

OptimizeRx Corp
Form 10-Q
August 14, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2014**

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

(State or other jurisdiction of incorporation or organization)

26-1265381

(IRS Employer Identification No.)

400 Water Street, Suite 200

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)

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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, or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer
 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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
23,362,377 common shares as of August 11, 2014.

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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 Consolidated Balance Sheets (unaudited) as of June 30, 2014 and December 31, 2013;
- F-2 Consolidated Statements of Operations for the three and six months ended June 30, 2014 and 2013 (unaudited);
- F-3 Consolidated Statements of Cash Flow for the six months ended June 30, 2014 and 2013 (unaudited);
- F-4 Notes to 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, 2014 are not necessarily indicative of the results that can be expected for the full year.

Table of Contents**OPTIMIZERx CORPORATION****CONSOLIDATED BALANCE SHEETS (UNAUDITED)****AS OF JUNE 30, 2014 AND DECEMBER 31, 2013**

	June 30, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$3,549,698	\$1,118,243
Accounts receivable	1,264,762	1,566,964
Prepaid expenses	41,969	11,771
Total Current Assets	4,856,429	2,696,978
Property and equipment, net	13,909	15,057
Other Assets		
Patent rights, net	946,703	885,950
Web development costs, net	443,385	404,986
Security deposit	5,049	5,049
Total Other Assets	1,395,137	1,295,985
TOTAL ASSETS	\$6,265,475	\$4,008,020
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable - trade	\$362,628	\$188,739
Accounts payable - related party	570,000	570,000
Accrued expenses	—	12,000
Revenue share payable	506,901	1,193,661
Deferred revenue	42,908	4,252
Total Liabilities	1,482,437	1,968,652
Stockholders' Equity		
Common stock, \$.001 par value, 500,000,000 shares authorized, 23,362,377 and 14,773,496 shares issued and outstanding	23,362	14,773
Preferred stock, \$.001 par value, 10,000,000 shares authorized, 65 shares issued and outstanding	-0-	-0-
Stock warrants	3,147,709	18,148,049
Additional paid-in-capital	27,304,112	8,726,708
Deferred stock compensation	(369,929)	(233,942)
Accumulated deficit	(25,322,216)	(24,616,220)
Total Stockholders' Equity	4,783,038	2,039,368
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$6,265,475	\$4,008,020

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

Table of Contents**OPTIMIZERx CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013**

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013 Restated	2014	2013 Restated
NET REVENUE	\$1,454,214	\$1,104,087	\$2,771,560	\$1,773,377
REVENUE SHARE EXPENSE	540,048	451,494	1,038,858	734,924
GROSS MARGIN	914,166	652,593	1,732,702	1,038,453
OPERATING EXPENSES	967,070	552,766	2,439,028	1,286,735
INCOME (LOSS) FROM OPERATIONS	(52,904)	99,827	(706,326)	(248,282)
OTHER INCOME (EXPENSE)				
Interest income	223	38	330	94
TOTAL OTHER INCOME (EXPENSE)	223	38	330	94
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(52,681)	99,865	(705,996)	(248,188)
PROVISION FOR INCOME TAXES	—	—	—	—
NET INCOME (LOSS)	\$(52,681)	\$99,865	\$(705,996)	\$(248,188)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
BASIC	23,241,707	14,238,870	20,355,651	14,235,700
DILUTED	N/A	33,608,304	N/A	N/A
NET INCOME (LOSS) PER SHARE				
BASIC	\$—	\$0.01	\$(0.04)	\$(0.02)
DILUTED	N/A	\$—	N/A	N/A

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

Table of Contents**OPTIMIZERx CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013**

	For the six months Ended June 30	
	2014	2013 Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	\$(705,996)	\$(248,188)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	115,828	96,337
Stock and options issued for services	654,634	38,900
Changes in:		
Accounts receivable	302,202	(322,887)
Prepaid expenses	(30,198)	12,439
Accounts payable	173,889	(42,543)
Revenue share payable	(686,760)	497,521
Accrued expenses	(12,000)	81,500
Deferred revenue	38,656	(6,632)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(149,745)	106,447
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,592)	—
Patent rights	(92,624)	(38,278)
Website site development costs	(119,616)	—
NET CASH USED IN INVESTING ACTIVITIES	(213,832)	(38,278)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	10,000,000	—
Equity issuance costs	(1,204,968)	—
Purchase of common and preferred stock and warrants	(6,000,000)	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,795,032	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,431,455	68,169
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		