Net Medical Xpress Solutions, Inc.

8206 Louisiana Blvd. NE, Suite A
Albuquerque, New Mexico 87113
Telephone: 505-255-1999
Website: www.nmxs.com
Email: accounting@netmedical.com
SIC Code:8071 Medical Laboratories
SIC Code: 8099 Health and Allied Services

Annual Information and Disclosure Statement
For the Fiscal Year Ended December 31, 2021

At December 31, 2021, the number of shares outstanding of our Common Stock was: 33,810,201

At September 30, 2021, the number of shares outstanding of our Common Stock was: 33,810,201

At December 31, 2020, the number of shares outstanding of our Common Stock was: 29,460,201

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".

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.

The address of the issuer's principal executive office:

8206 Louisiana Blvd. NE, Suite A
Albuquerque, NM 87113
Check box if principal executive office and principal place of business are the same address: ☒

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: 12/31/2021
Total shares outstanding:	33,810,201	at date: 12/31/2021
Number of shares in the Public Float:	10,509,228	at date: 12/31/2021
Total number of shareholders of record:	392	at date: 12/31/2021

<u>Transfer Agent</u>

Name: Empire Stock Transfer, Inc.
Phone: 702-818-5898
Email: info@empirestock.com
Address 1: 1859 Whitney Mesa Dr.
Address 2: Henderson, NV 89014

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

3) Issuance History

A. Changes to the Number of Outstanding Shares

During the two fiscal years ended December 31, 2021, we have issued the following shares of common stock:

Shares outstanding at the second most recent fiscal year end date: December 31, 2019 23,781,476

Date	Transaction	Number	Class	Value/share	Discount	Stockholder	Reason	Restricted	Exemption
05/22/2020	New issue	65,000	Common	$.10	No	Jennifer K. Asbury	(2)	Yes	§4(a)(2)
07/01/2020	New issue	139,209	Common	$.0601	No	Francis A. Reidy Revocable Trust	(3)	Yes	§4(a)(2)
07/09/2020	New issue	74,516	Common	$.0671	No	Susy Salvo-Wendt	(2)	Yes	§4(a)(2)
08/06/2020	New issue	2,050,000	Common	$.0674	No	Richard Govatski	(1)	Yes	§4(a)(2)
08/06/2020	New issue	900,000	Common	$.0674	No	John E. Handley	(1)	Yes	§4(a)(2)
08/06/2020	New issue	900,000	Common	$.0674	No	Francis A. Reidy Revocable Trust	(1)	Yes	§4(a)(2)
08/06/2020	New issue	1,350,000	Common	$.0674	No	Rafael Rubio	(1)	Yes	§4(a)(2)
08/06/2020	New issue	200,000	Common	$.0674	No	Yadira Ortiz	(1)	Yes	§4(a)(2)
06/10/2021	New issue	500,000	Common	$.05	No	Richard Govatski	(1)	Yes	§4(a)(2)
06/10/2021	New issue	500,000	Common	$.05	No	John Handley	(1)	Yes	§4(a)(2)
06/10/2021	New issue	500,000	Common	$.05	No	Frank Reidy	(1)	Yes	§4(a)(2)
06/10/2021	New issue	500,000	Common	$.05	No	Rafael Rubio	(1)	Yes	§4(a)(2)
06/10/2021	New issue	500,000	Common	$.05	No	Neeraj Dubey	(1)	Yes	§4(a)(2)
06/10/2021	New issue	250,000	Common	$.05	No	Yadira Ortiz	(1)	Yes	§4(a)(2)
06/10/2021	New issue	200,000	Common	$.05	No	Miguel Williams	(4)	Yes	§4(a)(2)
06/10/2021	New issue	200,000	Common	$.05	No	Stephenie Wilson	(4)	Yes	§4(a)(2)
06/10/2021	New issue	200,000	Common	$.05	No	Gary Ayres	(4)	Yes	§4(a)(2)
09/16/2021	New issue	1,000,000	Common	$.05	No	Richard Govatski	(1)	Yes	§4(a)(2)

Shares outstanding at date of this report: December 31, 2021: 33,810,201

(1) Compensation for services as Officer or Director
(2) Compensation for services as independent contractor
(3) Compensation of Interest for Loan to Net Medical
(4) Employment/Contractors Recognition

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 Years Ended December 31, 2021 and 2020
(Unaudited and rounded to the nearest thousand)

	12/31/2021	12/31/2020
Assets		
Current Assets:		
Cash and equivalents	411,000	335,000
Account receivable, net of allowance of $24,000 and medical billing allowance of $783,000	606,000	134,000
Inventory	5,000	3,000
Prepaid expenses and other assets	92,000	35,000
Total current assets	1,114,000	507,000
Furniture, equipment and improvements, net of accumulated depreciation of $21,000	181,000	5,000
Other Assets:		
Goodwill	159,000	159,000
	159,000	159,000
Total Assets	1,454,000	671,000
Liabilities & Stockholders' Equity		
Current Liabilities:		
Accounts payable	43,000	57,000
Credit cards payable	17,000	19,000
Accrued expenses	22,000	19,000
Insurance payable	6,000	27,000
Operating lease	-	4,000
Line of Credit - NM Finance Authority	-	57,000
Note payable - related party	42,000	54,000
Current portion long-term debt	60,000	-
Total current liabilities	190,000	237,000
Long-Term Liabilities:		
Long-term debt, less current portion	748,000	146,000
Total long-term liabilities	748,000	146,000
Total Liabilities	938,000	383,000
Stockholders' Equity:		
Preferred stock, $.001 par value, 500,000 shares authorized, 0 shares issued and outstanding	-	-
Common stock, $.001 par value, 200,000,000 shares authorized, 33,810,201 and 29,460,201 shares issued and outstanding at 12/31/2021 and 12/31/2020, respectively.	34,000	29,000
Paid-in capital	17,099,000	16,886,000
Subscriptions payable	21,000	21,000
Accumulated deficit	(16,638,000)	(16,648,000)
Total stockholders' equity	516,000	288,000
Total Liabilities and Stockholders' Equity	1,454,000	671,000

The accompanying notes are an integral part of the financial statements

Net Medical Xpress Solutions, Inc.
Statements of Operations
For the Years Ended December 31, 2021 and 2020
(Unaudited and rounded to the nearest thousand)

	12/31/2021	12/31/2020
Revenues		
Physician services/Technical services	$1,041,000	$1,118,000
Medical Laboratory	727,000	-
Gross Revenues	1,768,000	1,118,000
Direct Costs	1,079,000	912,000
Gross Profit	689,000	206,000
Operating Costs and Expenses:		
General and administrative	700,000	788,000
Depreciation and amortization	10,000	2,000
Research and development	18,000	19,000
Bad Debt	43,000	-
Total operating costs and expenses	771,000	809,000
Net Operating (Loss)	(82,000)	(603,000)
Other Income:		
Gain on disposal of fixed assets	6,000	2,000
Grant - NM Finance Authority	3,000	10,000
Payroll Protection Loan Forgiven	86,000	96,000
Total other income	95,000	108,000
Other Expenses:		
Interest expense	3,000	4,000
Total other expense	3,000	4,000
Net (Loss)	$ 10,000	$ (499,000)

The accompanying notes are an integral part of the financial statements

Net Medical Xpress Solutions, Inc.		
Statement of Cash Flows		
For the Years Ended December 31, 2021 and 2020		
(Unaudited and rounded to the nearest thousand)		
	12/31/2021	12/31/2020
Cash flows from operating activities:		
Net Income (Loss)	$ 10,000	$ (499,000)
Adjustments to reconcile net (loss) to net		
cash provided by operating activities:		
Depreciation and amortization	10,000	4,000
Gain on disposition of fixed assets	(6,000)	(2,000)
Share-based compensation for services to Board Members		
and contractors	218,000	384,000
Changes in operating assets and liabilities:		
Accounts receivable	(472,000)	180,000
Inventory	(2,000)	28,000
Prepaid expenses and other assets	(57,000)	1,000
Accounts payable	(14,000)	(188,000)
Accrued expenses	1,000	5,000
Right of use asset	-	8,000
Deferred revenue	-	(8,000)
Operating lease liability	(4,000)	(44,000)
Net cash (used) by operating activities	(316,000)	(131,000)
Cash flows from financing activities:		
Net repayment of principal under capital lease	-	(1,000)
Proceeds from insurance financing	8,000	37,000
Net payments to insurance financing	(29,000)	(39,000)
Proceeds from short-term debt	-	60,000
Payments on short-term debt	-	(3,000)
Proceeds from long-term debt	545,000	146,000
Payments on long-term debt	(23,000)	-
Payments to related party on note payable	(12,000)	(14,000)
Net cash provided by financing activities	489,000	186,000
Cash flows from investing activities:		
Proceeds from sale of fixed assets	6,000	-
Acquisition of fixed assets	(103,000)	(2,000)
Common Stock Issued	-	-
Net cash provided by investing activities	(97,000)	(2,000)
Net increase (decrease) in cash equivalents	76,000	53,000
Cash equivalents - beginning	335,000	282,000
Cash equivalents - ending	$ 411,000	$ 335,000

Net Medical Xpress Solutions, Inc.
Statement of Changes in Stockholders' Equity
For the Years Ended December 31, 2021 and 2020
(Unaudited)

	Common Stock		Additional Paid-in	Subscriptions	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Payable	(Deficit) Earnings	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	5,539,209	5,000	368,000	-	-	373,000
Compensation earned by independent contractors	139,516	-	11,000	-	-	11,000
Shares purchased	-	-		-	-	-
Shares repurchased	-	-	-	-	-	-
Shares issued	-	-	-	-	-	-
Net income For the year ended December 31, 2020	-	-	-	-	(499,000)	(499,000)
Balance, December 31, 2020	29,460,201	29,000	16,886,000	21,000	(16,648,000)	288,000
Compensation earned by officers and directors	3,750,000	4,000	135,000	-	-	139,000
Compensation earned by employees/independent contractc	600,000	1,000	29,000	-	-	29,000
Shares purchased		-		-	-	
Shares repurchased		-		-	-	
						-
Net Income For the year ended December 31, 2021	-	-		-	10,000	10,000
Balance, December 30, 2021	33,810,201	34,000	17,050,000	21,000	(16,638,000)	466,000

The accompanying notes are an integral part of the financial statements

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 December 31, 2021 and 2020, the Company had $42,000 and $0 in cash and equivalents that exceeded federally insured limits, respectively.

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 receivables are presented at the amount billed.

The Company established relationships with medical insurance companies which generally reimburse within 60 – 90 days, which is normal for these types of accounts. The Company has a backstop contract with the State of New Mexico to reimburse unpaid insurance claims for community Covid-19 testing.

The Company also estimates an allowance for doubtful accounts, which amounted to $24,000 and $24,000 at December 31, 2021 and 2020, respectively. 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 years ended December 31, 2021 and 2020 totaled $43,000 and $0, respectively.

The Company estimates an allowance for doubtful medical billing, which amount to $783,000 and $0 at December 31, 2021 and 2020, respectively. The Company started performing Covid-19 testing in 2021 and therefore medical billing did not begin until 2021. The estimate is based upon management's review of medical billing accounts and an assessment of the Company's historical evidence of medical billing collections.

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 $0 and $0 for obsolete inventory are included in expenses for the years ended December 31, 2021 and 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 December 31, 2021 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 December 30, 2021, 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 years ended December 31, 2021 and 2020, the Company recognized $218,000 and $364,000 in stock-based compensation from issuance of shares of its common stock to officers/directors and employees/contractors, respectively.

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 December 31, 2021, 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, CLIA laboratory testing 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 years ended December 31, 2021 and 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 $15,000 and $30,000 for the years ended December 31, 2021 and 2020, respectively.

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 December 31, 2021 and 2020 consisted of the following:

	December 30, 2021	December 30, 2020
Computers	$ 11,000	$ 9,000
Automobiles	161,000	41,000
Capital Leases	8,000	7,000
Furniture, fixtures, and equipment	22,000	
	202,000	57,000
Accumulated depreciation	(21,000)	(52,000)
	$ 181,000	$ 5,000

Depreciation expense for the years ended December 31, 2021 and 2020 was $10,000 and $4,000, respectively. Of this depreciation, the Company allocated $0 and $2,000 to direct costs for the years ended December 31, 2021 and 2020, respectively.

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. As of July 1, 2020, the board of directors passed a resolution to stop accruing interest on the current balance and to begin repayment. At December 31, 2021 and 2020, this note held a balance of $42,000 and $54,000, respectively. At December 31, 2021 and 2020 there is approximately $0 and $9,000 of accrued interest included in notes payable - related party related to these notes.

Notes Payable:

On June 17, 2020, the Company received a $145,900 loan from the SBA. On May 10, 2021 the loan was amended and additional proceeds of $354,100 were received to adjust the total loan to $500,000. The loan bears an interest rate of 3.75% and has a maturity date of June 16, 2050. Interest and principal payments of $2,523 are due monthly beginning on June 17, 2022, twenty-four months from the date of the original promissory note. As provided under the agreement no payments have been made to date. At December 31, 2021, this note held a balance of $500,000.

On August 14, 2020, the Company received a line of credit for $100,000 from New Mexico Finance Authority. The loan bears an interest rate of 1% and had an original maturity date of February 14, 2021. The line of credit has since been converted to a long-term note payable with a maturity date of August 14, 2025. Interest and

principal payments of $1,828 are due monthly beginning September 1, 2021. Total interest expense for this line of credit was approximately $690 for the year ended December 31, 2021. At December 31, 2021, this line of credit held a balance of $75,700.
On April 28, 2020, the Company received a $85,556 loan from a bank backed by the SBA Payroll Protection Program (PPP). The loan bears an interest rate of 1% per annum and is due April 28, 2022. Under the provisions of the PPP the loan is forgivable if the proceeds are used for qualified allowed expenses. The loan stipulates that if a balance is due after the Forgiveness payment by the SBA then monthly payments will be required to repay the remaining balance due with interest. The loan was forgiven in full on January 6, 2021 by the SBA.

During September 2020, the Company financed an insurance premium in the amount of $51,500, a down payment of $14,000 was made on this note payable. The note bears an interest rate of 9.9%, is payable in monthly principal and interest payments of $3,900 with a maturity date in July 2021. Total interest expense for this note payable was approximately $900 and $1,000 for the years ended December 31, 2021 and 2020. At December 31, 2021, this note held a balance of $0.

On February 2, 2021, the Company received a $85,556 loan from a bank backed by the SBA Payroll Protection Program (PPP). The loan bears an interest rate of 1% per annum and is due February 2, 2026. Under the provisions of the PPP the loan is forgivable if the proceeds are used for qualified allowed expenses. The loan stipulates that if a balance is due after the Forgiveness payment by the SBA then monthly payments will be required to repay the remaining balance due with interest. The loan was forgiven in full on July 13, 2021 by the SBA.

On August 10, 2021, the Company received a loan for $150,000 from New Mexico Finance Authority. The loan bears an interest rate of 1.625% and has a maturity date of August 10, 2031. Interest will start accruing one year after the date of disbursement. No payments are due until the second year after date of disbursement at which time interest only payments will be due. Beginning on the third year after date of disbursement payments of interest and principal are due monthly at an amount yet to be set. At December 31, 2021, this note held a balance of $150,000.

During October 2021, the Company financed an insurance premium in the amount of $11,000, a down payment of $3,000 was made on this note payable. The note bears an interest rate of 12.49%, is payable in monthly principal and interest payments of $847 with a maturity date in July 2022. Total interest expense for this note payable was approximately $160 for the year ended December 31, 2021. At December 31, 2021, this note held a balance of $6,500.

On November 10, 2021, the Company financed an auto loan in the amount of $44,103. The note bears an interest rate of 6.99%, is payable in monthly principal and interest payments of $876 with a maturity date in January 2028. Total interest expense for this note payable was approximately $338 for the year ended December 31, 2021. At December 31, 2021, this note held a balance of $43,500.

On December 8, 2021, the Company financed an auto loan in the amount of $53,307, a down payment of $14,000 and a trade in of the Lincoln Truck 2006 of $6,000 was made on this note payable. The note bears an interest rate of 4.84%, is payable in monthly principal and interest payments of $631 with a maturity date in January 2028. Total interest expense for this note payable was approximately $0 for the year ended December 31, 2021. At December 31, 2021, this note held a balance of $39,500.

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 December 31, 2021, the Company determined that there was no impairment of goodwill and recognized $0 in goodwill impairment.

NOTE F - CAPITAL TRANSACTIONS

Common stock:
During the years ended December 31, 2021 and 2020, the Company effected the following stock transactions:

Issue Date	Shares Issued	Purpose of Issue
05/22/2020	65,000	Jennifer Asbury – Rmng due for agreement to Drive 2020 Public Relations
07/01/2020	139,209	Francis Reidy Rev. Trust – Payment for interest for loan to Net Medical
07/09/2020	74,516	Susy Salvo-Wendt – Payment for consulting services
08/06/2020	2,050,000	Richard Govatski – For services as director for 2016, 2019, 2020 – Employee grant - Grant for personal guaranteed of Net Medical debt
08/06/2020	900,000	John E. Handley – For services as director for 2016, 2019, and 2020
08/06/2020	900,000	Frank A. Reidy Rev. Trust - For services as director for 2016, 2019, 2020
08/06/2020	1,350,000	Rafael Rubio - For services as director for 2016, 2019, and 2020 – Employee grant
08/06/2020	200,000	Yadira Ortiz – Employee grant
06/10/2021	500,000	Richard Govatski – For services as director for 2021
06/10/2021	500,000	John Handley – For services as director for 2021
06/10/2021	500,000	Frank Reidy – For services as director for 2021
06/10/2021	500,000	Rafael Rubio – For services as director for 2021
06/10/2021	500,000	Neeraj Dubey – For services as director for 2021
06/10/2021	250,000	Yadira Ortiz - For services as a CFO for 2021
06/10/2021	200,000	Miguel Williams – For exceptional performance
06/10/2021	200,000	Stephenie Wilson – For exceptional performance
06/10/2021	200,000	Gary Ayres - For exceptional performance
09/16/2021	1,000,000	Richard Govatski – Grant for personal guarantee of NMXS debt

There are no stock options outstanding as of December 31, 2021.

NOTE G - MAJOR CUSTOMERS

During the year ended December 31, 2021, one customer accounted for forty-eight percent (48%) or approximately $855,000 of the Company's revenue.

During the year ended December 31, 2020, one customer accounted for eighty-one percent (81%) or approximately $915,000 of the Company's revenue.

As of December 31, 2021, balances due from five customers comprised seventy-three percent (73%) or approximately $1,028,000 of total accounts receivable.

As of December 31, 2020, balances due from one customer comprised fifty percent (50%) or approximately $80,000 of total accounts receivable.

NOTE H - COMMITMENTS AND CONTINGENCIES

Leases:
The Company has an operating lease agreement for a dedicated office in New Mexico expiring on January 31, 2022. In addition, the Company has an operating lease agreement for a dedicated laboratory space in New Mexico expiring on August 31, 2022. Minimum lease payments as of December 31, 2021, are as follows: (rounded)

Year	Operating Lease for Office	Operating Lease for Laboratory
2021	$0	$1,000
2022	$1,000	$6,000

Rent expense, related to the operating leases, for the years ended December 30, 2021 and 2020 amounted to $17,000 and $13,000, respectively.

The previous operating lease agreement expired 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 December 31, 2021 is $0.

Employment Agreement (Related Party):
During the first quarter of 2017, the Company entered into a new employment agreement with Mr. Govatski, the chairman and chief executive officer, 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

The Company provides wide-ranging and unique solutions for the rapidly expanding multi-billion-dollar telemedicine industry. In addition, we deliver innovative medical laboratory services. The Company offers 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, diagnostic and clinical services, and advanced software research and development capabilities.

The Company has developed software and laboratory services to assist companies wishing to apply for FDA Emergency Use Authorizations (EUA).

A. Our date and state of incorporation is January 1, 2006 in Nevada. From inception through December 31, 2005, we were incorporated in Delaware
B. Our primary SIC Code are 8099 & 8071
C. Our fiscal year ends December 31
D. Our principal products or services and their markets are:

<u>Software</u>
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, and lab ordering. This is integrated into a very simple one login, one button technology.
- Covid-19 Reporting Software is available for test manufacturers to report positive and negative results to all federal agencies (CDC, HHS, and FDA) as well as state and local agencies requiring test results.
- The enterprise software developed by the Company handles neurology, neurosurgery, cardiology, orthopedics, critical care, nephrology, psychiatry, and other sub-specialty telemedicine uses.
- 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 based on the HL7 interface.

<u>Hardware</u>
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.
- The Company has several USB digital diagnosing tools that can be plugged into the OptiPlex, including a USB stethoscope, USB dermascope, USB digital microscope and otoscope.

<u>CLIA Laboratory Services</u>
In July 2020, the Company qualified with a federal license to become a CLIA certified laboratory. This certification allows us to perform Covid-19 tests with approved waived FDA Emergency Use Authorizations.

- The software won a Bronze 3rd Place finish in the FDA sponsored Designathon in December 2020. We have received numerous recommendations from the FDA to discuss marketing opportunities with test manufacturers who are required to have Covid-19 reporting capabilities.
- The Company plans to upgrade its laboratory offerings in 2021 with the hiring of a certified lab administrator. The Company upgraded the certification to a moderate complexity lab on July 26, 2021.

- The Company has instituted a program to offer screening testing for New Mexico based employers at their place of business. A similar program is being set up in other states including Texas.
- The Company has agreements to market the Abbott Binax Now Antigen tests, Bector Dickenson Antigen tests, Assure Antibody tests, BioFire respiratory tests, Meridian Bioscience, and Far UV ultraviolet lamps.

Management and Administrative Services

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

- Credentialing and licensing 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.
    - Coordinate video clinical consult services such as neurology and stroke assessment, behavioral assessment, orthopedic, cardiology, primary care, and critical care.
    - Manage diagnostic services, including radiology and cardiology.
- The Company has begun to bill Medicare, Medicaid, and Commercial insurance providers for services performed by the Company.

6) Issuer's Facilities

The Company moved all of its operations to home based operations due to the Coronavirus pandemic. However, we currently lease a 150 square foot dedicated office space for telemedicine operations and in addition 200 square feet dedicated space to laboratory operations in Albuquerque, New Mexico for a total cost of approximately $2,000 per month. First lease expires on January 31, 2022, and second lease expires on August 31, 2022. The facility has dedicated office space for meetings and conference rooms. The company has invested in two mobile lab vans for the purpose of doing onsite testing. Additional mobile units are planned in 2022. Otherwise, all operations are virtual.

7) Officers, Directors, and Control Persons

Name	Affiliation	Residential Address	Shares owned	Class	%age	Note
Richard Govatski	Chairman and Chief Executive Officer	Albuquerque, NM	7,205,536	Common	22%	Founded NMXS in 1996 after he identified market inefficiencies in how intellectual property owners managed their image assets.
Frank A. Reidy	Director	Bartlesville, OK	4,122,947	Common	12%	Taught micro- and macro-economic as an evening-division adjunct professor for seventeen years.
John E. Handley	Director	Falls Church, VA	3,248,139	Common	10%	Self-employed telecommunications consultant since September 2002.
Rafael Rubio	President and Director	Albuquerque, NM	2,729,447	Common	8%	Employed by NMXS since 1999 where he has served the role of Senior Vice President of Technology and Product Development.
Neeraj Dubey	Medical Director and Director	Orwigsburg, PA	1,250,000	Common	4%	Contractor by NMXS since August 2012, providing medical consults.
Yadira Ortiz	Secretary	Albuquerque, NM	850,000	Common	3%	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, 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 involved in any pending legal proceedings or litigations as of December 31, 2021.

9) Third Party Providers

<u>Securities Counsel</u>

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

<u>Accountant or Auditor</u>

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 annually 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.

March 11, 2022
/s/Richard F. Govatski
Richard F. Govatski, Chairman and Chief Executive Officer

Principal Financial Officer:

I, Yadira Ortiz certify that:

1. I have reviewed this annually 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.

March 11, 2022
/s/ Yadira Ortiz
Yadira Ortiz, Chief Financial Officer