

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

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

For the fiscal year ended December 31, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-25203

OmniComm Systems, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

11-3349762
(I.R.S. Employer Identification No.)

2101 West Commercial Blvd, Suite 3500
Fort Lauderdale, FL 33309
(Address of principal executive offices)

(954)473-1254
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$0.001 par value per share
(Title of class)

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 15(d) of the Exchange Act. Yes No

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 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the 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 prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Date	Non-Affiliate Voting Shares Outstanding	Aggregate Market Value
June 30, 2018	93,121,296	\$26,073,963

Our common stock trades on the OTCQX Marketplace (OTCQX). Shares of voting stock held by each officer and director and by each person who owns 10% or more of the outstanding common stock have been excluded in that such person may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The registrant has no shares of non-voting common stock authorized or outstanding.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Date	Class	Outstanding Shares
March 26, 2019	Common Stock, \$0.001 par value per share	158,278,341

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information to be set forth in our Proxy Statement to be filed by us pursuant to Regulation 14A relating to our 2019 Annual Meeting of Stockholders to be held on June 13, 2019 are incorporated by reference herein in response to Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K.

OMNICOMM SYSTEMS, INC.
ANNUAL REPORT ON
FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2018

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PART I

ITEM 1. BUSINESS

This business section and other parts of this Annual Report on Form 10-K (“Annual Report”) contain forward-looking statements that involve risk and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those set forth in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report. Reference to “us,” “we,” “our,” the “Company” means OmniComm Systems, Inc.® and our wholly owned subsidiaries OmniComm USA, Inc., OmniComm Ltd., OmniComm Europe GmbH, OmniComm Spain S.L., OmniComm Systems B.V. and OmniComm eClinical Solutions Private Ltd.

Overview

OmniComm Systems, Inc. provides web-based electronic data capture (“EDC”) and eClinical (“eClinical”) software and services that streamline the clinical research process. Our EDC and eClinical software and service offerings (“eClinical Products” or “eClinical Solutions”) consist of TrialMaster®, TrialOne®, IRTMaster™, Promasys®, eClinical Suite™, AutoEncoder and Acuity™. Our eClinical Products are designed to allow clinical trial sponsors and investigative sites to easily and securely collect, validate, transmit and analyze clinical study data. Our eClinical Products are 21 CFR Part 11 compliant solutions and are designed to offer clinical trial sponsors the ability to conduct clinical trials under multiple platforms, with significant flexibility, ease-of-use and with complete control over collected data.

Our eClinical Products offer significant business benefits to our customers and are designed to help clinical trial sponsors more efficiently conduct their clinical trials. This efficiency can translate into more rapid initiation of data collection, less cost incurred in the data collection process and the ability to make more timely Go/No-Go decisions. We also provide business process consulting services that focus on more effectively integrating EDC and the broader array of eClinical Solutions and processes into the clinical trial process. Our goal is to provide our clients a data collection process that is streamlined, efficient and cost-effective.

The benefits of managing a clinical trial using our eClinical Products include:

- Real-time access to the data
- Faster study completion
- Cost savings
- Improved quality and visibility of results
- Comprehensive clinical development solutions

Our Strategy

Our primary goal is to establish ourselves as a leading EDC and eClinical software and services provider by offering our customers the highest quality service with a differentiated, user-friendly product. We continually increase the scope and quality of the products and services we offer. During 2018 we continued to update our products and increase their functionality to offer new solutions to our clients’ challenges.

Key facets of our strategy include:

- **Scope Expansion.** We plan to continue expanding the scope of services and products offered within the eClinical product spectrum via organic product and service development, through strategic partnerships and relationships and through the selective use of acquisitions;
- **Customer Base Expansion.** We will seek to expand the customer base for our existing set of eClinical Solutions and intend to design complementary solutions that will allow us to expand the universe of clients that we service; and
- **Diversification.** We intend to continue to diversify our revenue and customer base in order to avoid over-concentration of our business on any solution/product set or client-base.

Our Business Model

The scope of client clinical trial support service needs can vary from trial to trial. Experience with EDC and other eClinical trial management solutions can also vary based on such factors as client size and sophistication. Our approach to satisfying the diverse needs of our customers is to offer a variety of EDC and eClinical solutions. We offer our eClinical Products under an application service provider (“ASP”) business model as well as technology transition (“Technology Transition”) and technology transfer (“Technology Transfer”) business models (both of which are considered licensed).

We offer a fully hosted Technology Transition model designed to allow the client to bring study administration and set-up services in-house yet continue to host the solution with us, as well as a complete Technology Transfer model for clients that want to keep their eClinical technology solution completely in-house. This methodology allows our customers to use our services at their own pace, given the logistics of their human resource, infrastructure and capital constraints. This model allows us the flexibility to deliver eClinical solutions to a broader array of clinical trial sponsors.

Our Software Products and Services

TrialMaster Electronic Data Capture

Our core product is TrialMaster, which allows organizations conducting clinical trials to collect and manage their clinical trial data over the internet. Users at investigative sites such as hospitals and doctors' offices can enter data into electronic forms that represent the study protocol, and the data is immediately validated against a set of protocol-specific rules. Sponsor companies and Contract Research Organizations ("CROs") can then perform various data management and monitoring functions, such as comparing the entered data against source documents at the site. When all patient data has been entered, signed and locked, the sponsor company can extract the data for final analysis and produce PDFs of the source data ready for regulatory submission and site archive.

While there are many EDC products on the market, OmniComm believes that the breadth of functionality, ease of use and sophistication of implementation puts TrialMaster in a very strong position. The functionality of TrialMaster includes the following:

- A highly productive tool for designing trials, featuring a drag-and-drop interface; a sophisticated JavaScript-based engine for building edit checks; and a tool for configuring how the data is to be exported;
- A fine-grained security model that allows appropriate privileges to be granted to each user and role;
- An online eLearning system that can be used to ensure users receive the appropriate training and pass all related assessments before being allowed to perform activities in TrialMaster;
- A data entry sub-system that responds at the keystroke level to guide the user to enter correct data the first time. For example, if an adverse event is marked as "continuing", it is impossible to also enter a stop date;
- The ability to import external data through a file import utility;
- Task lists and reports that support data entry and data cleaning processes, as well as adhoc reports and "data grids" that provide customizable access to the protocol-specific clinical data;
- Support for Risk Based Monitoring, including a sophisticated mechanism to select a subset of data for Source Document Verification, based on risk factors for both the site and the patient;
- The ability to detect Serious Adverse Events and construct Safety Cases that can subsequently be passed electronically to a full safety reporting system using the industry standard E2B message format;
- The ability to translate both the TrialMaster application and all protocol text into any number of foreign languages, such that data can be entered in one language and reviewed in another;
- The ability to allow patients to enter their own data, such as for electronic diaries, avoiding the need for a costly and separate system for electronic Patient Reported Outcomes;
- The ability to automatically produce data exports in the FDA-mandated SDTM format. We believe TrialMaster is the only EDC system with this capability; and
- Application Programming Interfaces (APIs), that allow partner software products to fetch and update data in TrialMaster. The APIs follow the Operational Data Model standard maintained by the Clinical Data Interchange Standards Consortium (CDISC).

In Q2 2018, OmniComm released version 5 of TrialMaster with a modern user interface and built-in support for mobile devices. These new features allow TrialMaster to be accessed from a web browser or a tablet such as an iPad. The patient data entry module can be accessed using a smartphone such as an iPhone. Using "liquid layout" technologies, the TrialMaster display automatically adjusts to the form factor of the device on which it is running. The adoption of version 5 has been very rapid, and a significant number of trials are already in production on this version.

TrialOne Phase I Clinic Automation

TrialOne is a comprehensive software application suite that provides clinical trial site sponsors, study investigators and study monitors with several tools designed to make the overall Phase I clinic operation more efficient. Phase I studies are used to conduct the first tests of new drugs or medical devices in humans. They are often held in dedicated Phase I clinics, where volunteers follow a strict timed schedule of dosing followed by measurements such as vital signs, electrocardiograms and repeated blood draws. TrialOne is designed to manage the automation of Phase I clinics. It allows the specification of the schedule and the corresponding dosing and required measurements, then supports the real-time collection of data according to that schedule. Much of the data collection is automated via direct entry from instruments (eSource), such as barcode scanners that read barcodes on both the patients and the vials of blood being filled.

The key components of TrialOne include:

Subject Recruitment and Screening

The TrialOne subject recruitment module is designed to provide essential functionality for automating the collection and tracking of information involved in finding, screening and scheduling subject candidates for an early phase study. The customized database can be searched for volunteers based on specific demographics, medical history and concomitant medications. Trial sponsors can define study-specific screening test panels and record volunteer screening test results. Outbound communications can be managed allowing for the scheduling of calls, sending e-mail blasts, printing mailing labels or exporting flexible CSV files.

Scheduler

The Scheduler module provides a mechanism for defining the study structure including a time and events schedule. The module is designed to optimize study build times using a wizard-driven design tool creating database efficiencies using object libraries and templates. This can quickly produce clear, easy to use, schedule driven electronic case report forms ("CRFs") suitable for complex and adaptive clinical trials including study alarms and real time validation criteria with edits. Additionally, the Scheduler can define actions or events to be automatically offset relative to the study drug and rapidly address mid-study changes.

Sample Tracking

TrialOne allows customers to completely automate their site's laboratory. Samples can be tracked and batched while alarms and information can be configured specific to each sample. Dispatch lists and labels are automatically produced for shipment of samples to the central laboratory. Data is then received back electronically into the TrialOne database.

Direct Data Capture ("DDC")

The DDC module allows capture of real-time data for screening or study at data collection stations, bed-side or roaming. The system allows for the collection of data online, over an intranet or the internet using a desktop, notebook, or tablet PC. Using a library of custom drivers the DDC module can collect vital signs or other biologic data directly from devices and/or instrumentation. As with later phase applications the system can clean data at the point of collection with real-time validation edit checks while enhancing protocol compliance via schedule-driven workflows. Working with the Subject Recruitment and Screening module the system seamlessly maps data to the recruitment database for future criteria searches. Automation and authentication checks are maintained using a full array of barcode and scanner support for all aspects of the clinic including subject IDs, sample labeling and event tracking.

Ad Hoc Reporting

An integrated Ad Hoc reporting tool is available with wizard-driven report generation with drill-down reports that include interactive charts and graphs. The Ad Hoc module supports aggregate data and advanced calculations, an advanced and easy to use export feature and distributable system reports by configurable schedules. Data is protected by event configurable security and role-based security. The Ad Hoc module allows for real-time data access to important trends such as vital signs and adverse events.

AutoEncoder

OmniComm's AutoEncoder provides a mechanism to turn free-text descriptions of adverse events and medications into coded entries from industry-standard dictionaries, namely MedDRA® for adverse events and WHO Drug® for medications. The product includes automated selection of proposed codes based on pattern matching against verbatim terms or synonyms for those terms; automated management and use of history records to ensure coding consistency within a trial; an optional review and approval step; and the transmission of coded results back to TrialMaster where they are stored as derived data values. The majority of TrialMaster trials use AutoEncoder.

OmniComm's AutoEncoder can also code terms coming from systems other than TrialMaster, as long as those terms can be provided in a simple text file. This means the AutoEncoder can be used to code terms from other EDC systems, or from safety reporting systems. It can also be used to efficiently re-code terms against newer versions of the relevant medical dictionaries. With older formats of WHO Drug no longer allowed from new drug applications, this is a valuable capability for the industry.

IRTMaster

IRTMaster™ is an offering from OmniComm that provides “Interactive Response Technology” in support of the randomization process in clinical trials. The product allows the setup of trial parameters, such as the different strata for the patient population, then provides sophisticated algorithms to randomize patients across the different treatment groups (such as the investigational medication and placebo). The algorithms include a minimization technique that prevents any significant imbalance across the different treatment groups. For example, in a block of ten patients where five will get the investigational medication and five will get placebo, there is a statistically significant chance that the first five patients will all get placebo; with a minimization algorithm, the chance of such an imbalance is significantly smaller.

IRTMaster can be used standalone through its user interface, or can interact with TrialMaster or any external system using API calls. In this mode, it can effectively be considered a “black box” application.

The current release of IRTMaster supports various configuration options as well as randomization and related functions, such as emergency unblinding. A release planned for the second half of 2019 will add clinical supplies tracking and thereby complete the functionality.

Acuity

OmniComm’s Acuity, our flagship analytics product, is a clinical data aggregation and analytics platform driving actionable knowledge. Acuity provides insights into quality, risk and performance of various aspects of clinical trials in real time. Acuity enables views across different types of data including clinical operations, subject data, drug supply and patient recorded outcomes. It provides an interactive view of the progress in overcoming operational challenges and analyzes scientific data at the study, country and site level – with the ability to drill down to the lowest level data point. Acuity makes it simple to compile data, generate reports and analyze multiple datasets within a study. Immediate insight and timely interventions mean last minute surprises are avoided – which improves quality and compliance. Acuity can provide data insights from various data source systems, such as EDC, CTMS, IXRS, and eCOA.

Acuity has the following features that enables clinical insights and risk based monitoring:

Insights

Data from operational and other relevant clinical domains can be brought together to derive insights that can help managers, executives and leaders to review the progress of work at any point in time. This is achieved by converting complex data into intuitive data visualizations.

Risk planning

The risk planning feature has been created in alignment with TransCelerate’s recommendation. TransCelerate BioPharma Inc. is a non-profit organization with a mission to collaborate across the global biopharmaceutical research and development community to identify, prioritize, design and facilitate implementation of solutions designed to drive the efficient, effective and high-quality delivery of new medicines. It enables risks to be created and prioritized in a study or program. These risks can be documented and assigned to different departmental leads to enable collaboration and develop holistic risk mitigation through an integrated quality risk management plan (IQRMP).

Decision Factory

The decision factory feature allows risk indicators to be created and data imported in monthly batches to review the risk at sites that enables decision making on varying the Source document verification and on site monitoring level based on the risk level of the sites.

Action Center

The action center is an important workflow component that helps in documenting issues and raising action items. This feature also allows action item to be assigned to different stakeholders. This is imperative when central data review and monitoring are performed which will have all the action items recorded and viewed on one place

Legacy Products

OmniComm provides two legacy products that have active support-paying customers, but are no longer being actively marketed.

The **eClinical Suite** provides a set of tools for collecting and managing clinical data, including EDC for real-time entry and double data entry (“DDE”) for entry from paper originals. It also provides a central system for clinical trials management and another for adverse event reporting. OmniComm has announced the end of support for the eClinical Suite to be April 30, 2019.

Promasys is a clinical trial data management system for both DDE and EDC that is primarily used at research institutions for investigator-initiated trials. It includes an iPad module for convenient data capture within the clinic and a separate electronic patient-reported outcome (ePRO) module.

Hosting

Our customers rely on our eClinical Products to run their clinical trials and, as a result, we need to ensure the availability of our services. We have developed our infrastructure with the goal of achieving availability of our services, which are hosted on a highly-scalable network located in secure third-party co-location data center facilities. We host our eClinical Products’ services and serve our customers primarily from a Cincinnati, Ohio co-location data center facility operated by and in conjunction with co-location services from CyrusOne, Inc. This co-location, consisting of 230 square feet, is specifically designed to optimize the delivery of our application services and to ensure the availability and security of our customers’ research data. The co-location data facility includes 24 by 7 staffing, enterprise class security, redundant power and cooling systems, large-scale data back-up capabilities and multiple Internet access points and providers. In addition, we maintain a co-location facility in Fort Lauderdale, Florida which also serves as a back-up facility for purposes of disaster recovery, and a co-location facility in Frankfurt, Germany.

Our hosting operations incorporate industry-standard hardware, databases and application servers in a flexible, scalable architecture. Elements of our hosting infrastructure can be replaced or added with minimal interruption in service in order to reduce the likelihood that the failure of any single device will cause a broad service outage. Our hosting architecture enables us to scale to increasing numbers of customers by adding additional capacity in the form of servers and disk space. Our storage architecture helps to ensure the safe, secure archiving of customers’ data and to deliver the speed and performance required to enable customers to access and manage their clinical study data in real-time.

Support

We have a multi-national organization to support our applications worldwide. We offer 24 by 7 support to our customers and their investigator sites through multi-lingual help desks located in our Fort Lauderdale, FL; Bonn, Germany; and Bengaluru, India offices.

Consulting and Professional Services

Our services include hosting solutions, consulting services, customer support, training and the delivery of implementation services for Technology Transfer engagements, including installation, configuration, validation and training. The primary consulting services we offer include:

- **Project Management.** We assign a project manager to oversee every project and provide up-to-date communications on the status of the project.
- **Clinical Services.** We have expertise in translating a clinical protocol into an electronic CRF format. We ensure that CRF design, visit schedule, site and patient definitions, edit checks, derivations and code lists are all optimized to use industry best practices, and, where applicable, CDISC/CDASH standards.
- **Training.** We provide extensive hands-on and eLearning-based EDC training classes. Training classes can be conducted at a sponsor location, at an investigator meeting or an investigator site and via web-cast.
- **Custom Configuration.** Our EDC and eClinical platforms are flexible and allow for major reconfiguration. Each trial can be designed to suit the specific client workflows and trial design. Our eClinical Products include a clinical trial management system (“CTMS”), drug supply, safety and randomization options that can simplify the trial management experience.
- **System Integration.** We help our clients integrate our EDC Solutions with existing systems or external systems (Patient Diaries, Medical Devices and Labs, etc.) We analyze the client’s legacy systems and data management needs in order to decide how to most efficiently integrate EDC.
- **SOPs and implementation assistance.** Our client services and support personnel can be engaged to write an implementation plan designed to effectively integrate with our EDC Solutions. We can also write standard operating procedures (“SOPs”) to help client staff clearly understand their roles in using our eClinical Products to conduct trial activities. We can also analyze and document business processes to determine where greater operating efficiency may be gained.
- **Installation.** There are various architectures for deploying a secure EDC solution to remote investigator sites. These services explore different security, performance and system management alternatives and help the client design and install an optimal solution to meet their unique needs.
- **Validation.** We offer test kits that include test cases and documentation to validate the installation of our EDC applications against regulatory requirements.

Market Opportunity

Clinical trials are a critical component in bringing a drug or medical device to market. All prescription drug and medical device therapies must undergo extensive testing as part of the regulatory approval process. We believe many clinical trials continue to be conducted in an antiquated manner and fail to optimize the resources available for a successful clinical trial. We believe that our solutions significantly reduce costs, improve data quality and expedite results. We believe the data integrity, system reliability, management control and auditable quality of our eClinical Solutions will aid clinical trial sponsors that want to improve clinical trial efficiencies, speed-up results and ensure regulatory compliance.

We believe that success in the EDC market is predicated on several criteria. As the industry grows and matures the ability of participants to fulfill the varied needs of clinical trial sponsors becomes more critical to achieving operational and financial success. We believe these success criteria include:

- **Deployment options.** Successful EDC vendors provide clinical trial sponsors with flexibility in choosing whether to deploy EDC on an ASP, Technology Transfer or Technology Transition basis. The ultimate criteria for the selection of the type of technology delivery methodology is often predicated on the size and the resources of the clinical trial sponsor.
- **Interoperability.** Most clinical trial sponsors have invested in other technology platforms to run their trials. These include clinical data management systems, interactive voice response systems and central labs. The ability for an eClinical solution to integrate with existing technology platforms is a key decision making factor.
- **Scalability.** The ability to scale the eClinical solutions to absorb additional projects seamlessly is important to trial sponsors. Scalable solutions will retain their speed and performance metrics as projects and engagements increase in size.
- **Migration from hosted to technology transfer solutions.** When clinical trial sponsors decide to bring the eClinical services and solutions in-house it is vital that they do not experience a degradation of speed, performance or system reliability.
- **Flexibility.** The more robust eClinical systems will be designed to provide the ability to increase functionality and guarantee interoperability with other industry technology solutions. As the industry and technology matures clinical trial sponsors will demand new functionality without loss of performance or reliability.

- **Systematic adoption of best practices.** eClinical vendors will be expected to assimilate best-practice workflows and process tools.
- **Professional services.** The adoption and implementation of eClinical solutions into a clinical trial environment requires significant financial, technical and human resource investment on the part of clinical trial sponsors. A robust offering of professional services that fully integrate with the technological eClinical offerings will be considered an integral part of any eClinical purchase.

License Agreement

DataSci, LLC

Effective April 2, 2009, we entered into a Settlement and Licensing Agreement with DataSci, LLC (“DataSci”) which relates to a lawsuit filed on June 18, 2008 in the United States District Court for the District of Maryland by DataSci against OmniComm alleging infringement of U.S. Patent No. 6,496,827 B2 entitled “Methods and Apparatus for the Centralized Collection and Validation of Geographically Distributed Clinical Study Data with Verification of Input Data to the Distributed System” (“Licensed Patent”) owned by DataSci. Pursuant to the Settlement and Licensing Agreement, the parties entered into a Stipulated Order of Dismissal of the lawsuit filed by DataSci and DataSci (i) granted us a worldwide, non-exclusive non-transferable right and license under the Licensed Patent the subject of the claim for the Licensed Products and the right to sublicense TrialMaster on a Technology Transfer and Technology Transition basis, and (ii) released us from any and all claims of infringement of the Licensed Patent which may have occurred prior to the effective date of the Settlement and Licensing Agreement. Licensed Products is defined as all products and services of OmniComm and of its subsidiaries in the field of electronic data capture, whether sold by OmniComm directly or through its affiliates, parents, subsidiaries, partners, vendors, agents and/or representatives, including TrialMaster products and services or other products and services that perform the substantially equivalent function of TrialMaster, and any other products and services that OmniComm may develop in the future in the field of electronic data capture. The license expressly excludes the right to make, use, sell, import, market, distribute, oversee the operation of, or service systems covered by a claim (if any) of the Licensed Patent to the extent such systems are used for creating and managing source documentation and conducting remote data validation in clinical trial studies using a tablet PC with stylus, touch screen device, digitizing tablet, digitizer pen or similar mobile processing device (“Digitizing Device”), wherein the source documentation is electronic and is completed using a Digitizing Device. Under the terms of the license, we were obligated to pay royalties quarterly for sales of Licensed Products from January 1, 2008 until December 31, 2017 in the amount of the greater of two percent (2%) of our annual gross revenues from Licensed Products or, alternatively, the annual minimum royalty payment(s). The Settlement and Licensing Agreement and the amendment thereto (described below) could be terminated on thirty (30) days’ notice by the licensor if we were in default on our obligations thereunder and failed to cure such default within the thirty (30) day period after notice is provided. In addition to the payment of royalties, the Settlement and Licensing Agreement imposed certain obligations on us including commercialization, certain sublicensing, other payments, insurance, and confidentiality. In addition and as a license fee for past use of the Licensed Patent which may have occurred prior to the effective date of the Settlement and Licensing Agreement, we issued a warrant to DataSci to purchase 1,000,000 shares of our common stock at an exercise price of \$.01 per share. The Settlement and Licensing Agreement provides that upon the expiration date of the warrant, at DataSci’s sole discretion, DataSci shall exercise its option under the warrant or licensee shall pay DataSci \$300,000. The warrant was exercisable commencing on the second anniversary of the Settlement and Licensing Agreement, April 2, 2011, through the expiration date of the warrant on December 31, 2017. On December 31, 2017 DataSci exercised 50% of the warrant for 500,000 common shares and requested cash payment on 50% of the warrant. As a result of the exercise, DataSci received 500,000 restricted common shares and a net cash payment of \$145,000. Effective December 31, 2017 we had no future liability or expense under the Settlement and Licensing Agreement.

On June 23, 2009, we entered into an agreement to acquire the EDC assets of eResearch Technology. Concurrent with the consummation of that transaction we entered into the First Amendment to Settlement and Licensing Agreement with DataSci, (i) to include the eResearch Technology EDC assets acquired within the definition of Licensed Products, and as such subject to the royalty payment(s), under and in accordance with the Settlement and Licensing Agreement, and (ii) provide a release by DataSci of any and all claims of infringement of the Licensed Patent in connection with the eResearch Technology EDC assets acquired which may have occurred prior to the effective date of the First Amendment to Settlement and Licensing Agreement for an aggregate amount of \$300,000.

Our Customers

We are committed to developing long-term, partnering relationships with our clients and adapting our products and services to meet the unique and challenging needs of their trials. Our customers include leading pharmaceutical, biotechnology, medical device companies, academic institutions, CROs and other entities engaged in clinical trials. As of December 31, 2018, we had approximately 120 customers, including two of the top ten global pharmaceutical companies, five of the top ten CROs and two of the top biotechnology companies, measured by revenue. Our representative customers by sponsor type include:

Trial Sponsor	Sponsor Type
Eli Lilly	Pharmaceutical
Cromsource	Contract Research Organization
PPD	Contract Research Organization
Covance	Contract Research Organization
New York Medical Center	Academic
Saint Jude's Children's Research Hospital	Medical research
ICON	Contract Research Organization
Pfizer	Pharmaceutical

Our top five customers accounted for approximately 36% of our revenues during the year ended December 31, 2018 and approximately 36% of our revenues during the year ended December 31, 2017. One customer accounted for approximately 13% of our revenues during the year ended December 31, 2018. One customer accounted for approximately 10% of our revenues during the year ended December 31, 2017.

We currently have business operations in Southampton, England; Leiden, the Netherlands; Bonn, Germany; Barcelona, Spain; Tokyo, Japan; and Bengaluru, India, and our international customers, principally located in Europe and East Asia, accounted for approximately 28% of our total revenues for the year ended December 31, 2018 and 23% of our total revenues for the year ended December 31, 2017.

One customer accounted for approximately 20% and another customer accounted for approximately 10% of our accounts receivables as of December 31, 2018. One customer accounted for approximately 24% and another customer accounted for approximately 10% of our accounts receivables as of December 31, 2017.

Sales and Marketing

We sell our products through a direct sales force, relationships with CRO Partners, and through co-marketing agreements with Vendor and Channel Partners. Our marketing efforts to-date have focused on increasing market awareness of our Company and eClinical Products. These efforts have primarily been comprised of attendance and participation in industry conferences and seminars. A primary focus of our future marketing efforts will be to continue increasing our market penetration and market awareness. As of December 31, 2018, we had 20 full-time employees and consultants in sales and marketing.

Our efforts during 2019 will include increasing the number of sales personnel and sales support staff employed in the United States, Europe and East Asia, increasing our attendance and marketing efforts at industry conferences and increasing the number of Company sponsored events including webinars, symposiums and other marketing events.

Clinical trial sponsors have historically outsourced many of their clinical research activities in an attempt to control costs and expand capacity. Our CRO relationships help us position our software solutions as the core platform for their outsourced client trial management services. Through our CRO Preferred Program, we partner with CROs to deliver our eClinical Solutions along with the CRO's project and data management expertise. We also train, certify and support our CRO and other clinical services partners, which enables them to quickly and cost-effectively implement our technology in sponsors' studies. A critical aspect of the program is our ability to deliver our eClinical Solutions on a fixed cost basis to our partners. Because of the economics intrinsic to the CRO industry, a fixed cost solution affords the partner a stronger ability to manage their costs and deliver cost-effective solutions to their clinical trial sponsor clients.

We have been able to obtain valuable insight into our customers' needs through the following customer specific initiatives:

Innovation Forum: The goal of the Innovation Forum is to ensure that attendees receive practical information, training and collaboration that can be taken back, implemented and shared within their respective organizations. The 2018 Innovation Forum attracted more than 100 attendees, along with the highest number of external thought leading and keynote speakers as well as the largest number of sponsoring and exhibiting partners. Content included product demonstrations, customer case studies, panel discussions, partner presentations and thought provoking presentations from independent industry thought leaders.

eClinical webinars: We host periodic web-based seminars for current and prospective customers, which are typically focused on our products or current developments in the eClinical industry. These webinars offer informative industry related topics to our customers and foster good relationships with our current and potential customers.

Product Development

The Company focuses on maintaining high quality product development standards. Product development activities include research and the development of platform and/or client specific software enhancements such as adding functionality, improving usefulness, increasing responsiveness and adapting to newer software and hardware technologies. While our main product development efforts are conducted in our Fort Lauderdale, Florida office, we also conduct product development in other parts of the U.S. as well as in Southampton, England and Bengaluru, India.

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The Company spent \$3,370,233 which represents 12.4% of revenue during the year ended December 31, 2018 and \$2,854,428 which represents 10.6% of revenue during the year ended December 31, 2017 on product development initiatives. The Company's product development efforts are focused on the continued enhancement and redesign of our eClinical Solutions to keep our technology at the cutting edge in the markets in which we compete.

Intellectual Property

Our success and ability to compete are dependent on our efforts to develop and maintain the proprietary aspects of our technology. We rely upon a combination of trademark, trade secret, copyright and unfair competition laws, as well as license agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring our employees and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. We have registered trademarks and service marks in the United States and abroad, and have filed applications for the registration of additional trademarks and service marks. Our principal trademarks are "OmniComm Systems," "TrialMaster," "TrialBuilder," "TrialExplorer," "OmniCloud," "Promasys" and "TrialOne." These legal protections afford only limited protection for our technology. Our agreements with employees, consultants and others who participate in development activities could be breached. However, due to rapid technological change, we believe that factors such as the technological and creative skills of our personnel, new product and service developments and enhancements to existing products and services are more important than the various legal protections of our technology to establish and maintain a technology leadership position.

We currently hold several domain names, including the domain names "omnicomm.com," "promasyssoftware.nl," "promasyssoftware.com" and "trialmaster.com." Additionally, legislative proposals have been made by the U.S. federal government that would afford broad protection to owners of databases of information. The protection of databases already exists in the European Union. The adoption of legislation protecting database owners could have a material adverse effect on our business, requiring us to develop additional, complex data protection features for our software products.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our software solutions or to obtain and use information that we regard as proprietary. The laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results or financial condition. There can be no assurance that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar technology. Any failure to meaningfully protect our intellectual property and other proprietary rights could have a material adverse effect on our business, operating results or financial condition.

In addition, since the software and Internet-based industries are characterized by the existence of a large number of patents, trademarks and copyrights it also involves frequent litigation based on allegations of infringement or other violations of intellectual property rights. We, and other companies in our industry, have entered into a settlement and obtained a license from a patent holder (DataSci, LLC) to license third-party technology and other intellectual property rights that are incorporated into some elements of our services and solutions. Our technologies may not be able to withstand third-party claims or rights against their use. Any intellectual property claims against us, with or without merit, could be time-consuming and expensive to litigate or settle, could divert management attention from executing our business plan or require us to enter into royalty or licensing agreements with third parties. Such royalty or licensing agreements, if required, might not be available on terms acceptable to us or at all, which could have a material adverse effect upon our business and financial position. There is no assurance that we will not become subject to infringement claims as the number of products and competitors in our industry segment grows and the functionality of products in different industry segments overlaps. An adverse determination on such a claim would increase our costs and could also prevent us from offering our technologies and services to others.

We have licensed in the past, and expect that we may license in the future, certain of our proprietary rights, such as trademarks, technology or copyrighted material, to third parties. We generally provide in our customer agreements that we will indemnify our customers against third-party infringement claims relating to our technology provided to the customer.

Competition

The market for EDC, eClinical, data management and interactive response technology systems is highly competitive, rapidly evolving, fragmented and is subject to changing technology, shifting customer needs and frequent introductions of new products and services. We compete with systems and paper-based processes utilized by existing or prospective customers, as well as other commercial vendors of EDC and eClinical applications, clinical data management systems and adverse event reporting software, including:

- systems developed internally by existing or prospective customers;
- vendors of EDC, eClinical, clinical trial management systems and adverse event reporting product suites, including Oracle Corporation and Medidata Solutions;
- vendors of stand-alone EDC, data management and adverse event reporting products; and
- CROs with internally developed EDC, clinical data management systems or adverse event reporting systems.

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Our ability to remain competitive will depend to a great extent upon our ongoing performance in the areas of product development, customer support and service delivery. We believe that the principal competitive factors in our market include the following:

- product functionality and breadth of integration among the EDC, eClinical and interactive response technology solutions;
- reputation and financial stability of the vendor;
- low total cost of ownership and demonstrable benefits for customers;
- depth of expertise and quality of consulting and training services;
- performance, security, scalability, flexibility and reliability of the solutions;
- speed and ease of implementation and integration; and
- sales and marketing capabilities and the quality of customer support.

Government Regulation

The conduct of clinical trials is subject to regulation and regulatory guidance associated with the approval of new drugs, biological products and medical devices imposed upon the clinical trial process by the U.S. federal government and related regulatory authorities such as the FDA and by foreign governments. Use of our software products, services and hosted solutions by entities engaged in clinical trials must be done in a manner that is compliant with these regulations and regulatory guidance. Failure to do so could have an adverse impact on a clinical trial sponsor's ability to obtain regulatory approval of new drugs, biological products or medical devices. If our product and service offerings fail to allow our customers and potential customers to operate in a manner that is compliant with applicable regulations and regulatory guidance, clinical trial sponsors and other entities conducting clinical research may be unwilling to use our software products, services and hosted solutions. Accordingly, we design our product and service offerings to allow our customers and potential customers to operate in a manner that is compliant with applicable regulations and regulatory guidance. We also expend considerable time and effort monitoring regulatory developments that could impact the use of our products and services by our customers and use this information in designing or modifying our product and service offerings.

The following is an overview of some of the regulations that our customers and potential customers are required to comply with in the conduct of clinical trials.

The clinical testing of drugs, biologics and medical devices is subject to regulation by the FDA and other governmental authorities worldwide. The use of software during the clinical trial process must adhere to the regulations and regulatory guidance known as Good Clinical Practices, other various codified FDA regulations, the Consolidated Guidance for Industry from the International Conference on Harmonization regarding Good Clinical Practice for Europe, Japan and the United States and other guidance documents. Our products, services and hosted solutions are developed using our domain expertise and are designed to allow compliance with applicable rules or regulations.

In addition to the aforementioned regulations and regulatory guidance, the FDA has developed regulations and regulatory guidance concerning electronic records and electronic signatures. The regulations, codified as 21 CFR Part 11, are interpreted for clinical trials in a guidance document titled Computerized Systems Used in Clinical Investigations. This regulatory guidance stipulates that computerized systems used to capture or manage clinical trial data must meet certain standards for attributability, accuracy, retrievability, completeness, originality, traceability, inspectability, validity, security and dependability. Other guidance documents have been issued that also help in the interpretation of 21 CFR Part 11.

Regulation of the use and disclosure of personal medical information is complex and growing. Federal legislation in the United States, known as the Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes a number of requirements on the use and disclosure of "protected health information" which is individually identifiable, including standards for the use and disclosure by the health care facilities and providers who are involved in clinical trials. HIPAA also imposes on these healthcare facilities and providers standards to assure the confidentiality of health information stored or processed electronically, including a series of administrative, technical and physical security procedures. This may affect us in several ways. Many users of our products and services are directly regulated under HIPAA and, to the extent our products cannot be utilized in a manner that is consistent with the users' HIPAA compliance requirements, our products will likely not be selected. In addition, we may be directly affected by HIPAA and similar state, federal and foreign privacy laws. Under HIPAA, to the extent we perform functions or activities on behalf of customers that are directly regulated by such medical privacy laws, such customers may be required to obtain satisfactory assurance, in the form of a written agreement that we will comply with a number of the same HIPAA requirements.

In addition, we are subject to a number of U.S. federal and state and foreign laws and regulations that affect companies conducting business through the Internet. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business. These may involve user privacy and data protection, rights of publicity, content, intellectual property, advertising, marketing, data security, data retention and deletion, personal information, electronic contracts and other communications, competition, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions and securities law compliance.

Background and History

OmniComm Systems, Inc. was originally organized as Coral Development Corp., under the laws of the State of Delaware, on November 19, 1996, by Modern Technology Corp. (“Modern”) for the purpose of combining with an existing privately held company and for Modern to distribute Coral Development shares as a dividend to Modern shareholders. On February 17, 1999, OmniComm Systems, Inc., a company organized under the laws of the State of Florida as the Premisys Group, Inc. on March 4, 1997, merged with Coral Development. Coral Development was the surviving entity post-merger. The merged entity changed its name to OmniComm Systems, Inc.

Employees

As of December 31, 2018, we employed 164 employees and consultants Company-wide as follows: 67 out of our headquarters in Fort Lauderdale, Florida, 8 out of a regional operating office in Somerset, New Jersey and 26 in remote locations throughout the United States and Canada. Our wholly-owned subsidiary, OmniComm Europe, GmbH, employs 18 in Bonn, Germany. Our wholly-owned subsidiary, OmniComm Ltd., employs 14 in Southampton, England. Our wholly-owned subsidiary, OmniComm Spain, S. L. employs 2 in Barcelona, Spain. Our wholly-owned subsidiary, OmniComm Systems B.V. employs 2 in Leiden, the Netherlands and 2 in Japan. Our wholly-owned subsidiary, OmniComm eClinical Solutions Private Ltd., formed in July 2018, employs 25 in Bengaluru, India. We believe that relations with our employees are good. None of our employees are represented by a collective bargaining agreement.

Available Information

Our Internet website address is <https://www.omnicomm.com>. The information on or accessible through our website is not incorporated by reference in this Annual Report. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other Securities and Exchange Commission filings, and any amendments to those reports and any other filings, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge via a link on our website as soon as reasonably practicable after we electronically file the materials with the Securities and Exchange Commission or on the Securities and Exchange Commission website at <https://www.sec.gov>.

ITEM 1A. Risk Factors

RISK FACTORS

An investment in our securities is speculative in nature and involves a high degree of risk. In addition to the other information contained in this Annual Report, our stockholders and prospective investors should carefully consider the following material risk factors in evaluating us and our business.

WE HAVE A HISTORY OF LOSSES, A LARGE ACCUMULATED DEFICIT AND MAY INCUR FUTURE LOSSES. WE MAY BE UNABLE TO ACHIEVE OR MAINTAIN PROFITABILITY IN THE FUTURE.

We have incurred significant losses since we began doing business. At December 31, 2018, we had an accumulated deficit of approximately \$68,635,854 and a working capital deficit of approximately \$2,633,259. We expect our operating cash flows to improve in 2019, but we have little control over the timing of contracted projects. We expect our client and contract base to expand and diversify to the point where it meets our on-going operating needs, but this may not happen. While we expect to achieve additional revenue through the growth of our business, we cannot assure you that we will generate sufficient revenue to fund our expenses and maintain profitability in any period.

OUR ABILITY TO CONDUCT OUR BUSINESS COULD BE MATERIALLY AFFECTED IF WE WERE UNABLE TO REPAY OR EXTEND THE MATURITY DATES OF OUR OUTSTANDING INDEBTEDNESS.

At December 31, 2018, we had outstanding borrowings of \$9,427,500 of principal amount, of which:

- approximately \$2,190,000 at 10% interest is due in April 2020;
- approximately \$4,137,500 at 12% interest is due in April 2020;
- approximately \$2,900,000 at 4.5% interest is due in April 2020;
- and approximately \$200,000 at 12% interest is due in April 2021.

WE HAVE HISTORICALLY NEEDED AND POTENTIALLY MAY NEED ADDITIONAL FINANCING TO MEET OPERATING EXPENSES, THE TERMS OF WHICH MAY BE UNFAVORABLE TO OUR THEN-EXISTING STOCKHOLDERS.

Our plan of operations going forward may require us to raise additional capital if our revenue projections are not realized. Even if our projections are realized, we may need to raise additional financing to meet our ongoing obligations, including the repayment of existing debt obligations currently in the amount of \$9,427,500. In addition, we may also need to raise additional funds to meet known needs or to respond to future business opportunities, which may include the need to:

- fund more rapid expansion;
- fund additional capital or marketing expenditures;
- develop new or enhanced features, services and products;
- enhance our operating infrastructure;
- respond to competitive pressures; or
- acquire complementary businesses or necessary technologies.

If we raise additional capital through the issuance of debt, this will result in increased interest expense. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced, these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders or debt holders, and the market price of our stock may be adversely affected. We cannot assure you that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, our ability to fund our operations, repay our outstanding debt obligations and remain in business may be significantly limited.

IF WE ARE NOT ABLE TO RELIABLY MEET OUR DATA SECURITY, STORAGE AND MANAGEMENT REQUIREMENTS, OR IF WE EXPERIENCE ANY FAILURE OR INTERRUPTION IN THE DELIVERY OF OUR SERVICES OVER THE INTERNET, CUSTOMER SATISFACTION AND OUR REPUTATION COULD BE HARMED AND CUSTOMER CONTRACTS MAY BE TERMINATED.

As part of our current business model, we store and manage in excess of fifty terabytes of data for our customers, resulting in substantial information technology infrastructure and ongoing technological challenges, which we expect to continue to increase over time. If we do not reliably meet these data security, storage and management requirements, or if we experience any failure or interruption in the delivery of our services over the Internet, customer satisfaction and our reputation could be harmed and this could lead to reduced revenues and increased expenses. Our hosting services are subject to service level agreements and, in the event that we fail to meet guaranteed service or performance levels, we could be subject to customer credits or termination of these customer contracts. If the cost of meeting these data security, storage and management requirements increases, our results of operations could be harmed.

A SYSTEM FAILURE COULD RESULT IN SIGNIFICANTLY REDUCED REVENUES; ANY SIGNIFICANT DISRUPTION IN OUR SERVICE COULD DAMAGE OUR REPUTATION, RESULT IN A POTENTIAL LOSS OF CLIENTS AND ADVERSELY AFFECT OUR FINANCIAL RESULTS.

We host our services, serve our customers and support our operations primarily from a co-location data center located in Cincinnati, Ohio, which is operated in conjunction with co-location services from CyrusOne. We also maintain a co-location facility in Fort Lauderdale, Florida which also serves as a back-up facility for purposes of disaster recovery, and a co-location facility in Frankfurt, Germany. We do not have control over the operations of these facilities. Any system failure, including network, software or hardware failure that causes an interruption in our service could affect the performance of our software and result in reduced revenues. The servers that host our software are backed-up by remote servers, but we cannot be certain that the back-up servers will not fail or cause an interruption in our service. These facilities and our customers' clinical trial data could also be subject to and affected by computer viruses, malware, hacking and phishing attacks, electronic break-ins, intentional acts of vandalism or other similar disruptions or misconduct. Our users depend on Internet service providers, online service providers and other web site operators for access to our products. Each of these providers may have experienced significant outages in the past and could experience outages, delays and other difficulties due to system failures unrelated to our systems. Further, our co-location facilities and systems are vulnerable to damage or interruption from fire, flood, power loss, telecommunications and/or power failure, cyber security attacks, terrorist attacks, break-ins, hurricanes, earthquake and similar events. Regionalized power loss caused by hurricanes or other storms if occurring over a long period of time, a decision to close the co-location facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in our services and adversely impact our ability to service our clients. Our insurance policies have low coverage limits and may not adequately compensate us for any such losses that may occur due to interruptions in our service.

Our co-location facilities providers have no obligations to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements with the facilities providers on commercially reasonable terms, if our agreements with our facility providers are prematurely terminated, or if in the future we add additional co-location facility providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new co-location facilities.

Any errors, defects, disruptions or other performance problems with our services could harm our reputation and may damage our customers' businesses. Interruptions in our services might significantly reduce our revenue, cause us to issue credits to customers, subject us to potential liability, cause customers to terminate their agreements with us and harm our renewal rates.

WE MAY EXPAND OUR BUSINESS FURTHER THROUGH NEW ACQUISITIONS IN THE FUTURE. ANY SUCH ACQUISITIONS, AND OUR FAILURE TO MANAGE OUR GROWTH THEREFROM, COULD DISRUPT OUR BUSINESS, HARM OUR FINANCIAL CONDITION AND DILUTE CURRENT STOCKHOLDERS' OWNERSHIP INTERESTS IN OUR COMPANY.

We intend to pursue potential acquisitions of, and investments in, businesses, technologies or products complementary to our business and periodically engage in discussions regarding such possible acquisitions.

Acquisitions involve numerous risks, including some or all of the following:

- difficulties in identifying and acquiring complementary products, technologies or businesses;
- substantial cash expenditures;
- incurrence of debt and contingent liabilities, some of which we may not identify at the time of acquisition;
- difficulties in assimilating the operations and personnel of the acquired companies;
- diversion of management's attention away from other business concerns;
- risk associated with entering markets in which we have limited or no direct experience;
- potential loss of key employees, customers and strategic alliances from either our current business or the target company's business; and
- delays in customer purchases due to uncertainty and the inability to maintain relationships with customers of the acquired businesses.

If we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of such acquisitions, we may incur costs in excess of what we anticipate and management resources and attention may be diverted from other necessary or valuable activities. An acquisition may not result in short-term or long-term benefits to us. The failure to evaluate and execute acquisitions or investments successfully or otherwise adequately address these risks could materially harm our business and financial results. We may incorrectly judge the value or worth of an acquired company or business. In addition, our future success will depend in part on our ability to manage the growth anticipated with these acquisitions.

Furthermore, the development or expansion of our business or any acquired business or companies may require a substantial capital investment by us. We may not have these necessary funds or they might not be available to us on acceptable terms or at all. We may also seek to raise funds for an acquisition by issuing equity securities or convertible debt, as a result of which our existing stockholders may be diluted or the market price of our stock may be adversely affected.

OUR REVENUES DERIVED FROM INTERNATIONAL OPERATIONS ARE SUBJECT TO RISK, INCLUDING RISKS RELATING TO UNFAVORABLE ECONOMIC, POLITICAL, LEGAL, REGULATORY, TAX, LABOR AND TRADE CONDITIONS IN THE FOREIGN COUNTRIES IN WHICH WE OPERATE, THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR RESULTS OF OPERATIONS.

We currently have international office locations and/or business operations in Southampton, England; Leiden, the Netherlands; Bonn, Germany; Barcelona, Spain; Tokyo, Japan; and Bengaluru, India, and international customers principally located in Europe and East Asia accounted for 28% of total revenues for the year ended December 31, 2018 and 23% of total revenues for the year ended December 31, 2017. International operations are subject to inherent risks. These risks include:

- the economic conditions in these various foreign countries and their trading partners, including conditions resulting from disruptions in the world credit and equity markets;
- political instability;

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- acts of terrorism;
- greater difficulty in accounts receivable collection and enforcement of agreements and longer payment cycles;
- compliance with foreign laws;
- changes in regulatory requirements;
- fewer legal protections for intellectual property and contract rights;
- tariffs or other trade barriers;
- staffing and managing foreign operations;
- exposure to currency exchange and interest rate fluctuations;
- potentially adverse tax consequences; and
- changes to taxation of offshore earnings.

FAILURE TO COMPLY WITH THE U.S. FOREIGN CORRUPT PRACTICES ACT COULD SUBJECT US TO, AMONG OTHER THINGS, PENALTIES AND LEGAL EXPENSES THAT COULD HARM OUR REPUTATION AND HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The Company is subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, which generally prohibits covered entities and their intermediaries from engaging in bribery or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business or other benefits. In addition, the FCPA imposes accounting standards and requirements on U.S. publicly traded corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of “off books” slush funds from which such improper payments can be made. The Company is also subject to similar anticorruption legislation implemented in Europe under the Organization for Economic Co-operation and Development’s Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Company and its joint ventures, partners, independent representatives and agents operate in a number of jurisdictions that pose a high risk of potential violations of the FCPA and other anticorruption laws, based on measurements such as Transparency International’s Corruption Perception Index, and the Company utilizes joint ventures, partners, independent representatives and agents for whose actions the Company could be held liable under the FCPA. The Company informs its personnel, joint ventures, partners, independent representatives and agents of the requirements of the FCPA and other anticorruption laws, including, but not limited to their reporting requirements. The Company also has developed and will continue to develop and implement systems for formalizing contracting processes, performing due diligence on partners and agents, and improving its recordkeeping and auditing practices regarding these regulations. However, there is no guarantee that the Company’s employees, joint ventures, partners, independent representatives or other agents have not or will not engage in conduct undetected by the Company’s processes and for which the Company might be held responsible under the FCPA or other anticorruption laws.

If the Company’s employees, joint ventures, partners, third-party sales representatives or other agents are found to have engaged in such practices, the Company could suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures, including further changes or enhancements to its procedures, policies and controls, as well as potential personnel changes and disciplinary actions. Although the Company does not believe it is currently a target in any enforcement action, any investigation of any potential violations of the FCPA or other anticorruption laws by U.S. or foreign authorities could have an adverse impact on the Company’s business, financial condition and results of operations.

Certain private and foreign companies, including some of the Company’s competitors, are not subject to prohibitions as strict as those under the FCPA or, even if subjected to strict prohibitions, such prohibitions may be laxly enforced in practice. If the Company’s competitors engage in corruption, extortion, bribery, pay-offs, theft or other fraudulent practices, they may receive preferential treatment from personnel of some companies or from government officials, giving the Company’s competitors an advantage in securing business and which would put the Company at a disadvantage.

EXTENSIVE GOVERNMENTAL REGULATION OF THE CLINICAL TRIAL PROCESS AND OUR PRODUCTS AND SERVICES COULD REQUIRE SIGNIFICANT COMPLIANCE COSTS AND HAVE A MATERIAL ADVERSE EFFECT ON THE DEMAND FOR OUR SOLUTIONS.

The clinical trial process is subject to extensive and strict regulation by the U.S. Food and Drug Administration and other regulatory authorities worldwide. Our software products, services and hosted solutions are also subject to state, federal and foreign regulations. Demand for our solutions is largely a function of such government regulation, which is generally increasing at the state and federal levels in the United States and elsewhere, and subject to change at any time. Changes in the level of regulation, including a relaxation in regulatory requirements or the introduction of simplified drug approval procedures, could have a material adverse effect on the demand for our solutions. For example, proposals to place caps on drug prices could limit the profitability of existing or planned drug development programs, making investment in new drugs and therapies less attractive to pharmaceutical companies. Similarly, the requirements in the United States, the European Union and elsewhere to create a detailed registry of all clinical trials could have an impact on customers’ willingness to perform certain clinical studies. Likewise, a proposal for government-funded universal health care could subject expenditures for health care to governmental budget constraints and limits on spending. Until the new legislative agenda is finalized and enacted, it is not possible to determine the impact of any such changes.

Modifying our software products and services to comply with changes in regulations or regulatory guidance could require us to incur substantial costs. Further, changing regulatory requirements may render our solutions obsolete or make new products or services more costly or time consuming than we currently anticipate. Failure by us, our customers, or our competitors to comply with applicable regulations could result in increased regulatory scrutiny and enforcement. If our solutions fail to comply with government regulations or guidelines, we could incur significant liability or be forced to cease offering our applicable products or services. If our solutions fail to allow our customers to comply with applicable regulations or guidelines, customers may be unwilling to use our solutions and any such non-compliance could result in the termination of or additional costs arising from contracts with our customers.

WE DEPEND PRIMARILY ON THE PHARMACEUTICAL, BIOTECHNOLOGY AND MEDICAL DEVICE INDUSTRIES AND ARE THEREFORE SUBJECT TO RISKS RELATING TO CHANGES IN THESE INDUSTRIES.

Our business depends on the clinical trials conducted or sponsored by pharmaceutical, biotechnology, CRO and medical device companies and other entities conducting clinical research. General economic downturns, increased consolidation or decreased competition in the industries in which these companies operate could result in fewer products under development or decreased pressure to accelerate product approval which, in turn, could materially adversely impact our revenues. Our operating results may also be adversely impacted by other developments that affect these industries generally, including:

- the introduction or adoption of new technologies or products;
- changes in third-party reimbursement practices;
- changes in government regulation or governmental price controls;
- changes in medical practices;
- the assertion of product liability claims; and
- changes in general business conditions.

Any decrease in R&D expenditures or in the size, scope or frequency of clinical trials conducted or sponsored by pharmaceutical, biotechnology, CRO or medical device companies or other entities as a result of the foregoing or other factors could materially adversely affect our operations or financial condition.

WE MAY BE REQUIRED TO SPEND SUBSTANTIAL TIME AND EXPENSE BEFORE WE RECOGNIZE A SIGNIFICANT PORTION OF THE REVENUES, IF ANY, ATTRIBUTABLE TO OUR CUSTOMER CONTRACTS.

The sales cycle for some of our software solutions frequently takes six months to a year or longer from initial customer contact to contract execution. During this time, we may expend substantial time, effort and financial resources without realizing any revenue with respect to the potential sale. In addition, in the case of our hosted solutions, we do not begin recognizing revenue until implementation cycles are complete. Moreover, while we begin recognizing revenue upon completion of the scope of work detailed in our contracts, it may be difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers is recognized over the applicable contract term, typically three months to five years. As a result, we may not recognize significant revenues, if any, from some customers despite incurring considerable expense related to our sales and implementation process. Even if we do realize revenues from a contract, our pricing model may keep us from recognizing a significant portion of these revenues during the same period in which sales and implementation expenses were incurred. Those timing differences could cause our gross margins and profitability to fluctuate significantly from quarter to quarter. Similarly, a decline in new or renewed client contracts in any one quarter will not necessarily be fully reflected in the revenue in that quarter and may negatively affect our revenue in future quarters. This could cause our operating results to fluctuate significantly from quarter to quarter.

THE LOSS OF ONE OR MORE MAJOR CUSTOMERS COULD MATERIALLY AND ADVERSELY AFFECT OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Our top five customers accounted for approximately 36% of our revenues for the year ended December 31, 2018 and approximately 36% of our revenues for the year ended December 31, 2017. One customer accounted for 13% of our revenues for the year ended December 31, 2018 or approximately \$3,528,000. One customer accounted for 10% of our revenues for the year ended December 31, 2017, or approximately \$2,691,000. These customers can terminate our services at any time. The loss of any of our major customers could have a material adverse effect on our results of operations or financial condition. We may not be able to maintain our customer relationships, and our customers may not renew their agreements with us, which could adversely affect our results of operations or financial condition. A significant change in the liquidity or financial position of any of these customers could also have a material adverse effect on the collectability of our accounts receivables, our liquidity and our future operating results.

WE COULD INCUR SUBSTANTIAL COSTS RESULTING FROM PRODUCT LIABILITY CLAIMS RELATING TO OUR PRODUCTS OR SERVICES OR OUR CUSTOMERS' USE OF OUR PRODUCTS OR SERVICES.

Any failure or errors in a customer's clinical trial or adverse event reporting obligations caused or allegedly caused by our products or services could result in a claim for substantial damages against us by our customers or the clinical trial participants, regardless of our responsibility for the failure. Although we are entitled to indemnification under our customer contracts against claims brought against us by third parties arising out of our customers' use of our products, we might find ourselves entangled in lawsuits against us that, even if unsuccessful, divert our resources and energy and adversely affect our business. Further, in the event we seek indemnification from a customer, we cannot assure you that a court will enforce our indemnification right if challenged by the customer obligated to indemnify us or that the customer will be able to fund any amounts for indemnification owed to us. We also cannot assure you that our existing general liability or professional liability insurance coverage will continue to be available on reasonable terms or will be available in amounts sufficient to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

WE FACE INTENSE COMPETITION AND WILL HAVE TO COMPETE FOR MARKET SHARE.

There can be no assurance that our products will achieve or maintain a competitive advantage. There are currently a number of companies who market services and products for web-based clinical trial data collection. Barriers to entry on the internet are relatively low, and we expect competition to increase significantly in the future. We face competitive pressures from numerous actual and potential competitors, many of which have longer operating histories, greater brand name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we do. We cannot assure you that the web-based clinical trial software maintained by our existing and potential competitors will not be perceived by clinical trial sponsors as being superior to ours.

WE MAY BE UNABLE TO PREVENT COMPETITORS FROM USING OUR INTELLECTUAL PROPERTY, AND WE COULD FACE POTENTIALLY EXPENSIVE LITIGATION TO ASSERT OUR RIGHTS. IF WE CANNOT PROTECT OUR PROPRIETARY INFORMATION, WE MAY LOSE A COMPETITIVE ADVANTAGE AND SUFFER DECREASED REVENUES AND CASH FLOW.

We are dependent, in part, on proprietary data, analytical computer programs and methods and related know-how for our day-to-day operations. We rely on a combination of confidentiality agreements, contract provisions, license agreements, trademarks and trade secret laws to protect our proprietary rights. Although we intend to protect our rights vigorously, to the extent that our intellectual property and other proprietary rights are not adequately protected, third parties might gain access to our proprietary information, develop and market products or services similar to ours, or use trademarks similar to ours, each of which could materially harm our business. If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. There can be no assurance we will be successful in protecting our proprietary rights. If we are unable to protect our proprietary rights, or if our proprietary information and methods become widely available, we may lose our ability to obtain or maintain a competitive advantage within our market niche, which may have a material adverse effect on our business, results of operations or financial condition.

CLAIMS THAT WE OR OUR TECHNOLOGIES INFRINGE UPON THE INTELLECTUAL PROPERTY OR OTHER PROPRIETARY RIGHTS OF A THIRD PARTY MAY REQUIRE US TO INCUR SIGNIFICANT COSTS, TO ENTER INTO ROYALTY OR LICENSING AGREEMENTS OR TO DEVELOP OR LICENSE SUBSTITUTE TECHNOLOGY.

We have been, and may in the future be, subject to claims that our technologies infringe upon the intellectual property or other proprietary rights of a third party. Although we believe that our software solutions do not infringe the patents or other intellectual property rights of any third party, we cannot assure you that our technology does not infringe patents or other intellectual property rights held or owned by others or that they will not in the future. Any future claims of infringement could cause us to incur substantial costs defending against such claims, even if the claims are without merit, and could distract our management from our business. Moreover, any settlement or adverse judgment resulting from such claims could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. There can be no assurance that we would be able to obtain a license from the third party asserting the claim on commercially reasonable terms, if at all, that we would be able to successfully develop alternative technology on a timely basis, if at all, or that we would be able to obtain a license from another provider of suitable alternative technology to permit us to continue offering, and our customers to continue using, the applicable technology. In addition, we generally provide in our customer agreements that we will indemnify our customers against third-party infringement claims relating to our technology provided to the customer, which could obligate us to fund significant amounts. Infringement claims asserted against us or our licensor may have a material adverse effect on our business, results of operations or financial condition.

FAILURE TO ADAPT TO EVOLVING TECHNOLOGIES AND USER DEMANDS COULD RESULT IN THE LOSS OF USERS.

To be successful, we must adapt to rapidly changing technologies and user demands by continuously enhancing our products and services and introducing new products and services. If we need to modify our products and services or infrastructure to adapt to changes affecting clinical trials, we could incur substantial development or acquisition costs. As described below, we will be dependent upon the availability of additional financing to fund these development and acquisition costs. If these funds are not available to us, and if we cannot adapt to these changes, or do not sufficiently increase the features and functionality of our products and services, our users may switch to the product and service offerings of our competitors.

WE MAY BE UNABLE TO ADEQUATELY DEVELOP OUR SYSTEMS, PROCESSES AND SUPPORT IN A MANNER THAT WILL ENABLE US TO MEET THE DEMAND FOR OUR SERVICES.

Our future success will depend on our ability to develop the infrastructure, including additional hardware and software, and implement the services, including customer support, necessary to meet the demand for our services. In the event we are not successful in developing the necessary systems and implementing the necessary services on a timely basis, our revenues could be adversely affected, which would have a material adverse effect on our financial condition.

FAILURE TO MANAGE GROWTH EFFECTIVELY COULD HARM OUR BUSINESS.

To manage our current and anticipated future growth effectively, we must continue to maintain and may need to enhance our information technology infrastructure, financial and accounting systems and controls and manage expanded operations in geographically distributed locations. Our failure to manage our growth effectively could have a material adverse effect on our business, operating results or financial condition.

IN THE COURSE OF CONDUCTING OUR BUSINESS, WE POSSESS OR COULD BE DEEMED TO POSSESS PERSONAL MEDICAL INFORMATION IN CONNECTION WITH THE CONDUCT OF CLINICAL TRIALS, WHICH IF WE FAIL TO KEEP PROPERLY PROTECTED, COULD SUBJECT US TO SIGNIFICANT LIABILITY.

Our software solutions are used to collect, manage and report information in connection with the conduct of clinical trials. This information is or could be considered to be personal medical information of the clinical trial participants. Regulation of the use and disclosure of personal medical information is complex and growing. Increased focus on individuals' rights to confidentiality of their personal information, including personal medical information, could lead to an increase of existing and future legislative or regulatory initiatives giving direct legal remedies to individuals, including rights to damages, against entities deemed responsible for not adequately securing such personal information. In addition, courts may look to regulatory standards in identifying or applying a common law theory of liability, whether or not that law affords a private right of action. Since we receive and process personal information of clinical trial participants from our customers, there is a risk that we could be liable if there were a breach of any obligation to a protected person under contract, standard of practice or regulatory requirement. If we fail to properly protect this personal information that is in our possession or deemed to be in our possession, we could be subjected to significant liability.

FUTURE SALES OF SHARES BY EXISTING STOCKHOLDERS IN THE PUBLIC MARKET AS WELL AS THE ISSUANCE OF ADDITIONAL SHARES OF OUR COMMON STOCK COULD RESULT IN A DECLINE IN THE MARKET PRICE OF THE STOCK.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock, may make it more difficult for our stockholders to sell their common stock at a time and price that the stockholder deems appropriate and could damage our ability to raise capital through the sale of our equity securities.

At March 26, 2019, we had 158,278,341 shares of common stock issued and outstanding and 33,645,677 shares are issuable (i) upon the conversion of convertible debt, (ii) for accrued interest, and (iii) upon the exercise of warrants and options. Of the issued shares, 88,299,048 shares, including all shares held by our "affiliates", are subject to the restrictions set forth in Rule 144 under the Securities Act of 1933, as amended ("Securities Act"), and 69,979,293 shares are freely transferable without restriction or registration under the Securities Act. In general, Rule 144 permits a stockholder who has owned restricted shares for at least six months, to sell without registration, within a three-month period, up to one percent of our then outstanding common stock. In addition, stockholders other than our officers, directors or 5% or greater stockholders who have owned their shares for at least six months may sell them without the volume limitation.

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We may also issue our shares of common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition, investment or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

THE EXERCISE OF OUTSTANDING OPTIONS AND WARRANTS AND THE CONVERSION OF OUTSTANDING CONVERTIBLE DEBENTURES WILL BE DILUTIVE TO OUR EXISTING STOCKHOLDERS.

As of March 26, 2019, we had a total of 33,645,677 shares of our common stock issuable upon conversion or exercise of options, warrants and convertible debt and payment of accrued interest. The issuance of our common stock upon the exercise and/or the conversion of these convertible securities and the payment of accrued interest will have a dilutive effect on our existing stockholders.

THE 250,000 SHARES OF SERIES D PREFERRED STOCK ISSUED IN 2010 PROVIDE SUPER-VOTING RIGHTS THAT RESULTED IN A CHANGE OF CONTROL OF THE CORPORATION.

Each share of the Series D Preferred Stock entitles the holder to 400 votes at any meeting of our stockholders and such shares of Series D Preferred Stock will vote together with the common stockholders, provided that for the election or removal of directors the shares of Series D Preferred Stock will be voted in the same percentage as all voting shares of common stock voted for each director. As a result of the change in control, the holder of the Series D Preferred Shares could vote the shares in a manner that could be contrary to the interests of the holders of our common stock. All shares of the Series D Preferred Stock are owned by our Executive Chairman, Executive Chairman of the Board of Directors and largest shareholder, Cornelis F. Wit.

CORNELIS F. WIT, EXECUTIVE CHAIRMAN AND EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS, CONTROLS APPROXIMATELY 59% OF OUR OUTSTANDING VOTING SECURITIES. THIS CONCENTRATION OF OWNERSHIP MAY HAVE AN EFFECT ON MATTERS REQUIRING THE APPROVAL OF OUR STOCKHOLDERS, INCLUDING TRANSACTIONS THAT ARE OTHERWISE FAVORABLE TO OUR STOCKHOLDERS.

As of March 26, 2019, Cornelis F. Wit, our Executive Chairman, Executive Chairman of the Board of Directors and largest stockholder ("Mr. Wit"), owned approximately 59% of our outstanding voting securities. This majority ownership of voting securities may delay, deter or prevent a change in control and, given Mr. Wit's ability to control the outcome of certain matters requiring stockholder approval, may make some transactions more difficult or impossible to complete without the support of Mr. Wit, regardless of the impact of such transaction on our other stockholders.

TRADING ON THE OTCQX MAY BE VOLATILE AND SPORADIC, WHICH COULD DEPRESS THE MARKET PRICE OF OUR COMMON STOCK AND MAKE IT DIFFICULT FOR OUR STOCKHOLDERS TO RESELL THEIR SHARES.

Trading in stock quoted on the OTCQX is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTCQX is not a stock exchange, and trading of securities on the OTCQX is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like NYSE. Accordingly, stockholders may have difficulty reselling any of their shares.

THERE IS ONLY A LIMITED TRADING MARKET FOR OUR COMMON STOCK.

There is a limited trading market for our common stock. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that trading market might become. If a liquid trading market does not develop or is not sustained, investors may find it difficult to dispose of shares of our common stock and may suffer a loss of all or a substantial portion of their investment in our common stock.

PROVISIONS OF OUR CERTIFICATE OF INCORPORATION AND BY-LAWS MAY DELAY OR PREVENT A TAKE-OVER WHICH MAY NOT BE IN THE BEST INTERESTS OF OUR COMMON STOCKHOLDERS.

Provisions of our Certificate of Incorporation and By-laws may be deemed to have anti-takeover effects, which include when and by whom special meetings of our stockholders may be called, and may delay, defer or prevent a takeover attempt. In addition, our Certificate of Incorporation authorize the issuance of up to 10,000,000 shares of preferred stock with such rights and preferences as may be determined from time to time by our Board of Directors, of which 250,000 shares are issued and outstanding as of March 26, 2019. Our Board of Directors may, without stockholder approval, issue additional series of preferred stock with dividends, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters and other material leased real property as of December 31, 2018 are shown in the following table. We do not own any real property.

Location	Use	Size	Expiration of lease
Fort Lauderdale, Florida	Corporate headquarters	14,825 square feet	February 2023
Somerset, New Jersey	Office space	3,287 square feet	March 2021
Bonn, Germany	European headquarters	3,714 square feet	July 2019
Southampton, United Kingdom	Office space	1,615 square feet	September 2020
Leiden, Netherlands	Office space	150 square feet	October 2019
Bengaluru, India	Office Space	4,800 square feet	May 2023

Our principal executive offices are located in commercial office space at 2101 West Commercial Blvd., Fort Lauderdale, Florida, and our telephone number is (954) 473-1254. Our annual payment under this lease is approximately \$420,000.

We have a regional operating office located in commercial office space at 399 Campus Drive, Somerset, New Jersey. Our annual payment under this lease is approximately \$53,000.

Our European headquarters are located in commercial office space at Kaiserstrasse 139-141, Bonn, Germany. Our annual payment under this lease is approximately 61,000 Euros or approximately \$70,000.

We have a research and product development office in the UK for our TrialOne software application. The office is located at Medino House, Rushington Business Park, Totten, Southampton, UK. Our annual payment under this lease is approximately 52,000 British Pounds or approximately \$70,000.

We have an office in the Netherlands for our Promasys software application. The office is located at Zernikedreef 8, 2333 CL, Leiden, the Netherlands. Our annual payment under this lease is approximately 2,000 Euros or approximately \$2,250.

We have an office in India. The office is located at No. 38/4 Adjacent to EMC2, Dodanekundi, Outer Ring Road, Bengaluru, India. Our annual payment under this lease is approximately 66,00,000 Indian Rupees or approximately \$94,000.

We believe these facilities and additional or alternative space available to us will be adequate to meet our needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock is traded on a limited basis on the OTCQX Marketplace under the symbol OMCM. The following table sets forth the range of high and low closing prices for our common stock as reported by the OTCQX Marketplace for the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. The quotation of our common stock on the OTCQX Marketplace Board does not assure that a meaningful, consistent and liquid market for such securities currently exists.

	High	Low
Fiscal 2018		
1st Quarter	\$ 0.32	\$ 0.26
2nd Quarter	\$ 0.31	\$ 0.24
3rd Quarter	\$ 0.42	\$ 0.27
4th Quarter	\$ 0.42	\$ 0.22
Fiscal 2017		
1st Quarter	\$ 0.25	\$ 0.18
2nd Quarter	\$ 0.27	\$ 0.21
3rd Quarter	\$ 0.26	\$ 0.19
4th Quarter	\$ 0.35	\$ 0.26

On March 26, 2019 the closing price of our common stock as reported on the OTCQX Marketplace was \$0.32. At March 26, 2019 we had approximately 400 stockholders of record; however, we believe that we have in excess of 1,000 beneficial owners of our common stock.

Dividend Policy

Holders of our common stock are entitled to cash dividends when, and as may be declared by the Board of Directors. We have never declared or paid any cash dividends on our common stock. We currently expect to retain future earnings, if any, to finance the growth and development of our business and we do not anticipate that any cash dividends will be paid in the foreseeable future. Our future payment of dividends will be subject to the discretion of our Board of Directors and will depend on our earnings, capital requirements, expansion plans, financial condition and other relevant factors. We are currently restricted under Delaware corporate law from declaring any cash dividends due to our current working capital deficit and stockholders' deficit. There can be no assurance that cash dividends of any kind will ever be paid.

Additionally, pursuant to the terms of the Company's 5% Series A Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Convertible Preferred Stock (collectively, the "Preferred Shares"), the Company is prohibited from declaring and paying dividends on the Company's common stock until all accrued and unpaid dividends are paid on such Preferred Shares. As of December 31, 2018, the accrued and unpaid dividends on the Series B Convertible Preferred Stock and Series C Convertible Preferred Stock were \$2,081,980.

Recent Sales of Unregistered Securities

On December 27, 2018 the Company issued 2,000,000 shares of Common stock to Cornelis F. Wit, our Executive Chairman, Executive Chairman of the Board of Directors and largest stockholder, upon the exercise of 2,000,000 warrants with an exercise price of \$0.25 per share for an aggregate purchase price of \$500,000 (of which \$400,000 represented the cancellation of the Company's promissory note to Mr. Wit).

On December 27, 2018 the Company issued 1,000,000 shares of Common stock to Keith Howells, our Chief Technology Officer, upon the exercise of 1,000,000 warrants with an exercise price of \$0.25 per share for an aggregate purchase price of \$250,000.

On December 31, 2018 the Company issued 1,000,000 shares of Common stock to Thomas E. Vickers, our Chief Financial Officer, upon the exercise of 1,000,000 warrants with an exercise price of \$0.25 per share for an aggregate purchase price of \$250,000.

The securities described above in this section were issued in reliance upon the exemption from the registration requirements of the Securities Act as set forth in Section 4(a)(2) under the Securities Act and Rule 506 of Regulation D promulgated thereunder relating to sales by an issuer not involving any public offering.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable to a smaller reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**General**

The following information should be read in conjunction with the information contained in our audited consolidated financial statements and notes thereto appearing elsewhere herein and other information set forth in this Annual Report.

Forward-Looking Statements

Statements contained in this Annual Report that are not historical fact are "forward-looking statements." These statements can often be identified by the use of forward-looking terminology such as "estimate," "project," "believe," "expect," "may," "will," "should," "intends," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. We wish to caution the reader that these forward-looking statements, contained in this Annual Report regarding matters that are not historical facts, are only predictions and are based on information available at the time and/or management's good faith belief with respect to future events. No assurance can be given that plans for the future will be consummated or that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these plans and projections and other forward-looking statements are based upon a variety of assumptions, which we consider reasonable, but which nevertheless may not be realized. Because of the number and range of the assumptions underlying our projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond our reasonable control, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this Annual Report. Therefore, our actual experience and results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by us or any other person that these plans will be consummated or that estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate. Forward-looking statements speak only as of the date the statement was made. The Company does not undertake any obligation to update or revise any forward-looking statement made by it or on its behalf, whether as a result of new information, future events or otherwise.

Overview

We are a healthcare technology company that provides web-based electronic data capture ("EDC") solutions and related value-added services to pharmaceutical and biotechnology companies, CROs and other clinical trial sponsors worldwide. Our proprietary EDC and eClinical software applications, TrialMaster®; TrialOne®; IRTMaster™; Promasys®; eClinical Suite™, AutoEncoder and Acuity (the "eClinical Products" or "eClinical Solutions"), allow clinical trial sponsors and investigative sites to securely collect, validate, transmit and analyze clinical trial data.

During fiscal 2018 we sought to build and expand on our strategic efforts. The primary focus of our strategy included:

- Stimulating demand by providing clinical trial sponsors with high value eClinical applications and services;
- An emphasis on penetrating the Phase I trial market with our dedicated Phase I solution, TrialOne;
- Broadening our eClinical suite of services and software applications on an organic basis and on a selective basis via the acquisition or licensing of complementary solutions; and
- Expanding our business development efforts in Europe and East Asia to capitalize on our operational and clinical capabilities vis-à-vis our competition in those geographic markets.

Our business development focus continues to include increasing our penetration of all phases of the clinical trial market with a particular emphasis on becoming the market leader in Phase I EDC services. We believe this market is an operating and strategic strength of the Company due to the inherent flexibility of our solutions including the solutions provided by our TrialOne products and services. We believe we have the ability to produce trials more quickly and economically than our competitors for this specialized and large market. We expect to experience increased success in penetrating the market for larger pharmaceutical, biotechnology and medical device clinical trial sponsors and CROs as we continue expanding our marketing and sales efforts during 2019.

The Year ended December 31, 2018 compared to the Year ended December 31, 2017

Results of Operations

A summarized version of our results of operations for the years ended December 31, 2018 and December 31, 2017 is included in the table below.

Summarized Statement of Operations						
For the year ended						
December 31,						
	2018	% of	2017	% of	\$	%
		Revenues		Revenues	Change	Change
Total revenues	\$ 27,104,480		\$ 26,979,658		\$ 124,822	0.5%
Cost of goods sold	4,902,097	18.1%	5,280,890	19.6%	(378,793)	-7.2%
Gross margin	22,202,383	81.9%	21,698,768	80.4%	503,615	2.3%
Salaries, benefits and related taxes	14,094,550	52.0%	13,200,837	48.9%	893,713	6.8%
Rent	1,254,087	4.6%	1,125,147	4.2%	128,940	11.5%
Consulting services	298,097	1.1%	321,472	1.2%	(23,375)	-7.3%
Legal and professional fees	477,102	1.8%	533,221	2.0%	(56,119)	-10.5%
Other expenses	1,867,501	6.9%	1,627,514	6.0%	239,987	14.7%
Selling, general and administrative	1,676,869	6.2%	1,356,427	5.0%	320,442	23.6%
Total operating expenses	<u>19,668,206</u>	<u>72.6%</u>	<u>18,164,618</u>	<u>67.3%</u>	<u>1,503,588</u>	<u>8.3%</u>
Operating income/(loss)	2,534,177	9.3%	3,534,150	13.1%	(999,973)	-28.3%
Interest expense	(1,341,984)	-5.0%	(1,367,120)	-5.1%	25,136	1.8%
Interest income	21	0.0%	593	0.0%	(572)	-96.5%
Change in derivatives	3,111,760	11.5%	795,779	2.9%	2,315,981	291.0%
Transaction gain/(loss)	(125,794)	-0.5%	5,010	0.0%	(130,804)	-2610.9%
Income/(loss) before income taxes and dividends	4,178,180	15.4%	2,968,412	11.0%	1,209,768	40.8%
Income tax (expense)	(490,215)	-1.8%	(1,194)	0.0%	(489,021)	40956.5%
Net income/(loss) attributable to common stockholders	<u>\$ 3,687,965</u>	<u>13.6%</u>	<u>\$ 2,967,218</u>	<u>11.0%</u>	<u>\$ 720,747</u>	<u>24.3%</u>

Revenues for the year ended December 31, 2018 increased 0.5% from the year ended December 31, 2017. The table below provides a comparison of our recognized revenues for the years ended December 31, 2018 and December 31, 2017.

For the year ended						
Revenue activity	December 31, 2018		December 31, 2017		\$ Change	% Change
Set-up fees	\$ 3,792,670	14.0%	\$ 4,981,941	18.5%	\$ (1,189,271)	-23.9%
Change orders	1,508,248	5.6%	1,540,167	5.7%	(31,919)	-2.1%
Maintenance	5,567,039	20.5%	5,107,787	18.9%	459,252	9.0%
Software licenses	11,571,134	42.7%	10,658,977	39.5%	912,157	8.6%
Professional services	2,917,556	10.8%	3,359,554	12.5%	(441,998)	-13.2%
Hosting	1,747,833	6.4%	1,331,232	4.9%	416,601	31.3%
Total	<u>\$ 27,104,480</u>	<u>100.0%</u>	<u>\$ 26,979,658</u>	<u>100.0%</u>	<u>\$ 124,822</u>	<u>0.5%</u>

Overall revenue increased by approximately \$124,822 or 0.5% for the year ended December 31, 2018 compared to the year ended December 31, 2017.

We recorded revenue of \$17,361,955 including \$5,127,290 from licensing, \$3,759,242 from set-up fees, and \$3,660,821 from maintenance, associated with our TrialMaster software during the year ended December 31, 2018 compared to revenue of \$20,250,111, including \$6,499,120 from licensing, \$4,981,941 from set-up fees, and \$3,507,439 from maintenance, for the year ended December 31, 2017, a decrease of 14.3% year over year.

We recorded revenue of \$7,447,837 associated with our TrialOne software for the year ended December 31, 2018 compared to revenue of \$4,536,986 for the year ended December 31, 2017, an increase of 62.4% year over year. TrialOne revenues are primarily comprised of license subscriptions, professional services and maintenance services since the software is currently primarily sold under a technology transfer basis.

We recorded revenue of \$1,130,298 associated with our eClinical Suite software for the year ended December 31, 2018 compared to revenue of \$1,680,090 for the year ended December 31, 2017. The eClinical Suite revenues are primarily comprised of license subscriptions and revenues associated with our hosting and maintenance services.

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We recorded revenue of \$594,765, including \$83,674 from licensing and \$193,559 from maintenance, associated with our Promasys software for the year ended December 31, 2018 compared to revenue of \$512,471, including \$101,218 from licensing and \$251,483 from maintenance, for the year ended December 31, 2017.

We recorded revenue of \$569,625 from our other products for the year ending December 31, 2018 compared to revenue of \$-0- for our other products for the year ending December 31, 2017.

Our TrialMaster EDC application has historically primarily been sold on an application service provider (“ASP”) basis that provides EDC and other services such as an enterprise management suite which assists our clients in the pharmaceutical, biotechnology and medical device industries in accelerating the completion of clinical trials. Our eClinical Suite and TrialOne software applications have historically primarily been sold on a licensed or technology transfer basis.

Generally, ASP contracts will range in duration from one month to several years. ASP Setup fees are generally recognized in accordance with *Accounting Standards Codification 606 (“ASC 606”) “Revenue From Contracts With Clients”*, we recognize revenue when or as we transfer control of goods or services to the customer at an amount that we expect to be entitled. ASP maintenance fee revenues are earned and recognized monthly. Costs associated with contract revenues are recognized as incurred.

License contracts are typically sold on a subscription basis that takes into account system usage both on a data volume and system user basis. Pricing includes additional charges for consulting services associated with the installation, validation, training and deployment of our eClinical Solutions.

Our top five customers accounted for approximately 36% of our revenues during the year ended December 31, 2018 and approximately 36% of our revenues during the year ended December 31, 2017. One customer accounted for approximately 13% of our revenues during the year ended December 31, 2018. One customer accounted for approximately 10% of our revenues during the year ended December 31, 2017. The loss of any of these contracts or these customers in the future could adversely affect our results of operations.

Cost of goods sold decreased approximately 7% or \$378,793 for the year ended December 31, 2018 as compared to the year ended December 31, 2017. Cost of goods sold were approximately 18% of revenues for the year ended December 31, 2018 compared to approximately 20% for the year ended December 31, 2017. Cost of goods sold relates primarily to salaries and related benefits associated with the programmers, developers and systems analysts producing clinical trials on behalf of our clients and pass-through expenses. The cost of goods sold percentage decrease can be mainly attributed to a decrease in pass-through expenses.

Overall, total operating expenses increased approximately 8% for the year ended December 31, 2018 compared to the year ended December 31, 2017. Total operating expenses were approximately 73% of revenues during the year ended December 31, 2018 compared to approximately 67% of revenues for the year ended December 31, 2017. Operating expenses increased during the year ended December 31, 2018 primarily due to increases in salary and related expenses.

Salaries and related expenses were our biggest operating expense at 72% of total operating expenses for the year ended December 31, 2018 compared to 73% of total operating expenses for the year ended December 31, 2017. Salaries and related expenses increased 7% for the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase in salary expense is primarily related to increases in headcount in our research and product development department and our new subsidiary in India. The table below provides a summary of the significant components of salary and related expenses by primary cost category.

Expense category	For the year ended			
	December 31, 2018	December 31, 2017	\$ Change	% Change
OmniComm corporate operations	\$ 10,209,784	\$ 9,167,354	\$ 1,042,430	11.4%
New Jersey operations office	1,060,706	1,024,865	35,841	3.5%
OmniComm Europe, GmbH	673,411	637,898	35,513	5.6%
OmniComm Ltd.	1,134,612	899,224	235,388	26.2%
OmniComm Spain S.L.	336,280	392,226	(55,946)	-14.3%
OmniComm Systems B.V.	287,246	510,748	(223,502)	-43.8%
OmniComm eClinical Solutions Pvt. Ltd.	96,802	-0-	96,802	n/a
Employee stock compensation	295,709	568,522	(272,813)	-48.0%
Total salaries and related expenses	\$ 14,094,550	\$ 13,200,837	\$ 893,713	6.8%

As of December 31, 2018 we employed 164 employees and consultants Company-wide as follows: 67 out of our headquarters in Fort Lauderdale, Florida, 8 out of a regional operating office in Somerset, New Jersey and 26 in remote locations throughout the United States. Our wholly-owned subsidiary, OmniComm Europe, GmbH, employs 18 in Bonn, Germany. Our wholly-owned subsidiary, OmniComm Ltd., employs 14 in Southampton, England. Our wholly-owned subsidiary, OmniComm Spain, S. L. employs 2 in Barcelona, Spain. Our wholly-owned subsidiary, OmniComm Systems B.V. employs 2 in Leiden, the Netherlands and 2 in Japan. Our wholly-owned subsidiary, OmniComm eClinical Solutions Private Ltd., formed in July 2018, employs 25 in Bengaluru, India. We expect to continue to selectively add experienced sales and marketing personnel over the next year in an effort to increase our market penetration, particularly as it relates to the largest pharmaceutical, biotechnology and CRO customers and to continue broadening our client base domestically as well as internationally.

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During the year ended December 31, 2018 we incurred \$295,709 and during the year ended December 31, 2017 we incurred \$568,522 in salary expense in connection with ASC 718 *Compensation – Stock Compensation*, which establishes standards for transactions in which an entity exchanges its equity instruments for services from employees. This standard requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award.

Rent and related expenses increased by 12% during the year ended December 31, 2018 as compared to the year ended December 31, 2017. The table below details the significant portions of our rent expense. In particular, the increase in 2018 is associated with our expansions of our corporate office and our UK office as well as the opening of our new office in Bengaluru, India. Our primary data site is located at a co-location facility in Cincinnati, Ohio and we will continue utilizing this facility for the foreseeable future since it is designed to ensure 100% production system up-time and to provide system redundancy. We utilize co-location and disaster recovery space in the Fort Lauderdale, Florida area. This facility provides us with disaster recovery and business continuity services for our operations. In 2018 we moved to a new co-location facility in Frankfurt, Germany. We currently lease office space in Bonn, Germany for our European subsidiary, OmniComm Europe, GmbH. That lease expires in July 2019. We currently lease office space for a regional operating office in Somerset, New Jersey under a lease that expires in March 2021. Our OmniComm Ltd. subsidiary leases office space in Southampton, UK under a lease that expires in September 2020. Our OmniComm Systems B.V. subsidiary leases office space in Leiden, the Netherlands under a lease that expires in October 2019. Our OmniComm eClinical Solutions Private Ltd. subsidiary leases office space in Bengaluru, India under a lease that expires in May 2023. Our Fort Lauderdale, Florida corporate office lease expires in February 2023. The table below provides the significant components of our rent related expenses by location or subsidiary. Included in rent for the year ended December 31, 2018 was a credit of \$5,072 in non-cash, straight line rent expense recorded to give effect to contractual, inflation-based rent increases in our leases.

Expense category	For the year ended			
	December 31, 2018	December 31, 2017	\$ Change	% Change
Corporate office	\$ 449,250	\$ 414,489	\$ 34,761	8.4%
Co-location and disaster recovery facilities	547,475	509,162	38,313	7.5%
New Jersey operations office	52,592	52,592	-0-	0.0%
OmniComm Europe, GmbH	91,017	79,798	11,219	14.1%
OmniComm Ltd.	69,147	58,965	10,182	17.3%
OmniComm Spain S.L.	10,794	7,602	3,192	42.0%
OmniComm Systems B.V.	5,668	5,695	(27)	-0.5%
OmniComm eClinical Solutions Pvt. Ltd.	33,216	-0-	33,216	n/a
Straight-line rent expense	(5,072)	(3,156)	(1,916)	-60.7%
Total	\$ 1,254,087	\$ 1,125,147	\$ 128,940	11.5%

Consulting services expense decreased to \$298,097 for the year ended December 31, 2018 compared to \$321,472 for the year ended December 31, 2017, a decrease of \$23,375 or 7%. Consulting services were comprised of fees paid to consultants for help with developing our computer applications and for services related to our sales and marketing efforts. The table provided below provides the significant components of the expenses incurred related to consulting services. Consulting fees for product development decreased for the year ended December 31, 2018 as we decreased the utilization of the services of third-party sources for this work. Consulting fees for sales and marketing were lower for the year ended December 31, 2018 as we decreased the utilization of the services of third-party sources for this work.

Expense category	For the year ended			
	December 31, 2018	December 31, 2017	\$ Change	% Change
Sales and marketing	\$ 70,355	\$ 77,714	\$ (7,359)	-9.5%
Product development	227,742	243,758	(16,016)	-6.6%
Total	\$ 298,097	\$ 321,472	\$ (23,375)	-7.3%

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Legal and professional fees decreased 11% for the year ended December 31, 2018 compared to the year ended December 31, 2017. Professional fees include fees paid to our auditors for services rendered on a quarterly and annual basis in connection with our SEC filings, fees paid to investment bankers for investor relations and related services, and fees paid to our attorneys in connection with representation in matters involving litigation and acquisitions or for services rendered to us related to employment, securities and SEC related matters. The table below compares the significant components of our legal and professional fees for the years ended December 31, 2018 and December 31, 2017, respectively.

Expense category	For the year ended			
	December 31, 2018	December 31, 2017	\$ Change	% Change
Financial advisory	\$ 27,633	\$ 52,974	\$ (25,341)	-47.8%
Audit and related	61,472	46,777	14,695	31.4%
Accounting services	214,411	269,543	(55,132)	-20.5%
Legal-employment related	17,113	32,113	(15,000)	-46.7%
Legal-financial related	120,819	121,014	(195)	-0.2%
General legal	35,654	10,800	24,854	230.1%
Total	\$ 477,102	\$ 533,221	\$ (56,119)	-10.5%

Selling, general and administrative expenses (“SG&A”) increased approximately 24% for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase is primarily due to increases in marketing expense and office software expense. During the year ended December 31, 2018 we recorded a credit of \$-0- in license fees associated with our license agreement with DataSci, LLC compared to a credit of \$108,702 during the year ended December 31, 2017. In addition, SG&A relates primarily to costs incurred in running our offices in Fort Lauderdale, Florida, Somerset, New Jersey, Southampton, England, Leiden, the Netherlands, Bonn, Germany and Bengaluru, India on a day-to-day basis and other costs not directly related to other captioned items in our income statement. SG&A includes the cost of office equipment and supplies, the costs of attending conferences and seminars and other expenses incurred in the normal course of business. In 2018 we spent approximately \$822,000 on marketing, sales and advertising as compared to approximately \$701,000 in 2017. We expect that the 2019 marketing, sales and advertising expenses will be approximately \$1,000,000 as we plan to increase our marketing efforts worldwide.

During the year ended December 31, 2018 we recognized \$41,782 in bad debt expense compared to bad debt expense of \$130,346 for the year ended December 31, 2017. During 2018, we continued to carefully and actively manage our potential exposure to bad debt by closely monitoring our accounts receivable and proactively taking the action necessary to limit our exposure. We believe that our current allowance for uncollectible accounts accurately reflects any accounts which may prove uncollectible during fiscal 2019.

Interest expense was \$1,341,984 during the year ended December 31, 2018 compared to \$1,367,120 for the year ended December 31, 2017, a decrease of \$25,136. Interest incurred to related parties was \$935,839 during the year ended December 31, 2018 and \$947,688 for the year ended December 31, 2017. Included in interest expense for both periods is the accretion of discounts recorded related to financial instrument derivatives that were deemed a part of the financings that we entered into. The table below provides detail on the significant components of interest expense for the years ended December 31, 2018 and December 31, 2017.

Debt description	For the year ended			
	December 31, 2018	December 31, 2017	\$ Change	% Change
Accretion of discount from derivatives	\$ 273,583	\$ 296,182	\$ (22,599)	-7.6%
August 2008 convertible notes	184,438	192,000	(7,562)	-3.9%
December 2008 convertible notes	504,000	516,383	(12,383)	-2.4%
September 2009 secured convertible debentures	-0-	54,962	(54,962)	-100.0%
General interest	218,489	141,598	76,891	54.3%
Related party notes payable	161,474	165,995	(4,521)	-2.7%
Total	\$ 1,341,984	\$ 1,367,120	\$ (25,136)	-1.8%

We evaluate the cost of capital available to us in combination with our overall capital structure and the prevailing market conditions in deciding what financing best fulfills our short-term and long-term capital needs. Given the overall economic climate and in particular the difficulties nano-cap companies have experienced in obtaining financing, we believe the structure and terms of the transactions we entered into during 2018 and 2017 were obtained at the best terms available to the Company.

We record gains/losses related to changes in our derivative liabilities associated with the issuance of convertible debt and warrants that occurred during fiscal 2008 and 2009 and warrants associated with the issuance of promissory notes. We recorded a net unrealized gain of \$3,111,760 during the year ended December 31, 2018 compared to a net realized gain of \$48,375 and a net unrealized gain of \$747,404 during the year ended December 31, 2017. The unrealized gains/losses can be attributed to fair value calculations undertaken periodically on the warrant and conversion feature liabilities recorded by us at the time the convertible debt and warrants were issued. Accordingly the warrant and conversion feature liabilities are increased or decreased based on the fair value calculations made at each balance sheet date. This non-cash gain has materially impacted our results of operations during the year ended December 31, 2018 and can be reasonably anticipated to materially affect our net loss or net income in future periods. We are, however, unable to estimate the amount of such income/expense in future periods as the income/expense is partly based on the market price of our common stock at the end of a future measurement date. In addition, if we issue securities which are classified as derivatives we will incur expense and income items in future periods. Investors are cautioned to consider the impact of this non-cash accounting treatment on our financial statements.

As of December 31, 2018, the Company had cumulative arrearages for preferred stock dividends as follows:

Series of Preferred Stock	Cumulative Arrearage
Series B	\$ 609,887
Series C	1,472,093
Total preferred stock arrearages	<u>\$ 2,081,980</u>

Liquidity and Capital Resources

Liquidity is the ability of a company to generate adequate amounts of cash to meet its needs for cash. We have historically experienced negative cash flows and have relied on the proceeds from the sale of debt and equity securities to fund our operations. In addition, we have utilized stock-based compensation as a means of paying for consulting and salary related expenses. At December 31, 2018, we had working capital deficit of approximately \$2,633,259.

The table provided below summarizes key measures of our liquidity and capital resources:

Liquidity and Capital Resources Summarized Balance Sheet Disclosure				
	December 31, 2018	December 31, 2017	\$ Change	% Change
Cash	\$ 1,440,524	\$ 1,176,551	\$ 263,973	22.4%
Accounts receivable, net of allowance for doubtful accounts	6,175,277	7,492,597	(1,317,320)	-17.6%
Prepaid expenses	384,212	297,131	87,081	29.3%
Other current assets	5,204	11,463	(6,259)	-54.6%
Current assets	<u>8,005,217</u>	<u>8,977,742</u>	<u>(972,525)</u>	<u>-10.8%</u>
Accounts payable and accrued expenses	2,070,158	2,586,045	(515,887)	-19.9%
Convertible notes payable, current portion, net of discount	-0-	50,000	(50,000)	-100.0%
Deferred revenue, current portion	6,457,319	7,564,587	(1,107,268)	-14.6%
Patent litigation settlement liability, current portion	-0-	112,500	(112,500)	-100.0%
Capital Lease Liability	115,761	-0-	115,761	n/a
Conversion feature liability, related parties	670,634	1,604,723	(934,089)	-58.2%
Conversion feature liability	35,705	81,224	(45,519)	-56.0%
Warrant liability, related parties	601,781	2,196,570	(1,594,789)	-72.6%
Warrant liability	687,118	1,244,229	(557,111)	-44.8%
Current liabilities	<u>10,638,476</u>	<u>15,439,878</u>	<u>(4,801,402)</u>	<u>-31.1%</u>
Working capital (deficit)	<u>\$ (2,633,259)</u>	<u>\$ (6,462,136)</u>	<u>\$ 3,828,877</u>	<u>59.3%</u>

Statement of Cash Flows Disclosure				
For the year ended				
	December 31, 2018	December 31, 2017	\$ Change	% Change
Net cash provided by/(used in) operating activities	\$ 1,219,069	\$ 865,882	\$ 353,187	40.8%
Net cash provided by/(used in) investing activities	(1,401,747)	(242,384)	(1,159,363)	-478.3%
Net cash provided by/(used in) financing activities	482,183	(879,750)	1,361,933	154.8%
Net increase/(decrease) in cash and cash equivalents	263,973	(262,781)	526,754	200.5%
Changes in operating accounts	(784,201)	(2,658,757)	1,874,556	70.5%
Effect of non-cash transactions on cash and cash equivalents	\$ (1,684,695)	\$ 557,421	\$ (2,242,116)	-402.2%

Cash and Cash Equivalents

Cash and cash equivalents increased to \$1,440,524 at December 31, 2018 from \$1,176,551 at December 31, 2017. The increase is primarily comprised of net income of \$3,687,965, offset by non-cash transactions of (\$1,684,695), changes in working capital accounts of (\$784,201), investment activities of (\$1,401,747) and financing transactions of \$482,183.

[Table of Contents](#)*Capital Expenditures*

We currently have \$290,850 for capital lease obligations. Any amounts expended for capital expenditures would be the result of an increase in the capacity needed to adequately service any increase in our business. To date we have paid for any needed additions to our capital equipment infrastructure from working capital funds and anticipate this being the case in the future.

Presently, we have approximately \$500,000 planned for capital expenditures to further develop the Company's infrastructure to allow for growth in our operations over the next 12 months. We expect to fund these capital expenditure needs through a combination of vendor-provided financing, the use of operating or capital equipment leases and cash provided from operations.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2018:

Contractual obligation	Total	Payments due by period			
		Less than 1 year	1-2 Years	2-3 Years	3+ Years
Promissory notes (1)	\$ 557,500	\$ -0-	\$ 557,500(2)	\$ -0-	\$ -0-
Convertible notes (1)	5,970,000	-0-	5,770,000(3)	200,000(4)	-0-
Lines of credit (5)	2,900,000	-0-	2,900,000	-0-	-0-
Operating lease obligations (6)	1,827,416	655,901	414,973	340,029	416,513(7)
Capital lease obligations (8)	290,850	115,761	123,473	51,616	-0-
Total	\$ 11,545,766	\$ 771,662	\$ 9,765,946	\$ 591,645	\$ 416,513

1. Amounts do not include interest to be paid.
2. Includes \$420,000 in 10% notes payable that mature in April 2020 and \$137,500 in 12% notes payable that mature in April 2020.
3. Includes \$1,770,000 in 10% convertible notes that mature in April 2020 and \$4,000,000 in 12% convertible notes that mature in April 2020.
4. Includes \$200,000 in 12% convertible notes that mature in April 2021.
5. Includes \$2,900,000 due on the revolving Line of Credit with The Northern Trust Company.
6. Includes office lease obligations for our Corporate Office in Florida, our regional operating office in New Jersey, our co-location and disaster recovery locations in Ohio, Florida and Germany, our office in England, our office in the Netherlands, our European headquarters in Germany and our office in India.
7. Includes office lease obligations through 2023.
8. Includes capital lease obligations for hardware located in our co-location sites in Ohio and Germany.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Debt Obligations

On February 29, 2016, the Company issued a promissory note in the principal amount of \$450,000 and warrants to purchase 1,800,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2019 to Cornelis F. Wit, our then Chief Executive Officer and director, ("Mr. Wit") in exchange for accrued interest in the amount of \$450,000. The note carries an interest rate of 12% per annum and has a maturity date of April 1, 2019. On August 31, 2017, the Company repaid \$50,000 to Mr. Wit. On December 27, 2018, the Company and Mr. Wit cancelled the remaining outstanding \$400,000 in principal in exchange for the exercise price of \$400,000 for 1,600,000 warrants of the 2,000,000 warrants with an exercise price of \$0.25 per share that he exercised on that date.

On June 30, 2016 the Company and Mr. Wit extended the maturity date of \$4,055,000 of convertible debentures originally issued in December 2008. The debentures carry an interest rate of 12% and have a maturity date of April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020. On August 31, 2017, the Company repaid \$55,000 to Mr. Wit.

On June 30, 2016 the Company and Mr. Wit extended the maturity date of \$1,770,000 of convertible debentures to Mr. Wit originally issued in August 2008. The debentures carry an interest rate of 10% and have a maturity date of April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020.

On June 30, 2016, the Company issued promissory notes in the principal amount of \$420,000 and warrants to purchase 1,680,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2020 to two investors, in exchange for existing promissory notes in the same amount. The notes carry an interest rate of 10% per annum and have a maturity date of April 1, 2020.

On June 30, 2016 the Company and our former director, Mr. van Kesteren ("Mr. van Kesteren") extended the maturity date of \$150,000 of convertible debentures originally issued in August 2008. The debentures carry an interest rate of 10% and have a maturity date of April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018. On June 30, 2017 the Company and Mr. van Kesteren extended the maturity date of his \$150,000 of convertible debentures to April 1, 2019. The expiration date of the warrants associated with the debentures was also extended to April 1, 2019. On June 30, 2018, the Company repaid \$150,000 to Mr. van Kesteren.

On September 30, 2018 the Company repaid the remaining outstanding \$50,000 in principal on our 10% Convertible Notes that were issued in 1999.

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On June 30, 2016, the Company issued promissory notes in the principal amount of \$372,500 and warrants to purchase 1,490,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2020 to two investors, in exchange for existing promissory notes in the same amount. The notes carry an interest rate of 12% per annum and have a maturity date of April 1, 2020. On August 31, 2017, the Company repaid \$90,000 to one of the lenders. On December 31, 2018, the Company repaid \$145,000 to one of the lenders.

On April 7, 2017 the Company renewed the \$5,000,000 Line of Credit from The Northern Trust Company ("Line of Credit"). The Line of Credit matures on April 7, 2020 and carries a variable interest rate based on the prime rate. At December 31, 2018, \$2,900,000 was outstanding on the Line of Credit at an interest rate of 4.5%.

On June 30, 2017, the Company and the holder extended the maturity date of \$200,000 of convertible debentures originally issued in December 2008. The debentures carry an interest rate of 12% and have a maturity date of April 1, 2021. The expiration date of the warrants associated with the debentures was also extended to April 1, 2021.

During the next twelve months we do not have any debt maturing.

Sources of Liquidity and Capital Resources

Because of the historical losses we have experienced from operations we have needed to continue utilizing the proceeds from the sale of debt and equity securities to fund our working capital needs. We have used a combination of equity financing, short-term bridge loans and long-term loans to fund our working capital needs. Other than our revenues, revolving Line of Credit in the amount of \$5,000,000, current capital and capital we may raise from future debt or equity offerings or short-term bridge loans, we do not have any additional sources of working capital. In the event that the Line of Credit is called for any reason, Mr. Wit has pledged to replace the borrowing capacity under the Line of Credit with a promissory note that utilizes the same maturity date and interest rate as the Line of Credit.

In 2018 the Company borrowed \$250,000 on the Line of Credit. In 2017 the Company repaid \$50,000 on the Line of Credit. As of December 31, 2018, the Company had \$2,900,000 in outstanding borrowings under the Line of Credit.

We may continue to require substantial funds to continue our research and product development activities and to market, sell and commercialize our technology. We may need to raise substantial additional capital to fund our future operations. Our capital requirements will depend on many factors, including the problems, delays, expenses and complications frequently encountered by companies developing and commercializing new technologies; the progress of our research and product development activities; the rate of technological advances; determinations as to the commercial potential of our technology under development; the status of competitive technology; the establishment of collaborative relationships; the success of our sales and marketing programs; the cost of filing, prosecuting, defending and enforcing intellectual property rights; and other changes in economic, regulatory or competitive conditions in our planned business. Estimates about the adequacy of funding for our activities are based upon certain assumptions, including assumptions that the research and product development programs relating to our technology can be conducted at projected costs and that progress towards broader commercialization of our technology will be timely and successful. There can be no assurance that changes in our research and product development plans or other events will not result in accelerated or unexpected expenditures.

To satisfy our capital requirements, including ongoing future operations, we may seek to raise additional financing through debt and equity financings. There can be no assurance that any such funding will be available to us on favorable terms or at all. If adequate funds are not available when needed, we may be required to delay, scale back or eliminate some or all of our research and product development programs, and our business operations. If we are successful in obtaining additional financings, the terms of such financings may have the effect of diluting or adversely affecting the holdings or the rights of the holders of our common and preferred stock. Further, there can be no assurance that even if such additional capital is obtained or the planned cost reductions are implemented, that we will achieve positive cash flow or profitability or be able to continue as a business.

While several of our officers and directors have historically, either personally or through funds with which they are affiliated, provided substantial capital either in the form of debt or equity financing there can be no assurance that they will continue to provide any such funding to us on favorable terms or at all.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make judgments, assumptions and estimates that affect the amounts reported. Note 2 of Notes to the Consolidated Financial Statements describes the significant accounting policies used in the preparation of the consolidated financial statements. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below.

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A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. Specifically, critical accounting estimates have the following attributes: 1) we are required to make assumptions about matters that are highly uncertain at the time of the estimate; and 2) different estimates we could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on our financial condition or results of operations.

Estimates and assumptions about future events and their effects cannot be determined with certainty. We base our estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as our operating environment changes. These changes have historically been minor and have been included in the consolidated financial statements as soon as they became known. In addition, our Management is periodically faced with uncertainties, the outcomes of which are not within our control and will not be known for prolonged periods of time. Based on a critical assessment of its accounting policies and the underlying judgments and uncertainties affecting the application of those policies, our Management believes that our consolidated financial statements are fairly stated in accordance with accounting principles generally accepted in the United States ("GAAP"), and present a meaningful presentation of our financial condition and results of operations.

Our Management believes that the following are our critical accounting policies:

ASSET IMPAIRMENT

Asset Acquisitions, Goodwill and Intangible Assets

We account for asset acquisitions in accordance with *ASC 350, Intangibles- Goodwill and Other Intangible Assets*. The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their fair values on the date of an asset acquisition.

The judgments that we make in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income in periods following an asset acquisition. We generally use either the income, cost or market approach to aid in our conclusions of such fair values and asset lives. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset, discounted to present value. The cost approach presumes that an investor would pay no more for an asset than its replacement or reproduction cost. The market approach estimates value based on what other participants in the market have paid for reasonably similar assets. Although each valuation approach is considered in valuing the assets acquired, the approach ultimately selected is based on the characteristics of the asset and the availability of information.

Goodwill is evaluated for impairment using a two-step process that is performed at least annually or when circumstances indicate that an impairment may exist. The first step is a qualitative measure. If this first test is passed, the second step is not necessary. If the book value exceeds the fair value, then the second, quantitative test is performed to measure the impairment loss.

Long Lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use quoted market prices when available and independent appraisals, as appropriate, to determine fair value.

DEFERRED REVENUE

Deferred revenue represents cash advances received in excess of revenue earned on on-going contracts. Payment terms vary with each contract but may include an initial payment at the time the contract is executed, with future payments dependent upon the completion of certain contract phases or targeted milestones. In the event of contract cancellation, the Company is generally entitled to payment for all work performed through the point of cancellation.

REVENUE RECOGNITION POLICY

OmniComm’s revenue model is transaction-based and can be implemented either as an Application Service Provider (“ASP”) or licensed for implementation by a customer. Revenues are derived from the set-up of clinical trial engagements; licensing arrangements, fees earned for hosting our clients’ data and projects, on-going maintenance fees incurred throughout the duration of an engagement; fees for report writing and project change orders. The clinical trials that are conducted using our EDC Applications can last from a few months to several years. Most of the fees associated with our product including post-setup customer support in the form of maintenance charges are recognized ratably over the term of clinical trial projects. Cost of goods sold is primarily comprised of salaries and taxes and is expensed as incurred.

The Company recognizes revenues in accordance with FASB Accounting Standards Codification 606. A five-step analysis must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered.

STOCK BASED COMPENSATION

The Company accounts for its employee equity incentive plans under *ASC 718, Compensation – Stock Compensation* which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions.

ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s Consolidated Statements of Operations. The Company currently uses the Black-Scholes option pricing model to determine grant date fair value.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued accounting standard update (“ASU”) No. 2016-02, “*Leases (Topic 842)*”, (“ASU 2016-02”). This ASU requires that an entity should recognize assets and liabilities for leases with a maximum possible term of more than 12 months. A lessee would recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the leased asset (the underlying asset) for the lease term. This guidance also provides accounting updates with respect to lessor accounting under a lease arrangement. This new lease guidance is effective for fiscal years beginning after December 15, 2018. Entities have the option of using either a full retrospective or a modified approach (cumulative effect adjustment in period of adoption) to adopt the new guidance. Early adoption is permitted for all entities. We are currently evaluating the impact of the adoption of this guidance in our consolidated financial statements.

In March 2016, April 2016, and December 2016, the FASB issued ASU 2016-08, “*Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*”, (“ASU 2016-08”), ASU 2016-10, “*Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing*”, (“ASU 2016-10”), and ASU 2016-20, “*Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*”, (“ASU 2016-20”) respectively, which further clarify the guidance for those specific topics within ASU 2014-09. In May 2016, the FASB issued ASU 2016-12, “*Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients*”, to reduce the risk of diversity in practice for certain aspects in ASU 2014-09, including collectability, noncash consideration, and transition. These updates permit the use of either the retrospective or cumulative effect transition method. Early application is permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

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In July 2017, The Financial Accounting Standards Board issued Accounting Standards Update 2017-11 “*Earnings per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815)*” (“ASU 2017-11”) This ASU addresses narrow issues identified as a result of the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. Part I of the amendment change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. The amendments also clarify existing disclosure requirements for equity-classified instruments. Part II of the update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. Part I of ASU 2017-11 is effective for public business entities for fiscal years, and interim period within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU-2017-11.

Accounting standards-setting organizations frequently issue new or revised accounting rules. We regularly review all new pronouncements that have been issued since the filing of our Form 10K for the year ended December 31, 2017 to determine their impact, if any, on our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements are set forth on Pages F-1 through F-36 attached hereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this Annual Report, being December 31, 2018, the Company’s principal executive officer and principal financial officer have concluded that the Company’s disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) are effective such that the information relating to OmniComm, including our consolidating subsidiaries, required to be disclosed by the Company in reports that it files or submits under the Exchange Act (1) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of OmniComm’s internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework (2017). Based on the assessment using those criteria, management concluded that our internal control over financial reporting was effective as of December 31, 2018 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during the fourth quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required in response to this item is incorporated by reference from the information contained in the sections “Nominees for the Board of Directors,” “Management,” “Compliance with Section 16(a) of the Exchange Act,” and “Equity Compensation Plan Information,” in our Proxy Statement for our 2019 Annual Meeting of Stockholders to be held on June 13, 2019 (the “Proxy Statement”).

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this item is incorporated by reference from the information contained in the section captioned “Executive Compensation” in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required in response to this item is incorporated by reference from the information contained in the section captioned “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement. The information required by Item 201(d) of Regulation S-K is incorporated by reference from the information contained in the section captioned “Executive Compensation, Equity Compensation Plan Information” in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS; AND DIRECTOR INDEPENDENCE

The information required in response to this item is incorporated by reference from the information contained in the sections captioned “Management” and “Certain Relationships and Related Party Transactions” in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required in response to this item is incorporated by reference from the information contained in the section captioned “Ratification of the Appointment of the Independent Registered Public Accounting Firm for the Current Fiscal Year” in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this report or are incorporated by reference to previous filings, if so indicated:

(a) [Exhibits](#)

EXHIBIT No.	DESCRIPTION
2.1	Agreement and Plan of Reorganization (acquisition of OmniComm Systems, Inc.) dated July 22, 1998 (Pursuant to Item 601(b)(2) of Regulation S-K, certain exhibits and or schedules have not been filed. The Company hereby agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.)
2.2	Amendment to Agreement and Plan of Reorganization dated November 3, 1998
2.3	Agreement and Plan of Merger (acquisition of Education Navigator, Inc. by OmniComm Systems, Inc.) dated June 26, 1998

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3.1*	Certificate of Incorporation
3.2	Certificate of Merger
3.3	Certificate of Amendment – Certificate of Incorporation
3.4	Certificate of Designation – Series A Preferred Stock
3.5	Certificate of Increase – Series A Preferred Stock
3.6	Certificate of Designation – Series B Preferred Stock
3.7	Certificate of Amendment – Certificate of Incorporation
3.8*	By-laws
3.9	Certificate of Correction – Certificate of Designation – Series B Preferred Stock
3.10	Certificate of Amendment – Certificate of Designation – Series A Preferred Stock
3.11	Certificate of Amendment – Certificate of Incorporation
3.12	Certificate of Designation – Series C Preferred Stock
3.13	Certificate of Correction – Certificate of Designation – Series A Preferred Stock
3.14	Certificate of Amendment – Certificate of Incorporation
3.15	Certificate of Designation – Series D Preferred Stock
3.16	Certificate of Amendment – Certificate of Designation – Series A Preferred Stock
4.1	Form of 10% Convertible Note
4.2	Notice on requests for non-material agreements
4.3	Promissory Note payable to The Northern Trust Company dated April 7, 2017
4.4	Pledge Agreement between The Northern Trust Company and Cornelis F. Wit Revocable Trust dated April 7, 2017
4.5	Securities Account Control Agreement between The Northern Trust Company and Cornelis F. Wit Revocable Trust dated April 7, 2017
10.1 Ø	Employment Agreement and Stock Option Agreement between the Company and Cornelis F. Wit dated June 1, 2002
10.2 Ø	Amendment to Employment Agreement between the Company and Cornelis F. Wit dated August 22, 2003
10.3 Ø	Employment Agreement between the Company and Randall G. Smith dated September 1, 2004
10.4	Lease Agreement (Fort Lauderdale, Florida, for principal executive offices of U.S. Headquarters) dated March 24, 2006 between OmniComm Systems, Inc. and RFP Mainstreet 2101 Commercial, LLC (Pursuant to Item 601(b)(2) of Regulation S-K, certain exhibits and or schedules have not been filed. The Company hereby agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.)
10.5 Ø	Employment Agreement and Stock Option Agreement between the Company and Stephen E. Johnson dated September 4, 2006
10.6	Securities Purchase Agreement dated August 29, 2008 by and between OmniComm Systems, Inc. and each individual or entity named on an executed counterpart of the signature page thereto
10.7	Form of Debenture dated August 29, 2008
10.8	Form of Warrant dated August 29, 2008
10.9	Securities Purchase Agreement dated December 16, 2008 by and between OmniComm Systems, Inc. and each individual or entity named on an executed counterpart of the signature page thereto
10.10	Form of Debenture dated December 16, 2008
10.11	Form of Warrant December 16, 2008
10.12	Settlement and Licensing Agreement with DataSci, LLC effective date April 2, 2009
10.13	First Amendment to Settlement and Licensing Agreement with DataSci, LLC dated June 22, 2009
10.14	Securities Purchase Agreement dated September 30, 2009 by and between OmniComm Systems, Inc. and each individual or entity named on an executed counterpart of the signature page thereto
10.15	Form of Debenture dated September 30, 2009
10.16	Form of Warrant dated September 30, 2009
10.17	Form of Security Interest Agreement dated September 30, 2009
10.18	Securities Purchase Agreement dated December 31, 2009 by and between OmniComm Systems, Inc. and each individual or entity named on an executed counterpart of the signature page thereto

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10.19	Form of Debenture dated December 31, 2009
10.20	Form of Warrant dated December 31, 2009
10.21	Subscription Agreement for the Series D Preferred Stock dated November 30, 2010 by and between OmniComm Systems, Inc. and Cornelis F. Wit
10.22 Ø	2009 Equity Incentive Plan and form of stock option agreement relating thereto
10.23 Ø	Form of Restricted Stock Agreement used for grants of restricted stock under the 2009 Equity Incentive Plan
10.24	Amendment Number Two to Securities Purchase Agreement between the Company and the Leonard and Janine Epstein 2012 Revocable Trust dated February 22, 2013
10.25	Amendment Number Two to Securities Purchase Agreement between the Company and Richard & Carolyn Danzansky dated February 22, 2013
10.26	Amendment Number Two to Securities Purchase Agreement between the Company and Paul Spitzberg dated February 22, 2013
10.27	Lease Agreement Office Accommodation (Leiden, Netherlands, for Promasys B.V.) dated November 1, 2013
10.28	Warrant agreement with Cornelis F. Wit dated January 31, 2015
10.29	Amendment Number Three to Securities Purchase Agreement dated September 30, 2009 between the Company and Leonard and Janine Epstein Revocable Trust dated April 1, 2015
10.30	Amendment Number Three to Securities Purchase Agreement dated December 31, 2009 between the Company and Richard & Carolyn Danzansky dated April 1, 2015
10.31	Amendment Number Three to Securities Purchase Agreement dated December 31, 2009 between the Company and Paul Spitzberg dated April 1, 2015
10.32	Pledgor Fee and Reimbursement Agreement with Cornelis F. Wit dated August 13, 2015
10.33	Third Amendment to Lease Agreement (Fort Lauderdale, Florida, for principal executive offices of U.S. Headquarters) dated September 16, 2010
10.34	Fourth Amendment to Lease Agreement (Fort Lauderdale, Florida, for principal executive offices of U.S. Headquarters) dated May 29, 2015
10.35	Lease Agreement (Monmouth Junction, New Jersey) dated August 12, 2009
10.36	First Amendment of Lease Agreement (Monmouth Junction, N.J.) dated February 28, 2013
10.37	Lease Agreement (Bonn, Germany)
10.38	Lease Agreement (Southampton, United Kingdom) dated September 6, 2012
10.39 †*	Form of Promissory Note and Schedule of Substantially Identical Promissory Notes
10.40 †*	Form of Extension of Maturity Date of Convertible Debenture and Schedule of Substantially Identical Extensions of Maturity Date of Convertible Debenture
10.41 †*	Form of Extension of Maturity Date of Warrants and Schedule of Substantially Identical Extensions of Maturity Date of Warrants
10.42	Warrant Termination Agreement with Cornelis F. Wit dated November 19, 2015
10.43 Ø	Amendment No. 2 to Executive Employment Agreement dated April 15, 2016 with Cornelis F. Wit
10.44 Ø	Amendment No. 1 to Executive Employment Agreement dated April 15, 2016 with Stephen E. Johnson
10.45 †*	Form of Common Stock Purchase Warrant and Schedule of Substantially Identical Common Stock Purchase Warrants
10.46	Lease Agreement (Somerset, N.J.) dated December 17, 2015
10.47 Ø	2016 Equity Incentive Plan and form of stock option agreement and form or restricted stock award agreement relating thereto
10.48 Ø	Employment Agreement between the Company and Thomas E. Vickers dated March 14, 2017
10.49 Ø	Amendment No. 1 to Executive Employment Agreement between the Company and Randall G. Smith dated March 14, 2017
10.50	Lease Agreement (Southampton, United Kingdom) dated September 10, 2017

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EXHIBIT NO.	DESCRIPTION
21*	Subsidiaries of the Company
23*	Consent of Liggett & Webb, P.A., independent registered public accounting firm
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, promulgated under the Securities and Exchange Act of 1934, as amended
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, promulgated under the Securities and Exchange Act of 1934, as amended
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Label
101.PRE*	XBRL Taxonomy Extension Presentation

* Filed herewith

**Furnished herewith

ø Indicates a management contract or compensatory plan or arrangement

† Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of the contract, and other contracts substantially identical in all material respects, except as to the parties thereto and certain other details, are described in a Schedule to the exhibit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 28, 2019

OMNICOMM SYSTEMS, INC.

By: /s/ Cornelis F. Wit
Cornelis F. Wit, Executive Chairman

By: /s/ Thomas E. Vickers
Thomas E. Vickers, Chief Accounting and
Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Cornelis F. Wit</u> Cornelis F. Wit	Principal Executive Officer and Executive Chairman	March 28, 2019
<u>/s/ Randall G. Smith</u> Randall G. Smith	Executive Vice Chairman	March 28, 2019
<u>/s/ Thomas E. Vickers</u> Thomas E. Vickers	Chief (Principal) Accounting and Financial Officer	March 28, 2019
<u>/s/ Robert C. Schweitzer</u> Robert C. Schweitzer	Director	March 28, 2019
<u>/s/ Adam F. Cohen</u> Adam F. Cohen	Director	March 28, 2019
<u>/s/ Gary A. Shangold</u> Gary A. Shangold	Director	March 28, 2019

OMNICOMM SYSTEMS, INC.

**Financial Reporting Package
Form 10-K**

**for the Year Ended
December 31, 2018**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
OmniComm Systems, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of OmniComm Systems, Inc. (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income/(loss), shareholders' (deficit), and cash flows for each of the years in the two-year period ended December 31, 2018, and the related consolidated notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and the results of its consolidated operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Liggett & Webb, P.A.

We have served as the Company's auditor since 2010.

New York, New York
March 28, 2019

OMNICOMM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,440,524	\$ 1,176,551
Accounts receivable, net of allowance for doubtful accounts of \$176,220 and \$149,980, respectively	6,175,277	7,492,597
Prepaid expenses	384,212	297,131
Other current assets	5,204	11,463
Total current assets	<u>8,005,217</u>	<u>8,977,742</u>
Property and equipment, net	1,360,315	552,538
Other assets		
Intangible assets, net	730,835	97,925
Other assets	131,847	46,714
TOTAL ASSETS	<u>\$ 10,228,214</u>	<u>\$ 9,674,919</u>
LIABILITIES AND SHAREHOLDERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,070,158	\$ 2,586,045
Convertible notes payable, current portion	-	50,000
Deferred revenue, current portion	6,457,319	7,564,587
Capital lease liability, current portion	115,761	-
Patent settlement liability, current portion	-	112,500
Conversion feature liability, related parties	670,634	1,604,723
Conversion feature liability	35,705	81,224
Warrant liability, related parties	601,781	2,196,570
Warrant liability	687,118	1,244,229
Total current liabilities	<u>10,638,476</u>	<u>15,439,878</u>
LONG TERM LIABILITIES		
Line of credit, long term	2,900,000	2,650,000
Notes payable, related parties, long term, net of current portion, net of discount of \$-0- and \$117,365, respectively	-	282,635
Notes payable, long term, net of current portion, net of discount of \$123,184 and \$279,402, respectively	434,316	423,098
Convertible notes payable, related parties, long term, net of current portion	5,770,000	5,770,000
Convertible notes payable, long term, net of current portion	200,000	350,000
Deferred revenue, long term, net of current portion	1,794,237	1,952,366
Capital lease liability, long term, net of current portion	175,089	-
TOTAL LIABILITIES	<u>21,912,118</u>	<u>26,867,977</u>
COMMITMENTS AND CONTINGENCIES (See Note 10)		
SHAREHOLDERS' (DEFICIT)		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 3,772,500 shares undesignated Series A convertible preferred stock, 5,000,000 shares authorized, -0- and -0- issued and outstanding, respectively, at \$0.001 par value; liquidation preference \$-0- and \$-0-, respectively	-	-
Series B convertible preferred stock, 230,000 shares authorized, -0- and -0- issued and outstanding, respectively, at \$0.001 par value; liquidation preference \$-0- and \$-0-, respectively	-	-
Series C convertible preferred stock, 747,500 shares authorized, -0- and -0- issued and outstanding, respectively, at \$0.001 par value; liquidation preference \$-0- and \$-0-, respectively	-	-
Series D preferred stock, 250,000 shares authorized, 250,000 and 250,000 issued and outstanding, respectively, at \$0.001 par value	250	250
Common stock, 500,000,000 shares authorized, 155,368,647 and 148,542,805 issued and outstanding, respectively, at \$0.001 par value	155,370	148,544
Additional paid in capital - preferred	999,750	999,750
Additional paid in capital - common	56,233,085	54,379,454
Accumulated other comprehensive (loss)	(436,505)	(397,237)
Accumulated (deficit)	<u>(68,635,854)</u>	<u>(72,323,819)</u>
TOTAL SHAREHOLDERS' (DEFICIT)	<u>(11,683,904)</u>	<u>(17,193,058)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	<u>\$ 10,228,214</u>	<u>\$ 9,674,919</u>

See accompanying summary of accounting policies and notes to consolidated financial statements

OMNICOMM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,	
	2018	2017
Revenues	\$ 26,129,229	\$ 26,067,933
Reimbursable revenues	975,251	911,725
Total revenues	27,104,480	26,979,658
Cost of goods sold	4,284,588	4,394,918
Reimbursable expenses-cost of goods sold	617,509	885,972
Total cost of goods sold	4,902,097	5,280,890
Gross margin	22,202,383	21,698,768
Operating expenses		
Salaries, benefits and related taxes	14,094,550	13,200,837
Rent and occupancy expenses	1,254,087	1,125,147
Consulting services	298,097	321,472
Legal and professional fees	477,102	533,221
Travel	856,187	986,092
Telephone and internet	153,540	152,926
Selling, general and administrative	1,676,869	1,356,427
Bad debt expense	41,782	130,346
Intangible asset impairment	79,634	-
Depreciation expense	398,654	336,102
Amortization expense	337,704	22,048
Total operating expenses	19,668,206	18,164,618
Operating income/(loss)	2,534,177	3,534,150
Other income/(expense)		
Interest expense, related parties	(935,839)	(947,688)
Interest expense	(406,145)	(419,432)
Interest income	21	593
Change in derivative liabilities	3,111,760	795,779
Transaction gain/(loss)	(125,794)	5,010
Income/(loss) before income taxes	4,178,180	2,968,412
Income tax (expense)	(490,215)	(1,194)
Net income/(loss) attributable to common stockholders	\$ 3,687,965	\$ 2,967,218
Net income/(loss) per share		
Basic	\$ 0.02	\$ 0.02
Diluted	\$ 0.02	\$ 0.02
Weighted average number of shares outstanding		
Basic	150,832,451	147,865,246
Diluted	164,618,868	148,177,984

See accompanying summary of accounting policies and notes to consolidated financial statements

OMNICOMM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	For the year ended	
	December 31,	
	<u>2018</u>	<u>2017</u>
Net income/(loss) attributable to common stockholders	\$ 3,687,965	\$ 2,967,218
Other comprehensive income/(loss)		
Change in foreign currency translation adjustment	(39,268)	13,268
Other comprehensive income/(loss)	(39,268)	13,268
Comprehensive income/(loss)	<u>\$ 3,648,697</u>	<u>\$ 2,980,486</u>

See accompanying summary of accounting policies and notes to consolidated financial statements

OMNICOMM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

	Preferred Stock			Common Stock			Accumulated (deficit)	Accumulated other comprehensive (loss)	Total shareholders' (deficit)
	Series D Preferred Number of shares	\$0.001 Par value	Additional paid in capital preferred	Number of shares	\$0.001 Par value	Additional paid in capital common			
Balances at December 31, 2016	250,000	\$ 250	\$ 999,750	147,786,917	\$ 147,788	\$ 53,425,956	\$ (75,291,037)	\$ (410,505)	\$ (21,127,798)
Employee stock option expense						364,271			364,271
Foreign currency translation adjustment								13,268	13,268
Restricted stock issuance/(forfeiture)				(16,668)	(17)	(2,817)			(2,834)
Cashless issuance of common stock, stock option exercise				22,556	23	(23)			-0-
Issuance of common stock, stock option exercise				250,000	250	35,000			35,250
Issuance of common stock, warrant exercise				500,000	500	154,500			155,000
Reclassification of conversion feature liability associated with convertible debt						402,567			402,567
Net income/(loss) for the year ended December 31, 2017	-0-	-0-	-0-	-0-	-0-	-0-	2,967,218	-0-	2,967,218
Balances at December 31, 2017	250,000	250	999,750	148,542,805	148,544	54,379,454	(72,323,819)	(397,237)	(17,193,058)
Employee stock option expense						201,562			201,562
Foreign currency translation adjustment								(39,268)	(39,268)
Restricted Stock Issuance/Forfeiture				925,000	925	93,222			94,147
Issuance of common stock, purchase of Acuity software				1,666,667	1,667	498,333			500,000
Cashless issuance of common stock, employee stock option exercise				34,175	34	(34)			-0-
Issuance of common stock, stock option exercise				200,000	200	44,800			45,000
Issuance of common stock, warrant exercise				4,000,000	4,000	1,005,248			1,009,248
Reclassification of conversion feature liability associated with convertible debt						10,500			10,500
Net income/(loss) for the year ended December 31, 2018	-0-	-0-	-0-	-0-	-0-	-0-	3,687,965	-0-	3,687,965
Balances at December 31, 2018	250,000	\$ 250	\$ 999,750	155,368,647	\$ 155,370	\$ 56,233,085	\$ (68,635,854)	\$ (436,505)	\$ (11,683,904)

See accompanying summary of accounting policies and notes to consolidated financial statements

OMNICOMM SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended	
	December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 3,687,965	\$ 2,967,218
Adjustment to reconcile net income/(loss) to net cash provided by/(used in) operating activities		
Change in derivative liabilities	(3,111,760)	(795,779)
Intangible asset impairment	79,634	-0-
Interest expense from derivative instruments	273,582	296,182
Employee stock compensation	295,709	568,522
Provision for doubtful accounts	41,782	130,346
Depreciation and amortization	736,358	358,150
Changes in operating assets and liabilities		
Accounts receivable	1,275,538	(2,167,733)
Prepaid expenses	(87,081)	(101,216)
Other current assets	6,259	23,592
Other assets	(85,133)	4,607
Accounts payable and accrued expenses	(515,887)	462,972
Patent settlement liability	(112,500)	(858,702)
Deferred revenue	(1,265,397)	(22,277)
Net cash provided by/(used in) operating activities	<u>1,219,069</u>	<u>865,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(849,344)	(242,384)
Purchase of Acuity software	(552,403)	-0-
Net cash (used in) investing activities	<u>(1,401,747)</u>	<u>(242,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of notes payable	(345,000)	(915,000)
Repayments of notes payable, related parties	-0-	(105,000)
Proceeds/(repayments) from revolving line of credit	250,000	(50,000)
Proceeds from exercise of stock options	45,000	35,250
Proceeds from exercise of warrants	600,000	155,000
Principal repayment of capital lease obligation	(67,817)	-0-
Net cash provided by/(used in) financing activities	<u>482,183</u>	<u>(879,750)</u>
Effect of exchange rate changes on fixed and intangible assets	3,736	(19,797)
Effect of exchange rate changes on cash and cash equivalents	(39,268)	13,268
Net increase/(decrease) in cash and cash equivalents	<u>263,973</u>	<u>(262,781)</u>
Cash and cash equivalents at beginning of year	<u>1,176,551</u>	<u>1,439,332</u>
Cash and cash equivalents at end of year	<u>\$ 1,440,524</u>	<u>\$ 1,176,551</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 327,319	\$ 1,194
Interest	\$ 1,144,586	\$ 1,051,909
Non-cash transactions:		
Notes payable issued in exchange for existing notes payable	\$ -0-	\$ 350,000
Restricted stock issuance/(forfeiture)	\$ 94,147	\$ (2,834)
Common stock issued for the purchase of Acuity software	\$ 500,000	\$ -0-
Capital expenditures funded by capital lease borrowing	\$ 359,603	\$ -0-
Reclassification of conversion feature liability associated with convertible debt	\$ 10,500	\$ 402,567
Reclassification of warrant feature liability associated with warrant exercise	\$ 9,248	\$ -0-
Exercise of warrants as repayment of notes payable, related party	\$ 400,000	\$ -0-

See accompanying summary of accounting policies and notes to consolidated financial statements

OMNICOMM SYSTEMS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

OmniComm Systems, Inc. (“OmniComm” or the “Company”) is a healthcare technology company that provides web-based electronic data capture (“EDC”) and eClinical solutions and related value-added services to pharmaceutical and biotechnology companies, contract research organizations (“CROs”), and other clinical trial sponsors principally located in the United States, Europe and East Asia. Our proprietary EDC software applications; TrialMaster[®]; TrialOne[®]; IRTMaster[™]; Promasys[®]; eClinical Suite[™]; AutoEncoder and Acuity, allow clinical trial sponsors and investigative sites to securely collect, validate, transmit, and analyze clinical trial data.

Our ability to compete within the EDC and eClinical industry is predicated on our ability to continue enhancing and broadening the scope of solutions offered through our EDC software and services. Our research and product development efforts are focused on developing new and complementary software solutions, as well as enhancing our existing software solutions through the addition of increased functionality. During the year ended December 31, 2018 we spent approximately \$3,370,233 which represents 12.4% of revenue and during the year ended December 31, 2017 we spent \$2,854,428 which represents 10.6% of revenue on research and product development activities, which is primarily comprised of salaries to our developers and other research and product development personnel and related costs associated with the development of our software products.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The Company’s accounts include those of all its wholly-owned subsidiaries and have been prepared in conformity with (i) accounting principles generally accepted in the United States of America; and (ii) the rules and regulations of the United States Securities and Exchange Commission. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated in consolidation.

ESTIMATES IN FINANCIAL STATEMENTS

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Significant estimates incorporated in our financial statements include the recorded allowance for doubtful accounts, the estimate of the appropriate amortization period of our intangible assets, the evaluation of whether our intangible assets have suffered any impairment, the allocation of revenues under multiple-element customer contracts, royalty-based patent liabilities, the value of derivatives associated with debt and warrants issued by the Company and the valuation of any corresponding discount to the issuance of our debt. Actual results may differ from those estimates.

RECLASSIFICATIONS

Certain reclassifications have been made in the 2017 financial statements to conform to the 2018 presentation. These reclassifications did not have any effect on our net income/(loss) or shareholders’ (deficit).

FOREIGN CURRENCY TRANSLATION

The financial statements of the Company’s foreign subsidiaries are translated in accordance with ASC 830-30, *Foreign Currency Matters—Translation of Financial Statements*. The reporting currency for the Company is the U.S. dollar. The functional currency of the Company’s subsidiaries, OmniComm Europe GmbH in Germany, OmniComm Spain S.L. in Spain and OmniComm Systems B.V. in the Netherlands is the Euro. The functional currency of the Company’s subsidiary, OmniComm Ltd. in the United Kingdom is the British Pound Sterling. The functional currency of the Company’s subsidiary, OmniComm eClinical Solutions Pvt Ltd. in India is the Indian Rupee. Accordingly, the assets and liabilities of the Company’s foreign subsidiaries are translated into U.S. dollars using the exchange rate in effect at each balance sheet date. Revenue and expense accounts of the Company’s foreign subsidiaries are translated using an average rate of exchange during the period. Foreign currency translation adjustments are accumulated as a component of other comprehensive income/(loss) as a separate component of stockholders’ equity. Gains and losses arising from transactions denominated in foreign currencies are primarily related to intercompany accounts that have been determined to be temporary in nature and accordingly, are recorded directly to the statement of operations. We record translation gains and losses in accumulated other comprehensive income as a component of stockholders’ equity. We recorded a translation loss of \$39,268 for the year ended December 31, 2018 and a translation gain of \$13,268 for the year ended December 31, 2017.

OMNICOMM SYSTEMS, INC.
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REVENUE RECOGNITION POLICY

The Company derives revenues from software licenses and services of its EDC products and services which can be purchased on a stand-alone basis. License revenues are derived principally from the sale of term licenses for the following software products offered by the Company: *TrialMaster*, *TrialOne*, *IRTMaster*, *Promasys* and *eClinical Suite* (the "EDC Software"). Service revenues are derived principally from the Company's delivery of the hosted solutions of its *TrialMaster* and *eClinical Suite* software products, and consulting services and customer support, including training, for all of the Company's products.

For revenue from product sales, the Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 ("ASC 606"). A five-step analysis must be met as outlined in ASC 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

The Company operates in one reportable segment which is the delivery of EDC software and services to clinical trial sponsors. The Company segregates its revenues based on the activity cycle used to generate its revenues. Accordingly, revenues are currently generated through four main activities. These activities include hosted applications, licensing, professional services and maintenance-related services.

Hosted Application Revenues

The Company offers its *TrialMaster* and *TrialOne* software products as hosted application solutions delivered through a standard web browser, with customer support and training services. The Company's *TrialOne* and *Promasys* solutions are primarily deployed on a technology transfer or off-the-shelf basis. To date, hosted applications revenues have been primarily related to *TrialMaster*. On April 30, 2019, OmniComm will decommission its *eClinical Suite* hosting platform as the *eClinical Suite* clients utilizing these hosting services have transitioned to *TrialMaster*, the *eClinical Suite* studies have been completed or the studies have transitioned to another hosting platform.

Revenues resulting from *TrialMaster* application hosting services consist of three components of services for each clinical trial: the first component is comprised of application set up, including design of electronic case report forms and edit checks, installation and server configuration of the system. The second component involves application hosting and related support services as well as billable change orders which consist of amounts billed to customers for functionality changes made. The third component involves services required to close out, or lock, the database for the clinical trial.

Fees charged for the trial system design, set-up and implementation are amortized and recognized ratably over the estimated hosting period. Work performed outside the original scope of work is contracted for separately as an additional fee and is generally recognized ratably over the remaining term of the hosting period. Fees for the first and third stages of the service are typically billed based upon milestones. Revenues earned upon completion of a contractual milestone are deferred and recognized over the estimated remaining hosting period. Fees for application hosting and related services in the second stage are generally billed monthly or quarterly in advance.

Licensing Revenues

The Company's software license revenues are earned from the sale of off-the-shelf software. From time-to-time a client might require significant modification or customization subsequent to delivery to the customer. The Company generally enters into software term licenses for its EDC software products with its customers for 3 to 5 year periods, although customers have entered into both longer and shorter term license agreements. These arrangements typically include multiple elements: software license, consulting services and customer support. The Company bills its customers in accordance with the terms of the underlying contract. Generally, the Company bills license fees in advance for each billing cycle of the license term which typically is either on a quarterly or annual basis. Payment terms are generally net 30 or net 45 days.

In the past the Company has sold perpetual licenses for EDC Software products in certain situations to existing customers with the option to purchase customer support, and may in the future do so for new customers based on customer requirements or market conditions. The Company has established vendor specific objective evidence of fair value for the customer support. Accordingly, license revenues are recognized upon delivery of the software and when all other revenue recognition criteria are met. Customer support revenues are recognized ratably over the term of the underlying support arrangement. The Company generates customer support and maintenance revenues from its perpetual license customer base.

Professional Services

The Company may also enter into arrangements to provide consulting services separate from a license arrangement. In these situations, revenue is recognized on a time-and-materials basis. Professional services can be deemed to be as essential to the functionality of the software at inception and typically are for initial trial configuration, implementation planning, loading of software, building simple interfaces and running test data and documentation of procedures. Subsequent additions or extensions to license terms do not generally include additional professional services.

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Maintenance Revenues

Maintenance includes telephone-based help desk support and software maintenance. The Company generally bundles customer support with the software license for the entire term of the arrangement. As a result, the Company generally recognizes revenues for both maintenance and software licenses ratably over the term of the software license and support arrangement. The Company allocates the revenues recognized for these arrangements to the different elements based on management's estimate of the relative fair value of each element. The Company generally invoices each of the elements based on separately quoted amounts and thus has a fairly accurate estimate of the relative fair values of each of the invoiced revenue elements.

The fees associated with each business activity for the years ended December 31, 2018 and December 31, 2017, respectively are:

Revenue activity	For the year ended	
	December 31, 2018	December 31, 2017
Set-up fees	\$ 3,792,670	\$ 4,981,941
Change orders	1,508,248	1,540,167
Maintenance	5,567,039	5,107,787
Software licenses	11,571,134	10,658,977
Professional services	2,917,556	3,359,554
Hosting	1,747,833	1,331,232
Total	\$ 27,104,480	\$ 26,979,658

COST OF GOODS SOLD

Cost of goods sold primarily consists of costs related to hosting, maintaining and supporting the Company's application suite and delivering professional services and support. These costs include salaries, benefits, bonuses and stock-based compensation for the Company's professional services staff. Cost of goods sold also includes outside service provider costs. Cost of goods sold is expensed as incurred.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid, short-term investments with maturities of 90 days or less. The carrying amount reported in the accompanying consolidated balance sheets approximates fair value.

ACCOUNTS RECEIVABLE

Accounts receivable are judged as to collectability by management and an allowance for bad debts is established as necessary. The allowance is based on an evaluation of the collectability of accounts receivable and prior bad debt experience. The Company had recorded an allowance for uncollectible accounts receivable of \$176,220 as of December 31, 2018 and \$149,980 as of December 31, 2017.

The following table summarizes activity in the Company's allowance for doubtful accounts for the years presented.

	December 31, 2018	December 31, 2017
Beginning of period	\$ 149,980	\$ 179,813
Bad debt expense	41,782	130,346
Write-offs	(15,542)	(160,179)
End of period	\$ 176,220	\$ 149,980

CONCENTRATION OF CREDIT RISK

Cash and cash equivalents and restricted cash are deposited with major financial institutions and, at times, such balances with any one financial institution may be in excess of FDIC-insured limits. As of December 31, 2018, \$861,565 was deposited in excess of FDIC-insured limits. Management believes the risk in these situations to be minimal.

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Except as follows, the Company has no significant off balance sheet risk or credit risk concentrations. Financial instruments that subject the Company to potential credit risks are principally cash equivalents and accounts receivable. Concentrated credit risk with respect to accounts receivable is limited to creditworthy customers. The Company's customers are principally located in the United States, Europe and East Asia. The Company is directly affected by the overall financial condition of the pharmaceutical, biotechnology and medical device industries and management believes that credit risk exists and that any credit risk the Company faces has been adequately reserved for as of December 31, 2018. The Company maintains an allowance for doubtful accounts based on accounts past due according to contractual terms and historical collection experience. Actual losses when incurred are charged to the allowance. The Company's losses related to collection of accounts receivable have consistently been within management's expectations. As of December 31, 2018, the Company believes no additional credit risk exists beyond the amounts provided for in our allowance for uncollectible accounts. The Company evaluates its allowance for uncollectible accounts on a monthly basis based on a specific review of receivable aging and the period that any receivables are beyond the standard payment terms. The Company does not require collateral from its customers in order to mitigate credit risk.

One customer accounted for 13% of our revenue during the year ended December 31, 2018 or approximately \$3,528,000. One customer accounted for 10% of our revenues during the year ended December 31, 2017 or approximately \$2,691,000. The following table summarizes the number of customers who individually comprise 10% or more of total revenue and/or total accounts receivable and their aggregate percentage of the Company's total revenue and gross accounts receivable for the years presented.

One customer accounted for approximately 20% of our accounts receivable as of December 31, 2018. One customer accounted for approximately 24% of our accounts receivables as of December 31, 2017.

For the period ended	Revenues		Accounts receivable	
	Number of customers	Percentage of total revenues	Number of customers	Percentage of accounts receivable
December 31, 2018	1	13%	1	20%
December 31, 2017	1	10%	1	24%

The table below provides revenues from European customers for the years ended December 31, 2018 and December 31, 2017.

European revenues For the year ended			
December 31, 2018		December 31, 2017	
European revenues	% of Total revenues	European revenues	% of Total revenues
\$ 4,517,065	17%	\$ 3,632,537	14%

The Company serves all of its hosting customers from third-party web hosting facilities located in the United States and Europe. The Company does not control the operation of these facilities, and they are vulnerable to damage or interruption. The Company maintains redundant systems that can be used to provide service in the event the third-party web hosting facilities become unavailable, although in such circumstances, the Company's service may be interrupted during the transition.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Additions and betterments are capitalized; maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method over the asset's estimated useful life, which is 5 years for leasehold improvements, computers, equipment and furniture and 3 years for software. Gains or losses on disposal are charged to operations.

ASSET IMPAIRMENT

Acquisitions and Intangible Assets

We account for acquisitions in accordance with ASC 805, *Business Combinations* ("ASC 805") and ASC 350, *Intangibles- Goodwill and Other* ("ASC 350"). The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their fair values on the date of a business acquisition. Our consolidated financial statements and results of operations reflect an acquired business from the completion date of an acquisition.

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The judgments that we make in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income in periods following an asset acquisition. We generally use either the income, cost or market approach to aid in our conclusions of such fair values and asset lives. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset, discounted to present value. The cost approach presumes that an investor would pay no more for an asset than its replacement or reproduction cost. The market approach estimates value based on what other participants in the market have paid for reasonably similar assets. Although each valuation approach is considered in valuing the assets acquired, the approach ultimately selected is based on the characteristics of the asset and the availability of information.

Long-lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use quoted market prices when available and independent appraisals and management estimates of future operating cash flows, as appropriate, to determine fair value.

DEFERRED REVENUE

Deferred revenue represents cash advances received in excess of revenue earned on on-going contracts. Payment terms vary with each contract but may include an initial payment at the time the contract is executed, with future payments dependent upon the completion of certain contract phases or targeted milestones. In the event of contract cancellation, the Company is generally entitled to payment for all work performed through the point of cancellation. As of December 31, 2018, the Company had \$8,251,556 in deferred revenues relating to contracts for services to be performed over periods ranging from 1 month to 6.5 years. The Company had \$6,457,319 in deferred revenues that are expected to be recognized in the next twelve fiscal months.

ADVERTISING

Advertising costs are expensed as incurred. Advertising costs were \$821,693 for the year ended December 31, 2018 and \$701,161 for the year ended December 31, 2017 and are included under selling, general and administrative expenses on our consolidated financial statements.

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES

Software development costs are included in research and product development and are expensed as incurred. *ASC 985.20, Software Industry Costs of Software to Be Sold, Leased or Marketed*, requires the capitalization of certain development costs of software to be sold once technological feasibility is established, which the Company defines as completion to the point of marketability. The capitalized cost is then amortized on a straight-line basis over the estimated product life. To date, the period between achieving technological feasibility and the general availability of such software has been short and software development costs qualifying for capitalization have been immaterial. Accordingly, the Company has not capitalized any software development costs under ASC 985.20. During the year ended December 31, 2018 we spent approximately \$3,370,233, which represents 12.4% of revenue and during the year ended December 31, 2017 we spent approximately \$2,854,428, which represents 10.6% of revenue on research and product development activities, which include costs associated with the development of our software products, and which are primarily comprised of salaries and related expenses for our software developers and consulting fees paid to third-party consultants. Research and product development costs are primarily included under Salaries, benefits and related taxes in our Statement of Operations.

EMPLOYEE EQUITY INCENTIVE PLANS

The OmniComm Systems, Inc. 2016 Equity Incentive Plan (the "2016 Plan") was approved at our Annual Meeting of Stockholders on June 16, 2016. The 2016 Plan provides for the issuance of up to 10,000,000 shares of our common stock. In addition, the number of shares of common stock available for issuance under the 2016 Plan shall automatically increase on January 1st of each year for a period of nine (9) years commencing on January 1, 2017 and ending on (and including) January 1, 2025, in an amount equal to five percent (5%) of the total number of shares authorized under the 2016 Plan. As of December 31, 2018, 11,025,000 shares were authorized under the 2016 Plan.

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The predecessor plan, the OmniComm Systems, Inc. 2009 Equity Incentive Plan (the “2009 Plan”) was approved at our Annual Meeting of Stockholders on July 10, 2009 and terminated on June 16, 2016 upon the approval of the 2016 Plan. The 2009 Plan provided for the issuance of up to 7,500,000 shares to employees, directors and key consultants in accordance with the terms of the 2009 Plan documents.

Each plan is more fully described in “Note 13, Employee Equity Incentive Plans.” The Company accounts for its employee equity incentive plans under ASC 718, *Compensation – Stock Compensation* which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions.

ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s consolidated statements of operations. The Company currently uses the Black Scholes option pricing model to determine grant date fair value.

EARNINGS/(LOSS) PER SHARE

The Company accounts for Earnings/(loss) Per Share using ASC 260 – Earnings per Share. Unlike diluted earnings per share, basic earnings per share excludes any dilutive effects of options, warrants, and convertible securities.

INCOME TAXES

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. ASC 740 has as its basic objective the recognition of current and deferred income tax assets and liabilities based upon all events that have been recognized in the financial statements as measured by the provisions of the enacted tax laws

Valuation allowances are established, when necessary, to reduce deferred tax assets to the estimated amount to be realized. Income tax expense represents the tax payable for the current period and the change during the period in the deferred tax assets and liabilities.

On December 22, 2017, the Tax Cuts and Jobs Act (“Tax Act”) was signed into law by the President of the United States. The Tax Act is a tax reform act that among other things, reduced corporate tax rates to 21 percent effective January 1, 2018. FASB ASC 740, *Income Taxes*, requires deferred tax assets and liabilities to be adjusted for the effect of a change in tax laws or rates in the year of enactment, which is the year in which the change was signed into law. Accordingly, the Company adjusted its deferred tax assets and liabilities at December 31, 2017, using the new corporate tax rate of 21 percent. See Note 14. Income Taxes.

IMPACT OF NEW ACCOUNTING STANDARDS

In February 2016, the FASB issued accounting standard update (“ASU”) No. 2016-02, “*Leases (Topic 842)*”, (“ASU 2016-02”). This ASU requires that an entity should recognize assets and liabilities for leases with a maximum possible term of more than 12 months. A lessee would recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the leased asset (the underlying asset) for the lease term. This guidance also provides accounting updates with respect to lessor accounting under a lease arrangement. This new lease guidance is effective for fiscal years beginning after December 15, 2018. Entities have the option of using either a full retrospective or a modified approach (cumulative effect adjustment in period of adoption) to adopt the new guidance. Early adoption is permitted for all entities. We are currently evaluating the impact of the adoption of this guidance in our consolidated financial statements.

In March 2016, April 2016, and December 2016, the FASB issued ASU 2016-08, “*Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*”, (“ASU 2016-08”), ASU 2016-10, “*Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing*”, (“ASU 2016-10”), and ASU 2016-20, “*Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*”, (“ASU 2016-20”) respectively, which further clarify the guidance for those specific topics within ASU 2014-09. In May 2016, the FASB issued ASU 2016-12, “*Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients*”, to reduce the risk of diversity in practice for certain aspects in ASU 2014-09, including collectability, noncash consideration, presentation of sales tax and transition. These updates permit the use of either the retrospective or cumulative effect transition method. Early application is permitted as of the original effective date for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The adoption of this guidance did not have a material impact on our financial statements.

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In July 2017, The Financial Accounting Standards Board issued Accounting Standards Update 2017-11 “*Earnings per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815)*” (“ASU 2017-11”) This ASU addresses narrow issues identified as a result of the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. Part I of the amendment change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. The amendments also clarify existing disclosure requirements for equity-classified instruments. Part II of the update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. Part I of ASU 2017-11 is effective for public business entities for fiscal years, and interim period within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU-2017-11.

Accounting standards-setting organizations frequently issue new or revised accounting rules. We regularly review all new pronouncements to determine their impact, if any, on our financial statements.

NOTE 3: EARNINGS/(LOSS) PER SHARE

Basic income/(loss) per share was calculated using the weighted average number of shares outstanding of 150,832,451 for the year ended December 31, 2018 and 147,865,246 for the year ended December 31, 2017.

Antidilutive shares aggregating 13,390,677 for the year ended December 31, 2018 and 43,343,224 for the year ended December 31, 2017 have been omitted from the calculation of dilutive income/(loss) per share as the shares were antidilutive. The table below provides a reconciliation of anti-dilutive securities outstanding as of December 31, 2018 and December 31, 2017.

<u>Anti-dilutive security</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Employee stock options	725,000	4,225,000
Warrants	12,550,000	27,020,000
Convertible notes	-0-	11,980,000
Shares issuable for accrued interest	115,677	118,224
Total	13,390,677	43,343,224

The employee stock options are exercisable at prices ranging from \$0.17 to \$0.34 per share. The exercise price on the stock warrants range from \$0.25 to \$0.60 per share. Shares issuable upon conversion of Convertible Debentures have conversion prices ranging from \$0.25 to \$0.50 per share.

Provided below is the reconciliation between numerators and denominators of the basic and diluted income/(loss) per shares.

	<u>For the year ended</u>					
	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Income/(loss) numerator</u>	<u>Shares denominator</u>	<u>Per-share amount</u>	<u>Income/(loss) numerator</u>	<u>Shares denominator</u>	<u>Per-share amount</u>
Basic EPS	\$ 3,687,965	150,832,451	\$ 0.02	\$ 2,967,218	147,865,246	\$ 0.02
Effect of dilutive securities	(280,117)	13,786,417	(0.02)	4,766	312,738	-0-
Diluted EPS	\$ 3,407,848	164,618,868	\$ 0.02	\$ 2,971,984	148,177,984	\$ 0.02

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NOTE 4: PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

Description	December 31, 2018			December 31, 2017			Estimated useful life (years)
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value	
Computer & office equipment	\$ 3,067,069	\$ 2,202,166	\$ 864,903	\$ 2,322,833	\$ 1,949,982	\$ 372,851	5
Leasehold improvements	136,648	106,362	30,286	118,380	98,901	19,479	5
Computer software	2,426,339	1,991,842	434,497	2,010,999	1,886,342	124,657	3
Office furniture	169,120	138,491	30,629	162,799	127,248	35,551	5
Total	\$ 5,799,176	\$ 4,438,861	\$ 1,360,315	\$ 4,615,011	\$ 4,062,473	\$ 552,538	

Depreciation expense was \$398,654 for the year ended December 31, 2018 and \$336,102 for the year ended December 31, 2017.

NOTE 5: INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

Asset	December 31, 2018			December 31, 2017			Estimated useful life (years)
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value	
eClinical Suite customer lists	\$ 1,392,701	\$ 1,392,701	\$ -0-	\$ 1,392,701	\$ 1,392,701	\$ -0-	3
Promasys B.V. customer lists	113,220	113,220	-0-	118,780	32,994	85,786	15
Promasys B.V. software code	72,837	72,837	-0-	72,837	60,698	12,139	5
Promasys B.V. URLs/website	57,182	57,182	-0-	59,990	59,990	-0-	3
Acuity software code	1,052,403	321,568	730,835	-0-	-0-	-0-	3
Total	\$ 2,688,343	\$ 1,957,508	\$ 730,835	\$ 1,644,308	\$ 1,546,383	\$ 97,925	

During the second quarter of 2018 we recognized an impairment loss of \$79,634 on the Promasys B.V. customer list after performing a fair value analysis on the asset utilizing a discounted cash flow model. The impairment charge is separately presented on the Statement of Operations.

Amortization expense was \$337,704 for the year ended December 31, 2018 and \$22,048 for the year ended December 31, 2017.

Annual amortization expense for the Company's intangible assets is as follows:

Year	Amortization
2019	\$ 350,801
2020	350,801
2021	29,233
Total	\$ 730,835

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

Account	December 31, 2018	December 31, 2017
Accounts payable	\$ 895,145	\$ 1,303,073
Accrued payroll and related costs	851,530	925,890
Other accrued expenses	250,570	184,131
Accrued interest	72,913	172,951
Total accounts payable and accrued expenses	\$ 2,070,158	\$ 2,586,045

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NOTE 7: LINE OF CREDIT, NOTES PAYABLE AND LIQUIDITY

On March 18, 2013, the Company entered into a \$2,000,000 revolving Line of Credit with The Northern Trust Company ("Line of Credit") guaranteed by Cornelis F. Wit, our then Chief Executive Officer and Director ("Mr. Wit"). Mr. Wit receives 2.0% interest (approximately \$9,500 per month) on the assets pledged for the Line of Credit. On December 18, 2013 the Company renewed the Line of Credit and increased the available balance to \$4,000,000. On February 3, 2015 the Company renewed the Line of Credit and increased the available balance to \$5,000,000. On April 7, 2017 the Company renewed the Line of Credit. The Line of Credit matures on April 7, 2020 and carries a variable interest rate based on the prime rate. At December 31, 2018, \$2,900,000 was outstanding on the Line of Credit at an interest rate of 4.5%.

Our primary sources of working capital are funds from operations and borrowings under our Line of Credit. In the event that the Line of Credit is called for any reason, Mr. Wit has pledged to replace the borrowing capacity under the Line of Credit with a promissory note that utilizes the same maturity date and interest rate as the Line of Credit.

To satisfy our capital requirements, we may seek additional financing. There can be no assurance that any such funding will be available to us on favorable terms or at all. If adequate funds are not available when needed, we may be required to delay, scale back or eliminate some or all of our research and product development and marketing programs. If we are successful in obtaining additional financings, the terms of such financings may have the effect of diluting or adversely affecting the holdings or the rights of the holders of our common and preferred stock or result in increased interest expense in future periods.

At December 31, 2018, the Company owed \$557,500 in notes payable all of which are unsecured. The table below provides details as to the terms and conditions of the notes payable.

Origination date	Maturity date	Interest rate	Ending principal December 31, 2018	Non related party		Related party	
				Current	Long term	Current	Long term
6/30/2016	4/1/2020	10%	\$ 420,000	\$ -0-	\$ 420,000	\$ -0-	\$ -0-
6/30/2016	4/1/2020	12%	137,500	-0-	137,500	-0-	-0-
Discount on notes payable				-0-	(123,184)	-0-	-0-
Total			\$ 557,500	\$ -0-	\$ 434,316	\$ -0-	\$ -0-

At December 31, 2017, the Company owed \$1,102,500 in notes payable all of which are unsecured. The table below provides details as to the terms and conditions of the notes payable.

Origination date	Maturity date	Interest rate	Ending principal December 31, 2017	Non related party		Related party	
				Current	Long term	Current	Long term
2/29/2016	4/1/2019	12%	\$ 400,000	\$ -0-	\$ -0-	\$ -0-	\$ 400,000
6/30/2016	4/1/2020	10%	420,000	-0-	420,000	-0-	-0-
6/30/2016	4/1/2020	12%	282,500	-0-	282,500	-0-	-0-
Discount on notes payable				-0-	(279,402)	-0-	(117,365)
Total			\$ 1,102,500	\$ -0-	\$ 423,098	\$ -0-	\$ 282,635

On February 29, 2016, the Company issued a promissory note in the principal amount of \$450,000 and warrants to purchase 1,800,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2019 to our then Chief Executive Officer and Director, Cornelis F. Wit ("Mr. Wit"), in exchange for accrued interest in the amount of \$450,000. The note carries an interest rate of 12% per annum and has a maturity date of April 1, 2019. On December 5, 2016 Mr. Wit sold 1,000,000 of the warrants to an employee of the Company. On December 27, 2018, the Company and Mr. Wit cancelled the remaining outstanding \$400,000 in principal in exchange for the exercise price of \$400,000 for 1,600,000 warrants of the 2,000,000 warrants with an exercise price of \$0.25 per share that he exercised on that date.

This issuance caused us to calculate and record a derivative liability for the warrant liability. The warrants were valued using the Black Scholes option pricing model. A value of \$325,689 was calculated and allocated to the warrants and recorded as a liability to the issuance of the note payable. As a result of the liability we recorded a discount to the note payable. The carrying amount of the note at the time of issuance was therefore \$124,311. The warrant liability (discount) will be amortized over the 37 month duration of the note payable. The Company will continue to perform a fair value calculation quarterly on the warrant liability and accordingly the warrant liability is increased or decreased based on the fair value calculation. The resulting increase or decrease is reflected in the statement of operations as an unrealized gain or loss on changes in derivative liabilities.

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On June 30, 2016, the Company issued promissory notes in the principal amount of \$372,500 and warrants to purchase 1,490,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2020 to two investors, in exchange for existing promissory notes in the same amount. The notes carry an interest rate of 12% per annum and have a maturity date of April 1, 2020. On August 31, 2017 a promissory note for \$90,000 was repaid in full. On December 31, 2018, the Company repaid \$145,000 to one of the lenders.

This issuance caused us to calculate and record a derivative liability for the warrant liability. The warrants were valued using the Black Scholes option pricing model. A value of \$246,921 was calculated and allocated to the warrants and recorded as a liability to the issuance of the notes payable. As a result of the liability we recorded a discount to the notes payable. The carrying amount of the notes at the time of issuance was therefore \$125,579. The warrant liability (discount) will be amortized over the 45 month duration of the notes payable. The Company will continue to perform a fair value calculation quarterly on the warrant liability and accordingly the warrant liability is increased or decreased based on the fair value calculation. The resulting increase or decrease is reflected in the statement of operations as an unrealized gain or loss on changes in derivative liabilities.

On June 30, 2016, the Company issued promissory notes in the principal amount of \$420,000 and warrants to purchase 1,680,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2020 to two investors, in exchange for existing promissory notes in the same amount. The notes carry an interest rate of 10% per annum and have a maturity date of April 1, 2020.

This issuance caused us to calculate and record a derivative liability for the warrant liability. The warrants were valued using the Black Scholes option pricing model. A value of \$278,408 was calculated and allocated to the warrants and recorded as a liability to the issuance of the notes payable. As a result of the liability we recorded a discount to the notes payable. The carrying amount of the notes at the time of issuance was therefore \$141,592. The warrant liability (discount) will be amortized over the 45 month duration of the notes payable. The Company will continue to perform a fair value calculation quarterly on the warrant liability and accordingly the warrant liability is increased or decreased based on the fair value calculation. The resulting increase or decrease is reflected in the statement of operations as an unrealized gain or loss on changes in derivative liabilities.

NOTE 8: CONVERTIBLE NOTES PAYABLE

The following table summarizes the convertible debt outstanding as of December 31, 2018.

Date of issuance	Maturity date	Interest rate	Principal at December 31, 2018	Carrying amount					
				Short term		Long term		Related	Non related
				Related	Non related	Related	Non related		
8/29/2008	4/1/2020	10%	\$ 1,770,000	\$ -0-	\$ -0-	\$ 1,770,000	\$ -0-		
12/16/2008	4/1/2020	12%	4,000,000	-0-	-0-	4,000,000	-0-		
12/16/2008	4/1/2021	12%	200,000	-0-	-0-	-0-	200,000		
Total			\$ 5,970,000	\$ -0-	\$ 0	\$ 5,770,000	\$ 200,000		

The following table summarizes the convertible debt outstanding as of December 31, 2017.

Date of issuance	Maturity date	Interest rate	Principal at December 31, 2017	Carrying amount					
				Short term		Long term		Related	Non related
				Related	Non related	Related	Non related		
8/1/1999	6/30/2004	10%	\$ 50,000	\$ -0-	\$ 50,000	\$ -0-	\$ -0-		
8/29/2008	4/1/2019	10%	150,000	-0-	-0-	-0-	150,000		
8/29/2008	4/1/2020	10%	1,770,000	-0-	-0-	1,770,000	-0-		
12/16/2008	4/1/2020	12%	4,000,000	-0-	-0-	4,000,000	-0-		
12/16/2008	4/1/2021	12%	200,000	-0-	-0-	-0-	200,000		
Total			\$ 6,170,000	\$ -0-	\$ 50,000	\$ 5,770,000	\$ 350,000		

10% Convertible Notes

During 1999 the Company issued 10% Convertible Notes payable in the amount of \$862,500 pursuant to a Confidential Private Placement Memorandum. There were costs of \$119,625 associated with this offering. The net proceeds to the Company were \$742,875. The notes bear interest at 10% annually, payable semi-annually. The notes were convertible after maturity, which was June 30, 2004, into shares of common stock of the Company at \$1.25 per share. On September 30, 2018, the final \$50,000 note was repaid in full along with the accrued interest of \$96,949. As of December 31, 2018, \$862,500 of the Convertible Notes had been repaid in cash or converted into 1,495,179 shares of common stock of the Company leaving an outstanding principal balance of \$-0-.

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Secured Convertible Debentures

On September 30, 2009 the Company sold an aggregate of \$1,400,000 principal amount 12% Secured Convertible Debentures (the “Debentures”) and common stock purchase warrants (the “Warrants”) to purchase an aggregate of 5,600,000 shares of our common stock exercisable at a price of \$0.25 per share for four years subsequent to the closing of the transaction to four accredited investors including our then Chief Executive Officer and Director, Cornelis F. Wit (“Mr. Wit”). The Company received net proceeds of \$1,400,000. The Debentures, which bear interest at 12% per annum, matured on March 30, 2011. The Debentures are convertible at any time at the option of the holder into shares of our common stock based upon a conversion rate of \$0.25 per share.

On March 30, 2011 the Company repaid \$200,000 of the outstanding principal amounts owed and extended \$1,200,000 of the Debentures until April 1, 2013, including \$1,100,000 held by Mr. Wit. The Company also extended the expiration date of the warrants associated with the Debentures.

On February 22, 2013 the Company and two holders extended \$1,200,000 of the Debentures until January 1, 2016, including \$1,100,000 of the Debentures held by Mr. Wit. The expiration date of the warrants associated with the Debentures was also extended to January 1, 2016.

On January 31, 2015 the Company and Mr. Wit extended the maturity date of \$1,100,000 of the Debentures to April 1, 2017. The expiration date of the warrants associated with the Debentures was also extended to April 1, 2017. On November 19, 2015 Mr. Wit converted \$475,000 of the Debentures into 1,900,000 shares of our common stock. On November 19, 2015 the Company and Mr. Wit agreed to cancel the 1,900,000 warrants related to the \$475,000 of Debentures and \$475,000 of unrelated promissory notes in exchange for 1,900,000 shares of our common stock. On November 23, 2015 Mr. Wit sold the remaining \$625,000 of Debentures and the related warrants to two unrelated non-affiliate stockholders.

On April 1, 2015 the Company and the holder extended the maturity date of \$100,000 of convertible debentures to April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018. On June 30, 2017 the Company repaid the \$100,000 of Debentures in full.

On June 30, 2016 the Company and two holders extended the maturity date of \$625,000 of convertible debentures to April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020. In August 2017 the Company repaid the \$625,000 of Debentures in full.

Convertible Debentures

August 2008

On August 29, 2008 the Company sold \$2,270,000 of convertible debentures and warrants to purchase an aggregate of 4,540,000 shares of our common stock to four accredited investors including our then Chief Executive Officer and Director, Cornelis F. Wit and one of our then Directors. The convertible debentures, which bear interest at 10% per annum, were due on August 29, 2010. The convertible debentures are convertible at any time at the option of the holder into shares of our common stock based upon a conversion rate of \$0.50 per share.

On September 30, 2009 the Company and two Affiliates of the Company extended the maturity date of \$1,920,000 of the convertible debentures until August 29, 2013 in accordance with the terms of a Secured Convertible Debenture issued on that date.

On February 22, 2013 the Company and Mr. Wit extended the maturity date of \$1,770,000 of the convertible debentures to January 1, 2016. The expiration date of the warrants associated with the debentures was also extended to January 1, 2016.

On February 22, 2013 the Company and our then Director, Guus van Kesteren (“Mr. van Kesteren”) extended the maturity date of \$150,000 of the convertible debentures to January 1, 2015. The expiration date of the warrants associated with the debentures was also extended to January 1, 2015.

On April 21, 2014 the Company and Mr. van Kesteren extended the maturity date of \$150,000 of the convertible debentures to April 1, 2016. The expiration date of the warrants associated with the debentures was also extended to April 1, 2016. On July 31, 2014 Mr. van Kesteren’s term on the Board of Directors ended. Effective on the same date, his convertible note in the amount of \$150,000 was reclassified from Related Party to Non-Related Party.

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On January 31, 2015 the Company and Mr. Wit extended the maturity date of \$1,770,000 of the convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017.

On June 30, 2015 the Company and Mr. van Kesteren extended the maturity date of \$150,000 of the convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017.

On June 30, 2016 the Company and Mr. Wit extended the maturity date of \$1,770,000 of the convertible debentures to April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020.

On June 30, 2016 the Company and Mr. van Kesteren extended the maturity date of \$150,000 of the convertible debentures to April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018.

On June 30, 2017 the Company and Mr. van Kesteren extended the maturity date of \$150,000 of the convertible debentures to April 1, 2019. The expiration date of the warrants associated with the debentures was also extended to April 1, 2019.

On June 30, 2018, the Company repaid the \$150,000 in principal to Mr. van Kesteren.

December 2008

On December 16, 2008 the Company sold \$5,075,000 of convertible debentures and warrants to purchase an aggregate of 10,150,000 shares of our common stock to eleven accredited investors including our then Chief Executive Officer and Director, Cornelis F. Wit ("Mr. Wit"), our then Chief Operating Officer and President, Stephen E. Johnson ("Mr. Johnson"), our then Chairman and Chief Technology Officer, Randall G. Smith ("Mr. Smith"), our then Chief Financial Officer, Ronald T. Linares, and four of our then Directors. The convertible debentures, which bear interest at 12% per annum, were due on December 16, 2010. The convertible debentures are convertible at any time at the option of the holder into shares of our common stock based upon a conversion rate of \$0.50 per share.

On September 30, 2009 the Company and eight Affiliates of the Company extended the maturity date of \$4,980,000 of the Convertible Notes until December 16, 2013 in accordance with the terms of a Secured Convertible Debenture issued on that date.

On February 22, 2013 the Company and the holders extended the maturity date of \$4,505,000 of the convertible debentures including \$4,475,000 due to Mr. Wit, \$25,000 due to Mr. Johnson, and \$5,000 due to Mr. Smith, to January 1, 2016. The expiration date of the warrants associated with the debentures was also extended to January 1, 2016. On May 1, 2015 the \$5,000 of convertible debentures to Mr. Smith were repaid in full.

On February 27, 2013 the Company and our former director Mr. Veatch ("Mr. Veatch") extended the maturity date of \$15,000 of the convertible debentures to January 1, 2016. The expiration date of the warrants associated with the debentures was also extended to January 1, 2016.

On March 6, 2013 the Company and the holder extended the maturity date of \$200,000 of the convertible debentures to January 1, 2014. The expiration date of the warrants associated with the debentures was also extended to January 1, 2014.

On March 12, 2013 the Company and the holder extended the maturity date of \$100,000 of the convertible debentures to January 1, 2015. The expiration date of the warrants associated with the debentures was also extended to January 1, 2015.

In December 2013 the Company and two holders extended the maturity date of \$360,000 of the convertible debentures, including \$160,000 due to our then Director, Guus van Kesteren ("Mr. van Kesteren"), to January 1, 2016. The expiration date of the warrants associated with the debentures was also extended to January 1, 2016. On July 31, 2014 Mr. van Kesteren's term on the Board of Directors ended. Effective on the same date, his convertible note in the amount of \$160,000 was reclassified from Related Party to Non-Related Party.

On April 28, 2014 the Company and the holder extended the maturity date of \$100,000 of the convertible debentures to April 1, 2016. The expiration date of the warrants associated with the debentures was also extended to April 1, 2016.

On January 31, 2015 the Company and Mr. Wit extended the maturity date of \$4,475,000 of the convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017. On November 19, 2015 the Company and Mr. Wit agreed to cancel \$420,000 of the debentures and 1,680,000 of unrelated warrants in exchange for 1,680,000 shares of our common stock.

On April 27, 2015 the Company and the holder extended the maturity date of \$200,000 of the convertible debentures to April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018.

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On April 30, 2015 the Company and Mr. Johnson extended the maturity date of \$25,000 of the convertible debentures to April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018. The \$25,000 of convertible debentures were repaid in full on December 14, 2016.

On May 1, 2015 the Company and Mr. van Kesteren extended the maturity date of \$160,000 of the convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017.

On May 7, 2015 the Company and Mr. Veatch extended the maturity date of \$15,000 of the convertible debentures to April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018. The \$15,000 of convertible debentures were repaid in full on December 14, 2016.

On June 30, 2015 the Company and the holder extended the maturity date of \$100,000 of the convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017.

On June 30, 2016 the Company and Mr. Wit extended the maturity date of \$4,055,000 of the convertible debentures to April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020. On August 31, 2017 the Company repaid \$55,000 of the convertible debentures to Mr. Wit.

On June 30, 2016 the Company and Mr. van Kesteren extended the maturity date of \$160,000 of the convertible debentures to April 1, 2018. The expiration date of the warrants associated with the debentures was also extended to April 1, 2018. The \$160,000 of the convertible debentures were repaid in full on December 14, 2016.

On June 30, 2016 the Company and the holder extended the maturity date of \$100,000 of the convertible debentures to April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020. The \$100,000 of the convertible debentures were repaid in full on August 31, 2017.

On June 30, 2017 the Company and the holder extended the maturity date of \$200,000 of the convertible debentures to April 1, 2021. The expiration date of the warrants associated with the debentures was also extended to April 1, 2021.

The payments required at maturity under the Company's outstanding convertible debt at December 31, 2018 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ -0-
2020	5,770,000
2021	200,000
Total	<u>\$ 5,970,000</u>

NOTE 9: FAIR VALUE MEASUREMENT

The Company measures the fair value of its assets and liabilities under the guidance of *ASC 820, Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but its provisions apply to all other accounting pronouncements that require or permit fair value measurement.

ASC 820 clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. ASC 820 requires the Company to use valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly such as quoted prices for similar assets or liabilities or market-corroborated inputs; and
- Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

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The valuation techniques that may be used to measure fair value are as follows:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models and excess earnings method
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost)

The Company also adopted the provisions of ASC 825, *Financial Instruments*. ASC 825 allows companies to choose to measure eligible assets and liabilities at fair value with changes in value recognized in earnings. Fair value treatment may be elected either upon initial recognition of an eligible asset or liability or, for an existing asset or liability, if an event triggers a new basis of accounting. The Company did not elect to re-measure any of its existing financial assets or liabilities under the provisions of this Statement and did not elect the fair value option for any financial assets and liabilities transacted in the years ended December 31, 2018 and December 31, 2017.

The Company's financial assets or liabilities subject to ASC 820 as of December 31, 2018 include the conversion feature and warrant liability associated with convertible debentures issued during fiscal 2008 and 2009, the warrants issued during 2011 and 2016 that are associated with notes payable and the value of Intellectual Property and a customer list associated with the acquisition of Promasys B. V. during 2013. The conversion feature and warrants were deemed to be derivatives (the "Derivative Instruments") since a fixed conversion price cannot be determined for either of the Derivative Instruments due to anti-dilution provisions embedded in the offering documents for the convertible debentures. The derivative instruments were not issued for risk management purposes and as such are not designated as hedging instruments under the provisions of ASC 815 *Disclosures about Derivative Instruments and Hedging Activities*. See Note 8 – Convertible Notes Payable.

Following is a description of the valuation methodologies used to determine the fair value of the Company's financial assets including the general classification of such instruments pursuant to the valuation hierarchy.

A summary as of December 31, 2018 of the fair value of liabilities measured at fair value on a recurring basis follows:

Derivatives: (1) (2)	Fair value at December 31, 2018	Quoted prices in active markets for identical assets/ liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Conversion feature liability	\$ 706,339	\$ -0-	\$ -0-	\$ 706,339
Warrant liability	1,288,899	-0-	-0-	1,288,899
Total of derivative liabilities	\$ 1,995,238	\$ -0-	\$ -0-	\$ 1,995,238

(1) The fair value of the derivative instruments was estimated using the Income Approach and the Black Scholes option pricing model with the following assumptions for the year ended December 31, 2018.

(2) The fair value at the measurement date is equal to the carrying value on the balance sheet.

Significant valuation assumptions for derivative instruments at December 31, 2018

Risk free interest rate	2.70% to 2.70%
Dividend yield	0.00%
Expected volatility	92.2% to 97.0%
Expected life (range in years)	
Conversion feature liability	1.25 to 2.25
Warrant liability	0.00 to 2.25

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A summary as of December 31, 2018 of the fair value of assets measured at fair value on a nonrecurring basis follows:

Acquired assets (1)	Carrying amount December 31, 2017	Carrying amount December 31, 2018	Quoted prices in active markets for identical assets/ liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Promasys B.V. customer list (2) (3)	\$ 85,786	\$ -0-	\$ -0-	\$ -0-	\$ 136,253
Promasys B.V. software code (2)	12,139	-0-	-0-	-0-	72,943
Acuity software code (4)	-0-	730,835	-0-	-0-	1,052,403
Total	\$ 97,925	\$ 730,835	\$ -0-	\$ -0-	\$ 1,261,599

(1) The fair value of the acquired assets was estimated using the Income Approach with a discounted cash flow valuation methodology applied.

(2) The acquired Promasys B.V. software code and customer list are not measured on a recurring basis since their initial fair value has been deemed to have a finite life and is being amortized periodically. Instead, the Company performs an impairment analysis on a quarterly basis in order to determine whether the carrying value of the assets reflects the fair value of the assets in a market based transaction.

(3) During the second quarter of 2018 we recognized an impairment loss of \$79,634 on the Promasys B.V. Customer List after performing a fair value analysis on the asset utilizing a discounted cash flow model. The impairment charge is separately presented on the Statement of Operations.

(4) The acquired Acuity software code is not measured on a recurring basis since the initial fair value has been deemed to have a finite life and is being amortized periodically. Instead, the Company performs an impairment analysis on a quarterly basis in order to determine whether the carrying value of the assets reflects the fair value of the assets in a market based transaction.

A summary as of December 31, 2017 of the fair value of liabilities measured at fair value on a recurring basis follows:

Derivatives: (1) (2)	Fair value at December 31, 2017	Quoted prices in active markets for identical assets/ liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Conversion feature liability	\$ 1,685,947	\$ -0-	\$ -0-	\$ 1,685,947
Warrant liability	3,440,799	-0-	-0-	3,440,799
Total of derivative liabilities	\$ 5,126,746	\$ -0-	\$ -0-	\$ 5,126,746

(1) The fair value of the derivative instruments was estimated using the Income Approach and the Black Scholes option pricing model with the following assumptions for the year ended December 31, 2017.

(2) The fair value at the measurement date is equal to the carrying value on the balance sheet.

Significant valuation assumptions for derivative instruments at December 31, 2017

Risk free interest rate	1.56% to 1.81%
Dividend yield	0.00%
Expected volatility	87.0% to 118.4%
Expected life (range in years)	
Conversion feature liability	1.25 to 3.25
Warrant liability	0.25 to 3.25

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A summary as of December 31, 2017 of the fair value of assets measured at fair value on a nonrecurring basis follows:

Acquired assets (1)	Carrying amount December 30, 2016	Carrying amount December 31, 2017	Quoted prices in active markets for identical assets/ liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Promasys B.V. customer list (2)	\$ 82,173	\$ 85,786	\$ -0-	\$ -0-	\$ 136,253
Promasys B.V. software code (2)	26,707	12,139	-0-	-0-	72,943
Total	\$ 108,880	\$ 97,925	\$ -0-	\$ -0-	\$ 209,196

(1) The fair value of the acquired assets was estimated using the Income Approach with a discounted cash flow valuation methodology applied.

(2) The acquired Promasys B.V. software code and customer list are not measured on a recurring basis since their initial fair value has been deemed to have a finite life and is being amortized periodically. Instead, the Company performs an impairment analysis on a quarterly basis in order to determine whether the carrying value of the assets reflects the fair value of the assets in a market based transaction.

Other identifiable intangible assets, which are subject to amortization, are being amortized using the straight-line method over their estimated useful lives ranging from 3 to 15 years. The Impairment or Disposal of Long-Lived Asset subsection of the Property, Plant and Equipment Topic of the FASB ASC, requires us to test the recoverability of long-lived assets, including identifiable intangible assets with definite lives, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In testing for potential impairment, if the carrying value of the asset group exceeds the expected undiscounted cash flows, we must then determine the amount by which the fair value of those assets exceeds the carrying value and determine the amount of impairment, if any.

	Other income/(expense) For the year ended	
	December 31, 2018	December 31, 2017
The net amount of gains/(losses) for the period included in earnings attributable to the unrealized and realized gains/(losses) from changes in derivative liabilities at the reporting date	\$ 3,111,760	\$ 795,779
Total unrealized and realized gains/(losses) included in earnings	\$ 3,111,760	\$ 795,779

The tables below set forth a summary of changes in fair value of the Company's Level 3 financial liabilities at fair value for the years ended December 31, 2018 and December 31, 2017. The tables reflect gains and losses for all financial liabilities at fair value categorized as Level 3 as of December 31, 2018 and December 31, 2017.

Level 3 financial liabilities at fair value						
Derivatives:	Balance, beginning of year	Net realized gains/(losses)	Net unrealized gains/(losses)	Net purchases, issuances and settlements	Reclassification of conversion feature liability associated with convertible debt	Balance, end of year
Conversion feature liability	\$ (1,685,947)	\$ -0-	\$ 969,108	\$ -0-	\$ 10,500	\$ (706,339)
Warrant liability	(3,440,799)	-0-	2,142,652	9,248	-0-	(1,288,899)
Total of derivative liabilities	\$ (5,126,746)	\$ -0-	\$ 3,111,760	\$ 9,248	\$ 10,500	\$ (1,995,238)

Level 3 financial liabilities at fair value						
Derivatives:	Balance, beginning of year	Net realized gains/(losses)	Net unrealized gains/(losses)	Net purchases, issuances and settlements	Reclassification of conversion feature liability associated with convertible debt	Balance, end of year
Conversion feature liability	\$ (2,325,730)	\$ 48,375	\$ 188,841	\$ -0-	\$ 402,567	\$ (1,685,947)
Warrant liability	(3,999,362)	-0-	558,563	-0-	-0-	(3,440,799)
Total of derivative liabilities	\$ (6,325,092)	\$ 48,375	\$ 747,404	\$ -0-	\$ 402,567	\$ (5,126,746)

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NOTE 10: COMMITMENTS AND CONTINGENCIES

The Company currently leases office space under operating leases for its office locations and has several operating leases related to server and network co-location and disaster recovery for its operations. The minimum future lease payments required under the Company's operating leases at December 31, 2018 are as follows:

Year	Payments
2019	\$ 655,901
2020	414,973
2021	340,029
2022	340,270
Thereafter	76,243
Total	<u>\$ 1,827,416</u>

In addition to annual base rental payments, the Company pays for the operating expenses associated with its leased office space and is responsible for any escalation in operating expenses as determined in the leases. Rent expense was \$1,254,087 for the year ended December 31, 2018 and \$1,125,147 for the year ended December 31, 2017.

The Company's corporate office lease expires in February 2023. The Company's lease on its New Jersey field office expires in March 2021. The Company currently operates its wholly-owned subsidiary, OmniComm Ltd., in the United Kingdom under the terms of a lease that expires in September 2020. The Company currently operates its wholly-owned subsidiary, OmniComm Europe, GmbH, in Germany under the terms of a lease that expires in July 2019. The Company currently operates its wholly-owned subsidiary, OmniComm Systems B.V., in the Netherlands under the terms of a lease that expires in October 2019. The Company currently operates its wholly-owned subsidiary, OmniComm eClinical Solutions Private Ltd. in India under the terms of a lease that expires in May 2023.

The Company currently leases computer hardware for its operations under leases classified as capital leases. The leased equipment is amortized on a straight line basis over five years. The minimum future lease payments required under the Company's capital leases at December 31, 2018 are as follows:

Year	Payments
2019	\$ 131,067
2020	131,067
2021	52,398
Total minimum capital lease payments	314,532
Less: Amount representing interest	(23,682)
Present value of minimum capital lease payments	<u>\$ 290,850</u>

LEGAL PROCEEDINGS

From time to time the Company may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

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PATENT LITIGATION SETTLEMENT

Effective April 2, 2009, we entered into a Settlement and Licensing Agreement with DataSci, LLC (“DataSci”) which relates to a lawsuit filed on June 18, 2008 in the United States District Court for the District of Maryland by DataSci against OmniComm alleging infringement of U.S. Patent No. 6,496,827 B2 entitled “Methods and Apparatus for the Centralized Collection and Validation of Geographically Distributed Clinical Study Data with Verification of Input Data to the Distributed System” (“Licensed Patent”) owned by DataSci. Pursuant to the Settlement and Licensing Agreement, the parties entered into a Stipulated Order of Dismissal of the lawsuit filed by DataSci and DataSci (i) granted us a worldwide, non-exclusive non-transferable right and license under the Licensed Patent the subject of the claim for the Licensed Products and the right to sublicense TrialMaster on a Technology Transfer and Technology Transition basis, and (ii) released us from any and all claims of infringement of the Licensed Patent which may have occurred prior to the effective date of the Settlement and Licensing Agreement. Licensed Products is defined as all products and services of OmniComm and of its subsidiaries in the field of electronic data capture, whether sold by OmniComm directly or through its affiliates, parents, subsidiaries, partners, vendors, agents and/or representatives, including TrialMaster, products and services or other products and services that perform the substantially equivalent function of TrialMaster, and any other products and services that OmniComm may develop in the future in the field of electronic data capture. The license expressly excludes the right to make, use, sell, import, market, distribute, oversee the operation of, or service systems covered by a claim (if any) of the Licensed Patent to the extent such systems are used for creating and managing source documentation and conducting remote data validation in clinical trial studies using a tablet PC with stylus, touch screen device, digitizing tablet, digitizer pen or similar mobile processing device (“Digitizing Device”), wherein the source documentation is electronic and is completed using a Digitizing Device. Under the terms of the license, we were obligated to pay royalties quarterly for sales of Licensed Products from January 1, 2008 until December 31, 2017 in the amount of the greater of two percent (2%) of our annual gross revenues from Licensed Products or, alternatively, the annual minimum royalty payment(s). The Settlement and Licensing Agreement and the amendment thereto (described below) could be terminated on thirty (30) days’ notice by the licensor if we were in default on our obligations thereunder and failed to cure such default within the thirty (30) day period after notice is provided. In addition to the payment of royalties, the Settlement and Licensing Agreement imposed certain obligations on us including commercialization, certain sublicensing, other payments, insurance, and confidentiality. In addition and as a license fee for past use of the Licensed Patent which may have occurred prior to the effective date of the Settlement and Licensing Agreement, we issued a warrant to DataSci to purchase 1,000,000 shares of our common stock at an exercise price of \$.01 per share. The Settlement and Licensing Agreement provides that upon the expiration date of the warrant, at DataSci’s sole discretion, DataSci shall exercise its option under the warrant or licensee shall pay DataSci \$300,000. The warrant was exercisable commencing on the second anniversary of the Settlement and Licensing Agreement, April 2, 2011, through the expiration date of the warrant on December 31, 2017. On December 31, 2017 DataSci exercised 50% of the warrant for 500,000 common shares and requested cash payment on 50% of the warrant. As a result of the exercise, DataSci received 500,000 restricted common shares and a net cash payment of \$145,000. Effective December 31, 2017 we had no future liability or expense under the Settlement and Licensing Agreement.

On June 23, 2009, we entered into an agreement to acquire the EDC assets of eResearch Technology. Concurrent with the consummation of that transaction we entered into the First Amendment to Settlement and Licensing Agreement with DataSci, (i) to include the eResearch Technology EDC assets acquired within the definition of Licensed Products, and as such subject to the royalty payment(s), under and in accordance with the Settlement and Licensing Agreement, and (ii) provide a release by DataSci of any and all claims of infringement of the Licensed Patent in connection with the eResearch Technology EDC assets acquired which may have occurred prior to the effective date of the First Amendment to Settlement and Licensing Agreement for an aggregate amount of \$300,000.

The Company recorded a credit to earnings of \$-0- during the year ended December 31, 2018 and a credit to earnings of \$108,702 during the year ended December 31, 2017, which amounts represent (1) the amount of additional license expense incurred above the stipulated minimum in the DataSci License Agreement during the years ended December 31, 2018 and December 31, 2017 and (2) the accretion of the difference between the total stipulated annual minimum royalty payments and the recorded present value accrual of the annual minimum royalty payments.

EMPLOYMENT AGREEMENTS

The Company has employment agreements in place with the following members of our executive management team:

Cornelis F. Wit, Executive Chairman

Randall G. Smith, Executive Vice Chairman

Stephen E. Johnson, Chief Executive Officer and President

Thomas E. Vickers, Chief Financial Officer

The employment agreements provide, among other things, for participation in employee benefits available to employees and executives. Each of the agreements will renew for successive one-year terms unless the agreement is expressly cancelled by either the employee or the Company ninety days prior to the end of the term. Under the terms of the agreement, the Company may terminate the employee’s employment upon 30 days notice of a material breach and the employee may terminate the agreement under the same terms and conditions. The employment agreements provide for non-disclosure provisions and severance benefits for 12 months, including upon a change in control, as well as non-compete clauses.

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NOTE 11: RELATED PARTY TRANSACTIONS

As of December 31, 2018, the Company has an aggregate of \$5,770,000 of convertible debentures to our Executive Chairman and Chairman of the Board, Cornelis F. Wit ("Mr. Wit"), and have issued certain warrants to Mr. Wit, as follows:

- In June 2008, Mr. Wit invested \$510,000 in convertible notes. On August 29, 2008, Mr. Wit converted the \$510,000 and invested an additional \$1,260,000 in a private placement of convertible debentures and warrants to purchase 3,540,000 shares of our common stock. The convertible debentures, which bear interest at 10% per annum, were due on August 29, 2010. The convertible debentures are convertible at any time at the option of the holder into shares of our common stock based upon a conversion rate of \$0.50 per share. On September 30, 2009, the Company and Mr. Wit extended the \$1,770,000 of convertible debentures until August 29, 2013 in accordance with the terms of a Secured Convertible Debenture issued on that date. On February 22, 2013, the Company and Mr. Wit extended the maturity date of the \$1,770,000 of convertible debentures to January 1, 2016. The expiration date of the warrants associated with the debentures was also extended to January 1, 2016. On January 31, 2015 the Company and Mr. Wit extended the maturity date of the \$1,770,000 of convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017. On June 30, 2016 the Company and Mr. Wit extended the maturity date of the \$1,770,000 of convertible debentures to April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020.
- In February 2008, Mr. Wit invested \$150,000 in promissory notes and from September 2008 to December 2008, Mr. Wit invested \$4,200,000 in convertible notes. On December 16, 2008, Mr. Wit converted the \$4,350,000 into a private placement of convertible debentures and warrants to purchase 8,700,000 shares of our common stock. The convertible debentures, which bear interest at 12% per annum, were due on December 16, 2010. The convertible debentures are convertible at any time at the option of the holder into shares of our common stock based upon a conversion rate of \$0.50 per share. On September 30, 2009, the Company and Mr. Wit extended the \$4,350,000 of convertible debentures until December 16, 2013 in accordance with the terms of a Secured Convertible Debenture issued on that date. In a private transaction on October 16, 2012, Mr. Wit purchased \$125,000 of the December 2008 convertible debentures and the related 250,000 warrants from Mr. Ronald Linares, the Company's former Chief Financial Officer. On February 22, 2013, the Company and Mr. Wit extended the maturity date of the \$4,475,000 of convertible debentures to January 1, 2016. The expiration date of the warrants associated with the debentures was also extended to January 1, 2016. On January 31, 2015 the Company and Mr. Wit extended the maturity date of the \$4,475,000 of convertible debentures to April 1, 2017. The expiration date of the warrants associated with the debentures was also extended to April 1, 2017. On November 19, 2015 the Company and Mr. Wit agreed to cancel \$420,000 of the debentures and 1,680,000 of unrelated warrants in exchange for 1,680,000 shares of our common stock. On June 30, 2016 the Company and Mr. Wit extended the maturity date of the \$4,055,000 of convertible debentures to April 1, 2020. The expiration date of the warrants associated with the debentures was also extended to April 1, 2020. On August 31, 2017, the Company repaid \$55,000 to Mr. Wit.
- On February 29, 2016, the Company issued a promissory note in the principal amount of \$450,000 and warrants to purchase 1,800,000 shares of common stock of the Company at an exercise price of \$0.25 per share with an expiration date of April 1, 2019 to Mr. Wit in exchange for accrued interest in the amount of \$450,000. The note carries an interest rate of 12% per annum and has a maturity date of April 1, 2019. On August 31, 2017, the Company repaid \$50,000 to Mr. Wit. On December 27, 2018, the Company and Mr. Wit cancelled the remaining outstanding \$400,000 in principal in exchange for the exercise price of \$400,000 for 1,600,000 warrants of the 2,000,000 warrants with an exercise price of \$0.25 per share that he exercised on that date.

On March 18, 2013, the Company entered into a \$2,000,000 revolving Line of Credit with The Northern Trust Company guaranteed by Mr. Wit. On December 18, 2013 the Company renewed the Line of Credit and increased the available balance to \$4,000,000. On February 3, 2015 the Company renewed the Line of Credit and increased the available balance to \$5,000,000. On April 7, 2017 the Company renewed the Line of Credit. Mr. Wit receives 2.0% interest (approximately \$9,500 per month) on the assets pledged for the Line for Credit. The Line of Credit matures on April 7, 2020 and carries a variable interest rate based on the prime rate. At December 31, 2018, \$2,900,000 was outstanding on the Line of Credit at an interest rate of 4.5%.

The Company incurred interest expense payable to related parties of \$935,839 for the year ended December 31, 2018 and \$947,688 for the year ended December 31, 2017.

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NOTE 12: STOCKHOLDERS' (DEFICIT)

Our authorized capital stock consists of 500,000,000 shares of common stock, \$.001 par value per share, and 10,000,000 shares of preferred stock, par value \$.001 per share, of which 5,000,000 shares have been designated as 5% Series A Preferred, 230,000 shares have been designated as Series B Preferred Stock, 747,500 shares have been designated as Series C Preferred Stock and 250,000 shares have been designated as Series D Preferred Stock.

As of December 31, 2018 we had the following outstanding securities:

- 155,368,647 shares of common stock issued and outstanding;
- 22,020,000 warrants issued and outstanding to purchase shares of our common stock;
- 2,570,000 options issued and outstanding to purchase shares of our common stock;
- 250,000 Series D Preferred Stock issued and outstanding; and
- \$5,970,000 principal amount Convertible Debentures convertible into 11,940,000 shares of common stock.

Common Stock

Holders of common stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of our voting securities do not have cumulative voting rights. Holders of common stock are entitled to share in all dividends that the Board of Directors, in its discretion, declares from legally available funds. In the event of our liquidation, dissolution or winding up each outstanding share of common stock entitles its holder to participate in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock.

Holders of common stock have no conversion, preemptive or other subscription rights, and there are no redemption provisions for the common stock. The rights of the holders of common stock are subject to any rights that may be fixed for holders of preferred stock, when and if any preferred stock is outstanding. All outstanding shares of common stock are duly authorized, validly issued, fully paid and non-assessable.

On March 24, 2017 16,668 restricted shares were forfeited when an employee resigned prior to the lapsing of the restrictions.

On June 26, 2017 an employee exercised stock options granted to the employee. As a result of the exercise, 22,556 common shares were issued to the individual.

On August 2, 2017 Thomas E. Vickers, our Chief Financial Officer, exercised stock options granted to him in 2012. As a result of the exercise, 100,000 common shares were issued to him.

On September 29, 2017 an employee exercised stock options granted to the employee. As a result of the exercise, 50,000 common shares were issued to the individual.

On September 29, 2017 Kuno van der Post, our Chief Commercial Officer, exercised stock options granted to him in 2012. As a result of the exercise, 100,000 common shares were issued to him.

On December 31, 2017 DataSci exercised 50% of their warrant and as a result 500,000 restricted common shares were issued to DataSci.

On January 30, 2018, the Company issued 1,666,667 shares of Common stock to Algorithm, Inc pursuant to the Purchase Agreement dated January 30, 2018 for the purchase of the Acuity software.

On May 16, 2018 a former employee exercised stock options granted to the employee. As a result of the exercise, 100,000 common shares were issued to the individual.

On June 15, 2018 Kuno van der Post, our Chief Commercial Officer, exercised stock options granted to him. As a result of the exercise, 100,000 common shares were issued to the individual.

On September 6, 2018 the Company issued 225,000 restricted shares each to Stephen Johnson, our Chief Executive Officer, Thomas Vickers, our Chief Financial Officer, Keith Howells, our Chief Technology Officer and John Fontenault, our Chief Operating Officer for a total of 900,000 restricted shares.

On September 6, 2018 the Company issued 200,000 restricted shares to each of the five members of the board of directors for a total of 1,000,000 restricted shares.

On October 28, 2018 John Fontenault, our Chief Operating Officer exercised stock options granted to him in October 2013. As a result of the exercise, 34,175 common shares were issued to Mr. Fontenault.

On December 27, 2018 the Company issued 2,000,000 shares of Common stock to Cornelis F. Wit, our Executive Chairman, Executive Chairman of the Board of Directors and largest stockholder, upon the exercise of 2,000,000 warrants with an exercise price of \$0.25 per share.

On December 27, 2018 the Company issued 1,000,000 shares of Common stock to Keith Howells, our Chief Technology Officer, upon the exercise of 1,000,000 warrants with an exercise price of \$0.25 per share.

On December 31, 2018 the Company issued 1,000,000 shares of Common stock to Thomas E. Vickers, our Chief Financial Officer, upon the exercise of 1,000,000 warrants with an exercise price of \$0.25 per share.

Effective December 31, 2018 150,000 of the 225,000 restricted shares issued to Stephen Johnson, our Chief Executive Officer, Thomas Vickers, our Chief Financial Officer, Keith Howells, our Chief Technology Officer and John Fontenault, our Chief Operating Officer on September 6, 2018 for a total of 600,000 restricted shares were forfeited as the performance goals had not been met.

Effective December 31, 2018 75,000 of the 200,000 restricted shares issued to each of the five members of the board of directors on September 6, 2018 for a total of 375,000 restricted shares were forfeited as the performance goals had not been met.

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Preferred stock

Our Board of Directors, without further stockholder approval, may issue preferred stock in one or more series from time to time and fix or alter the designations, relative rights, priorities, preferences, qualifications, limitations and restrictions of the shares of each series. In addition, the Board of Directors may fix and determine all privileges and rights of the authorized preferred stock series including:

- dividend and liquidation preferences,
- voting rights,
- conversion privileges, and
- redemption terms.

Our Board of Directors may authorize the issuance of preferred stock which ranks senior to our common stock for the payment of dividends and the distribution of assets on liquidation. In addition, our Board of Directors can fix limitations and restrictions, if any, upon the payment of dividends on our common stock to be effective while any shares of preferred stock are outstanding.

The following table presents the cumulative arrearage of undeclared dividends by class of preferred stock as of December 31, 2018 and December 31, 2017 and the per share amount by class of preferred stock.

Series of preferred stock	Cumulative arrearage as of December 31,		Cumulative arrearage per share as of December 31,	
	2018	2017	2018	2017
	Series B	\$ 609,887	\$ 609,887	\$ 3.05
Series C	1,472,093	1,472,093	4.37	4.37
Total preferred stock arrearage	<u>\$ 2,081,980</u>	<u>\$ 2,081,980</u>		

Series A Preferred Stock

In 1999, our Board of Directors designated 5,000,000 shares of our preferred stock as 5% Series A Convertible Preferred Stock ("Series A Preferred Stock"), of which -0- shares are issued and outstanding.

The designations, rights and preferences of the Series A Preferred include:

- the shares are not redeemable,
- each share of Series A Preferred Stock is convertible into shares of our common stock at any time at the option of the holder at a conversion price of \$1.11 per share, or if not so converted after one year from issuance, at any time at our option if the closing bid price of our common stock has exceeded \$3.00 for 20 consecutive trading days, our common stock is listed on The NASDAQ Stock Market or other national stock exchange, and the shares of common stock issuable upon conversion of the Series A Preferred Stock are registered under a registration statement,
- the conversion price has certain anti-dilution protections for any stock splits, stock dividends, and corporate reorganizations, and certain other corporate transactions and issuances of securities at below the applicable conversion price per share. The Series A Preferred Stockholders have waived their rights to an anti-dilution adjustment reducing their conversion price as a result of the issuance of the Series B Preferred Stock and Series C Preferred Stock,
- the shares of Series A Preferred Stock pay a cumulative dividend at a rate of 5% per annum based on the stated value of \$1.00 per share, payable when and as declared by the Board of Directors, or upon conversion or liquidation. Dividends on the Series A Preferred Stock have priority to our common stock and are junior to Series B Preferred Stock and Series C Preferred Stock. At our option, dividends can be paid in cash or shares of common stock valued at the conversion price of the Series A Preferred Stock,

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- in the event of our liquidation or winding up, each share of Series A Preferred Stock has a liquidation preference equal to \$1.00 per share, and
- the holders of the Series A Preferred Stock are entitled to vote together with the holders of our common stock, on the basis of one vote for each share of common stock issuable upon the conversion of the Series A Preferred Stock.

In addition, the holders of the Series A Preferred Stock were granted certain demand and piggy-back registration rights for the shares of our common stock issuable upon the conversion of the Series A Preferred Stock.

Prior to 2015 the Company had 235,000 shares of its 5% Series A Preferred stock that have been converted by the stockholders into shares of our common stock. Pursuant to Delaware General Corporate Law, once the Company has a positive net worth, the cumulative dividends would be payable in either cash or in shares of our common stock upon the declaration of dividends by our Board of Directors.

In December 2015 the Company initiated an Exchange Offer to the remaining 34 Series A Preferred stockholders. The terms of the exchange offer were 4 shares of our common stock in exchange for each share of Series A Preferred stock and the waiver of the accrued and unpaid dividends on the Series A Preferred shares exchanged. On December 31, 2015 four 5% Series A Preferred Stock Stockholders accepted the Exchange Offer and converted a total of 487,500 Series A shares into 1,950,000 common shares. During the first 4 months of 2016, the remaining Series A Preferred stockholders accepted the Exchange Offer and converted a total of 3,637,724 Series A shares into 14,615,696 common shares.

Series B Preferred Stock

In August 2001, our Board of Directors designated 200,000 shares of our preferred stock as Series B Convertible Preferred Stock ("Series B Preferred Stock"). A Corrected Certificate of Designations was filed on February 7, 2002 with the Delaware Secretary of State increasing the number of shares authorized as Series B Preferred Stock to 230,000 shares, of which -0- shares are issued and outstanding.

The designations, rights and preferences of the Series B Preferred Stock include:

- the stated value of each share is \$10.00 per share,
- the shares are not redeemable,
- each share of Series B Preferred Stock is convertible into shares of our common stock at the option of the holder at any time commencing January 31, 2002 at the option of the holder at \$0.25 per share, as adjusted, and the shares automatically convert, subject to limitations based on trading volume, into shares of our common stock at \$0.25 per share at such time as we complete a public offering raising proceeds in excess of \$25 million at an offering price of at least \$0.75 per share. We may require all outstanding shares of the Series B Preferred Stock to convert in the event the closing bid price of our common stock exceeds \$0.50 for 20 consecutive trading days, and our common stock has been listed on The NASDAQ Stock Market or other comparable national stock exchange or an OTC Marketplace and a registration statement registering the shares of common stock issuable upon conversion of the Series B Preferred Stock has been declared effective,
- the conversion price has certain anti-dilution protections for any stock splits, stock dividends, and corporate reorganizations, and certain other corporate transactions and issuances of securities at below the applicable conversion price per share or market value of the common stock,
- the shares of Series B Preferred Stock pay a cumulative dividend at a rate of 8% per annum based on the stated value of \$10.00 per share, payable when and as declared by the Board of Directors, or upon conversion or liquidation. At our option, dividends can be paid in cash or shares of common stock valued at the conversion price of the Series B Preferred Stock,
- each share of Series B Preferred Stock will rank senior to our Series A Preferred and pari passu with our Series C Preferred Stock,
- in the event of our liquidation or winding up, each share of Series B Preferred Stock has a liquidation preference equal to \$10.00 per share plus accrued and unpaid dividends, and
- the holders of the Series B Preferred Stock are entitled to vote, together with the holders of our common stock, on the basis of one vote for each share of common stock issuable upon the conversion of the Series B Preferred Stock,

There were cumulative arrearages of \$609,887 and \$609,887, or \$3.05 and \$3.05 per share, on the Series B Preferred Stock dividends as of December 31, 2018 and December 31, 2017, respectively.

The Company has 200,000 shares of its Series B Preferred stock that have been converted by the stockholders into shares of our common stock. Pursuant to Delaware General Corporate Law, once the Company has a positive net worth, the cumulative dividends would be payable in either cash or in shares of our common stock upon the declaration of dividends by our Board of Directors.

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In addition, the holders of the Series B Preferred Stock were granted certain mandatory and piggy-back registration rights for the shares of our common stock issuable upon the conversion of the Series B Preferred Stock and were entitled to vote one member to our Board of Directors.

Series C Preferred Stock

In March 2002, our Board of Directors designated 747,500 shares of our preferred stock as Series C Convertible Preferred Stock of which -0- shares are issued and outstanding.

The designations, rights and preferences of the Series C Preferred Stock include:

- the stated value of each share is \$10.00 per share,
- the shares are not redeemable,
- each share of Series C Preferred Stock is convertible at any time, at the option of the holder, into a number of shares of common stock determined by dividing the stated value per share of the Series C Preferred Stock by \$0.25, which is the Series C Conversion Price. The Series C Preferred Stock will automatically convert, subject to limitations based on trading volume, into shares of our common stock upon a public offering of our securities raising gross proceeds in excess of \$25,000,000 at a per share price greater than 2.5 times the Series C Conversion Price per share, as adjusted for any stock split, stock dividend, recapitalization, or other similar transaction. In addition, the Series C Preferred Stock will automatically convert into shares of our common stock at the Series C Conversion Price at such time as the closing bid price for our common stock has traded at two times the then prevailing Series C Conversion Price for a period of 20 consecutive trading days, provided that (i) a public trading market exists for our common stock on a national securities exchange, the NASDAQ Stock Market, or the over the counter market; and (ii) the Conversion Shares have been registered for resale and are not subject to any lock-up and the number of shares of the Series C Preferred Stock which can be converted in any 30-day period will be limited to the number of shares of common stock underlying the Series C Preferred Stock equal to 10 times the average daily trading volume during the 20-day look-back period set forth above,
- the conversion price has certain anti-dilution protections for any stock splits, stock dividends, and corporate reorganizations, and certain other corporate transactions and issuances of securities at below the applicable conversion price per share or market value of the common stock,
- the shares of Series C Preferred Stock pay a cumulative dividend at a rate of 8% per annum based on the stated value of \$10.00 per share, payable when and as declared by the Board of Directors, or upon conversion or liquidation. At our option, dividends can be paid in cash or shares of common stock valued at the conversion price of the Series C Preferred Stock,
- each share of Series C Preferred Stock will rank pari passu with our Series B Preferred Stock and senior to our Series A Preferred Stock,
- in the event of our liquidation or winding up, each share of Series C Preferred Stock has a liquidation preference equal to \$10.00 per share plus accrued and unpaid dividends, and
- the holders of the Series C Preferred Stock are entitled to vote, together with the holders of our common stock, on the basis of one vote for each share of common stock issuable upon the conversion of the Series C Preferred Stock.

There were cumulative arrearages of \$1,472,093 and \$1,472,093, or \$4.37 and \$4.37 per share, on the Series C Preferred Stock for undeclared dividends as of December 31, 2018 and December 31, 2017, respectively.

The Company has 337,150 shares of its Series C Preferred stock that have been converted by the stockholders into shares of our common stock. Pursuant to Delaware General Corporate Law, once the Company has a positive net worth, the cumulative dividends would be payable in either cash or in shares of our common stock upon the declaration of dividends by our Board of Directors.

In addition, the holders of the Series C Preferred Stock were granted certain mandatory and piggy-back registration rights covering the shares of our common stock issuable upon the conversion of the Series C Preferred Stock and were entitled to vote two members to our Board of Directors.

Series D Preferred Stock

In November 2010, our Board of Directors designated 250,000 shares of our preferred stock as Series D Convertible Preferred Stock of which 250,000 shares are issued and outstanding.

The designations, rights and preferences of the Series D Preferred Stock include:

- the stated value of the Series D Preferred is \$0.001 per share,

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- the Series D Preferred has no rights to receive dividend distributions or to participate in any dividends declared by the Corporation to or for the benefit of the holders of its common stock,
- the shares of Series D Preferred are not convertible into or exchangeable for any other security of the Corporation,
- except as provided in Series D Preferred Designation, in the case of the death or disability of Series D Preferred holder, the Series D Preferred is not redeemable without the prior express written consent of the holders of the majority of the voting power of all then outstanding shares of such Series D Preferred. In the event any shares of Series D Preferred are redeemed pursuant, the shares redeemed will automatically be canceled and returned to the status of authorized but unissued shares of preferred stock,
- each share of Series D Preferred entitles the holder to four hundred (400) votes. With respect to such vote, the holder is entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company, and is entitled to vote, together as a single class with holders of common stock and any other series of preferred stock then outstanding, with respect to any question or matter upon which holders of common stock have the right to vote. The Series D Preferred will also entitle the holders to vote the shares as a separate class as set forth herein and as required by law. In the event of any stock split, stock dividend or reclassification of the Corporation's common stock, the number of votes which attach to each share of Series D Preferred shall be adjusted in the same proportion as any adjustment to the number of outstanding shares of common stock. The shares of Series D Preferred present at a meeting of the Company's stockholders shall vote in the same percentage as all voting shares voted for each director at the Company's stockholder meeting in connection with the election or removal of directors to or from the Corporation's Board of Directors,
- in the event of the liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of shares of the Series D Preferred then outstanding are entitled to receive before holders of shares of common stock receive any amounts, out of the remaining assets of the Corporation available for distribution to its stockholders, an amount equal to \$0.001 per share,
- so long as any shares of Series D Preferred are outstanding, the Company cannot without first obtaining the written approval of the holders of at least a majority of the voting power of the then outstanding shares of such Series D Preferred Stock (i) alter or change the rights, preferences or privileges of the Series D Preferred, or (ii) increase or decrease the total number of authorized shares of Series D Preferred Stock,
- the holders of the Series D Preferred are not entitled to rights to subscribe for, purchase or receive any part of any new or additional shares of any class, whether now or hereinafter authorized, or of bonds or debentures, or other evidences of indebtedness convertible into or exchangeable for shares of any class,
- the Company has a thirty (30) day "right of first refusal" in which to match the terms and conditions set forth in any bona fide offer received by holders of the Series D Preferred Stock. The Company must purchase all of those shares of Series D Preferred offered by the holder of the Series D Preferred Stock, and
- the holders of Series D Preferred cannot, directly or indirectly, transfer any shares of Series D Preferred. Any such purported transfer shall be of no force or effect and shall not be recognized by the Company.

Warrants Issued for Services and in Capital Transactions

The following tables summarize all warrants issued as part of debt transactions for the years ended December 31, 2018 and December 31, 2017, and the related changes during these years.

December 31, 2018 Warrants outstanding				December 31, 2018 Warrants exercisable	
Range of exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.25 – \$0.60	22,020,000	1.06	\$ 0.45	22,020,000	\$ 0.45

December 31, 2017 Warrants outstanding				December 31, 2017 Warrants exercisable	
Range of exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.25 – \$0.60	27,020,000	1.84	\$ 0.42	27,020,000	\$ 0.42

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Warrants	
Balance at December 31, 2016	27,860,000
Issued	-0-
Exercised	-0-
Expired/forfeited	(840,000)
Balance at December 31, 2017	27,020,000
Issued	-0-
Exercised	(4,000,000)
Expired/forfeited	(1,000,000)
Balance at December 31, 2018	22,020,000
Warrants exercisable at December 31, 2018	22,020,000
Weighted average fair value of warrants granted during 2018	n/a

Other Comprehensive Income/(Loss)

Due to the availability of net operating losses and related deferred tax valuations, there is no tax effect associated with any component of other comprehensive income/(loss). The following table lists the beginning balance, yearly activity and ending balance of the components of accumulated other comprehensive income/(loss).

	Foreign currency translation	Accumulated other comprehensive income/(loss)
Balance at December 31, 2016	\$ (410,505)	\$ (410,505)
2017 Activity	13,268	13,268
Balance at December 31, 2017	(397,237)	(397,237)
2018 Activity	(39,268)	(39,268)
Balance at December 31, 2018	\$ (436,505)	\$ (436,505)

NOTE 13: EMPLOYEE EQUITY INCENTIVE PLANS

Stock Option Plans

Description of 2016 Equity Incentive Plan

In 2016, the Company's Board of Directors and stockholders approved the OmniComm Systems, Inc. 2016 Equity Incentive Plan (the "2016 Plan"). The 2016 Plan provides for granting Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Phantom Stock Unit Awards and Performance Share Units. The 2016 Plan provides for the issuance of up to 10,000,000 shares of our common stock for issuance upon awards granted under the 2016 Plan. In addition, the number of shares of common stock available for issuance under the 2016 Plan shall automatically increase on January 1st of each year for a period of nine (9) years commencing on January 1, 2017 and ending on (and including) January 1, 2025, in an amount equal to five percent (5%) of the total number of shares authorized under the 2016 Plan. Unless earlier terminated by the Board, the 2016 Plan shall terminate on June 29, 2026. As of December 31, 2018, 11,025,000 shares were authorized under the 2016 Plan.

The maximum term for any option grant under the 2016 Plan is ten years from the date of the grant; however, options granted under the 2016 Plan will generally expire five years from the date of grant. Options granted under the 2016 Plan generally vest either upon grant or in two installments and may be conditioned on performance. Performance based options may be conditioned upon the attainment of revenue, EDITDA or other financial or performance goals of the Company. The first vesting, which is equal to 50% of the granted stock options, usually occurs upon completion of one full year of employment from the date of grant and the second vesting usually occurs on the second anniversary of the date of grant. The vesting period typically begins on the date of hire for new employees and on the date of grant for existing employees. The restrictions on restricted shares granted under the 2016 Plan generally lapse in three equal annual installments on the anniversary of the date of grant. Any unvested stock options or restricted shares with restrictions that have not lapsed that are granted under the 2016 Plan are forfeited and expire upon termination of employment.

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On September 6, 2018, the Company entered into restricted stock agreements (“RSAs”) with its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Technology Officer intended to provide incentive to the executives to ensure certain economic performance of the Company. The shares issuable under the RSAs were valued as of the grant date at \$0.33 per share. The RSAs provided for the issuance of up to 225,000 performance related shares of the Company's common stock to each of the executives provided certain milestones were met as follows: a) 75,000 performance related shares are subject to individual performance. b) If the Company's 2018 Revenue equals or exceeds \$30 million and the Company's 2018 EBITDA equals or exceeds \$6 million, the Company would award 75,000 shares of common stock; c) If the Company's 2018 Revenue equals or exceeds \$32 million and the Company's 2018 EBITDA equals or exceeds \$7 million, the Company would award an additional 75,000 shares of common stock. The restrictions on 1/3 of the awarded performance shares will lapse on the first, second and third anniversaries of the 2018 Annual Stockholder Meeting, which was held on June 7, 2018. Effective December 31, 2018 the Company had not achieved the milestones relating to Revenue and EBITDA and therefore each of the Officers forfeited 150,000 of the 225,000 restricted shares that had been issued to each of them.

On September 6, 2018, the Company entered into restricted stock agreements (“RSAs”) with its Board of Directors intended to provide incentive to ensure certain economic performance of the Company. The shares issuable under the RSAs were valued as of the grant date at \$0.33 per share. The RSAs provided for the issuance of a total of 200,000 restricted shares with the restrictions lapsing on the day prior to the the 2019 Annual Stockholder Meeting to each director. The RSAs include 75,000 performance related shares of the Company's common stock that are subject to the Company's 2018 Revenue equaling or exceeding \$30 million and the Company's 2018 EBITDA equaling or exceeding \$6 million. Effective December 31, 2018 the Company had not achieved the milestones relating to Revenue and EBITDA and therefore each of the directors forfeited 75,000 of the 200,000 restricted shares that had been issued to each of them.

As of December 31, 2018, there were 2,395,000 outstanding options, 100,000 exercised options and 925,000 restricted stock shares that have been granted under the 2016 Plan. At December 31, 2018, there were 7,605,000 shares available for grant as options or other forms of share-based compensation under the 2016 Plan.

Description of 2009 Equity Incentive Plan

In 2009, the Company's Board of Directors and stockholders approved the 2009 Equity Incentive Plan of OmniComm Systems, Inc. (the “2009 Plan”). The 2009 Plan provided for granting Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Phantom Stock Unit Awards and Performance Share Units. Pursuant to the 2009 Plan, 7,500,000 shares of the Company's common stock were authorized for issuance.

The maximum term for any option grant under the 2009 Plan was ten years from the date of the grant; however, options granted under the 2009 Plan generally expired five years from the date of grant for most employees, officers and directors of the Company. Options granted under the 2009 Plan generally vested either upon grant or in two installments. The first vesting, which is equal to 50% of the granted stock options, occurred upon completion of one full year of employment from the date of grant and the second vesting occurred on the second anniversary of the employee's employment. The vesting period typically began on the date of hire for new employees and on the date of grant for existing employees. The restrictions on restricted shares granted under the 2009 Plan generally lapsed in three equal annual installments on the anniversary of the date of grant. Any unvested stock options or restricted shares with restrictions that had not lapsed that were granted under the 2009 Plan were forfeited and expired upon termination of employment. The 2009 Plan was terminated upon the approval of the 2016 Plan. No further grants will be made under the 2009 Plan.

As of December 31, 2018, there were 175,000 outstanding options and 3,876,662 restricted stock shares that have been granted under the 2009 Plan. At December 31, 2018, there were -0- shares available for grant as options or other forms of share-based compensation under the 2009 Plan.

The following table summarizes the stock option activity for the Company's equity incentive plans:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at December 31, 2016	1,225,000	\$ 0.17	2.62	\$ 83,425
Granted	4,650,000	0.26		
Exercised	(300,000)	0.13		
Forfeited/cancelled/expired	(300,000)	0.14		
Outstanding at December 31, 2017	5,275,000	0.26	4.09	\$ 130,475
Granted	570,000	0.28		
Exercised	(300,000)	0.21		
Forfeited/cancelled/expired	(2,975,000)	0.25		
Outstanding at December 31, 2018	2,570,000	\$ 0.28	3.47	\$ 16,675
Vested and exercisable at December 31, 2018	887,500	\$ 0.25	2.92	\$ 14,425

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price at fiscal year-end and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2018.

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The total number of shares vested and the fair value of shares vested for the years ended December 31, 2018 and December 31, 2017, respectively, was:

Fair value of options vesting for the year ended	Number of options vested	Fair value of options vested
December 31, 2018	812,500	\$ 179,978
December 31, 2017	62,500	\$ 12,742

Cash received from stock option exercises for the year ended December 31, 2018 was \$45,000 and \$35,250 for the year ended December 31, 2017. Due to the Company's net loss position, no income tax benefit has been realized during the years ended December 31, 2018 and December 31, 2017.

The following table summarizes information concerning options outstanding at December 31, 2018:

Awards breakdown by price range at December 31, 2018									
Outstanding						Vested			
Strike price range (\$)		Outstanding stock options	Weighted average remaining contractual life	Weighted average outstanding strike price	Vested stock options	Weighted average remaining vested contractual life	Weighted average vested strike price		
0.00	to	0.20	150,000	0.93	\$ 0.17	150,000	0.93	\$	0.17
0.21	to	0.30	1,695,000	3.54	0.26	550,000	3.15	\$	0.25
0.31	to	0.50	725,000	3.82	0.34	187,500	3.82	\$	0.34
0.00	to	0.50	2,570,000	3.47	\$ 0.28	887,500	2.92	\$	0.25

The following table summarizes information concerning options outstanding at December 31, 2017:

Awards breakdown by price range at December 31, 2017									
Outstanding						Vested			
Strike price range (\$)		Outstanding stock options	Weighted average remaining contractual life	Weighted average outstanding strike price	Vested stock options	Weighted average remaining vested contractual life	Weighted average vested strike price		
0.00	to	0.20	300,000	1.93	\$ 0.18	250,000	1.48	\$	0.17
0.21	to	0.30	4,250,000	4.12	0.25	150,000	1.30	\$	0.22
0.31	to	0.50	725,000	4.82	0.34	-	0.00	\$	0.00
0.00	to	0.50	5,275,000	4.09	\$ 0.26	400,000	1.42	\$	0.19

The weighted average fair value (per share) of options granted during the year ended December 31, 2018 was \$0.23 and \$0.21 for the year ended December 31, 2017 using the Black Scholes option-pricing model.

Basis for Fair Value Estimate of Share-Based Payments

Based on analysis of its historical volatility, the Company expects that the future volatility of its share price is likely to be similar to the historical volatility the Company experienced since the Company's commercialization activities were initiated during the second half of 2000. The Company used a volatility calculation utilizing the Company's own historical volatility to estimate its future volatility for purposes of valuing the share-based payments granted during fiscal 2018 and 2017. Actual volatility, and future changes in estimated volatility, may differ substantially from the Company's current estimates.

The Company utilizes the historical data available regarding employee and director exercise activity to calculate an expected life of the options. The table below presents the weighted average expected life in years of options granted under the Plan as described above. The risk-free rate of the stock options is based on the U.S. Treasury yield curve in effect at the time of grant, which corresponds with the expected term of the option granted.

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The fair value of share-based payments was estimated using the Black Scholes option pricing model with the following assumptions for grants made during the periods indicated.

Stock option assumptions	Stock option assumptions for the period ended	
	December 31, 2018	December 31, 2017
Risk-free interest rate	2.91%	1.81%
Expected dividend yield	0.0%	0.0%
Expected volatility	111.0%	127.1%
Expected life of options (in years)	5	5

The following table summarizes weighted average grant date fair value for the Company incentive stock plans:

	Weighted average grant date fair value for the year ended December 31,	
	2018	2017
Stock options granted during the period	\$ 0.23	\$ 0.21
Stock options vested during the period	\$ 0.22	\$ 0.20
Stock options forfeited during the period	\$ 0.19	\$ 0.13

A summary of the status of the Company's non-vested shares underlying stock options as of December 31, 2018, and changes during the year ended December 31, 2018 is as follows:

	Shares underlying stock options	Weighted average grant date fair value
Nonvested shares at January 1, 2018	4,875,000	\$ 0.21
Nonvested shares at December 31, 2018	1,682,500	\$ 0.24

As of December 31, 2018, approximately \$267,766 of total unrecognized compensation cost related to unvested stock options is expected to be recognized over a weighted-average period of 1.88 years.

NOTE 14: INCOME TAXES

A reconciliation of income tax expense and the amount computed by applying the statutory federal income tax rate to the income before provision for income taxes is as follows:

	December 31, 2018	December 31, 2017
Federal statutory rate applied to income/(loss) before income taxes	\$ 1,058,960	\$ 1,117,014
Increase/(decrease) in income taxes results from:		
Current tax expense/(benefit)	490,215	1,194
Nondeductible expenses	(582,309)	(44,845)
Change in deferred assets	18,354	(35,423)
Change in valuation allowance	(495,005)	(1,036,746)
Income tax expense/(benefit)	<u>\$ 490,215</u>	<u>\$ 1,194</u>

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The components of income tax expense/(benefit) for the year ended:

	December 31, 2018	December 31, 2017
Current tax expense/(benefit):	\$ 490,215	\$ 1,194
Deferred tax expense/(benefit):		
Bad debt allowance	(6,651)	11,226
Operating loss carryforward	483,302	1,060,942
Amortization of intangibles	18,354	5,482
Patent litigation settlement	-0-	(40,904)
	<u>985,220</u>	<u>1,037,940</u>
Valuation allowance	(495,005)	(1,036,746)
	<u> </u>	<u> </u>
Total tax expense/(benefit)	<u>\$ 490,215</u>	<u>\$ 1,194</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows:

	December 31, 2018	December 31, 2017
Amortization of intangibles	\$ 253,466	\$ 261,771
Bad debt allowance	68,133	55,436
Patent litigation liability accrual	359,377	169,709
Impact of the Tax Cuts and Jobs Act	-0-	(1,699,440)
Operating loss carryforwards	15,585,125	17,973,631
Gross deferred tax assets	<u>16,266,101</u>	<u>16,761,107</u>
Valuation allowance	(16,266,101)	(16,761,107)
	<u> </u>	<u> </u>
Net deferred tax liability/(asset)	<u>\$ -0-</u>	<u>\$ -0-</u>

The Company has net operating loss carry forwards (NOL) for income tax purposes of approximately \$30,636,792. This loss is allowed to be offset against future income until the year 2038 when the NOL's will expire. Other timing differences relate to depreciation and amortization for the stock acquisition of Education Navigator in 1998. The tax benefits relating to all timing differences have been fully reserved for in the valuation allowance account due to the substantial losses incurred through December 31, 2018. The change in the valuation allowance for the year ended December 31, 2018 was a decrease of \$495,005. The Company's tax returns for the prior three years remain subject to examination by major tax jurisdictions.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act"). The Tax Act establishes new tax laws that affect 2018 and future years, including a reduction in the U.S. federal corporate tax rate to 21 percent effective January 1, 2018. For certain deferred tax assets and deferred tax liabilities, we have recorded a provisional change of \$1,699,440, with a corresponding net adjustment to valuation allowance of \$1,699,440 as of December 31, 2018.

NOTE 15: SUBSEQUENT EVENTS

Subsequent to December 31, 2018 the Company repaid \$1,400,000 on its Line of Credit.

Subsequent to December 31, 2018 the Company cancelled the performance based stock option grants to the executive officers and external directors that had been granted in 2018 as the performance criteria had not been met.

Subsequent to December 31, 2018 Randall G Smith, the Company's Executive Vice Chairman exercised 1,800,000 warrants with an exercise price of \$0.25 per share, as a result 1,800,000 shares were issued to Mr. Smith.

Subsequent to December 31, 2018 an employee exercised 1,000,000 warrants with an exercise price of \$0.25 per share with a cashless exercise, as a result 209,694 shares were issued to the employee.

Subsequent to December 31, 2018 the Company issued 225,000 restricted shares each to Stephen Johnson, the Company's Chief Executive Officer and President; Thomas Vickers, the Company's Chief Financial Officer; Keith Howells, the Company's Chief Technology Officer and John Fontenault, the Company's Chief Operating Officer. The restrictions on the shares lapse ratably over three years and are subject to the achievement of performance goals.

EXHIBIT 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, CORNELIS F. WIT, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2018 of OmniComm Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 28, 2019

By: /s/ Cornelis F. Wit
Cornelis F. Wit
Principal Executive Officer

[A signed original of this written statement required by Section 906 has been provided to OmniComm Systems, Inc. and will be retained by OmniComm Systems, Inc. and furnished to the United States Securities and Exchange Commission or its staff upon request.]

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, THOMAS E. VICKERS, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2018 of OmniComm Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 28, 2019

By: /s/ Thomas E. Vickers
Thomas E. Vickers
Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to OmniComm Systems, Inc. and will be retained by OmniComm Systems, Inc. and furnished to the United States Securities and Exchange Commission or its staff upon request.]

EXHIBIT 32.1

**CERTIFICATIONS 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**

In connection with the Annual Report on Form 10-K of OmniComm Systems, Inc. (the "Company") for the period ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, being, Cornelis F. Wit, Principal Executive Officer of the Company, and Thomas E. Vickers, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge, respectively that:

- 1.) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 28, 2019

/s/ Cornelis F. Wit

Cornelis F. Wit
Principal Executive Officer

March 28, 2019

/s/ Thomas E. Vickers

Thomas E. Vickers
Chief Financial Officer

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

CERTIFICATE OF INCORPORATION

OF

CORAL DEVELOPMENT CORP.

FIRST: The name of the Corporation is Coral Development Corp.

SECOND: Its registered office is to be located at Suite 606, 1220 N. Market St., Wilmington, DE 19801, County of New Castle. The registered agent is American Incorporators Ltd. whose address is the same as above.

THIRD: The nature of business and purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Laws.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is twenty million (20,000,000). All such shares are to have a par value of \$0.001 and are to be of one class.

FIFTH: The name and mailing address of the incorporator is as follows:

Jennifer C. Toscano
Suite 606
1220 N. Market Street
Wilmington, DE 19801

SIXTH: Each person who serves or who has served as a director shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director: (i) for any breach of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; {iii} for unlawful payment of dividend or unlawful stock purchase or redemption as such liability is imposed under Section 174 of the General Corporation Laws of Delaware; or (iv) for any transaction from which the director derived an improper personal benefit.

I, THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts stated herein are true, and I have accordingly hereunto set my hand.

/s/ Jennifer C. Toscano
Jennifer C. Toscano
Incorporator

BY-LAWS
OF
CORAL DEVELOPMENT CORPORATION

ARTICLE I - OFFICES

The office of the Corporation shall be located in the City and State designated in the Articles of Incorporation. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may, from time to time, determine.

ARTICLE II - MEETING OF SHAREHOLDERS

Section 1 - Annual Meetings:

The annual meeting of the shareholders of the Corporation shall be held within five months after the close of the fiscal year of the Corporation, for the purpose of electing directors, and transacting such other business as may properly come before the meeting.

Section 2 - Special Meetings:

Special meetings of the shareholders may be called at any time by the Board of Directors or by the President, and shall be called by the President or the Secretary at the written request of the holders of ten percent (10%) of the shares then outstanding and entitled to vote thereat, or as otherwise required under the provisions of the Business Corporation Act.

Section 3 - Place of Meetings:

All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places as shall be designated in the notices or waivers of notice of such meetings.

Section 4 - Notice of Meetings:

- (a) Except as otherwise provided by Statute, written notice of each meeting of shareholders, whether annual or special, stating the time when and place where it is to be held, shall be served either personally or by mail, not less than ten or more than fifty days before the meeting, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to Statute, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at his address, as it appears on the records of the shareholders of the Corporation, unless he shall have previously filed with the Secretary of the Corporation a written request that notices intended for him be mailed to the address designated in such request.
- (b) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to the meeting, or to any shareholder who attends such meeting, in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by statute.

Section 5 - Quorum:

- (a) Except as otherwise provided herein, or by statute, or in the Certificate of Incorporation (such Certificate and any amendments thereof being hereinafter collectively referred to as the "Certificate of Incorporation"), at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings in person or by proxy of shareholders holding of record a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

- (b) Despite the absence of a quorum at any annual or special meeting of shareholders, the shareholders, by a majority of the votes cast by the holders of shares entitled to vote thereon, may adjourn the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted at the meeting as originally called if a quorum had been present.

Section 6 - Voting:

- (a) Except as otherwise provided by statute or by the Certificate of Incorporation, any corporate action, other than the election of directors to be taken by vote of the shareholders, shall be authorized by a majority of votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.
- (b) Except as otherwise provided by statute or by the Certificate of Incorporation, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat, shall be entitled to one vote for each share of stock registered in his name on the books of the Corporation.
- (c) Each shareholder entitled to vote or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the shareholder himself, or by his attorney-in-fact thereunto duly authorized in writing. No proxy shall be valid after the expiration of eleven months from the date of its execution, unless the persons executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.
- (d) Any resolution in writing, signed by all of the shareholders entitled to vote thereon, shall be and constitute action by such shareholders to the effect therein expressed, with the same force and effect as if the same had been duly passed by unanimous vote at a duly called meeting of shareholders and such resolution so signed shall be inserted in the Minute Book of the Corporation under its proper date.

ARTICLE III - BOARD OF DIRECTORS

Section 1 – Number, Election and Term of Office:

- (a) The number of the directors of the Corporation shall be (), unless and until otherwise determined by vote of a majority of the entire Board of Directors. The number of Directors shall not be less than three, unless all of the outstanding shares are owned beneficially and of record by less than three shareholders, in which event the number of directors shall not be less than the number of shareholders permitted by statute.
- (b) Except as may otherwise be provided herein or in the Certificate of Incorporation, the members of the Board of Directors of the Corporation, who need not be shareholders, shall be elected by a majority of the votes cast at a meeting of shareholders, by the holders of shares, present in person or by proxy, entitled to vote in the election.
- (c) Each director shall hold office until the annual meeting of the shareholders next succeeding his election, and until his successor is elected and qualified, or until his prior death, resignation or removal.

Section 2 - Duties and Powers:

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except as are in the Certificate of Incorporation or by statute expressly conferred upon or reserved to the shareholders.

Section 3 - Annual and Regular Meetings: Notice:

- (a) A regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the place of such annual meeting of shareholders.
- (b) The Board of Directors, from time to time, may provide by resolution for the holding of other regular meetings of the Board of Directors, and may fix the time and place thereof.
- (c) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in paragraph (b) of Section 4 of this Article III, with respect to special meetings, unless such notice shall be waived in the manner set forth in paragraph (c) of such Section 4.

Section 4 - Special Meetings: Notice:

- (a) Special meetings of the Board of Directors shall be held whenever called by the President or by one of the directors, at such time and place as may be specified in the respective notices or waivers of notice thereof.
- (b) Except as otherwise required by statute, notice of special meeting shall be mailed directly to each director, addressed to him at his residence or usual place of business, at least two (2) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegram, radio or cable, or shall be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held. A notice, or waiver of notice, except as required by Section 8 of this Article III, need not specify the purpose of the meeting.
- (c) Notice of any special meeting shall not be required to be given to any director who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

Section 5 - Chairman:

At all meetings of the Board of Directors the Chairman of the Board, if any and if present, shall preside. If there shall be no Chairman, or he shall be absent, then the President shall preside, and in his absence, a Chairman chosen by the directors shall preside.

Section 6 - Quorum and Adjournments:

- (a) At all meetings of the Board of Directors, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws.
- (b) A majority of the directors present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum shall be present.

Section 7 - Manner of Acting:

- (a) At all meetings of the Board of Directors, each director present shall have one vote, irrespective of the number of shares of stock, if any, which he may hold.
- (b) Except as otherwise provided by statute, by the Certificate of Incorporation, or these By-Laws, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action authorized in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

Section 8 - Vacancies:

Any vacancy in the Board of Directors occurring by reason of an increase in the number of directors, or by reason of the death, resignation, disqualification, removal (unless a vacancy created by the removal of a director by the shareholders shall be filled by the shareholders at the meeting at which the removal was effected) or inability to act of any director, or otherwise, shall be filled for the unexpired portion of the term by a majority vote of the remaining directors, though less than a quorum, at any regular meeting or special meeting of the Board of Directors called for that purpose.

Section 9 - Resignation:

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 10 - Removal:

Any director may be removed with or without cause at any time by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares of the Corporation at a special meeting of the shareholders called for that purpose, and may be removed for caused by action of the Board.

Section 11 - Salary:

No stated salary shall be paid to directors as such, for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 12 - Contracts:

- (a) No contract or other transaction between this Corporation and any other Corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director or officer, or are directors or officers of such other Corporation, provided that such facts are disclosed or made known to the Board of Directors.
- (b) Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of a quorum, notwithstanding the presence of any such director at the meeting at which such action is taken. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

Section 13 - Committees:

The Board of Directors, by resolution adopted by a majority of the entire Board, may from time to time designate from among its members an executive committee and such other committees, and alternate members thereof, as they deem desirable, each consisting of three or more members, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board.

ARTICLE IV - OFFICERS

Section 1 - Number, Qualifications, Election and Term of Office:

- (a) The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such other officers, including a Chairman of the Board of Directors, and one or more Vice Presidents, as the Board of Directors may from time to time deem advisable. Any officer other than the Chairman of the Board of Directors may be, but is not required to be, a director of the Corporation. Any two or more offices may be held by the same person.
- (b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders.
- (c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election, and until his successor shall have been elected and qualified, or until his death, resignation or removal.

Section 2 - Resignation:

Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, or to the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 3 - Removal:

Any officer may be removed, either with or without cause, and a successor elected by a majority of the Board of Directors at any time.

Section 4 - Vacancies:

A vacancy in any office by reason of death, resignation, inability to act, disqualification, or any other cause, may at any time be filled for the unexpired portion of the term by the Board of Directors.

Section 5 - Duties of Officers:

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may be set forth in these By-laws, or may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Corporation.

Section 6 - Sureties and Bonds:

In case the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a bond in such sum, and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands.

Section 7 - Shares of Other Corporations:

Whenever the Corporation is the holder of shares of any other Corporation, any right or power of the Corporation as such shareholder (including the attendance, acting and voting at shareholders' meetings and execution of waivers, consents, proxies or other instruments) may be exercised on behalf of the Corporation by the President, any Vice President, or such other person as the Board of Directors may authorize.

ARTICLE V - SHARES OF STOCK

Section 1 - Certificate of Stock:

- (a) The certificates representing shares of the Corporation shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. They shall bear the holder's name and the number of shares, and shall be signed by (i) the Chairman of the Board or the President or a Vice President, and (ii) the Secretary or Treasurer, or any Assistant Secretary or Assistant Treasurer, and shall bear the corporate seal.
- (b) No certificate representing shares shall be issued until the full amount of consideration therefor has been paid, except as otherwise permitted by law.
- (c) To the extent permitted by law, the Board of Directors may authorize the issuance of certificates for fractions of a share which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined; or it may authorize the issuance, subject to such conditions as may be permitted by law, of scrip in registered or bearer form over the signature of an officer or agent of the Corporation, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a shareholder, except as therein provided.

Section 2 - Lost or Destroyed Certificates:

The holder of any certificate representing shares of the Corporation shall immediately notify the Corporation of any loss or destruction of the certificate representing the same. The Corporation may issue a new certificate in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new certificate. A new certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper so to do.

Section 3 - Transfers of Shares:

- (a) Transfers of shares of the Corporation shall be made on the share records of the Corporation only by the holder of record thereof, in person or by his duly authorized attorney, upon surrender for cancellation of the certificate or certificates representing such shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.
- (b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 4 - Record Date:

In lieu of closing the share records of the Corporation, the Board of Directors may fix, in advance, a date not exceeding fifty days, nor less than ten days, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided for herein, such determination shall apply to any adjournment thereof, unless the directors fix a new record date for the adjourned meeting.

ARTICLE VI - DIVIDENDS

Subject to applicable law, dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine.

ARTICLE VII - FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law.

ARTICLE VIII - CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX - AMENDMENTS

Section 1 - By Shareholders:

All by-laws of the Corporation shall be subject to alteration or repeal, and new by-laws may be made, by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares entitled to vote in the election of directors at any annual or special meeting of shareholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein, the proposed amendment.

Section 2 - By Directors:

The Board of Directors shall have power to make, adopt, alter, amend and repeal, from time to time by-laws of the Corporation; provided, however, that the shareholders entitled to vote with respect thereto as in this Article IX above-provided may alter, amend or repeal by-laws made by the Board of Directors, except that the Board of Directors shall have no power to change the quorum for meetings of shareholders or of the Board of Directors, or to change any provisions of the by-laws with respect to the removal of directors or the filling of vacancies in the Board resulting from the removal by the shareholders. If any by-law regulating an impending election of directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of shareholders for the election of directors, the by-law so adopted, amended or repealed, together with a concise statement of the changes made.

ARTICLE X - INDEMNITY

- (a) Any person made a party to any action, suit or proceeding, by reason of the fact that he, his testator or intestate representative is or was a director, officer or employee of the Corporation, or of any Corporation in which he served as such at the request of the Corporation, shall be indemnified by the Corporation against the reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceedings, or in connection with any appeal therein that such officer, director or employee is liable for negligence or misconduct in the performance of his duties.
- (b) The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any officer or director or employee may be entitled apart from the provisions of this section.
- (c) The amount of indemnity to which any officer or any director may be entitled shall be fixed by the Board of Directors, except that in any case where there is no disinterested majority of the Board available, the amount shall be fixed by arbitration pursuant to then existing rules of the American Arbitration Association.

The undersigned Incorporator certifies that he has adopted the foregoing by-laws as the first by-laws of the Corporation.

Dated 11/20/1996

/s/ Jennifer C. Toscano
Incorporator

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of this Promissory Note although the Company has entered into various such Promissory Notes that are substantially identical in all material respects except as to the parties thereto and certain other details. The Schedule that follows the form of Promissory Note identifies Promissory Notes that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Promissory Note that is being filed, and sets forth the material details in which the omitted Promissory Notes differ from the form of Promissory Note that is being filed.

PROMISSORY NOTE

\$ _____ [Amount]
 Broward County, Florida
 _____ [Date]

FOR VALUE RECEIVED, the undersigned, (hereinafter referred to as the ("Maker")) promises to pay to the order of _____, his successors or assigns, (hereinafter referred to as "Payee"), the principal sum of _____ (\$ _____), together with interest on the principal balance from time to time outstanding, at the rate of _____ percent (____.00%) per annum; principal and interest shall be payable as follows: interest shall be payable monthly and the balance of the principal sum, together with any accrued and unpaid accrued interest, shall be paid no later than _____, 20__.

[This Promissory Note is intended to replace and substitute in its entirety the Notes issued to the Payee in the following amounts received on the following dates: _____]

In the event that the Maker defaults in the payment of any payment of the principal sum or interest owing hereunder when and as the same shall become due and payable and such default shall continue for a period of 15 days, then the Payee may declare this Promissory Note to be in default. The Payee must provide written notice to the Maker that the Payee is declaring the Note to be in default. The Maker shall have a cure period of 15 days to resolve the default. If at the end of the cure period the default has not been resolved, then the entire principal sum and all accrued interest shall become due and payable at once without any additional notice and demand at the option of the Payee. While in default, amounts outstanding under this Promissory Note shall bear interest at the rate of _____ percent (____ %) per annum.

This Promissory Note may be prepaid in whole or in part at any time without penalty or premium. All payments made shall first be applied to accrued and unpaid interest and then to principal. Any prepayment shall require payment of all accrued interest thereon.

In the event of an action to enforce this Promissory Note is commenced in a court of competent jurisdiction or in the event recourse to any court shall be deemed necessary by Payee or Payee deems it necessary to employ legal counsel in order to collect or enforce the terms and provisions hereof for any reason, including but not limited to the filing of a proof(s) of claim or any other proceedings under the Acts of Congress relating to Bankruptcy Proceedings or in any other type of receivership or insolvency proceedings, Payee shall be entitled to reasonable attorney's fees (through and including any appellate proceedings) and all costs and expenses incurred by Payee in collecting or enforcing payment hereof.

The Maker and any endorsers, sureties, guarantors, and all others who are, or may become liable for the payment hereof, (a) severally waive presentment for payment, demand, notice of protest of this Promissory Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Promissory Note, (b) expressly consent to all extensions of time, renewals, postponements of time of payment of this Promissory Note or other modifications hereof from time to time prior to or after the day they became due without notice, consent or consideration to any of the foregoing, (c) expressly agree to the addition or release of any party or person primarily or secondarily liable hereon, (d) expressly agree that the Payee shall not be required first to institute any suit, or to exhaust its remedies against the undersigned or any other person or party to become liable hereunder in order to enforce the payment of this Promissory Note, and (e) expressly agree that, notwithstanding the occurrence of any of the foregoing (except the express written release by the Payee of any such person), the Maker shall be and remain, directly and primarily liable for all sums due under this Promissory Note.

Notwithstanding any other provisions of this Promissory Note or any other instrument executed in connection with the loan evidenced here by, it is expressly agreed that the amounts payable under this Promissory Note or under the other aforesaid instruments for the payment of interest or any other payment in the nature of or which would be considered as interest or other charge for the use or loan of money shall not exceed the highest rate allowed by the laws of the State of Florida, from time to time, and in the event the provisions of this Promissory Note or of such other instrument referred to above in this paragraph with respect to the payment of interest or other payments in the nature of or which would be considered as interest or other charge for the use or loan of money shall result in exceeding such limitation, then the excess over such limitation shall not be payable and the amount otherwise agreed to have been paid shall be reduced by the excess so that such limitation will not be exceeded. If any payment is actually made which shall result in such limitation being exceeded, the amount of the excess shall constitute and be treated as a payment on the principal hereof and shall operate to reduce such principal by the amount of such excess, or if in excess of the principal indebtedness, such excess shall be refunded.

This Promissory Note shall be construed in accordance with the laws of the State of Florida.

MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREUNDER, OR ARISING OUT OF, OR IN CONNECTION WITH THIS PROMISSORY NOTE OR ANY DOCUMENT EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF EITHER THE MAKER OR LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PAYEE TO EXTEND THE CREDIT EVIDENCED BY THIS NOTE.

MAKER:

OMNICOMM SYSTEMS, INC.

 [Name]
 [Title]

ACCEPTED BY:

 [Name]

SCHEDULE OF SUBSTANTIAL IDENTICAL PROMISSORY NOTES

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of this Promissory Note although the Company has entered into various such Promissory Notes that are substantially identical in all material respects except as to the parties thereto and certain other details. The following schedule identifies Promissory Notes that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Promissory Note that is being filed, and sets forth the material details in which the omitted Promissory Notes differ from the form of Promissory Note that is being filed.

Promissory Note Date	Name of Payee	Amount	Interest	Balance due	Amount Outstanding at December 31, 2018
June 30,2016 (1)	Noesis International Holdings 2700 North Military Trail, Boca Raton, FL 33431	\$137,500	12%	April 1, 2020	\$137,500
June 30,2016 (1)	Ad Klinkenberg Achtergracht 29 1017 WN Amsterdam The Netherlands	\$120,000	10%	April 1, 2020	\$120,000
June 30,2016 (1)	Wim Boegem Singel 83 1012 VE Amsterdam The Netherlands	\$300,000	10%	April 1, 2020	\$300,000

- (1) This Promissory Note supersedes and replaces a prior Promissory Note to the payee, extends the maturity date of the prior Promissory Note, and may have reduced or increased the amount of the prior Promissory Note.

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of this Extension of Maturity Date of Convertible Debenture [and related Warrants] although the Company has entered into various such Extension of Maturity Date of Convertible Debenture [and related Warrants] that are substantially identical in all material respects except as to the parties thereto and certain other details. The Schedule that follows the form of Extension of Maturity Date of Convertible Debenture [and related Warrants] identifies each Extension of Maturity Date of Convertible Debenture [and related Warrants] that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Extension of Maturity Date of Convertible Debenture [and related Warrants] that is being filed, and sets forth the material details in which the each omitted Extension of Maturity Date of Convertible Debenture [and related Warrants] differ from the form of Extension of Maturity Date of Convertible Debenture [and related Warrants] that is being filed.

EXTENSION OF MATURITY DATE OF CONVERTIBLE DEBENTURE

This Extension of Maturity Date of Convertible Debenture ("Extension") is by and between the individual or entity named on an executed counterpart of the signature page hereto (each such signatory is referred to as "Holder") and OmniComm Systems, Inc., a Delaware corporation ("Maker") and is entered into as of the day the last Holder executes a copy of this Extension.

WHEREAS, Maker has delivered to each Holder that certain ___% Convertible Debenture Series () of the Maker ("Convertible Debenture") dated _____, in the aggregate to Holder in the principal of \$_____.

WHEREAS, the Maturity Date of the Convertible Debentures, as that term is defined in the Convertible Debenture, is _____, and all principal and interest due thereunder remain unpaid as of the date hereof.

WHEREAS, the parties have agreed to extend the Maturity Date.

WHEREAS, each holder has all requisite power, authority, and capacity to enter into this Extension and to extend the Maturity Date of the Convertible Debenture.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, each Holder and the Maker hereby agree as follows:

- 1. **Recitals**. The foregoing recitals are true and correct.
- 2. **Extension of Maturity Date**. The Maturity Date is hereby extended to _____.
- 3. **No Other Changes**. Except as specifically set forth herein, all other terms and conditions of the Convertible Debenture remain in full force and effect.
- 4. **Warrants Extension**. Maker hereby agrees to extend the expiration date on the Warrants issued in connection with the Convertible Debenture on _____, which were originally expected to expire on _____. The new expiration date is _____.

IN WITNESS WHEREOF, this Extension of Maturity Date of Convertible Debenture is executed as of the day and date the last Holder executes a copy of this Extension.

OmniComm Systems, Inc.

By: _____

(name)
(title)

[HOLDERS SIGNATURE PAGE FOLLOWS]

[EXTENSION OF MATURITY DATE OF CONVERTIBLE DEBENTURE SIGNATURE PAGE]

IN WITNESS WHEREOF, the undersigned represents that it has caused this extension of Maturity Date of Convertible Debenture and Warrants to be duly executed on its behalf (if an entity, by one of its officers thereunto duly authorized) as of the date written below.

HOLDER:

Printed Name of Holder

By: _____
(Signature of Holder or Authorized Person)

Printed Name and Title if Authorized Person

Date

**SCHEDULE OF SUBSTANTIALLY IDENTICAL
EXTENSION OF MATURITY DATE OF CONVERTIBLE DEBENTURE [AND RELATED WARRANTS]**

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of this Extension of Maturity Date of Convertible Debenture [and related Warrants] although the Company has entered into various such Extension of Maturity Date of Convertible Debenture [and related Warrants] that are substantially identical in all material respects except as to the parties thereto and certain other details. The following schedule identifies each Extension of Maturity Date of Convertible Debenture [and related Warrants] that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Extension of Maturity Date of Convertible Debenture [and related Warrants] that is being filed, and sets forth the material details in which each omitted Extension of Maturity Date of Convertible Debenture [and related Warrants] differ from the form of Extension of Maturity Date of Convertible Debenture [and related Warrants] that is being filed.

Date of Agreement	Name of Holder	Amount	Series of Convertible Debentures and Warrants(2)	Maturity Date and Expiration of Warrants	Amount Outstanding at December 31, 2018
June 30, 2016 (1)	Cornelis F. Wit	\$4,055,000 and 8,110,000 warrants	December 2008	Changed from April 1, 2017 to April 1, 2020	\$4,000,000 and 8,110,000 warrants
June 30, 2016 (1)	Cornelis F. Wit	\$1,770,000 and 3,540,000 warrants	August 2008	Changed from April 1, 2017 to April 1, 2020	\$1,770,000 and 3,540,000 warrants
June 30, 2016 (1)	Noesis International Holdings	\$100,000 and 200,000 warrants	December 2008	Changed from April 1, 2017 to April 1, 2020	\$- and 200,000 warrants
June 30, 2016 (1)	Ad Klinkenberg	\$625,000 and 2,500,000 warrants	September 2009	Changed from April 1, 2017 to April 1, 2020	\$- and 2,500,000 warrants
June 30, 2017 (1)	Fernando Montero Incentive Savings Trust	\$200,000 and 400,000 warrants	December 2008	Changed from April 1, 2018 to April 1, 2021	\$200,000 and 400,000 warrants
June 30, 2017 (1)	Guus van Kesteren	\$150,000 and 300,000 warrants	August 2008	Changed from April 1, 2018 to April 1, 2019	\$- and 300,000 warrants

(1) This Extension of Maturity Date of Convertible Debenture [and related Warrants] supersedes and replaces a prior Extension of Maturity Date of Convertible Debenture [and related Warrants] to the holder, extends the maturity date of the Convertible Debenture and the expiration date of the Warrants of the prior Extension of Maturity Date of Convertible Debenture [and related Warrants].

(2) The form of Debenture and form of Warrant for each series is filed as an exhibit with the Company's most recent Annual Report on Form 10-K.

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of this Extension of Maturity Date of Warrants although the Company has entered into various such Extension of Maturity Date of Warrants that are substantially identical in all material respects except as to the parties thereto and certain other details. The Schedule that follows the form of Extension of Maturity Date of Warrants identifies each Extension of Maturity Date of Warrants that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Extension of Maturity Date of Warrants that is being filed, and sets forth the material details in which the each omitted Extension of Maturity Date of Warrants differ from the form of Extension of Maturity Date of Warrants that is being filed.

EXTENSION OF MATURITY DATE OF WARRANTS

This Extension of Maturity Date of Warrants ("Extension") is by and between the individual or entity named on the executed counterpart of the signature page hereto (such signatory is referred to as "Holder") and OmniComm Systems, Inc., a Delaware corporation ("Maker") and is entered into as of the day the Holder executes a copy of this Extension.

WHEREAS, Maker has delivered to Holder that certain 12% Promissory Note of the Maker ("Promissory Note") dated _____ in the aggregate to the Holder in the principal of \$ _____.

WHEREAS, the Maturity Date of the Promissory Note, as that term is defined in the Promissory Note, was _____, and the principal due thereunder remains unpaid as of the date hereof.

WHEREAS, the parties have agreed to extend the Maturity Date of the Promissory Note to January 01, 2019.

WHEREAS, Holder has all requisite power, authority, and capacity to enter into this Extension and to extend the Maturity Date of the Warrants.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, Holder and the Maker hereby agree as follows:

1. **Recitals**. The foregoing recitals are true and correct.
2. **No Other Changes**. Except as specifically set forth herein, all other terms and conditions of the Promissory Note remain in full force and effect.
3. **Warrants Extension**. Maker hereby agrees to extend the expiration date on the Warrants issued in connection with the \$ _____ of principal from the Promissory Note on _____, which were originally scheduled to expire on _____. The new expiration date is _____.

IN WITNESS WHEREOF, this Extension of Maturity Date of the Warrants associated with the Promissory Note is executed as of the day and date the Holder executes a copy of this Extension.

OmniComm Systems, Inc.

By: _____
[name]
[title]

[HOLDERS SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned represents that it has caused this extension of Maturity Date of Warrants to be duly executed on its behalf (if an entity, by one of its officers thereunto duly authorized) as of the date written below.

HOLDER:

Printed Name of Holder

By: _____
(Signature of Holder or Authorized Person)

Printed Name and Title if Authorized Person

Date

**SCHEDULE OF SUBSTANTIALLY IDENTICAL
EXTENSION OF MATURITY DATE OF WARRANTS**

Pursuant to Instruction 2 of Item 601(g) of Regulation S-K, the Company has filed only the form of this Extension of Maturity Date of Warrants although the Company has entered into various such Extension of Maturity Date of Warrants that are substantially identical in all material respects except as to the parties thereto and certain other details. The following schedule identifies each Extension of Maturity Date of Warrants that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Extension of Maturity Date of Warrants that is being filed, and sets forth the material details in which each omitted Extension of Maturity Date of Warrants differ from the form of Extension of Maturity Date of Warrants that is being filed.

Date of Agreement	Name of Holder	Amount of Warrants	Principal Amount and date of associated Promissory Note	Expiration of Warrants	Warrant Amount Outstanding at December 31, 2018
October 15, 2015(1)	Cornelis F. Wit 2101 West Commercial Blvd, Suite 3500, Ft. Lauderdale, FL 33309	6,400,000	\$1,600,000 dated April 4, 2014	Changed from April 1, 2017 to January 1, 2019	1,000,000

(1) This Extension of Maturity Date of Warrants supersedes and replaces a prior Extension of Maturity Date of Warrants to the holder, extends the expiration date of the Warrants of the prior Extension of Maturity Date of Warrants.

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of the Common Stock Purchase Warrant although the Company has issued various such Common Stock Purchase Warrants that are substantially identical in all material respects except as to the parties thereto and certain other details. The Schedule that follows the form of Common Stock Purchase Warrant identifies each Common Stock Purchase Warrant that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Common Stock Purchase Warrant that is being filed, and sets forth the material details in which each omitted Common Stock Purchase Warrant differ from the form of Common Stock Purchase Warrant that is being filed.

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

No. X-X-X

OmniComm Systems, Inc.
COMMON STOCK PURCHASE WARRANT
CLASS 20XX

1. Issuance. In consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by **OmniComm Systems, Inc.**, a Delaware corporation (the "Company"), _____ or registered assigns (the "Holder") is hereby granted the right to purchase at any time, on or after the Issue Date (as defined below) until 5:00 P.M., New York City time, on the Expiration Date (as defined below), _____ (XXX,XXX,) fully paid and non-assessable shares of the Company's Common Stock, \$0.001 par value per share (the "Common Stock"), at an initial exercise price per share (the "Exercise Price") of \$_____ per share, subject to further adjustment as set forth herein. This Warrant was originally issued to the Holder or the Holder's predecessor in interest on _____ (the "Issue Date").

2. Exercise of Warrants.

2.1 General.

(a) This Warrant is exercisable in whole or in part at any time and from time to time commencing on the Issue Date. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by facsimile transmission) a completed and duly executed Notice of Exercise included herein. The date such Notice of Exercise is faxed to the Company shall be the "Exercise Date," provided that, if such exercise represents the full exercise of the outstanding balance of the Warrant, the Holder of this Warrant tenders this Warrant Certificate to the Company within five (5) Trading Days thereafter. The Notice of Exercise shall be executed by the Holder of this Warrant and shall indicate (i) the number of shares then being purchased pursuant to such exercise and (ii) whether the exercise is a cashless exercise.

(b) If the Notice of Exercise form elects a "cashless" exercise, the Holder shall thereby be entitled to receive a number of shares of Common Stock equal to (w) the excess of the Current Market Value (as defined below) over the total cash exercise price of the portion of the Warrant then being exercised, divided by (x) the Market Price of the Common Stock. For the purposes of this Warrant, the terms (y) "Current Market Value" shall mean an amount equal to the Market Price of the Common Stock, multiplied by the number of shares of Common Stock specified in the applicable Notice of Exercise, and (z) "Market Price of the Common Stock" shall mean the average Closing Price of the Common Stock for the three (3) Trading Days ending on the Trading Day immediately prior to the Exercise Date.

(c) If the Holder provides on the Notice of Exercise form that the Holder has elected a "cash" exercise (or if the cashless exercise referred to in the immediately preceding paragraph (b) is not available in accordance with its terms), the Exercise Price per share of Common Stock for the shares then being exercised shall be payable, at the election of the Holder, in cash or by certified or official bank check or by wire transfer in accordance with instructions provided by the Company at the request of the Holder.

(d) Upon the appropriate payment, if any, of the Exercise Price for the shares of Common Stock purchased, together with the surrender of this Warrant Certificate (if required), the Holder shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The Company shall deliver such certificates representing the Warrant Shares in accordance with the instructions of the Holder as provided in the Notice of Exercise (the certificates delivered in such manner, the "Warrant Share Certificates") within three (3) Trading Days (such third Trading Day, a "Delivery Date") of (i) with respect to a "cashless exercise," the Exercise Date or the Automatic Exercise Date, as the case may be, or, (ii) with respect to a "cash" exercise, the later of the Exercise Date or the date the payment of the Exercise Price for the relevant Warrant Shares is received by the Company.

(e) The Holder shall be deemed to be the holder of the shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2 Automatic Exercise. If any portion of this Warrant remains unexercised as of the Expiration Date and the Market Price of the Common Stock as of the Expiration Date is greater than the applicable Exercise Price as of the Expiration Date, then, without further action by the Holder, this Warrant shall be deemed to have been exercised automatically on the date (the "Automatic Exercise Date") which is the day immediately prior to the close of business on the Expiration Date (or, in the event that the Expiration Date is not a Business Day, the immediately preceding Business Day) as if the Holder had duly given a Notice of Exercise for a "cashless" exercise as contemplated by Section 2.1(b) hereof, and the Holder (or such other person or persons as directed by the Holder) shall be treated for all purposes as the holder of record of such Warrant Shares as of the close of business on such Automatic Exercise Date. This Warrant shall be deemed to be surrendered to the Company on the Automatic Exercise Date by virtue of this Section 2.2 without any action by the Holder.

2.3 Certain Definitions. As used herein, the term "Expiration Date" means _____.

3. Reservation of Shares. The Company hereby agrees that, at all times during the term of this Warrant, there shall be reserved for issuance upon exercise of this Warrant, one hundred percent (100%) of the number of shares of its Common Stock as shall be required for issuance of the Warrant Shares for the then unexercised portion of this Warrant. For the purposes of such calculations, the Company should assume that the outstanding portion of these Warrants was exercisable in full at any time, without regard to any restrictions which might limit the Holder's right to exercise all or any portion of this Warrant held by the Holder.

4. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

6. Protection Against Dilution and Other Adjustments.

6.1 Adjustment Mechanism. If an adjustment of the Exercise Price is required pursuant to this Section 6 (other than pursuant to Section 6.4), the Holder shall be entitled to purchase such number of shares of Common Stock as will cause (i) (v) the total number of shares of Common Stock Holder is entitled to purchase pursuant to this Warrant following such adjustment, multiplied by (w) the adjusted Exercise Price per share, to equal the result of (ii) (x) the total number of shares of Common Stock Holder is entitled to purchase before adjustment, multiplied by (y) the total Exercise Price before adjustment.

6.2 Capital Adjustments. In case of any stock split or reverse stock split, stock dividend, reclassification of the Common Stock, recapitalization, merger or consolidation (where the Company is not the surviving entity), the provisions of this Section 6 shall be applied as if such capital adjustment event had occurred immediately prior to the date of this Warrant and the original Exercise Price had been fairly allocated to the stock resulting from such capital adjustment; and in other respects the provisions of this Section shall be applied in a fair, equitable and reasonable manner so as to give effect, as nearly as may be, to the purposes hereof. A rights offering to stockholders shall be deemed a stock dividend to the extent of the bargain purchase element of the rights. The Company will not effect any consolidation or merger, unless prior to the consummation thereof, the successor or acquiring entity (if other than the Company) and, if an entity different from the successor or acquiring entity, the entity whose capital stock or assets the holders of the Common Stock of the Company are entitled to receive as a result of such consolidation or merger assumes by written instrument the obligations under this Warrant (including under this Section 6) and the obligations to deliver to the holder of this Warrant such shares of stock, securities or assets as, in accordance with the foregoing provisions, the holder may be entitled to acquire.

6.3 Adjustment for Spin Off. If, for any reason, prior to the exercise of this Warrant in full, the Company spins off or otherwise divests itself of a part of its business or operations or disposes all or of a part of its assets in a transaction (the "Spin Off") in which the Company does not receive compensation for such business, operations or assets, but causes securities of another entity (the "Spin Off Securities") to be issued to security holders of the Company, then the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all of the Holder's unexercised Warrants outstanding on the record date (the "Record Date") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "Outstanding Warrants") been exercised as of the close of business on the Trading Day immediately before the Record Date (the "Reserved Spin Off Shares"), and (ii) to be issued to the Holder on the exercise of all or any of the Outstanding Warrants, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares, multiplied by (y) a fraction, of which (I) the numerator is the amount of the Outstanding Warrants then being exercised, and (II) the denominator is the amount of the Outstanding Warrants.

7. Transfer to Comply with the Securities Act. This Warrant has not been registered under the Securities Act of 1933, as amended, (the "1933 Act") and has been issued to the Holder for investment and not with a view to the distribution of either the Warrant or the Warrant Shares. Neither this Warrant nor any of the Warrant Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated in the absence of an effective registration statement under the 1933 Act relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the 1933 Act. Each certificate for the Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section.

8. Supplements and Amendments: Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant contains the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

9. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of Florida for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the County of Broward or the state courts of the State of Florida sitting in the County of Broward in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on *forum non conveniens*, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Holder for any reasonable legal fees and disbursements incurred by the Holder in enforcement of or protection of any of its rights under any of the Transaction Agreements.

10. JURY TRIAL WAIVER. The Company and the Holder hereby waive a trial by jury in any action, proceeding or counterclaim brought by either of the Parties hereto against the other in respect of any matter arising out or in connection with this Warrant.

11. Remedies. The Company stipulates that the remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and that, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

12. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

13. Severability. If any one of the provisions contained in this Agreement, for any reason, shall be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall remain in full force and effect and be construed as if the invalid, illegal or unenforceable provision had never been contained herein.

14. Waiver. No waiver of any provision of this Agreement shall be effective unless it is in writing, signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

15. Descriptive Headings. Descriptive headings of the several Sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: _____

OmniComm Systems, Inc.

By: _____

Thomas E. Vickers
(Name)

Chief Financial Officer
(Title)

NOTICE OF EXERCISE OF WARRANT

TO: OmniComm Systems, Inc VIA FAX: (954) 473-1256
2101 W. Commercial Blvd., Suite 3500
Ft. Lauderdale, FL 33309
Attn: CFO

The undersigned hereby irrevocably elects to exercise the right, represented by the Common Stock Purchase Warrant Class 20XX, No. X-X-X dated as of _____, to purchase _____ shares of the Common Stock, \$0.001 par value ("Common Stock"), of **OmniComm Systems, Inc.** and tenders herewith payment in accordance with Section 2 of said Common Stock Purchase Warrant, as follows:

- CASH: \$ _____ = (Exercise Price x Exercise Shares)

Payment is being made by:

- enclosed check
- wire transfer
- other _____

- CASHLESS EXERCISE:

Net number of Warrant Shares to be issued to Holder : _____ *

* based on: $\frac{\text{Current Market Value} - (\text{Exercise Price} \times \text{Exercise Shares})}{\text{Market Price of Common Stock}}$

where:

Market Price of Common Stock ["MP"] = \$ _____
Current Market Value [MP x Exercise Shares] = \$ _____

As contemplated by the Warrant, this Notice of Exercise is being sent by facsimile to the telecopier number and officer indicated above.

If this Notice of Exercise represents the full exercise of the outstanding balance of the Warrant, the Holder either (1) has previously surrendered the Warrant to the Company or (2) will surrender (or cause to be surrendered) the Warrant to the Company at the address indicated above by express courier within five (5) Trading Days after delivery or facsimile transmission of this Notice of Exercise.

The certificates representing the Warrant Shares should be transmitted by the Company to the Holder

- via express courier, or
- by electronic transfer

after receipt of this Notice of Exercise (by facsimile transmission or otherwise) to:

Dated: _____

Holder's Name



**SCHEDULE OF SUBSTANTIALLY IDENTICAL
COMMON STOCK PURCHASE WARRANTS**

Pursuant to Instruction 2 of Item 601(a) of Regulation S-K, the Company has filed only the form of this Common Stock Purchase Warrant although the Company has issued various such Common Stock Purchase Warrants that are substantially identical in all material respects except as to the parties thereto and certain other details. The following Schedule identifies each Common Stock Purchase Warrant that have not been filed (or incorporated by reference) because they are substantially identical in all material respects to the form of Common Stock Purchase Warrant that is being filed, and sets forth the material details in which each omitted Common Stock Purchase Warrant differ from the form of Common Stock Purchase Warrant that is being filed.

Original Date of Issuance	Name of Holder	Amount of Warrants	Exercise Price	Expiration of Warrants
December 31, 2011(1)	Randall G. Smith	2,000,000	\$.25 per share	January 1, 2019
February 29, 2016	Cornelis F. Wit	800,000	\$.25 per share	April 1, 2019
February 29, 2016 (2)	Abrey K. Light	1,000,000	\$0.25 per share	April 1, 2019
June 30, 2016	Noesis International	550,000	\$.25 per share	April 1, 2020
June 30, 2016	Noesis International	400,000	\$.25 per share	April 1, 2020
June 30, 2016	Noesis International	180,000	\$.25 per share	April 1, 2020
June 30, 2016	Guus van Kesteren	360,000	\$.25 per share	April 1, 2020
June 30, 2016	Ad Klinkenberg	480,000	\$.25 per share	April 1, 2020
June 30, 2016	Wim Boegem	1,200,000	\$.25 per share	April 1, 2020

- (1) The Common Stock Purchase Warrants were issued to Cornelis F. Wit on December 31, 2011 and on December 17, 2015 Mr. Wit sold the Common Stock Purchase Warrants to Mr. Smith.
- (2) The Common Stock Purchase Warrants were issued to Cornelis F. Wit on December 31, 2011 and on December 5, 2016 Mr. Wit sold the Common Stock Purchase Warrants to Mr. Light.

CODE OF ETHICS AND BUSINESS CONDUCT

This Code of Ethics and Business Conduct (the “Code”) has been adopted by the Board of Directors (the “Board”) of OmniComm Systems, Inc. on April 13, 2016, and amended by the Board effective June 1, 2017 and March 8, 2018, in connection with the Board’s oversight of the management and business affairs of OmniComm Systems, Inc.

1. Purpose and Overview

- a. *Application.* The Code is applicable to all officers, directors, employees and temporary employees (each, a “Covered Person”) of OmniComm Systems, Inc. and all of its U.S. and non-U.S. subsidiaries and affiliates (collectively, the “Company”).
- b. *Purpose.* The Code summarizes the values, principles and business practices that guide the business conduct of the Company and also provides a set of basic principles to guide Covered Persons regarding the minimum ethical requirements expected of them. The Code supplements the Company’s existing employee policies, including those specified in the respective U.S. and non-U.S. employee handbook and also supplements various other codes of ethics, policies and procedures that have been adopted by the Company. All Covered Persons are expected to become familiar with the Code and to apply these principles in the daily performance of their jobs.
- c. *Overriding Responsibilities.* It is the responsibility of all Covered Persons to maintain a work environment that fosters fairness, respect and integrity. The Company requires all Covered Persons to conduct themselves in a lawful, honest and ethical manner in all of the Company’s business practices.
- d. *Questions.* All Covered Persons are expected to seek the advice of a supervisor, a manager, the Human Resources Department, or an Executive Officer (defined below) for additional guidance or if there is any question about issues discussed in this Code.
- e. *Violations.* If any Covered Person observes possible unethical or illegal conduct, such concerns or complaints should be reported as set forth in Section 16 below.
- f. *Definition of Executive Officer.* For the purposes of this Code, the term “Executive Officer” shall mean those officers, as shall be determined by the Board from time to time, who are subject to the reporting obligations of Section 16(a) of the Securities Exchange Act of 1934, as amended, and include the Company’s principal executive officer, Chief Executive Officer, President, Chief Operating Officer, Chief Technology Officer and Chief Financial Officer.
- g. *Definition of Director.* For purposes of this Code, the term “Director” shall mean a member of the Board.

2. Compliance with Laws, Rules and Regulations

All Covered Persons of the Company are required to comply with all of the applicable laws, rules and regulations of the United States and other countries, and the states, counties, cities and other jurisdictions, in which the Company conducts its business, although traffic violations and other minor offenses will not be considered violations of this Code. Local laws may in some instances be less restrictive than the principles set forth in this Code. In those situations, Covered Persons should comply with the Code, even if the conduct would otherwise be legal under applicable laws. On the other hand, if local laws are more restrictive than the Code, Covered Persons should comply with applicable laws.

3. Securities Transactions

- a. *Insider Trading.* Such legal compliance includes, without limitation, compliance with the Company’s Insider Trading Policy, which prohibits Covered Persons from trading securities, either personally or on behalf of others, while in possession of applicable material non-public information or communicating such material non-public information to others in violation of the law. Securities include common stocks, preferred stock, options, warrants, convertible debentures, futures and other financial and investment instruments. Material information includes any information that a reasonable investor would consider important in a decision to buy, hold, or sell securities. These laws provide substantial civil and criminal penalties for individuals who fail to comply. The policy is described in more detail in the Company’s Insider Trading Policy. In addition, the Company has implemented trading restrictions to reduce the risk, or appearance, of insider trading as set forth in more detail in the Company’s Trading Blackout Policy.
- b. *Rule 10b5-1(c) Plans.* The Company may permit exemptions from the insider trading policies and procedures described above for transactions in securities issued by the Company effected pursuant to pre-approved, written trading plans or arrangements complying with Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended. Rule 10b5-1(c) plans or arrangements may not be entered into or modified either during trading blackout periods or when the Covered Person is aware of material, non-public information relating to the Company or its securities. All such plans or arrangements (and any modification or termination thereof) must be pre-approved by the Company.
- c. *Rumors.* The dissemination of false or misleading information about companies or securities, particularly in volatile or fragile market conditions, can be a damaging form of market abuse which can affect both the firm concerned as well as general market conditions. It is against the law to start or circulate a rumor (defined as “information that is circulated purporting to be fact but which has not yet been verified”) if that rumor is likely to influence the market price of that security or that a reasonable person would expect it to have a material effect on the price of a security if it were widely circulated. Starting or disseminating any rumor with the intention of influencing the price movement of a security is a breach of this Code and may also constitute a violation of securities laws.
- d. *Short Sales.* Covered Persons are prohibited from effecting short sales, including “short sales against the box” of securities issued by the Company. Also prohibited are economically equivalent transactions, whether in the form of call or put options, swap transactions or other derivative transactions, that would result in a Covered Person having a net short exposure to the Company.
- e. *Questions Regarding Stock Trading.* All questions regarding insider trading or reports of impropriety in connection with securities transactions should be made to the Chief Financial Officer. See also Section 16 below.

4. Conflicts of Interest

- a. *Avoidance of Conflicts.* All Covered Persons are required to conduct themselves in a manner and with such ethics and integrity so as to avoid a conflict of interest, either real or apparent.
- b. *Conflict of Interest Defined.* A conflict of interest is any circumstance where an individual’s personal interest interferes with the interests of the Company. All Covered Persons have a duty to avoid financial, business or other relationships that might be opposed to the interests of the Company or might cause a conflict with the performance of their duties.
- c. *Potential Conflict Situations.* A conflict can arise when a Covered Person takes actions or has interests that may make it difficult to perform his or her Company related work objectively and effectively. Conflicts also may arise when a Covered Person, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.

- d. *Examples of Potential Conflicts.* Some of the areas where a conflict could arise include:
- i. Employment by a competitor, regardless of the nature of the employment, while employed by the Company.
 - ii. Placement of business with any firm or organization in which a Covered Person, or any member of the Covered Person's family, has a substantial ownership interest or management responsibility.
 - iii. Making endorsements or testimonials for third parties.
 - iv. Disclosing the Company's confidential information to a third party without the prior consent of senior management.
- e. *Questions Regarding Conflicts.* All questions regarding conflicts of interest and whether a particular situation constitutes a conflict of interest should be directed to the Chief Financial Officer. See also Section 16 below.

5. Corporate Opportunities

Covered Persons are prohibited from (i) taking for themselves opportunities that are discovered through the use of Company property, information or position, (ii) using Company property, information or position for personal gain, and/or (iii) competing with the Company. For example, to the extent that a Covered Person learns of an investment opportunity in a client because of their position with the Company, the Covered Person must not take advantage of the trading opportunity.

6. Gifts, Entertainment and Contributions

- a. *Receipt of Gifts and Entertainment.* The Company's aim is to deter providers of gifts or entertainment from seeking or receiving special favors from Covered Persons regarding the Company. The concern is that gifts of more than a nominal value may cause Covered Persons to feel placed in a position of "obligation" and/or give the appearance of a conflict of interest. Covered Persons should not solicit any third party for any gift, gratuity, entertainment or any other item regardless of its value. Covered Persons, including members of their immediate families, may accept or participate in "reasonable entertainment". Covered Persons are encouraged to be guided by their own sense of ethical responsibility, along with any policies or guidelines adopted from time to time by the Company with respect to gifts and entertainment. The Company recognizes that this Section 6 is not intended to limit Directors who do not also serve in management positions within the Company from accepting compensation, bonuses, fees and other similar consideration paid in the normal course of business as a result of their outside business activity, employment or directorships.
- b. *Anti-Corruption.* All Covered Persons are strictly prohibited from offering or giving gifts, meals, entertainment or other items of value to business partners or others (including government officials) in order to improperly influence them and should seek to avoid even the appearance of any impropriety. Covered Persons should be aware that practices that may be acceptable in the commercial business environment (such as providing certain transportation, meals, entertainment and other things of value) may be unacceptable and even illegal when they relate to government employees or others who act on a government's behalf. Therefore, Covered Persons are required to comply with the relevant laws and regulations governing relations between government employees and customers and suppliers in every country where the Company conducts business.
- c. *Political Contributions.* Election laws in many jurisdictions generally prohibit political contributions by corporations to candidates. Many local laws also prohibit corporate contributions to local political campaigns. In accordance with these laws, the Company does not make direct contributions to any candidates for federal, state or local offices where applicable laws make such contributions illegal and, in such cases, contributions to political campaigns must not be made with or reimbursed by the Company's funds or resources. The Company's funds and resources include (but are not limited to) the Company's facilities, office supplies, letterhead, telephones and fax machines. Employees should direct all questions concerning political contributions to the Chief Financial Officer.

7. Outside Employment

- a. *Restrictions.* Subject to any departmental restrictions, Covered Persons are permitted to engage in outside employment if it is free of any actions that could be considered a conflict of interest. Outside employment must not adversely affect a Covered Person's job performance at the Company, and outside employment must not result in absenteeism, tardiness or a Covered Person's inability to work overtime when requested or required. Covered Persons may not engage in outside employment that requires or involves using Company time, materials or resources.
- b. *Self-Employment.* For purposes of this policy, outside employment includes self-employment.
- c. *Required Approvals.* Due to the fiduciary nature of the Company's business, all potential conflicts of interest that could result from a Covered Person's outside employment should be discussed with the Covered Person's supervisor or manager and the Human Resources Department, prior to entering into additional employment relationships.
- d. *Outside Directors Exempt.* The Company recognizes that this Section 7 is not applicable to Directors who do not also serve in management positions within the Company.

8. Service as a Director

Covered Persons may not serve as a director, trustee, or in a similar capacity for any for-profit public or private entity, without approval of an Executive Officer and the Human Resources Department, or their respective designees. The Company recognizes that this Section 8 is not applicable to Directors who do not also serve in management positions within the Company.

9. Confidentiality

- a. *Confidentiality Obligation.* Covered Persons are responsible for maintaining the confidentiality of information entrusted to them as a result of their roles with the Company, except when disclosure is authorized or legally mandated. The sensitive nature of the Company's business requires that the Company keep its customers' confidence and trust. Covered Persons must be continuously sensitive to the confidential and privileged nature of the information to which they have access concerning the Company and its clients and customers, and must exercise the utmost discretion when discussing any work-related matters with third parties. Each Covered Person must safeguard the Company's confidential information and not disclose it to a third party (other than a third party having a duty of confidentiality to the Company) without the prior consent of senior management.
- b. *What Is Confidential Information.* "Confidential information" includes but is not limited to, information, knowledge, ideas, documents or materials that are owned, developed or possessed by the Company or that in some other fashion are related to confidential or proprietary matters of the Company, its business, customers, shareholders, or Covered Persons. It includes all business, product, marketing, financial, accounting, personnel, operations, customers, supplier, technical and research information. It also includes computer systems, software, documentation, creations, inventions, literary works, developments, discoveries and trade secrets. Confidential information includes any non-public information of the Company that might be of use to competitors, or harmful to the Company or its customers, if disclosed.
- c. *Acknowledgment.* All employees of the Company are expected to sign an agreement regarding the confidentiality policy set forth above at the time they become employed with the Company.
- d. *Length of Confidentiality Obligations.* Covered Persons are expected to comply with the confidentiality policy not only for the duration of their employment or service with the Company, but also after the end of their employment or service with the Company.

- e. *Confidentiality Under the Code.* All reports and records prepared or maintained pursuant to this Code shall be considered confidential and shall be maintained and protected accordingly.
- f. *Whistleblower Exception.* Nothing in this Code prohibits any Covered Person from providing information about a possible securities law violation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, without authorization from or notification to the Company or senior management.

10. Ownership of Intellectual Property

- a. *Company Ownership.* The Company owns all of the work performed by Covered Persons at and/or for the Company, whether partial or completed. All Covered Persons shall be obligated to assign to the Company all “intellectual property” that is created or developed by Covered Persons, alone or with others, while working for the Company.
- b. *What Is Intellectual Property.* “Intellectual Property” includes all trademarks and service marks, trade secrets, patents and patent subject matter and inventor rights in the United States and foreign countries and related applications. It includes all United States and foreign copyrights and subject matter and all other literary property and author rights, whether or not copyrightable. It includes all creations, not limited to inventions, discoveries, developments, works of authorship, ideas and know-how. It does not matter whether or not the Company can protect them by patent, copyright, trade secrets, trade names, trade or service marks or other intellectual property right. It also includes all materials containing any intellectual property. These materials include but are not limited to computer codes, tapes and disks, printouts, notebooks, drawings, artwork and other documentation. To the extent applicable, non-trade secret intellectual property constitutes a “work made for hire” owned by the Company, even if it is not a trade secret.
- c. *Exceptions.* The Company will not be considered to have a proprietary interest in a Covered Person’s work product if: (i) the work product is developed entirely on the Covered Person’s own time without the use or aid of any Company resources, including without limitation, equipment, supplies, facilities or trade secrets; (ii) the work product does not result from the Covered Person’s employment with the Company; and (iii) at the time a Covered Person conceives or reduces the creation to practice, it is not related to the Company’s business nor the Company’s actual or expected research or development.
- d. *Required Disclosure.* All Covered Persons must disclose to the Company all intellectual property conceived or developed while working for the Company, provided the foregoing shall only apply to Directors who do not also serve in management positions within the Company to the extent the intellectual property conceived or developed is based on the confidential information of the Company and relates to the business, products or services of the Company or to any prospective activity of the Company or to the actual or anticipated research or developments of the Company. If requested, a Covered Person must sign all documents necessary to memorialize the Company’s ownership of intellectual property under this policy. These documents include but are not limited to assignments and patent, copyright and trademark applications.

11. Fair Dealing

Each Covered Person should endeavor to deal fairly with the Company’s customers, suppliers, competitors and Covered Persons and not to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

12. Protection and Use of Company Property

All Covered Persons should protect the Company’s assets and ensure they are used for legitimate business purposes during employment with the Company. Improper use includes unauthorized personal appropriation or use of the Company’s assets, data or resources, including computer equipment, software and data.

13. Standards of Business Conduct

- a. *Respectful Work Environment.* The Company is committed to fostering a work environment in which all individuals are treated with respect and dignity. Each individual should be permitted to work in a business-like atmosphere that promotes equal employment opportunities.
- b. *Prohibited Conduct.* The following conduct will not be tolerated and could result in disciplinary action, including termination:
 - i. Any act which causes doubt about a Covered Person’s integrity, such as the falsifying of Company records and documents, competing in business with the Company, divulging trade secrets, or engaging in any criminal conduct.
 - ii. Any act which may create a dangerous situation, such as carrying weapons, firearms or explosives on Company premises or surrounding areas, assaulting another individual, or disregarding property and safety standards.
 - iii. The use, sale or purchase or attempted use, sale or purchase of alcohol or illegal drugs while at work, or reporting to work in a condition not fit for work, such as reporting to work under the influence of alcohol or illegal drugs.
 - iv. Insubordination, including refusal to perform a job assignment or to follow a reasonable request from a Covered Person’s manager or supervisor, or discourteous conduct toward customers, associates, or supervisors.
 - v. Harassment of any form including threats, intimidation, abusive behavior and/or coercion of any other person in the course of doing business.
 - vi. Falsification or destruction of any timekeeping record, intentionally clocking in on another Covered Person’s attendance or timekeeping record, assisting another Covered Person’s tampering with their attendance record or tampering with one’s own attendance record.
 - vii. Failure to perform work, which meets the standards/expectations of the Covered Person’s position.
 - viii. Excessive absenteeism, chronic tardiness, or consecutive absence of three or more days without notification or authorization.
 - ix. Any act of dishonesty or falsification of any Company records or documents, including obtaining employment based on false, misleading, or omitted information.
- c. *Disciplinary Action.* A Covered Person or the Company may terminate the employment or service relationship at will, at any time, without cause or advance notice. Thus, the Company does not strictly adhere to a progressive disciplinary system since each incident of misconduct may have a different set of circumstances or differ in its severity. The Company will take such disciplinary action as it deems appropriate and commensurate with any misconduct of the Covered Person.

14. Disclosure in Reports and Documents

- a. *Filings and Public Materials.* It is important that the Company’s filings with the Securities and Exchange Commission (the “SEC”) and other federal, state, domestic and international regulatory agencies are full, fair, accurate, timely and understandable. Further, the Company prepares advertising materials that are sent out to its clients and prospective clients.
- b. *Disclosure and Reporting Policy.* The Company’s policy is to comply with all applicable disclosure, financial reporting and accounting regulations applicable to the Company. The Company maintains the highest commitment to its disclosure and reporting requirements, and expects all Covered Persons to record information accurately and truthfully in the books and records of the Company.
- c. *Information for Filings.* Depending on his or her position with the Company, a Covered Person may be called upon to provide necessary information to ensure that the Company’s public reports and regulatory filings are full, fair, accurate, timely and understandable. The Company expects all Covered Persons to be diligent in providing accurate information to the inquiries that are made related to the Company’s public disclosure requirements.
- d. *Disclosure Controls and Procedures and Internal Control Over Financial Reporting.* Covered Persons are required to cooperate and comply with the

Company's disclosure controls and procedures and internal control over financial reporting so that the Company's reports and documents filed with the SEC and other federal, state, domestic and international regulatory agencies comply in all material respects with applicable laws, and rules and regulations, and provide full, fair, accurate, timely and understandable disclosure.

15. Accountability for Adherence to the Code

- a. *Honesty and Integrity.* The Company is committed to uphold ethical standards in all of its corporate and business activities. All Covered Persons are expected to perform their work with honesty, truthfulness and integrity and to comply with the general principles set forth in the Code. Covered Persons are also expected to perform their work with honesty and integrity in any areas not specifically addressed by the Code.
- b. *Disciplinary Actions.* A violation of the Code may result in appropriate disciplinary action including the possible termination from employment with the Company. Nothing in this Code restricts the Company from taking any disciplinary action on any matters pertaining to the conduct of a Covered Person, whether or not expressly set forth in the Code.
- c. *Annual Certifications.* Directors and Executive Officers will be required to certify annually that they have received, read and understand the Code and have complied with the requirements of the Code.
- d. *Training and Educational Requirements.*
 - i. *Orientation.* New Covered Persons will receive a copy of the Code during the orientation process conducted by representatives of the Human Resources Department and shall acknowledge that they have received, read and understand the Code and will comply with the requirements of the Code.
 - ii. *Continuing Education.* Covered Persons shall be required to complete such additional training and continuing education requirements regarding the Code and matters related to the Code as the Company shall from time to time establish.

16. Reporting Violations of the Code

- a. *Questions and Concerns.* Described in this Code are procedures generally available for addressing ethical issues that may arise. As a general matter, if a Covered Person has any questions or concerns about compliance with this Code, he or she is encouraged to speak with his or her supervisor, manager, representatives of the Human Resources Department, or the Chief Financial Officer.
- b. *Responsibility to Report Violations of the Code and Law.* As part of its commitment to ethical and lawful conduct, the Company strongly encourages Covered Persons to promptly report any suspected violations of this Code or law.
- c. *Confidentiality and Investigation.* The Company will treat the information set forth in a report of any suspected violation of the Code or law, including the identity of the person making the report, in a confidential manner and will conduct a prompt and appropriate evaluation and investigation of any matter reported. Covered Persons are expected to cooperate in any investigations of reported violations.
- d. *Protection of Covered Persons.* It is a violation of this Code to retaliate against anyone who has made a good faith report of any conduct which he or she reasonably believes constitutes a violation of the law or the Code or is otherwise illegal or unethical. A Covered Person may not be discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against in the terms and conditions of employment on account of having provided the Company or a regulatory or governmental agency or entity with information about, or otherwise assisted the Company or a regulatory or governmental agency or entity in any investigation regarding, any conduct which the Covered Person reasonably believes in good faith constitutes a violation of any law or the Code or is otherwise unethical or illegal. The protections in this Section 16(d) also apply to any Covered Person who provides information about a possible securities law violation to any governmental agency or entity, or makes other disclosures that are protected under the whistleblower provisions of applicable law or regulation, without authorization from or notification to the Company or senior management.
- e. *Accounting/Auditing Complaints.* The law requires that the Company's Audit Committee have in place procedures for the receipt, retention and treatment of complaints concerning accounting, internal accounting controls, or auditing matters and procedures for Covered Persons to submit their concerns regarding questionable accounting or auditing matters. Complaints concerning accounting, internal accounting controls or auditing matters will be directed to the attention of the Audit Committee, or the appropriate members of that committee. For direct access to the Company's Audit Committee, please address complaints regarding accounting, internal accounting controls, or auditing matters to:

Audit Committee
OmniComm Systems, Inc.
2101 West Commercial Blvd. Suite 3500
Fort Lauderdale, Florida 33309

If a Covered Person does not feel comfortable stating his or her name, communications to the Audit Committee may be made anonymously.

17. Waivers of the Code

- a. *Waivers by Directors and Executive Officers.* Any change in or waiver of this Code for Directors or Executive Officers may be made only by the Board or a committee thereof in the manner described in Section 17(d) below, and any such waiver (including any implicit waiver) shall be promptly disclosed to stockholders of the Company to the extent required by the rules of the SEC and any other applicable laws, rules and regulations.
- b. *Waivers by Other Covered Persons.* Any requests for waivers of this Code for Covered Persons other than Directors and Executive Officers may be made to the Chief Financial Officer in the manner described in Section 17(e) below.
- c. *Definition of Waiver.* For the purposes of the Code, the term "waiver" shall mean a material departure from a provision of the Code. An "implicit waiver" shall mean the failure of the Company to take action within a reasonable period of time regarding a material departure from a provision of the Code that has been made known to an Executive Officer.
- d. *Manner for Requesting Director and Executive Officer Waivers.*
 - i. *Request and Criteria.* If a Director or Executive Officer wishes to request a waiver of this Code, the Director or Executive Officer may submit to the Board a written request for a waiver of the Code only if he/she can demonstrate that such a waiver:
 - A. is necessary to alleviate undue hardship or in view of unforeseen circumstances or is otherwise appropriate under all the relevant facts and circumstances;
 - B. will not be inconsistent with the purposes and objectives of the Code;
 - C. will not adversely affect the interests of clients of the Company or the interests of the Company; and
 - D. will not result in a transaction or conduct that would violate provisions of applicable laws or regulations.
 - ii. *Discretionary Waiver and Response.* Any decision to grant a waiver from the Code shall be at the sole and absolute discretion of the Board. The Board shall promptly advise the Director or Executive Officer in writing of the Board's decision regarding the waiver, including the grounds for granting or denying the waiver request.

e. *Manner for Requesting Other Covered Person Waivers.*

- i. *Request and Criteria.* If a Covered Person who is a non-Director and non-Executive Officer wishes to request a waiver of this Code, the Covered Person may submit to the Chief Financial Officer a written request for a waiver of the Code only if he/she can demonstrate that such a waiver would satisfy the same criteria set forth in Section 17(d).
- ii. *Discretionary Waiver and Response.* The Chief Financial Officer (or his/her designee) shall, after appropriate consultation with the applicable business unit head, forward the waiver request to the Audit Committee of the Company for consideration. The decision to grant a waiver request shall be at the sole and absolute discretion of the Audit Committee of the Company. The Audit Committee of the Company will advise the Chief Financial Officer in writing of its decision regarding the waiver, including the grounds for granting or denying the waiver request. The Chief Financial Officer shall promptly advise the Covered Person in writing of the decision of the Audit Committee of the Company.

18. Internal Use

The Code is intended solely for the internal use by the Company and does not constitute an admission, by or on behalf of the Company, as to any fact, circumstance, or legal conclusion.

19. Other Policies and Procedures

The following nonexclusive list of policies and procedures adopted by the Company are additional requirements that, depending upon the specific terms of such policies and procedures, may apply to some or all Covered Persons:

- OmniComm Systems, Inc. Insider Trading Policy
- OmniComm Systems, Inc. Antitrust Law Compliance Policy
- OmniComm Systems, Inc. Relationships with Government Officials and Employees Policy
- OmniComm Systems, Inc. Social Networking, Social Media and Blogging Policy
- Corporate Governance Guidelines with respect to serving as a director

SUBSIDIARIES OF THE COMPANY

OmniComm Europe GmbH.	(Active)
OmniComm USA, Inc.	(Active)
OmniComm Ltd.	(Active)
OmniComm Spain S.L.	(Active)
OmniComm Systems B.V	(Active)
OmniComm eClinical Private Ltd.	(Active)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (SEC File No. 333-184179) pertaining to the 2009 Equity Incentive Plan of OmniComm Systems, Inc. of our report dated March 28, 2019, relating to our audits of the consolidated financial statements as of and for the years ended December 31, 2018 and 2017, which appears in this annual report on Form 10-K of OmniComm Systems, Inc. for the year ended December 31, 2018.

/s/Liggett & Webb, P.A.

New York, NY
March 28, 2019