



MUNEX360



Municipal Network Exchange, Inc.
Private Placement Memorandum
March 31, 2015



Municipal Network Exchange, Inc.

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SECTION 1: Synopsis of Operations



THE VISION



Municipal Network Exchange, Inc. ("MUNEX" or the "Company") is a "Software as a Service" (SaaS) Company that uses a proprietary portal platform to source, validate and certify federally sponsored debt for review and sale through a web-based platform. With plans to operate from Alpharetta Georgia, the Company represents the first comprehensive debt exchange platform for the Department of Health and Human Services ("HHS") and its providers. With a 2015 budget of \$1 trillion, HHS is responsible for almost a quarter of all federal outlays and administers more grant dollars than all other federal agencies combined. However, 41% of the Agency's providers are paid later than 90 days, causing considerable working capital and cash flow issues for its 1.6 million users.

The MUNEX Exchange creates a safe, user-friendly online marketplace where providers of entitlement services to the public can be matched with purchasers of receivables and funded within 24 hours. MUNEX connects accredited investors, institutions, family offices and private equity groups with quality alternative debt investments through the Company's certified provider exchange. As a member of MUNEX, purchasers can create preferences that match their investment criteria and be notified when matching investment opportunities becomes available.

Our primary goal is to provide a payment solution for the 1.6 million non-profit service providers that receive over \$150 billion in grants and outlays from the Department of Health and Human Services ("HHS") each year that often are their main source of revenue. MUNEX360 operates neither as lender nor purchaser, but as facilitator and servicer. The MUNEX platform exchange allows for the identification, posting, review, sale, automation and collection of contracts, documents and signatures related to qualifying HHS provider debt. The MUNEX platform provides access, security, and efficiency to a chronically under-served reimbursement process model.

MUNEX is seeking growth equity capital of \$7.0 million to launch its operations and deploy the service nationwide. MUNEX is a privately held company founded by Tom Begley. Founder and shareholder Tom Begley seeks to play a passive role in the Company going forward and has identified seasoned individuals to operate it and expand its growth.

MUNEX invites potential accredited investors to carefully review the Company's Private Placement Memorandum and encourages potential investors to ask questions of Management of the Company regarding the Company's forward plans and this Offering.



THE MARKET

AUTOMATED MUNICIPAL DEBT EXCHANGE FOR HHS PROVIDERS

The U.S. Department of Health and Human Services is the U.S. government's principal agency for protecting the health of all Americans and providing essential human services. HHS is responsible for almost a quarter of all federal outlays and administers more grant dollars than all other federal agencies combined. MUNEX will target all departments that are non-Medicare and non-Medicaid, both of which combine for 85% of the aggregate 2015 budget.

MUNEX is the first comprehensive Health & Human Services debt exchange platform of its kind that provides nonprofits HHS Providers delivering services on behalf of the government, who are experiencing delays in receiving payment for performed services, a market-place where their outstanding debt can be matched with Purchasers. MUNEX connects accredited investors, institutions, family practices and private equity groups with quality alternative debt investments through MUNEX's Certified Provider Exchange.

Management believes its key competitive success factors are its ability to offer non-profit organizations seamless access to capital they need, when they need it. MUNEX accommodates the complexity of government payment processing with an economically positive and sustainable program, benefiting both service providers and debt purchasers.

The Company's proprietary software platform connects directly with state databases to source, validate, certify and service sponsored state and federal debt. MUNEX's simple, secure and swift system easily connects community service providers with sophisticated debt purchasers, ensuring the continuation of vital support to the underprivileged and high quality debt instruments to investors.

As Providers are affected by tightening budgets, and burdensome legislative action, the gap between services and reimbursements will increase the short fall in operating expenses to provide adequate care for the poor, elderly and disabled, even possible closures for



some health-care institutions. With the MUNEX services, these providers will be able to maintain the ability to function cost effectively. MUNEX is the right place—right-time platform bridging this gap.

For example, in New Hampshire, Rep. David Hess (R) has introduced a bill (HB 1509) to expand the business enterprise tax to include large nonprofits, colleges, and universities. It would exempt churches and other religious institutions and would apply only to nonprofits with more than \$1.5 million in gross operating expenditures, further exacerbating circumstances.

"Hospitals and private universities are big businesses," Hess said, arguing that despite being organized as nonprofits, they are among the state's largest accumulators of wealth. "I think we need to start a conversation about why we are carving out a special exception for them."



WHY MUNEX?

"Providing financial empowerment, access and encouragement to those whose daily mission is to empower and assist others."

MUNEX was formed in response to the growing state deficits and capital needs of municipalities and their contracted "Human Service" agents throughout the nation. In fiscal year 2012, 44 states reported budget deficits, causing delays that have resulted in unprecedented arrearages in state payables. Contracted Human Service providers that offer direct care to the nation's poor, elderly, mentally ill, developmentally disabled, children, those with addictions and other critical services are struggling to remain solvent and operational due to prolonged delays in payments from the state.

In September 2009, Founder Tom Begley launched the idea for the program following discussions with the former Illinois Secretary of Health and Human Services Dr. Carol Adams, who managed the largest agency in Illinois state government. Since then, 5 years of research and development along with several iterations of the software have been developed and tested. In December 2009, MUNEX received venture debt financing, which was later converted to equity in early 2011.

In April 2010, the Company completed the first production version with HHS that was capable of processing more than \$70+ million in sales in less than a month. Due to circumstances unforeseen, the transactions were never consummated. However, enrollment exceeded more than \$1 billion in annual contracts with 1,600 providers in 2 months.

In 2011, management regrouped and held meetings with several fixed income and investment firms regarding purchasing solutions to the debt. The meetings were successful in establishing a solution with a security interest without relying on HHS or other state administrators. Additional R&D established the nation's first fully online trading platform for human service receivables resulting in the Company entering into a purchasing commitment with Hitachi Capital in 2012. Today, the Municipal Network Exchange program is a unique platform that allows municipal contracted providers (federal, state and local) to maintain predictable cash flows by exchanging their invoices and receivables to buyers for cash. The rates are fair and competitive and all agency contractors are pre-approved.

Validated Demand

Of the 1.6 million contracted HHS Providers who receive funding from the \$150 billion federally funded Entitlement and Grant budget, 41% receive payment over 90 days late. Without reserves or access to short-term financing, these providers are sometimes forced to lay off staff or close facilities. As a testament to demand, in a previously launched version with the state, 1,600 providers signed up for the service in only 2 months.

First Mover Advantage

MUNEX is the first comprehensive HHS debt exchange of its kind. The Company has spent 5 years in research and development and is now ready to launch in 15 markets and expand into all 50 states by the third year. Established relationships with providers and institutional investors, a proprietary software system that can process more than \$100 million in sales per month and a provisional patent pending all contribute to the Company meeting its goal of penetrating 3% of the HHS receivables market.

Integrated Web-Based Platform with High Automation and Scalability

MUNEX operates on a SaaS model platform designed to be highly automated and secure. Once launched, the cloud-based model can accommodate \$50 million in sales per month and will have the capacity to handle \$500 million in sales and 5000 sales monthly by years end. Designed as a straight through processing system, it has the capability to source, validate and certify sponsored federal debt, to qualify providers and purchasers and to automate the review and execution of all agreements, contracts and documents through an automated, secure web-based platform. On an ongoing basis, the Company will leverage the data it gathers to maximize efficiency, expand its provider and purchase network and identify cross-marketing opportunities.

Predictable Projected Cash Flow with High Credit Quality

Based on federal annual appropriations, the HHS receivables that the Company will target are readily identifiable and predictable and can be further refined by mining independent data sources. Based on conservative estimates of average transaction value \$50,000 and a penetration rate of 3%, the Company projects that its platform will be used for payments of \$2 billion in 2015, reaching \$18 billion in 2019, a fraction of the \$1 trillion 2015 budget for HHS. With the implied backing of the Federal Government, these cash flows can be securitized into low risk assets to feed the demand from institutional investors seeking a low-risk fixed income return generating attractive yields.



U.S. MACRO FORECAST

The United States spends more on health care than any other country in the world, at an estimated 17.7 percent of Gross Domestic Product (GDP) in 2013.¹ U.S. health care spending is outstripping revenue as a percentage of GDP,² and is projected to grow by an average of 4.9 percent a year in 2014-18, to 17.9 percent of GDP by 2018.³

Even though spending growth slowed during the recession and has continued to grow more slowly than historically seen,⁴ containing and reducing persistently high health care costs — which are attributable to both demographic and economic factors — is likely the biggest challenge facing U.S. health care providers and other industry stakeholders in 2015.

U.S. Department of Health and Human service funding is undergoing significant transformation through the 2010 Affordable Care Act (ACA), which has expanded Grant and entitlement dollars and introduced mandatory health insurance in an effort to increase coverage from approximately 85 percent of the population to around 95 percent by 2019, and to slow the rise in health care costs.⁵

But even though more Service Providers are receiving larger entitlement and grant contracts, it has not translated into being insulated from the problems of late payments, changes to contracts, complexity of application and reporting requirements and insufficient payments. Moreover, Service Providers are experiencing higher out-of-pocket (OOP) cost sharing for all types of services. These increases are expected to continue as the shift to high-deductible offerings⁶ and as individuals gain coverage through the insurance marketplaces (also known as public health insurance exchanges).

Source:

1 *Industry Report, Healthcare: United States, The Economist Intelligence Unit, June 2014*

2 *Tax Policy Center, "Historical Federal Receipts and Outlays Summary as Percent of GDP: 1940-2019," April 21, 2014. <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=200>*

3 *Industry Report, Healthcare: United States, The Economist Intelligence Unit, June 2014*

4 *Centers for Medicare and Medicaid Services, "National Health Expenditures 2012 Highlights". <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/highlights.pdf>*

5 *Ibid*

6 *Healthcare costs, benefits, and reform: What's the next move for employers? Results of Deloitte's 2013 Survey of U.S. Employers, Deloitte Center for Health Solutions, 2014 http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Health%20Plans/us_lshc_employersurveyexecsummary_111213.pdf*



THE OPPORTUNITY

MUNEX's debt products will be marketed as ultra-short fixed income products with durations of 6 months or less. The debt has the dual advantage of having credit quality similar to U.S. Treasuries with the performance of corporate bonds.

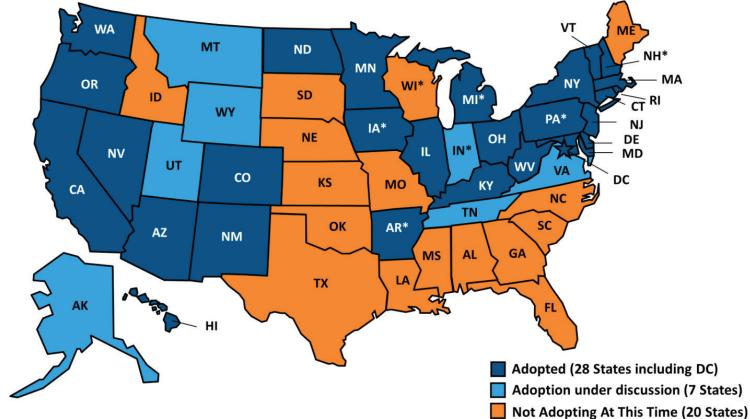
Upon verification and validation, providers are advanced 85% of the approved invoice amount. Typically, these transactions range from \$50,000 to \$150,000. The remaining 15% is forwarded when payment is made by the invoiced government agency to the provider/purchaser joint segregated deposit account. At this stage, the purchaser fees are deducted and the selling provider is forwarded any balance.

Purchaser fees are 1.33% of the invoice amount (at the time of advance) plus 33 basis points for every 10 days the debt remains outstanding. MUNEX receives a 50 basis point fee from the provider at the time of the sale. MUNEX also receives a 50 basis point fee from the purchaser once the agency debt is paid.

Management plans to initially target large states which represent those that have the highest number of providers and entitlement funding. These states include: California, Connecticut, Florida, Georgia, Illinois, Indiana, Michigan, New York, Ohio, Pennsylvania, Texas and Washington, D.C. Secondary targets include Alabama, Colorado, Louisiana, Massachusetts, Mississippi, New Jersey, Tennessee and Virginia.

As part of its marketing strategy, MUNEX plans to use online media, direct mail, email, association and outreach events such as conventions and educational events, sales force and social media network marketing relationship management, blogs, referrals, provider incentive programs, endorsements, teleseminars, trade associations, local charities and public relations.

Status of Medicaid Expansion Decisions, December 17, 2014



NOTES: "Under discussion" indicates executive activity supporting adoption of the Medicaid expansion. *AR, IA, MI, and PA have approved Section 1115 waivers; IN has a pending waiver to implement the expansion. The PA waiver is set to go into effect on January 1, 2015, but the newly-elected governor may opt for a state plan amendment. NH has submitted a waiver to continue its Medicaid expansion via premium assistance. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts,
<http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

Figure 3: Status of Medicaid Expansion Decisions, December 17, 2014



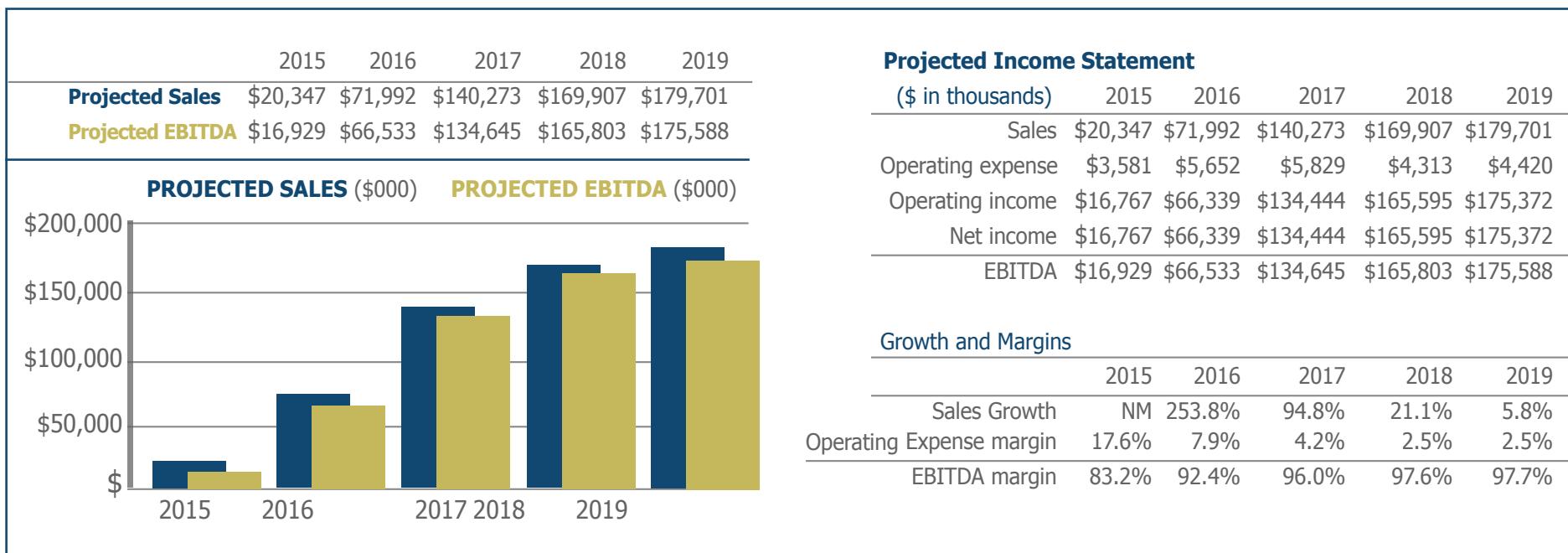
Growth and Strategy

MUNEX's primary objective is to become the leading online exchange for U.S. government providers and agencies. The company plans to identify New Government Candidates for Expansion. Due to its size, complexity and bureaucracy, management believes that HHS represents the most viable candidate for product launch. However, longer term, there are numerous government agencies that could be attractive customers. Some of these include:

- U.S. Department of Veterans Affairs (\$164 billion 2015 budget)
- U.S. Department of Agriculture (\$146 billion 2015 budget)
- U.S. Department of Housing and Urban Development (\$60 billion 2015 budget)

Financial Summary Outlook

The following data tables summarize MUNEX's projected financial statements. The summary financial information that follows should be read in conjunction with the Financial Exhibits section of this Memorandum. The highly scalable business model yields extremely robust profitability due to its low overhead, strong demand and first-mover advantage.





TRENDS IN 2015

1 Increased Medicaid spending

In 2015, health and human service spending is projected to rise to 7.4 percent, or 2.1 percentage-points faster than in the absence of reform, as the major coverage expansions from the Affordable Care Act (ACA) are expected to result in 22 million fewer uninsured people (compared to estimates that exclude the law's impacts). Increases in Medicaid spending growth of 18.0 percent and private health insurance growth of 7.9 percent both contribute to this overall acceleration in national health spending in 2014-2015.[†]

2 Aging population

Over the period of 2015-21, health and human service spending is projected to grow at an average rate of 6.2 percent annually, reflecting the net result of the aging of the population, several provisions of the Affordable Care Act, and generally improving economic conditions, as well as a rebound in Medicare Advantage payment rates. †

3 Medicare-Medicaid growth

Government financed health spending is estimated to have grown 6.4 percent in 2011, to \$1.2 trillion, while health spending by private sources is estimated to have risen 1.9 percent (and to have reached \$1.5 trillion). This difference largely reflects disparate enrollment trends as Medicare and Medicaid enrollment grew 2.1 percent and 3.3 percent, respectively. †

† <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2011PDF.pdf>

4 Shift in consumer spending

In 2014, as many of the uninsured gain coverage through either Medicaid, the exchanges, or their employers, out-of-pocket spending is projected to decline by 1.5 percent. In 2018, out-of-pocket spending growth is expected to reach a projection period high of 6.2 percent as a result of the aforementioned excise tax on high-cost employer-sponsored insurance plans, as many enrollees shift to less generous coverage to avoid the tax. †

5 Medical debt-recovery the key

When asked to choose the most important financial partnering product, survey respondents and their healthcare organizations, insurance verification (90 percent) ranked first, followed by patient payment estimation (57 percent) and bad debt recovery (34 percent). With debt recovery remaining a top concern, the need to leverage technology for multiple initiatives will become even greater as hospitals and health systems are continually being forced to do more with less. As hospitals and health systems go out into the marketplace, they should [sic] examine innovative debt-payment options and technology that will enable them to deliver patient-centered healthcare. ‡‡

6 Historic increase in provider fees

The purpose of the increase in Medicaid physician fees for primary care is to encourage greater Medicaid participation among physicians as the program expands in 2014 and demand for care increases. The estimated 73% average increase in fees in 2013 far exceeds any Medicaid fee increases that have been observed historically. Particularly if the enhanced payment rates succeed in increasing physician participation and beneficiary access as intended, interest in extending the higher Medicaid rates beyond 2014 is likely to be high. †††

†† TransUnion Revenue Cycle Management Survey ©2014 – www.himssmedia.com | © 2014

††† Kaiser Family Fund – www.kff.org



THE MANAGEMENT

The Company is currently managed by seasoned business and sector professionals dedicated to the success of the Company and efficient execution of its planned operations.

At the present time, three individuals are actively involved in the management of the Company:

Philip Laverson, Chief Executive Officer

Mr. Phil Laverson holds over 20 years of experience in capital markets, technology investing and as a Macroeconomist. Mr. Laverson has a deep knowledge and understanding for working with technology companies and vast expertise in his current area of focus, which is institutional and private asset management. His specialties include in-depth knowledge of consumer, technology and transportation sectors including key drivers and trends.

Mr. Laverson's vast experiences include roles such as Portfolio Manager, Equity Analyst and Investment Manager at various hedge funds, private equity and investment management firms including Eaton Vance and Merrill Lynch Investment Managers which was acquired by BlackRock. Additionally, Mr. Laverson worked as an investment strategist and economist at Prudential Securities and Morgan Stanley. Mr. Laverson completed his Credit Training at Fidelity Bank. He holds an MBA in Investment Science from Drexel University, completed the Wharton Econometrics Forecasting Analysis program from the University of Pennsylvania, the Wharton School, and a BA in Economics from Rutgers University.

Anthony Reid, Chief Technology Officer

Anthony is an industry proven professional Manager in Accenture's Business and Systems Integration practice. He has over 20 years of hands-on experience delivering IT solutions and has delivered numerous software development solutions that include analytics, BI/BW and hundreds of enterprise applications.

Anthony is adept at managing technical and administrative personnel, systems and operations as well as vendor/supplier relationships. He has led efforts to produce science and technology business solutions for numerous Fortune 100 companies and is proficient at process engineering, producing operating and service agreements and defining performance objectives. Primary responsibilities include management of staff and business development projects that range from \$3 million to \$100 million.

Christian Yancey, Chief Creative Office

Christian currently serves as Director, Center for MEMES, at UCLA Anderson School of Management where he is responsible for managing the budget, staff and day-to-day operations, including design and promotion of events, curriculum and research initiatives. Prior to UCLA, Christian was Founder and Executive Consultant for FactorC, a strategic communications and marketing group providing solutions for entertainment, media and socially conscious companies. Other previous roles include Director Marketing and Communications at Thinkwell Group, a design agency, and Director of Integrated Sales and Sponsorship at Sony Pictures. Christian received an MBA in Marketing from the University of San Francisco School of Management and a BA in Broadcast Journalism from Georgia State University.



SECTION 2: Private Placement Memorandum



Municipal Network Exchange, Inc.

7,000,000 shares of Series A Convertible Preferred Stock

("Shares")

\$1.00 per share

Minimum Offering Amount: 1,400,000 Shares

10,000 shares (\$10,000) Minimum Subscription (1)

Municipal Network Exchange, Inc. (the "Company" or "MUNEX360") a Nevada Corporation, is offering 7,000,000 shares of Series A Convertible Preferred Stock for \$1.00 per share.

The offering price per share has been arbitrarily determined by the Company - See Risk Factors: Offering Price.

THESE ARE SPECULATIVE SECURITIES, WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE SHARES.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), THE SECURITIES LAWS OF THE STATE OF NEVADA, OR UNDER THE SECURITIES LAWS OF ANY OTHER STATE OR JURISDICTION IN RELIANCE UPON THE EXEMPTIONS FROM REGISTRATION PROVIDED BY THE ACT AND REGULATION D RULE 506(c) PROMULGATED THEREUNDER, AND THE COMPARABLE EXEMPTIONS FROM REGISTRATION PROVIDED BY OTHER APPLICABLE SECURITIES LAWS.

	Sales Price	Est. Selling Commissions (2)	Proceeds to Company
Per Share	\$1.00	\$ 0.05	\$ 0.95
Maximum	\$7,000,000	\$350,000	\$6,650,000
Minimum	\$1,400,000	\$70,000	\$1,330,000

- (1) The Company reserves the right to waive the 10,000 Share minimum subscription for any investor. The Offering is not underwritten. The Shares are offered on a “best efforts” basis by the Company through its officers and directors. The Company has set a minimum offering amount of 1,400,000 Shares with minimum gross proceeds of \$1,400,000 for this Offering. All proceeds from the sale of Shares up to \$1,400,000 will be deposited in an escrow account. Upon the sale of \$1,400,000 of Shares, all proceeds will be delivered directly to the Company’s corporate account and be available for use by the Company at its discretion. Shares may also be sold by FINRA member brokers or dealers who enter into a Participating Dealer Agreement with the Company, who will receive commissions of up to 10% of the price of the Shares sold. The Company reserves the right to pay expenses related to this Offering from the proceeds of the Offering. See “Plan of Placement and Use of Proceeds.”
- (2) The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Shares have been sold, or (c) September 1, 2015, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the “Offering Period”).

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR.

EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE SECURITIES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE SECURITIES WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE.

THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE SECURITIES IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE SHARES WHICH ARE PURCHASED PURSUANT HERETO MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE SECURITIES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

No person is authorized to give any information or make any representation not contained in the Memorandum and any information or representation not contained herein must not be relied upon. Nothing in this Memorandum should be construed as legal or tax advice.

The primary managers of the Fund have provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

Other than the Company's Management, no one has been authorized to give any information or to make any representation with respect to the Company or the Shares that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This offering is only available to suitable "accredited" investors as defined by Rule 501 of Regulation D and all subscriptions for purchase of securities will be subject to verification by the Company of the investors status as an accredited investor.

This Memorandum does not constitute an offer if the prospective investor is not qualified under applicable securities laws. For purposes of disclosure, this entire bound prospectus booklet, including Section 1: Synopsis of Operations, shall be considered the Private Placement Memorandum.

This offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective investor less than the number of Shares subscribed for by such prospective investor.

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Shares. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering.

Municipal Network Exchange, Inc.

The date of this Private Placement Memorandum is March 31, 2015.

OFFERING SUMMARY

The following material is intended to summarize information contained elsewhere in this Private Offering Memorandum (the "Memorandum"). This summary is qualified in its entirety by express reference to this Memorandum and the materials referred to and contained herein.

Each prospective subscriber should carefully review the entire Memorandum and all materials referred to herein and conduct his or her own due diligence before subscribing for Shares.

THE COMPANY

Municipal Network Exchange, Inc. ("MUNEX360", or the "Company"), began operations in January 29, 2015 with the purpose of operating a proprietary portal platform to source, validate and certify federally sponsored debt for review and sale through a web-based platform. The Company's legal structure was formed as a Corporation under the laws of the State of Nevada on January 22, 2015.

Its principal offices are presently located at 12600 Deerfield Parkway, Alpharetta GA 30004. The Company's telephone number is 800-215-1136. The primary executives of the Company are Phillip Laverson and Marianne Spraggins.

BUSINESS PLAN

Municipal Network Exchange, Inc.'s Business Plan, included as Exhibit A of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the Business Plan before purchasing Shares. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

THE OFFERING

The Company is offering up to 7,000,000 Shares of Series A Convertible Preferred Stock at a price of \$1.00 per Share, \$0.001 par value. Upon completion of the Offering between 5,000,000 and 7,000,000 Series A Convertible Preferred shares will be issued.

SERIES A CONVERTIBLE PREFERRED SHARES

The Series A Preferred Shares sold through this Offering shall be provided an eight percent (8%) non-compounding cumulative Preferred Dividend paid semi-annually with biannual four percent (4%) payments made each fiscal year. The Preferred Dividend will be subject to the financial performance of the Company and the approval of Management and the Board of Directors.

Conversion Terms: Series A Convertible Preferred Shares shall be convertible into Common Shares of the Company on a 1:1 ratio at the Preferred Shareholder's discretion and subject to the terms of the Company's Bylaws and Certificate of Designation for the Preferred Shares. Investors should carefully review these Exhibits as they detail certain rights and terms related to these Shares such as Drag-Along Provisions, Voting rights, and other specific terms. See Exhibit B "Bylaws" and Exhibit C "Certificate of Designation".

Each purchaser must execute a Subscription Agreement making certain representations and warranties to the Company, including such purchaser's qualifications as an Accredited Investor as defined by the Securities and Exchange Commission in Rule 501(a) of Regulation D promulgated. SEE "REQUIREMENTS FOR PURCHASERS."

USE OF PROCEEDS

Proceeds from the sale of Shares will be used to complete development of the Company's planned portal and for working capital purposes. SEE "USE OF PROCEEDS."

MINIMUM OFFERING PROCEEDS - ESCROW OF SUBSCRIPTION PROCEEDS

The Company has set a minimum offering proceeds figure of \$1,400,000 (the "minimum offering proceeds") for this Offering. The Company has established a Company Managed Investment Holding Account with Regions Bank, into which the minimum offering proceeds will be placed. At least 1,400,000 Shares must be sold for \$1,400,000 before such proceeds will be released from the escrow account and utilized by the Company. After the minimum numbers of Shares are sold, all subsequent proceeds from the sale of Shares will be delivered directly to the Company. SEE "PLAN OF PLACEMENT."

RISK FACTORS

See "RISK FACTORS" in this Memorandum for certain factors that could adversely affect an investment in the Shares. Those factors include reliance on management, competition, and unanticipated obstacles to execution of the Business Plan.

STOCKHOLDERS

Upon the sale of the maximum number of Shares from this Offering, the number of issued shares of the Company's stock will be held as follows:

Present Shareholders (Common)	75%
New Shareholders (Series A Convertible Preferred)	25%

REGISTRAR

The Company will serve as its own registrar and transfer agent with respect to its Series A Convertible Preferred Stock.

SUBSCRIPTION PERIOD

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Shares have been sold, or (c) September 1, 2015, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the "Offering Period").

CERTAIN NOTICES

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT"), OR THE SECURITIES LAWS OF CERTAIN STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS OF SAID ACT AND SUCH LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS OFFERING IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. AN INVESTOR MUST REPRESENT THAT THE SECURITIES ARE BEING ACQUIRED FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR PRESENT INTENTION OF DISTRIBUTION.

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. IN ADDITION, THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE OFFEREES NAMED.

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE OF THE MEMORANDUM AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE CONDITION OF THE COMPANY SINCE THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR PROVIDE ANY INFORMATION OTHER THAN THAT CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM AND ACTUAL DOCUMENTS (SUMMARIZED HEREIN), WHICH ARE FURNISHED UPON REQUEST TO AN OFFEREE, OR HIS REPRESENTATIVE MAY BE RELIED UPON IN CONNECTION WITH THIS OFFERING.

PROSPECTIVE PURCHASERS OF THE SECURITIES ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE PURCHASER SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, AND RELATED MATTERS CONCERNING HIS INVESTMENT. THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED FROM DATA SUPPLIED BY SOURCES DEEMED RELIABLE AND DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR KNOWINGLY CONTAIN ANY UNTRUE STATEMENT OF ANY MATERIAL FACT. IT CONTAINS A SUMMARY OF THE MATERIAL PROVISIONS OF DOCUMENTS REFERRED TO HEREIN. STATEMENTS MADE WITH RESPECT TO THE PROVISIONS OF SUCH DOCUMENTS ARE NOT NECESSARILY COMPLETE AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR COMPLETE INFORMATION AS TO THE RIGHTS AND OBLIGATIONS THERETO.

DISCLOSURES

THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE SHARES WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE SHARES IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE Shares, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE COMPANY. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR TO WHOM THIS MEMORANDUM IS DELIVERED BY THE COMPANY AND THOSE PERSONS RETAINED TO ADVISE THEM WITH RESPECT THERETO IS UNAUTHORIZED.

ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF THE CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS STRICTLY PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN IT AND ALL OTHER DOCUMENTS RECEIVED BY THEM TO THE COMPANY IF THE PROSPECTIVE INVESTOR'S SUBSCRIPTION IS NOT ACCEPTED OR IF THE OFFERING IS TERMINATED.

NASAA LEGEND

NASAA LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES MAY BE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER FEDERAL AND STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO NON-UNITED STATES RESIDENTS

IT IS THE RESPONSIBILITY OF ANY ENTITIES WISHING TO PURCHASE THE SHARES TO SATISFY THEMSELVES AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

BY ACCEPTANCE OF THIS MEMORANDUM, PROSPECTIVE INVESTORS RECOGNIZE AND ACCEPT THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND DUE DILIGENCE BEFORE CONSIDERING A PURCHASE OF THE SHARES. THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSIDERED TO BE INVESTMENT, TAX, OR LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH THEIR OWN COUNSEL AND ADVISORS AS TO ALL MATTERS CONCERNING AN INVESTMENT IN THIS OFFERING.

PATRIOT ACT RIDER

THE INVESTOR HEREBY REPRESENTS AND WARRANTS THAT THE INVESTOR IS NOT, NOR IS IT ACTING AS AN AGENT, REPRESENTATIVE, INTERMEDIARY OR NOMINEE FOR, A PERSON IDENTIFIED ON THE LIST OF BLOCKED PERSONS MAINTAINED BY THE OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY. IN ADDITION, THE INVESTOR HAS COMPLIED WITH ALL APPLICABLE U.S. LAWS, REGULATIONS, DIRECTIVES, AND EXECUTIVE ORDERS RELATING TO ANTI-MONEY LAUNDERING, INCLUDING BUT NOT LIMITED TO THE FOLLOWING LAWS:

(1) THE UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001, PUBLIC LAW 107-56, AND (2) EXECUTIVE ORDER 13224 (BLOCKING PROPERTY AND PROHIBITING TRANSACTIONS WITH PERSONS WHO COMMIT, THREATEN TO COMMIT, OR SUPPORT TERRORISM) OF SEPTEMBER 11, 2001.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM.

IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL THE COMPANY AT THE ADDRESS AND NUMBER LISTED IN THIS PRIVATE OFFERING MEMORANDUM.

THE MANAGEMENT OF THE COMPANY HAS PROVIDED ALL OF THE INFORMATION STATED HEREIN.

THE COMPANY MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE COMPLETENESS OF THIS INFORMATION OR, IN THE CASE OF PROJECTIONS, ESTIMATES, FUTURE PLANS, OR FORWARD LOOKING ASSUMPTIONS OR STATEMENTS, AS TO THEIR ATTAINABILITY OR THE ACCURACY AND COMPLETENESS OF THE ASSUMPTIONS FROM WHICH THEY ARE DERIVED, AND IT IS EXPECTED THAT EACH PROSPECTIVE INVESTOR WILL PURSUE HIS, HER, OR ITS OWN INDEPENDENT INVESTIGATION.

IT MUST BE RECOGNIZED THAT ESTIMATES OF THE COMPANY'S PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY AND MAY VARY MATERIALIALLY FROM ACTUAL RESULTS.



PRELIMINARY RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN THIS INVESTMENT.

IN DOING SO, YOU SHOULD BE AWARE THAT AN INVESTMENT WITH OUR COMPANY MAY BE VOLATILE AND LOSSES FROM ITS BUSINESS ACTIVITIES MAY REDUCE THE NET ASSET VALUE OF THE COMPANY.

INVESTORS MAY LOSE ALL OR PART OF THEIR INVESTMENT. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT THE COMPANY'S ABILITY TO REDEEM YOUR SHARES.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMPANY. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN AN INVESTMENT IN THIS COMPANY, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DISCUSSION OF POTENTIAL RISKS RELATED TO THIS INVESTMENT.



PLAN OF OPERATIONS

Reaching MUNEX's primary objective, to become the leading online exchange platform for U.S. government providers and agencies—MUNEX has developed a unique business strategy utilizing a proprietary software model, aggressive marketing and meticulous analysis of the HHS entitlements.

MUNEX360 operates neither as lender nor purchaser, but as facilitator and servicer. The MUNEX platform exchange allows for the identification, posting, review, sale, automation and collection of contracts, documents and signatures related to qualifying HHS provider debt. The MUNEX platform provides access, security, and efficiency to a chronically underserved reimbursement process model.

Our primary goal is to provide a payment solution for the 1.6 million non-profit service providers that receive over \$150 billion in grants and outlays from the Department of Health and Human Services ("HHS") each year that often are their main source of revenue.

The MUNEX Exchange creates a safe, user-friendly online marketplace where providers of entitlement services to the public can be matched with purchasers of receivables and funded within 24 hours. MUNEX connects accredited investors, institutions, family offices and private equity groups with quality alternative debt investments through the Company's certified provider exchange. As a member of MUNEX, purchasers can create preferences that match their investment criteria and be notified when matching investment opportunities becomes available.

At the outset, the platform is targeted at institutional investors seeking to deploy capital to purchase spot-sales of federally backed alternative high yield, low risk investments. As of January 2015, many investors have submitted strong verbal and written indications of interest for these securities. Firms such as: Avenue Capital Group; Cerberus Capital; CIT; Google; Highbridge Capital Management; Hitachi Capital of America; Pacific Management Investment Group; and W.L. Ross & Co are of the caliber of purchasers we are targeting as potential buyers of the debt.

First Mover Advantage

MUNEX is the first comprehensive HHS debt exchange of its kind. The Company has spent 5 years in research and development and is now ready to launch in 15 markets and expand into all 50 states by the third year. Established relationships with providers and institutional investors, a proprietary software system that can process more than \$100 million in sales per month and a provisional patent pending all contribute to the Company meeting its goal of penetrating 3% of the HHS receivables market.

Validated Demand

Of the 1.6 million contracted HHS Providers who receive funding from the \$150 billion federally funded Entitlement and Grant budget, 41% receive payment over 90 days late. Without reserves or access to short-term financing, these providers are sometimes forced to lay off staff or close facilities. As a testament to demand, in a previously launched version with the state, 1,600 providers signed up for the service in only 2 months.

Integrated Web-Based Platform with High Automation and Scalability

MUNEX operates on a SaaS model platform designed to be highly automated and secure. Once launched, the cloud-based model can accommodate \$50 million in sales per month and will have the capacity to handle \$500 million in sales and 5000 sales monthly by years end. Designed as a straight through processing system, it has the capability to source, validate and certify sponsored federal debt, to qualify providers and purchasers and to automate the review and execution of all agreements, contracts and documents through an automated, secure web-based platform. On an ongoing basis, the Company will leverage the data it gathers to maximize efficiency, expand its provider and purchase network and identify cross-marketing opportunities.

Projected Predictable Cash Flow with High Credit Quality

Based on federal annual appropriations, the HHS receivables that the Company will target are readily identifiable and predictable and can be further refined by mining independent data sources. Based on conservative estimates of average transaction value \$50,000 and a penetration rate of 3%, the Company projects that its platform will be used for payments of \$2 billion in 2015, reaching \$18 billion in 2019, a fraction of the \$1 trillion 2015 budget for HHS. With the implied backing of the Federal Government, these cash flows can be securitized into low risk assets to feed the demand from institutional investors seeking a low-risk fixed income return generating attractive yields.

OPERATIONS CONTINUED

The Product

MUNEX's debt products will be marketed as ultra-short fixed income products with durations of 6 months or less. The instrument has the dual advantage of having credit quality similar to U.S. Treasuries with the performance of corporate bonds.

Upon verification and validation, providers are advanced 85% of the approved invoice amount. Typically, these transactions range from \$50,000 to \$150,000. The remaining 15% is forwarded when payment is made by the invoiced government agency to the provider/purchaser joint segregated deposit account. At this stage, the purchaser fees are deducted and the selling provider is forwarded any balance.

Purchaser fees are 1.33% of the invoice amount (at the time of advance) plus 33 basis points for every 10 days the debt remains outstanding. MUNEX receives a 50 basis point fee from the provider at the time of the sale. MUNEX also receives a 50 basis point fee from the purchaser once the agency debt is paid.

Sales and Marketing

The MUNEX marketing effort is headed by Chief Informational Officer, Carol Adams, PhD. Carol is currently serving as President and CEO of the DuSable Museum of African American History. As CEO, she is Chief Administrator of the oldest and longest-running museum of African American history in the country and her responsibilities include strategic direction, organizational development, branding, development, corporate and foundation relations.

From 2003 to 2009, Carol served as Secretary, State of Illinois Department of Human Services where she managed the largest agency in Illinois state government with 14,000 employees and a budget of \$6 billion. Major responsibilities included strategic planning, intergovernmental relations, fiscal management, development of viable community partnerships and setting the state's human services agenda. Previous experience includes Executive Director of Center for Inner City Studies at Northeastern University, Director for Museums and Public Schools for the city of Chicago and previous work in government, nonprofit and private sectors.

As part of its marketing strategy, MUNEX plans to use online media, direct mail, email, association and outreach events such as conventions and educational events, sales force and social media network marketing relationship management, blogs, referrals, provider incentive programs, endorsements, tele-seminars , trade associations, local charities and public relations. Management believes that its investment in sales and marketing will result in a rapidly increasing penetration of its existing markets. Upon initial launch, the Company expects it will penetrate 3-5% of the existing market of providers and purchasers in any given state's HHS entitlements. Over time, management would like to grow this to 15-25% through word of mouth, advertising and outside Association consultants.

Management will engage in on-going identification of new government candidates for expansion. Due to its size, complexity and bureaucracy, management believes that HHS represents the most viable candidate for product launch. However, longer term, there are numerous government agencies that could be attractive customers. Some of these include:

- U.S. Department of Veterans Affairs (\$164 billion 2015 budget)
- U.S. Department of Agriculture (\$146 billion 2015 budget)
- U.S. Department of Housing and Urban Development (\$60 billion 2015 budget)

Geographic Expansion

Management believes there exists additional growth opportunities in new markets. Currently, the Company is focusing on the "Big 10," initially targeting large states which represent those that have the highest number of providers and entitlement funding. These states include: California, Connecticut, Florida, Georgia, Illinois, Indiana, Michigan, New York, Ohio, Pennsylvania, Texas and Washington, D.C. Secondary targets include Alabama, Colorado, Louisiana, Massachusetts, Mississippi, New Jersey, Tennessee and Virginia.

These states receive the most entitlement grants. Research and analysis into each state's HHS status, and statistical data will determine the overall effort to secure management's goal to reach all 50 states in 3 years.

OPERATIONS CONTINUED

Management believes its key competitive success factors are its ability to offer non-profit organizations seamless access to capital they need, when they need it. MUNEX accommodates the complexity of government payment processing with an economically positive and sustainable program, benefitting both service providers and debt purchasers.

MUNEX is a SaaS (Software as a Service) distribution model. Our proprietary portal revolutionizes the government service provider reimbursement process, providing access to earned capital in less than 24 hours. MUNEX360 sources, validates, and certifies federal sponsored debt for review and sale through a secured, fully-automated, web-based program.

Our marketplace matches providers with purchasers, advancing funds for performed contract service debt. MUNEX360 provides purchasers ongoing reporting and servicing. Purchasers are given access to high performance alternative debt investment vehicles through our certified Provider exchange. The Company's proprietary software platform connects directly with state databases to source, validate, certify and service sponsored state and federal debt. MUNEX's simple, secure and swift system easily connects community service providers with sophisticated debt purchasers, ensuring the continuation of vital support to the underprivileged and high quality debt instruments to investors.

Intellectual Property

In January 2015, MUNEX filed and was granted a provisional patent.

Security

Anthony Reid, MUNEX Chief Technology Officer, is an industry proven professional Manager in Accenture's Business and Systems Integration practice. He has over 20 years of hands-on experience delivering IT solutions and has delivered numerous software development solutions that include analytics, BI/BW and hundreds of enterprise applications.

Our primary goal is to provide a payment solution for the 1.6 million non-profit service providers that receive over \$150 billion in grants and outlays from the Department of Health and Human Services

Mr. Reid is a strategic business executive with over 20 years of financial and operational contributions to promote business development, enhanced operations and high-growth ventures. Anthony is adept at managing technical and administrative personnel, systems and operations as well as vendor/supplier relationships. He has led efforts to produce science and technology business solutions for numerous Fortune 100 companies and is proficient at process engineering, producing operating and service agreements and defining performance objectives. Primary responsibilities include management of staff and business development projects that range from \$3 million to \$100 million.

The platform is designed from the ground up for state-of-the-art information security. The Company's infrastructure, sophisticated application and strong encryption ensure the highest levels of security for transactions. A summary of key security measures is outlined below. An outline of the main security characteristics are listed for MUNEX system, operational, application and transaction processes.

MUNEX Security at a Glance

- All communications on the site, and all documents sent through MUNEX, are encrypted with full 128-bit SSL security
- Account and all documents are password protected, and no access is allowed unless granted permission
- All passwords and sensitive account data are encrypted with RSA keys
- Our servers are housed in state-of-the-art SAS 70 Type II secured facilities with redundant hardware, power and internetconnectivity
- Our application has been fully certified
- Data center security
- Physical access limited to data center technicians

OPERATIONS CONTINUED

System Security

- System installation using hardened OS with ongoing protection from exploits
- Dedicated Cisco PIX firewall and intrusion detection system
- Data protection with managed backup solutions
- Distributed Denial of Service (DDoS) mitigation

Operational Security

- SSAE 16 SOC 1 Type 2 certified data center
- Daily FBI/SANS Internet Security Test
- Documented information security and privacy procedure training for all employees
- Systems access logged and tracked for auditing purposes
- Proactive application and system vulnerability testing

Application Security

- Access controls configurable by master account administrator
- All passwords encrypted during transmission and storage
- Configurable account and password security settings

Munex only processes “For Sale” provider invoices previously approved for payment by the Comptrollers office. There has never been a default, chargeback or set-aside from the inception of the program.

- Account access can be restricted to specific IP addresses
- Full 128-bit SSL encryption for all documents and data
- Encrypted session IDs uniquely identify each user
- Automated configurable session time-outs
- Pure web application – no client downloads ever required
- The only e-signature system fully certified by Salesforce.com

Transaction Security

- Multiple-factor authentication for document execution
- Detailed audit trails generated for all transactions
- Integrations enabled through secure Web Services API
- Permission-based document and account access controls
- PDF documents encrypted and password protected
- Signed documents verified by Adobe digital signatures

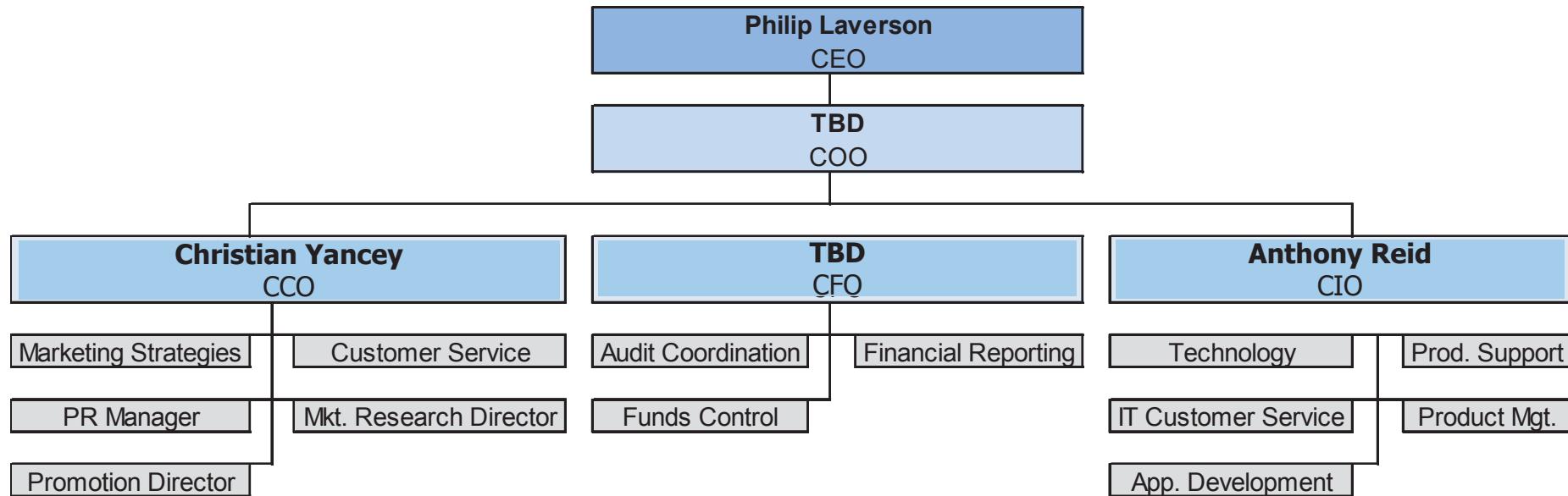
Facilities

MUNEX has identified office space for lease located at:

12600 Deerfield Parkway Suite 100 Alpharetta, GA 30022

OPERATIONS CONTINUED

Management Infrastructure



Philip Laverson

Mr. Phil Laverson holds over 20 years of experience in capital markets, technology investing and as a Macroeconomist. Mr. Laverson has a deep knowledge and understanding for working with technology companies and vast expertise in his current area of focus, which is institutional and private asset management. His specialties include in-depth knowledge of consumer, technology and transportation sectors including key drivers and trends.

Mr. Laverson's vast experiences include roles such as Portfolio Manager, Equity Analyst and Investment Manager at various hedge funds, private equity and investment management firms including Eaton Vance and Merrill Lynch Investment Managers, which was acquired by BlackRock. Additionally, Mr. Laverson worked as an investment strategist and economist at Prudential Securities and Morgan Stanley. Mr. Laverson completed his Credit Training at Fidelity Bank. He holds an MBA in Investment Science from Drexel University, completed the Wharton Econometrics Forecasting Analysis program from the University of Pennsylvania, the Wharton School, and a BA in Economics from Rutgers University.

Carol Adams

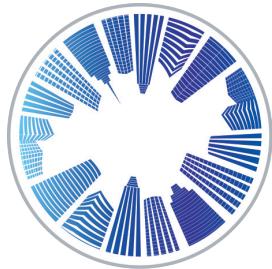
Carol served as Secretary, State of Illinois Department of Human Services from 2003 to 2009, where she managed the largest agency in Illinois state government with 14,000 employees and a budget of \$6 billion. Major responsibilities included strategic planning, intergovernmental relations, fiscal management, development of viable community partnerships and setting the state's human services agenda. Additional experience includes serving as President and CEO of the DuSable Museum of African American History, Executive Director of Center for Inner City Studies at Northeastern University, Director for Museums and Public Schools for the city of Chicago and previous work in government, nonprofit and private sectors.

Anthony Reid

Anthony Reid is a strategic business executive with over 20 years of financial and operational contributions to promote business development, enhanced operations and high-growth ventures. Anthony is adept at managing technical and administrative personnel, systems and operations as well as vendor/supplier relationships. He has led efforts to produce science and technology business solutions for numerous Fortune 100 companies and is proficient at process engineering, producing operating and service agreements and defining performance objectives. Primary responsibilities include management of staff and business development projects that range from \$3 million to \$100 million.

Christian Yancey

Christian currently serves as Director, Center for MEMES, at UCLA Anderson School of Management where he is responsible for managing the budget, staff and day-to-day operations, including design and promotion of events, curriculum and research initiatives. Prior to UCLA, Christian was Founder and Executive Consultant for FactorC, a strategic communications and marketing group providing solutions for entertainment, media and socially conscious companies. Other previous roles include Director Marketing and Communications at Thinkwell Group, a design agency, and Director of Integrated Sales and Sponsorship at Sony Pictures. Christian received an MBA in Marketing from the University of San Francisco School of Management and a BA in Broadcast Journalism from Georgia State University.



THE COMPETITION

To date, management is not aware of any other company currently providing an automated municipal debt exchange for HHS providers. There are however, entities outlined below that provide receivable financing services to government sponsored enterprises.

State of Illinois Vendor Payment Program

Operating under direct consultation from MUNEX management, the State of Illinois created the Vendor Payment Program, a voluntary program designed to expedite the time frame of payments to state vendors and service providers. However, because of how the program was administered by converting a federal obligation to a state obligation, MUNEX's purchasers were no longer interested as a result of the change in credit status. Although a website is still active, it is management's understanding that this program is no longer operational.

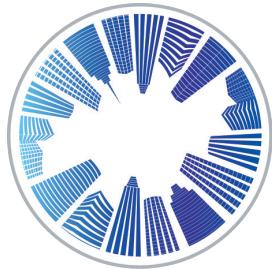
Hitachi Government Finance

Hitachi Government Finance, a division of Hitachi Business Finance, specializes in government receivables financing for start-ups and established businesses that have invoices due from the federal government and select local governments. Its clients range from small, economically disadvantaged businesses (including women-owned, disabled veteran and 8a designated firms) to mature, publicly-operated and traded companies in the U.S. that have financing needs of \$50,000 to \$20 million monthly. Hitachi finances up to 90% advance on eligible accounts receivables with facility size based on the credit strength of financed customers. This approach is in contrast to MUNEX, whose model only requires a valid service agreement.

Other Players

On a large scale, the Company competes with large receivables financing companies. Some of the larger ones are outlined as follows:

Provider	Volume (\$bill)	Description
CIT Group, Inc. (NYSE:CIT)	20.0	CIT's clients range from small companies with \$2 million in sales to publicly held corporations with more than \$500 million in sales.
GMAC Commercial Finance	10.0	GMAC Commercial Finance (Holdings) Limited, through its subsidiaries, provides global leveraged finance, asset-based lending, and invoice finance services to manufacturers, distributors, retailers, and service companies. GMAC Commercial Finance (Holdings) Limited operates as a subsidiary of Ally Financial Inc. GMAC's factoring service includes credit protection, accounting services and lock-box management.
BB&T Corp. (NYSE:BBT)	N/A	BB&T Corporation operates as a financial holding company that provides various banking and trust services for retail and commercial clients. It operated approximately 1,800 financial centers in 12 states, as well as Washington, D.C. BB&T Corporation was founded in 1872 and is headquartered in Winston-Salem, North Carolina.
SunTrust Banks, Inc. (NYSE:STI)	6.0	SunTrust Banks, Inc. operates as the holding company for SunTrust Bank that provides various financial services in the United States. It operates 1,497 full-service banking offices. SunTrust Banks, Inc. was founded in 1891 and is headquartered in Atlanta, Georgia. SunTrust targets companies with annual sales of \$5 million or more.
Wells Fargo Trade Capital Services, Inc.	5.5	Wells Fargo Trade Capital Services' factoring services include credit approval, credit protection, collection, and information-reporting. The company offers credit solutions, including accounts receivable management, trade financing, working capital management and letters of credit.
Milberg Factors	2.6	Milberg Factors, Inc. operates as a factoring and commercial financing company in the United States. It offers traditional and non-notification factoring, working capital financing, accounts receivable management, letter of credit and import financing, acquisition financing and debtor-in-possession financing solutions. Milberg Factors, Inc. was founded in 1937 and is based in New York, New York.
Rosenthal & Rosenthal, Inc.	2.5	Rosenthal & Rosenthal, Inc. operates as a factoring and finance company. Rosenthal & Rosenthal, Inc. was founded in 1938 and is based in New York, New York with additional offices in Los Angeles and Shanghai. The firm's clients are small and midsized companies focused on the apparel and home furnishings segments.
Sterling Bancorp (NYSE:STL)	0.8	Sterling Bancorp operates as the bank holding company for Sterling National Bank that provides various banking services to commercial, consumer and municipal clients in the United States. The company was founded in 1888 and is based in Montebello, New York.
Wells Fargo Trade Capital Services, Inc.	N/A	Wells Fargo Trade Capital Services, Inc. operates as a specialty financial services company that provides trade finance and factoring services in United States. Its factoring services include credit approval, credit protection, collection and information reporting. Wells Fargo Trade Capital Services, Inc. operates as a subsidiary of Wells Fargo & Company.
Hitachi Business Finance	N/A	Hitachi Business Finance (formerly Hennessey Capital) offers creative, flexible solutions for a variety of complex business financing needs. Hitachi Business Finance offers factoring, revolving lines of credit and government receivables financing. Hitachi Government Finance specializes in government receivables financing for start-up and established businesses that have invoices due from the federal government and select local governments, in addition to those serving as subcontractors to large government prime contractors.
BFI Business Finance, Inc.	N/A	BFI Business Finance, Inc., doing business as Business Factors, Inc., provides asset based business loans to various companies. It offers a range of business finance options, including accounts receivable, inventory, equipment and technology financing. BFI Business Finance offers its services in Silicon Valley, San Francisco Bay Area, Central Valley, Southern California, and the Western United States. The company was founded in 1957 and is headquartered in Campbell, California. BFI Business Finance, Inc. operates as a subsidiary of Pacific Western Bank.



PRINCIPAL SHAREHOLDERS

The following table contains certain information as of March 25, 2015 as to the number of shares of Common Stock beneficially owned by (i) each person known by the Company to own beneficially more than 5% of the Company's Common Stock, (ii) each person who is a Director of the Company, (iii) all persons as a group who are Directors and Officers of the Company, and as to the percentage of the outstanding shares held by them on such dates and as adjusted to give effect to this Offering.

Name	Position	Current %	Post Offering Max %
Thomas Begley	Shareholder	100%	75%

STOCK OPTION AGREEMENTS

The Company has not entered into any stock option agreements as of the date of this Offering.

LITIGATION

The Company is not presently a party to any material litigation, nor to the knowledge of Management is any litigation threatened against the Company, which may materially affect the business of the Company or its assets.

DESCRIPTION OF SHARES

The Shares offered hereby are 7,000,000 shares of Series A Convertible Preferred Stock, \$0.001 par value. The Company's authorized capital consists of 25,000,000 shares of Preferred Stock, with par value \$.001 and 50,000,000 shares of Common Stock. 21,000,000 shares of Common Stock are currently issued and outstanding. Upon completion of the Offering, between 1,400,000 and 7,000,000 shares of Series A Preferred Convertible Preferred Shares will be issued and outstanding.

Series A Convertible Preferred Shares

The Series A Convertible Preferred Shares sold through this Offering shall be provided an eight percent (8%) non-compounding cumulative Preferred Dividend paid semi-annually with biannual four percent (4%) payments made each fiscal year. The Preferred Dividend will be subject to the financial performance of the Company and the approval of Management and the Board of Directors.

Conversion Terms: Series A Convertible Preferred Shares shall be convertible into Common Shares of the Company on a 1:1 ratio at the Preferred Shareholder's discretion and subject to the terms of the Company's Bylaws and Certificate of Designation for the Preferred Shares. Investors should carefully review these Exhibits as they detail certain rights and terms related to these Shares such as Drag-Along Provisions, Voting rights, and other specific terms. See Exhibit B "Bylaws" and Exhibit C "Certificate of Designation".

Each Common Shareholder is entitled to one vote for each share held on each matter submitted to a vote of the Shareholders. Series A Convertible Preferred Shares are non-voting. The Shares currently outstanding are, and the Shares to be issued upon completion of this Offering will be, fully paid and nonassessable.

In the event of the dissolution, liquidation or winding up of the Company, the assets then legally available for distribution to the holders of the Company's shares of stock will be distributed ratably among such holders in proportion to their shareholdings. Holders of Series A Convertible Preferred Stock are only entitled to dividends when, as and if declared by the Board of Directors out of funds legally available therefor. The Company has never paid any such dividends. Future dividend policy is subject to the discretion of the Board of Directors and will depend upon a number of factors, including among other things, the capital requirements and the financial condition of the Company.

MANAGEMENT COMPENSATION

There is no accrued compensation that is due any member of Management. No directors who are members of Management will receive any director's fees. Each director will be entitled to reimbursement of expenses incurred while conducting Company business. Each director may also be a shareholder in the Company and as such will share in the profits of the Company when and if dividends are paid. Management reserves the right to reasonably increase their salaries assuming the business is performing profitably and Company revenues are growing on schedule. Any augmentation of these salaries will be subject to the profitability of the Business and the effect on the Business cash flows. Current and projected Management salaries for the next 12 months are:

Phillip Laverson, CEO:

Current: \$200,000.00 annualized salary payable monthly

Projected 12 months: \$150,000.00 annualized salary payable monthly

Anthony Reid, CTO

Current: \$175,000.00 annualized salary payable monthly

Projected 12 months: \$150,000.00 annualized salary payable monthly

Christian Yancey, CCO:

Current: \$100,000.00 annualized salary payable monthly

Projected 12 months: \$100,000.00 annualized salary payable monthly

BOARD OF DIRECTORS

The Company has established a Board of Directors, which includes highly qualified business and industry professionals. The Board of Directors will assist the Management team in making appropriate decisions and taking effective action; however, the Board of Directors will not be responsible for Management decisions and has no legal or fiduciary responsibility to the Company. Currently there are five members of the Board of Directors:

Thomas Begley: Chairman

Leo Hao: Non-Executive Director

Ronald Carter: Non-Executive Director

Brad Holden: Non-Executive Director

Vince Williams: Non-Executive Director



DILUTION



The purchasers of the Series A Preferred Stock offered by this Memorandum will experience an immediate and substantial dilution of their investments. There are 25,000,000 authorized shares of Series A Preferred Stock of the Company and 50,000,000 authorized shares of Common Stock of which 21,000,000 Common shares are currently issued and outstanding.

The net tangible book value per share of the Company's capital stock was approximately \$0.001 on March 25, 2015. Net tangible book value per share of Series A Preferred Stock is equal to the Company's total tangible assets less its total liabilities, divided by the total number of outstanding shares of Common and Series A Preferred Stock. Upon completion of this Offering, the net tangible book value for the Shares which are now outstanding will be increased with corresponding dilution for the Shares sold to investors.

The following reflects the dilution to be incurred by the investors. "Dilution" is determined by subtracting the net tangible book value per Common Share after the Offering from the Offering price. If the expected maximum number of Shares offered hereby are sold, of which there can be no assurance, there will be 28,000,000 Shares of the Company's Common and Series A Preferred Stock issued with net tangible book value of approximately \$0.25 per Share. This represents an immediate increase in net tangible book value from \$0.001 to \$0.25 per Share to existing shareholders and an immediate dilution of from \$1.00 to \$0.25 per Share to purchasers of Shares in this Offering.

INVESTOR SUITABILITY STANDARDS

Prospective purchasers of the Shares offered by this Memorandum should give careful consideration to certain risk factors described under "RISK FACTORS," and especially to the speculative nature of this investment and the limitations described under that caption with respect to the lack of a readily available market for the Shares and the resulting long term nature of any investment in the Company. This Offering is available only to suitable Accredited Investors having adequate means to assume such risks and of otherwise providing for their current needs and contingencies.

GENERAL

The Shares will not be sold to any person unless such prospective purchaser or his or her duly authorized representative shall have represented in writing to the Company in a Subscription Agreement that:

- The prospective purchaser has adequate means of providing for his or her current needs and personal contingencies and has no need for liquidity in the investment of the Shares;
- The prospective purchaser's overall commitment to investments which are not readily marketable is not disproportionate to his, her, or its net worth and the investment in the Shares will not cause such overall commitment to become excessive; and
- The prospective purchaser is an "Accredited Investor" (as defined below) suitable for purchase in the Shares.
- Each person acquiring Shares will be required to represent that he, she, or it is purchasing the Shares for his, her, or its own account for investment purposes and not with a view to resale or distribution.

ACCREDITED INVESTORS

The Company will conduct the Offering in such a manner that Shares may be sold only to "Accredited Investors" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act"). In summary, a prospective investor will qualify as an "Accredited Investor" if he, she, or it meets any one of the following criteria:

- Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000. Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:
 - (i) The person's primary residence shall not be included as an asset;
 - (ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
 - (iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.
- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year;

Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5) (A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); any insurance company as defined in Section 2(13) of the Exchange Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons who are Accredited Investors;

- Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
- Any organization described in Section 501(c)(3)(d) of the Internal Revenue Code, corporation, business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director or executive officer, or general partner of the issuer of the securities being sold, or any director, executive officer, or general partner of a general partner of that issuer;
- Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 501(b)(2)(ii) of Regulation D adopted under the Act; and
- Any entity in which all the equity owners are Accredited Investors.



OTHER REQUIREMENTS

No subscription for the Shares will be accepted from any investor unless he is acquiring the Shares for his own account (or accounts as to which he has sole investment discretion), for investment and without any view to sale, distribution or disposition thereof.

Each prospective purchaser of Shares may be required to furnish such information as the Company may require to determine whether any person or entity purchasing Shares is an Accredited Investor.

FORWARD LOOKING INFORMATION

Some of the statements contained in this Memorandum, including information incorporated by reference, discuss future expectations, or state other forward looking information. Those statements are subject to known and unknown risks, uncertainties and other factors, several of which are beyond the Company's control, which could cause the actual results to differ materially from those contemplated by the statements.

The forward looking information is based on various factors and was derived using numerous assumptions. In light of the risks, assumptions, and uncertainties involved, there can be no assurance that the forward looking information contained in this Memorandum will in fact transpire or prove to be accurate.

Important factors that may cause the actual results to differ from those expressed within may include, but are not limited to:

- The success or failure of the Company's efforts to successfully execute its business plan as scheduled;
- The Company's ability to attract a customer base;
- The Company's ability to attract and retain quality employees;
- The effect of changing economic conditions;
- The reliance of the Company on certain key members of management

These along with other risks, which are described under "RISK FACTORS" may be described in future communications to shareholders. The Company makes no representation and undertakes no obligation to update the forward looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.

SECTION 2: Private Placement Memorandum



CERTAIN RISK FACTORS

Municipal Network Exchange, Inc. commenced preliminary business development operations in January 29, 2015 and is organized as a C corporation under the laws of the State of Nevada. Accordingly, the Company has only a limited history upon which an evaluation of its prospects and future performance can be made. The Company's proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future.

There can be no assurances that will operate profitably.

Inadequacy Of Funds:

Gross offering proceeds of a minimum of \$1,400,000 and a maximum of \$7,000,000 may be realized. Management believes that such proceeds will capitalize and sustain Municipal Network Exchange, Inc. sufficiently to allow for deployment of software, marketing, and a certain period of operations. If only a fraction of this Offering is sold, or if certain assumptions contained in Management's business plans prove to be incorrect, the Company may have inadequate funds to fully develop its business and may need debt financing or other capital investment to fully implement the Company's business plans.

Dependence On Management:

In the early stages of development the Company's business will be significantly dependent on the Company's management team. The Company's success will be particularly dependent upon Phillip Laverson and Marianne Spraggins. The loss of either of these individuals could have a material adverse effect on the Company. See "MANAGEMENT" section.

Risks Associated With Expansion:

The Company plans on expanding its business through the development of a software platform. Any expansion of operations the Company may undertake will entail risks, such actions may involve specific operational activities which may negatively impact the profitability of the Company. Consequently, shareholders must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to the Company at that time, and (ii) management of such expanded operations may divert Management's attention and resources away from its existing operations, all of which factors may have a material adverse effect on the Company's present and prospective business activities.

Customer Base and Market Acceptance:

While the Company believes it can develop a customer base through the marketing and promotion of the Company's products and services, the inability of the Company to further develop such a customer base could have a material adverse effect on the Company. Although the Company believes that its product and services matrix offers advantages over competitive companies, no assurance can be given that Municipal Network Exchange, Inc.'s products and services will attain a degree of market acceptance on a sustained basis or that it will generate revenues sufficient for sustained profitable operations.

Competition:

While there does exist some current competition, Management believes that the Municipal Network Exchange, Inc. product and services line is unique and the expertise of Management combined with the innovative nature of its products and services will set the Company apart from its competitors. There is the possibility that new competitors could seize upon Municipal Network Exchange, Inc.'s business ideas and produce competing products and services. Likewise, these new competitors could be better capitalized than Municipal Network Exchange, Inc. which could give them a significant advantage. There is the possibility that the competitors could capture significant market share of Municipal Network Exchange, Inc.'s intended market.

General Economic Conditions:

The financial success of the Company may be sensitive to adverse changes in general economic conditions in the United States, such as recession, inflation, unemployment, and interest rates. Management believes that the niche products and services they market will insulate the Company from excessive reduced demand. Municipal Network Exchange, Inc. has no control over these changes.

Possible Fluctuations In Operating Results:

The Company's operating results may fluctuate significantly from period to period as a result of a variety of factors, including purchasing patterns of customers, competitive pricing, debt service and principal reduction payments, and general economic conditions. Consequently, the Company's revenues may vary by quarter, and the Company's operating results may experience fluctuations.

Risks Of Borrowing:

If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants which may impair the Company's operating flexibility. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of owners of Series A Preferred Stock of the Company. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition.

Unanticipated Obstacles To Execution Of The Business Plan:

The Company's business plans may change significantly. Many of

the Company's potential business endeavors are capital intensive and may be subject to statutory or regulatory requirements. Management believes that the Company's chosen activities and strategies are achievable in light of current economic and legal conditions with the skills, background, and knowledge of the Company's principals and advisors. Management reserves the right to make significant modifications to the Company's stated strategies depending on future events.

Management Discretion As To Use Of Proceeds:

The net proceeds from this Offering will be used for the purposes described under "Use of Proceeds." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which it deems to be in the best interests of the Company and its shareholders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of Management with respect to application and allocation of the net proceeds of this Offering. Investors for the Series A Preferred Stock offered hereby will be entrusting their funds to the Company's Management, upon whose judgment and discretion the investors must depend.

Control By Management:

As of March 31, 2015, the Company's officers and directors owned approximately 100% of the Company's issued voting class shares. Upon completion of this Offering, the Company's Managers will continue to own approximately 100% of the

issued and outstanding voting class stock, and will be able to continue to control MUNEX360. Investors will own non-voting class Series A Convertible Preferred Shares and will not have the ability to control either a vote of the Company's Shareholders or Board of Directors. See "PRINCIPAL SHAREHOLDERS".

Dividend Policy:

A holder of Series A Convertible Preferred Stock will be entitled to receive dividends only when, as, and if declared by the Board of Directors out of funds legally available therefor. The Company's Board of Directors will determine future dividend policy based upon the Company's results of operations, financial condition, capital requirements, and other circumstances.

No Assurances of Protection for Proprietary Rights; Reliance on Trade Secrets:

In certain cases, the Company may rely on trade secrets to protect proprietary technology and processes which the Company has developed or may develop in the future. There can be no assurances that secrecy obligations will be honored or that others will not independently develop similar or superior technology. The protection of proprietary technology through claims of trade secret status has been the subject of increasing claims and litigation by various companies both in order to protect proprietary rights as well as for competitive reasons even where proprietary claims are unsubstantiated. The prosecution of proprietary claims or the defense of such claims is costly and uncertain given the uncertainty and rapid development of the principles of law pertaining to this area. The Company, in common with other firms, may also be subject to claims by other

parties with regard to the use of technology information and data which may be deemed proprietary to others.

Dilution:

Purchasers of Shares will experience immediate and substantial dilution of \$0.75 in net tangible book value per share, or approximately 75% of the assumed offering price of \$1.00 per share (assuming maximum offering proceeds are achieved). Additional Shares issued by the Company in the future will also dilute a purchaser's investment in the Shares. See "DILUTION."

Limited Transferability & Liquidity:

To satisfy the requirements of certain exemptions from registration under the Securities Act, and to conform with applicable state securities laws, each investor must acquire his Shares for investment purposes only and not with a view towards distribution. Consequently, certain conditions of the Securities Act may need to be satisfied prior to any sale, transfer, or other disposition of the Shares. Some of these conditions may include a minimum holding period, availability of certain reports, including financial statements from Municipal Network Exchange, Inc., limitations on the percentage of Shares sold and the manner in which they are sold. Municipal Network Exchange, Inc. can prohibit any sale, transfer or disposition unless it receives an opinion of counsel provided at the holder's expense, in a form satisfactory to Municipal Network Exchange, Inc., stating that the proposed sale, transfer or other disposition will not result in a violation of applicable federal or state securities laws and regulations. No public market exists for the Shares and no market is expected to

develop. Consequently, owners of the Shares may have to hold their investment indefinitely and may not be able to liquidate their investments in Municipal Network Exchange, Inc. or pledge them as collateral for a loan in the event of an emergency.

Long Term Nature of Investment:

An investment in the Shares may be long term and illiquid. As discussed above, the offer and sale of the Shares will not be registered under the Securities Act or any foreign or state securities laws by reason of exemptions from such registration which depends in part on the investment intent of the investors. Prospective investors will be required to represent in writing that they are purchasing the Shares for their own account for long-term investment and not with a view towards resale or distribution. Accordingly, purchasers of Shares must be willing and able to bear the economic risk of their investment for an indefinite period of time. It is likely that investors will not be able to liquidate their investment in the event of an emergency.

No Current Market For Shares:

There is no current market for the Shares offered in this private Offering and no market is expected to develop in the near future.

Compliance with Securities Laws:

The Shares are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities

Act, applicable Nevada Securities Laws, and other applicable state securities laws. If the sale of Shares were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of Shares. If a number of purchasers were to obtain rescission, Municipal Network Exchange, Inc. would face significant financial demands which could adversely affect Municipal Network Exchange, Inc. as a whole, as well as any non-rescinding purchasers.

Terrorist Attacks Or Other Acts Of Violence Or War May Affect The Industry In Which The Company Operates, Its Operations & Its Profitability:

Terrorist attacks may harm the Company's results of operations and an Investor's investment. There can be no assurance that there will not be more terrorist attacks against the United States or U.S. businesses. Losses resulting from these types of events may be uninsurable or not insurable to the full extent of the loss suffered. Moreover, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They could also result in economic uncertainty in the United States or abroad. Adverse economic conditions resulting from terrorist activities could reduce demand for space in the Company's properties due to the adverse effect on the economy and thereby reduce the value of the Company's properties.

SECTION 2: Private Placement Memorandum





USE OF PROCEEDS

The Company seeks to raise minimum gross proceeds of \$1,400,000 and maximum gross proceeds of \$7,000,000 from the sale of shares in this Offering. The Company intends to apply these proceeds substantially as set forth herein, subject only to reallocation by Management in the best interests of the Company.

SALE OF EQUITY

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
PROCEEDS FROM SALE OF SHARES	\$7,000,000	\$1,400,000

OFFERING EXPENSES & COMMISSIONS

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
EXPENSES	\$5,000	\$4,000
BROKERAGE COMMISSIONS (2)	\$560,000	\$112,000
TOTAL OFFERING FEES	\$565,000	\$116,000

CORPORATE APPLICATION OF PROCEEDS

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
DEVELOPMENT COSTS	\$1,108,000	\$276,664
TRANSACTION EXPENSES	\$475,000	\$91,000
MARKETING EXPENSES	\$1,444,354	\$212,806
CORPORATE EXPENSES	\$2,489,667	\$435,934
WORKING CAPITAL	\$1,127,979	\$267,596
TOTAL CORPORATE USE	\$6,645,000	\$1,284,000

TOTAL USE OF PROCEEDS

CATEGORY	MAX. PROCEEDS	MIN. PROCEEDS
OFFERING EXPENSES & COMMISSIONS	\$565,000	\$116,000
CORPORATE APPLICATION OF PROCEEDS	\$6,435,000	\$1,284,000
TOTAL PROCEEDS	\$7,000,000	\$1,400,000

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) This Offering is being sold by the Managers of the Company. No compensatory sales fees or related commissions will be paid to such Managers. Registered broker or dealers who are members of the FINRA and who enter into a Participating Dealer Agreement with the Company may sell Shares. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Shares sold.

TRANSFER AGENT & REGISTRAR

The Company will act as its own transfer agent and registrar for its Series A Convertible Preferred Shares.

PLAN OF PLACEMENT

The Shares are offered directly by the Managing Members of the Company on the terms and conditions set forth in this Memorandum. FINRA brokers and dealers may also offer Shares. The Company is offering the Shares on a “best efforts” basis. The Company will use its best efforts to sell the Shares to investors. There can be no assurance that all or any of the Shares offered, will be sold.

ESCROW OF SUBSCRIPTION FUNDS

Commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Shares will be deposited in an escrow account. The Company has set a minimum offering proceeds figure of \$1,400,000 for this Offering. The Company has established a Company Managed Investment Holding Account with Regions Bank, into which the minimum offering proceeds will be placed. At least 1,400,000 Shares must be sold for \$1,400,000 before such proceeds will be released from the escrow account and utilized by the Company. After the minimum number of Shares are sold, all subsequent proceeds from the sale of Shares will be delivered directly to the Company and be available for its use. Subscriptions for Shares are subject to rejection by the Company at any time.

HOW TO SUBSCRIBE FOR SHARES

A purchaser of Shares must complete, date, execute, and deliver to the Company the following documents, as applicable:

- An Investor Suitability Questionnaire;
- An original signed copy of the appropriate Subscription Agreement including verification of the investor’s accredited status; and
- A check payable to “Municipal Network Exchange, Inc.” in the amount of \$1.00 per Share for each Share purchased as called for in the Subscription Agreement (minimum purchase of 10,000 Shares for \$10,000).

Subscribers may not withdraw subscriptions that are tendered to the Company.

ADDITIONAL INFORMATION

Each prospective investor may ask questions and receive answers concerning the terms and conditions of this offering and obtain any additional information which the Company possesses, or can acquire without unreasonable effort or expense, to verify the accuracy of the information provided in this Memorandum. The principal executive offices of the Company are located at 12600 Deerfield Parkway, Alpharetta GA 30004 and the telephone number is 800-215-1136.

ERISA CONSIDERATIONS

GENERAL

When deciding whether to invest a portion of the assets of a qualified profit-sharing, pension or other retirement trust in the Company, a fiduciary should consider whether: (i) the investment is in accordance with the documents governing the particular plan; (ii) the investment satisfies the diversification requirements of Section 404(a)(1)(c) of Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and (iii) the investment is prudent and in the exclusive interest of participants and beneficiaries of the plan.

PLAN ASSETS

Under ERISA, whether the assets of the Company are considered "plan assets" is also critical. ERISA generally requires that "plan assets" be held in trust and that the trustee or a duly authorized Manager have exclusive authority and discretion to manage and control the assets. ERISA also imposes certain duties on persons who are "fiduciaries" of employee benefit plans and prohibits certain transactions between such plans and parties in interest (including fiduciaries) with respect to the assets of such plans. Under ERISA and the Code, "fiduciaries" with respect to a plan include persons who: (i) have any power of control, management or disposition over the funds or other property of the plan; (ii) actually provide investment advice for a fee; or (iii) have discretion with regard to plan administration. If the underlying assets of the Company are considered to be "plan assets," then the Manager(s) of the Company could be considered a fiduciary with respect to an investing employee benefit plan, and various transactions between Management or any affiliate and the Company, such as the payment of fees to Managers, might result in prohibited transactions. A regulation adopted by the Department of Labor generally defines plan assets as not to include the underlying assets of the issuer of the securities held by a plan. However, where a plan acquires an equity interest in an entity that is neither a publicly offered security nor a security issued by certain registered investment companies, the plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless: (i) the entity is an operating company or; (ii) equity participation in the entity by benefit plan investors (as defined in the regulations) is not significant (i.e., less than twenty-five percent (25%) of any class of equity interests in the entity is held by benefit plan investors). Benefit plan investors are not expected to acquire twenty-five percent (25%) or more of the Shares offered by the Company. Management of the Company intends to preclude significant investment in the Company by such plans. Employee benefit plans (including IRAs), however, are urged to consult with their legal advisors before subscribing for the purchase of Shares to ensure the investment is acceptable under ERISA regulations.



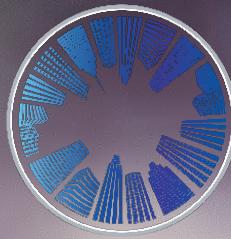


SECTION 3: Exhibits

SUPPORTING DOCUMENTATION

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004



MUNEX360

A RADICAL SOLUTION TO A TRILLION DOLLAR PROBLEM



IN AMERICA WE ARE NOT REQUIRED to offer food to the hungry, or shelter to the homeless. There is no ordinance forcing us to visit the lonely or comfort the infirm. No where in the constitution does it say we have to provide clothing to the poor. In fact, one of the nicest things about living in America is that we really don't have to do anything for anyone.

**BUT IN AMERICA,
WE DO.**

THE OVERVIEW

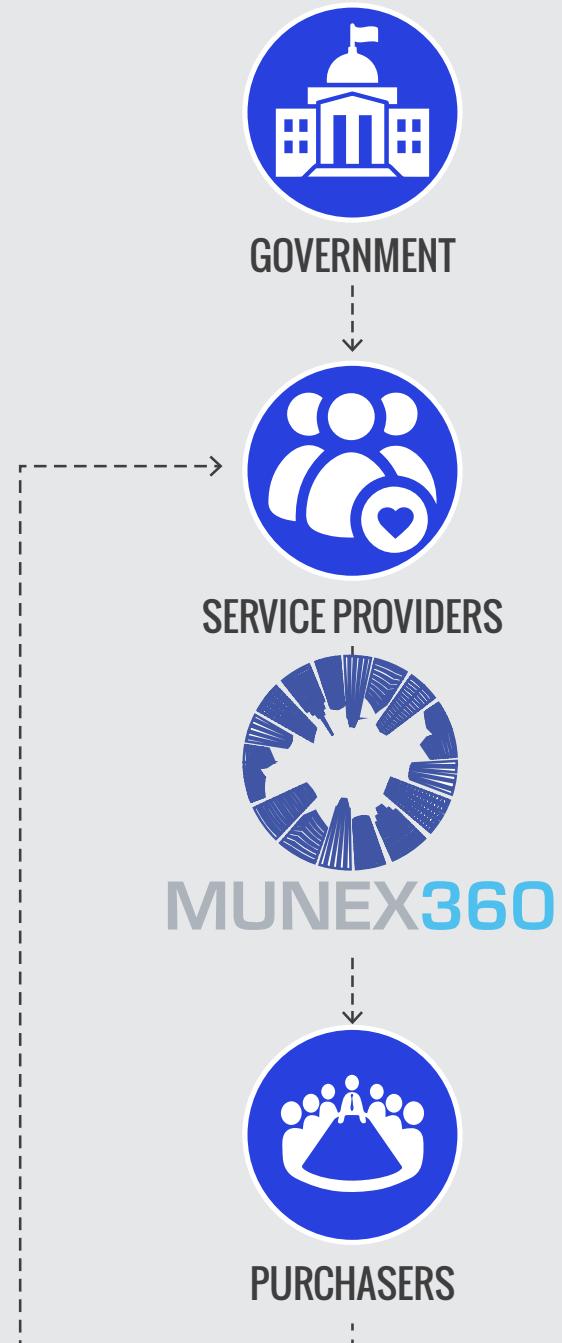
COLLECTIVE NON-PROFITS ARE INDISPENSABLE PARTNERS

with the government as the primary delivery conduit
for Health and Human Services.

The government reimbursement process can exceed ninety days beyond submission, causing cash flow distress and effecting provider ability to render the very service they are contracted to provide. MUNEX is the answer!

MUNEX – the Municipal Network Exchange – is a revolutionary centralized debt exchange, specializing in the sourcing and servicing of Department of Health and Human Services (HHS) entitlement and grant debt.

We provide easy access, security, and efficiency to an antiquated reimbursement process within a chronically underserved \$200B annual marketplace.





THE BACKGROUND

There are over 1.6M government-sponsored service providers currently working on behalf of the Department of Health & Human Services (HHS). HHS has an annual budget in excess of \$1 trillion.

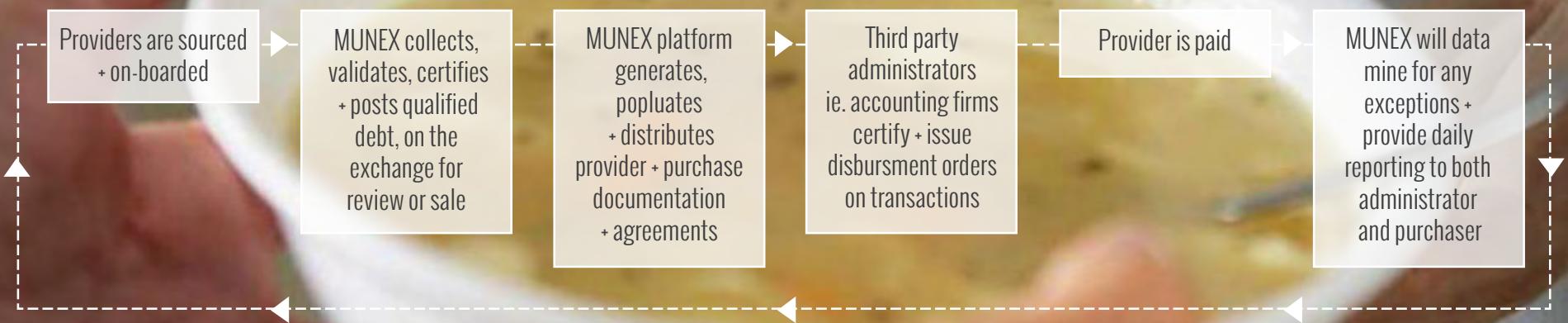
Service provider late payments average ninety plus days.

Receivables aged greater than sixty days cannot be traditionally negotiated with federally regulated institutions.



HOW IT WORKS

THROUGH THE MUNEX360 TRANSACTIONAL PORTAL, service providers can sell their debt by way of the platform and directly connect with qualified MUNEX purchasers. The web-based MUNEX platform provides complete automation from sourcing to sale to servicing.



MUNEX360: THE SOLUTION

MUNEX is a SaaS (Software as a Solution) distribution model. Our proprietary portal revolutionizes the government service provider reimbursement process, providing access to earned capital in less than 24 hours.

MUNEX360 sources, validates, and certifies federal sponsored debt for review and sale through a secured, fully-automated, web-based program.

Our marketplace matches providers with purchasers, advancing funds for performed contract service debt.

MUNEX360 provides purchasers ongoing reporting and servicing.

Purchasers are given access to high performance alternative debt investment vehicles through our certified Provider exchange.



THE RISK

**MUNEX ONLY PROCESSES
“FOR SALE” PROVIDER INVOICES**
previously approved for payment
by the Comptrollers office.
There has never been a default,
chargeback or set-aside from
the inception of the program.

NEVER!

THE MARKET

There are **1.6 million government sponsored service providers** in the United States.

40% experience late payment of 90 + days.

The annual authorized HHS budget **is in excess of \$1 Trillion.**

The annual HHS Grant and Entitlement budget **is in excess of \$200 Billion.**

WE ARE SERVICING A MARKET COMPRISED OF 1.6 MILLION SERVICE PROVIDERS ACROSS \$200 BILLION DOLLARS OF PROSPECTIVE DEBT.

THE HEADLINES

“Illinois’ budget deficit twice as bad as you think.”

CRAINS CHICAGO BUSINESS, JANUARY 19 / 2015

“Nonprofits Cite Headaches in Government Contract Work”

WWW.PHILANTHROPY.COM, MAY 15 / 2014

“National Council of Nonprofits Calls on Congress to Not Give Up on Supporting America’s Charities”

NATIONAL COUNCIL OF NONPROFITS, DECEMBER 11 / 2014

The Federal Government does not directly allocate funding to the service provider. The funding is advanced to the State and the State is responsible for funding the service provider.

The headlines above are common place across the United States.

THE PURCHASERS

MUNEX360 WAS DESIGNED WITH INSTITUTIONAL BUYERS IN MIND,
and easily connects accredited investors, institutions, family offices,
and private equity groups with alternative high-yield, low-risk investments.

Firms expressing interest include: Avenue Capital Group, Hitachi Capital
of America, Pacific Management Investment Company, W.L. Ross & Co, CIT,
Cerberus Capital Management, Google, Highbridge Capital Management
and other vanguard firms.

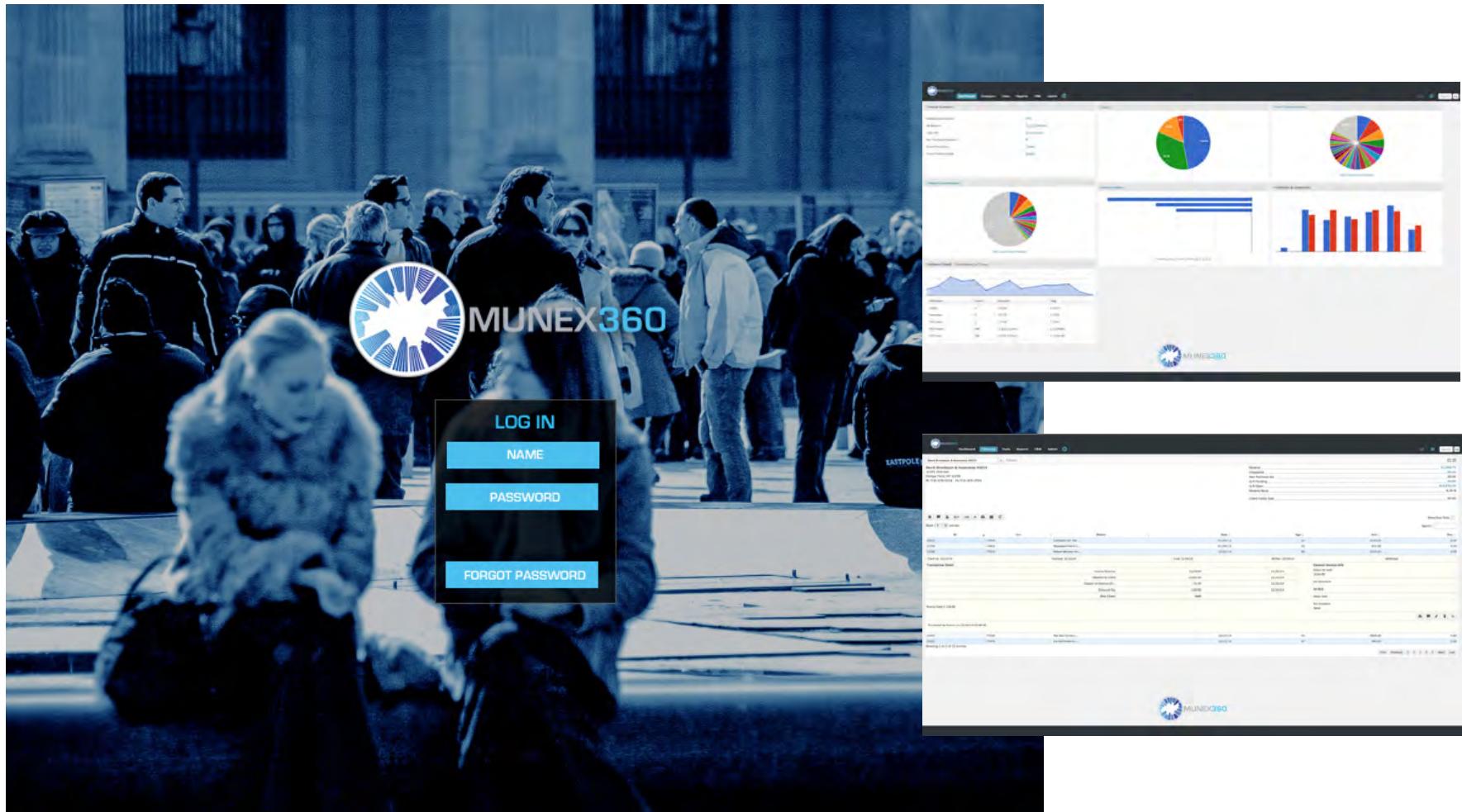
SECURE TECHNOLOGY

MUNEX360 IS A INTUITIVE CONDUIT DESIGNED TO BENEFIT BOTH
service providers and debt purchasers by automating every aspect of the transaction.

Security and privacy are protected through a multi-layered authentication process, with servers housed in state-of-the-art SAS 70 Type II protected facilities with redundant hardware, power, and internet connectivity.

In short, the system is incredibly easy to use, defended against multiple security and privacy risks, and available at all times for all users.

SECURE TECHNOLOGY



THE INVESTMENT

MUNEX IS LOOKING FOR A CAPITAL INVESTMENT OF \$7,000,000 DOLLARS TO SUPPORT THE OPERATION, DEPLOYMENT AND MARKETING OF ITS MUNEX360 PLATFORM.

SOURCES OF CASH

Convertible Preferred Equity	\$ 7,000,000
------------------------------	--------------

Total Sources of Cash	\$7,000,000
------------------------------	--------------------

USES OF CASH

Research & Development	\$ 1,108,000
Human Resources	\$ 979,333
Sales & Marketing	\$ 1,444,354
General & Administrative	\$ 1,865,333
Transaction Expenses	\$ 475,000
Working Capital	\$ 1,127,979

Total Uses of Cash	\$7,000,000
---------------------------	--------------------

THE REVENUE MODEL

What is the cost to the Provider from the Purchaser?

The Purchaser earns 1.33% of the invoice advance amount at time of advance funding and an additional 0.33% every ten days thereafter until agency payment. The advance amount is equal to 85% of the total debt. The balance is paid at time of agency funding less any fees earned.

How does MUNEX360 make money?

We receive a 50 basis point fee from the provider at the time of the sale. We receive a 50 basis point fee from the purchaser once the agency debt is paid.



APPENDIX

The Team

The Numbers

Contact

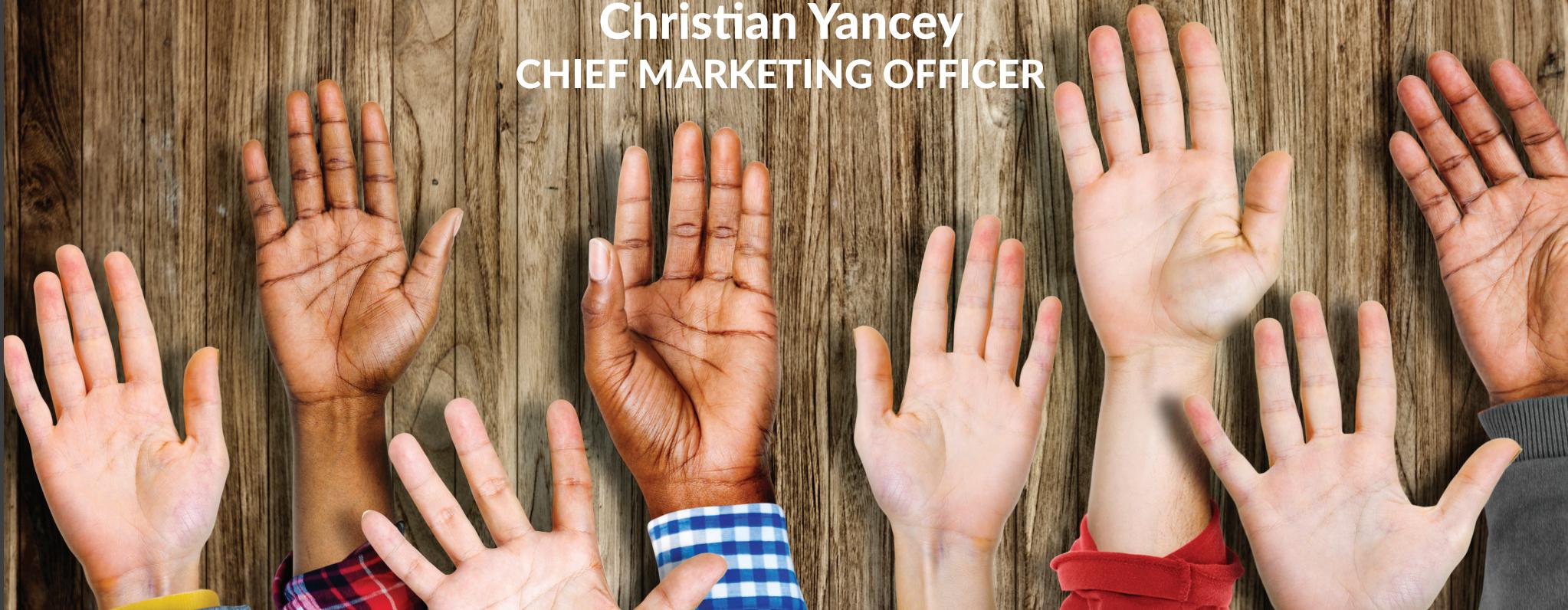
Disclaimer

THE TEAM

Philip Laverson
CHIEF EXECUTIVE OFFICER

Anthony Reid
CHIEF TECHNICAL OFFICER

Christian Yancey
CHIEF MARKETING OFFICER



THE NUMBERS

Major Assumptions

The financial forecast presented below assumes penetration of HHS only and does not reflect additional initiatives aimed at other agencies such as U.S. Department of Veteran Affairs and U.S. Department of Agriculture.

Financing Assumptions

Convertible preferred equity	\$ 7,000,000
Date of financing	3/31/2015

Market Penetration Assumptions

States in Year 1	15
States in Year 2	30
States in Year 3	50

Sources and Uses of Cash

Sources of Cash	Dividend
Convertible preferred equity	\$ 7,000,000
Total sources	\$ 7,000,000

Uses of Cash

Research and development	\$ 1,108,000
Human resources	979,333
Sales and marketing	1,444,354
General and administrative	1,865,333
Transaction expenses	475,000
Working capital	1,127,979
Total uses	\$ 7,000,000

Transaction Size Assumptions

Average transaction size	\$ 75,000
Conservative estimate for minimum transaction size	25,000
% Discount from face value of receivable	15%
Net average transaction size	21,250

Pricing Assumptions

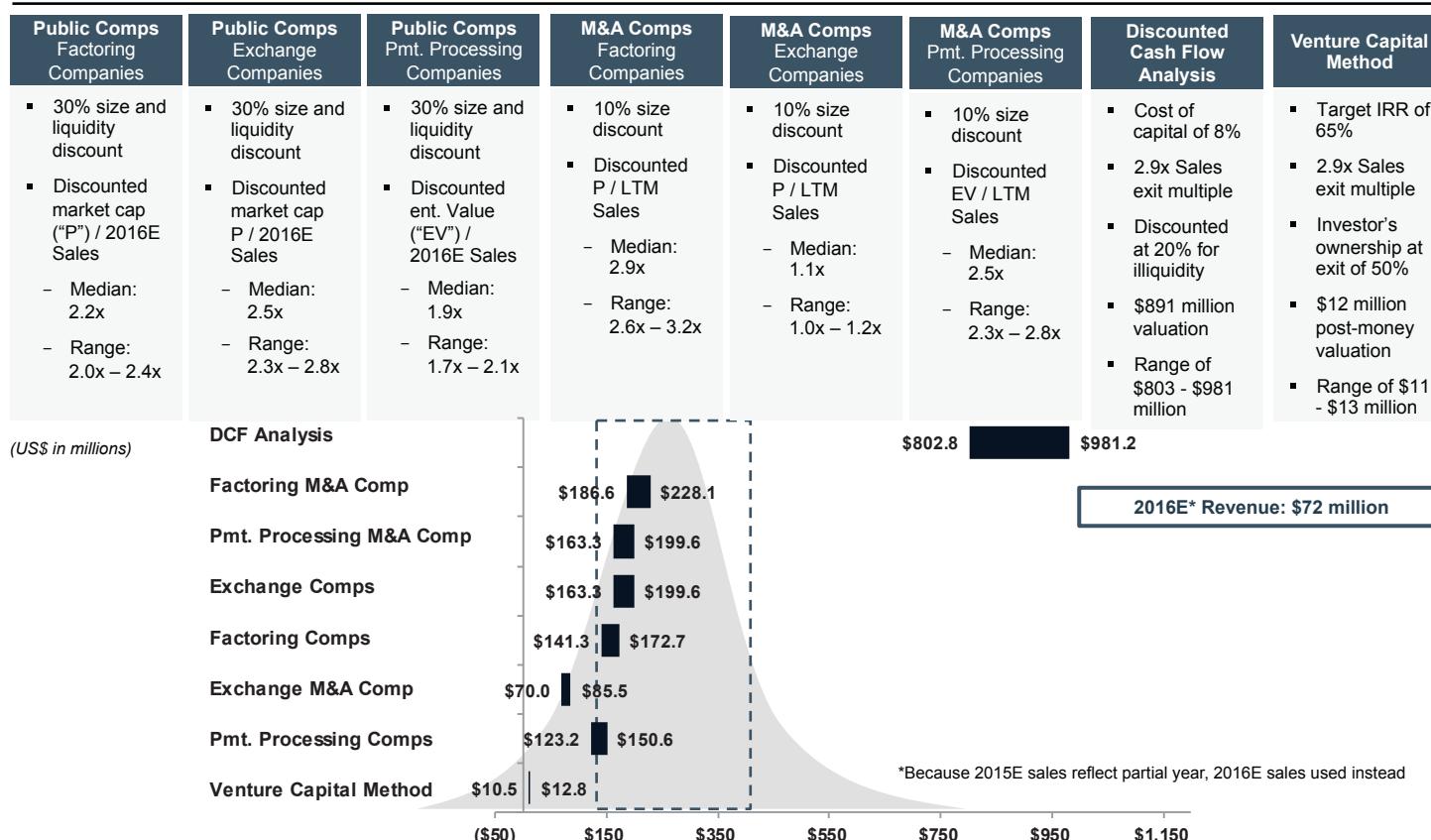
MUNEX fees to Provider	0.50%
MUNEX fees to Purchaser	0.50%

Transaction Expenses

Capital raise (%Financing)	5.0%
Capital raise	\$ 350,000
Legal	100,000
Miscellaneous	25,000
Total	475,000

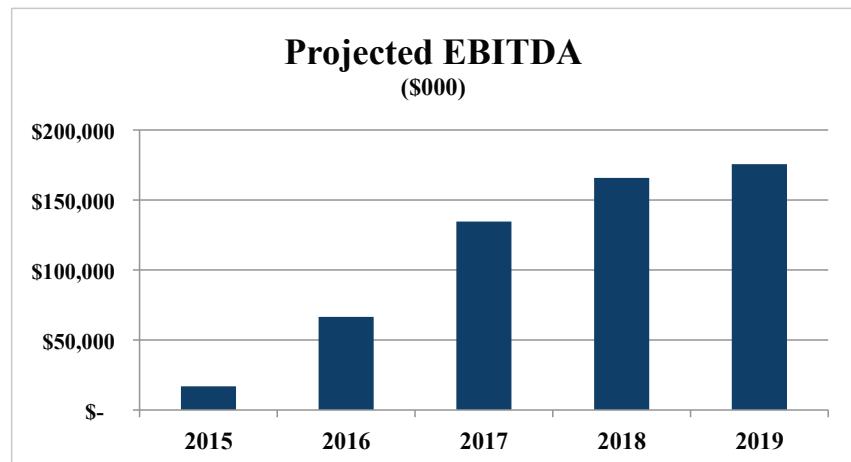
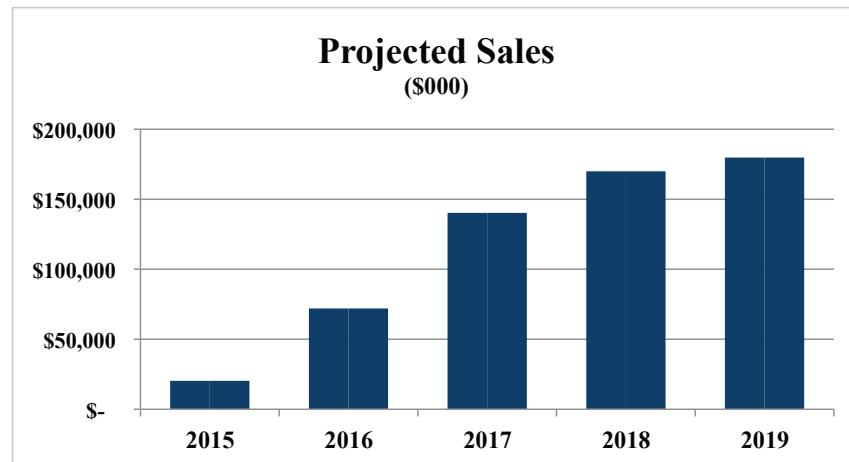
THE NUMBERS

Summary | Preliminary Valuation



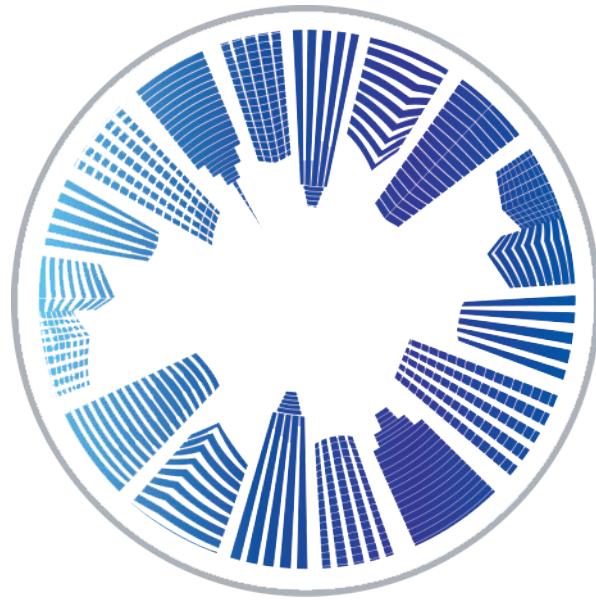
THE NUMBERS

	2015	2016	2017	2018	2019
Projected Sales	\$ 20,347	\$ 71,992	\$ 140,273	\$ 169,907	\$ 179,791
Projected EBITDA	\$ 16,929	\$ 66,533	\$ 134,645	\$ 165,803	\$ 175,588



(\$ in thousands)						
	2015	2016	2017	2018	2019	
Sales	\$ 20,347	\$ 71,992	\$ 140,273	\$ 169,907	\$ 179,791	
Operating expenses	3,581	5,652	5,829	4,313	4,420	
Operating income	16,767	66,339	134,444	165,595	175,372	
Net income	\$ 16,767	\$ 66,339	\$ 134,444	\$ 165,595	\$ 175,372	
EBITDA	\$ 16,929	\$ 66,533	\$ 134,645	\$ 165,803	\$ 175,588	

Growth and Margins					
Sales growth	NM	253.8%	94.8%	21.1%	5.8%
Operating expense margin	17.6%	7.9%	4.2%	2.5%	2.5%
EBITDA margin	83.2%	92.4%	96.0%	97.6%	97.7%



MUNEX360

National Health Expenditure Projections 2013-2023

Forecast Summary

Major Findings for National Health Expenditures: 2013-2023

- Health spending is projected to grow at an average rate of 5.7 percent for 2013-2023, 1.1 percentage points faster than expected average annual growth in the Gross Domestic Product (GDP).
- Health spending growth for 2013 is projected to have remained slow at 3.6 percent due to the modest economic recovery, the impacts of sequestration and continued slow growth in the utilization of Medicare services, and continued increases in cost-sharing requirements for the privately insured.
- Improving economic conditions, the Affordable Care Act (ACA) coverage expansions, and the aging of the population, drive faster projected growth in health spending in 2014 and beyond.
 - Expected growth for 2014 is 5.6 percent, as 9 million Americans are projected to gain health insurance coverage, predominantly through Medicaid or the Health Insurance Marketplaces.
 - Average annual projected growth of 6.0 percent per year is projected for 2015 through 2023, largely as a result of the continued implementation of the ACA coverage expansions, faster projected economic growth, and the aging of the population. While projected growth is faster compared to recent experience, it is still slower than the growth observed over the longer-term history.
 - The number of uninsured people is expected to decline from 45 million people in 2012 to 23 million people by 2023.
 - By 2023, health expenditures financed by federal, state, and local governments are projected to account for 48 percent of national health spending and to reach a total of \$2.5 trillion; in 2012, such expenditures constituted 44 percent of national health spending and \$1.2 trillion.
- Health spending is projected to be 19.3 percent of GDP by 2023, up from 17.2 percent in 2012.

Major Findings by Payer

Medicare

- Due to a deceleration in growth driven by sequestration and lower utilization across services, Medicare spending growth is projected to have slowed to 3.3 percent in 2013, down from 4.8 percent growth in 2012, and to have totaled \$591.2 billion.
- Projected Medicare spending growth of 4.2 percent in 2014 reflects both an expected increase in use and intensity of Medicare services, alongside slow increases in payment rates. For 2015, Medicare growth is projected to slow to 2.7 percent, mostly due to lower payments to Medicare Advantage plans.
- For 2016 through 2023, projected Medicare spending growth is expected to rebound to 7.3 percent per year due to increased enrollment by the baby boomers, increased utilization of care, and higher payment rates driven by improved economic conditions, which increase growth in the cost of input goods and services used to treat Medicare

patients. These drivers in growth will be partially offset by slow growth in payment updates due to provisions in the Affordable Care Act and sequestration.

Medicaid

- Medicaid spending is anticipated to have grown 6.7 percent and to have reached \$449.5 billion in 2013, driven by higher payments rates to primary care physicians called for in the Affordable Care Act, as well as actions by states that increased provider reimbursement rates and expanded benefits.
- Total Medicaid spending is projected to grow 12.8 percent in 2014 due to increased enrollment of nearly 8 million beneficiaries. Primarily driving the increase in enrollment are states that chose to expand coverage to adults up to 138 percent of the federal poverty level.
- As some states are expected to expand their Medicaid programs after 2014, an additional 8.5 million people are expected to enroll in the program by 2016. Medicaid spending is expected to grow by 6.7 percent in 2015, and 8.6 percent in 2016. For 2016 to 2023, Medicaid spending growth is projected to be 6.8 percent per year on average.

Private Health Insurance

- Spending for total private health insurance premiums (\$947.5 billion) is projected to have grown by 3.3 percent in 2013, or about the same rate of growth as was observed for 2012. Premiums in 2013 are expected to grow slightly faster than benefits (3.0 percent) due to 6.0 percent growth in the net cost of private health insurance, an increase from 0.1 percent growth in 2012.
- Private health insurance premium growth is projected to reach 6.8 percent in 2014 due to higher per enrollee spending and increased enrollment through Marketplace plans.
- Private health insurance spending growth is expected to remain somewhat elevated at 6.9 percent in 2015, primarily due to additional enrollment into health insurance plans. For 2016 through 2023, after the ACA-related enrollment shifts play out, the effects of improved economic conditions are expected to sustain average private health insurance spending growth of 5.4 percent per year.

Out-of-Pocket

- In 2013, out-of-pocket spending is projected to have grown 3.2 percent, slightly slower than the growth rates in 2011 and 2012, and to have reached \$338.6 billion. Relatively slow growth in out-of-pocket spending is due to low growth in utilization, and higher cost-sharing requirements for the insured, which tend to discourage people from using covered services.
- Out-of-pocket spending growth is projected to decrease by 0.2 percent in 2014 as a result of the Affordable Care Act's coverage expansions.
- While out-of-pocket spending growth is projected to accelerate after 2015, reaching a peak of 5.8 percent in 2020, the out-of-pocket share of health spending is projected to fall from 11.7 percent in 2013 to 9.9 percent by 2023.

Major Findings by Sector

Hospital

- Total hospital spending is anticipated to have slowed to 4.1 percent in 2013, reaching \$918.8 billion, compared with 4.9 percent growth in 2012. This would represent the

fourth consecutive year that hospital spending growth has been under 5 percent after averaging 7.2 percent for 2001 through 2009.

- In 2014, hospital spending growth is projected to be 4.5 percent, which largely reflects greater use of hospital services associated with the coverage expansions from the Affordable Care Act.
- In 2015, hospital spending is projected to increase 5.1 percent due to the continued effects of the ACA insurance expansion combined with the effect of faster economic growth. For 2016 through 2023, continued population aging and the impacts of improved economic conditions are expected to result in projected average annual growth of 6.2 percent.

Physician and Clinical Services

- Growth in spending on physician and clinical services (\$83.9 billion) is projected to have decelerated in 2013 to 3.3 percent, after growth of 4.6 percent in 2012 (and would mark the fifth consecutive year this rate would be below 5.0 percent). This trend is related to the slowest growth in physician prices since 2002, which is due in part to the sequester and procedural payment changes in Medicare.
- In 2014, physician and clinical services spending growth is projected to be 5.9 percent. As many of the newly insured are anticipated to be generally younger, on average, compared to the current Medicaid and private insurance populations, they are expected to devote a relatively larger share of their medical spending to prescription drugs and physician and clinical services than to hospital care.
- For 2015, lower payments to Medicare Advantage plans, as well as expiration of temporary payment increases to Medicaid providers, is expected to slow growth to 3.8 percent for physician and clinical services.
- For 2016-2023 Medicare spending on physician and clinical services is projected to average 7.1 percent due to more favorable economic conditions and higher enrollment in private health insurance plans.

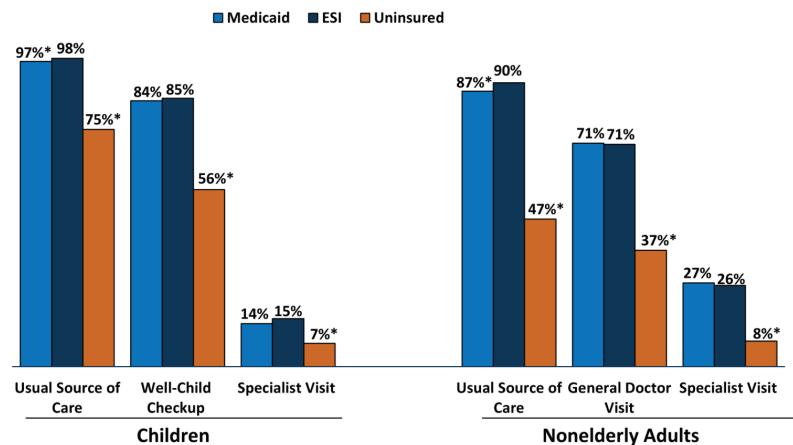
Prescription Drugs

- In 2013, prescription drug spending is projected to have grown 3.3 percent (reaching \$272.1 billion), compared to 0.4 percent growth in 2012. The projected acceleration is due to a smaller descending impact on growth from patent expirations (many of which exerted significant downward pressure on growth in 2011 and 2012) and increased utilization of prescription drugs.
- Projected prescription drug spending growth is 6.8 percent for 2014, and 6.4 percent in 2015, driven by increases in the use of prescription drugs among people who are newly insured and those who move to more generous insurance plans as a result of the premium and cost-sharing subsidies offered by the Affordable Care Act.
- Prescription drug spending is projected to average 5.4 percent for 2016 through 2019 and 6.0 percent for 2020-2023. Faster growth is projected for 2020-2023 due to improving economic conditions, an expected rising trend of expensive specialty drugs being purchased through retail channels, and anticipated changing clinical guidelines designed to encourage drug therapies at earlier stages of treatment.

Major Findings by Sponsor

- Health care spending sponsored (or financed) by federal, state, and local governments is projected to have grown 3.2 percent (to \$1.3 trillion) in 2013.
- Reflecting growth trends in private health insurance and out-of-pocket spending, outlays by businesses, households, and other private sources are projected to have risen by 3.9 percent in 2013, compared to 4.6 percent in 2012, and to have reached \$1.6 trillion in 2013.
- For 2014, health care financing is projected to shift from households towards the federal government due to features of the Affordable Care Act coverage expansions, such as the 100-percent initial federal matching rate for newly eligible Medicaid enrollees, and subsidies for Marketplace coverage. As a result, the federal government's share of spending is projected to increase to 28 percent in 2014, from 26 percent in 2013.
- The government-sponsored share of health spending is projected to increase and account for 48 percent of national health expenditures by 2023, largely driven by Medicaid coverage expansions, Marketplace plan premium and cost-sharing subsidies, and an increasing gap between dedicated Medicare financing and program outlays.

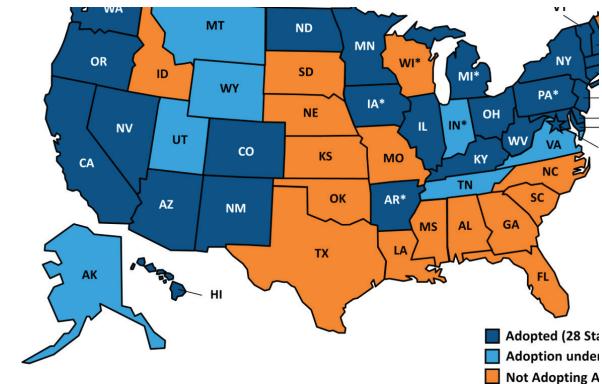
Access to Care by Health Insurance Status, 2013



NOTES: Access measures reflect experience in past 12 months. Respondents who said usual source of care was the emergency room are not counted as having a usual source of care. *Difference from ESI is statistically significant ($p < .05$)

SOURCE: KCMU analysis of 2014 NHIS data.

THE HENRY J.
KAISER FAMILY
FOUNDATION



NOTES: "Under discussion" indicates executive activity supporting adoption of the Medicaid expansion. *AR, IA, MI, and PA have Section 1115 waivers; IN has a pending waiver to implement the expansion. The PA waiver is set to go into effect on January 1, 2015; newly-elected governor may opt for a state plan amendment. NH has submitted a waiver to continue its Medicaid expansion via assistance. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

Figure 3: Status of Medicaid Expansion Decisions, December 17, 2014

"Between the period leading up to the first ACA open enrollment period in October 2013, and October 2014, Medicaid and CHIP enrollment increased by approximately 9.7 million individuals reporting data for both periods." —Source: CMS.org



AMERICAN HOSPITAL ASSOCIATION UNDERPAYMENT BY MEDICARE AND MEDICAID FACT SHEET

2015

Each year, the American Hospital Association (AHA) collects aggregate information on the payments and costs associated with care delivered to beneficiaries of Medicare and Medicaid by U.S. hospitals. The data used to generate these numbers come from the AHA's Annual Survey of Hospitals, which is the nation's most comprehensive source of hospital financial data. This fact sheet provides the definition of underpayment and technical information on how this figure is calculated on a cost basis for Medicare and Medicaid.

Payment rates for Medicare and Medicaid, with the exception of managed care plans, are set by law rather than through a negotiation process as with private insurers. These payment rates are currently set below the costs of providing care resulting in underpayment. Payments made by managed care plans contracting with the Medicare and Medicaid programs are generally negotiated with the hospital.

Hospital participation in Medicare and Medicaid is voluntary. However, as a condition for receiving federal tax exemption for providing health care to the community, not for profit hospitals are required to care for Medicare and Medicaid beneficiaries. Also, Medicare and Medicaid account for 58 percent of all care provided by hospitals. Consequently, very few hospitals can elect not to participate in Medicare and Medicaid.

Bridging the gaps created by government underpayments from Medicare and Medicaid is only one of the benefits that hospitals provide to their communities. In a separate fact sheet, AHA has calculated the cost of uncompensated hospital care (financial assistance and bad debt), which also are benefits to the community. While these two fact sheets contain important information, they do not account for the many other services and programs that hospitals provide to meet identified community needs.

DEFINING UNDERPAYMENT

Underpayment is the difference between the costs incurred and the reimbursement received for delivering care to patients. Underpayment occurs when the payment received is less than the *costs* of providing care, i.e., the amount *paid by* hospitals for the personnel, technology and other goods and services required to provide hospital care is less than the amount *paid to* them by Medicare or Medicaid for providing that care. Underpayment is not the same as a contractual allowance, which is the difference between hospital charges and government program payments.

CALCULATING UNDERPAYMENTS

Payments received by hospitals for Medicare and Medicaid services are reported for each hospital in the AHA Annual Survey.¹ Hospitals also report their gross charges for Medicare and Medicaid services provided. Gross charges for these services are then translated into costs. This is done by multiplying each hospital's gross charges by each hospital's overall cost-to-charge ratio, which is the ratio of a hospital's costs (total expenses exclusive of bad debt) to its charges (gross patient and other operating revenue).

- Payment = Amount Received
- Cost-to-charge Ratio =
$$\frac{\text{Total Expenses Exclusive of Bad Debt}}{\text{Gross Patient Revenue} + \text{Other Operating Revenue}}$$
- Costs = Gross Charges x Cost-to-charge Ratio

The resulting payment and cost figures are aggregated across all hospitals for Medicare and Medicaid. Payments are then compared to costs. Underpayment occurs when aggregate payments are less than costs.

- Underpayment = Amount by Which Payment is Less than Costs

FINDINGS

In the aggregate, both Medicare and Medicaid payments fell below costs:

- Combined underpayments were *\$51 billion* in 2013. This includes a shortfall of \$37.9 billion for Medicare and \$13.2 billion for Medicaid.
- For Medicare, hospitals received payment of only *88 cents* for every dollar spent by hospitals caring for Medicare patients in 2013.
- For Medicaid, hospitals received payment of only *90 cents* for every dollar spent by hospitals caring for Medicaid patients in 2013.
- In 2013, 65 percent of hospitals received Medicare payments less than cost, while 62 percent of hospitals received Medicaid payments less than cost.

Please refer questions regarding this fact sheet to: Caroline Steinberg, AHA Policy Division (202-626-2329).

¹ Medicare and Medicaid payments include all applicable payment adjustments (Disproportionate Share, Indirect Medical Education, etc.). Payments include both fee-for-service and managed care payments.

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Budget Cuts

3:26 PM TUE NOVEMBER 25, 2014

Gov. Malloy's Deficit-Cutting Plan Takes a Chunk From DCF

By [LUCY NALPATHANCHIL](#) (/PEOPLE/LUCY-NALPATHANCHIL)

Concerns are growing over \$9 million in budget cuts to the Department of Children and Families that are part of Governor Dannel Malloy's rescissions to deal with a growing deficit. The cost savings align with a DCF goal to place fewer kids in group homes but critics say it's not always the best option.

Two-thirds of the DCF budget cut will come out of the agency's funding for group home placements. Over the last few years, DCF has been reducing the times it sends children to group homes, instead relying on foster care or placing them with relatives.

State Senator Beth Bye, co-chair of the Appropriations Committee said the policy sounds good, but she has questions about the impact.

(http://mediad.publicbroadcasting.net/p/wnpr/files/201310/bye_1.jpg)
State Sen. Beth Bye in a WNPR file photo.
Credit Chion Wolf / WNPR

(http://mediad.publicbroadcasting.net/p/wnpr/files/201411/Budget_cut.jpg)

Credit ngkaki/Stock / Thinkstock

"We're hearing from DCF line workers and regional managers that they're having great pressures -- even if they think a child should go to a group home -- not to place a child there whenever possible," Bye said. "We have to be really careful not to use the budget crisis to push this even further and faster."

Ron Cretaro, Executive Director of the Connecticut Association of Nonprofits, represents 100 organizations that contract services to DCF. He said DCF's

reliance on foster care has led to at least ten homes closing in the last year, and he questioned what community supports exist for foster families. "Many of the kids who have gone into group care, historically, have a greater level of needs and challenges," he said. "So it's going to put extra stress on foster parents."

In a presentation to community providers, DCF stated that in the next three years, it will need 300 fewer group home beds, and 144 more foster homes.

DCF and the governor's budget office, the Office of Policy and Management, did not respond to requests for comment.

TAGS: [DCF](#) (/term/dcf) [children](#) (/term/children) [The Daily](#) (/term/daily) [Connecticut](#)



Government Doesn't Pay

By Mark Hrywna - May 30, 2014

Despite the improving economy since 2009, it's the same story for nonprofits with government contracts and grants: Governments pay organizations late, do not pay the full cost and impose arbitrary caps on reimbursement and indirect costs.

"Government-nonprofit contracting problems first documented in the Urban Institute's 2010 landmark study were not an anomaly of the Great Recession," according to the National Council of Nonprofits, which recently released its own data proposing solutions to address contracting problems. The 56-page report, *Toward Common Sense Contracting: What Taxpayers Deserve*, was a companion of sorts to The Urban Institute's release of state profiles of its *Nonprofit-Government Contracts and Grants: Findings from the 2013 National Survey*.

The National Council suggested more than a dozen "common sense solutions," including prompt payment and contracting laws; reducing redundancy in the application process through an electronic repository or "document vault;" standardized monitoring and reporting and language, and government-nonprofit task forces.

The Urban Institute's 192-page report breaks out by state the data presented nationally earlier this year. "These state profiles and state rankings can help nonprofits assess their experiences with government contracts and grants and compare their state with other states," according to the report. Nonprofit-government contracts and grants reached approximately 56,000 nonprofits and totaled \$137 billion, and the effects of the recession were still evident.

Problems reported with government contracts and grants in 2009 are not confined to human services nonprofits, although problems are less pronounced for grants than contracts.

Nonprofits in 2012 were still dealing with many of the same issues as in 2009:

- Nationally, one in five nonprofits reported that the experience with government contracts and grants was worse in 2012 than in previous years, led by 44 percent in Georgia and 40 percent in Utah; the lowest reported was 10 percent in both Massachusetts and Colorado.
- More than half of nonprofit officials (54 percent) reported a problem with government not



Published on *National Council of Nonprofits* (<https://www.councilofnonprofits.org>)

[Home](#) > National Council of Nonprofits Calls on Congress to Not Give Up on Supporting America's Charities

National Council of Nonprofits Calls on Congress to Not Give Up on Supporting America's Charities

December 11, 2014 | Posted in:

Tags: Tax Reform

[Press Releases \[1\]](#)

The following statement is attributable to Tim Delaney, President and CEO of the National Council of Nonprofits

"For as long as the lights are still on for the 113th Congress, Senators and Representatives have the duty to stand up for their communities. There is no better way to ensure that important charitable work in those communities gets done seamlessly into the next year than to permanently extend the charitable giving incentives. We call on the House and Senate to shake off the setback of today's vote on H.R.5806 and find a way to make these incentives permanent before they leave town so that charitable nonprofits can continue addressing the needs of our citizens.

"Pretending to retroactively revive expired charitable giving incentives for the past year, as the broader so-called 'one-year' extenders package does, is largely a façade of little value to the work of charitable nonprofits, when in fact the incentives will be helpful for only a couple of weeks: from the time the President signs that bill until the end of the year. The concept of 'retroactive incentives' is an oxymoron that doesn't fit in the charitable context:

- Fresh produce and meat that was available on loading docks last March can't retroactively be donated next week to feed hungry Americans.
- Older Americans can't retroactively donate money they've already spent out of their Individual Retirement Accounts, having not waited all year to find out whether Congress would finally restore the expired giving incentive so they could give without suffering tax consequences.
- Those wanting to donate land to protect the environment for future generations certainly need more than a couple of weeks to arrange for lawyers, surveyors, and more to pull together all the paperwork.

"That's why a separate bill is needed to make permanent needed incentives for charitable giving. The nonprofit community calls on the House and Senate to find a way to make these incentives permanent before they leave town."

Source URL: <https://www.councilofnonprofits.org/article/national-council-of-nonprofits-calls-congress-not-give-supporting-america%E2%80%99s-charities>

THE CHRONICLE OF PHILANTHROPY

GOVERNMENT

May 15, 2014

Nonprofits Cite Headaches in Government Contract Work

By Alex Daniels

For nearly all of Maryland's nonprofits that receive government support, the process is too complex and takes up too much time. Most Rhode Island charities complain that the government changes the rules midway through a contract and often pays late. And a large portion of Mississippi nonprofits that rely on government support have frozen or cut their employees' pay.

Those were some of the findings from a pair of studies released Thursday that depicted nonprofits' frustrations in working with the government.

The studies, released by the [Urban Institute](#) and the [National Council of Nonprofits](#), followed a survey released by the two groups in December that found 56,000 nonprofits had 350,000 federal, state, and local government contracts totaling more than \$137-billion in 2012.

In the current report, supported by the Bill & Melinda Gates Foundation, the Urban Institute reported state-level data on 2,764 nonprofits that had more than \$100,000 in annual expenditures, received government funding, and represented causes including the arts, education, environment, human services, international relief, and religious organizations. Hospitals, colleges, and universities were not included in the survey.

The National Council of Nonprofits contributed anecdotes from groups across the country and offered policy proposals aimed at streamlining the contracting process.

Timing Is Off

A big problem for nonprofits, the two groups concluded, is that government officials often sign payment contracts months after a grant has been greenlighted. And after

the paperwork is complete, agencies are often slow to send payments

State governments owed each nonprofit about \$200,000 on average, the federal government owed \$109,000, and local governments \$85,000, the survey found.

The late payments have required groups to tap lines of credit and seek bridge funding from private donors and foundations, says Tim Delaney, president of the National Council of Nonprofits. Those donors, he says, should be outraged.

“They should be upset they are subsidizing government operations.”

The clunky process shouldn’t be blamed on any “sinister motives” of government officials, who are often just as frustrated as nonprofits with multi-layered application and audit rules that vary from state to state and among federal agencies and can often prolong the wait time for checks to be paid, says Elizabeth Boris, director of the Urban Institute’s Center on Nonprofits and Philanthropy.

She says nonprofit and government leaders should work together to see the “bigger picture” and streamline paperwork. She’s in the process of conducting interviews of government contracting officials to get their perspective, and she plans to complete a report on her findings as early as December.

If nonprofits and governments “aligned” the number and timing of grant and contract requirements, “it would save money on the government side and on the nonprofit side,” she says.

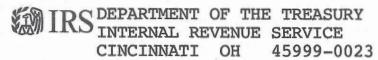
Among the survey’s findings:

- 72 percent of nonprofits said the government-reporting process was time-consuming and complex. Maryland groups were particularly frustrated (88 percent).
- 44 percent reported a change to a grant or contract midstream, especially Rhode Island groups (67 percent).
- 45 percent noted problems with late payments. Rhode Island groups led the pack (81 percent).

CORPORATE BY-LAWS

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004



Date of this notice: 01-29-2015

Employer Identification Number:
47-2951426

Form: SS-4

Number of this notice: CP 575 A

MUNICIPAL NETWORK EXCHANGE INC
MUNEX360
THOMAS BEGLEY
12600 DEERFIELD PKWY STE 100
ALPHARETTA, GA 30004

For assistance you may call us at:
1-800-829-4933

IF YOU WRITE, ATTACH THE
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 47-2951426. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown.

Form 1120

03/15/2016

If you have questions about the form(s) or the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, *Accounting Periods and Methods*.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, *Entity Classification Election*. See Form 8832 and its instructions for additional information.

IMPORTANT INFORMATION FOR S CORPORATION ELECTION:

If you intend to elect to file your return as a small business corporation, an election to file a Form 1120-S must be made within certain timeframes and the corporation must meet certain tests. All of this information is included in the instructions for Form 2553, *Election by a Small Business Corporation*.

(IRS USE ONLY) 575A

01-29-2015 MUNI B 9999999999 SS-4

If you are required to deposit for employment taxes (Forms 941, 943, 940, 944, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), you will receive a Welcome Package shortly, which includes instructions for making your deposits electronically through the Electronic Federal Tax Payment System (EFTPS). A Personal Identification Number (PIN) for EFTPS will also be sent to you under separate cover. Please activate the PIN once you receive it, even if you have requested the services of a tax professional or representative. For more information about EFTPS, refer to Publication 966, *Electronic Choices to Pay All Your Federal Taxes*. If you need to make a deposit immediately, you will need to make arrangements with your Financial Institution to complete a wire transfer.

The IRS is committed to helping all taxpayers comply with their tax filing obligations. If you need help completing your returns or meeting your tax obligations, Authorized e-file Providers, such as Reporting Agents (payroll service providers) are available to assist you. Visit the IRS Web site at www.irs.gov for a list of companies that offer IRS e-file for business products and services. The list provides addresses, telephone numbers, and links to their Web sites.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

- * Keep a copy of this notice in your permanent records. **This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you.** You may give a copy of this document to anyone asking for proof of your EIN.
- * Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- * Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub.

Your name control associated with this EIN is MUNI. You will need to provide this information, along with your EIN, if you file your returns electronically.

Thank you for your cooperation.

Keep this part for your records.

CP 575 A (Rev. 7-2007)

Return this part with any correspondence
so we may identify your account. Please
correct any errors in your name or address.

CP 575 A

9999999999

Your Telephone Number Best Time to Call DATE OF THIS NOTICE: 01-29-2015
() - _____ EMPLOYER IDENTIFICATION NUMBER: 47-2951426

FORM: SS-4 NOBOD

INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023
[REDACTED]

MUNICIPAL NETWORK EXCHANGE INC
MUNEX360
% THOMAS BEGLY
12600 DEERFIELD PKWY STE 100
ALPHARETTA, GA 30004

SECRETARY OF STATE



STATE OF NEVADA

CORPORATE CHARTER

I, BARBARA K. CEGAVSKE, the duly elected and qualified Nevada Secretary of State, do hereby certify that **MUNICIPAL NETWORK EXCHANGE, INC.**, did on January 22, 2015, file in this office the original Articles of Incorporation; that said Articles of Incorporation are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on January 22, 2015.

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

Certified By: Electronic Filing
Certificate Number: C20150122-0316
You may verify this certificate
online at <http://www.nvsos.gov/>

STATE OF NEVADA

BARBARA K. CEGAVSKE
Secretary of State



JEFFERY LANDERFELT
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

January 22, 2015

Job Number: C20150122-0316
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20150028091-08	Articles of Incorporation	8 Pages/1 Copies



Respectfully,

A handwritten signature in black ink that reads "Barbara K. Cegavske".

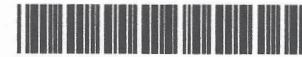
BARBARA K. CEGAVSKE
Secretary of State

Certified By: Electronic Filing
 Certificate Number: C20150122-0316
 You may verify this certificate
 online at <http://www.nvsos.gov/>

Commercial Recording Division
 202 N. Carson Street
 Carson City, Nevada 89701-4201
 Telephone (775) 684-5708
 Fax (775) 684-7138



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov



040105

Articles of Incorporation
(PURSUANT TO NRS CHAPTER 78)

Filed in the office of <i>Barbara K. Cegavske</i>	Document Number 20150028091-08
Filing Date and Time	01/22/2015 8:49 AM
Entity Number	E0034102015-3

(This document was filed electronically.)

ABOVE SPACE IS FOR OFFICE USE ONLY

USE BLACK INK ONLY - DO NOT HIGHLIGHT

1. Name of Corporation:	MUNICIPAL NETWORK EXCHANGE, INC.			
2. Registered Agent for Service of Process: (check only one box)	<input checked="" type="checkbox"/> Commercial Registered Agent: LAUGHLIN ASSOCIATES, INC. Name _____ <input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below) Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity Street Address _____ City _____ Nevada _____ Zip Code _____ Mailing Address (if different from street address) _____ City _____ Nevada _____ Zip Code _____			
3. Authorized Stock: (number of shares corporation is authorized to issue)	Number of shares with par value:		Number of shares without par value: \$ 75000	
4. Names and Addresses of the Board of Directors/Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees)	1) BRENT BUSCAY Name _____ 9120 DOUBLE DIAMOND PKWY Street Address _____ RENO City _____ NV State _____ 89521 Zip Code _____ 2) _____ Name _____ Street Address _____ City _____ State _____ Zip Code _____			
5. Purpose: (optional; required only if Benefit Corporation status selected)	The purpose of the corporation shall be: ANY LEGAL PURPOSE		6. Benefit Corporation: (see instructions) <input type="checkbox"/> Yes	
7. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State. BRENT BUSCAY Name _____ 9120 DOUBLE DIAMOND PKWY Address _____ RENO City _____ NV State _____ 89521 Zip Code _____			
8. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity. X LAUGHLIN ASSOCIATES, INC. Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity _____ Date 1/22/2015			

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 78 Articles
Revised: 1-5-15

ATTACHMENT TO
ARTICLES OF INCORPORATION

FIRST. The name of the corporation is:

Municipal Network Exchange, Inc.

SECOND. Its registered office in the State of Nevada is located at 9120 Double Diamond Parkway Reno, Nevada 89521. The Corporation may maintain an office, or offices, in such other place within or without the State of Nevada as may be from time to time designated by the Board of Directors, or by the By-Laws of said Corporation, and that this Corporation may conduct all Corporation business of every kind and nature, including the holding of all meetings of Directors and Stockholders, outside the State of Nevada as well as within the State of Nevada.

THIRD. The objects for which this Corporation is formed are: To engage in any lawful activity, including, but not limited to the following:

- (A) Shall have such rights, privileges and powers as may be conferred upon corporations by any existing law.
- (B) May at any time exercise such rights, privileges and powers, when not inconsistent with the purposes and objects for which this corporation is organized.
- (C) Shall have power to have succession by its corporate name for the period limited in its certificate or articles of incorporation, and when no period is limited, perpetually, or until dissolved and its affairs wound up according to law.
- (D) Shall have power to sue and be sued in any court of law or equity.
- (E) Shall have power to make contracts.

- (F) Shall have power to hold, purchase and convey real and personal estate and to mortgage or lease any such real and personal estate with its franchises. The power to hold real and personal estate shall include the power to take the same by devise or bequest in the State of Nevada, or in any other state, territory or country.
- (G) Shall have power to appoint such officers and agents as the affairs of the corporation shall require, and to allow them suitable compensation.
- (H) Shall have power to make By-Laws not inconsistent with the constitution or laws of the United States, or of the State of Nevada, for the management, regulation and government of its affairs and property, the transfer of its stock, the transaction of its business, and the calling and holding of meetings of its stockholders.
- (I) Shall have power to wind up and dissolve itself, or be wound up or dissolved.
- (J) Shall have power to adopt and use a common seal or stamp, and alter the same at pleasure. The use of a seal or stamp by the corporation on any corporate documents is not necessary. The corporation may use a seal or stamp, if it desires, but such use or nonuse shall not in any way affect the legality of the document.
- (K) Shall have power to borrow money and contract debts when necessary for the transaction of its business, or for the exercise of its corporate rights, privileges or franchises, or for any other lawful purpose of its incorporation; to issue bonds, promissory notes, bills of exchange, debentures, and other obligations and evidences of indebtedness, payable at a specified time or times, or payable upon the happening of a specified event or events, whether secured by mortgage, pledge or otherwise, or unsecured, for money borrowed, or in payment for property purchased, or acquired, or for any other lawful object.

(L) Shall have power to guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bonds, securities or evidences of the indebtedness created by, any other corporation or corporations of the State of Nevada, or any other state or government, and, while owners of such stock, bonds, securities or evidences of indebtedness, to exercise all the rights, powers and privileges of ownership, including the right to vote, if any.

(M) Shall have power to purchase, hold, sell and transfer shares of its own capital stock, and use therefor its capital, capital surplus, surplus, or other property or fund.

(N) Shall have power to conduct business, have one or more offices, and hold, purchase, mortgage and convey real and personal property in the State of Nevada, and in any of the several states, territories, possessions and dependencies of the United States, the District of Columbia, and any foreign countries.

(O) Shall have power to do all and everything necessary and proper for the accomplishment of the objects enumerated in its certificate or articles of incorporation, or any amendment thereof, or necessary or incidental to the protection and benefit of the corporation, and, in general, to carry on any lawful business necessary or incidental to the attainment of the objects of the corporation, whether or not such business is similar in nature to the objects set forth in the certificate or articles of incorporation of the corporation, or any amendment thereof.

(P) Shall have power to make donations for the public welfare or for charitable, scientific or educational purposes.

(Q) Shall have power to enter into partnerships, general or limited, or joint ventures, in connection with any lawful activities, as may be allowed by law.

FOURTH. That the total number of common stock authorized that may be issued by the Corporation is SEVENTY FIVE THOUSAND (75,000) shares of stock without nominal par value and no other class of stock shall be authorized. Said shares may be issued by the corporation, from time to time, for such considerations as may be fixed by the Board of Directors.

FIFTH. The governing board of this corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the By-Laws of this Corporation, providing that the number of directors shall not be reduced to fewer than one (1).

The name and post office address of the first board of Directors shall be one (1) in number and listed as follows:

<u>NAME</u>	<u>POST OFFICE ADDRESS</u>
Brent Buscay	9120 Double Diamond Pkwy Reno, Nevada 89521

SIXTH. The capital stock, after the amount of the subscription price, or par value, has been paid in, shall not be subject to assessment to pay the debts of the corporation.

SEVENTH. The name and post office address of the Incorporator signing the Articles of Incorporation is as follows:

<u>NAME</u>	<u>POST OFFICE ADDRESS</u>
Brent Buscay	9120 Double Diamond Pkwy Reno, Nevada 89521

EIGHTH. The registered agent for this corporation shall be:

LAUGHLIN ASSOCIATES, INC.

The address of said agent, and, the registered or statutory address of this corporation in the state of Nevada, shall be:

9120 Double Diamond Parkway
Reno, Nevada 89521

NINTH. The corporation is to have perpetual existence.

TENTH. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

Subject to the By-Laws, if any, adopted by the Stockholders, to make, alter or amend the By-Laws of the Corporation.

To fix the amount to be reserved as working capital over and above its capital stock paid in; to authorize and cause to be executed, mortgages and liens upon the real and personal property of this Corporation.

By resolution passed by a majority of the whole Board, to designate one (1) or more committees, each committee to consist of one or more of the Directors of the Corporation, which, to the extent provided in the resolution, or in the By-Laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee, or committees, shall have such name, or names, as may be stated in the By-Laws of the Corporation, or as may be determined from time to time by resolution adopted by the Board of Directors.

When and as authorized by the affirmative vote of the Stockholders holding stock entitling them to exercise at least a majority of the voting power given at a Stockholders meeting called for that purpose, or when authorized by the written consent of the holders of at least a majority of the voting stock issued and outstanding, the Board of

Directors shall have power and authority at any meeting to sell, lease or exchange all of the property and assets of the Corporation, including its good will and its corporate franchises, upon such terms and conditions as its board of Directors deems expedient and for the best interests of the Corporation.

ELEVENTH. No shareholder shall be entitled as a matter of right to subscribe for or receive additional shares of any class of stock of the Corporation, whether now or hereafter authorized, or any bonds, debentures or securities convertible into stock, but such additional shares of stock or other securities convertible into stock may be issued or disposed of by the Board of Directors to such persons and on such terms as in its discretion it shall deem advisable.

TWELFTH. No director or officer of the Corporation shall be personally liable to the Corporation or any of its stockholders for damages for breach of fiduciary duty as a director or officer involving any act or omission of any such director or officer; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director or officer (i) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. Any repeal or modification of this Article by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation for acts or omissions prior to such repeal or modification.

THIRTEENTH. This Corporation reserves the right to amend, alter, change or repeal any provision contained in the Articles of Incorporation, in the manner now

or hereafter prescribed by statute, or by the Articles of Incorporation, and all rights conferred upon Stockholders herein are granted subject to this reservation.

CERTIFICATE OF DESIGNATION SERIES A PREFERRED SHARES

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004

Certificate of Designation of Preferred Shares to be provided upon request by the Company to investors prior to executing a subscription for shares.

FINANCIALS

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004

MUNICIPAL EXCHANGE NETWORK

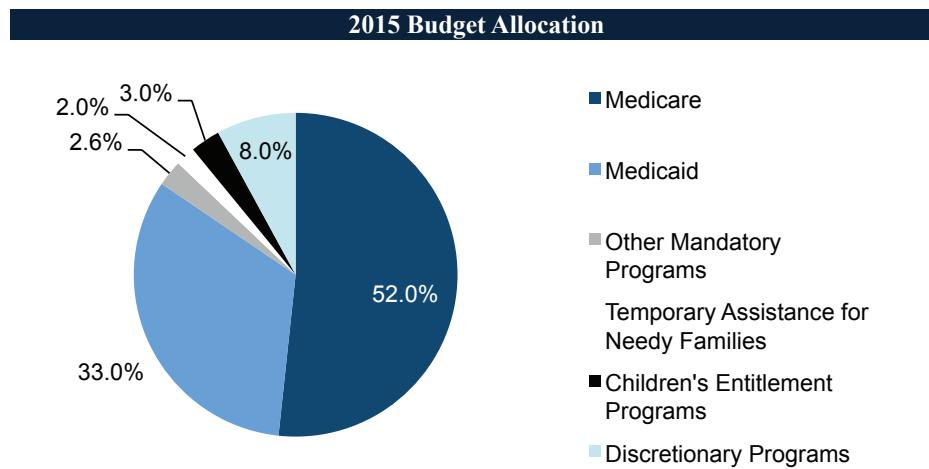
Budget

Category	Budget (\$ in millions)		
	2013	2014	2015
Budget Authority	\$ 873,535	\$ 962,554	\$ 1,020,284
Total Outlays	886,472	958,077	1,010,479
Employees	74,992	77,457	79,540

Growth

Budget Authority	N/A	10.2%	6.0%
Total Outlays	N/A	8.1%	5.5%
Employees	N/A	3.3%	2.7%

Source: HHS.gov



Discounted Cash Flow

Assumptions

Risk-free rate ⁽¹⁾	2.32%	2019E Sales	\$ 179,791,471
Market risk premium ⁽²⁾	7.50%	Sales exit multiple ⁽⁵⁾	2.9x
Beta ⁽³⁾	0.79	Assumed tax rate ⁽⁶⁾	35%
Weighted Average Cost of Capital (WACC) ⁽⁴⁾	8.25%		

Discounted Cash Flow Analysis

	2015	2016	2017	2018	2019	Terminal Value ⁽⁷⁾
EBIT	\$ 16,766,522	\$ 66,339,427	\$ 134,444,311	\$ 165,594,847	\$ 175,371,815	
Plus: Depreciation and amortization	162,877	193,500	200,500	208,000	216,000	
Less: Capital expenditures	(50,000)	(35,000)	(35,000)	(40,000)	(40,000)	
Plus: Changes to net working capital	(2,492,979)	(6,904,320)	(9,339,128)	(4,184,103)	(1,345,179)	
Less: Hypothetical taxes ⁽⁶⁾	(5,868,283)	(23,218,800)	(47,055,509)	(57,958,197)	(61,380,135)	
Free cash flow to the firm	8,518,137	36,374,808	78,215,174	103,620,548	112,822,500	521,395,266

PV of FCF discounted at WACC	\$ 576,110,535
Plus: Cash in 2019	538,520,172
Less: Debt in 2019	-
FCF to equity	1,114,630,707
Discounts	
Illiquidity	20%
Equity value	\$ 891,704,565

Discount Rate	Sensitivity Analysis (\$ in millions)				
	Sales Exit Multiple				
	2.0x	2.5x	3.0x	3.5x	4.0x
6%	\$ 852	\$ 902	\$ 953	\$ 1,004	\$ 1,054
7%	833	881	929	977	1,025
8%	815	861	906	951	997
9%	799	842	885	927	970
10%	783	824	864	905	945
11%	768	807	845	884	922

Footnotes

(1) U.S. 10-year Treasury yield as of January 22, 2015.

(2) Ibbotson's.

(3) Reflects average of the 3 means from the 3 public comparable company analyses, unlevered for debt.

(4) CAPM: Equals risk-free rate of 2.3% + Beta of 0.79 x Market risk premium of 7.5%.

(5) Reflects average Sales multiple from the 3 public comparable company analyses, discounted by 20% for illiquidity.

(6) Although MUNEX is an S-Corp, assumes tax rate of 35% here for valuation purposes.

(7) Equals 2019 Sales of \$180 million x Sales exit multiple of 2.9x.

MUNICIPAL EXCHANGE NETWORK*Income Statement***Assumptions**

2015 HHS Budget ⁽¹⁾	\$ 1,010,479,000,000	Number of providers	1,600,000
Less: % Allocated to Medicare and Medicaid ⁽¹⁾	-85%	Average transaction size ⁽³⁾	75,786
Balance for other HHS programs	151,571,850,000	Average transaction size from the model ⁽⁴⁾	25,000
Entitlement dollars (% of Balance for other HHS programs) ⁽²⁾	80%	MUNEX fees to Provider	0.50%
Net balance available for MUNEX	121,257,480,000	MUNEX fees to Purchaser	0.50%

Revenue Buildout

	2015	2016	2017	2018	2019
U.S. GDP Growth estimate	3.0%	2.5%	2.5%	2.5%	2.5%
Net balance for MUNEX, growing at GDP	\$ 121,257,480,000	\$ 124,288,917,000	\$ 127,396,139,925	\$ 130,581,043,423	\$ 133,845,569,509
% Providers who are 90+ days behind on payment ⁽⁵⁾	41.0%	41.0%	41.0%	41.0%	41.0%
Total HHS payments processed by MUNEX	49,715,566,800	50,958,455,970	52,232,417,369	53,538,227,803	54,876,683,499
Number of states penetrated	15	30	50	50	50
State penetration rate (states / 50)	30%	60%	100%	100%	100%
State HHS penetration rate	10.0%	25.0%	25.0%	30.0%	30.0%
Total transaction amount	1,491,467,004	7,643,768,396	13,058,104,342	16,061,468,341	16,463,005,050

Revenue

Fees from Providers ⁽³⁾	\$ 7,457,335	\$ 38,218,842	\$ 65,290,522	\$ 80,307,342	\$ 82,315,025
Fees from Purchasers ⁽³⁾	7,457,335	38,218,842	65,290,522	80,307,342	82,315,025
Total	14,914,670	76,437,684	130,581,043	160,614,683	164,630,050
Sales from the financial model	20,347,086	71,991,566	140,273,329	169,907,400	179,791,471
<i>Difference</i>	5,432,416	(4,446,118)	9,692,286	9,292,717	15,161,420

Footnotes

(1) Source: Department of Health and Human Services.

(2) Assumes a portion of the budget goes towards salaries and other operating expenses.

(3) Equals net balance for MUNEX of \$121 billion / Number of providers of 1.6 million.

(4) Highly conservative estimate for purposes of the forecast.

(5) According to studies, 41% of payments are 90+ days behind.

(3) Equals 0.50% x Total transaction amount.

MUNICIPAL EXCHANGE NETWORK

Assumptions

Financing Assumptions		Market Penetration Assumptions	
Convertible preferred equity	\$ 7,000,000	States in Year 1	15
Date of financing	3/31/15	States in Year 2	30
		States in Year 3	50
Sources and Uses of Cash		Transaction Size Assumptions	
Sources of Cash		Average transaction size	
Convertible preferred equity	\$ 7,000,000	Dividend	\$ 75,000
Total sources	<u>\$ 7,000,000</u>	Conservative estimate for minimum transaction size	25,000
		% Discount from face value of receivable	15%
		Net average transaction size	21,250
Uses of Cash		Pricing Assumptions	
MUNEX fees to Provider		MUNEX fees to Purchaser	
Research and development	\$ 1,108,000		0.50%
Human resources	979,333		0.50%
Sales and marketing	1,444,354		
General and administrative	1,865,333		
Transaction expenses	475,000		
Working capital	<u>\$ 1,127,979</u>		
Total uses	<u>\$ 7,000,000</u>		
Capital raise (%Financing)		Transaction Expenses	
		Capital raise	
		\$ 350,000	
		Legal	
		\$ 100,000	
		Miscellaneous	
		\$ 25,000	
		Total	
			475,000

MUNICIPAL EXCHANGE NETWORK*Capital Expenditures*

			2015		2016		2017		2018		2019
Property, Plant & Equipment (PP&E)											
Total headcount				11		21		21		23	
New hires for the year				11		10		11		12	
Assumed IT spend per person	\$	3,000	\$	33,000	\$	30,000	\$	33,000	\$	36,000	\$
Years to depreciate		5 Years									
CapEx (IT spend rounded up)											
2015	\$	50,000			\$	7,534	\$	10,000	\$	10,000	\$
2016		35,000						3,500		7,000	
2017		35,000								3,500	
2018		40,000								7,000	
2019		40,000									4,000
Beginning PP&E					\$	-	\$	42,466	\$	63,966	\$
Plus: CapEx						50,000		35,000		40,000	
Less: Depreciation						(7,534)		(13,500)		(20,500)	
Ending PP&E	\$	-	\$	42,466	\$	63,966	\$	78,466	\$	90,466	\$
											94,466
In-Process Research & Development											
Years to amortize		10 Years									
Additional investment											
Existing R&D	\$	800,000			\$	80,000	\$	80,000	\$	80,000	\$
2015		1,000,000				75,342		100,000		100,000	
2016		-						-		-	
2017		-						-		-	
2018		-						-		-	
2019		-									
Beginning R&D					\$	800,000	\$	1,644,658	\$	1,464,658	\$
Plus: Capitalized R&D						1,000,000		-		1,284,658	
Less: Amortization						(155,342)		(180,000)		(180,000)	
Ending R&D	\$	800,000	\$	1,644,658	\$	1,464,658	\$	1,284,658	\$	1,104,658	\$
											924,658

MUNICIPAL EXCHANGE NETWORK

Cash Flow Statement

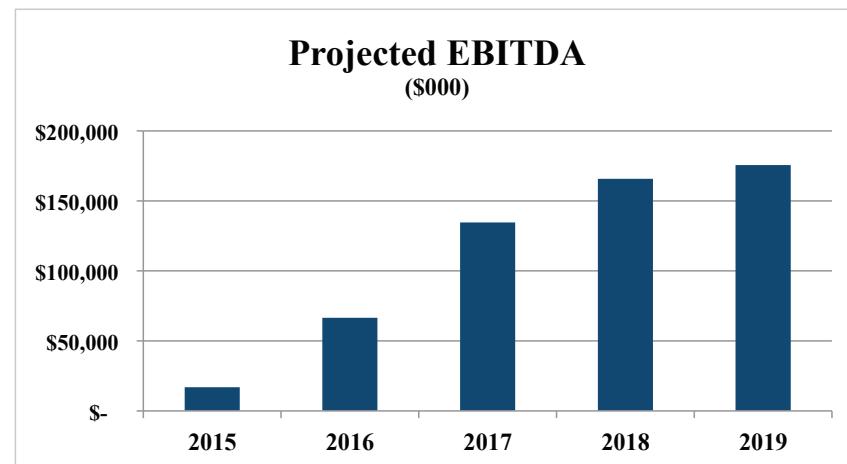
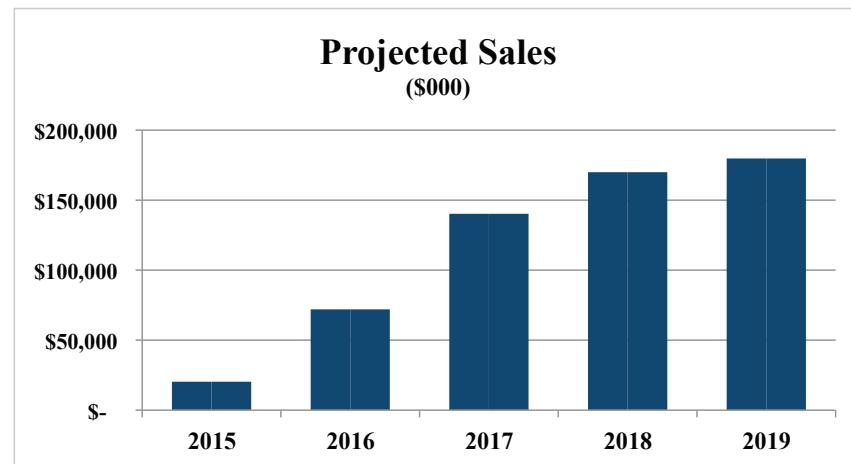
	For the Year Ended December 31,				
	2015	2016	2017	2018	2019
Cash Flow from Operating Activities					
Net income	\$ 16,766,522	\$ 66,339,427	\$ 134,444,311	\$ 165,594,847	\$ 175,371,815
Plus: Depreciation and amortization	162,877	193,500	200,500	208,000	216,000
Plus: Changes to net working capital					
Accounts receivable, Providers	(278,727)	(707,459)	(935,367)	(405,946)	(135,398)
Accounts receivable, Purchasers	(2,508,545)	(6,367,128)	(8,418,300)	(3,653,516)	(1,218,584)
Other assets	-	-	-	-	-
Accounts payable	294,293	170,266	14,538	(124,641)	8,803
Other current liabilities	-	-	-	-	-
Total		(2,492,979)	(6,904,320)	(9,339,128)	(4,184,103)
Total CF from Operations	14,436,419	59,628,607	125,305,683	161,618,744	174,242,635
Cash Flow from Investing Activities					
Research and development	(1,000,000)	-	-	-	-
Capital expenditures	(50,000)	(35,000)	(35,000)	(40,000)	(40,000)
Total CF from Investing	(1,050,000)	(35,000)	(35,000)	(40,000)	(40,000)
Cash Flow from Financing Activities					
Debt	-	-	-	-	-
Equity	7,000,000	-	-	-	-
Dividends	(421,918)	(560,000)	(560,000)	(560,000)	(560,000)
Total CF from Financing	6,578,082	(560,000)	(560,000)	(560,000)	(560,000)
Beginning cash	\$ 150,000	\$ 20,114,501	\$ 79,148,109	\$ 203,858,792	\$ 364,877,536
Changes to cash	19,964,501	59,033,607	124,710,683	161,018,744	173,642,635
Ending cash	\$ 150,000	\$ 20,114,501	\$ 79,148,109	\$ 203,858,792	\$ 364,877,536
					\$ 538,520,172

MUNICIPAL EXCHANGE NETWORK**Salaries & Benefits**

	For the Year Ended December 31,				
	2015	2016	2017	2018	2019
	Headcount				
CEO	1	1	1	1	1
CTO	1	1	1	1	1
COO	1	1	1	1	1
CIO	1	1	1	1	1
CMO	1	1	1	1	1
CAO	1	1	1	1	1
Office manager	2	4	4	4	4
Administrative assistant	3	5	5	5	5
Operations personnel	0	1	1	1	1
Marketing personnel	0	2	2	2	2
Salespeople	0	2	2	4	5
Human resources	0	1	1	1	1
Other	0	0	0	0	0
Total headcount	11	21	21	23	24

	Start Month	Annual Salary					Salaries		
		\$	\$	\$	\$	\$	\$	\$	\$
CEO	3	\$200,000	\$166,667	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
CFO	3	\$175,000							
CTO	3	\$150,000	\$125,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
COO	3	\$125,000	\$104,167	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
CIO	3	\$100,000	\$83,333	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
CMO	3	\$100,000	\$83,333	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
CAO	3	\$75,000	\$62,500	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Office manager	3	\$70,000	\$116,667	\$280,000	\$280,000	\$280,000	\$280,000	\$280,000	\$280,000
Administrative assistant	3	\$50,000	\$125,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Operations personnel	0	\$60,000	-	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Marketing personnel	0	\$60,000	-	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Salespeople	0	\$60,000	-	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Human resources	0	\$65,000	-	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Other	0	-	-	-	-	-	-	-	-
Sub-Total			\$866,667	\$1,645,000	\$1,645,000	\$1,765,000	\$1,765,000	\$1,825,000	\$1,825,000
Benefits (%Salary)		2.0%	17,333	32,900	32,900	35,300	35,300	36,500	36,500
Payroll taxes (%Salary)		11.0%	95,333	180,950	180,950	194,150	194,150	200,750	200,750
Total			112,667	213,850	213,850	229,450	229,450	237,250	237,250
Total salary and benefit			\$979,333	\$1,858,850	\$1,858,850	\$1,994,450	\$1,994,450	\$2,062,250	\$2,062,250

	2015	2016	2017	2018	2019
Projected Sales	\$ 20,347	\$ 71,992	\$ 140,273	\$ 169,907	\$ 179,791
Projected EBITDA	\$ 16,929	\$ 66,533	\$ 134,645	\$ 165,803	\$ 175,588



Projected Income Statement

(\$ in thousands)

	2015	2016	2017	2018	2019
Sales	\$ 20,347	\$ 71,992	\$ 140,273	\$ 169,907	\$ 179,791
Operating expenses	3,581	5,652	5,829	4,313	4,420
Operating income	16,767	66,339	134,444	165,595	175,372
Net income	\$ 16,767	\$ 66,339	\$ 134,444	\$ 165,595	\$ 175,372
EBITDA	\$ 16,929	\$ 66,533	\$ 134,645	\$ 165,803	\$ 175,588

Growth and Margins

Sales growth	NM	253.8%	94.8%	21.1%	5.8%
Operating expense margin	17.6%	7.9%	4.2%	2.5%	2.5%
EBITDA margin	83.2%	92.4%	96.0%	97.6%	97.7%

MUNICIPAL EXCHANGE NETWORK*Venture Capital Method***Assumptions**

Target IRR	65%
Investment	\$ 7,000,000
Exit multiple (Sales) ⁽¹⁾	2.9x
Investor's ownership upon financing	60%
Investor's ownership at exit ⁽²⁾	50%
Dividend rate	8.0%

Financial Projections

	Year				
	2015	2016	2017	2018	2019
Sales	\$ 20,347,086	\$ 71,991,566	\$ 140,273,329	\$ 169,907,400	\$ 179,791,471
Investment	\$ (7,000,000)	\$ -	\$ -	\$ -	\$ -
Dividends	-	560,000	560,000	560,000	560,000
Investor's exit ⁽³⁾	-	-	-	-	260,697,633
Total	(7,000,000)	560,000	560,000	560,000	261,257,633
Actual IRR	150%				
Times Initial Investment	37.6x				

Valuation and Ownership

Pre-money valuation	\$ 4,666,667	40%
Plus: new money	\$ 7,000,000	60%
Post money valuation	\$ 11,666,667	100%

Footnotes

(1) Reflects average Sales multiple from the 3 public comparable company analyses, discounted by 20% for illiquidity.

(2) Assumes option pool of 10% for management.

(3) Equals 2019 Sales of \$180 million x Sales exit multiple of 2.9x x Owership at exit of 50%.

Investor Ownership at Financing	Sales Exit Multiple				
	2.0x	2.5x	3.0x	3.5x	4.0x
20%	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
30%	23	23	23	23	23
40%	18	18	18	18	18
50%	14	14	14	14	14
60%	12	12	12	12	12
70%	10	10	10	10	10
80%	9	9	9	9	9

MUNICIPAL EXCHANGE NETWORK

Balance Sheet

	As of December 31,					
	2015	Pro Forma 2015	2016	2017	2018	2019
ASSETS						
Current assets						
Cash	\$ 150,000	\$ 20,114,501	\$ 79,148,109	\$ 203,858,792	\$ 364,877,536	\$ 538,520,172
Accounts receivable from Providers	-	278,727	986,186	1,921,552	2,327,499	2,462,897
Accounts receivable from Purchasers	-	2,508,545	8,875,673	17,293,972	20,947,488	22,166,072
Other assets	-	-	-	-	-	-
Total	150,000	22,901,773	89,009,967	223,074,316	388,152,523	563,149,140
In-process R&D	800,000	1,644,658	1,464,658	1,284,658	1,104,658	924,658
Property, plant & equipment	-	42,466	63,966	78,466	90,466	94,466
Total	800,000	1,687,123	1,528,623	1,363,123	1,195,123	1,019,123
TOTAL ASSETS	<u>\$ 950,000</u>	<u>\$ 24,588,897</u>	<u>\$ 90,538,590</u>	<u>\$ 224,437,440</u>	<u>\$ 389,347,646</u>	<u>\$ 564,168,264</u>
LIABILITIES & EQUITY						
Accounts payable	\$ -	\$ 294,293	\$ 464,559	\$ 479,097	\$ 354,456	\$ 363,259
Short-term debt	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total	-	294,293	464,559	479,097	354,456	363,259
Long-term debt	-	-	-	-	-	-
Equity						
Retained earnings & Common stock	950,000	17,294,604	83,074,031	216,958,342	381,993,190	556,805,004
Convertible preferred equity	-	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Total	950,000	24,294,604	90,074,031	223,958,342	388,993,190	563,805,004
TOTAL LIABILITIES & EQUITY	<u>\$ 950,000</u>	<u>\$ 24,588,897</u>	<u>\$ 90,538,590</u>	<u>\$ 224,437,440</u>	<u>\$ 389,347,646</u>	<u>\$ 564,168,264</u>

Balance Sheet Metrics

Accounts receivable turnover, Providers	10.0	10.0	10.0	10.0	10.0
Accounts receivable turnover, Purchasers	90.0	90.0	90.0	90.0	90.0
Accounts payable turnover (based off operating expenses)	30.0	30.0	30.0	30.0	30.0

MUNICIPAL NETWORK EXCHANGE*Income Statement*

	For the Year Ended December 31,				
	2015	2016	2017	2018	2019
Market Data					
States per year	15	30	50	50	50
Transactions per year ⁽¹⁾	95,751	338,784	660,110	799,564	846,078
Total transaction amount ⁽¹⁾	\$ 2,034,708,584	\$ 7,199,156,634	\$ 14,027,332,898	\$ 16,990,740,036	\$ 17,979,147,088
Income Statement					
Revenue					
Fees from Providers ⁽²⁾	\$ 10,173,543	\$ 35,995,783	\$ 70,136,664	\$ 84,953,700	\$ 89,895,735
Fees from Purchasers ⁽²⁾	10,173,543	35,995,783	70,136,664	84,953,700	89,895,735
Total	<u>20,347,086</u>	<u>71,991,566</u>	<u>140,273,329</u>	<u>169,907,400</u>	<u>179,791,471</u>
Operating expenses ⁽³⁾					
Sales and marketing	1,444,354	2,363,789	2,317,417	564,000	564,000
Research and development	108,000	144,000	144,000	144,000	144,000
General and administrative	1,865,333	2,950,850	3,167,101	3,396,553	3,495,656
Depreciation and amortization	162,877	193,500	200,500	208,000	216,000
Total	<u>3,580,564</u>	<u>5,652,139</u>	<u>5,829,018</u>	<u>4,312,553</u>	<u>4,419,656</u>
Operating income	16,766,522	66,339,427	134,444,311	165,594,847	175,371,815
Other expenses (income)					
Interest expense	-	-	-	-	-
Other income	-	-	-	-	-
Net income ⁽⁴⁾	<u>\$ 16,766,522</u>	<u>\$ 66,339,427</u>	<u>\$ 134,444,311</u>	<u>\$ 165,594,847</u>	<u>\$ 175,371,815</u>
Operating income	16,766,522	66,339,427	134,444,311	165,594,847	175,371,815
Plus: Depreciation and amortization	162,877	193,500	200,500	208,000	216,000
EBITDA	\$ 16,929,398	\$ 66,532,927	\$ 134,644,811	\$ 165,802,847	\$ 175,587,815
Growth and Margins					
Sales growth	NM	253.8%	94.8%	21.1%	5.8%
Sales and marketing margin	7.1%	3.3%	1.7%	0.3%	0.3%
Research and development margin	0.5%	0.2%	0.1%	0.1%	0.1%
General and administrative margin	9.2%	4.1%	2.3%	2.0%	1.9%
EBITDA margin	83.2%	92.4%	96.0%	97.6%	97.7%

Footnotes

(1) Detail provided on Monthly Unit Sales sheet.

(2) Equals 0.5% x Total transaction amount.

(3) See Operating Expenses and Capital Expenditures for more detail.

MUNICIPAL EXCHANGE NETWORK

Operating Expenses

	Start Month	Monthly Burn	For the Year Ended December 31,				
			2015	2016	2017	2018	2019
Sales and Marketing							
Advertising	4	\$ 20,000	\$ 180,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Marketing / Branding / PR / Social Networking	4	15,000	135,000	180,000	180,000	180,000	180,000
On-Boarding (see below)			1,017,354	1,799,789	1,753,417	-	-
Public relations	3	10,000	100,000	120,000	120,000	120,000	120,000
Trade shows	7	2,000	12,000	24,000	24,000	24,000	24,000
Web design / National Associations ⁽¹⁾		-	-	-	-	-	-
Total			1,444,354	2,363,789	2,317,417	564,000	564,000
Research and Development							
R&D & IP Maintenance	4	\$ 12,000	\$ 108,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000
Total			108,000	144,000	144,000	144,000	144,000
General and Administrative							
Fixed							
Banking	3	\$ 5,000	\$ 50,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Communications	4	2,000	18,000	24,000	24,000	24,000	24,000
Database management	3	10,000	100,000	120,000	120,000	120,000	120,000
Entertainment	5	10,000	80,000	120,000	120,000	120,000	120,000
Insurance	3	5,000	50,000	60,000	60,000	60,000	60,000
Miscellaneous	3	10,000	100,000	120,000	120,000	120,000	120,000
Professional fees	3	20,000	200,000	240,000	240,000	240,000	240,000
Rent	3	8,000	80,000	96,000	96,000	96,000	96,000
Utilities	4	2,000	18,000	24,000	24,000	24,000	24,000
Total			696,000	864,000	864,000	864,000	864,000
Variable							
Office Supplies	3	2,000	20,000	24,000	46,763	56,642	59,938
Postage / Shipping	3	2,000	20,000	24,000	46,763	56,642	59,938
Salaries & Benefits			979,333	1,858,850	1,858,850	1,994,450	2,062,250
Training	3	5,000	50,000	60,000	116,908	141,606	149,844
Travel	3	10,000	100,000	120,000	233,816	283,212	299,688
Total			1,169,333	2,086,850	2,303,101	2,532,553	2,631,656
Total G&A			1,865,333	2,950,850	3,167,101	3,396,553	3,495,656
Variables expenses (%Sales)							
Office Supplies			0.10%	0.03%	0.03%	0.03%	0.03%
Postage / Shipping			0.10%	0.03%	0.03%	0.03%	0.03%
Salaries & Benefits			4.81%	2.58%	1.33%	1.17%	1.15%
Training			0.25%	0.08%	0.08%	0.08%	0.08%
Travel			0.49%	0.17%	0.17%	0.17%	0.17%
On-Boarding							
New accounts signed up			95,751	243,033	321,326	139,454	46,513
Commission % per contract			10.0%	5.0%	2.5%	0.0%	0.0%
Fees from Provider		\$ 10,173,543	\$ 35,995,783	\$ 70,136,664	\$ 84,953,700	\$ 89,895,735	
Commission (% x Fees)		1,017,354	1,799,789	1,753,417	-	-	
Footnotes							

(1) Assumes MUNEX will assist providers with putting together websites, but will charge them for it.



MUNEX 360 ESCROW RESOLUTION

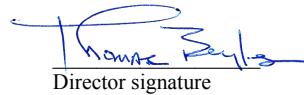
CORPORATE RESOLUTION OF:
Municipal Network Exchange, Inc

We, the undersigned, being all the directors of this corporation consent and agree that the following corporate resolution was made on [date], at [time], at [location]

We do hereby consent to the adoption of the following as if it was adopted at a regularly called meeting of the board of directors of this corporation. In accordance with State law and the bylaws of this corporation, by unanimous consent, the board of directors decided and it is therefore resolved that the corporation shall set up an escrow account with [name of bank] as

1. The said escrow account shall be for the purposes of receiving monies from subscribers on the corporation's Regulation D 506(c) private placement offering ("Regulation D Offering") to raise US\$7million for its business.
2. Escrow to be broken at 20% of the offering target of US\$7m which is US\$1.4m.
3. If the abovesaid minimum is not reached within 6 months, the corporation shall have the option to either (a) extend the timeline for another 6 months; or (b) return all monies then received under the Regulation D Offering to the respective subscribers.
4. At the end of 1 year if escrow is still not broken, then all monies shall be returned to the respective subscribers.

The officers of this corporation are authorised to perform the acts to carry out this corporate resolution.



Director signature

Thomas Begley
Printed name

March 31, 2015
Date



Director signature

Leo Hao
Printed name

March 31, 2015
Date

SUBSCRIPTION AGREEMENT

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004

SUBSCRIPTION AGREEMENT

Municipal Network Exchange, Inc.
12600 Deerfield Parkway
Alpharetta, GA 30004

Gentlemen:

You have informed the undersigned (the "Purchaser") that Municipal Network Exchange, Inc., a Nevada corporation, (the "Company") wishes to raise a minimum of One Million Four Hundred Thousand Dollars (\$1,400,000) and a maximum of Seven Million Dollars (\$7,000,000) from various persons by selling up to 7,000,000 shares of the Company's Series A Convertible Preferred Stock, \$0.001 par value (the "Shares"), at a price of One Dollar (\$1.00) per Share.

I have received, read, and understand the Limited Offering Memorandum dated March 25, 2015 (the "Memorandum"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms and conditions of this Subscription Agreement, the Memorandum and the Bylaws of the Company. I understand that you will rely on the following information to confirm that I am an "Accredited Investor", as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and that I am qualified to be a Purchaser.

This Subscription Agreement is one of a number of such subscriptions for Shares. By signing this Subscription Agreement, I offer to purchase and subscribe from the Company the number of Shares set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer or to reduce the number of Shares allotted to me. If this offer is accepted, the Company will execute a copy of this Subscription Agreement and return it to me. I understand that commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Shares will be deposited in an escrow account. The Company has set a minimum offering proceeds figure of \$1,400,000 for this Offering. The Company has established a Company Managed Investment Holding Account with Regions Bank, into which the minimum offering proceeds will be placed. At least 1,400,000 Shares must be sold for \$1,400,000 before such proceeds will be released from the escrow account and utilized by the Company. After the minimum number of Shares are sold, all proceeds from the sale of Shares will be delivered directly to the Company and be available for its use.

REGULATION D RULE 506(C) INVESTOR VERIFICATION STANDARDS AND PROTOCOLS

In purchasing securities through this Offering, the Company is obligated to verify your status as an accredited investor in accordance with Rule 501 of Regulation D. There are three primary methods the Company may employ to comply with the verification standards. Investors in this offering will need to provide the Company with verification that meets the standards and form using one or multiple methods as listed below:

Income: The Company may verify an individual's status as an accredited investor on the basis of income by reviewing copies of any IRS form that reports net income, such as Forms W-2 or 1099 (which are typically filed by an employer or other third party payor), or Forms 1040 filed by the prospective purchaser (with non-relevant information permitted to be redacted). Under this method, the Company must review IRS forms for the two most recent years and obtain a written representation from the prospective purchaser that he or she has a reasonable expectation of attaining the necessary income level for the current year. Where accredited investor status is based on joint income with the person's spouse, the IRS forms and representation must be provided with respect to both the purchaser and the spouse.

Net Worth: Under this method, the Company will need to review bank or brokerage statements or third-party appraisal reports to verify the purchaser's assets and a credit report to verify liabilities, in each case dated within the prior three months, and will need to obtain a written representation from the prospective purchaser that all liabilities have been disclosed. Where accredited investor status is based on joint net worth with the person's spouse, the asset and liability documentation and representation must be provided with respect to both the purchaser and the spouse.

Reliance on Determination by Specified Third Parties: The Company may satisfy the verification requirement if it obtains a written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney, or a certified public accountant that within the prior three months such person or entity has taken reasonable steps to verify that the purchaser is an accredited investor and has determined that the purchaser is an accredited investor.

Proper verification must be submitted with your subscription for securities in order for the Company to verify your suitability for investment and accept your subscription.

REGULATION D 506(C) MANDATED LEGENDS

Any historical performance data represents past performance.

Past performance does not guarantee future results;

Current performance may be different than the performance data presented;

The Company is not required by law to follow any standard methodology when calculating and representing performance data;

The performance of the Company may not be directly comparable to the performance of other private or registered funds or companies;

The securities are being offered in reliance on an exemption from the registration requirements, and therefore are not required to comply with certain specific disclosure requirements;

The Securities and Exchange Commission has not passed upon the merits of or approved the securities, the terms of the offering, or the accuracy of the materials.

1. Accredited Investor. I am an Accredited Investor because I qualify within one of the following categories:

Please Check The Appropriate Category

\$1,000,000 Net Worth.

Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000. Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

\$200,000/\$300,000 Income.

A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 per year in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.

Director or Officer of Issuer.

Any director or executive officer of the Company

All Equity Owners In Entity Are Accredited.

An entity, (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.

Corporation

A corporation not formed for the specific purpose of acquiring the Shares offered, with total assets in excess of \$5,000,000.

Other Accredited Investor.

Any natural person or entity which qualifies as an Accredited Investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

2. Representations and Warranties. I represent and warrant to the Company that:

- (a) I (i) have adequate means of providing for my current needs and possible contingencies and I have no need for liquidity of my investment in the Shares, (ii) can bear the economic risk of losing the entire amount of my investment in Shares, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment; (iv) the purchase of Shares is consistent, in both nature and amount, with my overall investment program and financial condition.
- (b) The address set forth below is my true and correct residence, and I have no intention of becoming a resident of any other state or jurisdiction.
- (c) I have not utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act) because I am a sophisticated, experienced investor, capable of determining and understanding the risks and merits of this investment.
- (d) I have received and read, and am familiar with the Offering Documents, including the Memorandum and the Corporate Bylaws. All documents, records and books pertaining to the Company and the Shares requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.
- (e) I have had the opportunity to ask questions of and receive answers from the Company's officers and representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Shares.
- (f) I understand the risks implicit in the business of the Company. Among other things, I understand that there can be no assurance that the Company will be successful in obtaining the funds necessary for its success. If only a fraction of the maximum amount of the Offering is raised, the Company may not be able to expand as rapidly as anticipated, and proceeds from this Offering may not be sufficient for the Company's long term needs.
- (g) Other than as set forth in the Memorandum, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering, and I am purchasing the Shares based solely upon my own investigation and evaluation.
- (h) I understand that no Shares have been registered under the Securities Act, nor have they been registered pursuant to the

provisions of the securities or other laws of applicable jurisdictions.

(i) The Shares for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Shares to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Shares by anyone but me.

(j) I am aware of the following:

(i) The Shares are a speculative investment which involves a high degree of risk; and

(ii) My investment in the Shares is not readily transferable; it may not be possible for me to liquidate my investment.

(iii) The financial statements of the Company have merely been compiled, and have not been reviewed or audited.

(iv) There are substantial restrictions on the transferability of the Shares registered under the Securities Act; and

(v) No federal or state agency has made any finding or determination as to the fairness of the Shares for public investment nor any recommendation or endorsement of the Shares;

(l) I have not distributed the Memorandum to anyone, no other person has used the Memorandum, and I have made no copies of the Memorandum; and

(m) I hereby agree to indemnify and hold harmless the Company, its officers, directors, and representatives from and against any and all liability, damage, cost or expense, including reasonable attorneys fees, incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) The disposition of any of the Shares by me which is contrary to the foregoing declarations, representations, and warranties; and

(iii) Any action, suit or proceeding based upon (1) the claim that said declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (2) the disposition of any of the Shares.

(n) By entering into this Subscription Agreement, I acknowledge that the Company is relying on the truth and accuracy of my representations. The foregoing representation and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and

warranties are not true and accurate prior to delivery of the funds, I will give written notice of the fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefor.

3. Transferability. I understand that I may sell or otherwise transfer my Shares only if registered under the Securities Act or I provide the Company with an opinion of counsel acceptable to the Company to the effect that such sale or other transfer may be made in absence of registration under the Securities Act. I have no right to cause the Company to register the Shares. Any certificates or other documents representing my Shares will contain a restrictive legend reflecting this restriction, and stop transfer instructions will apply to my Shares.

4. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 2 hereof, and I will indemnify and hold harmless the Company, its officers, directors, and representatives involved in the offer or sale of the Shares to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Subscription Agreement.

5. Revocation. I will not cancel, terminate or revoke this Subscription Agreement or any agreement made by me hereunder and this Subscription Agreement shall survive my death or disability.

6. Termination of Agreement. If this subscription is rejected by the Company, then this Subscription Agreement shall be null and void and of no further force and effect, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this Subscription Agreement.

7. Miscellaneous.

(a) This Subscription Agreement shall be governed by and construed in accordance with the substantive law of the State of Nevada.

(b) This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only in writing and executed by all parties.

8. Ownership Information. Please print here the total number of Shares to be purchased, and the exact name(s) in which the Shares will be registered.

Total Shares Purchased: _____ Total Dollar Investment: \$ _____

Name(s): _____

____ Single Person

- Husband and Wife, as community property
 - Joint Tenants (with right of survivorship)
 - Tenants in Common
 - A Married Person as separate property
 - Corporation or other organization
 - A Partnership
 - Trust
 - IRA
 - Tax-Qualified Retirement Plan
- (i) Trustee(s)/ Custodian_____
- (ii) Trust Date_____
- (iii) Name of Trust_____
- (iv) For the Benefit of_____
- Other:_____
(please explain)

Social Security or Tax I.D.#:_____

Residence Address:

Street Address

City State Zip

Mailing Address: (Complete only if different from residence)

Street Address
(If P.O. Box, include address for surface delivery if different than residence)

City State Zip

Phone Numbers

Home: (_____) _____

Business: (_____) _____

Facsimile: (_____) _____

9. Date and Signatures. Dated _____, 2015

Signatures

Purchaser Name (Print)

(Each co-owner or joint owner must sign - Names must be signed exactly as listed under "Purchaser Name")

ACCEPTED:

Municipal Network Exchange, Inc.

By: _____ Dated: _____, 2015

Phillip Laverson, CEO

SUBSCRIPTION PROCEDURE

The Company is offering up to \$7,000,000 of Shares in the Company at a price of \$1.00 per Share. Each investor must subscribe for a minimum dollar amount equal to at least \$10,000 although the Company may, in its sole discretion, waive this minimum. The Company may, in its sole discretion, reject a proposed investment or limit the number of Shares to be purchased by an investor.

Checks for subscriptions for the Shares offered hereunder should be made payable to "Municipal Network Exchange, Inc." and subscription funds shall be received directly by the Company for processing to the Company's third party managed escrow account (until such time as the minimum offering amount is reached).

The Company will notify each investor of the Company's acceptance or rejection of such investor's subscription after receipt and review of all documentation. If the Company does not accept your subscription, the escrow agent and/or the Company will return your subscription funds and the Company will return your subscription agreement.

SUBSCRIPTION AMOUNT

Your subscription amount should be either mailed or wired. All subscription documentation must be sent as follows:

Send all subscription documents, investor verification information, and subscription checks to:

Attention: Private Placement Subscriptions
Municipal Network Exchange, Inc.
12600 Deerfield Parkway
Alpharetta GA 30004
800-215-1136

Investors interested in wiring funds for subscription of Shares should contact the Company for wiring instructions.

INVESTOR SUITABILITY QUESTIONNAIRE

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004

INVESTOR SUITABILITY QUESTIONNAIRE

To: Prospective purchasers of Shares of Series A Convertible Preferred Stock (the "Shares") offered by Municipal Network Exchange, Inc. (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Shares. This questionnaire is not an offer to sell securities.

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Shares.

Please answer all questions completely and execute the signature page

A. Personal

1. Name: _____

2. Address of Principal Residence: _____

County: _____

3. Residence Telephone: (_____) _____

4. Where are you registered to vote? _____

5. Your driver's license is issued by the following state: _____

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

7. Please send all correspondence to: _____

(1) _____ Residence Address (as set forth in item A-2)

(2) _____ Business Address (as set forth in item B-1)

8. Date of Birth: _____

9. Citizenship: _____

10. Social Security or Tax I.D. #: _____

B. Occupations and Income

1. Occupation: _____

(a) Business Address: _____

(b) Business Telephone Number: (_____) _____

2. Gross income during each of the last two years exceeded:

(1) _____ \$25,000 (2) _____ \$50,000

(3) _____ \$100,000 (4) _____ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) _____ Yes (2) _____ No

4. Estimated gross income during current year exceeds:

- (1) \$25,000 (2) \$50,000
(3) \$100,000 (4) \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

- (1) Yes (2) No

C. Net Worth

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities. Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

- (i) The person's primary residence shall not be included as an asset;
- (ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
- (iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability, excluding the fair market value less any mortgage liability, of your principal residence.

- (1) \$50,000-\$100,000 (2) \$100,000-\$250,000 (3) \$250,000-\$500,000
(4) \$500,000-\$750,000 (5) \$750,000-\$1,000,000 (6) over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

- (1) Yes (2) No

D. Affiliation with the Company

Are you a director or executive officer of the Company?

- (1) Yes (2) No

E. Investment Percentage of Net Worth

If you expect to invest at least \$150,000 in Shares, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

- (1) Yes (2) No

G. Prospective Investor's Representations

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Signature Date: _____, 2015

Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

SUBSCRIPTION AGREEMENT

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004

SUBSCRIPTION AGREEMENT

Municipal Network Exchange, Inc.
12600 Deerfield Parkway
Alpharetta, GA 30004

Gentlemen:

You have informed the undersigned (the "Purchaser") that Municipal Network Exchange, Inc., a Nevada corporation, (the "Company") wishes to raise a minimum of One Million Four Hundred Thousand Dollars (\$1,400,000) and a maximum of Seven Million Dollars (\$7,000,000) from various persons by selling up to 7,000,000 shares of the Company's Series A Convertible Preferred Stock, \$0.001 par value (the "Shares"), at a price of One Dollar (\$1.00) per Share.

I have received, read, and understand the Limited Offering Memorandum dated March 25, 2015 (the "Memorandum"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms and conditions of this Subscription Agreement, the Memorandum and the Bylaws of the Company. I understand that you will rely on the following information to confirm that I am an "Accredited Investor", as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and that I am qualified to be a Purchaser.

This Subscription Agreement is one of a number of such subscriptions for Shares. By signing this Subscription Agreement, I offer to purchase and subscribe from the Company the number of Shares set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer or to reduce the number of Shares allotted to me. If this offer is accepted, the Company will execute a copy of this Subscription Agreement and return it to me. I understand that commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Shares will be deposited in an escrow account. The Company has set a minimum offering proceeds figure of \$1,400,000 for this Offering. The Company has established a Company Managed Investment Holding Account with Regions Bank, into which the minimum offering proceeds will be placed. At least 1,400,000 Shares must be sold for \$1,400,000 before such proceeds will be released from the escrow account and utilized by the Company. After the minimum number of Shares are sold, all proceeds from the sale of Shares will be delivered directly to the Company and be available for its use.

REGULATION D RULE 506(C) INVESTOR VERIFICATION STANDARDS AND PROTOCOLS

In purchasing securities through this Offering, the Company is obligated to verify your status as an accredited investor in accordance with Rule 501 of Regulation D. There are three primary methods the Company may employ to comply with the verification standards. Investors in this offering will need to provide the Company with verification that meets the standards and form using one or multiple methods as listed below:

Income: The Company may verify an individual's status as an accredited investor on the basis of income by reviewing copies of any IRS form that reports net income, such as Forms W-2 or 1099 (which are typically filed by an employer or other third party payor), or Forms 1040 filed by the prospective purchaser (with non-relevant information permitted to be redacted). Under this method, the Company must review IRS forms for the two most recent years and obtain a written representation from the prospective purchaser that he or she has a reasonable expectation of attaining the necessary income level for the current year. Where accredited investor status is based on joint income with the person's spouse, the IRS forms and representation must be provided with respect to both the purchaser and the spouse.

Net Worth: Under this method, the Company will need to review bank or brokerage statements or third-party appraisal reports to verify the purchaser's assets and a credit report to verify liabilities, in each case dated within the prior three months, and will need to obtain a written representation from the prospective purchaser that all liabilities have been disclosed. Where accredited investor status is based on joint net worth with the person's spouse, the asset and liability documentation and representation must be provided with respect to both the purchaser and the spouse.

Reliance on Determination by Specified Third Parties: The Company may satisfy the verification requirement if it obtains a written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney, or a certified public accountant that within the prior three months such person or entity has taken reasonable steps to verify that the purchaser is an accredited investor and has determined that the purchaser is an accredited investor.

Proper verification must be submitted with your subscription for securities in order for the Company to verify your suitability for investment and accept your subscription.

REGULATION D 506(C) MANDATED LEGENDS

Any historical performance data represents past performance.

Past performance does not guarantee future results;

Current performance may be different than the performance data presented;

The Company is not required by law to follow any standard methodology when calculating and representing performance data;

The performance of the Company may not be directly comparable to the performance of other private or registered funds or companies;

The securities are being offered in reliance on an exemption from the registration requirements, and therefore are not required to comply with certain specific disclosure requirements;

The Securities and Exchange Commission has not passed upon the merits of or approved the securities, the terms of the offering, or the accuracy of the materials.

1. Accredited Investor. I am an Accredited Investor because I qualify within one of the following categories:

Please Check The Appropriate Category

\$1,000,000 Net Worth.

Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000. Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

\$200,000/\$300,000 Income.

A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 per year in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.

Director or Officer of Issuer.

Any director or executive officer of the Company

All Equity Owners In Entity Are Accredited.

An entity, (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.

Corporation

A corporation not formed for the specific purpose of acquiring the Shares offered, with total assets in excess of \$5,000,000.

Other Accredited Investor.

Any natural person or entity which qualifies as an Accredited Investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

2. Representations and Warranties. I represent and warrant to the Company that:

- (a) I (i) have adequate means of providing for my current needs and possible contingencies and I have no need for liquidity of my investment in the Shares, (ii) can bear the economic risk of losing the entire amount of my investment in Shares, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment; (iv) the purchase of Shares is consistent, in both nature and amount, with my overall investment program and financial condition.
- (b) The address set forth below is my true and correct residence, and I have no intention of becoming a resident of any other state or jurisdiction.
- (c) I have not utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act) because I am a sophisticated, experienced investor, capable of determining and understanding the risks and merits of this investment.
- (d) I have received and read, and am familiar with the Offering Documents, including the Memorandum and the Corporate Bylaws. All documents, records and books pertaining to the Company and the Shares requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.
- (e) I have had the opportunity to ask questions of and receive answers from the Company's officers and representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Shares.
- (f) I understand the risks implicit in the business of the Company. Among other things, I understand that there can be no assurance that the Company will be successful in obtaining the funds necessary for its success. If only a fraction of the maximum amount of the Offering is raised, the Company may not be able to expand as rapidly as anticipated, and proceeds from this Offering may not be sufficient for the Company's long term needs.
- (g) Other than as set forth in the Memorandum, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering, and I am purchasing the Shares based solely upon my own investigation and evaluation.
- (h) I understand that no Shares have been registered under the Securities Act, nor have they been registered pursuant to the

provisions of the securities or other laws of applicable jurisdictions.

(i) The Shares for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Shares to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Shares by anyone but me.

(j) I am aware of the following:

(i) The Shares are a speculative investment which involves a high degree of risk; and

(ii) My investment in the Shares is not readily transferable; it may not be possible for me to liquidate my investment.

(iii) The financial statements of the Company have merely been compiled, and have not been reviewed or audited.

(iv) There are substantial restrictions on the transferability of the Shares registered under the Securities Act; and

(v) No federal or state agency has made any finding or determination as to the fairness of the Shares for public investment nor any recommendation or endorsement of the Shares;

(l) I have not distributed the Memorandum to anyone, no other person has used the Memorandum, and I have made no copies of the Memorandum; and

(m) I hereby agree to indemnify and hold harmless the Company, its officers, directors, and representatives from and against any and all liability, damage, cost or expense, including reasonable attorneys fees, incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) The disposition of any of the Shares by me which is contrary to the foregoing declarations, representations, and warranties; and

(iii) Any action, suit or proceeding based upon (1) the claim that said declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (2) the disposition of any of the Shares.

(n) By entering into this Subscription Agreement, I acknowledge that the Company is relying on the truth and accuracy of my representations. The foregoing representation and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and

warranties are not true and accurate prior to delivery of the funds, I will give written notice of the fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefor.

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4. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 2 hereof, and I will indemnify and hold harmless the Company, its officers, directors, and representatives involved in the offer or sale of the Shares to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Subscription Agreement.

5. Revocation. I will not cancel, terminate or revoke this Subscription Agreement or any agreement made by me hereunder and this Subscription Agreement shall survive my death or disability.

6. Termination of Agreement. If this subscription is rejected by the Company, then this Subscription Agreement shall be null and void and of no further force and effect, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this Subscription Agreement.

7. Miscellaneous.

(a) This Subscription Agreement shall be governed by and construed in accordance with the substantive law of the State of Nevada.

(b) This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only in writing and executed by all parties.

8. Ownership Information. Please print here the total number of Shares to be purchased, and the exact name(s) in which the Shares will be registered.

Total Shares Purchased: _____ Total Dollar Investment: \$ _____

Name(s): _____

____ Single Person

- Husband and Wife, as community property
 - Joint Tenants (with right of survivorship)
 - Tenants in Common
 - A Married Person as separate property
 - Corporation or other organization
 - A Partnership
 - Trust
 - IRA
 - Tax-Qualified Retirement Plan
- (i) Trustee(s)/ Custodian_____
- (ii) Trust Date_____
- (iii) Name of Trust_____
- (iv) For the Benefit of_____
- Other:_____
(please explain)

Social Security or Tax I.D.#:_____

Residence Address:

Street Address

City State Zip

Mailing Address: (Complete only if different from residence)

Street Address
(If P.O. Box, include address for surface delivery if different than residence)

City State Zip

Phone Numbers

Home: (_____) _____

Business: (_____) _____

Facsimile: (_____) _____

9. Date and Signatures. Dated _____, 2015

Signatures

Purchaser Name (Print)

(Each co-owner or joint owner must sign - Names must be signed exactly as listed under "Purchaser Name")

ACCEPTED:

Municipal Network Exchange, Inc.

By: _____ Dated: _____, 2015

Phillip Laverson, CEO

SUBSCRIPTION PROCEDURE

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Send all subscription documents, investor verification information, and subscription checks to:

Attention: Private Placement Subscriptions
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INVESTOR SUITABILITY QUESTIONNAIRE

Municipal Network Exchange, Inc.

12600 Deerfield Parkway, Alpharetta GA 30004

INVESTOR SUITABILITY QUESTIONNAIRE

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The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Shares. This questionnaire is not an offer to sell securities.

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Shares.

Please answer all questions completely and execute the signature page

A. Personal

1. Name: _____

2. Address of Principal Residence: _____

County: _____

3. Residence Telephone: (_____) _____

4. Where are you registered to vote? _____

5. Your driver's license is issued by the following state: _____

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

7. Please send all correspondence to: _____

(1) _____ Residence Address (as set forth in item A-2)

(2) _____ Business Address (as set forth in item B-1)

8. Date of Birth: _____

9. Citizenship: _____

10. Social Security or Tax I.D. #: _____

B. Occupations and Income

1. Occupation: _____

(a) Business Address: _____

(b) Business Telephone Number: (_____) _____

2. Gross income during each of the last two years exceeded:

(1) _____ \$25,000 (2) _____ \$50,000

(3) _____ \$100,000 (4) _____ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) _____ Yes (2) _____ No

4. Estimated gross income during current year exceeds:

- (1) \$25,000 (2) \$50,000
(3) \$100,000 (4) \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

- (1) Yes (2) No

C. Net Worth

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities. Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

- (i) The person's primary residence shall not be included as an asset;
- (ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
- (iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability, excluding the fair market value less any mortgage liability, of your principal residence.

- (1) \$50,000-\$100,000 (2) \$100,000-\$250,000 (3) \$250,000-\$500,000
(4) \$500,000-\$750,000 (5) \$750,000-\$1,000,000 (6) over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

- (1) Yes (2) No

D. Affiliation with the Company

Are you a director or executive officer of the Company?

- (1) Yes (2) No

E. Investment Percentage of Net Worth

If you expect to invest at least \$150,000 in Shares, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

- (1) Yes (2) No

G. Prospective Investor's Representations

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Signature Date: _____, 2015

Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

