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(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

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 No

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

Large accelerated filer Accelerated filer  
Non-accelerated filer Smaller reporting company  
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:  
29,256,367 common shares as of July 28, 2017.

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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:

- F-1 Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016 (unaudited);
- F-2 Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and 2016 (unaudited);
- F-3 Condensed Consolidated Statements of Cash Flow for the six months ended June 30, 2017 and 2016 (unaudited);
- F-4 Notes to Condensed Consolidated Financial Statements.

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2017 are not necessarily indicative of the results that can be expected for the full year.

**OPTIMIZERx CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)****AS OF JUNE 30, 2017 AND DECEMBER 31, 2016**

|  | <b>June 30,<br/>2017</b> | <b>December<br/>31,<br/>2016</b> |
|--|--------------------------|----------------------------------|
| <b>ASSETS</b>  |                          |                                  |
| Current Assets   |                          |                                  |
| Cash and cash equivalents  | \$5,842,602              | \$7,034,647                      |
| Accounts receivable  | 2,421,794                | 3,060,396                        |
| Prepaid expenses   | 272,153                  | 80,820                           |
| Total Current Assets   | 8,536,549                | 10,175,863                       |
| Property and equipment, net  | 183,248                  | 173,649                          |
| Other Assets   |                          |                                  |
| Patent rights, net   | 738,449                  | 772,394                          |
| Web development and other intangible costs, net  | 1,015,154                | 351,804                          |
| Security deposit   | 5,049                    | 5,049                            |
| Total Other Assets   | 1,758,652                | 1,129,247                        |
| <b>TOTAL ASSETS</b>  | <b>\$10,478,449</b>      | <b>\$11,478,759</b>              |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                          |                                  |
| Current Liabilities  |                          |                                  |
| Accounts payable - trade   | \$903,957                | \$369,214                        |
| Accrued expenses   | 196,287                  | 288,268                          |
| Revenue share payable  | 1,871,423                | 2,622,517                        |
| Deferred revenue   | 1,036,912                | 386,581                          |
| Total Liabilities  | 4,008,579                | 3,666,580                        |
| Stockholders' Equity   |                          |                                  |
| Common stock, \$.001 par value, 500,000,000 shares authorized, 29,256,367 and 29,718,867 shares issued and outstanding, respectively | 29,256                   | 29,719                           |
| Preferred stock, \$.001 par value, 10,000,000 shares authorized, no shares issued and outstanding                                    | -                        | -                                |
| Stock warrants   | 2,294,416                | 2,294,416                        |
| Additional paid-in-capital   | 33,649,474               | 33,747,137                       |
| Accumulated deficit  | (29,503,276)             | (28,259,093)                     |
| Total Stockholders' Equity   | 6,469,870                | 7,812,179                        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <b>\$10,478,449</b>      | <b>\$11,478,759</b>              |

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

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**OPTIMIZERx CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

|  | <b>For the Three Months<br/>Ended<br/>June 30</b> |              | <b>For the Six Months<br/>Ended<br/>June 30</b> |              |
|--|---|--------------|---|--------------|
|  | <b>2017</b>                                       | <b>2016</b>  | <b>2017</b>                                     | <b>2016</b>  |
| NET REVENUE                                      | \$2,865,823                                       | \$1,913,299  | \$5,017,896                                     | \$3,672,828  |
| REVENUE SHARE EXPENSE                            | 1,605,534   | 922,832      | 2,987,267                                       | 1,815,625    |
| GROSS MARGIN                                     | 1,260,289   | 990,467      | 2,030,629                                       | 1,857,203    |
| OPERATING EXPENSES                               | 1,630,853   | 1,592,982    | 3,291,631                                       | 2,821,546    |
| INCOME (LOSS) FROM OPERATIONS                    | (370,564 )  | (602,515 )   | (1,261,002 )                                    | (964,343 )   |
| OTHER INCOME (EXPENSE)                           |   |              |   |              |
| Interest income                                  | 9,063   | 10,582       | 16,819  | 20,658       |
| Interest expense                                 | -   | -            | -   | (163 )       |
| TOTAL OTHER INCOME (EXPENSE)                     | 9,063   | 10,582       | 16,819  | 20,495       |
| INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES  | (361,501 )  | (591,933 )   | (1,244,183 )                                    | (943,848 )   |
| PROVISION FOR INCOME TAXES                       | -   | -            | -   | -            |
| NET INCOME (LOSS)                                | \$(361,501 )                                      | \$(591,933 ) | \$(1,244,183 )                                  | \$(943,848 ) |
| WEIGHTED AVERAGE NUMBER OF SHARES<br>OUTSTANDING |   |              |   |              |
| BASIC  | 29,583,771  | 29,141,340   | 29,650,945                                      | 29,086,134   |
| DILUTED  | N/A   | N/A          | N/A   | N/A          |
| NET INCOME (LOSS) PER SHARE                      |   |              |   |              |
| BASIC  | \$(0.01 )   | \$(0.02 )    | \$(0.04 )                                       | \$(0.03 )    |
| DILUTED  | N/A   | N/A          | N/A   | N/A          |

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

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**OPTIMIZERx CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

|   | <b>For the six months<br/>Ended<br/>June 30</b> |                    |
|---|---|--------------------|
|   | <b>2017</b>                                     | <b>2016</b>        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |                    |
| Net loss for the period   | \$(1,244,183)                                   | \$(943,848 )       |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |   |                    |
| Depreciation and amortization   | 216,945   | 101,328            |
| Stock and options issued for services   | 291,874   | 307,003            |
| Changes in:   |   |                    |
| Accounts receivable   | 638,602   | 738,566            |
| Prepaid expenses  | (191,333 )                                      | (56,649 )          |
| Accounts payable  | 534,743   | (380,465 )         |
| Revenue share payable   | (751,094 )                                      | (544,575 )         |
| Accrued expenses  | (91,981 )                                       | 161,016            |
| Deferred revenue  | 650,331   | 440,247            |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>                                | <b>53,904</b>                                   | <b>(177,377 )</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |                    |
| Purchase of property and equipment  | (24,599 )                                       | (19,809 )          |
| Patent rights   | -   | (7,268 )           |
| Web development and other intangible costs  | (831,350 )                                      | (78,913 )          |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  | <b>(855,949 )</b>                               | <b>(105,990 )</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |   |                    |
| Repurchase of common stock and stock payable  | (390,000 )                                      | (357,415 )         |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>  | <b>(390,000 )</b>                               | <b>(357,415 )</b>  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(1,192,045)</b>                              | <b>(640,782 )</b>  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>                                    | <b>7,034,647</b>                                | <b>8,207,565</b>   |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>  | <b>\$5,842,602</b>                              | <b>\$7,566,783</b> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>  |   |                    |
| Cash paid for interest  | \$-   | \$ 163             |
| Cash paid for income taxes  | \$-   | \$-                |

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



**OPTIMIZERx CORPORATION**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**JUNE 30, 2017**

**NOTE 1 – NATURE OF BUSINESS AND BASIS OF PRESENTATION**

We are a leading digital health aggregator of pharmaceutical sponsored services in the Electronic Health Records (EHR) space. Our objective is to leverage our proprietary technology to provide on demand savings and clinical messaging within physician and patient web based platforms, including EHR, e-prescribing platforms, pharmacies and Patient Portals. We have matured as a technology solutions provider through our direct to physician solutions, which allow physicians to automatically display and distribute sample vouchers and/or co-pay coupons electronically within the ePrescription platform to pharmacies on behalf of their patients. The OptimizeRx solution is integrated into the ePrescribing or EHR applications, but can also be accessed on a mobile device as well as an application on a prescriber's desktop.

The consolidated financial statements for the three and six months ended June 30, 2017 and 2016, have been prepared by us without audit pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments necessary to present fairly our financial position, results of operations, and cash flows as of June 30, 2017 and 2016, and for the periods then ended, have been made. Those adjustments consist of normal and recurring adjustments. The consolidated balance sheet as of December 31, 2016, has been derived from the audited consolidated balance sheet as of that date.

Certain information and note disclosures normally included in our annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with a reading of the financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC.

The results of operations for the three and six months ended June 30, 2017, are not necessarily indicative of the results to be expected for the full year. Certain reclassifications have been made in our consolidated financial statements for the prior periods to conform to the presentation of our consolidated financial statements for the current periods.

**NOTE 2 – STOCKHOLDERS' EQUITY**

Our Director Compensation plan calls for the issuance of 6,250 shares of common stock per quarter to each Independent Director. In connection with this plan, we issued 18,750 shares in each of the quarters ended March 31, 2017 and June 30, 2017, valued at \$15,375 and \$19,312, respectively. In connection with the same plan, we issued 12,500 shares in each of the quarters ended March 31, 2016 and June 30, 2016, valued at \$13,125 and \$14,375, respectively.

As described in greater detail in Note 4, related party transactions, in February 2016, we made a one-time payment of \$720,415 to our previous CEO in lieu of issuing shares owed to him from prior years. A portion of this payment, \$357,415, was for 295,384 shares of common stock reflected in stock payable at December 31, 2015. We also redeemed 500,000 shares of common stock held by this previous CEO in June 2017 at a price of \$0.78 per share for a total payment of \$390,000.

We issued 50,000 shares of common stock in June 2016 related to shares that were previously reflected in common stock payable. In addition, we issued 69,519 shares of common stock during the six months ended June 30, 2016 in connection with the cashless exercise of previous option grants that were approaching expiration.

We issued 100,000 shares of common stock in connection with the settlement of litigation in June 2016.

**OPTIMIZERx CORPORATION**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**JUNE 30, 2017**

**NOTE 3 – SHARE BASED PAYMENTS – OPTIONS**

We use the fair value method to account for stock-based compensation. We recorded \$257,187 and \$155,703 in compensation expense in the six months ended June 30, 2017 and 2016, respectively, related to options issued under our stock-based incentive compensation plan. This includes expense related to options issued in prior years for which the requisite service period for those options includes the current year, options granted in the current year and options repriced in the current year. The fair value of these instruments was calculated using the Black-Scholes option pricing model. Information related to the assumptions used in this model is set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

**NOTE 4 – RELATED PARTY TRANSACTIONS**

In February 2016, after hiring a new CEO, we paid our previous CEO \$720,415 in lieu of issuing him 595,384 shares of common stock based on the 50-day average price of \$1.21 per share. A total of 295,384 of these shares were due as a result of previously granted stock awards in 2014 and 2015, for which shares had not yet been issued. These shares were recorded as stock payable on the balance sheet at December 31, 2015. The remaining 300,000 shares were due in connection with the purchase of a patent from the previous CEO in 2010. These shares were recorded as accounts payable – related party on the balance sheet at December 31, 2015. The difference between the value the shares were initially recorded at in 2010 and the amount they were redeemed at in 2016 was recorded as additional paid in capital.

Also, in April 2016, we entered into a separation agreement and an 18-month consulting agreement with our previous CEO. The consulting agreement set forth the terms of the previous CEO's continued relationship with our company. The consulting agreement began on April 1, 2016. Under the terms of the consulting agreement, he received a monthly payment of \$15,000, with the potential for up to \$54,000 in additional bonus payments during the term of the agreement. This agreement also calls for total payments of \$12,425 related to insurance benefits. The separation agreement and consulting agreement replaced and superseded all previously disclosed payments related to his severance and board fees.

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In the quarter ended June 30, 2017 we redeemed 500,000 shares of stock owned by the previous CEO at a price of \$0.78 per share for a total of \$390,000 and amended the consulting agreement to terminate on July 31, 2017 instead of the original end date of September 30, 2017.

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**OPTIMIZERx CORPORATION**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**JUNE 30, 2017**

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

*Litigation*

The company is currently involved in the following legal proceeding.

In March 2015, we initiated litigation in federal court against LDM Group, LLC and PDR Network, LLC. That action was dismissed and later re-initiated in Missouri state court. Our claims are related to the breach by LDM of the settlement agreement signed February 28, 2014 to resolve previous litigation with LDM. Following execution of that agreement, LDM failed to live up to its obligations under that settlement agreement including, but not limited to, not allowing us to distribute our eCoupon programs in the LDM network, not allowing us to distribute the LDM patient education programs, and not providing other information on a timely basis or at all as required under the settlement agreement. In addition, our claims include PDR's breach of the Master Services Agreement requiring PDR's exclusive use of our eCoupon solution. We assert that PDR's acquisition of LDM and the use of the LDM network to distribute coupons by PDR violates the agreement between the parties. We are also claiming that LDM and PDR entered a civil conspiracy to violate their respective agreements with us. We are seeking enforcement of the agreements and we are seeking damages in an amount at least equal to the amounts paid to date to LDM under the settlement agreement, which is in excess of \$1.0 million, as well as damages for lost income and business value.

The parties are currently in the discovery process.

**NOTE 6 – SUBSEQUENT EVENTS**

In accordance with ASC 855-10, we have analyzed our operations subsequent to June 30, 2017 through the date these financial statements were issued and have determined that we do 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 effect 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

#### *Company Highlights through July, 2017*

- 1) Our sales for the first six months of 2017 were approximately \$5.0 million, a 37% increase over the same period in 2016, attributable to financial and brand messaging growth from new and returning clients.
- 2) Our sales for the second quarter ended June 30, 2017 were approximately \$2.9 million, a 50% increase over the same quarter in 2016.
- 3) We continue to expand our clients, brands, and agencies advising the industry on this new channel and recently added another member to our sales team for greater penetration and service.
- 4) We sponsored the ePrescribe/EHR conference held in Philadelphia in May 2017, which further cemented our leadership position within our client base as well as generated new business.
- 5) We expanded our channel partners by over 20%, which included the launch of our financial messaging capability within the Allscripts Touchworks network, as well as with other new EHRs.

- 7) We partnered with PARx Solutions to enable us to bring prior authorization services to our channel partners, as well as to distribute our financial messages through its solution at the time of prior authorization.
- 8) We hired prominent health IT veteran Miriam Paramore, effective August 1, 2017, as President to lead the effort to scale our product expansion and continued growth.

Our success in acquiring, integrating and expanding into new promotional EHR/eRx platforms continues to grow as well. We are actively engaged in discussions with several EHRs to integrate our technology into their platforms. We are also working extensively with our existing platforms to expand the reach of our eCoupon product to all of their providers, as well as increasing the utilization of the eCoupon functionality by their existing users.

With the growth of both our pharmaceutical products and our distribution network, we expect that our distribution of financial messages will continue to increase over last year and brand messaging will continue to support growth in top-line revenue.

**Results of Operations for the Three and Six Months Ended June 30, 2017 and 2016*****Revenues***

Our total revenue for the three months ended June 30, 2017 was approximately \$2.9 million, an increase of 50% over the approximately \$1.9 million from the same period in 2016. Our total revenue for the six months ended June 30, 2017 was approximately \$5.0 million, an increase of 37% over the approximately \$3.7 million from the same period in 2016. These increased revenues resulted primarily from increases in our brand messaging products, as well as expanded distribution channels for our financial messaging. Additionally, the launch of new pharmaceutical brands, which now total over 100 between financial and brand messaging, also contributed to the increase. We expect continued quarter over quarter increases for the balance of the year, given our improved visibility within our expanding client base.

***Cost of Sales***

Our cost of sales, comprised primarily of revenue share expense, increased over the same period in 2016 as a result of the revenue increases. However, as a percentage of sales, cost of sales also increased as reflected in the table below. This increase in our cost of sales percentage is primarily the result of the launch and expansion of our brand messaging products, which overall have lower margins than our core financial messaging product.

|                 | <b>Quarter<br/>ended<br/>June 30</b> |             | <b>Six months<br/>ended<br/>June 30</b> |             |
|-----------------|--------------------------------------|-------------|---|-------------|
|                 | <b>2017</b>                          | <b>2016</b> | <b>2017</b>                             | <b>2016</b> |
| Cost of Sales % | 56.0%                                | 48.2%       | 59.5%                                   | 49.4%       |
| Gross Margin %  | 44.0%                                | 51.8%       | 40.5%                                   | 50.6%       |

Our cost of sales percentage decreased from the first quarter of 2017 to the second quarter of 2017 as reflected in the table below and we expect this percentage to continue to gradually decrease in future quarters as we implement new channels in our core financial messaging product with lower revenue share percentages and as we update our existing agreements to share third party costs. We also expect our margins on our brand messaging product to increase as we diversify across additional channels and increase brand messaging revenues. Our goal is to achieve gross margins of 50% or greater.

**Quarter  
Ended  
March June  
31, 30,  
2017 2017**

|                 |       |        |
|-----------------|-------|--------|
| Cost of Sales % | 64.0% | 56.0 % |
| Gross Margin %  | 36.0% | 44.0 % |

**Operating Expenses**

Operating expenses increased slightly from approximately \$1.59 million for the three months ended June 30, 2016 to approximately \$1.63 million for the same period in 2017. Operating expenses increased from approximately \$2.8 million for the six months ended June 30, 2016 to approximately \$3.3 million for the same period in 2017. The detail by major category is reflected in the table below.

|                               | <b>Three Months Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|-------------------------------|--|-------------|--------------------------------------|-------------|
|                               | <b>2017</b>                            | <b>2016</b> | <b>2017</b>                          | <b>2016</b> |
| Salaries, Wages, & Benefits   | \$882,646                              | \$773,231   | \$1,615,674                          | \$1,330,437 |
| Stock-based compensation      | 162,431                                | 90,619      | 291,875                              | 197,003     |
| Professional Fees             | 51,448                                 | 165,062     | 183,663                              | 344,340     |
| Board Compensation            | 18,750                                 | 12,500      | 37,500                               | 25,000      |
| Investor Relations            | 22,758                                 | 38,909      | 52,143                               | 66,928      |
| Consultants                   | 100,661                                | 42,513      | 208,721                              | 73,836      |
| Advertising and Promotion     | 37,177                                 | 78,368      | 144,240                              | 149,133     |
| Depreciation and Amortization | 132,473                                | 51,059      | 216,945                              | 101,327     |
| Development and Maintenance   | 88,267                                 | 72,796      | 270,605                              | 147,412     |
| Office, Facility, and other   | 71,745                                 | 49,028      | 135,921                              | 92,468      |
| Travel and Entertainment      | 62,497                                 | 58,897      | 134,344                              | 133,662     |
| Subtotal                      | 1,630,853                              | 1,432,982   | 3,291,631                            | 2,661,546   |
| Lawsuit settlement            | -                                      | 160,000     | -                                    | 160,000     |
| Total Operating Expense       | \$1,630,853                            | \$1,592,982 | \$3,291,631                          | \$2,821,546 |

The largest increases in operating expenses related to human resource costs, including consultants. Since the beginning of the first quarter of 2016, we have built out the team necessary to scale the business. This represents approximately 83% of the increase. The increase in development, maintenance, and integration costs reflects start-up costs related to the integration of new EHRs, as well as increased capacity of our technology systems. These investments are starting to show their value through increased revenue growth and our transition to a broader client base and scale potential. As reflected in the table below, our operating expenses are decreasing as a percentage of overall revenue.

| <b>Quarter<br/>ended<br/>June 30</b> |             | <b>Six months<br/>ended<br/>June 30</b> |             |
|--------------------------------------|-------------|---|-------------|
| <b>2017</b>                          | <b>2016</b> | <b>2017</b>                             | <b>2016</b> |

Operating expense as a percentage of revenue, excluding litigation settlements 56.9% 74.9% 65.6% 72.4%

The lawsuit settlement was a one-time expense incurred in June 2016 that also has the effect of decreasing our professional fees in 2017 compared with 2016 as a result of the reduced litigation activities.

We expect our overall operating expenses to continue at the 2017 level or above as we further implement our business plan and expand our operations to grow the business in a very dynamic and active marketplace; however, we expect operating expense as a percentage of revenue to continue to decrease.

### *Net Loss*

Our net loss for the three months ended June 30, 2017 was approximately \$362,000 as compared to a loss of approximately \$592,000 during the same period in 2016. Our net loss for the six months ended June 30, 2017 was approximately \$1,244,000 as compared to a loss of approximately \$944,000 during the same period in 2016. The reasons for specific components are discussed above. Overall, the increased loss for the six months ended June 30, 2017 over 2016 is primarily explained by the increase in operating expenses intended to accelerate growth.

## Liquidity and Capital Resources

As of June 30, 2017, we had total current assets of approximately \$8.5 million, compared with current liabilities of approximately \$4.0 million, resulting in working capital of approximately \$4.5 million and a current ratio of approximately 2.1 to 1, decreased from the working capital of approximately \$6.5 million and current ratio of 2.8 to 1 at December 31, 2016.

Our operating activities provided approximately \$54,000 in cash in the six months ended June 30, 2017, as opposed to the cash used of approximately \$177,000 during the six months ended June 30, 2016. The cash provided in 2017 resulted from working capital management offset by our net loss for the period.

We used approximately \$856,000 in investing activities in the six months ended June 30, 2017, compared with approximately \$106,000 in the same period in 2016 as set forth in the following table.

|                                      | <b>Six Months Ended</b> |             |
|--------------------------------------|-------------------------|-------------|
|                                      | <b>June 30</b>          |             |
|                                      | <b>2017</b>             | <b>2016</b> |
| Property and Equipment               | \$24,599                | \$19,809    |
| Patent Rights                        | -                       | 7,268       |
| Allscripts Touchworks cost           | 650,000                 | -           |
| Software and other intangible assets | 181,350                 | 78,913      |
| Total                                | \$855,949               | \$105,990   |

The Allscripts Touchworks cost is for access to their Touchworks platform, exclusive access to their entire network for financial messaging, and a portion of their development costs. This cost is being amortized over the four-year period of exclusivity.

We used \$390,000 in financing activities in the six months ended June 30, 2017, compared with \$357,000 used in the same period in 2016. In both periods this related to payments to our prior CEO. In 2017, we acquired and retired 500,000 shares of common stock at a price of \$0.78 per share. In 2016, we made a cash payment in lieu of issuing common shares owed him that were previously reflected in common stock payable on the balance sheet.

## Off Balance Sheet Arrangements

As of June 30, 2017, there were no off-balance sheet arrangements.

### **Critical Accounting Policies**

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” 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 accounting policies are discussed in the footnotes to our financial statements included in our annual report on Form 10-K for the year ended December 31, 2016; however, we consider our critical accounting policies to be those related to the amount of revenue to be billed, the timing of revenue recognition, calculation of revenue share expense, stock-based compensation, capitalization and related amortization of intangible assets, and impairment of assets.

### **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**

### **Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as of the end of the period covered by this report (the “Evaluation Date”). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the material information required to be included in our SEC reports is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms relating to the our company, including, our consolidated subsidiary, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

### **Remediation of Material Weaknesses**

As disclosed in more detail in our Form 10-K for the year ended December 31, 2016, as well as our Form 10-Q for the quarter ended March 31, 2017, such reports filed with the SEC, management previously identified material weaknesses related to inadequate segregation of duties and inadequate information technology reporting systems to insure accurate financial information is provided for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis.

During the second quarter of 2017, management has remedied the material weaknesses as discussed below.

We hired an additional finance person in January 2017 to address the segregation of duties issue and we have also hired a Vice President of Information Technology, around the same time, to address the technology system weaknesses. These additional personnel and the processes we have put in place have remedied the material weaknesses in our internal controls over financial reporting.

### **Changes in Internal Control over Financial Reporting**

The above changes made in our internal controls over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the fiscal quarter ended June 30, 2017, have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

### **Limitations on the Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A 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. Due to 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 our company have been detected.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

Aside from the following, we are not a party to any material 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.

In March 2015, we initiated litigation in federal court against LDM Group, LLC and PDR Network, LLC. That action was dismissed and later re-initiated in Missouri state court. Our claims are related to the breach by LDM of the settlement agreement signed February 28, 2014 to resolve previous litigation with LDM. Following execution of that agreement, LDM failed to live up to its obligations under that settlement agreement including, but not limited to, not allowing us to distribute our eCoupon programs in the LDM network, not allowing us to distribute the LDM patient education programs, and not providing other information on a timely basis or at all as required under the settlement agreement. In addition, our claims include PDR's breach of the Master Services Agreement requiring PDR's exclusive use of our eCoupon solution. We assert that PDR's acquisition of LDM and the use of the LDM network to distribute coupons by PDR violates the agreement between the parties. We are also claiming that LDM and PDR entered a civil conspiracy to violate their respective agreements with us. We are seeking enforcement of the agreements and we are seeking damages in an amount at least equal to the amounts paid to date to LDM under the settlement agreement, which is in excess of \$1.0 million, as well as damages for lost income and business value.

The parties are currently in the discovery process.

### **Item 1A: Risk Factors**

See risk factors included in the Company's Annual Report on Form 10-K for 2016.

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

In both March 2017 and June 2017, we issued 18,750 shares of common stock to our independent directors in connection with our Director Compensation Plan.

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

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**Item 6. Exhibits**

| Exhibit Number | Description of Exhibit   |
|----------------|--|
| 31.1           | <u>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</u>                             |
| 31.2           | <u>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</u>                             |
| 32.1           | <u>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</u> |
| 101**          | The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 formatted in Extensible Business Reporting Language (XBRL).             |

\*\*Provided herewith

**SIGNATURES**

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

**OptimizeRx  
Corporation**

Date: August 1, 2017

By: /s/ Will Febbo  
Will Febbo

Title: **Chief  
Executive  
Officer,**

**Principal  
Executive  
Officer, and  
Director**

**OptimizeRx Corporation**

Date: August 1, 2017

By: /s/ Douglas P. Baker  
Douglas P. Baker  
Title: **Chief Financial Officer, Principal Financial  
Officer and Principal Accounting Officer**