OptimizeRx Corp
Form 10-Q
May 16, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2011

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number: 000-53605

OptimizeRx Corporation
(Exact name of registrant as specified in its charter)

Nevada	26-1265381
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

407 6th Street
Rochester, MI, 48307
(Address of principal executive offices)

248-651-6568
(Registrant's telephone number)

____

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceeding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

[ ] Large accelerated filer Accelerated filer [ ] Non-accelerated filer
[X] Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 13,869,202 shares as of April 16, 2011.

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our consolidated financial statements included in this Form 10-Q are as follows:

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended March 31, 2011 are not necessarily indicative of the results that can be expected for the full year.

Table of Contents

OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2011 (UNAUDITED) AND DECEMBER 31, 2010 (UNAUDITED)

ASSETS

	March 31, 2011 (unaudited)	December 31, 2010 (unaudited)
CURRENT ASSETS		
Cash and cash equivalents	$ 1,148,923	$ 1,278,095
Accounts receivable	338,911	226,000
Prepaid expenses	18,583	80,050
Debt discount-current portion	500,000	500,000
TOTAL CURRENT ASSETS	2,006,417	2,084,145
PROPERTY AND EQUIPMENT		
Furniture and equipment	18,118	18,118
Less accumulated depreciation	(5,510)	(5,058)
NET PROPERTY AND EQUIPMENT	12,608	13,060
OTHER ASSETS		
Patent rights, net	888,970	902,647
Website and development costs, net	353,797	332,108
Debt discount-net of current portion	291,667	416,667
TOTAL OTHER ASSETS	1,534,434	1,651,422
TOTAL ASSETS	$ 3,553,459	$ 3,748,627

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable - trade	$ 99,143	$ 38,409
Accounts payable - related party	570,000	570,000
Accrued expenses	-0-	5,700
Accrued interest	30,000	15,000
Deferred revenue	175,450	225,720
TOTAL CURRENT LIABILITIES	874,593	854,829
LONG TERM LIABILITIES		
Notes payable - investor	1,000,000	1,000,000
TOTAL LONG TERM LIABILITIES	1,000,000	1,000,000

TOTAL LIABILITIES	1,874,593	1,854,829
STOCKHOLDERS' EQUITY		
Common stock, $.001 par value, 500,000,000 shares authorized, 13,869,202 shares issued and outstanding (13,606,676 - 2010)	13,869	13,607
Preferred stock, $.001 par value, 10,000,000 shares authorized, 50 shares issued and outstanding (50 - 2010)		
Stock warrants	20,281,328	20,281,328
Additional paid-in-capital	3,605,353	3,355,615
Accumulated deficit	(22,221,684)	(21,756,752)
TOTAL STOCKHOLDERS' EQUITY	1,678,866	1,893,798
TOTAL LIABILITY AND STOCKHOLDERS' EQUITY	$ 3,553,459	$ 3,748,627

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

Table of Contents

OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(UNAUDITED)

	For the three months ended March 31, 2011 (unaudited)	For the three months ended March 31, 2010 (unaudited)
REVENUE		
Sales	$ 393,843	$ 1,283
TOTAL REVENUE	393,843	1,283
EXPENSES		
Operating expenses	469,281	263,094
TOTAL EXPENSES	469,281	263,094
NET OPERATING LOSS	(75,438)	(261,811)
OTHER INCOME (EXPENSE)		
Interest income	440	905
Other income	66	-0-
Interest expense	(140,000)	(61)
TOTAL OTHER INCOME (EXPENSE)	(139,494)	844
LOSS BEFORE PROVISION FOR INCOME TAXES	(214,932)	(260,967)
PROVISION FOR INCOME TAXES	-0-	-0-
NET LOSS	$ (214,932)	$ (260,967)
WEIGHTED AVERAGE NUMBER OF SHARESOUTSTANDING: BASIC AND DILUTED	13,628,067	12,853,190
NET LOSS PER SHARE: BASIC AND DILUTED	$ (0.02)	$ (0.02)

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

Table of Contents

OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AS OF MARCH 31, 2011
(UNAUDITED)

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Stock Warrants	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
Balance, January 1, 2010	12,826,117	$12,826	35	$-0-	$18,139,252	$1,747,962	$(19,047,728)	$852,312
Issuance of common stock:								
for services	161,000	161				200,299		200,460
for preferred dividends	410,520	411				699,589	(700,000)	-0-
to board of directors	66,000	66				130,614		130,680
Issuance of preferred stock			15			1,500,000		1,500,000
Preferred stock issuance costs						(350,000)		(350,000)
Issuance of stock options:								
for patent rights						360,000		360,000
to employees						6,203		6,203
Issuance of stock warrants:								
for services					186,425			186,425
in connection with					1,158,900	(1,158,900)		-0-

preferred stock issuance								
Issuance of stock warrants and contingent stock warrants in connection with debt financing					1,007,992			1,007,992
Conversion of stock warrants to common stock	68,039	68			(211,241)	219,923		8,750
Outstanding share adjustment	75,000	75				(75)		
Net loss for the year							(2,009,024)	(2,009,024)
Balance, December 31, 2010	13,606,676	13,607	50	-0-	20,281,328	3,355,615	(21,756,752)	1,893,798
Outstanding share adjustment	10,000	10				(10)		
Issuance of common stock:								
for preferred dividends	252,526	252				249,748	(250,000)	-0-
Net loss for the period							(214,932)	(214,932)
Balance, March 31, 2011	13,869,202	$13,869	50	$-0-	$20,281,328	$3,605,353	$(22,221,684)	$1,678,866

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

Table of Contents

OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND MARCH 31, 2010
(UNAUDITED)

	For the three months ended March 31, 2011 (unaudited)	For the three months ended March 31, 2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (214,932)	$ (260,967)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30,050	8,129
Stock issued for services	-0-	27,960
Amortization of debt discount	125,000	-0-
Changes in:		
Accounts receivable	(112,911)	13,775
Prepaid expenses	61,467	(5,268)
Accounts payable	60,735	(19,417)
Payroll taxes payable	(700)	(34)
Accrued interest	15,000	-0-
Accrued expenses	(5,000)	(4,500)
Deferred revenue	(50,270)	-0-
TOTAL ADJUSTMENTS	123,371	20,645
NET CASH (USED BY) OPERATING ACTIVITIES	(91,561)	(240,322)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Website site development costs	(37,610)	(44,660)
NET CASH (USED BY) INVESTING ACTIVITIES	(37,610)	(44,660)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(129,171)	(284,982)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	1,278,094	656,394
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 1,148,923	$ 371,412

SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	$	-0-	$	61
Cash paid for income taxes	$	-0-	$	-0-
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:				
Common stock issued to satisfy dividends related to preferred stock	$	250,000	$	-0-
Conversion of warrants to common stock	$	-0-	$	153,816
Debt discount related to warrants issued in connection with debt financing	$	-0-	$	-0-

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

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

1. NATURE OF BUSINESS

Optimizer Systems, LLC was formed in the State of Michigan on January 31, 2006. It then became a corporation in the State of Michigan on October 22, 2007 and changed its name to OptimizeRx Corporation. On April 14, 2008, RFID, Ltd., a Colorado corporation, consummated a reverse merger by entering into a share exchange agreement with the stockholders of OptimizeRx Corporation, pursuant to which the stockholders of OptimizeRx Corporation exchanged all of the issued and outstanding capital stock of OptimizeRx Corporation for 1,256,958 shares of common stock of RFID, Ltd., representing 100% of the outstanding capital stock of RFID, Ltd. As of April 30, 2008, RFID's officers and directors resigned their positions and RFID changed its business to OptimizeRx's business. On April 15, 2008, RFID, Ltd.'s corporate name was changed to OptimizeRx Corporation. On September 4, 2008, a migratory merger was completed, thereby changing the state of incorporation from Colorado to Nevada, resulting in the current corporate structure, in which OptimizeRx Corporation, a Nevada corporation, is the parent corporation, and OptimizeRx Corporation, a Michigan corporation, is a wholly-owned subsidiary (together, "OptimizeRx" and "the Company").

The wholly-owned subsidiary, OptimizeRx Corporation, is a technology solutions company targeting the health care industry. Their objective is to bring better access to better care through connecting patients, physicians and pharmaceutical manufacturers through technology. Once defined as a marketing and advertising company through its consumer website, OptimizeRx is maturing as a technology solutions provider as it launched its direct to physician solution, SampleMD. SampleMD allows physicians to search, print and send available sample trial vouchers and/or co-pay coupons on behalf of their patients. The SampleMD solution can either sit on the doctor's desktop or can be integrated into the ePrescribing or Electronic Medical Records applications. OptimizeRx solutions provide pharmaceutical manufacturers either a direct to consumer and/or direct to physician channels for communicating and promoting their products. It provides health care providers a means to provide sampling and coupons without having to physically store samples on site, and it provides better access and affordability to the patients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied to the preparation of the financial statements.

Continued...

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Form 10-K filed with the SEC as of and for the period ended December 31, 2010. In the opinion of management, all adjustments necessary for the financial statements to be not misleading for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Accounting Basis

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting). The Company has adopted a December 31 fiscal year end.

Principles of Consolidation

The financial statements reflect the consolidated results of OptimizeRx Corporation (a Nevada corporation) and its wholly owned subsidiary OptimizeRx Corporation (a Michigan corporation). All material inter-company transactions have been eliminated in the consolidation.

Development Stage in Prior Periods

OptimizeRx was in the development stage from October 3, 2008 to May 31, 2010. The year ending December 31, 2010 is the first year during which the Company is considered an operating company and is no longer in the development stage.

Reclassifications

Certain accounts and financial statement captions in the prior periods have been reclassified to conform to the current period financial statements.

Cash and Cash Equivalents

For purposes of the accompanying financial statements, the Company considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Continued...

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The fair value of cash, accounts receivable and accounts payable approximates the carrying amount of these financial instruments due to their short-term nature. The fair value of long-term debt, which approximates its carrying value, is based on current rates at which the Company could borrow funds with similar remaining maturities.

Property and Equipment

The capital assets are being depreciated over their estimated useful lives, three to seven years using the straight-line method of depreciation for book purposes.

Research and Development

The Company's key members are part of a continual research development team and monitor new technologies, trends, services and partnerships that can provide the Company with additional services, value to healthcare and pharmaceutical industries and to the patients it serves.

The Company seeks to educate team members through understanding of all market dynamics that have the potential to affect the business both short term and longer term. The primary goal is to help patients better afford and access the medicines their doctor prescribes, as well as other healthcare products and services they need. Based on this, the Company continually seeks better ways to meet this mission through technology, better user experiences and new ways to engage industries to provide new support for patients needing their products. The Company is always seeking new services and solutions to offer. At this time, the three current platforms provide robust opportunities and growth during the next five years.

Revenue Recognition

All revenue is recognized when it is earned. Revenues are generated either through the Company's website activities, in which we earn revenue from advertising and lead generation activities, or from our SampleMD activities, which include offering setup within the systems and our offers, coupons, and vouchers that enable our customers to save money on medical products and services. The Company's processes are monitored by third parties who collect revenues from clients on a per activity basis and report and forward the revenue to the Company's account.

Continued...

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions have been made in determining the depreciable lives of such assets and the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

Earnings Per Common and Common Equivalent Share

The computation of basic earnings per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus common stock equivalents which would arise from the exercise of warrants outstanding using the treasury stock method and the average market price per share during the year. Options warrants and convertible preferred stock which are common stock equivalents are not included in the diluted earnings per share calculation for March 31, 2011 and 2010, respectively, since their effect is anti-dilutive.

Impairment of Long-Lived Assets

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Continued...

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risks

The Company maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts; however, amounts in excess of the federally insured limit may be at risk if the bank experiences financial difficulties.

Recently Issued Accounting Guidance

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow.

3. PREPAID EXPENSES

Prepaid expenses consisted of the following:

	3/31/11	12/31/10
Insurance	$ 5,104	$ 6,110
Web development	10,000	20,000
Investor relations	-0-	50,000
Employee advances	479	940
Advertising	3,000	3,000
Property and equipment, net	$ 18,583	$ 80,050

4. PROPERTY AND EQUIPMENT

The Company and the LLC owned equipment recorded at cost which consisted of the following:

	3/31/11	12/31/10
Computer equipment	$ 13,824	$ 13,824
Furniture and fixtures	4,294	4,294
Subtotal	18,118	18,118
Accumulated depreciation	(5,510)	(5,058)
Property and equipment, net	$ 12,608	$ 13,060

Depreciation expense was $452 and $1,751 for the three months ended March 31, 2011 and for the year ended December 31, 2010, respectively.

F-9

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

5. WEBSITE DEVELOPMENT COSTS

The Company has capitalized costs in developing their website and web-based products, which consisted of the following:

	3/31/11	12/31/10
OptimizeRx Web development	$ 154,133	$ 154,133
SampleMD web development	369,717	332,107
Subtotal, web development costs	523,850	486,240
Accumulated amortization	(110,970)	(95,050)
Impairment	(59,083)	(59,083)
Web development costs, net	$ 353,797	$ 332,107

The Company began amortizing the OptimizeRx website costs, using the straight-line method over the estimated useful life of 5 years, once it was put into service in December of 2007. During the year end December 31, 2009, the Company began a new web-based project and the related programming and development costs have been capitalized for the SampleMD website. The project was completed in mid-December 2010 and no amortization was recorded in 2010. Amortization began on the straight-line method in January 2011 over the period of five years. Although the Project was completed in mid-December, the Company continues to enhance and upgrade the website. Monthly payments for these upgrades have been capitalized, but not amortized, as of March 31, 2011. The Company determined that the original OptimizeRx website was no longer useful so the remaining unamortized balance of $59,083 was impaired as of December 31, 2010. Amortization expense was $15,920 for the three months ended March 31, 2011 and $30,827 for the year ended December 31, 2010, respectively.

6. PATENT RIGHTS AND INTANGIBLE ASSETS

On April 26, 2010, the Company acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at $360,000. The shares were valued on the grant date at $570,000 and have been recorded as a payable to the related party.

The Company has capitalized costs in purchasing the SampleMD patent, which consisted of the following:

	3/31/11	12/31/10
Patent rights and intangible assets	$ 930,000	$ 930,000
Accumulated amortization	(41,030)	(27,353)
Patent rights and intangible assets, net	$ 888,970	$ 902,647

Continued…

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

6. PATENT RIGHTS AND INTANGIBLE ASSETS (CONTINUED)

The Company began amortizing the patent, using the straight-line method over the estimated useful life of 17 years, once it was put into service in July 2010. Amortization expense was $13,677 for the three months ended March 31, 2011 and $27,353 for the year ended December 31, 2010, respectively.

7. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	3/31/11	12/31/10
Accrued payroll taxes	$ -0-	$ 700
Accrued audit fees	-0-	5,000
Accrued expenses	$ -0-	$ 5,700

8. DEFERRED REVENUE

The Company has signed several contracts with customers for coupon redemptions on their website. The payments are not taken into revenue until the end user redeems the coupon. The redemptions are tracked via their website and revenues are recorded as the coupons are redeemed. Deferred revenue was $175,450 and $225,720 as of March 31, 2011 and December 31, 2010, respectively.

9. NOTE PAYABLE

On October 5, 2010, the Company issued a secured promissory note of $1,000,000 to an investor. The note accrues interest at 6% per annum, compounded on April and October each year and will be paid at the earliest of September 12, 2012 or earlier at the Company's option. No principal or interest payments are required until the maturity date. Accrued interest was $15,000 as of December 31, 2010. The terms of the note also granted 1,000,000 stock warrants and 1,000,000 contingent stock warrants in connection with the financing. The non-contingent warrants were valued at $1,007,992 with $1,000,000 recorded as debt discount and $7,992 recorded as interest expense in the December 31, 2010 year. The Company analyzed the assumptions associated with the contingent warrants and determined that the performance objectives were not likely to occur in 2011. Therefore, no value was recorded for the contingent warrants. The debt discount derived from the warrant valuation of $1,000,000 will be amortized over the life of the loan using the straight-line method and charged to interest expense. As of March 31, 2011 and December 31, 2010, $218,333 and $83,333, respectively, had been amortized with the remaining balance of $791,667 at March 31, 2011 to be amortized through October 5, 2012.

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

10. COMMON STOCK

OptimizeRx Corporation has 500,000,000 shares of $.001 par value common stock authorized as of December 31, 2010. There were 13,869,202 and 13,606,676 common shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively.

During 2009, 284,000 shares were issued as compensation for services valued at $1,008,240. There were 365,908 shares issued in a cashless exchange of common stock warrants during the year ended December 31, 2009.

On March 11, 2010, the Company issued 12,000 shares of common stock for services valued at $27,960.

On April 20, 2010, the Company issued 66,000 shares to board members for services valued at $130,680.

Additionally on May 27, 2010, the Company issued 25,000 for services valued at $42,500.

On September 27, 2010, the Company issued 100,000 shares of common stock for services valued at $100,000.

On October 14, 2010, the Company issued 24,000 shares to a board member or advisory services valued at $30,000.

During the year ended December 31, 2010, the Company issued 410,520 shares of common stock to satisfy $700,000 of preferred dividends.

On February 19, 2010, 75,400 stock warrants were exercised for 43,039 shares of common stock in a cashless exchange.

On May 19, 2010, 25,000 stock warrants were exercised for 25,000 shares of common stock for total proceeds of $8,750.

On April 26, 2010, the Company acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at $360,000. The shares were valued on the grant date at $570,000 and have been recorded as a payable to the related party.

During the quarter ended March 31, 2011, the Company issued 252,526 shares of common stock to satisfy $250,000 of preferred dividends.

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

11. PREFERRED STOCK

Series A Preferred

During the year ended December 31, 2008, 35 preferred shares were issued for $3,500,000. Issuance costs totaled $515,000 resulting in net proceeds of $2,985,000. The 35 shares are convertible to 3,500,000 shares of common stock and bear a 10% cumulative dividend. In addition, there was a warrant issued to purchase 6,000,000 shares of common stock at an exercise price of $2 for a period of seven years.

The holders of the preferred stock are entitled to semi-annual dividends payable on the stated value of the Series A preferred stock at a rate of 10% per annum, which shall be cumulative, and accrue daily from the issuance date. The dividends may be paid in cash or shares of the Company's common stock at management's discretion. If after the conversion eligibility date, the market price for the common stock for any ten consecutive trading days in which the stock trades for over $2 per share and trading exceeds 100,000 shares per day, the preferred shareholders can be required to convert their shares to common stock. Each share of Series A preferred stock shall also be convertible at the option of the holder into that number of shares of common stock of the Company at the stated value of such share at a $1 conversion price.

The holder may cause this conversion at the time the shares are eligible for resale by the holder. The conversion price is subject to adjustment as hereinafter provided, at any time, or from time to time upon the terms and in the manner hereinafter set forth in the shareholder agreement. There is no conversion expiration date, however, the holder must provide 30 days notice for the registration of the conversion.

On May 12, 2010, the Company's Board declared and issued 236,598 common shares as payment for all cumulative and current semi-annual dividends. On November 16, 2010, the Company's Board declared and issued 173,922 common shares for its semi-annual dividend payment. On March 25, 2011, the Company's Board declared and issued 176,768 common shares for its semi-annual dividend payment.

Series B Preferred

During the year ended December 31, 2010, 15 preferred shares were issued for $1,500,000. The 15 shares are convertible to 1,500,000 shares of common stock and bear a 10% cumulative dividend. In addition, there was a warrant issued to purchase 2,000,000 shares of common stock at an exercise price of $3 for a period of seven years.

The preferred stock was issued for $1,500,000 less associated issuance costs of $350,000 for net proceeds of $1,150,000. Additionally, 3,000,000 common stock warrants were issued with the preferred stock. Based on the fair values of the preferred stock and common stock warrants on the issue date, $341,100 was allocated to preferred stock and $1,158,900 was allocated to the common stock warrants. Equity issuance costs of $350,000 were allocated to the preferred stock.

Continued…

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

11. PREFERRED STOCK (CONTINUED)

Series B Preferred

The holders of the preferred stock are entitled to semi-annual dividends payable on the stated value of the Series B preferred stock at a rate of 10% per annum, which shall be cumulative, and accrue daily from the issuance date. The dividends may be paid in cash or shares of the Company's common stock at management’s discretion. If after the conversion eligibility date, the market price for the common stock for any ten consecutive trading days in which the stock trades for over $2 per share and trading exceeds 100,000 shares per day, the preferred shareholders can be required to convert their shares to common stock. Each share of Series B preferred stock shall also be convertible at the option of the holder into that number of shares of common stock of the Company at the stated value of such share at a $1.50 conversion price.

The holder may cause this conversion at the time the shares are eligible for resale by the holder. The conversion price is subject to adjustment as hereinafter provided, at any time, or from time to time upon the terms and in the manner hereinafter set forth in the shareholder agreement. On March 25, 2011, the Company’s Board declared and issued 75,758 common shares for its semi-annual dividend payment.

In the event the Company has added at least 1,750 active physicians to the system, and added 35 brands, the Company may issue and sell at its option, and the Purchaser agrees to purchase, up to 15 shares of the Company’s Series B Preferred Stock at a subsequent date, provided that the date cannot occur earlier than November 1, 2010. If the conditions have not been fulfilled prior to June 30, 2011, the Purchaser shall have no obligation to purchase any securities from the Company.

12. STOCK OPTIONS AND WARRANTS

The Company accounts for employee stock-based compensation in accordance with the guidance of ASC Topic 718: Compensation - Stock Compensation, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

The Company follows ASC Topic 505-50, formerly EITF 96-18, “Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods and Services,” for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered.

Continued…

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

12. STOCK OPTIONS AND WARRANTS (CONTINUED)

The Company issued 300,000 stock warrants in connection with non-employee services. The Company also issued 750,000 warrants as part of employment agreements with various employees. The Company has accounted for these warrants as equity instruments in accordance with EITF 00-19 (ASC 815-40), Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, and as such, will be classified in stockholders' equity as they meet the definition of "…indexed to the issuer's stock" in EITF 01-06 (ASC 815-40) The Meaning of Indexed to a Company's Own Stock. The Company has estimated the fair value of the warrants issued in connection with the non-employee services at $618,031, and the employment agreements at $1,321,226, as of December 31, 2009 using the Black-Scholes option pricing model.

The fair value of each option and warrant granted in 2009 is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 44% to 233%, risk-free interest rate of .04% to .15% and expected life of 60 months.

During the year ended December 31, 2009, the Company exchanged 173,000 common stock warrants with an exercise price of $1 and 108,908 common stock warrants with an exercise price of $2, for 365,908 shares of common stock in a cashless exchange. This exchange has been reflected in the stockholders' equity for 2009.

On January 6, 2010, the Company issued 25,000 stock warrants for services to a consultant with an exercise price of $0.35. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 259%, risk-free interest rate of 2.6% and expected life of 60 months. The Company recognized consulting expense of $57,425.

On June 4, 2010, the Company issued 3,000,000 stock warrants in connection with the preferred stock issuance with an exercise price of $3.00. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 260%, risk-free interest rate of 2.65% and expected life of 84 months. The Company recorded the stock warrants valued at $5,096,472 in an equity transaction.

On July 1, 2010, the Company issued 100,000 stock warrants for services to a consultant with an exercise price of $2.50. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 241%, risk-free interest rate of 1.26% and expected life of 60 months. The Company recognized consulting expense of $129,000.

Continued…

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

12. STOCK OPTIONS AND WARRANTS (CONTINUED)

On October 5, 2010, the Company issued 1,000,000 stock warrants and 1,000,000 contingent stock warrants in connection with the Company's debt financing with an exercise price of $2.25. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 241%, risk-free interest rate of 1.83% and expected life of 84 months. The non-contingent warrants were valued at $1,007,992 with $1,000,000 recorded as debt discount and $7,992 recorded as interest expense in the current period. The company analyzed the assumptions associated with the contingent warrants and determined that the performance objectives were not likely to occur in 2011. Therefore, no value was recorded for the contingent warrants. The Company recorded $125,000 and $83,333 of the debt discount as interest expense in the three months ended March 31, 2011 and the year ended December 31, 2010 with the remaining balance of $791,667 to be amortized over the remaining term of the loan. See Note 9.

On April 26, 2010, the Company issued 200,000 stock options to acquire from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options with an exercise price of $1.81. The options were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 262%, risk-free interest rate of 2.54% and expected life of 60 months. The Company capitalized $360,000 as patent rights for these options.

On October 1, 2010, the Company issued 25,000 stock options to an employee with a vesting period of one year and an exercise price of $1.21. The options were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 241%, risk-free interest rate of 1.26% and expected life of 60 months. The Company recognized share-based compensation expense of $6,203 during the year ended December 31, 2010 with the remaining balance of $18,610 to be recognized in 2011. $6,203 has been recognized in the three months ended March 31, 2011.

13. COMMITMENTS AND CONTINGENCIES

The Company leases their offices for $2,500 a month on a month-to-month rental.

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Company acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at $360,000. The shares were valued on the grant date at $570,000 and have been recorded as a payable to the related party. See Notes 6, 11 and 13.

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

15. MAJOR CUSTOMERS

The Company has two major customers that accounted for approximately 76% and 55% of revenues for the three months ended March 31, 2011 and for the year ended December 31, 2010, respectively. The Company expects to continue to maintain these relationships with the customers.

16. INCOME TAXES

For the three months ended March 31, 2011, the Company incurred a net loss of approximately $215,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of $16,256,000 through December 31, 2010. The cumulative loss of $16,471,000 will be carried forward and can be used through the year 2030 to offset future taxable income. In the future, the cumulative net operating loss carry-forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

The provision for Federal income tax consists of the following at March 31, 2011 and December 31, 2010:

	3/31/11	12/31/10
Federal income tax benefit attributable to:		
Current operations	$ 73,000	$ 683,000
Valuation allowance	(73,000)	(683,000)
Net provision for federal income tax	$ -0-	$ -0-

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	3/31/11	12/31/10
Deferred tax asset attributable to:		
Net operating loss carryover	$ 3,935,000	$ 3,862,000
Valuation allowance	(3,935,000)	(3,862,000)
Net deferred tax asset	$ -0-	$ -0-

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately $11,359,000 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years.

F-17

Table of Contents

OPTIMIZERx CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

17. OPERATING EXPENSES

Operating expenses consisted of the following for the three months ended March 31, 2011 and 2010:

	3/31/11	3/31/10
Advertising	$ 37,265	$ 34,105
Professional fees	106,214	16,603
Consulting	46,775	31,644
Salaries, wages and benefits	173,714	137,224
Rent	7,500	7,500
General and administrative	97,813	36,828
Total Operating Expenses	$ 469,281	$ 263,904

18. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has sustained substantial losses since inception.

In view of this matter, the ability of the Company to continue as a going concern is dependent upon growth of revenues and the ability of the Company to raise additional capital. Management believes that its successful ability to raise capital and their plans for increases in revenues will provide the opportunity for the Company to continue as a going concern.

19. SUBSEQUENT EVENTS

In accordance with SFAS 165 (ASC 855-10) the Company has analyzed its operations subsequent to March 31, 2011 through May 10, 2011 and has determined that it does not have any material subsequent events to disclose in these financial statements.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimate "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Results of Operations for the Three Months Ended March 31, 2011 and 2010

Revenues

Our total revenue reported for three months ended March 31, 2011 was $393,843, an increase from $1,283 for the three months ended March 31, 2010.

Our increased revenue for the three months ended March 31, 2011 as compared with the prior year period is a result of our SampleMD solution and the setup and integration fees for pharmaceutical manufacturers whom are participating within this offering.

Table of Contents

Operating Expenses

Operating expenses increased to $469,281 for the three months ended March 31, 2011 from $263,094 for the same period ended 2010. A detail of the significant expenses for the three months ended March 31, 2011 as compared to the prior year period is set forth below:

	2011	2010
OPERATING EXPENSES		
Advertising	$ 37,265	$ 34,105
Auto expense	$ 18,701	$ 2,889
Consulting	$ 46,775	$ 31,644
Depreciation and amortization	$ 30,050	$ 8,129
Development costs	$ 22,237	$ 3,570
Professional fees	$ 106,214	$ 17,353
Rent	$ 7,500	$ 7,500
Repairs and maintenance		
Salaries, Wages and Benefits	$ 173,714	$ 137,224
Website maintenance	$ 10,000	$ 2,480

Our operating expenses are higher on all categories as a result of ramping up operations, as we have transformed from a development stage company to an operating company.

Other Income/Expenses

Other expenses were $140,000 for the three months ended March 31, 2011 as compared with other income of $844 for same period ended 2010. Interest expenses was the major factor for other expenses for the period ended March 31, 2011 .

Net Loss

Net loss for the three months ended March 31, 2011 was $214,932, compared to net loss of $260,967 for the same period 2010.

Table of Contents

Liquidity and Capital Resources

As of March 31, 2011, we had total current assets of $2,006,417 and total assets in the amount of $3,553,459. Our total current liabilities as of March 31, 2011 were $874,593. We had working capital of $1,131,824 as of March 31, 2011.

Operating activities used $91,561 in cash for the three months ended March 31, 2011. Our net loss of $214,932 and accounts receivable of $112,911 were the primary components of our negative operating cash flow, offset mainly by $125,000 in amortization of debt discount, $61467 in prepared expenses, and $60,735 in accounts payable. Investing activities used $37,610 during the three months ended March 31, 2011 as a result of website development costs. Financing activities provided $1,508,750 for the nine months ended March 31, 2011 largely as a result of the sale of our Series B Preferred Stock.

On October 5, 2010, we issued a secured promissory note (the "Note") in the principal amount of $1,000,000 to Physicians Interactive, Inc., a Delaware corporation (the "Investor"). The Investor also received a seven year warrant to purchase up to 1,000,000 shares of our common stock at an initial exercise price of $2.25 per share and a contingent seven year warrant to purchase up to an aggregate of 1,000,000 shares of our common stock at an initial exercise price of $2.00 based on royalties we may receive under a Strategic Partnering Agreement we entered into with Physicians Interactive Holdings, LLC (together the "Warrants").

The Note accrues interest at a rate of 6% per annum, compounded on April and October each year, which will be paid together with the repayment of the principal amount at the earliest of (i) September 12, 2012; (ii) prepayment of the Note at our option (iii) the occurrence of an Event of Default (as defined in the Note); or (iv) the "Maturity Date" as defined in our Certificate of Designation for our Series B Convertible Preferred Stock.

The Notes and Warrants were issued pursuant to a Securities Purchase Agreement (the "Purchase Agreement") dated as of October 5, 2010 with the Investor. The Investor is entitled to certain contractual benefits under the Purchase Agreement, which are summarized as follows:

§ Until June 4, 2012 or until prepayment in full of all obligations under the Note, the right, subject to certain exceptions, to participate in any subsequent sale of our common stock or any securities convertible into our common stock up to 30% of the amount of the financing;

§ At any time when the Note is outstanding, the right to nominate a designee of Investor for election to our Board of Directors and to provide such nominee with D&O insurance coverage;

§ At any time when the Note is outstanding, we are prohibited from: issuing dividends or repurchasing our outstanding shares, incurring certain indebtedness, issuing securities that are senior to the Note; disposing of 20% of our assets; incurring a change in control; increasing the authorized size of our Board of Directors; entering into certain transactions with affiliates; or registering certain shares; and

§ Upon the occurrence and continuance of an Event of Default (as defined in the Purchase Agreement), the Investor may at any time (unless all defaults shall theretofore have been remedied) require us to pay immediately 125% of the sum of all unpaid principal on the Note plus all accrued but unpaid interest and other amounts payable thereunder.

Our wholly-owned subsidiary, OptimizeRx Corporation, a Michigan corporation (the "Guarantor"), entered into a Guaranty Agreement (the "Guaranty") with Investor to guarantee the prompt and complete payment when due of all principal, interest and other amounts under the Note. The obligations under the Guaranty are independent of our obligations under the Note and separate actions may be brought against the Guarantor.

Table of Contents

Vicis Capital Master Fund, a sub-trust of Vicis Capital Series Master Trust, a unit trust organized and existing under the laws of the Cayman Islands ("Vicis") was instrumental in facilitating our $1,000,000 financing transaction with Investor by participating and by making certain concessions in our transaction documents with the Investor. As previously reported, we entered into two financing transactions with Vicis. The first was a Securities Purchase Agreement for the sale of Series A Convertible Preferred Stock dated as of September 8, 2008 and the second was a Securities Purchase Agreement dated as of June 4, 2010 for the sale of Series B Convertible Preferred Stock (the "Vicis Financings"). In connection with the Vicis Financings, we granted Vicis a security interest in our assets and further agreed to register certain shares brought about by the financings. In order to induce the Investor to enter into an agreement with us, Vicis agreed to modify its security agreement and registration rights agreement.

Specifically, we entered into a Second Amended and Restated Security Agreement with Vicis and the Investor, which granted the parties a security interest in substantially all of our assets. The Guarantor also entered into a Second Amended and Restated Guarantor Security Agreement with Vicis and the Investor, which granted the parties a security interest in substantially all of the Guarantor's assets.

We further entered into an Amended and Restated Registration Rights Agreement with Vicis and the Investor to file a registration statement upon demand to cover the resale of the shares of our common stock issuable upon exercise of the Investor's Warrants, the shares of our common stock issuable upon conversion of Vicis' Series B Convertible Preferred Stock, and the shares of our common stock issuable as dividends on the Series B Convertible Preferred Stock.

We were also a party to a Securityholders' Agreement where Vicis and the Investor contracted over matters including, the maturity date for the Series A Convertible Preferred Stock and Series B Convertible Preferred Stock, preemptive rights for future financings, and voting rights for ominee directors. Finally, we were a party to an Intercreditor Agreement where Vicis and the Investor contracted over matters including, confirming the relative priority with respect to our collateral assets, providing for the orderly sharing of the proceeds of such assets, and agreeing upon the terms of the subordination of our obligations.

As of March 31, 2011, with the current level of financing and cash on hand, we have sufficient cash to operate our business at the current level for the next twelve months but insufficient cash to achieve our business goals unless we: a) realize cash revenues on sales generated; b) meet the milestones as defined in the second round of financing with Vicis and satisfy the conditions to secure the second tranche of funding; and/or c) obtain additional financing through debt and/or equity based financing arrangements which may be insufficient to fund our capital expenditures, working capital, or other cash requirements. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.

Off Balance Sheet Arrangements

As of March 31, 2011, there were no off balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Table of Contents

Item 4T. Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2011. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. David Lester. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2011, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended March 31, 2011 that have materially affected or are reasonably likely to materially affect such controls.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Aside from the following, we are not a party to any pending legal proceeding, and we are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

On February 10, 2011, we commenced an action against Beringea, LLC ("Beringea") in the Circuit Court for the County of Oakland in the State of Michigan. The action is based on a dispute between our company and Beringea surrounding a capital raising agreement that was entered into on October 15, 2009. We have alleged that Beringea has failed to perform under the agreement, misinformed us about "tail" liability, and is wrongfully withholding funds due to us. We are seeking $400,000 in damages.

On August 18, 2010, we commenced an action against Midtown Partners & Co., LLC ("Midtwon Partners") in the Circuit Court for the County of Oakland in the State of Michigan. The action is based on a dispute between our company and Midtown Partners surrounding a placement agent agreement that was entered into on June 27, 2008. We filed the action seeking declaratory relief that no compensation is due and owing to Midtown Partners in connection with an investment made by Vicis on June 4, 2010.

Midtown Partners removed the action to the United States District Court for the Eastern District of Michigan. We are in the initial pleading stage of this litigation.

Item 1A: Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the current reporting period, we issued the following securities:

We issued 252,526 shares of common stock to satisfy $255,051 of preferred dividends.

We issued 10,000 shares of common stock at $1.00 per share for total proceeds of $10,000.

These issuances were deemed to be exempt under rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended, since, among other things, the transactions did not involve a public offering, the investors were accredited investors and / or qualified institutional buyers, the investors had access to information about the Company and their investment, the investors took the securities for investment and not resale, and the Company took appropriate measures to restrict the transfer of the securities.

Item 3. Defaults upon Senior Securities

None

Item 4. Removed and Reserved

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Table of Contents

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OptimizeRx Corporation

Date: May 16, 2011

By: /s/ David Lester
David Lester
Title: Chief Executive Officer, Chief Financial Officer, and Director