Aspen Group Inc. (OTCQB:ASPU)

Q4 2017 Results Earnings Conference Call

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Executives

Janet Gill - Chief Financial Officer

Michael Mathews - Chairman of the Board, Chief Executive Officer

Analysts and Shareholders

Eric Martinuzzi - Lake Street Capital

Robert Carlson – Janney Montgomery Scott

Howard Halpern - Taglich Brothers

Jay Eisen - Gotham

David Garrity - GVA Research

William Gibson - ROTH Capital Partners

Brett Reiss - Janney Montgomery Scott

Jeff Kobylarz - Diamond Bridge Capital

Bill Chen – Rhizome Partners

Operator

Good day ladies and gentlemen and welcome to the Aspen Group Inc. conference call. At this time, all participants are in a listen-only mode. [Operator Instructions]. Later we will conduct a question-and-answer session and instructions will follow at that time. As a reminder, today's conference is being recorded.

I would now like to introduce your host for today's conference, Ms. Janet Gill, Aspen's CFO. Ma'am, please go ahead.

Janet Gill

Thank you very much. Good afternoon. My name is Janet Gill, Aspen's Chief Financial Officer. Thank you for joining us today for Aspen Group's fiscal year 2017 fourth quarter earnings call.

Please note that the company's remarks made during the call including answers to questions include forward looking statements which are subject to various risks and uncertainties. These include statements relating to expectations regarding student enrollment and other metrics and forecasts including growth in CAGR, gross margins, G&A, net income, EBITDA, adjusted EBITDA and USU regulatory approval. Actual results may differ materially from the results predicted and reported results should not be considered as an indication of future performance.

A discussion of risks and uncertainties relating to our business is contained in our press release issued this afternoon and our filings with the Securities and Exchange Commission, particularly the section titled Risk Factors in our Form 10-K filed earlier this afternoon. Aspen Group disclaims any obligations to update any forward-looking statement as a result of future developments.

Also, I would like to remind you that during the course of this conference call, we will discuss adjusted EBITDA and EBITDA which are non-GAAP financial measures when talking about the company's performance. Reconciliation to the most directly comparable GAAP financial measures are provided in the tables in the press release issued by the company today. There will be a transcript of this conference call available for one year at the company's website.

I will begin today by reviewing our operational and financial results for our fiscal 2017 fourth quarter, then we will turn the call over to the Chairman and CEO of Aspen Group, Mr. Michael Mathews.

To open, quarterly revenues were $4,289,229, a 61% increase from the comparable prior-year period. Therefore, revenues for fiscal year 2017 were $14,246,696, an increase of 69% year-over-year.

As previously announced, Aspen set a quarterly record of 986 new student enrollments in fiscal Q4 surpassing the third quarter's record of 825or 20%. From a year-over-year perspective, the 986 enrollments in the fourth quarter was an increase of 72% while the internet advertising spend of $812,000 in the quarter represented a spending increase of 74%. That translates to a rolling six month average cost-per-enrollment dropping down from $830 to $815, an improvement of 2% year-over-year. Aspen's marketing efficiency ratio, which is calculated as revenue-per-enrollment divided by cost-per-enrollment increased year-over-year from 8.4X to 8.6X, meaning that Aspen is now projecting to earn an 8.6X return on its marketing investments.

Aspen Group's gross profit for the fourth quarter increased 65% from the comparable prior year period to $2,602,673 or 61% margin. Gross profit for the 2017 fiscal year was $8,679,248, a 101% increase as compared to the prior fiscal year. And gross margin for the full year was 61% as compared to 51% in the prior fiscal year, an improvement of 1,000 basis points.

G&A in the fourth quarter was $2,859,186 which included $211,000 of non-recurring expenses related to Aspen's asset purchase agreement for United States University and a $70,000 accounts receivable reserve. Therefore, not including the USU acquisition expenses and the accounts receivable reserve, G&A grew by approximately $445,000 sequentially or 21% which is primarily due to headcount increases in our enrollment center, academic operations and technology departments.

Additionally, please note that the company incurred a second non-recurring charge this quarter for $298,000, which similar to the USU acquisition expense, was also outside the normal operating activities. And that was the Final Program Review Determination or (FPRD) settlement with the Department of Education from a 2013 program review which we discussed in our last quarterly earnings conference call. Given the increase in G&A and the two non-recurring charges that were outside of normal operating activities, we reported a net loss for the quarter of $723,730 or a loss per share of ($0.06) per share.

EBITDA, a non-GAAP financial measure, was negative ($427,934) in the fourth quarter as compared to $64,268 for the comparable prior-year period. Note that EBITDA results for the quarter as compared to the prior year period would have been substantially similar without those two non-recurring charges.

Adjusted EBITDA, a non-GAAP financial measure, in the fourth quarter totaled $466,276 or 11% margin, a 53% improvement from the comparable prior year period. Adjusted EBITDA for the 2017 fiscal year totaled $1,644,777 or 12% margin. as compared to a negative $455,425 or (5%) margin in the prior fiscal year, an improvement of $2,100,202 year-over-year.

Finally, for the fiscal year ended April 30, 2017, cash used from operations was ($1,480,160), an improvement of $964,260, or 39% from the comparable prior year period.

Now I will turn the call over to Michael Mathews to provide additional color on our fourth quarter results and to make an important financing announcement.

Michael Mathews

Thanks Janet. Good afternoon everyone. I will begin today with a great piece of news. Earlier this week, our university crossed the 5,000 active student body milestone. I am so proud of everyone involved in achieving this milestone, from our marketing staff to our enrollment center, to our academic support staff, to most importantly, our faculty members. Needless to say, I could not have done it without such a great world class team.

Today, I will be discussing our enrollment and marketing results, then I will give an overview of the G&A investment spending that took place this quarter to prepare for our growth this year. I will also provide some topline guidance for Q1 and Q2, and finally I am looking forward to providing details on our credit facility announced earlier today.

To start, our enrollment conversion rate came in at an impressive 12.1% in the fourth quarter. We increased our internet advertising spending from $664,000 to $812,000 or 22% quarter-over-quarter, which then translated to the 20% sequential jump in new student enrollments to a record of 986 in the fourth quarter.

Students paying through a monthly payment method grew to over 3,000 by end of the fiscal year which now equals 65% of our active student body. We increased the total number of monthly payment students by 485 for the fourth quarter, meaning we are adding over 160 monthly payment students per month. The contractual value of our monthly payment plan students now exceeds $26.5 million which currently delivers monthly recurring tuition cash payments of approximately $780,000.

Our key growth driver continues to be our RN to BSN program, which ended the fiscal year with 2,104 active students which now represents 45% of our total active degree seeking student body. The RN to BSN program grew by over 110 active students per month in the fourth quarter.

In terms of our new class start activity, students began 4,536 new class starts in the fourth quarter as compared to 2,788 new class starts in the quarter a year earlier. That's an increase of 63% year-over-year. To support our projected CAGR of 60%+, and in support of our 22% sequential increase of internet advertising spending, as of today we now have 50 enrollment advisors in our enrollment center. That's an increase of 10 advisors or 25% from the end of January. We also added another 20 employees since the beginning of the calendar year across our academic operations, our technology group and our finance department in order to ensure we continue to provide our student body with world class academic and support services.

As Janet indicated earlier, as a result of our personnel increases, our recurring operating G&A rose about $445,000 sequentially from $2.13 million in Q3 to $2.58 million in Q4, which is approximately 60% as a percentage of revenue. Because much of our departmental growth needs have been accomplished for the calendar year, expect our sequential G&A expenses to increase at a much lower rate than $445,000. In fact, we expect G&A as a percentage of revenue to drop in the low-50% range as we hit the back half of this fiscal year.

In terms of projections for Q1 and Q2, note that as Aspen University continues to scale its student body, seasonality has become more pronounced. Last fiscal year, we explained that our first fiscal quarter, which is May through July, is the seasonal low point because it falls during the summer months, and therefore students tend to take less courses during that quarter relative to the other three fiscal quarters. Conversely, the second fiscal quarter, which is August through September, is the seasonal high point, given students' ingrained ‘start of the school year’ mentality.

In reviewing revenues for fiscal year 2017, note that in the first quarter revenues rose sequentially less than $100,000, while revenues increased sequentially at least $250,000 each of the remaining three quarters with the second quarter rising over $700,000.

By the way, in spite of this seasonality, we are tracking to 1,000 new student enrollments in this first quarter, which will exceed our fourth quarter record of 986 enrollments.

The company expects this seasonality trend to continue as the business scales and in fact become more pronounced this fiscal year and in future fiscal years, simply because students take less courses in June and July and nearly all of our students start a course in August and September. As a result, the company expects revenues for Q1 to be flat or slightly down from Q4. The opposite effect is forecasted to occur in Q2 as revenues are projected to rise into the $5 million range.

Okay, onto our important announcement. Earlier today, we put out a release announcing that the company closed on a $10 million senior secured term loan with Runway Growth Credit Fund, formerly known as GSV Growth Credit Fund. GSV is regarded as one of the leading investors in the education sector having funded innovative businesses such as 2U and Coursera and we are delighted that they recognized our innovative business model and chose to become our financing partner.

Terms of the four-year senior loan included 10% over three-month LIBOR per annum interest rate. The company initially drew $5 million at the closing with the remaining $5 million to be drawn following regulatory approval of the asset purchase agreement to acquire United States University. This credit facility provides the company with the necessary working capital to achieve our long-term growth plan for Aspen and gives us the capital necessary to complete the USU acquisition following regulatory approval and achieve our USU growth plans as well.

In terms of the USU acquisition, we are continuing the regulatory approval process with WASCUC, which includes a site visit in September. Once that's completed, the WASCUC commission will make their change of ownership decision after their commission meeting on November 1. Therefore, the earliest we would expect to complete the acquisition would be in early December.

That ends our prepared comments for this afternoon. Now we would like to open the call to address any questions.

Question-and-Answer Session

Operator

[Operator Instructions]. Our first question comes from the line of Eric Martinuzzi with Lake Street Capital. Your line is now open.

Eric Martinuzzi

Thanks. Congratulations on a terrific finish to a record year. I wanted to focus on the credit facility first. That's obviously a major milestone for you guys. I know you talked about it on the last earnings call. The reason that you are drawing down half now and more later, what's the logic there?

Michael Mathews

Good afternoon Eric. It's Mike Mathews. How are you?

Eric Martinuzzi

Good.

Michael Mathews

Aspen at this point doesn't require $5 million of growth capital. But the terms of the agreement were that we would be required to take down $5 million at the closing which we did today and then subsequently we would take the remaining $5 million upon the closing of USU, assuming the regulators approve the transaction.

Eric Martinuzzi

Okay. Now I noticed in the credit facility press release, you talked about several different uses of the proceeds. Obviously, USU is first and foremost but you also talked about three other uses. If you could take me a little deeper into those, I would appreciate it. Student technology, sales and marketing initiatives and then student experience.

Michael Mathews

Yes. Let me start off with the first one, the student lifecycle management technology. Pretty much every university in America, Eric, tends to use an off-the-shelf CRM system and we actually have used an off-the-shelf system ourselves for the last five years. We have very quietly and painstakingly, we are about three quarters of the way through implementing a brand-new CRM system which we built from scratch internally. It's a .net infrastructure backend system. And the CRM system is going to be a "smart system" that will be intelligent enough to understand if a particular student is having an issue, either academically or financially or otherwise.

And this system will be able to, through a series of business rules that we will be able to program in. So if something happens with a particular student that needs action, we are going to advise our student advisor of that issue and make sure that they contact the student immediately to resolve any such issue. We have tremendous belief that this is going to increase the retention rate of our student body and ultimately our graduation rate. We believe we are going to able to launch this internally sometime in the November timeframe.

In terms of sales and marketing initiatives, again as you guys know, we increased our marketing spending over 20% sequentially this quarter and we are looking to increase our marketing spending again this coming quarter now that we have 50 enrollment advisors in the call center. We also have a significant initiative that we are going to be announcing in the next three to four months, which will be a new line of business for the University. At this point sadly I can't announce it because we are waiting for regulatory approval, but I will be discussing this hopefully in our Q3 earnings call.

Eric Martinuzzi

Okay. So that student experience is part of the --

Michael Mathews

The CRM system, yes.

Eric Martinuzzi

Okay. All right. And then shifting over to stock related or stock liquidity related question. You have talked in the past about an uplisting to NASDAQ. Do you have a timetable for that?

Michael Mathews

I have been told by our lawyers that I am not allowed to answer that question. So I will respectfully decline to answer the question. As I said in a number of conference calls, we have a goal internally of uplisting to NASDAQ this calendar year and we are progressing.

Eric Martinuzzi

Okay. I won't press further on that one. And then just as far as USU, there is obviously a lot of good stuff coming here, assuming we get through the approval from WASCUC. Just wondering, are there expenses between here and there that we should be modeling for? Obviously you had some with getting the purchase agreement nailed down, there was some one-time expenses in Q4. Do we face anything like that between here and the close?

Michael Mathews

That's a great question. As Janet pointed out, we had a relatively significant non-operational G&A hit because of the asset purchase agreement and the legal fees related to due diligence and such. We expect there is going to be a little bit of legal cost that will flow into the current quarter Q1. But after Q1, no, we don't expect anything on a go forward basis related to USU. Once our September visit occurs in San Diego at the campus at USU, we are just simply going to sit back and stand by for the decision by WASCUC, which again is occurring after their commission meeting on November 1.

Eric Martinuzzi

Okay. Last question for me has to do with the very impressive cost-per-enrollment number. Every time I think those can't go lower, you guys prove me wrong. I know it's a competitive environment. You are not the only ones out there trying to serve this type of student. You do have a unique capability here with the payment plan as well as the concentration on a particular vertical, but that declined. Are you feeling like that's sort of where things are going to trough here? Or could that potentially move even lower?

Michael Mathews

Well, I have been saying for a couple of years that I didn't think it was going to get any lower and it seems to continue to trickle down. I would say that from a forecasting point of view, internally we are forecasting to remain in the $800 and change range. But now that we have added another 10 enrollment advisors and these are outstanding people, it would not surprise me if it trickled down further. But it wouldn't be significantly further. It would be slight decreases in this case.

Eric Martinuzzi

Got you. All right. Thanks for taking my questions and congrats again on the fiscal year you just finished up.

Michael Mathews

Thank you Eric.

Operator

Our next question comes from the line of Robert Carlson with Janney. Your line is now open.

Robert Carlson

Hi Mike. Again, congratulations. Just an incremental question. How are those enrollment specialists compensated?

Michael Mathews

Yes. Good afternoon Robert. Thanks for the question. So the Department of Education put a set of rules in place last decade, which requires that enrollment advisors cannot be compensated on any incentive basis. Therefore, the enrollment advisors are paid on a hourly basis based on the number of hours that they are scheduled to work in a given week.

Robert Carlson

Thank you. What is the incremental expense for the doctorate program over an undergraduate program, what would that be?

Michael Mathews

Well, our undergraduate program, if it's a student that's entering a four-year program, tuition for that program is $18,000. A doctoral program tends to range in a similar timeframe. It's four to five years and the cost of that is approximately $27,000.

Robert Carlson

No. I mean cost to us.

Michael Mathews

Sorry? You mean the cost to us?

Robert Carlson

The cost to the school. Is it more expensive to initiate a doctoral program as it is on an undergraduate program?

Michael Mathews

Yes. That's a good question. Yes, it is a bit more expensive given what our instructional costs are for going through the dissertation process. It's not dramatically higher. But it is definitely materially higher, yes.

Robert Carlson

Great. Thank you.

Operator

Our next question comes from Howard Halpern with Taglich Brothers. Your line is now open.

Howard Halpern

Okay. Congratulations on another great quarter moving forward. My question relates to earlier this month you put a release out on the doctoral degree in the school of nursing. How do you view that? And how do you think that will impact? Or when do you think that will start to impact results going forward?

Michael Mathews

Well, it will take some time to build the business, just like any other degree program, when it starts from scratch. But we have a bit of an advantage. As you guys are probably aware, we currently have approximately 1,200 master level students in our school of nursing today and as you probably know over 2,000 BSN students. Each of those MSN students as they graduate over the next couple of years are obviously great candidates to matriculate into our Doctor of Nursing Practice program. So we have obviously some marketing approaches that we will utilize to advise those MSN students of the program, the potential benefits they can gain by entering the program and another important pieces of information. So yes, it is something that we believe will probably within, I would say, a year to year-and-a-half, there is no reason why this shouldn't deliver $1 million or more revenue on an annualized basis.

Howard Halpern

Okay. And are you continuing to make inroads into the institutions that you deal with, the hospitals across the country and such?

Michael Mathews

Yes. In fact, funny you should say that. I just got an update from our Director of Corporate Partnerships and she told me that we are now at 86. We have 86 corporate partnerships around the country. We are pretty proud of that obviously.

Howard Halpern

And have you gotten any feedback from them? Are they excited about the potential acquisition, so you will be able to expand maybe some of the offerings to at both institutions?

Michael Mathews

Well, yes, that's a great question, Howard. There is no question that if the regulators approved the USU acquisition, this is going to give us two universities to market to corporate partners rather than one. And there are some unique programs that USU has that Aspen does not. So yes, there is a clear opportunity there, but understand that we can't begin that marketing process until such time as we become the owners of USU. So to-date, we are not doing any outward marketing for USU given the fact that we are still going through the regulatory process.

Howard Halpern

Okay. Well, congratulations and keep up the great work.

Michael Mathews

Thank you Howard.

Operator

Our next question comes from Jay Eisen with Gotham. Your line is now open.

Jay Eisen

Congratulations, Mike. I withdrew my question because it was answered already.

Michael Mathews

Okay. No problem. Thank you Jay. Thanks for attending today.

Operator

Our next question comes from the line of David Garrity with GVA Research.

David Garrity

Hi Mike. Congratulations on hitting 5,000 students. Well done for you, Janet and the rest of the team.

Michael Mathews

Thanks David and good afternoon.

David Garrity

Good afternoon. A quick question for you with respect to the credit facility and well done in terms of locking down the funding for the balance of the acquisition, pending its approval. If I heard you right, you said its floating rate funding over LIBOR, three months LIBOR. Do you have an option potentially to try to fix that interest rate cost? Because we do operate potentially in an environment here where central banks are raising interest rates. Just wanted to see if you could at some point in time convert that to a fixed rate facility and also to see that the term on that might be?

Michael Mathews

Yes. That's a great question. So that obviously was one of the negotiating points of the loan and we ended up not being able to get a fixed rate, as you can see based on the announcement. We are very comfortable with our ability to handle the $5 million interest as well as the $10 million subsequent to the potential acquisition of USU. So we feel pretty comfortable with the facility and the agreement and of course as we get bigger and bigger over the next two or three years, clearly there will be an opportunity to perhaps renegotiate with GSV or move to another facility.

David Garrity

Okay. Excellent. One last question, I think Janet mentioned that there was an adjustment for accounts receivable of about $70,000 in the fourth quarter. Just wanted to see how the payment performance has been going for students on the pay-as-you-go basis? I think you said 65% of the students now are basically pay-as-you-go.

Janet Gill

That's right. Hi David.

David Garrity

How are you?

Janet Gill

Pretty good. During this quarter, we finalized the program review and as part of that, we cleared up a lot of students' balances and utilized some of the reserves. To replenish them, we put $70,000 back in. What is important to know is, at this time our A/R reserve is 6.4% of the receivable balance which interestingly enough, matches our latest cohort default rate coming out of the DoE. So we feel that we are adequately covered. We took care of the program review and we are set further for our growth.

David Garrity

Excellent. Well, thank you and keep up the good work, guys.

Michael Mathews

Thanks David.

Janet Gill

Thank you.

Operator

Our next question comes from William Gibson with ROTH Capital Partners. Your line is now open.

William Gibson

Hi Mike. I was just curious as to how we ended the year at Aspen in terms of faculty and number of doctorates and also if you have a graduation rate?

Michael Mathews

Yes, okay. Hi Bill. Good afternoon. So we currently, as of the end of the fiscal year, I believe we had approximately 130 active professors at Aspen University and of that total 54% hold a doctoral degree.

William Gibson

Good. And anything on up to date graduation numbers for Aspen?

Michael Mathews

Our graduation rate remains in the same range as it's been over the last couple years. It's in the low-60% range.

William Gibson

Good. Thank you.

Michael Mathews

Thanks Bill.

Operator

Our next question comes from Brett Reiss with Janney Montgomery Scott. Your line is now open.

Brett Reiss

Yes. Hi Mike. Hi Janet. A great quarter.

Janet Gill

Hi there.

Michael Mathews

Thank you.

Brett Reiss

Do we have sufficient middle management bench strength to continue to manage this meteoric growth without any bumps in the road?

Michael Mathews

Well, that's a great question and I just want you to understand that a significant portion of the 20 employees that we brought in that were non-enrollment center employees, these are people classically in middle-management. Janet Gill has brought in a couple of middle management folks in the finance department, not only to handle the growth of Aspen, but to prepare for the significant activity that would occur if we own two universities. We have also added a number of people in our student services group, which are key hires for us to make sure that we continue to give world-class service to our student body. Dr. St. Arnauld, our Chief Academic Officer, has also hired a couple of people in middle-management that are primarily involved in assessment and student outcome, and institutional research areas. We also added a gentleman that is going to oversee our corporate partnerships, our outside sales force, which we are in the process of starting to build out for the first time. So yes, the significant portion of the 20 people that we have added over the last 120 days, I would classically label them as middle management personnel.

Brett Reiss

Great. Thanks for taking my question.

Michael Mathews

Thanks Brett.

Janet Gill

Bye now.

Operator

[Operator Instructions]. Our next question comes from the line of Jeff Kobylarz with Diamond Bridge Capital. Your line is now open.

Jeff Kobylarz

Yes, hi. Just curious about, if the USU acquisition goes through, will you have to add more enrollment advisors?

Michael Mathews

Yes. There is no question that we would. At United States University, their student body is in the hundreds, not the thousands. Therefore, their enrollment center is quite small compared to ours. I think we have a tremendous pipeline of potential enrollment advisors in the Phoenix area and I am extremely confident that we could put in place 15 people on behalf of USU almost immediately following the acquisition.

Jeff Kobylarz

Okay. Got it. And Mike, you said that with the addition of the 20 enrollment advisors, I think you said, I am sorry, you said up to 50. And you said that you added those to be able to, I think you kind of made a bit of a forward statement about 60% CAGR going forward. Did I hear that correctly?

Michael Mathews

Yes. We announced a couple of quarters ago that we are looking at a 60% CAGR for Aspen Group Inc. for the next couple of years, yes.

Jeff Kobylarz

Okay. All right. Good. And then how much of that 60% CAGR, how much of that is from nursing? Is nursing going to continue to take a greater share of the growth?

Michael Mathews

Yes. So a great question. We announced in our 10-K that was filed this afternoon, we have a table in the MD&A, that outlines that 74% of our revenues last quarter were nursing revenues. And in fact, for the full year it was 72%. So we are trickling up each quarter. So yes, I don't see any change to that on a go forward basis. I have always thought that we are going to arrive in the 75% to 80% range long term.

Jeff Kobylarz

All right. Great. Thanks very much Mike.

Michael Mathews

Thank you.

Operator

Our next question comes line of Bill Chen with Rhizome Partners. Your line is now open.

Bill Chen

Hi Mike. Could you talk a little bit about, I think you mentioned these relationship with 80 institutions, where I think you mean hospitals.

Michael Mathews

86.

Bill Chen

86, yes. Could you just kind of talk about the nature of some of those partnerships so that we could better understand how they may lead you to future new student enrollments?

Michael Mathews

Yes, absolutely. So to-date, all of our marketing has been done inside our enrollment center which is a center where we are making outbound calls. And to-date, we haven't had an outside sales force. So the first contact point that we make with our corporate partner is with a prospective student. Our enrollment advisors, during the course of the conversation with a prospective student, let them know that if they can help get Aspen a corporate partnership with their company that they, along with all the employees of that company, will get a 10% tuition discount following the execution of a corporate partnership agreement. So that's essentially how the marketing of the program works. And then once the corporate partnership is executed, we then move forward with working with the corporate people at that specific company to help communicate the partnership to their employee base and to communicate the specific Aspen business model and value proposition and how it benefits the employee.

Bill Chen

Got you. And so there is 86 partnerships that are active that's in place where that's existing and working already?

Michael Mathews

Yes, sir.

Bill Chen

Okay. Got you. And I guess when you run into that, could you just maybe walk through some of the value proposition of what Aspen brings to the table versus maybe a Chamberlain, one of our competitors? And just kind of how we have been winning that or not winning that? Where are we having success and where we maybe having some challenges?

Michael Mathews

Well, the challenges are minimal at this point and the reason for that is, it's been about three years ago now that we published a book entitled, 'Let's Change Higher Education Forever' and in that book, we basically said that what we wanted to do is we wanted to fix the higher education sector, which we believe is fundamentally broken and we wanted to give working professionals the ability to pay for their education month-to-month, similar to like a car loan and so they won't have to take federal financial aid loans with interest.

So we launched that approximately three years ago and since then, as you can see, our financials and our business has exploded in terms of our growth rate. I believe we are one of the fastest growing universities in America today because we allow our undergrad students and primarily BSN nurses to pay $250 a month until they pay off their cost of attendance. We allow our master level students to pay $325 a month until they pay off their cost of attendance. And doctoral students $375 a month.

The reason why there is huge benefit to a corporate partner is often times corporations will provide a tuition benefit to their employees and it could range anywhere from $2,000 to $4,000 on an annualized basis. So if our business model is basically asking the students to pay approximately $3,000 a year through $250 per month payments, then the net effect is that if the student completes their program in two to three years, the cost out of pocket for a student is almost nil, if you run the math. How's that for a business model?

Bill Chen

Got you. Thank you very much for the color.

Michael Mathews

Thank you.

Operator

And I am showing no further questions in queue at this time. I would like to turn the call back to Mr. Mathews for any closing remarks.

Michael Mathews

Thanks everyone for your questions. I appreciate the great attendance today and I want to thank everyone for joining us this afternoon. The Aspen team here looks forward to talking with you again very soon. Mid-September will be our next quarterly earnings call. Thank you and have a nice day.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program and you may now disconnect.