OptimizeRx Corp
Form 10-Q
November 23, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period to __________

Commission File Number: 000-53605

OptimizeRx Cororation
(Exact name of small business issuer 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
(Issuer's telephone number)

____
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) 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 issuer 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: 12,726,117 Common Shares as of September 30, 2009.

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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:

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
Consolidated Balance Sheets as of September 30, 2009(Unaudited)
and December 31, 2008 (Audited)

ASSETS

	9/30/09 (unaudited)	12/31/08 (audited)
CURRENT ASSETS		
Cash and cash equivalents	$ 1,006,382	$ 2,502,656
Accounts receivable	4,892	-0-
Prepaid expenses	10,806	3,292
Loan receivable - employee	-0-	1,346
TOTAL CURRENT ASSETS	1,022,080	2,507,294
PROPERTY AND EQUIPMENT		
Furniture and equipment	16,888	16,888
Less accumulated depreciation	(2,884)	(1,618)
NET PROPERTY AND EQUIPMENT	14,004	15,270
OTHER ASSETS		
Website development costs, net	97,617	120,737
TOTAL OTHER ASSETS	97,617	120,737
	$ 1,133,701	$ 2,643,301
	1,133,701	1,133,701

LIABILITIES AND STOCKHOLDERS' EQUITY

	9/30/09 (unaudited)	12/31/08 (audited)
CURRENT LIABILITIES		
Accounts payable - trade	$ 11,781	$ 171,864
Accrued expenses	-0-	41,933
Note payable - related parties	-0-	4,000
TOTAL CURRENT LIABILITIES	11,781	217,797
TOTAL LIABILITIES	11,781	217,797

STOCKHOLDERS' EQUITY		
Common stock, $.001 par value, 500,000,000 shares authorized, 12,726,117 shares issued and outstanding	12,726	12,263
Stock warrants	16,199,995	16,905,280
Additional paid-in-capital	1,626,313	-0-
Deficit accumulated during the development stage	(16,717,114)	(14,492,039)
STOCKHOLDERS' EQUITY	1,121,920	2,425,504
	$ 1,133,701	$ 2,643,301

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

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
Consolidated Statements of Operations for the
Three Months Ended September 30, 2009 and 2008
(Unaudited)

	9/30/09 (unaudited)	9/30/08 (unaudited)
REVENUE		
Sales	$ 6,908	$ 1,111
TOTAL REVENUE	6,908	1,111
EXPENSES		
Operating expenses	534,065	162,519
TOTAL EXPENSES	534,065	162,519
OPERATING LOSS	(527,157)	(161,408)
OTHER INCOME (EXPENSE)		
Interest income	5,647	-0-
Interest expense	(697)	-0-
Stock warrant expense	-0-	-0-
TOTAL OTHER INCOME (EXPENSE)	4,950	-0-
NET LOSS	$ (522,207)	$ (161,408)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	12,609,094	11,662,465
NET LOSS PER SHARE	$ (0.04)	$ (0.01)

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

OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Consolidated Statements of Operations for the
Nine Months Ended September 30, 2009 and 2008 and
for the Period from January 31, 2006(Inception) to September 30, 2009
(Unaudited)

	9/30/09 (unaudited)	9/30/08 (unaudited)	Inception through 9/30/09 (unaudited)
REVENUE			
Sales	$ 11,628	$ 68,317	$ 195,632
TOTAL REVENUE	11,628	68,317	195,632
EXPENSES			
Operating expenses	2,265,831	638,285	4,498,139
TOTAL EXPENSES	2,265,831	638,285	4,498,139
OPERATING LOSS	(2,254,203)	(569,968)	(4,302,507)
OTHER INCOME (EXPENSE)			
Interest income	28,311	14	33,401
Other income	1,783	-0-	1,783
Interest expense	(966)	-0-	(7,102)
Stock warrant expense	-0-	(333,004)	(2,745,280)
TOTAL OTHER INCOME (EXPENSE)	29,128	(332,990)	(2,717,198)
NET LOSS	$ (2,225,075)	$ (902,958)	$ (7,019,705)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	12,503,083	13,475,000	
NET LOSS PER SHARE	$ (0.18)	$ (0.07)	

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

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Consolidated Statement of Stockholders' Equity
as of September 30, 2009
(Unaudited)

	Common Stock		Preferred Stock			Additional	Deficit Accumulated During	
	Shares	Amount	Shares	Amount	Stock Warrants	Paid-in Capital	Development Stage	Stockholders' Equity
Balance, January 1, 2007	-0-	$ -0-	-0-	$ -0-	$ -0-	$ -0-	$ 40,289	$ 40,289
Member contributions							180,000	180,000
Member distributions							(253,750)	(253,750)
Issuance of common stock to former LLC members	10,000,000	10,000				(10,000)		-0-
Issuance of common stock, private offering	300,000	300				299,700		300,000
Net loss							(361,466)	(361,466)
Balance, December 31, 2007	10,300,000	10,300	-0-	-0-	-0-	289,700	(394,927)	(94,927)
Issuance of common stock for cash	636,000	636				635,364		636,000

Outstanding common stock prior to reverse merger	1,256,958	1,257				(1,257)		-0-
Common stock issued for services	70,000	70				69,930		70,000
Issuance of stock options						333,004		333,004
Issuance of preferred stock less issuance costs			35	-0-		2,985,000		2,985,000
Stock warrants issued					14,160,000	(4,311,741)	(9,848,259)	-0-
Stock warrants issued for services					2,745,280			2,745,280
Net loss							(4,248,853)	(4,248,853)
Balance, December 31, 2008	12,262,958	12,263	35	-0-	16,905,280	-0-	(14,492,039)	2,425,504
Issuance of common stock for services	197,251	197				921,294		921,491
Conversion of stock warrants to common stock	265,908	266			(705,285)	705,019		-0-
Net loss							(2,225,075)	(2,225,075)
Balance, September 30, 2009	12,726,117	$12,726	35	$-0-	$16,199,995	$1,626,313	$(16,717,114)	$1,121,920

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

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)
Consolidated Statements of Cash Flows for the
Nine Months Ended September 30, 2009 and 2008 and
for the Period from January 31, 2006(Inception) to September 30, 2009(Unaudited)

	9/30/2009 (unaudited)	9/30/2008 (unaudited)	Period from inception to 9/30/2009 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (2,225,075)	$ (902,958)	$ (7,019,705)
Adjustments to reconcile net income to net cash			
provided by operating activities:			
Depreciation and amortization	24,386	27,799	59,400
Stock issued for services	921,491	-0-	991,491
Compensation expense for stock options	-0-	333,004	333,004
Stock warrants issued for services	-0-	-0-	2,745,280
Changes in:			
Accounts receivable	(4,892)	-0-	(4,892)
Prepaid expenses	(7,514)	2,000	(10,806)
Loan receivable	1,346	-0-	-0-
Accounts payable	(160,083)	(55,908)	11,781
Accrued expenses	(41,933)	1,419	-0-
TOTAL ADJUSTMENTS	732,801	308,314	4,125,258
NET CASH (USED BY) OPERATING ACTIVITIES	(1,492,274)	(594,644)	(2,894,447)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	-0-	(2,293)	(16,888)
Website site development costs	-0-	(26,875)	(154,133)
NET CASH (USED BY) INVESTING ACTIVITIES	-0-	(29,168)	(171,021)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Members capital contributions	-0-	-0-	404,600
Issuance of common stock	-0-	635,000	936,000
Issuance of preferred stock	-0-	2,985,000	2,985,000
Payments on loan payable	(4,000)	(324,094)	(647,750)
Proceeds from issuance of notes payable	-0-	-0-	394,000

NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	(4,000)	3,295,906	4,071,850
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,496,274)	2,672,094	1,006,382
CASH AND CASH EQUIVALENTS - BEGIN OF PERIOD	2,502,656	135,429	-0-
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 1,006,382	$ 2,807,523	$ 1,006,382
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 1,793	$ -0-	$ 6,246
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	$ 705,285	$ -0-	$ 705,285

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

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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.

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)
SEPTEMBER 30, 2009

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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and Development (Continued)

The Company seeks to educate team members through understanding of all market dynamics that have the potential to affect the business both short term and longer term. The primary goal is to help patients better afford and access the medicines their doctor prescribes, as well as other healthcare products and services they need. Based on this, the Company continually seeks better ways to meet this mission through technology, better user experiences and new ways to engage industries to provide new support for patients needing their products. The Company is always seeking new services and solutions to offer. At this time, the three current platforms provide robust opportunities and growth during the next five years.

Revenue Recognition

Substantially all revenue is recognized when it is earned. All revenues are generated through the Company's website activities. The Company's processes are monitored by third parties who collect revenues from clients on a per activity basis and report and forward the revenue to the Company's account.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions have been made in determining the depreciable lives of such assets and the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings Per Common and Common Equivalent Share

The computation of basic earnings per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus common stock equivalents which would arise from the exercise of warrants outstanding using the treasury stock method and the average market price per share during the year. Options warrants and convertible preferred stock which are common stock equivalents are not included in the diluted earnings per share calculation for September 30, 2009 and September 30, 2008, respectively, since their effect is anti-dilutive.

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Form 10-K filed with the SEC as of and for the period ended December 31, 2008. 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.

3. PROPERTY AND EQUIPMENT

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

	9/30/09	12/31/08
Computer equipment	$ 12,594	$ 12,594
Furniture and fixtures	4,294	4,294
Subtotal	16,888	16,888
Accumulated depreciation	(2,884)	(1,618)
Property and equipment, net	$ 14,004	$ 15,270

Depreciation expense was $1,266 and $1,323 for the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

4. WEBSITE DEVELOPMENT COSTS

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

	9/30/09	12/31/08
Website costs	$ 154,133	$ 154,133
Accumulated amortization	(56,516)	(33,396)
Website development costs, net	$ 97,617	$ 120,737

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.

Amortization expense was $23,120 and $30,827 for the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively.

5. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	9/30/09	12/31/08
Accrued interest	$ -0-	$ 1,683
Accrued expenses	-0-	6,159
Accrued payroll taxes	-0-	24,091
Accrued audit fees	-0-	10,000
Accrued expenses	$ -0-	$ 41,933

6. NOTES PAYABLE - RELATED PARTY

Notes payable - related party consisted of the following:

	9/30/09	12/31/08
Note payable - David Harrell	$ -0-	$ 4,000
Less: current portion	-0-	(4,000)
Long-term debt	$ -0-	$ -0-

The note payable to David Harrell is due on demand, bears 9% interest and was paid off in April 2009.

OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

7. COMMITMENTS AND CONTINGENCIES

The Company leases their offices for $2,500 a month and has signed a lease through November 7, 2009 with an option for a six month renewal. The option has not been exercised and the company will be on a month-to-month rental.

September 30, 2010	$5,000
Total lease obligation	$5,000

8. DIVIDEND DISTRIBUTION

The Company recorded a one-time, non-cash deemed dividend on October 18, 2007 of $33,461. This dividend resulted due to the continuous efforts of acquiring all the assets from Optimizer Systems, LLC. Through this dividend, the Company acquired all assets and liabilities of the LLC.

9. COMMON STOCK

OptimizeRx Corporation has 500,000,000 shares of $.001 par value common stock authorized as of September 30, 2009. There were 12,726,117 and 12,262,958 common shares issued and outstanding at September 30, 2009 and December 31, 2008, 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 2008, 636,000 shares of common stock were sold for cash. Additionally, 197,251 and 70,000 shares were issued as compensation for services during the nine months ended September 30, 2009 and the year ended December 31, 2008, respectively. Included in operating expenses at September 30, 2009 is $921,491 for the issuance of these 197,251 shares. There were 265,908 shares issued as a cashless exchange of common stock warrants during the nine months ended September 30, 2009.

10. 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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

10. PREFERRED STOCK (CONTINUED)

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 of September 30, 2009, the cumulative dividend was $197,774; however, it has not yet been declared.

11. STOCK-BASED COMPENSATION

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

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

The fair value of each option granted in 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.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

12. STOCK WARRANTS

During the year ended December 31, 2008, OptimizeRx issued 6,000,000 common stock warrants with an exercise price of $2 and a term of seven years in connection with the preferred stock issuance. These warrants were valued using the Black-Scholes pricing model at $14,160,000. The warrants are treated as a re-distribution of equity and are shown as a component of equity.

During the year ended December 31, 2008, OptimizeRx issued 1,059,500 common stock warrants were issued in exchange for services. These warrants were issued with exercise prices of either $1 or $2 and a term of five years. The Black-Scholes method was used to value these warrants at $2,745,280 and the warrants were expensed during 2008.

The fair value of each warrant issued in 2008 was calculated 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 6%, risk-free interest rate of 1.85% and expected life of 60 - 84 months.

During the nine months ended September 30, 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.

13. RELATED PARTY TRANSACTIONS

The Company had engaged an officer of the Company for management services under a contract that paid him $48,000 for the period ended April 30, 2008 and $114,500 for the year ended December 31, 2008. The Company paid $36,000 through September 30, 2008 and the expense is included in operating expenses. The officer became an employee of the Company beginning on May 1, 2008.

Upon the transfer of the assets and liabilities from the LLC to the Company, the LLC members were issued promissory notes totaling $253,750 under a dilution agreement for a portion of their interests in Optimizer Systems, LLC.

The Company had a $50,000 note payable to a shareholder (see Note 6) that was repaid during the year ended December 31, 2008. In addition there was a note to an officer of the Company (see Note 6) for $4,000 at December 31, 2008 that was repaid during the nine months ended September 30, 2009.

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OPTIMIZERx CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

14. INCOME TAXES

For the nine months ended September 30, 2009, the Company incurred a net loss of approximately $2,225,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of $1,513,000 through December 31, 2008. 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:

	9/30/09	12/31/08
Deferred tax asset attributable to:		
Net operating loss carryover	$ 2,269,000	$ 1,513,000
Valuation allowance	(2,269,000)	(1,513,000)
Net deferred tax asset	$ -0-	$ -0-

15. GOING CONCERN

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

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

16. SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to September 30, 2009 through November 23, 2009 and has determined that it does not have any material subsequent events to disclose in these financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Company Overview

We conduct all of our operations through our wholly-owned subsidiary, OptimizeRx Michigan. We are a development-stage company that has developed a website, www.optimizerx.com (our "Site"), to help medical patients better afford and manage their rising healthcare costs. In addition, we provide unique advertising programs to the pharmaceutical and healthcare industries.

We recognize that patients have increasing influence in their healthcare decisions, particularly in their medications: what to buy, where to buy, and how to buy. However, there is very little information available to consumers regarding how to access available savings and support programs. We developed our Site to enable consumers to meet their prescribed pharmacological therapies in the most cost-effective manner possible. Our Site is a portal that identifies programs and savings that are available to consumers, based upon their needs. By creating a portal by which consumers access savings on their pharmaceutical needs, we have also created a Site where pharmaceutical companies can reach consumers with their advertising and other programs.

Since our formation, we have concentrated on developing our business strategy and obtaining financing. We plan to expand awareness, traffic and database to our Site, as well as the launch of our offer development systems OFFERx™ and ADHERxE. We expect that the primary components of our business will be:

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- § The Site 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 a 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 not engaged in marketing to our database.

Management continues to believe the OPTIMIZERx database will be a very significant, on-going revenue stream over time. Currently we have over 10 advertising proposals pending to major pharmaceutical companies and agencies, including Lilly, AstraZeneca, Publicis and Novartis.

The company has aggressive plans to initiate advertising programs to its members in the second half of the year. This includes leveraging our formalized partnership with Cegedim Dendrite (www.cegedimdendrite.com), ValueClick Media (www.valueclick.com) and Sudler & Hennessey (http://sudler.com/), a division of WPP.

Results of Operations for the Three and Nine Months Ended September 30, 2009 and 2008

Revenues

Our total revenue reported for three months ended September 30, 2009 was $6,908, an increase from $1,111 for the three months ended September 30, 2008. Our total revenue reported for nine months ended September 30, 2009 was $11,628, a decrease from $68,317 for the nine months ended September 30, 2008.

Operating Expenses

Operating expenses increased to $534,065 for the three months ended September 30, 2009 from $162,519 for the same period ended 2008. Our operating expenses for the three months ended September 30, 2009 consisted mainly of advertising expenses of $317,670, payroll of $122,889 and legal and accounting costs of $60,724. Our operating expenses for the three months ended September 30, 2008 consisted primarily of general and administrative expenses of $153,249.

Operating expenses increased to $2,265,831 for the nine months ended September 30, 2009 from $638,285 for the same period ended 2008. Our operating expenses for the nine months ended September 30, 2009 consisted mainly of consulting fees of $799,105, advertising expenses of $634,523, payroll of $352,966, development costs of $73,326 and legal and accounting costs of $86,350. Our operating expenses for the nine months ended September 30, 2008 consisted primarily of general and administrative expenses of $610,486.

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Other Income

Other income was $4,950 for three months ended September 30, 2009 an increase from other income of $0 for same period ended 2008. Other income was $29,128 for nine months ended September 30, 2009 an increase from other expenses of $332,990 for same period ended 2008. The other income for the three and nine months ended September 30, 2009 is largely attributable to interest income. The other expenses for the three months ended September 30, 2008 is largely attributable to warrant based compensation.

Net Loss

Net loss for the three months ended September 30, 2009 was $522,207, compared to net loss of $161,408 for the same period 2008. Net loss for the nine months ended September 30, 2009 was $2,225,075, compared to net loss of $902,958 for the same period 2008.

Liquidity and Capital Resources

As of September 30, 2009, we had total current assets of $1,022,080 and total assets in the amount of $1,133,701. Our total current liabilities as of September 30, 2009 were $11,781. We had working capital of $1,121,920 as of September 30, 2009.

Operating activities used $1,492,274 in cash for the nine months ended September 30, 2009. Our net loss of $2,225,075 was the primary component of our negative operating cash flow, offset mainly by $921,491 in stock issued for services. We had no cash flows used by investing activities during the nine months ended September 30, 2009. We used $4,000 in cash flows in financing activities during the nine months ended September 30, 2009, for payments on loans payable.

Management feels that our current cash balance will allow us to meet the expenses required to support our growth plans over the next twelve months.

Off Balance Sheet Arrangements

As of September 30, 2009, 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.

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 September 30, 2009. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. David Lester. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2009, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended September 30, 2009 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.

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

In the current quarter, we issued five-year warrants to purchase 450,000 shares of our common stock at a strike price of $2.00 per share.

We also issued 124,000 shares of our common stock for services rendered.

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

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Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

No matters have been submitted to our security holders for a vote, through the solicitation of proxies or otherwise, during the quarterly period ended September 30, 2009.

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: November 23, 2009

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