550,817
Total temporary equity		-		3,469,985
Stockholders' equity (deficiency):				
Preferred stock, $0.001 par value; 10,000,000 shares authorized				
Series C preferred stock, $0.001 par value; 11,411,400 shares designated, none and 11,307,450 shares issued and outstanding, respectively (liquidation value of $11,307)		-		11,307
Series B preferred stock, $0.001 par value; 368,421 shares designated, none and 368,411 shares issued and outstanding, respectively		-		368
Common stock, $0.001 par value; 120,000,000 shares authorized, 53,164,863 and 11,837,930 issued and outstanding, respectively		53,165		11,838
Additional paid-in capital		11,212,809		3,275,296
Accumulated deficit		(10,502,746)		(5,326,370)
Total stockholders' equity (deficiency)		763,228		(2,027,561)
Total liabilities and stockholders' equity (deficiency)	$	5,340,190	$	4,013,606

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

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

	For the Three Months Ended Septmber 30, 2012	For the Three Months Ended Septmber 30, 2011	For the Nine Months Ended Septmber 30, 2012	For the Nine Months Ended Septmber 30, 2011
Revenues	$1,253,190	$1,134,315	$4,018,291	$3,092,779
Costs and expenses:				
Instructional costs and services	759,805	512,053	2,504,215	1,498,667
Marketing and promotional	299,401	132,569	1,176,814	272,959
General and adminstrative	1,389,940	1,274,238	4,368,454	2,328,421
Receivable collateral valuation reserve	193,198	-	502,315	-
Depreciation and amortization	103,738	71,442	289,675	177,846
Total costs and expenses	2,746,082	1,990,302	8,841,473	4,277,893
Operating loss	(1,492,892)	(855,987)	(4,823,182)	(1,185,114)
Other income (expense):				
Interest income	153	347	882	355
Interest expense	(229,237)	(4,550)	(359,955)	(11,376)
Gain on disposal of property and equipment	-	-	5,879	-
Loss due to unauthorized borrowing	-	-	-	(14,876)
Total other income (expense)	(229,084)	(4,203)	(353,194)	(25,897)
Loss before income taxes	(1,721,976)	(860,190)	(5,176,376)	(1,211,011)
Income tax expense (benefit)	-	-	-	-
Net loss	(1,721,976)	(860,190)	(5,176,376)	(1,211,011)
Cumulative preferred stock dividends	-	(24,685)	(37,379)	(40,219)
Net loss allocable to common stockholders	$(1,721,976)	$(884,875)	$(5,213,755)	$(1,251,230)
Net loss per share allocable to common stockholders:				
Basic and diluted	$(0.05)	$(0.07)	$(0.18)	$(0.08)
Weighted average number of common shares outstanding:				
Basic and diluted	35,687,944	11,871,950	29,172,716	16,559,115

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

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(Unaudited)

	Preferred Stock								
	Series B		Series C		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficiency)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2011	368,411	$368	11,307,450	$11,307	11,837,930	$11,838	$3,275,296	$(5,326,370)	$(2,027,561)
Conversion of all preferred shares into common shares	(368,411)	(368)	(11,307,450)	(11,307)	13,677,274	13,677	3,467,983	-	3,469,985
Recapitalization	-	-	-	-	9,760,000	9,760	(30,629)	-	(20,869)
Conversion of convertible notes into common shares	-	-	-	-	5,293,152	5,293	1,770,532	-	1,775,825
Issuance of common shares and warrants for cash	-	-	-	-	7,877,144	7,877	2,487,022	-	2,494,899
Issuance of common shares and warrants due to price protection	-	-	-	-	4,516,917	4,517	(4,517)	-	-
Issuance of common shares and warrants to settle accrued interest	-	-	-	-	202,446	203	70,451	-	70,654
Stock-based compensation	-	-	-	-	-	-	176,671	-	176,671
Net loss	-	-	-	-	-	-	-	(5,176,376)	(5,176,376)
Balance at September 30,	-	$-	-	$-	53,164,863	$53,165	$11,212,809	$(10,502,746)	$763,228

2012

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended Septmber 30, 2012	For the Nine Months Ended Septmber 30, 2011
Cash flows from operating activities:		
Net loss	$ (5,176,376)	$ (1,211,011)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for bad debts	197,952	16,963
Receivable collateral valuation reserve	502,315	-
Amortization of debt issuance costs	266,473	-
Gain on disposal of property and equipment	(5,879)	-
Depreciation and amortization	289,675	177,845
Loss on settlement of accrued interest	3,339	-
Issuance of convertible notes in exchange for services rendered	38,175	22,000
Stock-based compensation	176,671	-
Changes in operating assets and liabilities, net of effects of acquisition:		
Accounts receivable	(76,781)	314,588
Accounts receivable, secured - related party	-	7,376
Prepaid expenses	22,796	(171,116)
Other current assets	(20,927)	(274)
Accounts payable	353,216	570,388
Accrued expenses	872,572	(246,083)
Deferred rent	(3,217)	(1,743)
Deferred revenue	271,580	131,012
Net cash used in operating activities	(2,288,416)	(390,055)
Cash flows from investing activities:		
Cash acquired as part of merger	337	3,200
Purchases of property and equipment	(6,005)	(133,431)
Purchases of intangible assets	(419,295)	(789,262)
Increase in restricted cash	(264,832)	-
Advances to officer for note receivable	-	(238,210)
Proceeds received from officer loan repayments	150,000	-
Net cash used in investing activities	(539,795)	(1,157,703)
Cash flows from financing activities:		
Proceeds from (repayments on) line of credit, net	(17,461)	(4,529)
Proceeds from issuance of common shares and warrants, net	2,494,899	-
Principal payments on notes payable	-	(4,357)
Proceeds received from issuance of convertible notes and warrants	1,706,000	255,000
Proceeds from related party for convertible notes	600,000	73,000
Disbursements for debt issuance costs	(266,473)	-

Proceeds from issuance of Series A, D and E preferred stock		-		3,469,985
Repayments of convertible notes payable		-		(25,000)
Proceeds from note payable		22,000		-
Disbursements to purchase treasury shares		-		(740,000)
Net cash provided by financing activities		4,538,965		3,024,099
Net increase in cash and cash equivalents		1,710,754		1,476,341
Cash and cash equivalents at beginning of period		766,602		294,838
Cash and cash equivalents at end of period	$	2,477,356	$	1,771,179
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	273,170	$	18,329
Cash paid for income taxes	$	-	$	-
Supplemental disclosure of non-cash investing and financing activities:				
Conversion of all preferred shares into common shares	$	3,469,985	$	-
Conversion of convertible notes payable into common shares	$	1,775,825	$	-
Conversion of loans payable to convertible notes payable	$	200,000	$	-
Issuance of common shares and warrants to settle accrued interest	$	70,654	$	-
Liabilities assumed in recapitalization	$	21,206	$	-
Settlement of notes payable by disposal of property and equipment	$	15,151	$	-
Issuance of convertible notes payable to pay accounts payable	$	11,650	$	-
Conversion of convertible notes payable into Preferred Series B shares	$	-	$	350,000
Recognition of accrual to rescing common shares	$	-	$	165,000

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

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Unaudited)

Note 1. Nature of Operations and Going Concern

Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "Aspen") was founded in Colorado in 1987 as the International School of Information Management. On September 30, 2004, it 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. On March 13, 2012, the Company was recapitalized in a reverse merger (See Note 9). All references to the Company or Aspen before March 13, 2012 are to Aspen University, Inc.

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 87% of our degree-seeking students (as of September 30, 2012) 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").

Basis of Presentation

The interim condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations for the three and nine months ended September 30, 2012 and 2011, our cash flows for the nine mont