Net Medical Xpress Solutions, Inc. Form 10-Q August 15, 2016

#### **UNITED STATES**

#### SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM 10-Q

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

For the quarterly period ended June 30, 2016

[ ] 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 EXPRESS SOLUTIONS, INC.

(Exact name of Registrant as specified in charter)

<u>NEVADA</u> (State or other jurisdiction of 91-1287406

(I.R.S. Employer Identification No.)

incorporation or organization)

5021 Indian School Road, Suite 100

## Albuquerque, New Mexico 87110

(Address of principal executive offices) (Zip Code)

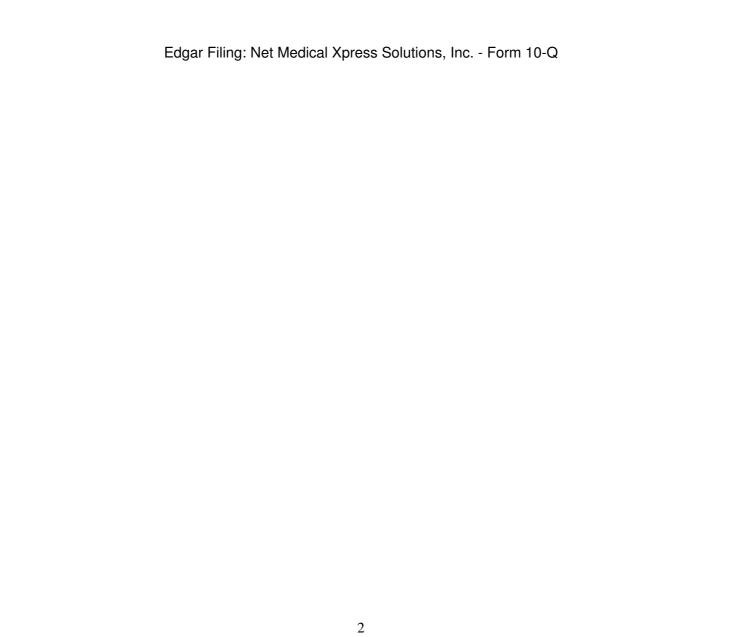
## (505) 255-1999

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has Section 13 or 15(d) of the Securities Exchange Act of 1	YES [X]		
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.			NO[]
Indicate by check mark whether the registrant has sul corporate Web site, if any, every Interactive Data Fi	YES[]		
pursuant to Rule 405 of Regulation S-T (§232.405 o months (or for such shorter period that the registrant was	NO [X]		
Indicate by check mark whether the registrant is a large			
or a smaller reporting company. See the definitions of company in Rule 12b-2 of the Exchange Act.	large accelerated liler,	accelerated filer	and smaller reporting
Large accelerated filer [ ]	Accelerated	filer [ ]	
Non-accelerated filer [ ] Smaller reporting company [X			
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).		YES[]	
		NO [X]	
The number of shares outstanding of each of the issuer	s classes of common stock	at August 5, 2016 w	vas 19,402,814.

# TABLE OF CONTENTS

PART I FINANCIAL INFORMATION	4
ITEM 1. FINANCIAL STATEMENTS	4
ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION	17
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	25
ITEM 4. CONTROLS AND PROCEDURES	26
PART II OTHER INFORMATION	27
ITEM 1. LEGAL PROCEEDINGS	27
ITEM 1A. RISK FACTORS	27
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	27
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	27
ITEM 4. MINE SAFETY DISCLOSURE	27
ITEM 5. OTHER INFORMATION	27
ITEM 6. EXHIBITS	27
SIGNATURES	28



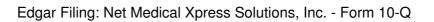
#### **USE OF PRONOUNS AND OTHER WORDS**

The pronouns we, us, our and the equivalent used in this annual report mean Net Medical Xpress Solutions, Inc. and consolidated subsidiaries. In the notes to our financial statements, the Company means Net Medical Xpress Solutions, Inc. and consolidated subsidiaries. The pronoun you means the reader of this quarterly report.

# CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This quarterly report on Form 10-Q, other reports we have filed and will file pursuant to Section 15(d) of the Securities Exchange Act of 1934 and press releases we have issued and will issue will have contained and will contain, as the case may be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to enjoy the benefits of that act. Unless the context is otherwise, We use words such as anticipate, assumption, believe, could, estimate, expect, forecast, intend, may, objective plans, potential, predict, project and projection, seek, should, will continue, will result and would, whether nouns or pronouns and verbs or adverbs in the future tense and words and phrases that convey similar meaning and uncertainty of and information about future events or outcomes and statements about performance that is not an historical fact to identify these forward-looking statements. Such words and statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. All forward-looking statements concerning economic conditions, rates of growth, rates of income or values as may be included in this document are based on information available to us on the dates noted, and we assume no obligation to update any such forward-looking statements. It is important to note that our actual results may differ materially from those in such forward-looking statements due to fluctuations in interest rates, inflation, government regulations, economic conditions and competitive product and pricing pressures in the geographic and business areas in which we conduct operations, including our plans, objectives, expectations and intentions and other factors discussed elsewhere in this Report.

There are a number of important factors beyond our control that could cause actual results to differ materially from the results anticipated by these forward-looking statements. While we make these forward-looking statements based on our beliefs and on various factors and using numerous assumptions using information available at the time we make these statements. Forward-looking statements (i) are neither predictions nor guaranties of future events or circumstances, and (ii) the assumptions, beliefs, expectations, forecasts and projections about future events may differ materially from actual results. You have no assurance the factors and assumptions we have used as a basis for forward-looking statements will prove to be materially accurate when the events they anticipate actually occur in the future; and, you should not place undue reliance on any such forward-looking statements. We undertake no obligation to publicly update any forward-looking statement to reflect developments occurring after the date of this annual report or after the date of any previous or subsequent report or any press release after publication.



## PART I FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

# **Net Medical Xpress Solutions, Inc.**

## Condensed Consolidated Balance Sheets

(Rounded to the nearest thousand)

	June 30, 2016 (Unaudited)		De	December 31, 2015	
Assets					
Current assets:					
Cash and equivalents	\$	387,000	\$	410,000	
Accounts receivable, net of allowance of					
\$28,000 and \$28,000, respectively		488,000		429,000	
Inventory		20,000		27,000	
Prepaid expenses and other assets		146,000		76,000	
Total current assets		1,041,000		942,000	
Furniture, equipment and improvements, net of accumulated					
depreciation of \$704,000 and \$688,000, respectively		6,000		16,000	
Security deposits		4,000		4,000	
Goodwill		239,000		239,000	
Total Assets	\$	1,290,000	\$	1,201,000	
Liabilities and Stockholders' Equity Current liabilities:					
Accounts payable	\$	485,000	\$	439,000	
Line of credit		10,000	т	6,000	
Accrued expenses		56,000		52,000	
Insurance payable		108,000		40,000	
Deferred revenue		1,000		9,000	
Capital lease		5,000		8,000	
Notes payable - related party		57,000		55,000	
Total current liabilities		722,000		609,000	
Long-term liabilities					
Capital lease - long-term portion		-		1,000	

Total long-term liabilities	-	1,000
Total liabilities	722,000	610,000
Stockholders' equity:		

Preferred stock, \$0.001 par value, 500,000

shares authorized, 0 shares issued and

outstanding, as of 6/30/16 and 12/31/15 respectively Common stock, \$0.001 par value, 200,000,000

shares authorized, 19,402,814 and 19,402,814

shares issued and outstanding as of 6/30/16

and 12/31/15, respectively	19,000			19,000
Paid-in capital	16,19	93,000		16,193,000
Subscriptions payable	,	75,000		21,000
Accumulated deficit	(15,719,000)		(	15,642,000)
Total stockholders' equity (deficit)	50	68,000		591,000
Total Liabilities and Stockholders' Equity	\$ 1,29	90,000	\$	1,201,000

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

# Net Medical Xpress Solutions, Inc.

# Condensed Consolidated Statements of Operations

(Rounded to the nearest thousand)

(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Revenues				
Net Medical Xpress Services	\$ 357,000	\$ 724,000	\$ 779,000	\$ 1,506,000
Net Medical Xpress Specialists	418,000	281,000	836,000	632,000
Net Medical Xpress Solutions	33,000	103,000	77,000	192,000
Net Medical Xpress Staffing	19,000	20,000	53,000	38,000
Gross revenues	827,000	1,128,000	1,745,000	2,368,000
Cost of services	643,000	850,000	1,272,000	1,773,000
Gross profit	184,000	278,000	473,000	595,000
Operating costs and expenses:				
General and administrative	263,000	218,000	505,000	435,000
Depreciation and amortization	2,000	3,000	5,000	6,000
Research and development	13,000	26,000	35,000	50,000
Total operating costs and				
expenses	278,000	247,000	545,000	491,000
Net operating income (loss)	(94,000)	31,000	(72,000)	104,000
Other income (expense):				
Interest expense	(3,000)	(2,000)	(5,000)	(4,000)
Total other income (expense)				