OptimizeRx Corp
Form 10-Q
November 14, 2012

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 **September 30, 2012**

[ ] 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 preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

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: 14,232,496 as of September 30, 2012.

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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 September 30, 2012 are not necessarily indicative of the results that can be expected for the full year.

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OPTIMIZERx CORPORATION

Consolidated Balance Sheets (Unaudited)

as of September 30, 2012 and December 31, 2011

ASSETS		
	September 30, 2012	December 31, 2011
Current Assets		
Cash and cash equivalents	$282,630	$959,166
Accounts receivable	643,649	471,870
Prepaid expenses	44,892	119,032
Total Current Assets	971,171	1,550,068
Property and equipment, net	22,067	23,931
Other Assets		
Patent rights, net	806,912	847,941
Website development costs, net	419,174	465,498
Security deposit	5,049	5,049
Total Other Assets	1,231,135	1,318,488
TOTAL ASSETS	$2,224,373	$2,892,487
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable - trade	$8,476	$336,712
Accounts payable - related party	570,000	570,000
Accrued expenses	-0-	66,000
Deferred revenue	311,774	330,605
Total Current Liabilities	890,250	1,303,317
Stockholders' Equity		
Common stock, $.001 par value, 500,000,000 shares authorized, 14,232,496 and 14,192,496 shares issued and outstanding	14,232	14,192
Preferred stock, $.001 par value, 10,000,000 shares authorized, 65 shares issued and outstanding	-0-	-0-
Stock warrants	20,826,934	20,826,934
Additional paid-in-capital	5,353,440	5,125,558
Accumulated deficit	(24,860,483)	(24,377,514)
Total Stockholders' Equity	1,334,123	1,589,170
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,224,373	$2,892,487

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

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OPTIMIZERx CORPORATION

Consolidated Statements of Operations (Unaudited)

for the Three Months Ended September 30, 2012 and 2011

	For the three months ended September 30, 2012	For the three months ended September 30, 2011 (Restated)
REVENUE		
Sales	$453,154	$191,593
TOTAL REVENUE	453,154	191,593
EXPENSES		
Operating expenses	559,305	600,760
TOTAL EXPENSES	559,305	600,760
OPERATING LOSS	(106,151)	(409,167)
OTHER INCOME (EXPENSE)		
Interest income	77	206
Interest expense	(100)	(678,543)
TOTAL OTHER INCOME (EXPENSE)	(23)	(678,337)
LOSS BEFORE PROVISION FOR INCOME TAXES	(106,174)	(1,087,504)
PROVISION FOR INCOME TAXES	-0-	-0-
NET LOSS	$(106,174)	$(1,087,504)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	14,227,713	13,989,959
NET LOSS PER SHARE: BASIC AND DILUTED	$(0.01)	$(0.08)

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

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OPTIMIZERx CORPORATION

Consolidated Statements of Operations (Unaudited)

for the Nine Months Ended September 30, 2012 and 2011

	For the nine months ended September 30, 2012	For the nine months ended September 30, 2011 (Restated)
REVENUE		
Sales	$1,297,980	$785,610
TOTAL REVENUE	1,297,980	785,610
EXPENSES		
Operating expenses	1,781,257	1,855,695
TOTAL EXPENSES	1,781,257	1,855,695
LOSS FROM OPERATIONS	(483,277)	(1,070,085)
OTHER INCOME (EXPENSE)		
Interest income	408	1,041
Other income	-0-	66
Interest expense	(100)	(958,641)
TOTAL OTHER INCOME (EXPENSE)	308	(957,534)
LOSS BEFORE PROVISION FOR INCOME TAXES	(482,969)	(2,027,619)
PROVISION FOR INCOME TAXES	-0-	-0-
NET LOSS	$(482,969)	$(2,027,619)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	14,201,373	13,830,401
NET LOSS PER SHARE: BASIC AND DILUTED	$(0.03)	$(0.15)

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

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OPTIMIZERx CORPORATION

Consolidated Statements of Cash Flows (Unaudited)

for the Nine Months Ended September 30, 2012 and 2011

	For the nine months ended September 30, 2012	For the nine months ended September 30, 2011 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	$(482,969)	$(2,027,619)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	140,087	90,149
Stock issued for services	49,618	83,992
Stock-based compensation	178,304	-0-
Stock options issued for services	-0-	106,861
Amortization of debt discount	-0-	916,667
Changes in:		
Accounts receivable	(171,779)	104,255
Prepaid expenses	74,140	24,220
Accounts payable	(328,236)	215,731
Accrued interest	-0-	(15,000)
Accrued expenses	(66,000)	(18,200)
Deferred revenue	(18,831)	(85,420)
NET CASH USED BY OPERATING ACTIVITIES	(625,666)	(604,364)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,230)	-0-
Website site development costs	(48,640)	(154,415)
NET CASH USED BY INVESTING ACTIVITIES	(50,870)	(154,415)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of preferred stock	-0-	855,460
Issuance of warrants in connection with preferred stock	-0-	644,540
Payments on loan payable	-0-	(1,000,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-0-	500,000
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(676,536)	(258,779)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	959,166	1,278,094
CASH AND CASH EQUIVALENTS - END OF PERIOD	$282,630	$1,019,315

SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$-0-	$-0-
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	$-0-	$500,000
Common stock issued for settlement of equity issuance costs	$-0-	$115,000
Payable issued for equity issuance costs	$-0-	$57,500

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

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated 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 year ended December 31, 2011. 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.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fair Value of Financial Instruments

The fair value of cash, accounts receivable, prepaid expenses, accounts payable, accounts payable – related party, accrued expenses and deferred revenue 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.

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.

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.

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.

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 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.

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 June 30, 2012 and 2011, 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.

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 – PREPAID EXPENSES

Prepaid expenses consisted of the following as of September 30, 2012 and December 31, 2011:

	2012	2011
Insurance	$7,257	$5,937
Website maintenance	0	17,500
Rent	5,049	0
Consulting	31,627	91,811
Employee advances	959	694
Advertising	0	3,090
Total prepaid expenses	$44,892	$119,032

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 4 – PROPERTY AND EQUIPMENT

The Company owned equipment recorded at cost which consisted of the following as of September 30, 2012 and December 31, 2011:

	2012	2011
Computer equipment	$22,360	$20,130
Furniture and fixtures	11,088	11,088
Subtotal	33,448	31,218
Accumulated depreciation	(11,381)	(7,287)
Property and equipment, net	$22,067	$23,931

Depreciation expense was $4,094 and $1,359 for the nine months ended September 30, 2012 and 2011, respectively.

NOTE 5 – WEBSITE DEVELOPMENT COSTS

The Company has capitalized costs in developing their website and web-based products, which consisted of the following as of September 30, 2012 and December 31, 2011:

	2012	2011
OptimizeRx web development	$154,133	$154,133
SampleMD web development	602,517	553,877
Subtotal, web development costs	756,650	708,010
Accumulated amortization	(278,393)	(183,429)
Impairment	(59,083)	(59,083)
Web development costs, net	$419,174	$465,498

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 ended 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 and enhancements have been capitalized and amortization was started by quarter in 2011 and continues in 2012. 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 $94,964 and $47,761 for the nine months ended September 30, 2012 and 2011, respectively.

NOTE 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.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 6 – PATENT RIGHTS AND INTANGIBLE ASSETS (CONTINUED)

The Company has capitalized costs in purchasing the SampleMD patent, which consisted of the following as of September 30, 2012 and December 31, 2011:

	2012	2011
Patent rights and intangible assets	$930,000	$930,000
Accumulated amortization	(123,088)	(82,059)
Patent rights and intangible assets, net	$806,912	$847,941

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 $41,029 and $41,029 for the nine months ended September 30, 2012 and 2011, respectively.

NOTE 7 – ACCRUED EXPENSES

Accrued expenses consisted of the following as of September 30, 2012 and December 31, 2011:

	2012	2011
Accrued payroll taxes	$ 0	$0
Accrued bonuses	0	60,000
Accrued audit fees	0	6,000
Total accrued expenses	$ 0	$66,000

NOTE 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. Additionally, customer setup contracts that have been paid in full are deferred until the Company has completed the obligations of the contacts. Deferred revenue was $311,774 and $330,605 as of September 30, 2012 and December 31, 2011, respectively.

NOTE 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 was being amortized over the life of the loan using the straight-line method and charged to interest expense.

On September 16, 2011, the Company entered into a Termination Agreement, in conjunction with a Securities Purchase Agreement with another investor. Under the Termination Agreement, the Company paid off the $1,000,000 promissory note, plus all accrued interest to date. Upon payment of the note, the contingent stock warrants obligation was terminated and the remaining debt discount from the warrant valuation was expensed. See Note 12.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 10 – COMMON STOCK

OptimizeRx Corporation has 500,000,000 shares of $.001 par value common stock authorized as of September 30, 2012.

There were 14,232,496 and 14,192,496 common shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively.

On June 30, 2011, the Company entered into a settlement agreement with Midtown Partners. Under the settlement agreement, the Company will pay Midtown Partners $57,500 and grant 100,000 shares of its common stock. The cost of the settlement has been recorded as equity issuance costs. As a result of the settlement, the litigation in the Eastern District of Michigan was dismissed.

During the year ended December 31, 2011, the Company issued 475,820 shares of common stock to satisfy $500,000 of preferred dividends. The Company has not declared any dividends in 2012.

On June 1, 2012, the Company entered into a consulting agreement with North Coast Advisors, Inc. for various services. The Company agreed to issue 40,000 shares of common stock as of the date of the contract. However, these shares were not issued until July 12, 2012. The Company also agrees to issue an additional 40,000 shares every six months in alignment with the agreement renewal up to the two years of the agreement. The first 40,000 shares were valued at the Company's common stock price as of the date of the contract, which was $1.12/share. Four months of the first period of the contract have been expensed, with the remaining two months recorded as prepaid expenses.

NOTE 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.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 11 – PREFERRED STOCK (CONTINUED)

Series A Preferred Continued

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. On September 21, 2011, the Company's Board declared and issued 156,306 common shares for its semi-annual dividend payment. The Company has undeclared dividends that were due in February and September 2012 totaling $350,000.

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.

During the quarter ended September 30, 2011, 15 preferred shares were issued to an investor 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 1,000,000 shares of common stock at an exercise price of $3 for a period of seven years. Based on the fair values of the preferred stock and common stock warrants on the issue date, $855,460 was allocated to preferred stock and $644,540 was allocated to the common stock warrants. See Note 12.

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. On September 21, 2011, the Company's Board declared and issued 66,988 common shares for its semi-annual dividend payment. The Company has undeclared dividends that were due in February and September 2012 totaling $150,000.

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 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.

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 year ended September December 31, 2011.

On April 27, 2011, the Company issued 100,000 stock options to an individual at an exercise price of $0.73. 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 221%, risk-free interest rate of 2.06% and expected life of 60 months. The agreement is for a period of six months. The Company recognized expenses of $83,992 during the year ended December 31, 2011.

On May 31, 2011, the Company issued 285,000 stock options to 3 employees at an exercise price of $1.00. 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 218%, risk-free interest rate of 1.68% and expected life of 60 months. The total value of the options was $320,585. The options vest over one year. The Company recognized share-based compensation expense of $187,005 during the year ended December 31, 2011. The remaining balance was recognized over the first five months of 2012.

During the quarter ended September 30, 2011, there was a warrant issued to purchase 1,000,000 shares of common stock at an exercise price of $3 for a period of seven years. In addition, 15 preferred shares were issued to an investor for $1,500,000. The 15 shares are convertible to 1,500,000 shares of common stock and bear a 10% cumulative dividend. Based on the fair values of the preferred stock and common stock warrants on the issue date, $855,460 was allocated to preferred stock and $644,540 was allocated to the common stock warrants. See Note 11.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 12 – STOCK OPTIONS AND WARRANTS (CONTINUED)

During the quarter ended December 31, 2011, the Company issued 20,000 stock options to 2 employees at an exercise price of $1.00. 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 204-205%, risk-free interest rate of 0.88-0.93% and expected life of 60 months. The total value of the options was $19,270. The options vest over one year. The Company recognized share-based compensation expense of $2,480 during the year ended December 31, 2011 and $14,454 during the nine months ended September 30, 2012. The remaining balance will be recognized over the current year.

On November 21, 2011, the Company issued 100,000 stock options to an individual at an exercise price of $0.73. 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 205%, risk-free interest rate of 0.92% and expected life of 60 months. The Company recognized expenses of $8,346 during the year ended December 31, 2011 and $75,117 during the nine months ended September 30, 2012. The remaining balance will be recognized over the current year.

During the quarter ended March 31, 2012, the Company issued 50,000 stock options to 4 non-employees at an exercise price of $0.89. 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 198%, risk-free interest rate of 0.65% and expected life of 48 months. The total value of the options was $35,091. The options vest over 4 months. The Company recognized share-based compensation expense of $35,091 during the six months ended June 30, 2012.

NOTE 13 – OPERATING LEASES

The Company signed a lease for new office space on December 1, 2011 at an approximate rent of $5,000 per month. The new offices are in Rochester, Michigan. The lease is for three years with an option to renew for an additional two years at approximately $5,200 per month with six months advance notice to exercise the option.

Minimum annual rent is as follows for the initial term of the lease:

Year ended December 31, 2012	$60,591
2013	60,591
2014	55,542
2015	0
Total lease commitment	$176,724

NOTE 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.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 15 – MAJOR CUSTOMERS

The Company had two major customers that accounted for 50% and one major customer that accounted for 50% of the Company's revenues for the nine months ended September 30, 2012 and 2011, respectively. The Company expects to continue to maintain these relationships with the customers.

NOTE 16 – INCOME TAXES

For the nine months ended September 30, 2012, the Company incurred a net loss of approximately $483,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of $13,479,000 through December 31, 2011. The cumulative loss of $13,856,000 will be carried forward and can be used through the year 2032 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 for the nine months ended September 30, 2012 and 2011:

	2012	2011
Federal income tax benefit attributable to:		
Current operations	$164,000	$689,000
Valuation allowance	(164,000)	(689,000)
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 as of September 30, 2012 and December 31, 2011:

	2012	2011
Deferred tax asset attributable to:		

Net operating loss carryover	$4,747,000	$4,583,000
Valuation allowance	(4,747,000)	(4,583,000)
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 $13,856,000 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.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 17 – OPERATING EXPENSES

Operating expenses consisted of the following for the three months and nine months ended September 30, 2012 and 2011, respectively:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011 (restated)	2012	2011 (restated)
Advertising	$1,167	$149,386	$45,088	$455,181
Professional fees	83,235	27,844	155,870	240,733
Consulting	0	51,478	7,835	133,579
Salaries, wages and benefits	299,286	201,585	900,751	611,926
Rent	15,148	7,606	47,214	22,606
Depreciation and amortization	46,735	30,049	140,087	90,149
Stock-based compensation	29,857	0	258,240	0
General and administrative	83,877	132,812	226,172	301,521
Total Operating Expenses	$559,305	$600,760	$1,781,257	$1,855,695

NOTE 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 increases in revenues will provide the opportunity for the Company to continue as a going concern.

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OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

NOTE 19 – RESTATEMENT

The Company has restated its Consolidated Statement of Operations and its Consolidated Statement of Cash Flows for the three months and nine months ended September 30, 2011 to correct an error in its accounting. The Company did not originally accrue expenses related to advertising, marketing and employee bonuses during that period.

		Nine months ended September 30, 2011	
Financial Statement	Line Item	Corrected	Previously Stated
Income statement	Operating expenses	1,855,695	1,445,070
Income statement	Loss from operations	(1,070,085)	(659,460)
Income statement	Loss before provision for income taxes	(2,027,619)	(1,616,994)
Income statement	Net loss	(2,027,619)	(1,616,994)
Statement of cash flows	Net loss	(2,027,619)	(1,616,994)
Statement of cash flows	Change in accounts payable	215,731	(9,269)
Statement of cash flows	Change in accrued expenses	(18,200)	(63,200)
Statement of cash flows	Change in prepaid expenses	(24,220)	(116,405)

		Three months ended September 30, 2011	
Financial Statement	Line Item	Corrected	Previously Stated
Income statement	Operating expenses	600,760	482,635
Income statement	Loss from operations	(409,167)	(291,042)
Income statement	Loss before provision for income taxes	(1,087,504)	(969,379)
Income statement	Net loss	(1,087,504)	(969,379)

NOTE 20 – SUBSEQUENT EVENTS

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to September 30, 2012 through 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," "estimates," "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.

Overview

The 3rd quarter of the 2012 fiscal year shows a continuation of growth throughout our company. Coming into the third quarter, we had a successful showing at the Allscripts ACE conference where we sponsored and key note presented in the pharmaceutical manufactures track. Our messaging to pharmaceutical manufacturers was composed around building scale of physician reach through interoperability of disparate systems. The ability of our SampleMD solution to integrate within multiple application platforms while adhering to compliance and regulatory requirements by utilizing and defining industry standards for such integrations was a powerful message to the industry. We have now built our marketing campaign framework around the message that SampleMD is the industry leading provider of patient support through our ability to transact between multiple applications and platforms which have touch points to physicians and patients. We continue to look to new partnering with ePrescribers, Electronic Medical Record (EMR) providers, Patient Portal providers, Health Information Exchanges and others, gaining critical "scale of reach" on behalf of our pharmaceutical clients.

Having positioned our SampleMD as the hub of integration, we also announced our partnership and participation within the DrFirst Patient Advisor platform as the exclusive provider of eCoupons and Patient Support provider. Patient Advisor is a medication adherence solution that works within DrFirst's Rcopia e-prescribing platform, or any EMR or HIT solution and is a result of strategic agreements between DrFirst and three leading medication adherence providers: KRAMES Staywell, SampleMD, and Adheris, Inc., and inventive Health Company. The Patient Advisor platform provides physicians with a patient report card to gain insight into their patients' prescription fill rates. New functionality will also include changes in lab values, medication possession ratios, cross comparative analysis between fill rates and lab values, as well as other pertinent data. Early data already suggests this tool can improve medication adherence rates by more than 59%.

Each evidence-based tool that resides on the Patient Advisor platform is provided by the industry leader in its respective area of expertise. For example, Krames Staywell is the leader in supporting patients with education; SampleMD is the leading co-pay card vendor in the EMR channel; and Adheris is the leading and largest provider of direct-to-patient medication adherence programs. The strategic collaboration with these best-in-class partners also brings significant funding for these programs from more than 150 pharmaceutical brands. Management believes that with teaming and providing innovative solutions like eVITEREP, we will continue to see continued growth and adoption of our solutions.

Additionally, our SampleMD platform recently went "live" within the Allscript PRO EMR application and will allow promotional access to an additional 25,000 prescribing clinicians by the fourth quarter of 2012.

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Capping off our marketing efforts within the third quarter, we co-sponsored a MedAdNews webinar entitled: Physician Engagement: What Physicians Want From Pharma and How To Efficiently Deliver within the EMR Workflow. We co-sponsored this activity with Communications Media, Inc. (CMI) a leading research and media communications group within the healthcare industry. CMI cited their 2012 report: Promotional Access and Preferences of Physicians. The survey and report centered on what physicians wanted access to and from within their EMR systems. Of the top features were: requests for free samples vouchers and coupons, patient education, drug information and requests for a representative visit. This study exposes the wishes of physicians and greatly supports for the need of the SampleMD solution within the marketplace.

With the growing number of healthcare providers adopting and utilizing Electronic Health Record and ePrescribing applications in order to meet government incentives, the health IT marketplace continues to expand. In what seems to be a rapidly closing marketing environment, this growing number of users represents a new frontier of opportunity for pharmaceutical manufacturers to connect with prescribing clinicians right at the point of therapy. This is accomplished by pharmaceutical manufacturers integrating their savings and support programs directly within these application platforms. This presentation aimed at educating pharmaceutical manufacturers on this new distribution channel for savings and support materials, and how to achieve greater scale of reach in a seemingly closing healthcare provider marketing environment. The presentation focused on:

- A changing landscape for pharmaceutical manufacturers marketing to healthcare providers
- Emergence of alternative technology channels
- Ease of use: non obtrusive integration within the healthcare providers workflow
- Interoperability: a greater scale of reach
- Standards: technology, compliance and regulatory

Pharmaceutical manufacturers, brand managers and marketing personnel gained greater appreciation for what prescribing clinicians are asking for and how to effectively and efficiently deliver on these requirements through leveraging this new channel of opportunity. With over 200 registered participants from pharmaceutical manufacturers, agencies, and potential partner providers, the webinar has delivered numerous inquiries for promotional programs and partnering, and clearly delineates SampleMD as the industry leader.

We have seen our revenue for the first three quarters grow to $1,297,980, a dramatic increase nearly double the prior year period, We continue to improve upon and develop integrated solutions to promote better patient support, right within the physicians workflow. Continued efforts on eVITEREP™ for not only providing the ability to schedule representatives visits, but to have the ability to “live chat” with a pharmaceutical representative on demand is another feature which has been introduced.

Overall, OptimizeRx Corporation continues to make great strides in increasing revenues and controlling costs. We have seen our overall performance increase and based on Generated eRx with coupon we have seen utilization of the SampleMD application for the three (3) months ending September 30, 2012 a total of 89,324, a 3X increase over the sample period in 2011

Additionally, targeting a fourth quarter launch, we will have the client “dashboard reporting” portal live and accessible for our pharmaceutical clients to monitor in real time their programs and evaluate performance of individual channels and overall program effectiveness.

With these continued efforts, we believe that SampleMD continues to be regarded as the innovative industry leader and setting the standards within this new frontier of digital EMR solution marketing for patient care.

Results of Operations for the Three and Nine Months Ended September 30, 2012 and 2011

Revenues

Our total revenue reported for the three months ended September 30, 2012 was $453,154, an increase of $261,561 from the prior year period. Our total revenue reported for the nine months ended September 30, 2012 was $1,297,980, an increase of $512,370 from the prior year period.

Our increased revenue for the three and nine months ended September 30, 2012 as compared with the prior year periods is a result of the ramping up more promotional programs and transactions within SampleMD.

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Operating Expenses

Operating expenses decreased to $559,305 for the three months ended September 30, 2012 from $600,760 for the three months ended September 30, 2011. Our major expenses for the three months ended September 30, 2012 were payroll of $259,697, public and investor relation expenses of $58,592, depreciation and amortization of $46,735, employee benefits of $39,589, stock-based compensation of $29,857, legal and accounting of $24,643, and auto expenses of $24,429. In comparison, our major expenses for the three months ended September 30, 2011 were payroll of $176,595, advertising of $149,386, consulting fees to our officers of $80,146, consulting fees of $51,478, depreciation and amortization of $30,049, legal and accounting of $27,844, and employee benefits of $24,990. .

Operating expenses decreased to $1,781,257 for the nine months ended September 30, 2012 from $1,855,695 for the nine months ended September 30, 2011. Our major expenses for the nine months ended September 30, 2012 were payroll of $761,236, stock-based compensation of $258,240, depreciation and amortization of $140,087, employee benefits of $139,515, public and investor relations of $98,654, auto expenses of $68,811, and legal and accounting of $57,216. In comparison, our major expenses for the nine months ended September 30, 2011 were payroll of $527,894, advertising of $455,181, legal and accounting of $183,992, consulting fees of $133,579, consulting fees to our officers of $106,861, depreciation and amortization of $90,149, and employee benefits of $84,032.

Other Income/Expenses

Other expenses were $23 for three months ended September 30, 2012, a decrease from other expenses of $678,337 for same period ended 2011. We had nominal interest expenses in 2012 with $678,543 in 2011, which mostly accounted for the difference between the periods.

Other income was $308 for nine months ended September 30, 2012, in comparison to other expenses of $957,534 for same period ended 2011. We had nominal interest expenses in 2012 with $958,641 in 2011, which mostly accounted for the difference between the periods.

Net Loss

Net loss for the three months ended September 30, 2012 was $106,174, compared to net loss of $1,087,504, for the three months ended September 30, 2011. Although reporting a quarterly loss, if subtracting the non-cash expenses of stock options, warrants and stock issuance depreciation and amortization considerations, net income would be $285 for the three months ended September 30, 2012.

Net loss for the nine months ended September 30, 2012 was $482,969, compared to a net loss of $2,027,619 for the nine months ended September 30, 2011. Per the above stated considerations for subtracting non-cash based expenses, our net loss would be $54,775 for the nine months ended September 30, 2012.

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Below is a table that reflects our results of operations for the three months ended September 30, 2012 with the removal of non-cash based expenses.

Minus: Non-cash expenses

	For the three months ended September 30, 2012	For the three months ended September 30, 2011
REVENUE		
Sales	453,154	200,174
Less returns and allowances	0	0
TOTAL REVENUE	453,154	200,174
EXPENSES		
Operating expenses	559,305	600,760
Less: Non-cash exp (options, amortization, etc)	(106,459)	(287,401)
TOTAL EXPENSES	452,846	313,359
NET OPERATING INCOME (LOSS)	308	(113,185)
OTHER INCOME (EXPENSE)		
Interest income	77	677
Other income	0	0
Interest expense	(100)	(106,325)
Impairment	0	(59,084)
Less: Debt discount warrant value int, impairment	0	165,409
TOTAL OTHER INCOME (EXPENSE)	(23)	677
NET INCOME (LOSS) BEFORE PROVISION	285	(112,508)
PROVISION FOR INCOME TAXES	0	0
NET INCOME (LOSS)	285	(112,508)

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Liquidity and Capital Resources

As of September 30, 2012, we had total current assets of $971,171 and total assets in the amount of $2,224,373. Our total current liabilities as of September 30, 2012 were $890,250. We had working capital of $80,921 as of September 30, 2012.

Operating activities used $625,666 in cash for the nine months ended September 30, 2012. Our net loss of $482,969 along with $328,236 in accounts payable, $66,000 in accrued expenses, $171,779 in accounts receivable, and $18,831 in deferred revenue were the primary components of our negative operating cash flow, offset mainly by $178,304 in stock-based compensation, $140,087 in depreciation and amortization and $74,140 in prepaid expenses. Investing activities used $50,870 during the nine months ended September 30, 2012 largely as a result of website development costs.

On September 16, 2011, we entered into a Securities Purchase Agreement with Vicis Capital Master Fund for sale of up to 50 shares of our Series B Preferred Stock and warrants to purchase up to 3,333,334 shares of our common stock with an exercise price of $3.00 per share.

We have sold 15 shares of Series B Preferred Stock and a warrant to purchase 1,000,000 shares of our common stock at the above exercise price for $1,500,000. This money was used to pay off a promissory note we had with Physicians Interactive and the balance is for working capital.

Our financing deal with Vicis has lapsed according to the terms of the Securities Purchase Agreement. However, we are in discussions with Vicis, who we feel is a committed financial partner, to address our capital needs as we continue to generate revenues and our business expands. There is no written agreement in place for such financing, but we will update our disclosures if and when such financing becomes available.

As of September 30, 2012 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; and/or b) receive financing from Vicis. We are uncertain what type of financing we will need as we continue to ramp up our revenue stream. As mentioned, we are continually in contact with Vicis about our financing needs and hope to have something in place if we need more cash.

Off Balance Sheet Arrangements

As of September 30, 2012, there were no off balance sheet arrangements.

Going Concern

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

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

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our critical accounting policies are set forth in Note 2 to the financial statements.

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Recently Issued Accounting Pronouncements

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

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 4. 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 September 30, 2012. 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 September 30, 2012, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended September 30, 2012 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

None

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

On July 12, 2012, we issued 40,000 shares to a consultant for services rendered.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosure

N/A

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
101**	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 formatted in Extensible Business Reporting Language (XBRL).

**Provided herewith

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SIGNATURES

Pursuant to the requirements of the Securities 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: November 14, 2012

By: /s/ David Lester

David Lester

Title: **Chief Executive Officer, Chief Financial Officer, and Director**