

Net Medical Xpress Solutions, Inc.  
Form 10-Q  
May 15, 2013

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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2013

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE No. 333-30176

**NET MEDICAL XPRESS SOLUTIONS, INC.**

(Exact name of Registrant as specified in charter)

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

**91-1287406**  
(I.R.S. Employer Identification No.)

**5021 Indian School Road, Suite 100**  
**Albuquerque, New Mexico 87110**  
(Address of principal executive offices) (Zip Code)

**(505) 255-1999**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  NO

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

The number of shares outstanding of each of the issuer's classes of common stock at May 14, 2013 was 156,987,310.

TABLE OF CONTENTS

<b><u>PART I FINANCIAL INFORMATION</u></b>	3
<b><u>ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)</u></b>	3
<u>Balance Sheets</u>	3
<u>Statements of Operations</u>	4
<u>Statements of Cash Flows</u>	5
<u>Notes to the Financial Statements</u>	6
<b><u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></b>	14
<b><u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u></b>	20
<b><u>ITEM 4. CONTROLS AND PROCEDURES</u></b>	21
<b><u>PART II OTHER INFORMATION</u></b>	22
<b><u>ITEM 1. LEGAL PROCEEDINGS</u></b>	22
<b><u>ITEM 1A. RISK FACTORS</u></b>	22
<b><u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u></b>	22
<b><u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u></b>	22
<b><u>ITEM 4. MINE SAFETY DISCLOSURE</u></b>	22
<b><u>ITEM 5. OTHER INFORMATION</u></b>	22
<b><u>ITEM 6. EXHIBITS</u></b>	22
<b><u>SIGNATURES</u></b>	23



## ITEM 1. FINANCIAL STATEMENTS

**Net Medical Xpress Solutions, Inc.****Consolidated Balance Sheets****(Rounded to the nearest thousand)****(Unaudited)**

	March 31, 2013	December 31, 2012
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 192,000	\$ 109,000
Accounts receivable, net of allowance of \$30,000 and \$31,000, respectively	758,000	653,000
Inventory	10,000	5,000
Prepaid expenses and other assets	36,000	61,000
Total current assets	996,000	828,000
Furniture, equipment and improvements, net of accumulated depreciation of \$627,000 and \$617,000, respectively	45,000	55,000
Security deposits	4,000	4,000
<b>Total Assets</b>	<b>\$ 1,045,000</b>	<b>\$ 887,000</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 723,000	\$ 632,000
Accrued expenses	75,000	85,000
Deferred revenue	8,000	8,000
Capital lease	3,000	3,000
Note payable - related party	45,000	45,000
Total current liabilities	854,000	773,000
Long-term liabilities		
Notes payable - related party	2,000	2,000
Capital lease - long-term portion	-	1,000
Total long-term liabilities	2,000	3,000
Total liabilities	856,000	776,000

Stockholders' equity:

Preferred stock, \$0.001 par value, 500,000 shares authorized, 0 shares issued and outstanding as of 3/31/13	-	-
Common stock, \$0.001 par value, 200,000,000 shares authorized, 158,987,310 and 156,987,310 shares issued and outstanding as of 3/31/13 and 12/31/12, respectively	159,000	157,000
Paid-in capital	15,412,000	15,354,000
Subscriptions payable	21,000	21,000
Deferred compensation	(115,000)	(80,000)
Accumulated deficit	(15,288,000)	(15,341,000)
Total stockholders' equity	189,000	111,000
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,045,000</b>	<b>\$ 887,000</b>

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

**Net Medical Xpress Solutions, Inc.****Consolidated Statements of Operations****(Rounded to the nearest thousand)****(Unaudited)**

	For the three months ended March 31,	
	2013	2012
Revenues		
Net Medical Xpress Solutions	\$ 129,000	\$ 98,000
Net Medical Xpress Services	979,000	816,000
Net Medical Xpress Specialists	113,000	9,000
Gross revenues	1,221,000	923,000
Cost of services	916,000	717,000
Gross profit	305,000	206,000
Operating costs and expenses:		
General and administrative	226,000	202,000
Depreciation and amortization	8,000	5,000
Research and development	16,000	20,000
Total operating costs and expenses	250,000	227,000
Net operating income (loss)	55,000	(21,000)
Other expense:		
Interest expense	(2,000)	(2,000)
Total other expense	(2,000)	(2,000)
Net income (loss)	\$ 53,000	\$ (23,000)
Income (loss) per share - basic	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding - basic	157,087,310	154,042,192
Weighted average number of common shares outstanding - fully diluted	161,837,682	154,042,192

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



**Net Medical Xpress Solutions, Inc.**

**Consolidated Statements of Cash Flows**

**(Rounded to the nearest thousand)**

**(Unaudited)**

	For the three months ended March 31,	
	2013	2012
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 53,000	\$ (23,000)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		