

OptimizeRx Corp
Form 10-K
March 31, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2013**

TRANSITION REPORT UNDER SECTION 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

(I.R.S. Employer Identification No.)

400 Water Street, Ste. 200

Rochester, MI

(Address of principal executive offices)

48307

(Zip Code)

Registrant's telephone number: **248-651-6568**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class

none

Name of each exchange on which registered

not applicable

Securities registered under Section 12(g) of the Exchange Act:

Title of each class

Common Stock, par value of \$0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by checkmark 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 232.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$15,276,153

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **22,809,586 common shares as of March 31, 2014**

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
Item 1. <u>Business</u>	3
Item 2. <u>Properties</u>	4
Item 3. <u>Legal Proceedings</u>	7
Item 4. <u>Mine Safety Disclosures</u>	7
<u>PART II</u>	
Item 5. <u>Market for Registrant’s Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	7
Item 6. <u>Selected Financial Data</u>	9
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	9
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	10
Item 8. <u>Financial Statements and Supplementary Data</u>	10
Item 9. <u>Changes In and Disagreements With Accountants on Accounting and Financial Disclosure</u>	11
Item 9A. <u>Controls and Procedures</u>	11
Item 9B. <u>Other Information</u>	11
<u>PART III</u>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	12
Item 11. <u>Executive Compensation</u>	15
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	18
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	18
Item 14. <u>Principal Accountant Fees and Services</u>	18
<u>PART IV</u>	
Item 15. <u>Exhibits, Financial Statement Schedules</u>	19

Table of Contents

PART I

Item 1. Business

Company Overview

OPTIMIZERx finished the fourth quarter with revenues of \$1,810,610 bringing revenue for fiscal 2013 to a total of \$4,957,016, an increase of 149% over 2012. We achieved net income of \$215,847 for the year. Our year end also recognizes a onetime adjustment relative to our cost of goods sold and reflects a change in accounting procedures for these expenses. Prior reporting was based upon how the revenue share expenses were paid per the agreements held with OPTIMIZERx's channel partners. The change in accounting process will now accrue the expense as it is incurred.

Our continued growth in revenues is again primarily driven by our SampleMD content delivery solution. During the 2013 fiscal year, OPTIMIZERx delivered some 1,122,589 new ePrescriptions with co-pay coupons or free sample vouchers helping patients more affordably start and stay on their prescribed medications.

We continue to be very enthusiastic about our growth and the state of our core business. OPTIMIZERx continues to be resilient in growing our business throughout the year and is a . Its a testament to the core employee base and the dedication of its management and employees alike to move the organization forward. We have gained the confidence of pharmaceutical manufacturers and partners, and continue to add new clients and partners that increases our offering portfolio and expands our network reach.

During the second half of the year we have initiated a major ttechnology undertaking to develop SampleMD 2.0. This effort is focused on moving our technology from flash to HTML 5 based that will improve our response times and user interfaces and offer infinite scalability to support our expected growth. Additionally, this work focuses on building modularity for ease of adding new features and functions to the core solution while simplifying the integration process with future partners and other solution providers. On top of building out our updated software solution, we are also updating our infrastructure by replacing and updating our computers in a high availability environment, taking greater precautions for security and building out the architecture to facilitate disaster recovery with a secondary facilitated computer environment. This investment will increase performance, simplify integrations, insure availability and protect the investments of our shareholders. It is anticipated that the release of SampleMD 2.0 be fully implemented by April 2014.

Initial market reaction to the OPTIMIZERx announcement of its emerging OPTIMIZEHR consulting practice has been very positive as we have engaged in our first two (2) major pharmaceutical manufacture EHR strategy initiatives (pilot projects). Coordinating efforts with our strategic partners, we have collaborated to deliver sound strategy for each of these manufacturers. These efforts have resulted in ongoing and growing commitments by these clients with new and expanded contracts. OPTIMIZERx will continue to work with its partners in building out this practice as

more clients are interested in Drug File Integration, Sales Force Training and Strategy.

Additionally, we are expanding our partnership with WPP and have completed account sales training of Grey Health account personnel to resell our services. We are also working with their other agencies, including Sudler, who have expressed a strong interest in additionally collaborating to sell and develop new services. The partnership has also been highly received by the pharmaceutical and EHR industries.

The results of our efforts are reflected in the growth and record revenues experienced during 2013 despite overcoming growth challenges presented in the year. The company remained very resilient and with the dedication of the employees and management, these challenges were overcome and the company remained profitable for the year and continued to generate cash from operations.

Going forward into the New Year, we continue to drive our three primary messages to the pharmaceutical industry:

1) SampleMD has the largest capacity to deliver targeted promotional and incentive messaging to physicians at point of prescription through interoperability with multiple disparate electronic health platforms; and

2) Electronic health platforms (EMRs, eRx, Patient Portals) are the most cost-effective way to reach physicians and patients, as opposed to external web sites that have been traditionally the focus of their non-rep marketing, and should therefore be an increasing focus for all pharmaceutical marketing dollars.

3) Pharmaceutical brands must move their Financial and Educational Support programs into the physicians ePrescribe workflow to increase prescriptions and fill rates. Samples are continuing to be restricted, as are pharmaceutical reps regular access and this is the most effective alternative channel with demonstrated strong ROI.

In summary, we remain committed to working with top organizations to provide better affordability and access to healthcare for the patients we serve. To achieve this, we will continue to work with leading providers in partnering to provide simple to use solutions. As compliance and regulatory requirements (i.e. meaningful use) continue to surround healthcare providers, OptimizeRx continues through its partnerships and internal R&D to become the "HUB" for providing access to these ease-of-use solutions.

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

Table of Contents

Principal Products and Applications

Our principal products and applications can be summarized as follows:

SampleMD - Today, almost 60% of doctors' offices ban or limit drug representatives and the samples they offer. Although samples are still valuable, many healthcare systems and doctors are looking for an easier, more effective way to increase affordable access and adherence to their prescribed branded medications which led us during the past year to develop our direct to physician solution called SampleMD.

SampleMD is a revolutionary virtual "Patient Support Center" that allows doctors and staff to access a universe of sample vouchers, co-pay coupons and other patient support through their EMR and/or e-Prescribe systems to search, print or electronically dispense directly to patients and a national network of pharmacies. SampleMD eliminates the need for physicians to manage and store physical drug samples by offering a more convenient and efficient way to allocate, administer and track samples and co-pay savings provided to their patients.

OPTIMIZEHR – Our consulting practice focused at educating and working with pharmaceutical manufacturers on identifying, formulating, and implementing new eRx media strategies for promoting their product. Our consulting services include 1) Drug File Integration - a service to insure that the manufacturers drug is present in every ePrescribing platform available, 2) Sales Force Training – a service to educate the extended field sales force on this new integrated solution and what to look for within their client base to insure maximum exposure of their bands and 3) Strategy Development – a service that assists manufactures in identifying and building a competitive strategy to take advantage of this new digital frontier.

OPTIMIZERx.com – Our Direct to Consumer WebSite is a portal to healthcare savings for patients to centrally review and participate in prescription and healthcare savings and support programs. To date, we have over 2.4 million members who have registered. We strive to provide all the information and guidance that patients undergoing long-term pharmaceutical treatments may require. Patients can search by their medication or their condition in order to access educational information regarding their condition, information regarding their medication, coupons for instant savings when they purchase their medications, information on free drug trials, and guidance to any other savings programs available to them.

Marketing and Sales

We continue to extend our marketing efforts to build both brand and capabilities awareness to the market. As mentioned above, we continue to actively participate in industry and partner events such as exlPharma and the ACE – Allscripts Users Conference as well as taking a lead sponsor position in the inaugural CBIInet eRx and EHR conference in March of 2014. During the course of the year, we also initiated and delivered successful email marketing campaigns, webinar with CMI Compass on What Physicians want within their HER's, as well as successful public relations and press release communications initiatives. We ran advertising campaigns through Pharma Exec magazine that netted several responses and qualified leads.

In 2013, we also announced our strategic partnership with WPP/Grey Health Group, a leading agency within the healthcare marketplace. We plan to continue to increase our marketing efforts with all of our strategic partners, as we intend to continue to promote OPTIMIZERx and SampleMD primarily through the following:

§	Industry and Partner Events;
§	Email Campaigns;
§	Internet Marketing;
§	Public Relations Campaigns;
§	Physician Offices;
§	Direct to Consumer Marketing;
§	Trade Media Advertising;
§	Pharmacy Partners;
§	Physician Organizations and Associations; and
§	Strategic Relationships

Additionally, we have attracted and hired a highly seasoned Sales and Marketing Executive who has decades of global pharmaceutical marketing and sales experience at AstraZeneca and others as our Eastern Vice President of Sales.

Table of Contents

Research and Development

We continue to invest in our technology and plan to release SampleMD 2.0 in 2014. This new and improved release will enhance the performance of our first version through quicker response times, easier integration to platform partners, modularity for the addition of new features and functions and an entirely updated user interface to speed and enhance the setup of new programs and campaigns. We will continue to offer reporting portal access to our clients with a new and improved user interface and updated reporting capabilities for monitoring program and campaign performance.

The SampleMD 2.0 release will also be supported by a new and updated infrastructure that is a high availability clustered environment with remote disaster recovery enabling us to be back up and running from the worst facility catastrophe in very short order.

We continue our commitment to educate both our direct and our extended teams through an understanding of all market dynamics that have the potential to affect our business in both the short and long term. Our primary goal is to help patients better afford and access the medicines their doctors prescribe, as well as other healthcare products and services they need. Based on this goal, we continually seek better ways to meet this mission through the use of improved technology, user feedback, and working closely with the pharmaceutical industry. We are continually seeking new ways we can engage the pharmaceutical industry to provide new support programs to patients in need of their products.

At OPTIMIZERx, we are still keen on the opinions and input that we gain from all stakeholders by which our products and solutions cross. From the prescribing clinicians that utilize our solutions to add value to the patients they serve, to the partners we use to leverage their channels for distribution and promotion of the services, we are able to greatly assist the pharmaceutical manufacturing clients that depend on our solutions to increase their brand awareness and assist patients in need of their offerings. This “Voice of the Stakeholder” is a mantra that we leverage in analyzing industry trends and market shifts and identifying enhancements and new offerings through our SampleMD™ solution. This effort involves all of our officers and directors as part of our continual research development team while monitoring new technologies, trends, services, and partnerships that can help us provide additional services and increased value to the healthcare and pharmaceutical industries and to the patients they serve.

Our technology roadmap for potential new solutions continues to grow as we continued to finalize the two development programs initiated this year featuring a live chat or conversation between the health provider and product manufacturer or service, as well as a one click way to request a representative visit. These solutions address major access barriers that limit doctors’ interaction with the manufacturer and allow the health system or provider to access needed information when they want it. As we are in collaboration with our partners, further content and information delivery solutions are being flushed out as we continue to integrate with new channels and partners

Under the leadership of the Director of Technology and Director of Software Development, whom were added late in 2011 to strengthen our core technical team, we have added an additional developer and a technical intern while leveraging a new development partner in Simple eSolutions, whom provided valuable architecture, system design and

database management support on the SampleMD 2.0 effort. We also continued to work with the Engineering and Information Technology department of Oakland University in Rochester Michigan. As the University has opened the doors of its new medical school, it also brings highly skilled technology and application developers whom possess a solid knowledge of medical industry IT requirements.

Competition

SampleMD has faced some competition based on the growth in the space primarily by Physicians Interactive. As noted, we have filed a patent infringement suit against the company.

The OptimizeRx.com website continues to compete in the highly competitive pharmaceutical and healthcare advertising industry that is dominated by large well-known companies with established names, solid market niches, wide arrays of product offerings and marketing networks. Our largest competitors include a variety of healthcare website publishers and networks that provide online advertising competition to OPTIMIZERx.com, including Quality Health, WebMD, McKesson, and Drugs.com.

Despite these competitors, we do not have major competition in our space of the market. We have been experiencing a growing list of potential partners whom either have content that want to deliver through the SampleMD engine and network, or whom have complementary technology and want to integrate our solution as a channel partner, expanding the reach to clinicians for OPTIMIZERx.

Intellectual Property

In the fourth quarter of 2012, we were awarded a patent for our innovative SampleMD solution (US Patent No. 8,341,015). This award highlighted our continued research and development efforts. The awarded claims cover our ability to electronically process, display and distribute eligible prescription savings on the medications and therapies healthcare providers wish to prescribe for their patients. We have also recently submitted and will be preparing additional filings to protect our intellectual property on forthcoming solutions that will further assist and support physicians, pharmacists and patients.

In addition, we have hired Harness, Dickey & Pierce, a nationally ranked IP firm, to further expand and protect our intellectual property. Through them, we have filed two additional patents on our technology. We also used the firm to file a patent infringement lawsuit against Physicians Interactive. Management believes the current and expanding IP will allow us to continue being the leader in this rapidly growing space.

OPTIMIZERx is a licensed trademark. SampleMD is a licensed trademark.

Our intellectual property is developed significantly each month. Since inception, we have developed and launched OFFERx and ADHERxE, and we are further integrating these platforms to provide more robust offerings. OPTIMIZERx.com and OFFERx are patent pending.

Table of Contents

Government Regulation

Fraud and Abuse Laws

Anti-Kickback Statutes

The federal healthcare program Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the furnishing, arranging for or recommending a good or service for which payment may be made in whole or part under a federal healthcare program such as Medicare or Medicaid. The definition of remuneration has been broadly interpreted to include anything of value, including for example gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash and waivers of payments. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals or otherwise generate business involving goods or services reimbursed in whole or in part under federal healthcare programs, the statute has been violated. The law contains a few statutory exceptions, including payments to bona fide employees, certain discounts and certain payments to group purchasing organizations. Violations can result in significant penalties, imprisonment and exclusion from Medicare, Medicaid and other federal healthcare programs. Exclusion of a manufacturer would preclude any federal healthcare program from paying for its products. In addition, kickback arrangements can provide the basis for an action under the Federal False Claims Act, which is discussed in more detail below. The Anti-Kickback Statute is broad and potentially prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Recognizing that the Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements, the Office of Inspector General of Health and Human Services, or OIG, issued a series of regulations, known as the safe harbors, beginning in July 1991. These safe harbors set forth provisions that, if all the applicable requirements are met, will assure healthcare providers and other parties that they will not be prosecuted under the Anti-Kickback Statute. The failure of a transaction or arrangement to fit precisely within one or more safe harbors does not necessarily mean that it is illegal or that prosecution will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable safe harbor may result in increased scrutiny by government enforcement authorities such as the OIG. Arrangements that implicate the Anti-Kickback Law, and that do not fall within a safe harbor, are analyzed by the OIG on a case-by-case basis. Government officials have focused recent enforcement efforts on, among other things, the sales and marketing activities of healthcare companies, and recently have brought cases against individuals or entities with personnel who allegedly offered unlawful inducements to potential or existing customers in an attempt to procure their business. Settlements of these cases by healthcare companies have involved significant fines and/or penalties and in some instances criminal pleas. In addition to the Federal Anti-Kickback Statute, many states have their own kickback laws. Often, these laws closely follow the language of the federal law, although they do not always have the same exceptions or safe harbors. In some states, these anti-kickback laws apply with respect to all payors, including commercial health insurance companies.

False Claims Laws

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. Manufacturers can be held liable under false claims laws, even if they do not submit claims to the government, if they are found to have caused submission of false claims. The Federal Civil False Claims Act also includes whistle blower provisions that allow private citizens to bring suit against an entity or individual on behalf of the United States and to recover a portion of any monetary recovery. Many of the recent highly publicized settlements in the healthcare industry related to sales and marketing practices have been cases brought under the False Claims Act. The majority of states also have statutes or regulations similar to the federal false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment.

Privacy and Security

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the rules promulgated there under require certain entities, referred to as covered entities, to comply with established standards, including standards regarding the privacy and security of protected health information, or PHI. HIPAA further requires that covered entities enter into agreements meeting certain regulatory requirements with their business associates, as such term is defined by HIPAA, which, among other things, obligate the business associates to safeguard the covered entity's PHI against improper use and disclosure. While not directly regulated by HIPAA, our customers or distributors might face significant contractual liability pursuant to such an agreement if the business associate breaches the agreement or causes the covered entity to fail to comply with HIPAA. It is possible that HIPAA compliance could become a substantial regulatory burden and expense to our operations, although we do not believe that this will occur as a general website publisher.

Employees

As of March 31, 2014, we had 13 employees in addition to 4 contracted programmers through our established relationship with Simple eSolutions a technical and programming resources partner. Additionally we have one contracted business development individual targeting new EMR channel and pharma client.

Subsidiaries

We conduct our operations through our wholly-owned subsidiary, OptimizeRx Michigan.

Item 2. Properties

Currently, we do not own any real estate. Our principal executive offices are located at 400 Water Street, Suite 200, Rochester, Michigan, 48307. We have entered into a 3 year lease for this 2,886 square foot facility, with a cost of approximately\$5,049.25 per month. We believe that our properties are adequate for our current needs, but growth potential may require larger facilities due to anticipated addition of personnel. We do not have any policies regarding investments in real estate, securities or other forms of property.

6

Table of Contents**Item 3. Legal Proceedings**

Aside from the following, 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.

On February 6, 2013, we filed a Complaint for Patent Infringement against Physicians Interactive Inc., Physicians Interactive Holdings, Inc. and Skyscape.com, in which we allege that one or more of those entities has infringed on United States Patent No. 8,341,015. As of September 30, 2013, the defendants responded denying the assertions made in our Complaint, but no further action has occurred in the case.

We recently learned of an action in New Jersey brought by Milton J. Wilson and the Milton Wilson 2000 Trust. Last November 2013, we were served notice that we would be added as an additional party to the case titled Milton Wilson et al. v. Continental Capital Corporation, C-289-06, in the Superior Court of New Jersey. There is an existing default judgment of roughly \$1,000,000 in the case. We are uncertain of the substance of the allegations lodged against the existing defendants and now perhaps us, as we are likely now a party to the action. We intend to investigate and, if necessary, vigorously defend the matter. We hope to have more information in subsequent SEC filings.

Item 4. Mine Safety Disclosures

Not applicable.

Fiscal Year Ending December 31, 2012		
Quarter Ended	High \$	Low \$
December 31, 2012	1.61	0.85
September 30, 2012	1.85	0.43
June 30, 2012	1.35	0.75
March 31, 2012	1.23	0.53

Fiscal Year Ending December 31, 2013		
Quarter Ended	High \$	Low \$
December 31, 2013	1.65	0.91
September 30, 2013	1.80	0.88
June 30, 2013	1.91	1.12
March 31, 2013	1.42	0.96

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted under the symbol "OPRX" on the OTCQB operated by OTC Markets Group, Inc. Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company.

The following tables set forth the range of high and low prices for our common stock for the each of the periods indicated as reported by the OTCQB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

On March 18, 2014, the last sales price per share of our common stock was \$1.70.

Table of Contents

Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Holders of Our Common Stock

As of March 31, 2014, we had 22,809,586 shares of our common stock issued and outstanding, held by 316 shareholders of record.

Dividends

We currently intend to retain future earnings for the operation of our business. We have never declared or paid cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

In the event that a dividend is declared, common stockholders on the record date are entitled to share ratably in any dividends that may be declared from time to time on the common stock by our board of directors from funds legally available.

There are no restrictions in our articles of incorporation or bylaws that restrict us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities, plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

Securities Authorized for Issuance under Equity Compensation Plans

On June 13, 2013, our Board of Directors adopted the 2013 Equity Incentive Plan (the “Plan”). The purpose of the Plan is to attract and retain the best available personnel for positions of substantial responsibility with us, to provide additional incentive to employees, directors and consultants, and to promote our success. Under the Plan, we may issue up to an aggregate total of 1,500,000 incentive or non-qualified options to purchase our common stock or stock awards.

Equity Compensation Plans as of December 31, 2013

Plan Category	A	B	C
	Number of securities to be issued upon exercise of outstanding	Weighted-average exercise price of outstanding options, warrants and right	Number of securities remaining available for future issuance

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	options, warrants and rights		under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	-	-	-
Equity compensation plans not approved by security holders	13,783,334	\$ 2.42	—
Total	13,783,334	\$ 2.42	—

Table of Contents

Recent Sales of Unregistered Securities

On August 14, 2013, we granted restricted stock awards under our 2013 Incentive Plan. Mr. David Harrell was awarded 121,875 shares of our common stock and Mr. Terry Hamilton was awarded 215,625 shares of our common stock. The restricted stock awards will vest 50% on the date six months and one day after the date of grant, and the remaining 50% one year after the first vesting date.

On September 20, 2013, we entered into a Separation Agreement with Mr. Shad Stastney regarding the terms and conditions of his departure from our company (the "Agreement"). Under the Agreement, among other things, we agreed to issue to Mr. Stastney 500,000 shares of our common stock, half now and the rest by January 1, 2014.

On March 17, 2014, we entered into a securities purchase agreement with accredited investors, pursuant to which we sold an aggregate of 8,333,333 shares of the Company's common stock, par value \$0.001 per share, for \$1.20 per Share, or gross proceeds of \$10,000,000. We issued warrants to purchase 804,139 shares of our common stock with an exercise price of \$1.20 per share and a term of 5 years to placement agents in the raise.

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 6. Selected Financial Data

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

Item 7. 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." These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "likely result," and similar expressions. 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.

Results of Operations for the Years Ended December 31, 2013 and 2012

Revenues

Our total revenue reported for year ended December 31, 2013 was \$4,957,016, an increase from \$1,989,086 from the prior year.

Our increased revenue for the year ended December 31, 2013 as compared with the prior year is a result of the continued viability of our SampleMD solution and the setup and integration fees for pharmaceutical manufacturers whom are participating within this offering. The bulk of our revenue for the year ended December 31, 2013 came mainly from our core SampleMD solutions as opposed to our new consulting business. We expect revenues to increase on our consulting business for 2014.

Operating Expenses

Operating expenses increased to \$2,973,990 for the year ended December 31, 2013 from \$2,328,648 for the year ended December 31, 2012. Our major expenses for the year ended December 31, 2013 were salaries, wages and benefits of \$1,319,712, professional fees of \$552,824, stock-based compensation of \$411,412, general and administrative expenses of \$288,297, depreciation and amortization of \$193,971, and consulting fees of \$100,077. Our expenses increased in 2013 as compared with 2012 largely as a result of salaries, wages and benefits, professional fees and stock-based compensation.

We expect operating expenses to increase slightly, with the most increase coming as we will continue to add personnel to strengthen our operations, sales and marketing efforts going forward.

Table of Contents

Net Loss

Net income for the year ended December 31, 2013 was \$215,847, compared to net loss of \$ \$454,553 for the year ended December 31, 2012.

We believe that our company is starting to show real signs of improvement with positive income this year. With increased sales forecasted for next year, we believe that we will achieve a small improvement to net income in 2014.

Liquidity and Capital Resources

As of December 31, 2013, we had total current assets of \$2,696,978 and total assets in the amount of \$4,008,020. Our total current liabilities as of December 31, 2013 were \$1,968,652. We had working capital of \$728,326 as of December 31, 2013.

Operating activities provided \$1,132,628 in cash for the year ended December 31, 2013. Our revenue share payable of \$1,103,084, stock-based compensation of \$399,092, net income of \$215,847 and depreciation and amortization of \$193,791 were the primary components of our positive operating cash flow, offset mainly by accounts receivable of \$950,166.

Investing activities used \$298,648 during the year ended December 31, 2013 largely as a result of patent rights and website development costs.

On March 17, 2014, we entered into a securities purchase agreement with accredited investors pursuant to which we sold an aggregate of 8,333,333 shares of our common stock, par value \$0.001 per share, for \$1.20 per share, or gross proceeds of \$10,000,000. We used \$6,000,000 of the proceeds to exercise our option to redeem Vicis Capital Master Fund's holdings in our company. The balance of the proceeds will be used for working capital. With the financing and cash on hand, we have sufficient cash to operate our business for the next twelve months.

Off Balance Sheet Arrangements

As of December 31, 2013, 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 critical accounting policies are set forth in Note 2 to the financial statements.

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 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements Required by Article 8 of Regulation S-X:

Audited Financial Statements:

- F-1 Report of Independent Registered Public Accounting Firm;
- F-2 Consolidated Balance Sheets as of December 31, 2013 and 2012;
- F-3 Consolidated Statements of Operations for the years ended December 31, 2013 and 2012;
- F-4 Consolidated Statement of Stockholders’ Equity as of December 31, 2013;
- F-5 Consolidated Statements of Cash Flows for the years ended December 31, 2013 and 2012; and
- F-6 Consolidated Notes to Financial Statements.

Table of Contents

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March 28, 2014

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors

OptimizeRx Corporation

Rochester, MI

To Whom It May Concern:

Silberstein Ungar, PLLC hereby consents to the use in the Form 10-K, Annual Report under Section 13 or 15(d) of the Securities Exchange Act of 1934, filed by OptimizeRx Corporation of our report dated March 20, 2014, relating to the consolidated financial statements of OptimizeRx Corporation, a Nevada Corporation, as of and for the years ending December 31, 2013 and 2012.

Sincerely,

/s/ Silberstein Ungar, PLLC

Silberstein Ungar, PLLC

Bingham Farms, MI

F-1

Table of Contents

OPTIMIZERx CORPORATION

Consolidated Balance Sheet as of

December 31, 2013 and 2012

December
31,