OptimizeRx Corp
Form 10-Q
August 16, 2010

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 June 30, 2010

[ ] 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: 13,233,754 shares as of June 30, 2010.

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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 June 30, 2010 are not necessarily indicative of the results that can be expected for the full year.

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2010 (UNAUDITED) AND DECEMBER 31, 2009 (AUDITED)

ASSETS		June 30, 2010 (Unaudited)		December 31, 2009 (Audited)
Current Assets				
Cash and cash equivalents	$	1,132,928	$	656,394
Accounts receivable		675		14,465
Prepaid expenses		18,908		8,092
Total Current Assets		1,152,511		678,951
Property and Equipment, net		12,737		13,581
Other Assets				
Patent rights		974,762		-0-
License fees		40,000		-0-
Website development costs, net		271,856		197,610
Total Other Assets		1,286,618		197,610
TOTAL ASSETS	$	2,451,866	$	890,142
LIABILITIES AND STOCKHOLDERS’ EQUITY				
Current Liabilities				
Accounts payable - trade	$	50,772	$	33,224
Accounts payable – related party		570,000		-0-
Accrued expenses		-0-		4,606
Total Liabilities		620,772		37,830
Stockholders' Equity				
Common stock, $0.001 par value, 500,000,000 shares authorized, 13,233,754 shares issued and outstanding (12,826,117 – 2009)		13,234		12,826
Series A Convertible Preferred stock, $.001 par value, 1,000 shares authorized, 35 shares issued and outstanding (35 – 2009)		0		0
Series B Convertible Preferred stock, $.001 par value, 1,000 shares authorized, 15 shares issued and outstanding (0 – 2009)		0		0
Stock warrants		23,072,027		18,139,252
Additional paid-in-capital		0		1,747,962
Deficit accumulated during the development stage		(21,254,167)		(19,047,728)

Total Stockholders' Equity		1,831,094		852,312
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	2,451,866	$	890,142

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

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009

	For the Three Months Ended June 30, 2010 (Unaudited)	For the Three Months Ended June 30, 2009 (Unaudited)
REVENUES	$ 16,720	$ 3,449
OPERATING EXPENSES	892,083	355,462
LOSS FROM OPERATIONS	(875,363)	(352,013)
OTHER INCOME (EXPENSE)		
Interest income	625	9,576
Other income	-0-	312
Interest expense	(165)	(20)
TOTAL OTHER INCOME (EXPENSE)	460	9,868
LOSS BEFORE PROVISION FOR INCOME TAXES	(874,903)	(342,145)
PROVISION FOR INCOME TAXES	0	0
NET LOSS	$ (874,903)	$ (342,145)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	13,378,759	12,609,094
NET LOSS PER SHARE: BASIC AND DILUTED	$ (0.07)	$ (0.03)

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

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
FOR THE PERIOD FROM JANUARY 31, 2006 (INCEPTION) TO JUNE 30, 2010

	For the Six Months Ended June 30, 2010 (Unaudited)	For the Six Months Ended June 30, 2009 (Unaudited)	For the Period from January 31, 2006 (Inception) to June 30, 2010 (Unaudited)
REVENUE	$ 18,003	$ 4,720	$ 228,730
OPERATING EXPENSES	1,155,177	1,731,766	6,061,267
LOSS FROM OPERATIONS	(1,137,174)	(1,727,046)	(5,832,537)
OTHER INCOME (EXPENSE)			
Interest income	1,530	22,664	36,809
Other income	-0-	1,783	1,471
Interest expense	(226)	(269)	(7,395)
Stock-based compensation	-0-	-0-	(4,684,537)
TOTAL OTHER INCOME (EXPENSE)	1,304	24,178	(4,653,652)
LOSS BEFORE PROVISION FOR INCOME TAXES	(1,135,870)	(1,702,868)	(10,486,189)
PROVISION FOR INCOME TAXES	0	0	0
NET LOSS	$ (1,135,870)	$ (1,702,868)	$ (10,486,189)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTADING: BASIC AND DILUTED	13,115,405	12,499,137	
NET LOSS PER SHARE: BASIC AND DILUTED	$ (0.09)	$ (0.14)	

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

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
AS OF JUNE 30, 2010

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Stock Warrants	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Stockholders' Equity
Balance, December 31, 2009	12,826,117	$12,826	35	$0	$18,139,252	$1,747,962	$(19,047,728)	$852,312
Issuance of common stock for services	103,000	103	-	-	-	201,037	-	201,140
Conversion of warrants to common stock	25,000	25	-	-	(9,881)	18,606	-	8,750
Issuance of common stock for preferred dividends	236,598	237	-	-	-	524,763	(525,000)	0
Issuance of preferred stock	-	-	15	-	-	1,500,000	-	1,500,000
Issuance of stock options for patent rights	-	-	-	-	-	404,762	-	404,762
Issuance of warrants in connection with preferred stock issuance	-	-	-	-	5,096,472	(4,550,903)	(545,569)	0
	43,039	43	-	-	(153,816)	153,773	-	0

Conversion of warrants to common stock								
Net loss for the six months ended June 30, 2010	-	-	-	-	-	-	(1,135,870)	(1,135,870)
Balance, June 30, 2010	13,233,754	$13,234	50	$0	$23,072,027	$0	$(21,254,167)	$1,831,094

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

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
FOR THE PERIOD FROM JANUARY 31, 2006 (INCEPTION) TO JUNE 30, 2010

	For the Six Months Ended June 30, 2010 (Unaudited)	For the Six Months Ended June 30, 2009 (Unaudited)	For the Period from January 31, 2006 (Inception) to June 30, 2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	$ (1,135,870)	$ (1,702,868)	$ (10,486,189)
Adjustments to reconcile net income to net cash used in operating activities			
Depreciation and amortization	16,258	16,258	83,788
Stock issued for services	201,140	696,000	1,279,380
Compensation expense for stock options	0	0	333,004
Stock warrants issued for services	0	0	4,684,537
Changes assets and liabilities:			
Accounts receivable	13,790	(1,728)	(675)
Prepaid expenses	(10,816)	(4,101)	(18,908)
Loan receivable	-0-	1,346	-0-
Accounts payable	17,442	(169,117)	50,772
Accrued expenses	(4,500)	3,660	-0-
NET CASH USED IN OPERATING ACTIVITIES	(902,556)	(1,160,550)	(4,074,291)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	0	0	(16,888)
License fees	(40,000)	0	(40,000)
Website development costs	(89,660)	0	(351,493)
NET CASH USED IN INVESTING ACTIVITIES	(129,660)	0	(408,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Members capital contributions	0	0	404,600
Issuance of common stock	0	0	936,000
Issuance of preferred stock	1,500,000	0	4,485,000
Payments on loan payable	0	(4,000)	(647,750)
Payment for conversion of warrants to stock	8,750	0	43,750

Proceeds from issuance of notes payable		0		0		394,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		1,508,750		(4,000)		5,615,600
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		476,534		(1,164,550)		1,132,928
CASH AND CASH EQUIVALENTS - BEGIN OF PERIOD		656,394		2,502,659		0
CASH AND CASH EQUIVALENTS - END OF PERIOD	$	1,132,928	$	1,338,109	$	1,132,928
SUPPLEMENTAL CASH FLOW INFORMATION						
Cash paid for interest	$	226	$	1,793	$	6,472
Cash paid for income taxes	$	0	$	0	$	0
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES						
Distributions paid though issuance of notes payable-related party	$	0	$	0	$	253,750
Conversion of warrants to common stock	$	153,816	$	705,285	$	859,101

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

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 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 development stage website publisher and marketing company that creates, promotes and fulfills custom marketing and advertising programs. The Company helps patients better afford and manage their rising healthcare costs. In addition, the Company also provides unique advertising programs to the pharmaceutical and healthcare industries. The Company's websites provide the following services: (i) OptimizeRx provides patients an opportunity to centrally review and participate in prescription and healthcare savings/support programs; (ii) OFFERx provides a platform to allow manufacturers to create, promote and fulfill new patient offer programs in over 64,000 pharmacies; and (iii) ADHERxE provides a platform that allows manufacturers to engage and monitor patients each month in exchange for activation of their monthly co-pay coupons.

NOTE 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.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Company is currently a development stage enterprise. All losses accumulated since the inception of the business have been considered as part of its development stage activities. Revenues are recognized as income when earned and expenses are recognized when they are incurred.

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.

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.

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
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JUNE 30, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments
The fair value of cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses 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 using the straight-line method of depreciation for book purposes. As of October 18, 2007, the Company acquired the majority of its capital assets at the lower market cost from the Optimizer Systems, LLC.

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 is currently in launch phase with ADHERxE to allow pharmaceutical and healthcare manufacturers a unique way to engage and monitor patients each month in exchange for activation of their next savings offer.

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
Substantially all revenue is recognized when it is earned. All revenues are generated through the Company's website activities. 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.

Management 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.

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.

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 June 30, 2010 and June 30, 2009, respectively, since their effect is anti-dilutive.

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, 2009. 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.

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.

NOTE 3 – PROPERTY AND EQUIPMENT

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

	June 30, 2010	December 31, 2009
Computer equipment	$ 12,594	$ 12,594
Furniture and fixtures	4,294	4,294
Subtotal	16,888	16,888
Less: Accumulated depreciation	(4,151)	(3,307)
Property and equipment, net	$ 12,737	$ 13,581

Depreciation expense was $844 and $1,689 for the six months ended June 30, 2010 and the year ended December 31, 2009, respectively.

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NOTE 4 – WEBSITE DEVELOPMENT COSTS

The Company has capitalized costs in developing their website, which consisted of the following:

	June 30, 2010	December 31, 2009
Website development costs	$ 351,492	$ 261,833
Less: Accumulated amortization	(79,636)	(64,223)
Website development costs, net	$ 271,856	$ 197,610

The Company began amortizing the website costs, using the straight-line method over the estimated useful life of five years, once it was put into service in December 2007. The Company is currently developing a new website and has capitalized $197,359. The site is currently in process and has not started to be amortized at June 30, 2010.

Amortization expense was $15,414 for the six months ended June 30, 2010 and $30,827 for the year ended December 31, 2009, respectively.

NOTE 5 – ACCRUED EXPENSES

Accrued expenses consisted of the following:

	June 30, 2010	December 31, 2009
Accrued payroll taxes	$ 0	$ 106
Accrued audit fees	0	4,500
Accrued expenses	$ 0	$ 4,606

NOTE 6 – COMMON STOCK

OptimizeRx Corporation has 500,000,000 shares of $.001 par value common stock authorized as of June 30, 2010. There were 13,233,754 and 12,826,117 common shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively.

During the six months ended June 30, 2010 and 2009, 103,000 and 160,000 shares were issued as compensation for services, respectively. Included in operating expenses at June 30, 2010 and 2009 is $201,140 and $696,000 for the issuance of these shares. There were 43,039 and 365,908 shares issued as a cashless exchange of common stock warrants during the six months ended June 30, 2010 and year ended December 31, 2009, respectively.

During the six months ended June 30, 2010, the Company acquired from an officer the technical contributions and assignment of all exclusive rights to and for the Sample MD patent currently in process in exchange for 200,000 stock options valued at $404,762 and a payable of 300,000 shares of common stock to be granted at a later date. These shares were valued at the date of the assignment for $570,000 and have been recorded as a related party payable.

Additionally, during the six months ended June 30, 2010, stock warrants with an exercise price of $.35 per share were converted into 25,000 shares of common stock in exchange for $8,750.

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NOTE 7 – 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. The shares are required to be redeemed on September 5, 2010.

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. As of June 30, 2010, all preferred stock dividends are current.

Series B Preferred
During the six months ended June 30, 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 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. The shares are required to be redeemed on June 30, 2011. As of June 30, 2010, no cumulative dividends have been declared or accrued.

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OPTIMIZERx CORPORATION

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8 – STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted SFAS No. 123 (revised), "Share-Based Payment: (SFAS 123(R)) utilizing the modified prospective approach. Prior to the adoption of SFAS 123(R) we accounted for stock option grant in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," and accordingly, recognized compensation expense for stock option grants using the intrinsic value method.

Under the modified prospective approach, SFAS 123(R) applies to new awards and to awards that were outstanding on January 1, 2006 that are subsequently modified, repurchased or cancelled. Under the modified prospective approach, compensation cost recognized in the first quarter of fiscal 2006 includes compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006 based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123, and compensation cost for all share-based payments granted subsequent to January 1, 2006 based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). For all quarters after the first quarter of fiscal 2006, compensation costs recognized will include the compensation costs for all share-based payments granted based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R).

The fair value of each option granted in 2010 is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average 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 $404,762 on the 200,000 options issued on April 19, 2010 related to the patent rights.

The fair value of each option granted in 2009 is estimated on the date of grant using the Black-Scholes Option Pricing Model. The Company recognized expense of $1,939,257 on the 1,050,000 options and warrants in 2009.

NOTE 9 – STOCK WARRANTS

During the three months ended March 31, 2010, the Company exchanged 75,400 common stock warrants with an exercise price of $1 for 43,039 shares of common stock in a cashless exchange. This exchange has been reflected in the stockholders' equity for 2010.

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.

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 $616,079, and the employment agreements at $1,323,178, as of December 31, 2009 using the Black-Scholes option pricing model.

The Company issued 3,000,000 stock warrants in connection with obtaining additional capital. 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 at $5,096,472, as of June 30, 2010 using the Black-Scholes option pricing model.

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

NOTE 11 – INCOME TAXES

For the six months ended June 30, 2010, the Company incurred a net loss of approximately $1,136,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of $9,300,000 through December 31, 2009. The cumulative loss of approximately $12,276,000 will be carried forward and can be used in various amounts 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 cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	June 30, 2010	December 31, 2009
Deferred tax asset attributable to:		
Net operating loss carryover	$ 4,174,000	$ 3,788,000
Valuation allowance	(4,174,000)	(3,788,000)
Net deferred tax asset	$ -0-	$ -0-

NOTE 12 – 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.

NOTE 13 – SUBSEQUENT EVENTS

Management has analyzed its operations subsequent to June 30, 2010 to August 16, 2010, the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements.

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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.

Company Overview

Since our formation, our initial concentration had been on developing our direct to consumer business strategy and obtaining financing. We planned to expand awareness, traffic and database to our patient savings portal OPTIMIZERx.com, as well as the launch of our offer development systems OFFERx™ and ADHERxE. The primary components of our direct to consumer business are:

§ The online patient savings portal OPTIMIZERx.com and our network affiliates
§ OFFERx to develop, promote and fulfill new offers from pharmaceutical and healthcare manufactures
§ ADHERxE to allow manufacturers to re-engage their customers through the activation of new savings each month

We plan to generate revenues through: (i) advertising sales from our Site and affiliate network; (ii) its database; (iii) direct marketing and sponsorships, and (iv) our platforms to create, promote and manage new savings offers for additional clients.

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We have acquired over two million members to date. Upon this, management has been preparing and addressing all key issues to successfully serve and monetize the membership database, including: content, procurement of advertising sponsorships, technology and distribution. We originally planned to extend our reach and visibility through increased online, print and broadcast marketing to increase traffic and our database of qualified health care consumers. However, with our current membership base, along with the short period of time since acquiring the majority of our members and the sales cycle of attaining sponsorship and industry advertising programs to this new asset, we have minimally engaged in marketing to our database.

Management continues to believe the OPTIMIZERx database will be a very significant, on-going revenue stream over time. Management has also learned through this process and client engagement, that both the health care providers and pharmaceutical manufacturers are focused on the redemption and fulfillment of prescribed medications and savings programs. Conversion rates of patients redeeming co-pay programs and staying on medications continues to be very low and expensive. Our clients have challenged us in finding a way to bring the prescribing process together with the available savings programs – at at the point where the doctor provides the patient both the prescription and voucher or co-pay offering.

To meet this challenge, during the past year, the company had also invested in the development of its Direct to Physician solution ‘SampleMD. Today, almost 2/3 of doctors’ offices ban or limit drug representative and samples. Although samples are still valuable in validating prescribed therapies, many healthcare systems and doctors are looking for an easier, more effective way to both administer and distribute samples while increasing affordable access and adherence to their prescribed branded medications. Based on this we have built SampleMD, a solution targeting at providing a new way to administer and distribute samples and co-pays direct from the physician and benefiting the patient consumer.

SampleMD was announced to the marketplace in October 2009 with great interest from the physician groups, IDN’s and GPO’s as well as the pharmaceutical manufacturers. With ease of use for the physicians, samples can again be prescribed to validate treatment of patients, and with greater reporting capabilities, the manufacturers now gain greater transparency to information relative to sample distribution and utilization.

The second quarter of 2010 has been very busy for SampleMD. On July 16, 2010, we entered into a Master Services Agreement with Walgreens Health Initiatives in order to promote Walgreens product savings and special offers within the SampleMD platform. In turn for our promotional services, our primary compensation will be based on the number of Walgreens offer transactions are generated by physicians using the SampleMD platform to help their patients better afford the medicines and healthcare products they need.

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Results of Operations for the Three and Six Months Ended June 30, 2010 and 2009

Revenues

Our total revenue reported for three months ended June 30, 2010 was $16,720, a nominal increase from $3,449 for the three months ended June 30, 2009.

Our total revenue reported for six months ended June 30, 2010 was $18,003, a nominal increase from $4,720 for the six months ended June 30, 2009.

Operating Expenses

Operating expenses increased to $892,083 for the three months ended June 30, 2010 from $355,462 for the same period ended 2009. Our operating expenses for the three months ended June 30, 2010 consisted mainly of advertising expenses of $57,160, consulting fees of $369,828, consulting fees for officers of $130,680, legal and accounting expenses of $52,751, and payroll of $161,557. Our operating expenses for the three months ended June 30, 2009 consisted mainly of administrative expenses of $27,014, development costs of $41,992, payroll of $128,427, and public and investor relation expenses of $30,678.

Operating expenses decreased to $1,155,177 for the six months ended June 30, 2010 from $1,731,766 for the same period ended 2009. Our operating expenses for the six months ended June 30, 2010 consisted mainly of advertising expenses of $91,265, consulting fees of $401,472, consulting fees for officers of $130,680, employee benefits of $35,908, legal and accounting expenses of $69,354, and payroll of $282,277. Our operating expenses for the six months ended June 30, 2009 consisted mainly of advertising expenses of $316,853, auto expenses of $33,271, consulting fees of $890,993, development costs of $41,992, payroll of $230,077, and public and investor relation expenses of $30,923.

We have incurred operating expenses of $6,061,267 from January 31, 2006 (Inception) to June 30, 2010.

Other Income

Other income was $460 for the three months ended June 30, 2010 a decrease from other income of $9,868 for same period ended 2009. The other income for both periods is mostly attributable to interest income.

Other income was $1,304 for six months ended June 30, 2010 a decrease from other income of $24,178 for same period ended 2009. The other income for both periods is mostly attributable to interest income.

We incurred other expenses of $4,653,652 from January 31, 2006 (Inception) to June 30, 2010. Stock based compensation accounted for $4,684,537 of our total other expenses for this period.

Net Loss

Net loss for the three months ended June 30, 2010 was $874,903, compared to net loss of $342,145 for the same period 2009.

Net loss for the six months ended June 30, 2010 was $1,135,870, compared to net loss of $1,702,868 for the same period 2009. We incurred a net loss of $10,486,189 for the period from January 31, 2006 (Inception) to June 30, 2010.

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Liquidity and Capital Resources

As of June 30, 2010, we had total current assets of $1,152,511 and total assets in the amount of $2,451,866. Our total current liabilities as of June 30, 2010 were $620,772. We had working capital of $531,739 as of June 30, 2010.

Operating activities used $902,556 in cash for the six months ended June 30, 2010. Our net loss of $1,135,870 was the primary component of our negative operating cash flow, offset mainly by $201,140 in stock issued for services. Investing activities used $129,660 during the six months ended June 30, 2010 as a result of website development costs and license fees. Financing activities provided $1,508,750 for the six months ended June 30, 2010 largely as a result of the sale of our Series B Preferred Stock.

On June 4, 2010, we entered into a Securities Purchase Agreement with 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, whereby in exchange for $1,500,000, we issued 15 shares of Series B Preferred Stock and a Warrant to purchase up to 3,000,000 shares of our common stock with an exercise price of $3.00 per share.

The purchase agreement provides that we have a right to sell (and the Purchaser has agreed to buy, if the right is exercised) up to an additional 15 shares of Series B Preferred Stock at $1.00 per share. The foregoing right is triggered upon the satisfaction and achievement by our company of certain goals identified in the purchase agreement. If we exercise the right, Vicis will also receive a Warrant to purchase up to 1,000,000 of our shares of common stock with an exercise price of $3.00 per share.

As of June 30, 2010, we have insufficient cash to operate our business at the current level for the next twelve months and insufficient cash to achieve our business goals. The success of our business plan beyond the next 12 months is contingent upon us obtaining additional financing. We intend to fund operations through debt and/or equity 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 June 30, 2010, there were no off balance sheet arrangements.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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 June 30, 2010. 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 June 30, 2010, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended June 30, 2010 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.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. 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.

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 acquired from Mr. David Harrell the technical contributions and assignment of all exclusive rights to and for the Sample MD patent currently in process in exchange for 200,000 stock options valued at $404,762 and a payable of 300,000 shares of common stock to be granted at a later date. These shares were valued at the date of the assignment for $570,000 and have been recorded as a related party payable.

We also issued Mr. Harrell 24,000 shares of our common stock for services rendered as a member of the board of directors.

We issued Mr. Terry Hamilton 24,000 shares of our common stock for services rendered as a member of the board of directors.

We issued Mr. David Lester 18,000 shares of our common stock for services rendered as a member of the board of directors.

We issued 37,000 shares of our common stock for services rendered.

We issued 25,000 shares of our common stock upon the exercise of a warrant at a strike price of $0.35 per share.

We issued Vicis Capital Master Fund 236,598 shares of our common stock as a dividend payment under the terms of our Series A Preferred Stock.

We issued Vicis Capital Master Fund 15 shares of Series B Preferred Stock and a Warrant to purchase up to 3,000,000 shares of our common stock with an exercise price of $3.00 per share. The terms of the financing and features of the Series B Preferred Stock are set forth in our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 11, 2010.

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.

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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

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: August 16, 2010

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