OptimizeRx Corp
Form 10-Q
May 17, 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 March 31, 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: 12,881,156 as of March 31, 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 March 31, 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 MARCH 31, 2010 AND DECEMBER 31, 2009

ASSETS	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
Current Assets		
Cash and cash equivalents	$ 371,412	$ 656,394
Accounts receivable	690	14,465
Prepaid expenses	13,360	8,092
Total Current Assets	385,462	678,951
Property and Equipment, net	13,159	13,581
Website development costs, net	234,563	197,610
TOTAL ASSETS	$ 633,184	$ 890,142
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts payable - trade	$ 13,807	$ 33,224
Accrued expenses	72	4,606
Total Current Liabilities	13,879	37,830
TOTAL LIABILITIES	13,879	37,830
STOCKHOLDERS' EQUITY		
Common stock, $.001 par value, 500,000,000 shares authorized, 12,881,156 shares issued and outstanding	12,881	12,826
Series A Convertible Preferred stock, $.001 par value 1,000 shares authorized, 35 shares issued and outstanding. Redemption date September 5, 2010.	-0-	-0-
Stock warrants	17,985,436	18,139,252

Additional paid-in-capital	1,929,683	1,747,962
Deficit accumulated during the development stage	(19,308,695)	(19,047,728)
Total Stockholders' Equity	619,305	852,312
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 633,184	$ 890,142

See accompanying notes to the consolidated financial statements.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
FOR THE PERIOD FROM JANUARY 31, 2006 (INCEPTION) THROUGH MARCH 31, 2010

	Three months ended March 31, 2010 (Unaudited)	Three months ended March 31, 2009 (Unaudited)	For the period from January 31, 2006 (Inception) through March 31, 2010 (Unaudited)
GROSS REVENUES	$ 1,283	$ 1,271	$ 212,010
OPERATING EXPENSES	263,094	1,376,304	5,169,184
NET OPERATING LOSS	(261,811)	(1,375,033)	(4,957,174)
OTHER INCOME (EXPENSE)	844	14,310	(4,654,112)
NET LOSS BEFORE INCOME TAXES	(260,967)	(1,360,723)	(9,611,286)
PROVISION FOR INCOME TAXES	-	-	-
NET LOSS	$ (260,967)	$ (1,360,723)	$ (9,611,286)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	12,853,190	12,609,094	
NET LOSS PER SHARE	$ (0.02)	$ (0.11)	

See accompanying notes to the consolidated financial statements.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
AS OF MARCH 31, 2010

	Common Stock		Preferred Stock			Additional	Deficit Accumulated During the	
	Shares	Amount	Shares	Amount	Stock Warrants	Paid in Capital	Development Stage	Total
Balance, January 1, 2009	12,262,958	$ 12,263	35	$ -	$ 16,905,280	$ -	$ (14,492,039)	$ 2,425,504
Outstanding share adjustment	(86,749)	(87)	-	-	-	87	-	0
Issuance of common stock for services	284,000	284	-	-	-	1,007,956	-	1,008,240
Issuance of stock warrants and options	-	-	-	-	1,939,257	-	-	1,939,257
Conversion of stock warrants to common stock	365,908	366	-	-	(705,285)	739,919	-	35,000
Net loss for the year ended December 31, 2009	-	-	-	-	-	-	(4,555,689)	(4,555,689)
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	12,000	12	-	-	-	27,948	-	27,960

Conversion of stock warrants to common stock	43,039	43	-	-	(153,816)	153,773	-	0
Net loss for the three months ended March 31, 2010	-	-	-	-	-	-	(260,967)	(260,967)
Balance, March 31, 2010	12,881,156	$ 12,881	35	$ -	$ 17,985,436	$ 1,929,683	$ (19,308,695)	$ 619,305

See accompanying notes to the consolidated financial statements.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
FOR THE PERIOD FROM JANUARY 31, 2006 (INCEPTION) THROUGH MARCH 31, 2010

	Three months ended March 31, 2010 (Unaudited)	Three months ended March 31, 2009 (Unaudited)	For the period from January 31, 2006 (Inception) through March 31, 2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss for the period	$ (260,967)	$ (1,360,723)	$ (9,611,286)
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	8,129	8,129	75,659
Stock issued for services	27,960	696,000	1,106,200
Compensation expense for stock options	-0-	-0-	333,004
Stock warrants issued for services	-0-	-0-	4,684,537
Changes in assets and liabilities:			
Accounts receivable	13,775	-0-	(690)
Prepaid expenses	(5,268)	87	(13,360)
Loan receivable	-0-	1,346	-0-
Accounts payable	(19,417)	10,031	13,807
Accrued expenses	(4,534)	(34,758)	72
Net Cash Used in Operating Activities	(240,322)	(679,888)	(3,412,057)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	-0-	-0-	(16,888)
Website site development costs	(44,660)	-0-	(306,493)
Net Cash Used in Investing Activities	(44,660)	-0-	(323,381)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Members capital contributions	-0-	-0-	404,600
Issuance of common stock	-0-	-0-	936,000
Issuance of preferred stock	-0-	-0-	2,985,000
Payments on loan payable	-0-	-0-	(647,750)
Payment for conversion of warrants to stock	-0-	-0-	35,000
Proceeds from issuance of notes payable	-0-	-0-	394,000
	-0-	-0-	4,106,850

Net Cash Provided by Financing Activities						
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(284,982)		(679,888)		371,412
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		656,394		2,502,656		-0-
CASH AND CASH EQUIVALENTS - END OF PERIOD	$	371,412	$	1,822,768	$	371,412
SUPPLEMENTAL CASH FLOW INFORMATION:						
Cash paid for interest	$	61	$	159	$	6,246
Cash paid for income taxes	$	-0-	$	-0-	$	-0-
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:						
Distributions paid through issuance of notes payable - related party	$	-0-	$	-0-	$	253,750
Conversion of warrants to common stock	$	153,816	$	-0-	$	859,101

See accompanying notes to the consolidated financial statements.

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OPTIMIZERx CORPORATION

(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Property and Equipment
The capital assets are being depreciated over their estimated useful lives 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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

Earnings Per Common and Common Equivalent Share
The computation of basic earnings per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus common stock equivalents which would arise from the exercise of warrants outstanding using the treasury stock method and the average market price per share during the year. Options warrants and convertible preferred stock which are common stock equivalents are not included in the diluted earnings per share calculation for March 31, 2010 and March 31, 2009, respectively, since their effect is anti-dilutive.

Basis of Presentation
The accompanying 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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 3 – PROPERTY AND EQUIPMENT

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

	March 31, 2010	December 31, 2009
Computer equipment	$ 12,594	$ 12,594
Furniture and fixtures	4,294	4,294
Subtotal	16,888	16,888
Accumulated depreciation	(3,729)	(3,307)
Property and equipment, net	$ 13,159	$ 13,581

Depreciation expense was $422 and $422 for the three months ended March 31, 2010 and 2009, respectively.

NOTE 4 – WEBSITE DEVELOPMENT COSTS

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

	March 31, 2010	December 31, 2009
Website costs	$ 306,492	$ 261,833
Accumulated amortization	(71,929)	(64,223)
Website development costs, net	$ 234,563	$ 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 $152,359. The site is currently in process and has not started to be amortized at March 31, 2010.

Amortization expense was $7,707 and $7,707 for the three months ended March 31, 2010 and 2009, respectively.

NOTE 5 – ACCRUED EXPENSES

Accrued expenses consisted of the following:

	March 31, 2010	December 31, 2009
Accrued payroll taxes	$ 72	$ 106
Accrued audit fees	0	4,500
Accrued expenses	$ 72	$ 4,606

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 6 – COMMITMENTS AND CONTINGENCIES

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

NOTE 7 – COMMON STOCK

OptimizeRx Corporation has 500,000,000 shares of $.001 par value common stock authorized as of March 31, 2010. There were 12,881,156 and 12,826,117 common shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively.

Pursuant to the share exchange agreement with RFID, Ltd., 100% of OptimizeRx's stock was exchanged for 10,664,000 shares of RFID's common stock. At the time of the share exchange, RFID had an additional 1,256,958 shares of common stock issued and outstanding.

During the three months ended March 31, 2010 and 2009, 12,000 and 160,000 shares were issued as compensation for services, respectively. Included in operating expenses at March 31, 2010 and 2009 is $27,960 and $696,000 for the issuance of these shares. There were 43,039 and 265,908 shares issued as a cashless exchange of common stock warrants during the three months ended March 31, 2010 and year ended December 31, 2009, respectively.

NOTE 8 – PREFERRED STOCK

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. As March 31, 2010, the cumulative dividend was $547,774; however, it has not yet been declared.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 9 – STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted SFAS No. 123 (revised), "Share-Based Payment: (SFAS 123(R), now ASC 505-50 and ASC 718-10) utilizing the modified prospective approach. Prior to the adoption of SFAS 123(R) (ASC 505-50 and ASC 718-10) 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) (ASC 505-50 and ASC 718-10) 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) (ASC 505-50 and ASC 718-10). 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 estimated grant date fair value.

The fair value of each option granted in 2008 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 150%, risk-free interest rate of 2.59% and expected life of 60 months. The Company recognized expense of $333,004 on the 365,000 options issued on March 5, 2008.

The fair value of each option granted in 2009 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 44% to 233%, risk-free interest rate of 0.04% to 0.15% and expected life of 60 months. The Company recognized expense of $1,939,257 on the 1,050,000 options and warrants in 2009.

NOTE 10 – 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 265,908 shares of common stock in a cashless exchange. This exchange has been reflected in the stockholders' equity for 2009.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 10 – STOCK WARRANTS (CONTINUED)

The Company issued 300,000 stock warrants in connection with non-employee services. The Company also issued 750,000 warrants as part of employment agreements with various employees. The Company has accounted for these warrants as equity instruments in accordance with EITF 00-19 (ASC 815-40), Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, and as such, will be classified in stockholders' equity as they meet the definition of "…indexed to the issuer's stock" in EITF 01-06 (ASC 815-40) The Meaning of Indexed to a Company's Own Stock. The Company has estimated the fair value of the warrants issued in connection with the non-employee services at $616,079, and the employment agreements at $1,323,178, as of December 31, 2009 using the Black-Scholes option pricing model.

NOTE 11 – OTHER INCOME (EXPENSES)

Other income (expenses) consisted of the following for the three months ended March 31:

	2010	2009
Interest income	$ 905	$ 13,088
Other income	0	1,471
Interest expense	(61)	(249)
Total other income (expenses)	$ 844	$ 14,310

NOTE 12 – INCOME TAXES

For the three months ended March 31, 2010, the Company incurred a net loss of approximately $261,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of $4,069,000 through December 31, 2009. The cumulative loss will be carried forward and can be used through the year 2028 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:

	March 31, 2010	December 31, 2009
Deferred tax asset attributable to:		
	$ 1,472,200	$ 1,383,460

Net operating loss carryover		
Valuation allowance	(1,472,000)	(1,383,460)
Net deferred tax asset	$ -0-	$ -0-

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2010

NOTE 13 – 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 14 – SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to March 31, 2010 through the date these financial statements were filed with the Securities and Exchange Commission and has determined that it does not have any material subsequent events to disclose.

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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.

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.

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.

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Management continues to believe the OPTIMIZERx database will be a very significant, on-going revenue stream over time. Currently we have a number of advertising proposals pending to major pharmaceutical companies and agencies, including Lilly, AstraZeneca, and Novartis, and are working with media and channel partners to continue to seek new ways to monetize.

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 first quarter of 2010 has been very busy for SampleMD. In February 2010, we signed an agreement with Health Connect Partners, Inc. as the VIP sponsor of the 2010 HCP Spring Hospital Pharmacy Conference in San Diego. As provided in the agreement, Health Connect Partners introduced SampleMD to health care organizations at the conference that was held on April 12-14. This agreement allowed for a keynote presentation, hosting a solution suite for personal demonstrations of the SampleMD solution, and many critical networking opportunities.

Additionally, we have signed Health Care Provider agreements with Dreyer Medical Clinic and Michigan Academy of Family Physicians as their system for providing sample vouchers and prescription co-pay coupon offerings to their patients, and a channel partner agreement with MedAssets Supply Chain Systems to implement our SampleMD among their represented 125 health systems, 3,300 hospitals, and nearly 40,000 doctors.

Results of Operations for the Three Months Ended March 31, 2010 and 2009

Revenues

Our total revenue reported for three months ended March 31, 2010 was $1,283, a nominal increase from $1,271 for the three months ended March 31, 2009.

Operating Expenses

Operating expenses decreased to $263,094 for the three months ended March 31, 2010 from $1,376,304 for the same period ended 2009. Our operating expenses for the three months ended March 31, 2010 consisted mainly of advertising expenses of $34,104, computer and internet expenses of $5,084, consulting fees of $31,644, amortization expenses of $7,707, taxes-payroll expenses of $10,053, employee benefits of $6,451, legal and accounting expenses of $10,756, payroll of $120,720, and rent expenses of $7,500. Our operating expenses for the three months ended March 31, 2009 consisted mainly of advertising expenses of $307,570, computer and interest expenses of $6,901, consulting fees of $876,795, amortization expenses of $7,707, education and training expenses of $6,585, taxes-payroll expenses of $8,607, website maintenance expenses of $15,650, payroll of $101,650, rent expense of $7,500, and travel costs of $14,288.

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Other Income

Other income was $844 for three months ended March 31, 2010 a decrease from other income of $14,310 for same period ended 2009. The other income for both periods is attributable to interest income.

Net Loss

Net loss for the three months ended March 31, 2010 was $260,967, compared to net loss of $1,360,723 for the same period 2009.

Liquidity and Capital Resources

As of March 31, 2010, we had total current assets of $385,462 and total assets in the amount of $633,184. Our total current liabilities as of March 31, 2010 were $13,879. We had working capital of $371,583 as of March 31, 2010.

Operating activities used $240,322 in cash for the three months ended March 31, 2010. Our net loss of $260,967 was the primary component of our negative operating cash flow, offset mainly by $27,960 in stock issued for services. Investing activities used $44,660 during the three months ended March 31, 2010 as a result of website development costs. We had no cash flows in financing activities during the three months ended March 31, 2010.

As of March 31, 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. While we are currently in negotiations with Vicis Capital Master Fund to obtain financing, we do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds at this time. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.

Off Balance Sheet Arrangements

As of March 31, 2010, there were no off balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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Item 4T. Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 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 March 31, 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 March 31, 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 12,000 shares of our common stock to Health Connect Partners, Inc. in connection with a sponsorship agreement to introduce our products at the 2010 HCP Spring Hospital Pharmacy Conference in San Diego.

During the current reporting period, we exchanged 75,400 common stock warrants with an exercise price of $1 for 43,039 shares of common stock in a cashless exchange.

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

Item 3. Defaults upon Senior Securities

None

Item 4. Removed and Reserved

Item 5. Other Information

None

Item 6. Exhibits

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

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SIGNATURES

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

OptimizeRx Corporation

Date: May 17, 2010

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