UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly period ended September 30, 2014

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from to

Commission file number 000-53862

iGambit Inc.

(Exact name of small business issuer as specified in its charter)

Delaware	**11-3363609**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1050 W. Jericho Turnpike, Suite A
Smithtown, New York 11787
(Address of Principal Executive Offices)(Zip Code)
(631) 670-6777
(Issuer's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

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

The Registrant had 26,583,990 shares of its common stock outstanding as of November 12, 2014.

iGambit Inc.
Form 10-Q

PART I — FINANCIAL INFORMATION

Item 1 — *Financial Statements*

IGAMBIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 2014 (Unaudited)	DECEMBER 31, 2013
ASSETS		
Current assets		
Cash	$ 332,379	$ 26,870
Accounts receivable, net	100,390	135,292
Prepaid expenses	41,703	10,590
Due from rescission agreement	--	239,779
Assets from discontinued operations, net	--	638,215
Total current assets	474,472	1,050,746
Property and equipment, net	9,628	11,176
Other assets		
Deposits	12,132	9,420
	$ 496,232	$ 1,071,342
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 292,552	$ 316,566
Convertible note payable, net	--	40,250
Derivative liability	--	152,076
Note payable - related party	--	6,263
Total current liabilities	292,552	515,155
Stockholders' equity		

Common stock, $.001 par value; authorized - 75,000,000 shares; issued and outstanding - 26,583,990 shares in 2014 and 25,044,056 shares in 2013, respectively	26,584	25,044
Additional paid-in capital	2,797,566	2,729,000
Accumulated deficit	(2,620,470)	(2,197,857)
Total stockholders' equity	203,680	556,187
	$ 496,232	$ 1,071,342

IGAMBIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30, 2014	THREE MONTHS ENDED SEPTEMBER 30, 2013	NINE MONTHS ENDED SEPTEMBER 30, 2014	NINE MONTHS ENDED SEPTEMBER 30, 2013
Sales	$ 269,166	$ 397,081	$ 819,803	$ 1,171,621
Cost of sales	115,214	134,014	341,829	399,392
Gross profit	153,952	263,067	477,974	772,229
Operating expenses				
General and administrative expenses	338,288	421,298	998,527	1,299,224
Loss from operations	(184,336)	(158,231)	(520,553)	(526,995)
Other income (expenses)				
Income from rescission agreement	--	--	--	755,000
Gain on derivative liability	--	--	152,076	--
Amortization of debt discount	--	--	(63,250)	--
Interest expense	(1,429)	--	(8,417)	--
Total other income (expenses)	(1,429)	--	80,409	755,000
Income (loss) from continuing operations	(185,765)	(158,231)	(440,144)	228,005
Income from discontinued operations	--	--	17,531	--
Net income (loss)	$ (185,765)	$ (158,231)	$ (422,613)	$ 228,005
Basic and fully diluted earnings (loss) per common share:				
Continuing operations	$ (.01)	$ (.01)	$ (.02)	$ .01
Discontinued operations	$ .00	$ .00	$ .00	$ .00
Net earnings (loss) per common share	$ (.01)	$ (.01)	$ (.02)	$ .01
Weighted average common shares outstanding - basic	26,709,056	25,044,056	25,737,023	25,044,056
Weighted average common shares outstanding - fully diluted	26,709,056	25,044,056	25,737,023	25,987,956

IGAMBIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30,
(UNAUDITED)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (422,613)	$ 228,005
Adjustments to reconcile net income (loss) to net		
cash provided by operating activities		
Income from discontinued operations	(17,531)	--
Depreciation	3,574	4,885
Debt discount amortization	63,250	--
Stock-based compensation	21,106	--
Uncollectible portion of due from rescission agreement	50,779	--
Gain on derivative liability	(152,076)	--
Increase (Decrease) in cash flows as a result of		
changes in asset and liability account balances:		
Accounts receivable	34,902	(22,976)
Prepaid expenses	(31,113)	87,804
Due from rescission agreement	189,000	(272,223)
Accounts payable	(30,277)	(18,898)
Net cash (used) provided by continuing operating activities	(290,999)	6,597
Net cash provided by discontinued operating activities	655,746	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	364,747	6,597
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,026)	--
(Increase) decrease in deposits	(2,712)	1,800
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(4,738)	1,800
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stockholder's loan	3,600	--
Repayments of stockholder's loan	(3,600)	--
Proceeds from convertible note payable	--	103,500
Repayments of convertible note payable	(54,500)	--

NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(54,500)	103,500
NET INCREASE IN CASH	305,509	111,897
CASH - BEGINNING OF PERIOD	26,870	104,721
CASH - END OF PERIOD	$ 332,379	$ 216,618

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 8,417	$ 2,644
Non-cash investing and financing activities:		
Note payable converted to common stock	$ (49,000)	$ --

IGAMBIT INC.
Notes to Condensed Consolidated Financial Statements
Nine Months Ended September 30, 2014 and 2013

Note 1 - Organization and Basis of Presentation

The consolidated financial statements presented are those of iGambit Inc., (the "Company") and its wholly-owned subsidiary, Gotham Innovation Lab Inc. ("Gotham"). The Company was incorporated under the laws of the State of Delaware on April 13, 2000. The Company was originally incorporated as Compusations Inc. under the laws of the State of New York on October 2, 1996. The Company changed its name to BigVault.com Inc. upon changing its state of domicile on April 13, 2000. The Company changed its name again to bigVault Storage Technologies Inc. on December 21, 2000 before changing to iGambit Inc. on April 5, 2006. Gotham was incorporated under the laws of the state of New York on September 23, 2009. The Company is a holding company which seeks out acquisitions of operating companies in technology markets. Gotham is in the business of providing media technology services to real estate agents and brokers in the New York metropolitan area.

Interim Financial Statements

The following (a) condensed consolidated balance sheet as of December 31, 2013, which has been derived from audited financial statements, and (b) the unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2014 are not necessarily indicative of results that may be expected for the year ending December 31, 2014. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2013 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on April 1, 2014.

Note 2 –Discontinued Operations

Sale of Business

On February 28, 2006, the Company entered into an asset purchase agreement with Digi-Data Corporation ("Digi-Data"), whereby Digi-Data acquired the Company's assets and its online digital vaulting business operations in exchange for $1,500,000, which was deposited into an escrow account for payment of the Company's outstanding liabilities. In addition, as part of the sales agreement, the Company received payments from Digi-Data based on 10% of the net vaulting revenue payable quarterly over five years. The Company was also entitled to an additional 5% of the increase in net vaulting revenue over the prior year's revenue. These adjustments to the sales price were included in the discontinued operations line of the statements of operations for the year ended December 31, 2011, the last year of payments.

The assets of the discontinued operations are presented in the balance sheets under the captions “Assets from discontinued operations”. The underlying assets of the discontinued operations consist of accounts receivable of $0 and $570,590 as of September 30, 2014 and December 31, 2013, respectively, and of accrued interest receivable of $0 and $67,625 as of September 30, 2014 and December 31, 2013, respectively.

Accounts Receivable

Assets from discontinued operations, net includes accounts receivable which represents 50% of contingency payments earned for the previous quarters. The reserve for bad debts of $250,000 charged to operations in 2010 was reversed in connection with the Summary Judgment and Forbearance Agreement described in Note 11. Also included is accrued interest receivable of $85,156 recorded for interest granted on the balance due from Digi-data through May 2014. The entire balance including accrued interest totaling $655,746 was repaid to the Company by Digi-data in the nine months ended September 30, 2014.

Note 3 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Gotham Innovation Lab, Inc. All intercompany accounts and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

For certain of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and amounts due to related parties, the carrying amounts approximate fair value due to their short maturities. Additionally, there are no assets or liabilities for which fair value is remeasured on a recurring basis.

Revenue Recognition

The Company’s revenues are derived primarily from the sale of products and services rendered to real estate brokers. The Company recognizes revenues when the services or products have been provided or delivered, the fees charged are fixed or determinable, the Company and its customers understand the specific nature and terms of the agreed upon transactions, and collectability is reasonably assured.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs for the nine months ended September 30, 2014 and 2013 were $1,657 and $4,292, respectively.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include checking and money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

Accounts Receivable

The Company analyzes the collectability of accounts receivable from continuing operations each accounting period and adjusts its allowance for doubtful accounts accordingly. A considerable amount of judgment is required in assessing the realization of accounts receivables, including the creditworthiness of each customer, current and historical collection history and the related aging of past due balances. The Company evaluates specific accounts when it becomes aware of information indicating that a customer may not be able to meet its financial obligations due to deterioration of its financial condition, lower credit ratings, bankruptcy or other factors affecting the ability to render payment. Allowance for doubtful accounts was $17,865 at September 30, 2014 and December 31, 2013, respectively. There was no bad debt expense charged to operations for the nine months ended September 30, 2014 and 2013, respectively.

Property and equipment and depreciation

Property and equipment are stated at cost. Depreciation for both financial reporting and income tax purposes is computed using combinations of the straight line and accelerated methods over the estimated lives of the respective assets.Computer equipment is depreciated over 5 years and furniture and fixtures are depreciated over 7 years. Maintenance and repairs are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is credited or charged to income.
Depreciation expense of $3,574 and $4,885 was charged to operations for the nine months ended September 30, 2014 and 2013, respectively.

Stock-Based Compensation

The Company accounts for its stock-based awards granted under its employee compensation plan in accordance with ASC Topic No. 718-20, *Awards Classified as*

Equity, which requires the measurement of compensation expense for all share-based compensation granted to employees and non-employee directors at fair value on the date of grant and recognition of compensation expense over the related service period for awards expected to vest. The Company uses the Black-Scholes option pricing model to estimate the fair value of its stock options and warrants. The Black-Scholes option pricing model requires the input of highly subjective assumptions including the expected stock price volatility of the Company's common stock, the risk free interest rate at the date of grant, the expected vesting term of the grant, expected dividends, and an assumption related to forfeitures of such grants. Changes in these subjective input assumptions can materially affect the fair value estimate of the Company's stock options and warrants.

Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC Topic No. 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

The Company applies the provisions of ASC Topic No. 740 for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Company's financial statements. In accordance with this provision, tax positions must meet a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position.

Recent Accounting Pronouncements

FASB ASC 606 ASU 2014-09 - Revenue from contracts with customers:

In May 2014, the FASB issued amended guidance on contracts with customers to transfer goods or services or contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). The guidance requires an entity to recognize revenue on contracts with customers to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires that an entity depict the consideration by applying the following steps:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. This amendment is to be either retrospectively adopted to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

Note 4 - Earnings Per Common Share

The Company calculates net earnings (loss) per common share in accordance with ASC 260 "*Earnings Per Share*" ("ASC 260"). Basic and diluted net earnings (loss) per common share was determined by dividing net earnings (loss) applicable to common stockholders by the weighted average number of common shares outstanding during the period. The Company's potentially dilutive shares, which include outstanding common stock options and common stock warrants, have not been included in the computation of diluted net earnings (loss) per share for all periods as the result would be anti-dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Stock options	1,518,900	668,900	1,518,900	668,900
Stock warrants	275,000	275,000	275,000	275,000
Total shares excluded from calculation	1,793,900	943,900	1,793,900	943,900

Note 5–Stock Based Compensation

Stock-based compensation expense for all stock-based award programs, including grants of stock options and warrants, is recorded in accordance with "*Compensation—Stock Compensation*", Topic 718 of the FASB ASC. Stock-based compensation expense, which is calculated net of estimated forfeitures, is computed using the grant date fair-value and amortized over the requisite service period for all stock awards that are expected to vest. The grant date fair value for stock options and warrants is calculated using the Black-Scholes option pricing model. Determining the fair value of options at the grant date requires judgment, including estimating the expected term that stock options will be outstanding prior to exercise, the associated volatility of the Company's common stock, expected dividends, and a risk-free interest rate. Stock-based compensation expense is reported under general and administrative expenses in the accompanying consolidated statements of operations.

Options

In 2006, the Company adopted the 2006Long-Term Incentive Plan (the "2006 Plan"). Awards granted under the 2006 Plan have a ten-year term and may be incentive stock options, non-qualified stock options or warrants. The awards are granted at an exercise price equal to the fair market value on the date of grant and generally vest over a three or four year period. The Plan expired on December 31, 2009, therefore as of June 30, 2014, there was no unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the 2006 plan.

The 2006 Plan provided for the granting of options to purchase up to 10,000,000 shares of common stock. 8,146,900 options have been issued under the plan to date of which 7,157,038 have been exercised and 692,962 have expired to date. There were296,900 options outstanding under the 2006 Plan on its expiration date of December 31, 2009. All options issued subsequent to this date were not issued pursuant to any plan.

Stock option activity during the nine months ended September 30, 2014 and 2013 follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant-Date Fair Value	Weighted Average Remaining Contractual Life (Years)
Options outstanding at December 31, 2012	1,268,900	$ 0.08	$ 0.10	6.16
Expired	(600,000)	0.10	--	
Options outstanding at September 30, 2013	668,900	$ 0.06	$ 0.10	4.94
Options outstanding at December 31, 2013	668,900	$ 0.06	$ 0.10	4.69
Options granted	850,000	$ 0.04	$ 0.09	7.19
Options outstanding at September 30, 2014	1,518,900	$ 0.06	$ 0.10	5.02

Options outstanding at September 30, 2014 consist of:

Date Issued	Number Outstanding	Number Exercisable	Exercise Price	Expiration Date
May 1, 2006	100,000	100,000	$0.01	May 1, 2016
May 1, 2006	100,000	100,000	$0.01	May 1, 2016
May 1, 2006	50,000	50,000	$0.01	May 1, 2016
May 1, 2006	46.900	46,900	$0.01	May 1, 2016
June 9, 2014	213,000	213,000	$0.03	June 9, 2024
June 9, 2014	159,000	159,000	$0.03	June 9, 2024
June 9, 2014	600,000	600,000	$0.03	June 9, 2024
June 6, 2014	250,000	250,000	$0.05	June 6, 2019
Total	1,518,900	1,518,900		

Warrants

In addition to our 2006 Long Term Incentive Plan, we have issued and outstanding compensatory warrants to two consultants entitling the holders to purchase a total of 275,000 shares of our common stock at an average exercise price of $0.94 per share. Warrants to purchase 25,000 shares of common stock vest upon 6 months after the Company engages in an IPO, have an exercise price of $3.00 per share, and expire 2 years after the Company engages in an IPO. Warrants to purchase 250,000 shares of common stock vest 100,000 shares on issuance (June 1, 2009), and 50,000 shares on each of the following three anniversaries of the date of issuance, have exercise prices ranging from $0.50 per share to $1.15 per share, and expire on June 1, 2019. The issuance of the compensatory warrants was not submitted to our shareholders for their approval.

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Grant-Date Fair Value	(1)Weighted Average Remaining Contractual Life (Years)
Warrants outstanding at December 31, 2012	275,000	$ 0.94	$ 0.10	6.42
No warrant activity	--	--	--	
Warrants outstanding at September 30, 2013	275,000	$ 0.94	$ 0.10	5.67
Warrants outstanding at December 31, 2013	275,000	$ 0.94	$ 0.10	5.42
No warrant activity	--	--	--	
Warrants outstanding at September 30, 2014	275,000	$ 0.94	$ 0.10	4.67

Warrant activity during the nine months ended September 30, 2014 and 2013 follows:

(1) Exclusive of 25,000 warrants expiring 2 years after initial IPO.

Warrants outstanding at September 30, 2014 consist of:

Date Issued	Number Outstanding	Number Exercisable	Exercise Price	Expiration Date
April 1, 2000	25,000	25,000	$3.00	2 years after IPO
June 1, 2009	100,000	100,000	$0.50	June 1, 2019
June 1, 2009	50,000	50,000	$0.65	June 1, 2019
June 1, 2009	50,000	50,000	$0.85	June 1, 2019
June 1, 2009	50,000	50,000	$1.15	June 1, 2019
Total	275,000	275,000		

Note 6 – Convertible Note Payable

On September 16, 2013, the Company issued an 8% convertible note in the aggregate principal amount of $103,500, convertible into shares of the Company's common stock. The Note, including accrued interest was due June 18, 2014 and was convertible any time after 180 days at the option of the holder into shares of the Company's common stock at 55% of the average stock price of the lowest 3 closing bid prices during the 10 trading day period ending on the latest complete trading day prior to the conversion date. Interest expense on the convertible note of $3,242 was recorded for the nine months ended September 30, 2014.

Initially the Company had anticipated repaying the obligation prior to the effective date of the holder electing to convert. Since the effective date of the election to convert has passed the Company recorded a debt discount related to identified embedded derivatives relating to conversion features and a reset provisions (see Note 7) based fair values as of the inception date of the Note. The calculated debt discount equaled the face of the note and was amortized over the term of the note. During the nine months ended September 30, 2014, the Company amortized $63,250 of debt discount. During the nine months ended September 30, 2014, the noteholder converted $49,000 of the principal balance to 1,539,934 shares of common stock, and the Company repaid the remaining note balance of $54,500 and accrued interest of $5,646 on June 18, 2014.

Note7 - Derivative Liability

Convertible Note

During the year ended December 31, 2013, the Company issued a convertible note (see Note 6 above).

The note is convertible into common stock, at the holders' option, at a discount to the market price of the Company's common stock. The Company has identified embedded derivatives included in these notes as a result of certain anti-dilutive (reset) provisions, related to certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the convertible note and debt discount amortization to fair value as of each subsequent reporting date. This resulted in a fair value of derivative liability of $152,076 in which to the extent of the face value of convertible note was treated as debt discount with the remainder treated as interest expense.

The fair value of the embedded derivatives at December 31, 2013, in the amount of $152,076, was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 243.00%, (3) weighted average risk-free interest rate of 0.09%, (4) expected lives of 0.72 to 0.75 years, and (5) estimated fair value of the Company's common stock of $0.51 per share. The Company recorded interest expense from the excess of the derivative liability over the convertible note of $48,576 during the year ended December 31, 2013. A gain on derivative liability of $152,076 was recorded during the nine months ended September 30, 2014 for the satisfaction of the convertible note.

Based upon ASC 840-15-25 (EITF Issue 00-19, paragraph 11) the Company has adopted a sequencing approach regarding the application of ASC 815-40 to its outstanding convertible note. Pursuant to the sequencing approach, the Company evaluates its contracts based upon earliest issuance date.

Note 8 - Income Taxes

	Quarter Ended September 30,
	20142013
Effective tax rate	0.0 % 0.0 %

A full valuation allowance was recorded against the Company's net deferred tax assets. A valuation allowance must be established if it is more likely than not that the deferred tax assets will not be realized. This assessment is based upon consideration of available positive and negative evidence, which includes, among other things, the Company's most recent results of operations and expected future profitability. Based on the Company's cumulative losses in recent years, a full valuation allowance against the Company's deferred tax assets has been established as Management believes that the Company will not realize the benefit of those deferred tax assets.

Note9 -Retirement Plan

Gotham has adopted the Gotham Innovation Lab, Inc. SIMPLE IRA Plan, which covers substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 408 (a) of the Internal Revenue Code. The Company matches up to 3% of employee contributions. The Company's contributions to the plan for the nine months ended September 30, 2014 and 2013 were $5,179 and$12,690, respectively.

Note 10 – Concentrations and Credit Risk

Sales and Accounts Receivable

Gotham had sales to one customer which accounted for approximately 66% of Gotham's total sales for the nine months ended September 30, 2014. The customer accounted for approximately 70% of accounts receivable at September 30, 2014.

Gotham had sales to two customers which accounted for approximately 44% and 25%, respectively of Gotham's total sales for the nine months ended September 30, 2013. The two customers accounted for approximately 61% and 11%, respectively of accounts receivable at September 30, 2013.

Cash

Cash is maintained at a major financial institution. Accounts held at U.S. financial institutions are insured by the FDIC up to $250,000. Cash balances could exceed insured amounts at any given time, however, the Company has not experienced any such losses. The Company did not have any interest-bearing accounts at September 30, 2014 and December 31, 2013, respectively.

Note 11 - Fair Value Measurement

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") on January 1, 2008. ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis consist of derivative liabilities and are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level is the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Upon adoption of ASC 825-10, there was no cumulative effect adjustment to beginning retained earnings and no impact on the consolidated financial statements.

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings (including convertible note payable), and other current assets and liabilities approximate fair value because of their short-term maturity.

As of September 30, 2014 and December 31, 2013, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in Note 7. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Note 7 are that of volatility and market price of the underlying common stock of the Company.

As of September 30, 2014 and December 31, 2013, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of December 31, 2013, in the amount of $152,076 has a level 3 classification. Further, there were no changes in fair value of the Company's level 3 financial liabilities during the nine months ended September 30, 2014.

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases, therefore decreasing the liability on the Company's balance sheet. Additionally, stock price volatility is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments. The simulated fair value of these liabilities is sensitive to changes in the Company's expected volatility. A 10% change in pricing inputs and changes in volatilities and correlation factors would currently not result in a material change in value for the level 3 financial liability.

Note 12 - Related Party Transactions

Note Payable – Related Party

Gotham was provided a loan which was due on December 31, 2013 from an entity that was previously a related party. The balance of $6,263 has not been paid and is accordingly included in accounts payable at September 30, 2014.

Loan Payable - Stockholder

During the nine months ended September 30, 2014, a stockholder/officer of the Company made cash advances totaling $3,600 on behalf of the Company, which were repaid without interest.

Note 13 – Commitments and Contingencies

Lease Commitment

On February 1, 2012, iGambit entered into a 5 year lease for new executive office space in Smithtown, New York commencing on March 1, 2012 at a monthly rent of $1,500 with 2% annual increases.

Gotham has a month to month license agreement for office space that commenced on August 2, 2012 at a monthly license fee of $4,025. The license agreement may be terminated upon 30 days notice.

Total future minimum annual lease payments under the lease for the years ending December 31 are as follows:

2014	$ 4,740
2015	19,080
2016	19,440
2017	3,240
	$ 46,500

Rent expense of $51,209 and $55,673 was charged to operations for the nine months ended September 30, 2014 and 2013, respectively.

Contingencies

The Company provides accruals for costs associated with the estimated resolution of contingencies at the earliest date at which it is deemed probable that a liability has been incurred and the amount of such liability can be reasonably estimated.

Litigation

Digi-Data Corporation

In connection with the asset purchase agreement discussed in Note 2, the Company filed a complaint against Digi-Data on October 1, 2012 for unpaid contingency payments owed to the Company totaling $570,590 at December 31, 2013, exclusive of an allowance for bad debts of $250,000. On or about December 3, 2012, Digi-Data filed its Answer, Affirmative Defenses and Counterclaim against the Company. The Counterclaim seeks damages against the Company for breach of the Agreement for the alleged failure to indemnify Digi-Data for expenses related to pending litigation between Verizon Communications, Inc. (one of Digi-Data's customers) and an unrelated third party, Titanide Ventures, LLC, concerning alleged patent violations (hereinafter "Verizon Patent Litigation"). The Verizon Patent Litigation is a result of a "patent troll" whereby Titanide seeks to extract settlement funds from alleged patent infringers without seeking actual adjudication of its purported patent rights. The Company has advised Digi-Data of what it believes is "prior act" related to the subject intellectual property that is at-issue in the Verizon Patent Litigation, a possible defense to the claims by Titanide.A pre-trial order was issued by the Court with detailed deadlines regarding among other items, discovery cut-off and status report deadline date of April 29, 2013 and dispositive motions deadline date of May 28, 2013. The Company propounded its initial discovery upon Digi-Data, responses to which were due on or about March 8, 2013. On April 4, 2013, Digi-Data provided discovery to the Company. No depositions have been scheduled as of the date of this report, nor has the Company received any information from Digi-data regarding any specific quantified "damages" directly resulting from this Order or the settlement agreement between Verizon and the Plaintiff. On April 4, 2013, an Order of Dismissal in the Verizon Patent Litigation was filed. The Dismissal is with prejudice with each party to bear its own costs and fees. On May 24, 2013,the Company filed a Motion for Summary Judgment with the Court asking the Court to move in its favor against DDC for the entire outstanding balance due along with attorney's fees and post and pre-judgment interest as applicable under Maryland Law. On June 11, 2013, Digi-Data filed its Response to the Motion for Summary Judgment and, for the first time, purported to liquidate certain alleged damages for which Digi-Data seeks a set-off against the amounts admittedly owed by Digi-Data to iGambit and alludes the existence of additional although not yet quantified damages. The Response relies entirely upon the Affidavit of a Vice President of Digi-Data for its evidentiary support. Notwithstanding, Digi-Data failed to produce documentary support for its alleged damages and to explain why it failed to disclose such information during the discovery period or thereafter.

On July 9, 2013, the Company filed its Reply to Digi-Data's Response and, thereby, advised the Court of Digi-Data's apparent litigation-by-ambush tactic such as withholding allegations of damages until the end of discovery and attempting to use such previously withheld information to defeat summary judgment, and the legal inadequacy of same. Pursuant to the Maryland District Court's Local Rules, Digi-Data is not authorized to file a Surreply without Court order.

On December 13, 2013 the Court Granted Summary Judgment in iGambit's favor against Digi-Data in the amount of $570,590, plus interest at the Maryland legal rate of 6% per annum from August 31, 2012, and post judgment interest at the Federal statutory Rate. Furthermore, Digi-Data's Counterclaim was dismissed.

On February 24, 2014 the Company entered into a Forbearance Agreement with Digi-Data pursuant to which Digi-Data shall pay to iGambit Six Hundred Forty-Six Thousand, Six Hundred Sixty-Eight Dollars and Sixty-Seven Cents ($646,668.67) (the "Settlement Amount") in full satisfaction of the Judgment.

Initial Payment: Digi-Data shall pay the Settlement Amount by delivering Twenty-Five Thousand Dollars and No Cents ($25,000.00) to iGambit upon the execution of this Agreement ("Initial Payment"), and delivering the remaining Six Hundred Twenty-One Thousand, Six Hundred Sixty-Eight Dollars and Sixty-Seven Cents ($621,668.67), plus interest at a rate of 6% per annum (calculated at Actual/360) (the "Remaining Balance") to iGambit.

Monthly Payments: Commencing thirty (30) calendar days after the Effective Date, and continuing for the three following months, Digi-Data shall make monthly payments of Twelve Thousand, Five Hundred Dollars and No Cents ($12,500.00) to iGambit (each, an "Initial Monthly Payment"). Thirty (30) calendar days after the fourth Initial Monthly Payment is made, Digi-Data shall commence making a monthly payment of Twenty-Five Thousand Dollars and No Cents ($25,000.00) to iGambit until the Remaining Balance is paid in full (each, a "Subsequent Monthly Payment"). Such Initial Monthly Payments and Subsequent Monthly Payments shall be credited to payment of the Settlement Amount and Remaining Balance, with payment being first applied to accrued and/or outstanding interests, then to principal.

Line of Credit Payments: In the event that Digi-Data obtains a new line of credit subsequent to the Effective Date under terms acceptable to Digi-Data in the amount of Three Million Dollars and No Cents ($3,000,000.00) or greater it shall, within fifteen (15) calendar days upon obtaining such funding, pay the full Remaining Balance to iGambit (the "LOC Payment"). In the event that Digi-Data obtains a new line of credit subsequent to the Effective Date under terms acceptable to Digi-Data for any amount less than Three Million Dollars and No Cents ($3,000,000.00) that is secured by its receivables it shall, within fifteen (15) calendar days of obtaining such funding, pay Twenty-Five Thousand Dollars and No Cents ($25,000.00) to iGambit (the "Receivables Payment"). Such Receivables Payment shall be credited to payment of the Settlement Amount and Remaining Balance, with payment being first applied to accrued and/or outstanding interests, then to principal.

Digi-Data Sale: In the event of a Digi-Data Sale, iGambit shall be paid the Remaining Balance at closing of any such Digi-Data Sale as provided in paragraph 2, below. iGambit acknowledges that, if the Digi-Data Sale is a sale or sales of the Digi-Data Assets, there may be insufficient proceeds to pay the Remaining Balance in full. If the Digi-Data Sale is a sale or sales of the stock of Digi-Data and there are insufficient proceeds at closing to pay the Remaining Balance in full, iGambit shall continue to receive the Subsequent Monthly Payment until the full Remaining Balance is paid.On May 12, 2014, Digi-Data paid the full balance due on the judgment plus all accrued interest upon the sale of Digi-Data.

Financial Advisor Contract

Brooks, Houghton & Company, Inc. (BHC)

The Company had entered into a contract with BHC in which BHC would provide financial advisory services in connection with the Company's proposed business combinations and related fund raising transactions. As part of that agreement BHC would be entitled to a "Business Combination Fee" equal to three percent of the amount of the company's total proceeds and other consideration paid or to be paid for the assets acquired, inclusive of equity or any debt issued; however the fee was to be no less than $300,000. As a result of the IGX transaction, as described in Note 14, BHC initially felt entitled to $300,000. The Company has taken a position that since the transaction has been rescinded, that the fee is has not been earned and thus not to be paid.While the ultimate outcome of this matter is not presently determinable, it is the opinion of management that the resolution of any outstanding claim will not have a material adverse effect on the financial position or results of operations of the Company.

Note 14 – Rescission of Purchase Agreement for Acquisition of IGX Global Inc. and IGX Global UK Limited

On April 8, 2013, the Company and its wholly owned subsidiary, IGXGLOBAL, CORP. entered into, and became obligated under, a transaction to rescind the Company's purchase agreement dated December 28, 2012 (the "Purchase Agreement") with IGX Global Inc.("IGXUS"), IGX Global UK Limited ("IGXUK") and Thomas Duffy ("DUFFY") the sole shareholder of both IGXUK and IGXUS.

Under the Purchase Agreement, the Company intended to purchase, as of December 31, 2012, substantially all of the assets of IGXUS and all of the issued and outstanding shares of IGXUK and thereby the acquired business operated by IGXUS and IGXUK (the "Acquired Business"). The original agreement called for a $500,000 payment at closing, a $1,000,000 Promissory Note, assumption of certain liabilities of the IGXUS up to $2,500,000 and 3.75 million shares of iGambit stock to be earned over a three year period based upon certain revenue and earnings targets. The Company had arranged financing at the original effective date of the purchase to pay the $500,000 payment and payoff certain liabilities of IGXUS.

On April 8, 2013, under the terms of a Rescission Agreement, the Company, IGXUS, IGXUK and Duffy (IGX), agreed to unwind the Purchase Agreement in its entirety and to fully restore each to the positions they were respectively prior to entering into the Purchase Agreement. This included IGX obtaining financing to payoff the entire balance of the financing the Company had obtained to fund the upfront payment and certain liabilities at the original closing date; IGX also assumed and paid certain expenses related to the purchase. Also as consideration for iGambit's expenses and inconvenience, the Company received $130,000 prior to the effective date of the rescission from IGX, and upon the effective date of the rescission, an additional payment of $275,000, and will receive an additional $350,000 payable in equal monthly installments over 18 months. The consideration from IGX totaling $755,000 is reported as Other Income in the Statements of Operations for the year ended December 31, 2013. The balance due from IGX of $225,779 was settled for $175,000, which was received on June 16, 2014. The uncollectible balance of $50,779 was charged to operations.

Note 15 – Subsequent Events

On September 25, 2014, the Board unanimously approved an amendment to the Company's Articles of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from seventy five million(75,000,000) to Three Hundred Million (300,000,000) shares of Common Stock, $0.001 par value per share, and to create a new class of stock entitled "preferred stock" (together, the "Capitalization Amendments"). The Capitalization Amendments create provisions in the Company's Articles of Incorporation, which allows the voting powers, designations, preferences and other special rights, and qualifications, limitations and restrictions of each series of preferred stock to be established from time to time by the Board without approval of the stockholders. No dividend, voting, conversion, liquidation or redemptions rights as well as redemption or sinking fund provisions are yet established with respect to the Company's preferred stock. On October 3, 2014, the Majority Stockholders executed and delivered to the Company a written consent approving the Current Action.

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

FORWARD LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-Q which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), finding suitable merger or acquisition candidates, expansion and growth of the Company's business and operations, and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances.

Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. Factors that could adversely affect actual results and performance include, among others, potential fluctuations in quarterly operating results and expenses, government regulation, technology change and competition. Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

CRITICAL ACCOUNTING ESTIMATES

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements may require us to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the related disclosures at the date of the financial statements. We do not currently have any estimates or assumptions where the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change or the impact of the estimates and assumptions on financial condition or operating performance is material, except as described below.

Revenue Recognition

Our revenues from continuing operations consist of revenues derived primarily from sales of products and services rendered to real estate brokers. We recognize revenues when the services or products have been provided or delivered, the fees we charge are fixed or determinable, we and our customers understand the specific nature and terms of the agreed upon transactions, and collectability is reasonably assured.

Contingency payment income was recognized quarterly from a percentage of Digi-Data's vaulting service revenue, and is included in discontinued operations.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include checking and money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

Accounts Receivable

We analyze the collectability of accounts receivable from continuing operations each accounting period and adjust our allowance for doubtful accounts accordingly. A considerable amount of judgment is required in assessing the realization of accounts receivables, including the creditworthiness of each customer, current and historical collection history and the related aging of past due balances. We evaluate specific accounts when we become aware of information indicating that a customer may not be able to meet its financial obligations due to deterioration of its financial condition, lower credit ratings, bankruptcy or other factors affecting the ability to render payment. There was no bad debt expense charged to operations for nine months ended September 30, 2014 and 2013, respectively.

Assets from discontinued operations, net includes accounts receivable which represents 50% of contingency payments earned for the previous quarters. The reserve for bad debts of $250,000 charged to operations in 2010 was reversed in connection with the Summary Judgment and Forbearance Agreement described in Note 11. Also included is accrued interest receivable of $85,156 recorded for interest granted on the balance due from Digi-data through May 2014. The entire balance including accrued interest totaling $655,746 was repaid to the Company by Digi-data in the nine months ended September 30, 2014.

Property and equipment and depreciation

Property and equipment are stated at cost. Depreciation for both financial reporting and income tax purposes is computed using combinations of the straight line and accelerated methods over the estimated lives of the respective assets.Computer equipment is depreciated over 5 years and furniture and fixtures are depreciated over 7 years. Maintenance and repairs are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is credited or charged to income.

Depreciation expense of $3,574 and $4,885 was charged to operations for the nine months ended September 30, 2014 and 2013, respectively.

Stock-Based Compensation

We account for our stock-based awards granted under our employee compensation plan in accordance with ASC Topic No. 718-20, *Awards Classified as Equity,* which requires the measurement of compensation expense for all share-based compensation granted to employees and non-employee directors at fair value on the date of grant and recognition of compensation expense over the related service period for awards expected to vest. We use the Black-Scholes option valuation model to estimate the fair value of our stock options and warrants. The Black-Scholes option valuation model requires the input of highly subjective assumptions including the expected stock price volatility of the Company's common stock. Changes in these subjective input assumptions can materially affect the fair value estimate of our stock options and warrants.

Income Taxes

We account for income taxes using the asset and liability method in accordance with ASC Topic No. 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

We apply the provisions of ASC Topic No. 740 for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Company's financial statements. In accordance with this provision, tax positions must meet a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position. Management has determined that the Company has no significant uncertain tax positions requiring recognition and measurement under ASC 740-10.

Convertible Note

On September 16, 2013, we issued an 8% convertible note in the aggregate principal amount of $103,500, convertible into shares of the Company's common stock. The Note, including accrued interest was due June 18, 2014 and was convertible any time after 180 days at the option of the holder into shares of the Company's common stock at 55% of the average stock price of the lowest 3 closing bid prices during the 10 trading day period ending on the latest complete trading day prior to the conversion date. Interest expense on the convertible note of $3,242 was recorded for the nine months ended September 30, 2014.

Initially we anticipated repaying the obligation prior to the effective date of the holder electing to convert. Since the effective date of the election to convert passed we recorded a debt discount related to identified embedded derivatives relating to conversion features and a reset provisions (see Note 7) based fair values as of the inception date of the Note. The calculated debt discount equaled the face of the note and was amortized over the term of the note. During the nine months ended September 30, 2014, we amortized $63,250 of debt discount. During the nine months ended September 30, 2014, the note holder converted $49,000 of the principal balance to 1,539,934 shares of common stock, and we repaid the remaining note balance of $54,500 and accrued interest of $5,646 on June 18, 2014.

Derivative Liability

Convertible Note

During the year ended December 31, 2013, we issued a convertible note (see ***Convertible Note*** above).

The note is convertible into common stock, at the holders' option, at a discount to the market price of the Company's common stock. We identified embedded derivatives included in these notes as a result of certain anti-dilutive (reset) provisions, related to certain conversion features. The accounting treatment of derivative financial instruments requires that we record the fair value of the derivatives as of the inception date of the convertible note and debt discount amortization to fair value as of each subsequent reporting date. This resulted in a fair value of derivative liability of $152,076 in which to the extent of the face value of convertible note was treated as debt discount with the remainder treated as interest expense.

The fair value of the embedded derivatives at December 31, 2013, in the amount of $152,076, was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 243.00%, (3) weighted average risk-free interest rate of 0.09%, (4) expected lives of 0.72 to 0.75 years, and (5) estimated fair value of the Company's common stock of $0.51 per share. We recorded interest expense from the excess of the derivative liability over the convertible note of $48,576 during the year ended December 31, 2013.A gain on derivative liability of $152,076 was recorded during the nine months ended September 30, 2014 for the satisfaction of the convertible note.

Based upon ASC 840-15-25 (EITF Issue 00-19, paragraph 11) we adopted a sequencing approach regarding the application of ASC 815-40 to its outstanding convertible note. Pursuant to the sequencing approach, we evaluate our contracts based upon earliest issuance date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

iGambit is a company focused on the technology markets. Our sole operating subsidiary, Gotham Innovation Lab, Inc., is in the business of providing media technology services to the real estate industry. We are focused on expanding the operations of Gotham by marketing the company to existing and potential new clients.

Assets. At September 30, 2014, we had $496,232in total assets, compared to $1,071,342 at December 31, 2013. The decrease in total assets was primarily due to the decrease in accounts receivable, the receivable due from discontinued operations and the receivable due from the IGX Rescission Agreement.

Liabilities. At September 30, 2014, our total liabilities were $292,552 compared to $515,155 at December 31, 2013. Liabilities consist of accounts payable of $292,552, whereas our total liabilities as of December 31, 2013 consisted of accounts payable of $316,566, a convertible note payable of $40,250, a derivative liability for certain provisions of the convertible note of $152,076 and a note payable to a related party of $6,263.The decrease in liabilities was primarily due to the repayment and conversion of the convertible note payable, and the write-off the derivative liability. We do not have any long term liabilities.

Stockholders' Equity. Our stockholders' equity decreased to $203,680 at September 30, 2014from $556,187 at December 31, 2013. This decrease was primarily due to an increase in accumulated deficit from $(2,197,857) at December 31, 2013 to $(2,620,470) at September 30, 2014, resulting from a loss from operations of $(422,613) for the nine months endedSeptember30, 2014.

THREE MONTHS ENDED SEPTEMBER 30, 2014 AS COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2013

Revenues and Cost of Sales. We had $269,166 of revenue during the three months ended September 30, 2014 compared to revenue of $397,081 during the three months ended September30, 2013. The decrease in revenue was due primarily to a decrease in revenue generated by our Gotham subsidiary as result of closing down the Team5 division. The decrease in our cost of goods sold for the three months ended September 30, 2014 was due to a decrease in the cost of the outsourced photography vendors utilized by our Gotham subsidiary.

General and Administrative Expenses. General and Administrative Expenses decreased to $338,288 for the three months ended September 30, 2014 from $421,298 for the three months ended September 30, 2013. For the three months ended September 30, 2014 our General and Administrative Expenses consisted of corporate administrative expenses of $51,116, rent expense of $16,756, legal and accounting fees of $24,225,employee benefits expense of $15,933, directors and officers insurance of $11,075 and payroll expenses of $219,183.For the three months ended September 30, 2013 our General and Administrative Expenses consisted of corporate administrative expenses of $67,923, rent expense of $18,415, legal and accounting fees of $19,951, employee benefits expense of $28,640, directors and officers insurance of $10,326 and payroll expenses of $276,043.The decreases from the three months ended September 30, 2013 to the three months ended September 30, 2014 relate primarily to a decrease in payroll expenses and a decrease in general and administrative costs associated with the operation of our Gotham subsidiary. Costs associated with our officers' salaries and the operation of our Gotham subsidiary should remain level going forward, subject to a material expansion in the business operations of Gotham which would likely increase our corporate administrative expenses.

Other Income (Expense) and Taxes. There was no other income for the three months ended September 30, 2014and 2013 respectively. We had interest expense of $(1,429) for the three months ended September 30, 2014compared to no interest expense for the three months ended September 30, 2013.

NINE MONTHS ENDED SEPTEMBER 30, 2014 AS COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2013

Revenues and Net Income. We had $819,803 of revenue during the nine months ended September 30, 2014, as compared to $1,171,621 of revenue during the nine months ended September 30, 2013. The decrease in revenue was due to a decrease in revenue generated by our acquired subsidiary Gotham as a result of closing down the Team5 division. In addition to Gotham's operations, we had other income of $80,409 for the nine months ended September 30, 2014 primarily due to the gain on derivative liability, compared to $755,000 of other income from the IGX Rescission Agreement for the nine months ended September 30, 2013.The decrease in our cost of sales for the nine months ended September30, 2014 was due to a decrease in the cost of the outsourced photography vendors utilized by Gotham.

General and Administrative Expenses. General and Administrative Expenses decreased to $998,527 for the nine months ended September 30, 2014 from $1,299,224 for the nine months ended September 30, 2013. For the nine months ended September 30, 2014 our General and Administrative Expenses consisted of corporate administrative expenses of $189,645, rent expense of $51,209, employee benefits expense of $53,271, legal and accounting fees of $73,189, directors and officers insurance expense of $32,328, payroll expenses of $548,106and a bad debt write off of $50,779 as part of a settlement for the receivable balance on the IGX rescission agreement. For the nine months ended September 30, 2013 our General and Administrative Expenses consisted of corporate administrative expenses of $206,677,rent expense of $18,415, employee benefits expense of $89,504, legal and accounting fees of $102,655, directors and officers insurance expense of $30,038, finders and commission fees related the IGX transaction of $30,175 and payroll expenses of $821,760.The decreases from the nine months ended September 30, 2013 to the nine months ended September 30, 2014 relate primarily to a decrease in payroll expense, health benefits and corporate administrative expenses. Costs associated with our officers' salaries and the operation of our Gotham subsidiary should remain level going forward, subject to a material expansion in the business operations of Gotham which would likely increase our corporate administrative expenses.

Other Income (Expense) and Taxes. We had other income of $80,409 primarily due to the gain on derivative liability for the nine months ended September 30, 2014, compared to $755,000 from the IGX Rescission Agreement for the nine months ended September 30, 2013.

LIQUIDITY AND CAPITAL RESOURCES

General

As reflected in the accompanying consolidated financial statements, at September 30, 2014, we had $332,379of cash and stockholders' equity of $203,680 as compared to $26,870 and $556,187 at December 31, 2013. At September 30, 2014 we had $496,232 in total assets, compared to $1,071,342 at December 31, 2013.

Our primary capital requirements in 2014 are likely to arise from the expansion of our Gotham operations, and, in the event we effectuate an acquisition, from: (i) the amount of the purchase price payable in cash at closing, if any; (ii) professional fees associated with the negotiation, structuring, and closing of the transaction; and (iii) post-closing costs. It is not possible to quantify those costs at this point in time, in that they depend on Gotham's business opportunities, the state of the overall economy, the relative size of any target company we identify and the complexity of the related acquisition transaction(s). We anticipate raising capital in the private markets to cover any such costs, though there can be no guaranty we will be able to do so on terms we deem to be acceptable. We do not have any plans at this point in time to obtain a line of credit or other loan facility from a commercial bank.

While we believe in the viability of our strategy to improve Gotham's sales volume and to acquire companies, and in our ability to raise additional funds, there can be no assurances that we will be able to fully effectuate our business plan.

We believe we will continue to increase our cash position and liquidity for the foreseeable future. We believe we have enough capital to fund our present operations.

Cash Flow Activity

Net cash provided by operating activities was $364,747for the nine months ended September 30, 2014, compared to net cash provided by operating activities of $6,597for the nine months ended September 30, 2013. Net cash used by continuing operating activities was $290,999 for the nine months ended September 30, 2014, compared to net cash provided by continuing operating activities of $6,597 for the nine months ended September 30, 2013. Our primary source of operating cash flows was from a decrease in the receivable due from the IGX rescission agreement of $189,000 and from continuing operating activities for the nine months ended September 30, 2014 was from our Gotham subsidiary's revenues of $819,903 and $1,171,621 for the nine months ended September 30, 2013. Additional contributing factors to the change were from a decrease in accounts receivable of $34,902, an increase in prepaid expenses of $31,113,and a decrease in accounts payable of $30,277. Net cash provided by discontinued operating activities was $655,746 for the nine months ended September 30, 2014 and cash provided by discontinued operating activities was $0 for the nine months ended September 30, 2013.Cash provided by discontinued operations for the nine months ended September 30, 2014 consisted of $655,746in cash payments received from DDC against accounts receivable included in the Assets from Discontinued Operations.

Cash used by investing activities was $4,738 for the nine months ended September 30, 2014compared to cash provided by investing activities of $1,800 for the nine months ended September 30, 2013. For the nine months ended September 30, 2014 the primary use of cash from investing activities was from purchases of property and equipment of $2,026 and an increase in deposits of $2,712. For the nine months ended September 30, 2013 the primary source of cash provided by investing activities was from a decrease in deposits.

Cash used by financing activities was $(54,500) for the nine months ended September 30, 2014 compared to cash provided by financing activities of $103,500 for the nine months ended September 30, 2013. The cash flows used by financing activities for the nine months ended September 30, 2014 was primarily from repayment of the convertible note payable. The cash flows provided by financing activities for the nine months ended September 30, 2013 was from the issuance of a Convertible note payable from an unrelated party.

Supplemental Cash Flow Activity

In the nine months ended September 30, 2014 the company paid interest of $8,417compared to interest of $2,644in the nine months ended September 30,2013.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*
Not Required.

Item 4. *Controls and Procedures.*

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, as required by paragraph (b) of Rule 13a-15 and 15d-15 of the Exchange Act under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of September 30, 2012. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2014.

Change in Internal Controls

During the nine months ended September 30, 2014, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings.*

Digi-Data Corporation

On October 1, 2012, we filed a lawsuit in the United States District Court for the District of Maryland, Baltimore Division, asserting claims against DigiData Corp. ("Defendant") for monetary damages arising from the Defendant's breach of contract regarding that certain Asset Purchase Agreement dated February 26, 2006 among the parties, and to enforce payment of outstanding contingency payments due to the Company pursuant to said agreement.

On December 13, 2013 the Court Granted Summary Judgment in iGambit's favor against Digi-Data in the amount of $570,590, plus interest at the Maryland legal rate of 6% per annum from August 31, 2012, and post judgment interest at the Federal statutory Rate. Furthermore, Digi-Data's Counterclaim was dismissed.

On February 24, 2014 we entered into a Forbearance Agreement with Digi-Data pursuant to which Digi-Data shall pay to iGambit Six Hundred Forty-Six Thousand, Six Hundred Sixty-Eight Dollars and Sixty-Seven Cents ($646,668.67) (the "Settlement Amount") in full satisfaction of the Judgment based upon the following terms:

<u>Initial Payment</u>: Digi-Data shall pay the Settlement Amount by delivering Twenty-Five Thousand Dollars and No Cents ($25,000.00) to iGambit upon the execution of this Agreement ("Initial Payment"), and delivering the remaining Six Hundred Twenty-One Thousand, Six Hundred Sixty-Eight Dollars and Sixty-Seven Cents ($621,668.67), plus interest at a rate of 6% per annum (calculated at Actual/360) (the "Remaining Balance") to iGambit.

<u>Monthly Payments:</u> Commencing thirty (30) calendar days after the Effective Date, and continuing for the three following months, Digi-Data shall make monthly payments of Twelve Thousand, Five Hundred Dollars and No Cents ($12,500.00) to iGambit (each, an "Initial Monthly Payment"). Thirty (30) calendar days after the fourth Initial Monthly Payment is made, Digi-Data shall commence making a monthly payment of Twenty-Five Thousand Dollars and No Cents ($25,000.00) to iGambit until the Remaining Balance is paid in full (each, a "Subsequent Monthly Payment"). Such Initial Monthly Payments and Subsequent Monthly Payments shall be credited to payment of the Settlement Amount and Remaining Balance, with payment being first applied to accrued and/or outstanding interests, then to principal.

<u>Line of Credit Payments</u>: In the event that Digi-Data obtains a new line of credit subsequent to the Effective Date under terms acceptable to Digi-Data in the amount of Three Million Dollars and No Cents ($3,000,000.00) or greater it shall, within fifteen (15) calendar days upon obtaining such funding, pay the full Remaining Balance to iGambit (the "LOC Payment"). In the event that Digi-Data obtains a new line of credit

subsequent to the Effective Date under terms acceptable to Digi-Data for any amount less than Three Million Dollars and No Cents ($3,000,000.00) that is secured by its receivables it shall, within fifteen (15) calendar days of obtaining such funding, pay Twenty-Five Thousand Dollars and No Cents ($25,000.00) to iGambit (the "Receivables Payment"). Such Receivables Payment shall be credited to payment of the Settlement Amount and Remaining Balance, with payment being first applied to accrued and/or outstanding interests, then to principal.

Digi-Data Sale: In the event of a Digi-Data Sale, iGambit shall be paid the Remaining Balance at closing of any such Digi-Data Sale as provided in paragraph 2, below. iGambit acknowledges that, if the Digi-Data Sale is a sale or sales of the Digi-Data Assets, there may be insufficient proceeds to pay the Remaining Balance in full. If the Digi-Data Sale is a sale or sales of the stock of Digi-Data and there are insufficient proceeds at closing to pay the Remaining Balance in full, iGambit shall continue to receive the Subsequent Monthly Payment until the full Remaining Balance is paid.

On May 12, 2014, Digi-Data paid the full balance due on the judgment plus all accrued interest upon the sale of Digi-Data.

Item 1A. *Risk Factors.*
Not required

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*
None

Item 3. *Defaults upon Senior Securities.*
None

Item 4. *Removed and Reserved.*

Item 5. *Other Information.*
None

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed "filed" for

the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

32.2 Certification of the Interim Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 12, 2014.

iGambit Inc.

/s/ John Salerno
John Salerno
Chief Executive Officer

/s/ Elisa Luqman
Elisa Luqman
Chief Financial Officer

Exhibit Index

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
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Exhibit 31.1

I, John Salerno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iGambit 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 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 controls 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 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.

November 12, 2014

/s/ John Salerno
Chief Executive Officer

Exhibit 31.2

I, Elisa Luqman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iGambit 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 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 controls 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 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.

November 12, 2014

/s/ Elisa Luqman
Chief Financial Officer

Exhibit 32.1

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350
As adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Executive Officer of iGambit Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2013, (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2014

/s/ John Salerno
Chief Executive Officer

Exhibit 32.2

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350
As adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Financial Officer of iGambit Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2013, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2014

/s/ Elisa Luqman
Chief Financial Officer