

Net Medical Xpress Solutions, Inc.
Form 10-Q
November 14, 2017

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 September 30, 2017

☐ 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 ☒ [X]
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 ☒ [X]

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

Large accelerated filer ☐ []

Accelerated filer ☐ []

Non-accelerated filer ☐ []

Smaller reporting company ☒ [X]

Emerging growth company ☐ []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐ []

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 November 11, 2017 was 19,885,861.

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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

(Beginning on the following page)

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

	September 30, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and equivalents	\$ 226,000	\$ 307,000
Accounts receivable, net of allowance of \$24,000		
and \$24,000, respectively	231,000	256,000
Inventory	18,000	20,000
Prepaid expenses and other assets	90,000	70,000
Total current assets	565,000	653,000
Furniture, equipment and improvements, net of accumulated		
depreciation of \$709,000 and \$706,000, respectively	8,000	4,000
Security deposits	4,000	4,000
Goodwill	159,000	159,000
Total Assets	\$ 736,000	\$ 820,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 349,000	\$ 320,000
Accrued expenses	68,000	63,000
Insurance payable	56,000	21,000
Deferred revenue	-	3,000
Capital lease	2,000	1,000
Notes payable - related party	61,000	59,000
Total current liabilities	536,000	467,000
Long-term liabilities		
Capital lease - long-term portion	5,000	-
Total long-term liabilities	5,000	-
Total liabilities	541,000	467,000
Stockholders' equity:		
Preferred stock, \$0.001 par value, 500,000 shares authorized, 0 shares	-	-

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issued and outstanding, as of 9/30/17 and 12/31/16,
respectively
Common stock, \$0.001 par value, 200,000,000 shares

authorized, 19,885,861 and 19,850,591 shares issued

and outstanding as of 9/30/17 and 12/31/16, respectively	20,000	19,000
Paid-in capital	16,302,000	16,299,000
Subscriptions payable	21,000	21,000
Accumulated deficit	(16,148,000)	(15,986,000)
Total stockholders' equity (deficit)	195,000	353,000
Total Liabilities and Stockholders' Equity	\$ 736,000	\$ 820,000

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Revenues				
Physician Services	\$ 628,000	\$ 651,000	\$ 2,026,000	\$ 2,396,000
Gross revenues	628,000	651,000	2,026,000	2,396,000
Cost of services	472,000	524,000	1,508,000	1,796,000
Gross profit	156,000	127,000	518,000	600,000
Operating costs and expenses:				
General and administrative	189,000	220,000	608,000	725,000
Depreciation and amortization	1,000	1,000	3,000	6,000
Research and development	18,000	30,000	62,000	65,000
Total operating costs and expenses	208,000	251,000	673,000	796,000
Net operating income (loss)	(52,000)	(124,000)	(155,000)	(196,000)
Other income (expense):				
Interest expense	(3,000)	(2,000)	(7,000)	(7,000)
Total other income (expense)	(3,000)	(2,000)	(7,000)	(7,000)
Net income (loss)	\$ (55,000)	\$ (126,000)	\$ (162,000)	\$ (203,000)
Income (loss) per share - basic	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Income (loss) per share - diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)