

## Net Medical Xpress Solutions, Inc.

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SIC Code: 8099 Health and Allied Services

### Quarterly Information and Disclosure Statement For the Three Months Ended March 31, 2020

At March 31, 2020, the number of shares outstanding of our Common Stock was: 23,781,476

At December 31, 2019, the number of shares outstanding of our Common Stock was: 23,781,476

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes:  No:

#### 1) Name of the issuer and its predecessors

New Mexico Software, Inc. beginning 1996.

NMXS.Com, Inc. beginning 1999 in a reverse merger with Raddatz Exploration, Inc.

New Mexico Software, Inc. beginning 2006.

Net Medical Xpress Solutions, Inc. beginning 2013.

We are a Nevada. Corporation and our status is "active".

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No:

#### 2) Security Information

Trading symbol:	NMXS
Exact title and class of securities outstanding:	Common Stock
CUSIP:	64000U204
Par or stated value:	\$0.001 per share

Total shares authorized: 200,000,000 at date: 03/31/2020  
 Total shares outstanding: 23,781,476 at date: 03/31/2020  
 Number of shares in the Public Float: 10,509,228 at date: 03/31/2020  
 Total number of shareholders of record: 387 at date: 03/31/2020

**Transfer Agent**

Name: Empire Stock Transfer, Inc.  
 Phone: 702-818-5898  
 Email: info@empirestock.com

Is the Transfer Agent registered under the Exchange Act? Yes:  No:

Our Common Stock has not been the subject of any trading suspensions issued by the SEC.

We have not had any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that has occurred within the past 12 months.

**3) Issuance History**

**A. Changes to the Number of Outstanding Shares**

During the three months ended March 31, 2020 and the two fiscal years ended December 31, 2019, we have issued the following shares of common stock:

Shares outstanding at the second most recent fiscal year end date: December 31, 2018 19,438,084									
Date	Transaction	Number	Class	Value/share	Discount	Stockholder	Reason	Restricted	Exemption
02/08/2019	New issue	600,000	Common	\$.03	No	Richard Govatski	(1)	Yes	\$4(a)(2)
02/08/2019	New issue	600,000	Common	\$.03	No	John E. Handley	(1)	Yes	\$4(a)(2)
02/08/2019	New issue	600,000	Common	\$.03	No	Frank Reidy	(1)	Yes	\$4(a)(2)
02/08/2019	New issue	600,000	Common	\$.03	No	Rafael Rubio	(1)	Yes	\$4(a)(2)
02/08/2019	New issue	400,000	Common	\$.03	No	Yadira Ortiz	(1)	Yes	\$4(a)(2)
04/16/2019	New issue	750,000	Common	\$.08	No	Neeraj Dubey	Sale	Yes	\$4(a)(2)
10/07/2019	New issue	83,333	Common	\$.06	No	Howshar I, LLC (3)	(2)	Yes	\$4(a)(2)
10/07/2019	New Issue	710,059	Common	\$.0845	No	V. S. Hedna	Sale	Yes	\$4(a)(2)

Shares outstanding at date of this report:  
 March 31, 2020: 23,781,476

- (1) Compensation for services as Officer or Director
- (2) Compensation for services as independent contractor
- (3) Owned by Dr. Mark Edward Howshar

**B. Debt Securities, Including Promissory and Convertible Notes**

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

**(4) Financial Statements**

A. The following financial statements were prepared in accordance with:

U.S. GAAP       IFRS

B. The financial statements for this reporting period were prepared by:

Name: Yadira Ortiz  
 Title: Secretary & Treasurer  
 Relationship to Issuer: Employee

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Net Medical Xpress Solutions, Inc.	
Balance Sheet	
For the Quarter Ended March 31, 2020	
(Unaudited and rounded to the nearest thousand)	
	March 31, 2020
<b>Assets</b>	
Cash and equivalents	383,000
Account receivable, net of allowance of \$24,000	151,000
Inventory	4,000
Prepaid expenses and other assets	22,000
<b>Total current assets</b>	<b>560,000</b>
Furniture, equipment and improvements, net of accumulated depreciation of \$49,000	6,000
<b>Other Assets:</b>	
Goodwill	159,000
	159,000
<b>Total Assets</b>	<b>725,000</b>
<b>Liabilities &amp; Stockholders' Equity</b>	
<b>Current Liabilities:</b>	
Accounts payable	209,000
Credit cards payable	31,000
Unearned revenue	8,000
Accrued expenses	23,000
Insurance payable	17,000
Capital lease	
Operating lease	31,000
Note payable - related party	68,000
<b>Total current liabilities</b>	<b>387,000</b>
<b>Stockholders' Equity:</b>	
Preferred stock, \$.001 par value, 500,000 shares authorized, 0 shares issued and outstanding	-
Common stock, \$.001 par value, 200,000,000 shares authorized, 23,781,476 shares issued and outstanding at 03/31/2020	24,000
Paid-in capital	16,507,000
Subscriptions payable	21,000
Accumulated deficit	(16,214,000)
<b>Total stockholders' equity</b>	<b>338,000</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>725,000</b>
The accompanying notes are an integral part of the financial statements	

Net Medical Xpress Solutions, Inc.		
Statements of Operations		
For the Quarter Ended March 31, 2020		
(Unaudited and rounded to the nearest thousand)		
		Jan - March 2020
<b>Revenues</b>		
Physician services		\$ 361,000
<b>Gross Revenues</b>		<b>361,000</b>
<b>Direct Costs</b>		
		318,000
<b>Gross Profit</b>		<b>43,000</b>
<b>Operating Costs and Expenses:</b>		
General and administrative		104,000
Depreciation and amortization		-
Research and development		4,000
<b>Total operating costs and expenses</b>		<b>108,000</b>
<b>Net Operating (Loss)</b>		<b>(65,000)</b>
<b>Other Income:</b>		
Gain on disposal of fixed assets		2,000
<b>Total other income</b>		<b>2,000</b>
<b>Other Expenses:</b>		
Interest expense		2,000
<b>Total other expense</b>		<b>2,000</b>
<b>Net (Loss)</b>		<b>\$ (65,000)</b>
The accompanying notes are an integral part of the financial statements		

Net Medical Xpress Solutions, Inc.	
Statement of Cash Flows	
For the Quarter Ended March 31, 2020	
(Unaudited and rounded to the nearest thousand)	
	Quarter Ended March 31, 2020
<b>Cash flows from operating activities:</b>	
Net (Loss)	\$ (65,000)
Adjustments to reconcile net (loss) to net	
cash provided by operating activities:	
Depreciation and amortization	1,000
Gain on disposition of fixed assets	(2,000)
Changes in operating assets and liabilities:	
Accounts receivable	163,000
Inventory	27,000
Prepaid expenses and other assets	14,000
Accounts payable	(36,000)
Accrued expenses	21,000
Right of use asset	8,000
Operating lease liability	(17,000)
Net cash provided by operating activities	114,000
<b>Cash flows from financing activities:</b>	
Net repayment of principal under capital lease	(1,000)
Net payments to insurance financing	(12,000)
Net cash (used) by financing activities	(13,000)
Net increase in cash equivalents	101,000
Cash equivalents - beginning	282,000
Cash equivalents - ending	\$ 383,000
<b>Supplemental disclosures:</b>	
Interest paid	\$ 2,000
The accompanying notes are an integral part of the financial statements	

Net Medical Xpress Solutions, Inc.  
Statement of Changes in Stockholders' Equity  
For the Quarter Ended March 31, 2020  
(Unaudited)

	Common Stock		Additional	Subscriptions	Accumulated	Total
	Shares	Amount	Paid-in Capital	Payable	(Deficit) Earnings	Stockholders' Equity
Balance, December 31, 2019	23,781,476	24,000	16,507,000	21,000	(16,149,000)	403,000
Compensation earned by officers and directors		-		-	-	-
Compensation earned by independent contractors		-		-	-	-
Shares purchased		-		-	-	
Shares repurchased		-		-	-	-
Net income For the quarter ended March 31, 2020	-	-		-	(65,000)	(65,000)
Balance, March 31, 2020	<u>23,781,476</u>	<u>24,000</u>	<u>16,507,000</u>	<u>21,000</u>	<u>(16,214,000)</u>	<u>338,000</u>
The accompanying notes are an integral part of the financial statements						

**Net Medical Xpress Solutions, Inc.**  
**Notes to Financial Statements for the Quarter Ended March 31, 2020**  
**(unaudited)**

**NOTE A - BASIS OF PRESENTATION**

The condensed financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:**

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. At March 31, 2020, the Company had \$116,000 in cash and equivalents that exceeded federally insured limits.

**Trade Accounts Receivable:**

The Company extends unsecured credit to customers under normal trade agreements which generally require payment within 30 - 45 days. Accounts not paid within 15 days after their original due date are considered delinquent. Unless specified by the customer, payments are applied to the oldest unpaid invoice. Accounts receivable are presented at the amount billed.

The Company also estimates an allowance for doubtful accounts, which amounted to \$24,000 at March 31, 2020. The estimate is based upon management's review of all accounts and an assessment of the Company's historical evidence of collections. Specific accounts are charged directly to the reserve when management obtains evidence of a customer's insolvency. Charge-offs, net of recoveries, for the three months ended March 31, 2020 totaled \$0.

**Inventory:**

Inventory, which is composed of component parts and finished goods, is valued at cost on a specific identity basis for those items with serial numbers. The remainder of the inventory is valued at the lower of first-in-first-out (FIFO) cost or market. On a quarterly basis, management compares the inventory on hand with the Company's records to determine whether write-downs for excess or obsolete inventory are required. Write-downs of \$6,000 for obsolete inventory are included in expenses for the three months ended March 31, 2020.

**Property and Equipment:**

Property and equipment are stated at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed. At the time property and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

Depreciation is computed on the straight-line and accelerated methods for financial reporting and income tax reporting purposes based upon the following estimated useful lives:

Software development	3 years
Equipment	5 years
Computer hardware	5 years
Office furniture	7 years

**Long-Lived Assets:**

The Company accounts for its long-lived assets in accordance with Accounting Standards Codification (“ASC”) Topic 360-10-05, “Accounting for the Impairment or Disposal of Long-Lived Assets.” ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset’s carrying value and fair value or disposable value. The Company determined that none of its long-term assets at March 31, 2020 were impaired.

**Goodwill:**

The Company accounts for its goodwill in accordance with Accounting Standards Codification (“ASC”) Topic 350-20. Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill is tested annually at December 31 for impairment. The annual qualitative or quantitative assessments involve determining an estimate of the fair value of reporting units in order to evaluate whether an impairment of the current carrying amount of goodwill exists. A qualitative assessment evaluates whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount before applying the two-step quantitative goodwill impairment test. The first step of a quantitative goodwill impairment test compares the fair value of the reporting unit to its carrying amount including goodwill. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss may be recognized. The amount of impairment loss is determined by comparing the implied fair value of reporting unit goodwill with the carrying amount. If the carrying amount exceeds the implied fair value, then an impairment loss is recognized equal to that excess.

The Company tests its goodwill and other indefinite-lived intangible assets for impairment annually, or, under certain circumstances, more frequently, such as when events or circumstances indicate there may be impairment. The Company is required to write down the value of goodwill only when its testing determines the recorded amount of goodwill exceeds the fair value. As of March 31, 2020, there was no additional impairment of goodwill.

**Stock-Based Compensation:**

The Company accounts for stock-based payments to employees in accordance with ASC 718, “Stock Compensation” (“ASC 718”). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the statement of operations based on their fair values at the date of grant.

The Company accounts for stock-based payments to non-employees in accordance with ASC 505-50, “Equity-Based Payments to Non-Employees.” Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

The Company calculates the fair value of option grants and warrant issuances utilizing the Black Scholes pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the

period. In estimating the forfeiture rate, the Company monitors both stock option and warrant exercises as well as employee termination patterns. The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

During the three months ended March 31, 2020, the Company recognized \$0, in stock-based compensation from issuance of shares of its common stock to officers and directors.

**Income Taxes:**

The Company accounts for its income taxes under the provisions of ASC Topic 740, "Income Taxes." The method of accounting for income taxes under ASC 740 is an asset and liability method. The asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of other assets and liabilities.

**Earnings (Loss) per Share:**

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

**Revenue Recognition:**

The Company recognizes revenue in accordance with Statement of Position ASC Topic 985 *Software Revenue Recognition* as amended.

Revenue from proprietary software sales that does not require further commitment from the Company is recognized upon persuasive evidence of an arrangement as provided by agreements executed by both parties, delivery of the software, and determination that collection of a fixed or determinable fee is probable. These sales are generally direct purchases of a software product and there is no other involvement by the Company.

The Company offers with certain sales of its software products, software maintenance, upgrade and support arrangements. These contracts may be elements in a multiple-element arrangement or may be sold in a stand-alone basis. Revenues from maintenance and support services are recognized ratably on a straight-line basis over the term that the maintenance service is provided.

Should the sale of software involve an arrangement with multiple elements (for example, the sale of a software license along with the sale of maintenance and support to be delivered over the contract period), the Company allocates revenue to each component of the arrangement using the residual value method based on the fair value of the undelivered elements. The Company defers revenue from the arrangement equivalent to the fair value of the undelivered elements and recognizes the remaining amount at the time of the delivery of the product or when all other revenue recognition criteria have been met. Fair values for the ongoing maintenance and support obligations are based upon separate sales of renewals of maintenance contracts. Fair value of services, such as training or consulting, is based upon separate sales of these services to other customers.

The Company follows the guidance in FASB ASC Topic 605, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* for custom software development arrangements that require significant production, customization or modification to its core software. Revenue is generally recognized for such arrangements under the percentage-of-completion method. Under percentage-of-completion accounting, both the product license and custom software development revenue are recognized as work progresses based on specific milestones in accordance with FASB ASC Topic 450. The Company believes that project milestones based on completion of specific tasks provide the best approximation of progress toward the completion of the contract. At March 31, 2020, there were no custom software development arrangements in progress.

The Company also occasionally derives revenue from the sale of third party hardware, which is billed as a separate deliverable under consulting or custom development contracts.

Revenue from diagnostic services, clinical consulting services, telemedicine recruiting services, software installation, and any training or miscellaneous consulting services is recognized when the services are rendered. These revenues include services that are separate from the functionality of the software. License revenue is recognized ratably over the term of the license.

Amounts collected prior to satisfying the above revenue recognition criteria are included in deferred revenue. The application of ASC 605, as amended, requires judgment, including a determination that collectability is probable and the fee is fixed and determinable.

During the three months ended December 31, 2020, the company did not follow guidance provided by SEC Staff Accounting Bulletin (SAB) No. 101, *Revenue Recognition in Financial Statements* and SAB No. 104, *Revenue Recognition*, which provide guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC.

Due to uncertainties inherent in the estimation process it is at least reasonably possible that completion costs for contracts in progress will be further revised in the near-term.

The cost of services, consisting of staff payroll, outside services, equipment rental, communication costs and supplies, is expensed as incurred.

**Research and Development Expenses:**

Costs of research and development activities are expensed as incurred.

**Advertising Expenses:**

The Company expenses advertising costs which consist primarily of direct mailings, promotional items and print media, as incurred. Advertising expenses amounted to \$0 for the three months ended March 31, 2020.

**Fair Value of Financial Instruments:**

The Company adopted the Financial Accounting Standards Board (“FASB”) standard related to fair value measurement at inception. The standard defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The recorded values of long-term debt approximate their fair values, as interest approximates market rates. As a basis for considering such assumptions, the standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs other than quoted prices in active markets that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company’s financial instruments consist of cash, accounts receivable, prepaid expenses, deposits, other assets, accounts payable, accrued expenses, deferred revenue, capital leases and notes payable. The recorded values of cash, accounts receivable, prepaid expenses, and accounts payable approximate fair values due to the short maturities of such instruments. Recorded values for notes payable and related liabilities approximate fair values, since their stated or imputed interest rates are commensurate with prevailing market rates for similar obligations.

**Recent Pronouncements:**

The Company's management has reviewed recent accounting pronouncements issued through the date of the issuance of these financial statements. In management's opinion, no pronouncements apply or will have a material effect on the Company's condensed financial statements.

**NOTE C - FURNITURE, EQUIPMENT, AND IMPROVEMENTS**

Furniture, equipment, and improvements as of March 31, 2020 consisted of the following:

	<b>March 31, 2020</b>
Computers	\$ 14,000
Automobiles	41,000
	55,000
Accumulated depreciation	(49,000)
	\$ 6,000

Depreciation expense for the months ended March 31, 2020 was \$1,000. Of this depreciation, the Company allocated \$1,000 to direct costs.

**NOTE D - NOTES PAYABLE****Notes Payable - Related Party:**

On March 1, 2011, the Company received a \$2,000 loan from a director of the Company. This loan is non-interest bearing and is due on demand. On May 1, 2012, the Company received a \$25,000 loan from a director of the Company. The loan bears interest at 7% per annum with principal and interest payable on or before April 30, 2015. On September 1, 2012, the Company received an \$18,000 loan from a director of the Company. The loan bears interest at 7% per annum with principal and interest payable on or before August 31, 2016. The loans have been subsequently extended and the related party has no intentions to call the loan in the foreseeable future. At March 31, 2020, there is approximately \$23,000, in accrued interest included in notes payable - related party related to these notes.

**Notes Payable:**

During September 2019, the Company financed an insurance premium in the amount of \$53,600, a down payment of \$12,300 was made on this note payable. The note bears an interest rate of 8.99%, is payable in monthly principal and interest payments of \$4,200 with a maturity date in October 2020. As of March 31, 2020, this note had a balance of \$16,900. Total interest expense for this note payable was approximately \$600 for the three months ended March 31, 2020.

**NOTE E - GOODWILL**

In accordance with FASB ASC 350, "Intangibles - Goodwill and Other," the Company performs goodwill impairment testing at least annually, unless indicators of impairment exist in interim periods. The impairment test for goodwill uses a two-step approach. Step one compares the estimated fair value of a reporting unit with goodwill to its carrying value. If the carrying value exceeds the estimated fair value, step two must be performed. Step two compares the carrying value of the reporting unit to the fair value of all of the assets and liabilities of the reporting unit (including any unrecognized intangibles) as if the reporting unit was acquired in a business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of its goodwill, an impairment loss is recognized in an amount equal to the excess. Based on the estimated fair value of its goodwill at March 31, 2020, the Company determined that there was no impairment of goodwill and recognized \$0 in goodwill impairment.

**NOTE F - CAPITAL TRANSACTIONS****Common stock:**

During the three months ended March 31, 2020, the Company had no stock transactions.

There are no stock options outstanding as of March 31, 2020.

## NOTE G - MAJOR CUSTOMERS

During the three months ended March 31, 2020, one customer accounted for eighty-eight percent (88%) or approximately \$318,000 of the Company's revenue.

As of March 31, 2020, balances due from one customer comprised fifty-six percent (56%) or approximately \$98,000 of total accounts receivable.

## NOTE H - COMMITMENTS AND CONTINGENCIES

### Leases:

During the three months ended March 31, 2020 the company moved their office location and signed a new lease agreement. The Company has an operating lease agreement for a dedicated office in New Mexico expiring on January 31, 2021, and a finance lease for certain equipment expiring on July 07, 2020. Future minimum lease payments as of March 31, 2020, are as follows: (rounded)

<u>Year</u>	<u>Operating Lease</u>	<u>Finance Lease</u>
2020	\$10,300	\$500
2021	\$ 1,100	

Rent expense, related to the operating lease and office service agreement, for the three months ended March 31, 2020 amounted to \$3,000.

Amortization expense related to the finance lease for the three months ended March 31, 2020 amounted to \$400.

The previous operating lease agreement expires on January 31, 2020. The right of use asset is amortized over the signed lease period and the obligation to pay the signed lease agreement expires with the expiration of the lease agreement. Management has entered into an official agreement to for payment of back rent. The balance due as of March 31, 2020 is \$31,000.

### Employment Agreement (Related Party):

During the first quarter of 2017, the Company entered into a new employment agreement with Mr. Govatski whereby agreeing to annual compensation of \$39,000 for a term of one year commencing on January 1, 2017. As of November 2017, agreed upon salary was increased to \$50,000 annually, effective immediately. At January 1, 2018 the agreement was automatically renewed and as of August 2018 agreed upon annual compensation was increased to \$62,000, effective immediately. The agreement will continue automatically renew for one additional term, at the current annual salary, unless terminated by either party. The non-compete agreement has remained intact and becomes effective only in the event of termination by either party and will remain in effect for a period of one year.

[End of notes to financial statements.]

## 5) Issuer's Business, Products and Services

We provide wide-ranging and unique solutions for the rapidly expanding multi-billion-dollar telemedicine industry. We recruit and maintain an extensive cadre of telemedicine physicians that we provide to the industry, together with highly proprietary software that links electronic medical records while facilitating state-of-the-art conferencing and communications. We also offer a call center, unique hardware implementations, staffing and recruiting operations, diagnostic and clinical services, and advanced software research and development capabilities. All of these product and service offerings are in support of, and integrated with, our physician services revenues.

- A. Our date and state of incorporation is January 1, 2006 in Nevada. From inception through December 31, 2005, that we were incorporated in Delaware
- B. Our primary SIC Code is 7372
- C. Our fiscal year ends December 31
- D. Our principal products or services and their markets are:

### Software

One of our most valuable assets is the investment made over many years in proprietary software. In addition to our core system that we use to build a customized telemedicine management system for clients, we offer the following applications that simplify the administrative aspects of patient care so that our physicians can spend more time on actual patient care:

- Our Telemed 2.0 (telemedicine management system) is now available for existing customers, and as an online service for doctors' offices, hospitals and clinics to take advantage of telemedicine services. It includes our Telemed video conferencing capability, digital paper, prescription services and Quest lab ordering and is integrated into a very simple one login, one button technology.
- Digital Paper can take any paper form and turn it into an easy online fill-out list, then turn it into an actual PDF as required by insurance companies and hospitals.
- Single Pane of Glass Software allows a provider to be connected into a video conference with a patient while simultaneously displaying up to five additional applications running on the same screen.
- Electronic Medical Records (EMR) provides the ability to connect with 43 different hospital EMR systems.

### Hardware

Although we do not simply resell hardware as a wholesaler, we have engineered and developed several exclusive and proprietary hardware products that we offer to our customers:

- Telemed Video Conferencing is our advanced televideo conferencing system. A Dell OptiPlex all-in-one touch screen computer is the user interface. It is equipped with a specific integrated circuit that comes with our own operating system, networking interface and Wi-Fi connectivity.
- We have developed a proprietary medical cart that is exclusive to us, that includes the Dell OptiPlex described above, along with our proprietary software and a state-of-the-art camera.
- Several Net Medical USB digital diagnosing tools can be plugged into the OptiPlex, including a USB stethoscope, USB dermoscope, USB digital microscope and otoscope.

### Physicians

Our group of physicians is also one of our greatest assets. We currently have 32 physicians on staff, plus approximately 125 that have been credentialed and are ready to contract with us to provide services. We provide physicians that can perform a variety of physician services:

- Video clinical consult services such as neurology and stroke assessment, behavioral assessment, orthopedic, cardiology and critical care.
- Diagnostic services, including radiology and cardiology.
- Video primary care services.

### Management and administrative services

We provide a variety of additional services that are essential to a complete telemedicine program:

- Credentialing services (verifying the qualifications of healthcare providers) are required for hospitals to grant privileges to the providers so that the providers can deliver the necessary care to patients.
- Our call center is operated 24 hours per day, seven days per week and 365 days per year.
- Recruiting and staffing services locate telemedicine physicians for our customers who use our services, as well as for customers who wish to contract directly with a physician.
- We provide professional liability insurance for all physicians contracted with us.

### 6) Issuer's Facilities

Until January 31, 2020 we leased a 5,000 square foot facility in Albuquerque, New Mexico, at a cost of approximately \$7,700 per month. The lease expired on January 31, 2020. The facility housed our administrative, marketing and engineering offices, and provides adequate room for expansion.

We currently lease a 150 square foot dedicated office space in Albuquerque, New Mexico, at a cost of approximately \$1,100 per month. The lease expires on January 31, 2021. The facility has dedicated office space for meetings and conference rooms. Otherwise, we operate virtually.

### 7) Officers, Directors, and Control Persons

Name	Affiliation	Residential Address	Shares owned	Class	%age	Note
Richard Govatski	Chairman and Chief Executive Officer	Albuquerque, NM	3,655,536	Common	16%	Founded NMXS in 1996 after he identified market inefficiencies in how intellectual property owners managed their image assets.
Frank A. Reidy	Director	Bartlesville, OK	2,583,738	Common	11%	Taught micro- and macro-economics as an evening-division adjunct professor for seventeen years.
John E. Handley	Director	Falls Church, VA	1,848,139	Common	8%	Self-employed telecommunications consultant since September 2002.
Rafael Rubio	President and Director	Albuquerque, NM	879,447	Common	4%	Employed by NMXS since 1999 where he has served the role of Senior Vice President of Technology and Product Development.
Yadira Ortiz	Secretary	Albuquerque, NM	400,000	Common	2%	Employed by NMXS since 2004.

### 8) Legal/Discipline History

A. None of our directors and officers has any legal or disciplinary history with respect to:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended,

Net Medical Xpress Solutions, Inc.

- or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.
- B. Net Medical Xpress Solutions, Inc. is not currently involve in any pending legal proceedings or litigations as of March 31, 2020.

## 9) Third Party Providers

### Securities Counsel

Name: Jackson Morris, Esq.  
Address 1: 126 21st Avenue SE  
Address 2: St. Petersburg, FL 33705  
Phone: 813-892-5969  
Email: jackson.morris@rule144solutions.com

### Accountant or Auditor

Name: Reese Gateley, CPA  
Firm: Reese Gateley, CPA, PC  
Address 1: 4316 Carlisle NE, Suite B  
Address 2: Albuquerque, NM 87107  
Phone: 505-883-9221  
Email: rgateley@gateleycpa.com

## 10) Issuer Certification

### *Principal Executive Officer:*

I, Richard F. Govatski, certify that:

1. I have reviewed this quarterly disclosure statement of Net Medical Xpress Solutions, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 8, 2020

Richard F. Govatski

Richard F. Govatski, Chairman and Chief Executive Officer

*Principal Financial Officer:*

I, Yadira Ortiz certify that:

1. I have reviewed this quarterly disclosure statement of Net Medical Xpress Solutions, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 8, 2020

Yadira Ortiz

Yadira Ortiz, Chief Financial Officer