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Net Medical Xpress Solutions generated a gross profit percentage of 22.7% during 2014 as compared to 48.6% during 2013, and 40.6% during 2012. This decrease in gross profit percentage was primarily due to the costs associated with engineering time spent on FDA audit compliance during 2014. Since the audit was concluded during 2014, we expect this percentage to increase again during 2015, possibly approaching the gross profit percentage of 2012 and 2013.

Net Medical Xpress Staffing generated a gross profit percentage of (86.9)% during 2014, as compared to 50.0% during 2013. We hired additional personnel to provide enhanced recruiting functions during the second half of 2013 and 2014. These additional staffing costs were the primary reason for the decrease in gross profit percentage during 2014. During the fourth quarter of 2014, we merged MedTel Solutions, LLC into Telerad Service, Inc. and reduced the number of personnel in the division. Consequently, we expect fixed costs to decrease at the same time that revenues are increasing during 2015, producing increased gross profit percentages.

Our normal general and administrative expenses are approximately \$270,000 per quarter. We anticipate that these expenses will remain in the range of \$250,000 to \$300,000 per quarter during 2015.

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Operating information related to our reportable segments for the year ended December 31, 2014 is as follows:

	Services	Specialists	Solutions	Staffing	TOTAL
Revenue	\$3,478,000	\$624,000	\$397,000	\$84,000	\$4,583,000
Cost of Service	2,736,000	565,000	307,000	157,000	3,765,000
General & administrative	367,000	312,000	208,000	181,000	1,068,000
Depreciation	4,000	0	10,000	1,000	15,000
Research & development	0	118,000	3,000	0	121,000
Bad debt	80,000	0	0	0	80,000
Operating Income (loss)	\$291,000	\$(371,000)	\$(131,000)	\$(255,000)	\$(466,000)
Total assets	\$732,000	\$114,000	\$141,000	\$252,000	\$1,239,000

A reconciliation of the segments' operating income to the consolidated net income is as follows:

Segment's operating income	\$	(466,000)
Other income (expense)		(16,000)
Consolidated net income	\$	(482,000)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to our ability to generate adequate amounts of cash to meet our needs for cash. We believe we will have adequate liquidity to maintain current operations during 2015, but we may choose to locate additional sources of cash to facilitate growth and expansion.

We do not currently have material commitments for capital expenditures and do not anticipate entering into any such commitments during the next twelve months. Our current commitments consist primarily of lease obligations for office space, computer equipment and office equipment.

At December 31, 2014, we had a working capital surplus of \$40,000 as opposed to a working capital surplus of \$283,000 at the beginning of the period, a decrease of \$243,000. This decrease is due to a combination of factors.

The primary factors are: a decrease of \$144,000 in available cash, a decrease in accounts receivable of \$25,000, and an increase in accounts payable of \$108,000. We may continue to sell equity securities and incur debt if needed to meet our operating needs and facilitate growth and expansion of our services during 2014.

We anticipate that our primary uses of cash in the next year will continue to be for general operating purposes and to facilitate growth and expansion by establishing a sales and marketing program. We anticipate our operating cash requirements for the next twelve months to be in the range of \$5,000,000 to \$7,000,000. Profitability remains our primary goal.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As such, in accordance with the use of accounting principles generally accepted in the United States of America, our actual realized results may differ from management's initial estimates as reported. A summary of our significant accounting policies is detailed in the notes to the financial statements, which are an integral component of this filing.

Revenue Recognition

With each sale of our enterprise-level products, the end user enters into a license agreement for which an initial license fee is paid. The license agreement also provides that in order to continue the license, the licensee must pay an annual software maintenance fee for which the party receives access to product upgrades and bug fixes or product patches.

Software maintenance consists primarily of hosting and managing our customers' data on our servers, as well as technical support programs for our products. Software usage comprises any charges for actual usage of our software.

Currently, software usage consists of XR-EXpress report fees.

Our software recognition policies are in accordance with the ASC Topic 985, *Software Revenue Recognition* as amended. Revenue is recognized when (a) persuasive evidence of an arrangement exists, (b) delivery has occurred, (c) the fee is fixed or determinable, and (d) collectability is probable. We follow the guidance in ASC Topic 605, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* for custom software development arrangements that require us to provide significant production, customization or modification to our core software. Revenue is generally recognized for such arrangements under the percentage of completion method.

Amounts collected prior to satisfying the above revenue recognition criteria are included in deferred revenue.

We follow the 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. Revenue from radiological services, software installation, training and consulting services is recognized when the services are rendered.

Software Development Costs

We account for software development costs in accordance with ASC Topic 985, *Accounting for Costs of Computer Software to be Sold, Leased, or Otherwise Marketed*. Product research and development expenses consist primarily of personnel, outside consulting and related expenses for development, and systems personnel and consultants and are charged to operations as incurred until technological feasibility is established. We consider technological feasibility to be established when all planning, designing, coding and testing have been completed to design specifications. After technological feasibility is established, costs are capitalized. Historically, product development has been substantially completed with the establishment of technological feasibility and, accordingly, no costs have been capitalized.

See Note B to our Consolidated Financial Statements for a full discussion of our critical accounting policies and estimates.

ITEM 8. FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Net Medical Express Solutions, Inc.

We have audited the accompanying consolidated balance sheet of Net Medical Express Solutions, Inc. as of December 31, 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2014. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Net Medical Express Solutions, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note C to the consolidated financial statements, the entity has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note C. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty

/s/ RBSM, LLP

RBSM, LLP

March 30, 2015

Las Vegas, Nevada

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Net Medical Express Solutions, Inc.

We have audited the accompanying consolidated balance sheet of Net Medical Express Solutions, Inc. as of December 31, 2013, and the related consolidated statements of income, stockholders' equity, and cash flow for the year ended December 31, 2013. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Net Medical Express Solutions, Inc. as of December 31, 2013, and the results of its operation and its cash flow for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ L.L. Bradford & Company, LLC
L.L. Bradford & Company, LLC
March 19, 2014
Las Vegas, Nevada

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

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and equivalents	\$ 277,000	\$ 421,000
Accounts receivable, net of allowance		
of \$29,000 and \$29,000, respectively	581,000	606,000
Inventory	33,000	2,000
Prepaid expenses and other assets	65,000	66,000
Total current assets	956,000	1,095,000
Furniture, equipment and improvements, net of accumulated		
depreciation of \$670,000 and \$643,000, respectively	40,000	58,000
Security deposits	4,000	4,000
Goodwill	239,000	239,000
Total Assets	\$ 1,239,000	\$ 1,396,000
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 764,000	\$ 676,000
Line of credit	20,000	-
Accrued expenses	70,000	79,000
Deferred revenue	3,000	2,000
Capital lease	8,000	7,000
Note payable - related party	51,000	48,000
Total current liabilities	916,000	812,000
Long-term liabilities		
Note payable - related party	2,000	2,000
Capital lease - long-term portion	9,000	11,000
Total long-term liabilities	11,000	13,000
Total liabilities	927,000	825,000
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 500,000 shares authorized, 0 shares		
issued and outstanding as of 12/31/14 and 12/31/13, respectively	-	-

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Common stock, \$0.001 par value, 200,000,000 shares

authorized, 174,622,470 and 160,322,470 shares issued and

outstanding as of 12/31/14 and 12/31/13, respectively

Paid-in capital	175,000	160,000
Subscriptions payable	16,037,000	15,466,000
Deferred compensation	21,000	296,000
Accumulated deficit	(128,000)	(40,000)
Total stockholders' deficit	(15,793,000)	(15,311,000)
Total Liabilities and Stockholders' Deficit	\$ 1,239,000	\$ 1,396,000

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

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

	For the year ended December 31,	
	2014	2013
Revenues		
Net Medical Xpress Services	\$ 3,478,000	\$ 3,754,000
Net Medical Xpress Specialists	624,000	428,000
Net Medical Xpress Solutions	397,000	461,000
Net Medical Xpress Staffing	84,000	168,000
Gross revenues	4,583,000	4,811,000
Direct Costs	3,765,000	3,650,000
Gross profit	818,000	1,161,000
Operating costs and expenses:		
General and administrative	1,068,000	944,000
Depreciation and amortization	15,000	19,000
Research and development	121,000	156,000
Bad debt	80,000	-
Total operating costs and expenses	1,284,000	1,119,000
Net operating income	(466,000)	42,000
Other expense:		
Interest expense	(16,000)	(12,000)
Total other expense	(16,000)	(12,000)
Net income (loss)	\$ (482,000)	\$ 30,000
Income (loss) per share - basic	\$ (0.00)	\$ 0.00
Income (loss) per share - diluted	\$ (0.00)	\$ 0.00
Basic weighted average common shares outstanding	165,893,703	159,850,116
Diluted weighted average common shares outstanding	168,159,342	164,222,287

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

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

	For the year ended December 31,	
	2014	2013
Cash flows from operating activities		
Net loss	\$ (482,000)	\$ 30,000
Adjustments to reconcile net loss to		
net cash used by operating activities:		
Common stock issued for services	70,000	30,000
Common stock issued for services to board members and officers	108,000	80,000
Depreciation and amortization	15,000	19,000
Depreciation and amortization allocated to cost of goods sold	12,000	7,000
Changes in operating assets and liabilities:		
Accounts receivable	25,000	47,000
Inventory	(31,000)	3,000
Prepaid expenses and other assets	1,000	42,000
Accounts payable	108,000	44,000
Accrued expenses	(6,000)	(50,000)
Deferred revenue	1,000	(6,000)
Net cash provided by (used in) operating activities	(179,000)	246,000
Cash flows from investing activities		
Acquisition of fixed assets	(9,000)	(12,000)
Net cash used in investing activities	(9,000)	(12,000)
Cash flows from financing activities		
Net repayment of principal under capital lease	(1,000)	(3,000)
Net proceeds from the issuance of common stock for the exercise of options	45,000	45,000
Working capital received from MedTel Solutions, LLC transaction	-	36,000
Net cash provided by financing activities	44,000	78,000
Net change in cash equivalents	(144,000)	312,000
Cash equivalents - beginning	421,000	109,000
Cash equivalents - ending	\$ 277,000	\$ 421,000
Supplemental disclosures:		
Interest paid	\$ 13,000	\$ 9,000
Tax paid	\$ -	\$ -
Shares issued for exercise of options	\$ 45,000	\$ 45,000
Insurance contracts financed	\$ 45,000	\$ 47,000

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Assets acquired under capital lease	\$	8,000	\$	17,000
Supplemental disclosure of noncash investing and financing activities related to MedTel Solutions, LLC transaction:				
Acquisition of goodwill through issuance of common stock	\$	-	\$	239,000

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

Net Medical Xpress Solutions, Inc.

Consolidated Statements of Stockholders' Equity

(Rounded to the nearest thousand)

	Preferred Stock Shares	Common Stock Shares	Additional Stock Amount	Paid-in Capital	Deferred Compensation	Subscriptions Payable	Accumulated (Deficit)	Total Stockholders' Equity
Balance, December 31, 2012	-	\$- 156,687,470	\$ 157,000	\$ 15,354,000	\$ (80,000)	\$ 21,000	\$(15,341,000)	\$ 111,000
Issuance of common stock for options exercised		1,500,000	1,000	44,000				45,000
Issuance of common stock to contractors for services		135,000	-	10,000				10,000
Issuance of common stock to contractors for future services		2,000,000	2,000	58,000	(60,000)			-
Compensation earned by outside board members					40,000			40,000
Compensation earned by officers					40,000			40,000
					20,000			20,000

Compensation earned by contractors								
Acquisition of goodwill through issuance of common stock for the purchase of MedTel Solutions, LLC						275,000		275,000
Net income								
For the year ended December 31, 2013							30,000	30,000
Balance, December 31, 2013	- \$-	160,322,470	\$ 160,000	\$ 15,466,000	\$ (40,000)	\$ 296,000	\$(15,311,000)	\$ 571,000
Issuance of common stock for the purchase of MedTel Solutions, LLC		3,000,000	3,000	272,000		(275,000)		-
Issuance of common stock for options exercised		1,500,000	2,000	43,000				45,000
Issuance of common stock to contractors for services		1,800,000	2,000	48,000				50,000

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Issuance of common stock to officers							
for services	2,000,000	2,000	52,000			54,000	
Issuance of common stock to outside							
board members for services	2,000,000	2,000	52,000			54,000	
Issuance of common stock to officers for							
future services	2,000,000	2,000	52,000	(54,000)		-	
Issuance of common stock to outside							
board members for future services	2,000,000	2,000	52,000	(54,000)		-	
Compensation earned by contractors				20,000		20,000	
Net loss							
For the year ended December 31, 2014					(482,000)	(482,000)	
Balance, December 31, 2014	- \$-	174,622,470 \$	175,000 \$	16,037,000 \$	(128,000) \$	21,000 \$(15,793,000) \$	312,000

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

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE A - ORGANIZATION AND OPERATIONS

Description of Business:

The parent company, Net Medical Xpress Solutions, Inc., derives revenues from the development and marketing of proprietary internet technology-based software. This division encompasses all revenues and costs from the software aspect of the business, including software usage, software hosting and maintenance, custom programming (customization or modification to the Company's core software products). The Company also occasionally derives revenue from scanning services and other services such as consulting, training and installation, which would be included in this division.

The Company's wholly-owned subsidiary, Telerad Service, Inc., operates under the trade names Net Medical Xpress Services, Net Medical Xpress Specialists, and Net Medical Xpress Staffing. Net Medical Xpress Services provides medical diagnostic reading services. All revenues and costs from radiological and cardiological services are included in this division.

Net Medical Xpress Specialists is the clinical division that provides telemedicine services to hospitals and other medical services providers. The Company currently employs credentialed specialists in the field of neurology, cardiology and critical care in this division. The Company facilitates real-time assessment of patients through a virtual examination via video conferencing combined with its medical software. Currently, all revenues and costs for neurology/stroke assessment are included in this division, as well as revenues and costs for equipment necessary for the customer to initiate the specialist program.

Net Medical Xpress Staffing is the division that locates and recruits physicians to provide telemedicine services. Revenues and costs for the recruitment of telemedicine physicians are included in this division. Prior to November 1, 2014, this division was operated as a separate wholly-owned subsidiary, MedTel Solutions, LLC. On November 1, 2014, the subsidiary company was merged into Telerad Service, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts Net Medical Xpress Solutions, Inc. (Formerly New Mexico Software, Inc.) and its wholly-owned subsidiary, Telerad Service, Inc. Intercompany transactions and balances have been eliminated in consolidation.

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, 2014, the Company did not have 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 \$29,000 and \$29,000 at December 31, 2014 and 2013, 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, 2014 and 2013 totaled \$80,000 and \$0, respectively.

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014 or 2013 were impaired.

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 consolidated 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 consolidated 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 Binomial 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, 2014 and 2013, the Company recognized stock-based compensation expense totaling \$178,000 and \$80,000, from the issuance of a total of 9,800,000 and 0 shares of its common stock to officers, directors, and consultants (See Note F).

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Gain (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.

The Company typically charges 17% to 21% of the software purchase price for a 12-month maintenance contract with discounts available for longer-term agreements. The complexity of the software determines the percentage that is charged to any individual customer, and that percentage remains consistent upon renewal unless there is a change in the software or the terms of the agreement.

Charges for hosting are likewise spread ratably over the term of the hosting agreement, with the typical hosting agreement having a term of 12 months, with renewal on an annual basis. The Company sells some hosting contracts in conjunction with the sale of software, and some hosting contracts without an associated software sale. When the hosting arrangement is sold in conjunction with a software sale, the Company allocates a portion of the fee to the software license. Hosting services do not require the customer to purchase the software license, and for those hosting contracts that are sold without an associated software sale, the customer has neither the right nor the ability to operate the software on its own.

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.

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, continued:

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, 2014 and December 31, 2013, 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. If these services are included in a software agreement with multiple elements, amounts are allocated to these categories based on the estimated number of hours required to complete the work, which is the same criteria used to bill for the services separately. 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.

The Company follows the 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 and \$0 for the years ended December 31, 2014 and 2013, 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:

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments, continued:

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

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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, inventory, prepaid expenses, leasehold improvements, property and equipment, deposits, other assets, accounts payable, accrued expenses, deferred revenue, capital leases and notes payable. The recorded values of cash, accounts receivable, inventory, 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 financial statements.

NOTE C - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of approximately \$15,793,000 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company's ability to raise additional capital through the future issuances of the common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

NOTE D - FURNITURE, EQUIPMENT, AND IMPROVEMENTS

Furniture, equipment, and improvements as of December 31, 2014 and 2013 consisted of the following:

	2014	2013
Computers	\$ 499,000	\$ 497,000
Furniture, fixtures and equipment	150,000	143,000
Automobiles	41,000	41,000
Leasehold improvements	20,000	20,000
	710,000	701,000
Accumulated depreciation	(670,000)	(643,000)
	\$ 40,000	\$ 58,000

Depreciation expense for the years ended December 31, 2014 and 2013 was \$15,000 and \$19,000, respectively.

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE E - 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, 2015. During 2014, all loans were extended for one year. At December 31, 2014, there is approximately \$8,000 in accrued interest included in notes payable - related party related to these notes.

Notes Payable:

During the year ended December 31, 2014, the Company financed various insurance premiums in the amount of \$159,000. The notes bear interest rates ranging from 0% to 10.25%, are payable in monthly principal and interest payments ranging from \$900 to \$14,000 with maturity dates beginning in December 2014 through May 2015. As of December 31, 2014, these notes totaled \$30,000. Total interest expense for the year ended December 31, 2014 related to notes payable for insurance premiums was approximately \$5,000.

NOTE F - GOODWILL

On July 1, 2013, the Company completed its merger with MedTel Solutions, LLC (MedTel), an Alabama limited liability company, in accordance with its Merger Agreement dated June 28, 2013. MedTel was organized on June 13, 2012 for the purpose of engaging in and is now engaged in the business of providing licensed medical practitioners to perform services via telemedicine. Pursuant to the agreement, the Company authorized the issuance of 3,000,000 shares of its common stock in exchange for 100% of the outstanding membership interests of MedTel. The fair value of the consideration given up totaled \$275,000 of which \$36,000 has been allocated to the fair value of net identifiable assets and the remaining \$239,000 to 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. As of December 31, 2014, there is no impairment of goodwill.

In connection with the merger, the Company also entered two employment agreements to the former holders of MedTel membership interests. Each agreement provides for bonus compensation of 2,000,000 shares of common stock to be earned equally upon attainment of quarterly sales and profitability goals. At December 31, 2014, no additional compensation has been earned.

NOTE G - STOCKHOLDERS' EQUITY

Common Stock:

The holders of our common stock are entitled to equal dividends and distributions when, as, and if declared by the Board of Directors from available funds. No holder of any shares of common stock has a preemptive right to subscribe for any of our securities, nor are any common shares subject to redemption or convertible into other of our securities, except for outstanding options described below. Upon liquidation, dissolution or winding up, and after payment of creditors and preferred stockholders, if any, the assets will be divided pro-rata on a share-for-share basis among the holders of the shares of common stock. All shares of common stock now outstanding are fully paid, validly issued and non-assessable. Each share of common stock is entitled to one vote with respect to the election of any director or any other matter upon which shareholders are required or permitted to vote. Holders of our common stock do not have cumulative voting rights, so the holders of more than 50% of the combined shares voting for the election of directors may elect all of the directors if they choose to do so, and, in that event, the holders of the remaining shares will not be able to elect any members to the Board of Directors.

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE G - STOCKHOLDERS EQUITY (CONTINUED)

During the year ended December 31, 2014, the Company effected the following common stock transactions:

The Company issued a total of 3,000,000 shares of the Company's \$0.001 par value common stock valued at \$275,000 for the purchase of MedTel Solutions, LLC on July 1, 2013.

The Company issued a total of 1,500,000 shares of the Company's \$0.001 par value common stock to a director for the exercise of options in exchange for cash of \$45,000.

The Company issued a total of 1,800,000 shares of the Company's \$0.001 par value common stock to contractors in exchange for services during 2014 valued at \$50,000.

The Company issued a total of 4,000,000 shares of the Company's \$0.001 par value common stock to two officers and directors in exchange for services valued at \$54,000. These services will be performed over two years from 2014 through 2015. Accordingly, deferred compensation of \$54,000 was recorded as of December 31, 2014. The Company expensed \$54,000 during the year ended December 31, 2014.

The Company issued a total of 4,000,000 shares of the Company's \$0.001 par value common stock to two outside directors in exchange for services valued at \$54,000. These services will be performed over two years from 2014 through 2015. Accordingly, deferred compensation of \$54,000 was recorded as of December 31, 2014. The Company expensed \$54,000 during the year ended December 31, 2014.

Earned compensation for two doctors from shares issued during 2013 of \$20,000 is included in expense for the year ended December 31, 2014.

Preferred Stock:

Under the Company's Certificate of Incorporation, the Board of Directors has the power, without further action by the holders of the common stock, to designate the relative rights and preferences of the preferred stock, and to issue the preferred stock in one or more series as designated by the Board of Directors. The designation of rights and preferences could include preferences as to liquidation, redemption and conversion rights, voting rights, dividends or other preferences, any of which may be dilutive of the interest of the holders of the common stock or the preferred stock of any other series. The issuance of preferred stock may have the effect of delaying or preventing a change in control of the Company without further shareholder action and may adversely affect the rights and powers, including voting rights, of the holders of common stock. In certain circumstances, the issuance of preferred stock could depress the market price of the common stock.

During the year ended December 31, 2014, the Company effected no preferred stock transactions.

Stock Options:

Exercise prices and weighted-average contractual lives of stock options outstanding as of December 31, 2014 and 2013 are as follows:

Options Outstanding		Weighted	Options Exercisable	
		Average	Weighted	
		Remaining	Average	
Exercise	Number	Contractual	Exercise	Number
Prices	Outstanding	Life	Prices	Exercisable
\$0.03 - \$0.044	6,500,000	2.38	\$0.03	6,500,000

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE G - STOCKHOLDERS EQUITY (CONTINUED)

Summary of Options Granted and Outstanding:

	For the Years Ended December 31,			
	2014		2013	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options:				
Outstanding at beginning of year	8,000,000	\$0.03	10,553,920	\$0.03
Granted	0	\$0.00	0	\$0.00
Cancelled	0	\$0.00	(1,053,920)	\$0.06
Exercised	(1,500,000)	\$0.03	(1,500,000)	\$0.03
Outstanding at end of year	6,500,000	\$0.03	8,000,000	\$0.03

During the year ended December 31, 2014, no options were granted.

NOTE H - INCOME TAXES

The Company accounts for income taxes using the liability method, under which deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

As of December 31, 2014, the Company had net operating loss carry forwards of approximately \$15,793,000, which expire in varying amounts between 2019 and 2030. Realization of this potential future tax benefit is dependent on generating sufficient taxable income prior to expiration of the loss carry forward.

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At December 31, 2014 and 2013, the Company had a federal operating loss carry forward of \$15,793,000 and \$15,311,000, respectively.

Components of net deferred tax assets, including a valuation allowance, are as follows at December 31:

	2014		2013
Deferred tax assets:			
Net operating loss carry forward	\$ 4,805,000	\$	4,902,000
Stock based compensation	178,000		70,000
Total deferred tax assets	4,983,000		4,972,000
Less: Valuation Allowance	(4,983,000)		(4,972,000)
Net Deferred Tax Assets	\$ --	\$	--

The valuation allowance for deferred tax assets as of December 31, 2014 and 2013 was \$4,983,000 and \$4,972,000, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not the deferred tax assets would be realized as of December 31, 2014 and 2013.

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE H - INCOME TAXES (CONTINUED)

Reconciliation between the statutory rate and the effective tax rate is as follows at December 31:

	2014	2013
Federal statutory tax rate	(30.0)%	(30.0)%
State taxes, net of federal tax benefit	(5.0)%	(5.0)%
Permanent difference and other	40.0%	40.0%
Effective tax rate	0%	0%

NOTE I - MAJOR CUSTOMERS

During the years ended December 31, 2014 and 2013, one customer accounted for 25% and 22%, respectively, of the Company's total revenue.

As of December 31, 2014, balances due from one customer comprised 29% or \$180,000 of total accounts receivable.

NOTE J - REPORTABLE SEGMENTS

Management has identified the Company's reportable segments based on separate lines of business. The parent company, Net Medical Xpress Solutions, derives revenues from the development and marketing of proprietary internet technology-based software. Net Medical Xpress Staffing, the Company's new division within the parent company, specializes in the recruitment and staffing of telemedicine physicians. The Company's wholly-owned subsidiary, Telerad Service, Inc., operates under the trade names Net Medical Xpress Services, Net Medical Xpress Specialists and Net Medical Xpress Staffing. Net Medical Xpress Services provides medical diagnostic reading services. Net Medical Xpress Specialists provides telemedicine services to hospitals and other medical entities. Net Medical Xpress Staffing locates and recruits physicians to provide telemedicine services.

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Information related to the Company's reportable segments for the year ended December 31, 2014 is as follows:

	Services	Specialists	Solutions	Staffing	TOTAL
Revenue	\$3,478,000	\$624,000	\$397,000	\$84,000	\$4,583,000
Cost of Service	2,736,000	565,000	307,000	157,000	3,765,000
General & administrative	367,000	312,000	208,000	181,000	1,068,000
Depreciation	4,000	0	10,000	1,000	15,000
Research & development	0	118,000	3,000	0	121,000
Bad debt	80,000	0	0	0	80,000
Operating Income (loss)	\$291,000	\$(371,000)	\$(131,000)	\$(255,000)	\$(466,000)
Total assets	\$732,000	\$114,000	\$141,000	\$252,000	\$1,239,000

Net Medical Xpress Solutions, Inc.

Notes to Consolidated Financial Statements

NOTE J - REPORTABLE SEGMENTS (CONTINUED)

A reconciliation of the segments' operating income to the consolidated net income is as follows:

Segment s operating income	\$	(466,000)
Other income (expense)		(16,000)
Consolidated net income	\$	(482,000)

NOTE K - COMMITMENTS AND CONTINGENCIES**Leases:**

The Company leases office space in New Mexico expiring on January 31, 2017. The Company also leases office and computer equipment. Future minimum lease payments as of December 31, 2014 are as follows:

Year	Amount
2015	92,000
2016	94,000
2017	9,000

Rent expense for the years ended December 31, 2014 and 2013 amounted to \$83,000 and \$74,000, respectively.

Employment Agreement (Related Party):

During the first quarter of 2013, the Company entered into a new employment agreement with Mr. Govatski whereby agreeing to annual compensation of \$30,000 for a term of one year commencing on January 1, 2013. The agreement will automatically renew annually unless terminated by either party. The non-compete agreement has remained intact and becomes effective only in the event of termination by either party. It will remain in effect for duration of the contract.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated all subsequent events through the date of filing. No significant events have occurred during the period from December 31, 2014 through the date of filing.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the two most recent fiscal years, there have been no disagreements with RBSM, LLP, our independent auditor for the year ended December 31, 2014, or with L.L. Bradford & Company, our independent auditor for the year ended December 31, 2013, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

ITEM 9A. CONTROLS AND PROCEDURES

307 - Disclosure controls and procedures: As of December 31, 2014, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, with the participation of our principal executive and principal financial officers. Disclosure controls and procedures are defined in Exchange Act Rule 15d-15(e) as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a *et seq.*) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms [and] include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on our evaluation, our President/Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, such disclosure controls and procedures were not effective.

308(a)(1) - Management's responsibility: Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Exchange Act Rule 15d-15(f) as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements. Because of inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

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308(a)(2) - Framework used for evaluation: In its evaluation of our internal control over financial reporting, our management has used the *Internal Control - Integrated Framework (1992)* and *Internal Control Over Financial Reporting Guidance for Smaller Public Companies (2006)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

308(a)(3) - Evaluation of our internal control over financial reporting: Pursuant to Rule 15d-15 of the Exchange Act, our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014. Based on this evaluation, our management, with the participation of our principal executive and principal financial officers, concluded that our internal control over financial reporting was not effective as of December 31, 2014. Management has identified the following material weakness in our internal control over financial reporting:

.

We do not have adequate personnel and other resources to assure that significant and complex transactions are timely analyzed and reviewed.

.

We have limited personnel and financial resources available to plan, develop, and implement disclosure and procedure controls and other procedures that are designed to ensure that information required to be disclosed in our periodic reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Our limited financial resources restrict our employment of adequate personnel needed and desirable to separate the various receiving, recording, reviewing and oversight functions for the exercise of effective control over financial reporting.

Our limited resources restrict our ability to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

308(c) - Changes in internal control over financial reporting: Based upon an evaluation by our management of our internal control over financial reporting, with the participation of our principal executive and principal financial officers, there were no changes made in our internal control over financial reporting during the year ended December 31, 2014 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Limitations on the Effectiveness of Internal Control: Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material errors. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations on all internal control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, and/or by management override of the control. The design of any system of internal control is also based in part upon certain assumptions about risks and the likelihood of future events, and there is no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in circumstances and the degree of compliance with the policies and procedures may deteriorate. Because of the inherent limitations in a cost-effective internal control system, financial reporting misstatements due to error or fraud may occur and not be detected on a timely basis.

ITEM 9B. OTHER INFORMATION

None

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

Our directors and officers are set forth below. The directors hold office for a one-year term and until their successors are duly elected and qualified. The officers serve at the will of the board of directors, subject to the terms of their employment agreements.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director Since</u>
Richard F. Govatski	70	Chairman, President and Chief Executive Officer	1999
Teresa B. Dickey	71	Director, Secretary & Treasurer	2002
John E. Handley	53	Director	2003
Frank A. Reidy	73	Director	2005

We do not have a separately designated audit committee, compensation committee or nominating committee.

However, Mr. Handley and Mr. Reidy, both qualify as audit committee financial experts because of their education and experience in business and accounting. Using the definition of independence contained in the NASDAQ listing rules, Mr. Handley and Mr. Reidy are also our independent directors. We have the authority under Nevada law and our bylaws to indemnify our directors and officers against certain liabilities. We have been informed by the U.S. Securities and Exchange Commission that indemnification against violations of federal securities law is against public policy and therefore unenforceable.

Set forth below is certain biographical information regarding our executive officers and directors:

RICHARD GOVATSKI has been our chairman, CEO, and President since 1996. Mr. Govatski founded Net Medical Xpress Solutions in 1996 after he identified market inefficiencies in how intellectual property owners managed their image assets. Prior to Net Medical Xpress Solutions, Mr. Govatski spent 18 years in systems integration and publishing, both in sales management and software development. Mr. Govatski led the sales teams for Popular Electronics, Computer Shopper, Shutterbug, and MacWeek. Later he sold numerous solutions for vendors, including Kodak, Apple Computer, and Sun Microsystems. Mr. Govatski also spent several years in systems development as President of Media Publishing Group and built graphic applications for companies including Ferrari Color, Time Magazine, New York Daily News, and Getty Images. He received a Bachelor of Science Degree in Communications from Butler University, located in Indianapolis, Indiana in 1968.

TERESA B. DICKEY has been our Secretary/Treasurer since August 1999. She became a member of our Board of Directors on December 19, 2002 and has held such position since such time. From 1988 until 1999 she was employed by Sandia National Laboratory as art director. Sandia National Laboratory is a U.S. Department of Energy national

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security laboratory. In 1964, Ms. Dickey received her Bachelor of Professional Arts from the Art Center College of Design in Pasadena, California.

JOHN E. HANDLEY has been our director since January 2003. He has been self-employed since September 2002 as a telecommunications consultant. From August 1987 until August 2002 he was employed, as an associate partner (from September 1997 until August 2000) and as a partner (September 2000 until August 2002), by Accenture LLP, a business and technology consulting and outsourcing company. He received his Bachelor of Arts degree in Psychology and Business from Roanoke College in 1983. Thereafter, he received his Masters in Business Administration from Virginia Tech in 1987.

FRANK A. REIDY received his Bachelor of Science degree in Marketing from Oklahoma State University in 1964 and a Masters of Arts in Economics from the University of Toledo in 1972, where he taught micro and macro economics as an evening division adjunct professor for seventeen years. Full-time from 1973 - 1984 he was Chief Accountant for Tecumseh Products Company, Tecumseh, MI. From 1984 - 1989 he was Director of RETS Institute of Technology, Toledo, OH. From 1989 - 1998 he was the Business Manager for Plaza Medical Laboratory, Bartlesville, OK. Currently he is owner of a general construction business in Bartlesville.

Code of Ethics.

We have not adopted a code of ethics governing the conduct of our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Nomination of Candidates for Directors by Stockholders.

We have not adopted any procedures for nomination of candidates for directors by our stockholders.

Board Meeting Attendance.

Our board held two meetings during 2014. All directors attended the meeting, some in person and some by telephone.

Shareholder Communications.

We have not established any process for security holders to communicate with our board of directors. Our stockholders are welcome to contact our directors and executive officers individually at any time, subject to the limitations of material non-public information pursuant to Regulation FD.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Executive Officers

Summary Compensation Table. The following table sets forth information concerning the annual and long-term compensation awarded to, earned by, or paid to the named executive officer for all services rendered in all capacities to us, or any of its subsidiaries, for the years ended December 31, 2014, 2013 and 2012. We did not pay any executive officer more than \$100,000 in the last three fiscal years.

Name and Principal Position	Year	Salary	Stock Awards	Total (\$)
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Richard F. Govatski	2014	\$30,000	\$27,000	\$57,000
President and Chief Executive Officer	2013	\$28,000	\$20,000	\$48,000
	2012	\$21,000	\$20,000	\$41,000
Teresa B. Dickey	2014	\$28,000	\$27,000	\$57,000
Chief Financial Officer	2013	\$28,000	\$20,000	\$48,000
	2012	\$21,000	\$20,000	\$41,000

Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option/Par Values

The following table sets forth certain information regarding stock options granted during fiscal 2012 and held as of December 31, 2014, by Mr. Govatski.

Name	Shares acquired on exercise	Value realized	Number of securities	Value of unexercised
			underlying unexercised options at fiscal year-end	in-the-money options at fiscal year-end (1)
Richard F. Govatski	-0-	N/A	3,500,000/0	\$0/\$0 (2)

(1) Value is based on the closing sale price of the Common Stock on December 31, 2014, the last trading day of fiscal 2014 (\$0.017), less the applicable option exercise price.

(2) Of these options, 500,000 were exercisable at \$0.044 per share and 3,000,000 were exercisable at \$0.03 per share.

Employment Contracts

During the first quarter of 2013, the Company entered into a new employment agreement with Mr. Govatski whereby agreeing to annual compensation of \$30,000 for a term of one year commencing on January 1, 2013. The agreement will automatically renew annually unless terminated by either party. The non-compete agreement has remained intact and becomes effective only in the event of termination by either party. It will remain in effect for duration of the contract.

We do not have an employment agreement with Ms. Dickey.

Compensation of Directors

Name	Shares Awards	2014 Total
John Handley	\$26,000	\$26,000
Frank Reidy	\$26,000	\$26,000

Directors are permitted to receive fixed fees and other compensation for their services. The Board of Directors has the authority to fix the compensation of directors. During the year ended December 31, 2014, the Board awarded 2,000,000 shares of our common stock to each Director for services performed during the fiscal years ended December 31, 2014 and December 31, 2015. No additional compensation was granted for services as Directors. During 2014, Mr. Govatski and Ms. Dickey agreed to forego compensation as directors and apply the shares originally received as director compensation toward their executive salaries for 2014.

Stock Option and Stock Issuance Plans

Plan	Year	Options Outstanding and	
		Exercisable (#)	Option Expiration Date
Stock Incentive Plan	2005	500,000	March 2, 2015
Stock Incentive Plan	2006	7,500,000	October 17, 2016

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information about the common stock ownership by (i) each director and executive officer; and (ii) directors and executive officers as a group. We do not know of any other person who owns

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more than five percent of our common stock. The address of our Directors and Officers is our address.

Name and Address of Beneficial Owner	Amount and Nature of		Beneficial Owner (1)	Percent of Class (1)
Richard F. Govatski	24,664,043	(2)		14.12%
Teresa B. Dickey	10,175,510	(3)		5.83%
John Handley	12,683,170	(4)		7.26%
Frank Reidy	18,000,000			10.31%
Directors and Executive Officers as a Group (4 Persons)	65,522,723			37.52%

(1) All of the persons are believed to have sole voting and investment power over the shares of common stock listed or share voting and investment power with his or her spouse, except as otherwise provided. Percentage is based on 174,622,470 shares outstanding as of March 16, 2015. Percentage includes amounts which the listed beneficial owner has the right to acquire within sixty days.

(2) This number of shares includes options to purchase 3,500,000 shares. These options have vested and are currently exercisable. The shares underlying these options are included in the table and are considered to be outstanding for purposes of computing the percentage interest held by Mr. Govatski.

(3) This number of shares includes options to purchase 3,000,000 shares. These options have vested and are currently exercisable. The shares underlying these options are included in the table and are considered to be outstanding for purposes of computing the percentage interest held by Ms. Dickey.

(4) This number of shares includes options to purchase 1,500,000 shares. These options have vested and are currently exercisable. The shares underlying these options are included in the table and are considered to be outstanding for purposes of computing the percentage interest held by Mr. Handley.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We did not enter into any transactions with our directors and executive officers in 2013, other than service and employment-based transactions, and none are proposed.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth amounts we have been billed with respect to 2014 and 2013 for certain services provided by our independent accountant.

Service	2014	2013
Audit	\$31,500	\$29,000
Review of unaudited financial statements	\$9,000	\$7,000
Audit-related fees	none	none
Tax compliance, tax advice and tax planning	\$3,000	\$3,000
All other services	none	none

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial statements; see index to financial statement and schedules in Item 8 herein.
2. Financial statement schedules; see index to financial statements and schedules in Item 8 herein.
3. Exhibits: None

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Net Medical Xpress Solutions, Inc.

Date: March 30, 2015

/s/ Richard F. Govatski

Richard F. Govatski
President, Chief Executive Officer and Chairman of the
Board of Directors

Date: March 30, 2015

/s/ Teresa B. Dickey

Teresa B. Dickey, Director, Secretary, Treasurer and
Principal Financial Officer

Date: March 30, 2015

/s/ John Handley

John E. Handley, Director

Date: March 30, 2015

/s/ Frank A. Reidy

Frank A. Reidy, Director

