

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, 2017**

- 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**  
*(State or other jurisdiction of  
incorporation or organization)*

**11-3363609**  
*(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  Smaller reporting company

(Do not check if a 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 124,393,746 shares of its common stock outstanding as of November 20, 2017.

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**iGambit Inc.**  
**Form 10-Q**

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## PART I — FINANCIAL INFORMATION

### Item 1 — *Financial Statements*

#### IGAMBIT INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 2017 (Unaudited)	DECEMBER 31, 2016
<u>ASSETS</u>		
Current assets		
Cash		
Accounts receivable, net	\$ 15,489	\$ 10,522
Prepaid expenses and other current assets	10,976	--
Note receivable	60,870	108,941
Assets from discontinued operations, net	--	15,000
	378	373,469
Total current assets	87,713	507,932
Other assets		
Property and equipment, net	4,153	1,183
Intangible assets, net		
Goodwill	6,198,964	--
Deposits	277,176	--
	1,945	1,720
Total other assets	6,482,238	2,903
	\$ 6,569,951	\$ 510,835

#### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

Current liabilities		
Accounts payable and accrued expenses		
Accrued interest on notes payable	\$ 318,521	\$ 356,005
Amounts due to related parties	15,984	--
Notes payable	5,043	508
Convertible debentures, net	52,500	--
Derivative liability	146,620	50,000

Liabilities from discontinued operations	195,370	--
	<u>--</u>	<u>5,973,747</u>
Total current liabilities and liabilities		
	<u>734,038</u>	<u>6,380,260</u>
Stockholders' equity (deficiency)		
Preferred stock, \$.001 par value; authorized - 100,000,000 shares; issued and outstanding - 0 shares in 2017 and 2016, respectively		
Common stock, \$.001 par value; authorized - 200,000,000 shares; issued and outstanding at September 30, 2017- 122,868,990 shares and 39,708,990 shares at December 31, 2016	--	--
Additional paid-in capital	122,869	39,709
Accumulated deficit	12,507,985	4,321,497
	<u>(5,794,941)</u>	<u>(10,230,631)</u>
Less: Treasury stock; 10,000,000 shares, at cost	6,835,913	(5,869,425)
	<u>(1,000,000)</u>	<u>--</u>
Total stockholders' equity (deficiency)		
	<u>5,835,913</u>	<u>(5,869,425)</u>
	<u>\$ 6,569,951</u>	<u>\$ 510,835</u>

See accompanying notes to the condensed consolidated financial statements.

IGAMBIT INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales	\$ 19,012	\$ --	\$ 27,957	\$ --
Cost of sales	<u>7,952</u>	<u>--</u>	<u>22,564</u>	<u>--</u>
Gross profit	11,060	--	5,393	--
Operating expenses				
General and administrative expenses	<u>723,000</u>	<u>75,699</u>	<u>2,129,083</u>	<u>302,146</u>
Loss from operations	(711,940)	(75,699)	(2,123,690)	(302,146)
Other (expenses)				
Interest expense	<u>(16,668)</u>	<u>(671)</u>	<u>(30,333)</u>	<u>(1,883)</u>
Loss from continuing operations	(728,608)	(76,370)	(2,154,023)	(304,029)
Income (loss) from discontinued operations (including gain on disposal of \$6,657,848 for the nine months ended September 30, 2017)	<u>7,053,622</u>	<u>293,036</u>	<u>6,589,713</u>	<u>185,773</u>
Net income (loss)	<u>\$ 6,325,014</u>	<u>\$ 216,666</u>	<u>\$ 4,435,690</u>	<u>\$ (118,256)</u>
Basic and fully diluted loss per common share:				
Continuing operations	\$ (.00)	\$ (.00)	\$ (.03)	\$ (.01)
Discontinued operations	<u>\$ .06</u>	<u>\$ .00</u>	<u>\$ .09</u>	<u>\$ .00</u>
Net loss per common share	<u>\$ .06</u>	<u>\$ .00</u>	<u>\$ .06</u>	<u>\$ (.01)</u>
Weighted average common shares outstanding - basic and fully diluted	<u>119,891,816</u>	<u>39,683,990</u>	<u>76,055,474</u>	<u>39,683,990</u>

See accompanying notes to the condensed consolidated financial statements.

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

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 4,435,690	\$ (118,256)
(Income) loss from discontinued operations	<u>(6,589,713)</u>	<u>(185,773)</u>
Net loss from continuing operations	(2,154,023)	(304,029)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	830	355
Amortization	663,726	--
Non cash interest expense	9,812	--
Stock-based compensation expense	938,825	--
Increase (Decrease) in cash flows as a result of changes in asset and liability account balances:		
Accounts receivable	(8,725)	--
Prepaid expenses and other current assets	48,071	102,680
Accounts payable and accrued expenses	(37,484)	122,315
Accrued interest on notes payable	<u>15,984</u>	<u>--</u>
Net cash used in continuing operating activities	(522,984)	(78,679)
Net cash used in discontinued operating activities	<u>(561)</u>	<u>(121,892)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(523,545)</u>	<u>(200,571)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in deposits	(225)	--
Preacquisition loans to subsidiary	(50,000)	--
Loans to deconsolidated subsidiary	(10,382)	--
Cash acquired from acquisition of subsidiary	<u>29,584</u>	<u>--</u>
Net cash used in continuing investing activities	(31,023)	--
Net cash provided by discontinued investing activities	<u>--</u>	<u>15,902</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(31,023)</u>	<u>15,902</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		

Proceeds from issuance of convertible debentures	288,000	--
Proceeds from sale of common stock	275,000	--
Repayment of notes payable	(8,000)	--
Increase in amounts due to related parties	<u>4,535</u>	<u>5,515</u>
Net cash provided by continuing financing activities	559,535	5,515
Net cash provided by discontinued financing activities	<u>--</u>	<u>72,199</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>559,535</u>	<u>77,714</u>
NET INCREASE (DECREASE) IN CASH	4,967	(106,955)
CASH - BEGINNING OF PERIOD	<u>10,522</u>	<u>122,291</u>
CASH - END OF PERIOD	\$ <u><u>15,489</u></u>	\$ <u><u>15,336</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	\$ 2,259	\$ 1,883
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Non-cash investing and financing activities:

Debt discount related to derivative liability	\$ 192,419	\$ --
Common stock issued in payment of accounts payable	11,250	--

See accompanying notes to the condensed consolidated financial statements.



**IGAMBIT INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**Nine Months Ended September 30, 2017 and 2016**  
**(Unaudited)**

**Note 1 - Organization and Basis of Presentation**

The consolidated financial statements presented are those of iGambit Inc., (the “Company”) and its wholly-owned subsidiaries, HealthDatix, Inc. (“HealthDatix”), Wala, Inc. doing business as Arcmail Technology (“ArcMail”) and 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. HealthDatix, Inc. is engaged in the business of streamlining the process of managing information in the document-intensive medical field for customers throughout the United States. ArcMail provides email archive solutions to domestic and international businesses through hardware and software sales, support, and maintenance. Gotham was 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, 2016, 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 three and nine months ended September 30, 2017 are not necessarily indicative of results that may be expected for the year ending December 31, 2017 or any other period. 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, 2016 included in the Company’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on April 17, 2017.

**Business Acquisitions**

On February 14, 2017, the Company acquired Healthdatix, Inc., formerly known as HubCentrix, Inc. in accordance with a stock purchase agreement. Previously, the Company was focused on the technology markets. The Company has tailored its strategy to focus on

pursuing specific medical technology strategies and objectives. The acquisition of HealthDatix, provides the Company with its first medical technology, WellDatix, a proprietary platform that enables physicians to identify patients eligible for Annual Wellness Visits which is reimbursed by Medicare. This technology positions the Company to participate in the anticipated accelerated market needs of the physician community throughout the country. Pursuant to the stock purchase agreement, the total consideration paid for the outstanding capital stock of HealthDatix was 15,000,000 shares of iGambit restricted common stock, valued at \$.07 per share. The following table presents the preliminary allocation of the value of the common shares issued for HealthDatix to the acquired identifiable assets, liabilities assumed and goodwill:

	<u>Fair Value</u>
Cash	\$ 29,584
Accounts receivable, net	2,250
Fixed assets	3,800
Workforce	60,919
Software	156,925
Customer contracts	644,846
Notes payable	(60,500)
Loan payable	(65,000)
Goodwill	<u>277,176</u>
Purchase price	<u>\$ 1,050,000</u>

The results of operations of HealthDatix for the period February 14, 2017 to September 30, 2017 have been included in the consolidated statements of operations for the three and nine months ended September 30, 2017. The following table presents unaudited pro forma results of operations of the Company and HealthDatix as if the acquisition had occurred at January 1, 2016. The pro forma condensed combined financial information is presented for informational purposes only. The unaudited pro forma results of operations are not necessarily indicative of results that would have occurred had the acquisition taken place at the beginning of the earliest period presented, or of future results.

	September 30, <u>2017</u>	September 30, <u>2016</u>
Pro forma revenue	\$ 31,207	\$ 41,739
Pro forma gross profit	\$ 8,636	\$ 25,484
Pro forma loss from operations	\$ (2,113,412)	\$ (321,165)
Pro forma net loss	\$ (2,541,654)	\$ (323,048)

On April 5, 2017, the Company, through its wholly-owned subsidiary HealthDatix, Inc. consummated the acquisition of certain assets of the CyberCare Health Network Division from EncounterCare Solutions Inc. (“ECSL”) in accordance with an Asset Purchase Agreement by and among, HealthDatix, Inc., ECSL and the Company. Pursuant to the Agreement, ECSL sold, conveyed, transferred and assigned to HealthDatix, Inc. certain

assets, and HealthDatix, Inc. purchased and accepted from ECSL all rights, title and interest in and to the Assets in exchange for 60,000,000 shares of restricted common stock of the Company, valued at \$.10 per share. The following table presents the preliminary allocation of the value of the common shares issued for ECSL to the acquired identifiable assets:

	<u>Fair Value</u>
EHC software and technology	\$ 2,500,000
FDA 510K clearance	1,396,000
Technology license	1,818,182
In process research and development	<u>285,818</u>
Purchase price	<u>\$ 6,000,000</u>

## **Note 2 – Discontinued Operations**

### **Sale of Business**

Effective October 1, 2016, management decided to dispose of its subsidiary Arcmail and entered into a letter of intent on March 1, 2017 to sell Arcmail in a stock exchange to the CEO of Arcmail. On June 30, 2017, the Company completed the sale of ArcMail to Rory T. Welch, the CEO of Arcmail (“Welch”) in accordance with a Stock Purchase Agreement (the “Purchase Agreement”) by and between the Company and Welch. Pursuant to the Stock Purchase, the total consideration paid for the outstanding capital stock of ArcMail is remittance of 10,000,000 shares of iGambit common stock previously issued to Welch. As per the Purchase Agreement, the Company’s operations of ArcMail ended March 31, 2017 and Welch’s operation of the business is effective as of April 1, 2017. Arcmail’s operating loss for the three months ended March 31, 2017 has been included in loss from discontinued operations in the statements of operations for the nine months ended September 30, 2017.

On November 5, 2015, pursuant to an asset purchase agreement Gotham sold assets consisting of fixed assets, client and supplier lists, trade names, software, social media accounts and websites, and domain names to VHT, Inc., a Delaware corporation for a purchase price of \$600,000. Gotham received \$400,000 and commencing on January 29, 2016, VHT, Inc. shall pay twelve equal monthly installments of \$16,667 on the last business day of each month (the “Installment Payments” and each, an “Installment Payment”), each Installment Payment to consist of (1) an earn-out payment of \$10,000 (the “Earn-Out Payments” and each, an “Earn-Out Payment”), and (2) an additional payment of \$6,667 (the “Additional Payments” and each, an “Additional Payment”); provided that VHT, Inc. shall only be required to make the Earn-Out Payments for as long as it maintains its relationship with Gotham’s major client, unless it is dissatisfied with VHT, Inc. The terms of the installment payments were fulfilled as of December 31, 2016.

The assets and liabilities of the discontinued operations are presented in the consolidated balance sheets under the captions “Assets from discontinued operations” and “Liabilities from discontinued operations”, respectively. The underlying assets and liabilities of the discontinued operations as of September 30, 2017 and December 31, 2016 are presented as follows:

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ --	\$ 17,323
Accounts receivable, net	378	321,033
Inventory	--	1,160
Prepaid expenses	--	15,300
Property and equipment	--	18,653
Total assets	<u>\$ 378</u>	<u>\$ 373,469</u>
Liabilities:		
Accounts payable and accrued expenses	\$ --	\$ 359,996
Accrued interest on notes payable	--	558,183
Amounts due to related party	--	64,509
Deferred revenue	--	1,092,388
Notes payable	--	3,119,001
Notes payable - other	--	153,404
Note payable - related party	--	626,266
	<u>\$ --</u>	<u>\$ 5,973,747</u>

The components of income from discontinued operations presented in the consolidated statements of operations for the nine months ended September 30, 2017 and 2016 are presented as follows:

	<u>2017</u>	<u>2016</u>
Sales	\$ 386,157	\$ 1,791,518
Cost of sales	(29,462)	(36,121)
General and administrative expenses	(327,445)	(1,273,279)
Depreciation and amortization	(4,537)	(16,841)
Interest expense	(92,848)	(279,504)
Gain on disposal of Arcmail	6,657,848	--
Income (loss) from discontinued operations	<u>\$ 6,589,713</u>	<u>\$ 185,773</u>

### **Note 3 – Summary of Significant Accounting Policies**

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, HealthDatix, Inc., Wala, Inc. and 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 Measurements**

The Company adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The carrying amounts of our short- and long-term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuances of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes 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 – quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 – inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The derivative liability in connection with the conversion feature of the convertible debt, classified as a Level 3 liability, is the only financial liability measure at fair value on a recurring basis.

## **Convertible Instruments**

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815, *Derivatives and Hedging Activities*.

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

The Company accounts for the conversion of convertible debt when a conversion option has been bifurcated using the general extinguishment standards. The debt and equity linked derivatives are removed at their carrying amounts and the shares issued are measured at their then-current fair value, with any difference recorded as a gain or loss on extinguishment of the two separate accounting liabilities.

### **Revenue Recognition**

iGambit is a holding company and has no sources of revenue.

HealthDatix's revenues are derived primarily from its Software as a Service (SaaS) offerings that are rendered to healthcare providers. HealthDatix recognizes revenues when the products or services have been provided or delivered, the fees charged are fixed or determinable, HealthDatix and its customers understand the specific nature and terms of the agreed upon transactions, and collectability is reasonably assured.

Arcmail recognizes revenue from product sales when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, an equipment order has been placed with the vendor, the selling price is fixed or determinable, and collectability is reasonably assured. Revenues from maintenance contracts covering multiple future periods are recognized during the current periods and deferred revenue is recorded for future periods and classified as current or noncurrent, depending on the terms of the contracts.

Gotham's revenues were derived primarily from the sale of products and services rendered to real estate brokers. Gotham recognized revenues when the services or products have been provided or delivered, the fees charged are fixed or determinable, Gotham and its

customers understood the specific nature and terms of the agreed upon transactions, and collectability was reasonably assured.

### **Advertising Costs**

The Company expenses advertising costs as incurred. Advertising costs for the nine months ended September 30, 2017 and 2016 were \$1,919 and \$0, 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 from discontinued operations was \$0 and \$8,345 at September 30, 2017 and December 31, 2016, respectively. Bad debt expense of \$0 and \$63 was charged to discontinued operations for the nine months ended September 30, 2017 and 2016, respectively.

### **Inventories**

Inventories consisting of finished products are stated at the lower of cost or market and are presented in assets from discontinued operations. Cost is determined on an average cost basis.

### **Property and equipment and depreciation**

Property and equipment are stated at cost. 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 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 as follows:

Office equipment and fixtures	5 - 7 years
Computer hardware	5 years

Computer software	3 years
Development equipment	5 years

### **Amortization**

Intangible assets are amortized using the straight line method over the estimated lives of the respective assets as follows:

Software	5 years
FDA 510K clearance	5 years
Technology license	5 years
R&D - medical wearable watch	5 years
Workforce	10 years
Customer contracts	10 years

### **Goodwill**

Goodwill represents the excess of liabilities assumed over assets acquired of HealthDatix and the fair market value of the common shares issued by the Company for the acquisition of HealthDatix. In accordance with ASC Topic No. 350 “Intangibles – Goodwill and Other”), the goodwill is not being amortized, but instead will be subject to an annual assessment of impairment by applying a fair-value based test, and will be reviewed more frequently if current events and circumstances indicate a possible impairment. An impairment loss is charged to expense in the period identified. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the asset’s carrying amount, an impairment loss is charged to expense in the period identified. No impairment was recorded during the nine months ended September 30, 2017.

### **Long-Lived Assets**

The Company assesses the valuation of components of its property and equipment and other long-lived assets whenever events or circumstances dictate that the carrying value might not be recoverable. The Company bases its evaluation on indicators such as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements and other external market conditions or factors that may be present. If such factors indicate that the carrying amount of an asset or asset group may not be recoverable, the Company determines whether an impairment has occurred by analyzing an estimate of undiscounted future cash flows at the lowest level for which identifiable cash flows exist. If the estimate of undiscounted cash flows during the estimated useful life of the asset is less than the carrying value of the asset, the Company recognizes a loss for the difference between the carrying value of the asset and its estimated fair value, generally measured by the present value of the estimated cash flows.

### **Deferred Revenue**

Deposits from customers included in discontinued operations are not recognized as revenues, but as liabilities, until the following conditions are met: revenues are realized when cash or claims to cash (receivable) are received in exchange for goods or services or



when assets received in such exchange are readily convertible to cash or claim to cash or when such goods/services are transferred. When such income item is earned, the related revenue item is recognized, and the deferred revenue is reduced. To the extent revenues are generated from the Company's support and maintenance services, the Company recognizes such revenues when services are completed and billed. The Company has received deposits from its various customers that have been recorded as deferred revenue and presented as discontinued liabilities in the amount of \$0 and \$1,092,388 as of September 30, 2017 and December 31, 2016, 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.

### **Note 4 – Going Concern**

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has disposed of its operating subsidiary, Arcmail and has an accumulated deficit of \$5,794,941 at September 30, 2017. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon its ability to obtain necessary equity financing and ultimately

from generating revenues from its newly acquired subsidiaries to continue operations. The Company expects that working capital requirements will continue to be funded through a combination of its existing funds and further issuances of securities. Working capital requirements are expected to increase in line with the growth of the business. Existing working capital, further advances and debt instruments, and anticipated cash flow are expected to be adequate to fund operations over the next twelve months. The Company has no lines of credit or other bank financing arrangements. The Company has financed operations to date through the proceeds of a private placement of equity and debt instruments. In connection with the Company's business plan, management anticipates additional increases in operating expenses and capital expenditures relating to: (i) developmental expenses associated with a start-up business and (ii) marketing expenses. The Company intends to finance these expenses with further issuances of securities, and debt issuances. Thereafter, the Company expects it will need to raise additional capital and generate revenues to meet long-term operating requirements. Additional issuances of equity or convertible debt securities will result in dilution to current stockholders. Further, such securities might have rights, preferences or privileges senior to common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict business operations.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### **Note 5 – Property and Equipment**

Property and equipment are carried at cost and consist of the following at September 30, 2017 and December 31, 2016:

<u>Continuing operations:</u>	<u>2017</u>	<u>2016</u>
Office equipment and fixtures	\$ 10,964	\$ 7,164
Less: Accumulated depreciation	<u>6,811</u>	<u>5,981</u>
	<u>\$ 4,153</u>	<u>\$ 1,183</u>
<u>Discontinued operations:</u>	<u>2017</u>	<u>2016</u>
Office equipment and fixtures	\$ --	\$ 131,842
Computer hardware	--	92,200
Computer software	--	77,700
Development equipment	<u>--</u>	<u>35,318</u>
	--	337,060
Less: Accumulated depreciation	<u>--</u>	<u>318,407</u>
	<u>\$ --</u>	<u>\$ 18,653</u>

Depreciation expense of \$830 and \$355 was charged to continuing operations for the nine months ended September 30, 2017 and 2016, respectively.

Depreciation expense of \$4,538 and \$16,841 was charged to discontinued operations for the nine months ended September 30, 2017 and 2016, respectively.

### Note 6 – Intangible Assets

Intangible assets from the acquisitions of HealthDatix and ECSL are carried at cost and consist of the following at September 30, 2017:

		<u>Life</u>
Workforce	\$ 60,919	10 years
Software	156,925	5 years
Customer contracts	644,846	10 years
EHC software and technology	2,500,000	5 years
FDA 510K clearance	1,396,000	5 years
Technology license	1,818,182	5 years
In process research and development	<u>285,818</u>	5 years
	6,862,690	
Less: Accumulated amortization	<u>663,726</u>	
	<u>\$ 6,198,964</u>	

Amortization expense of \$663,726 was charged to continuing operations for the nine months ended September 30, 2017.

### Note 7 - Earnings (Loss) 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 income (loss) per share for all periods as the result would be anti-dilutive.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Stock options	8,463,000	1,422,000	8,463,000	1,422,000
Stock warrants	<u>400,000</u>	<u>275,000</u>	<u>400,000</u>	<u>275,000</u>
Total shares excluded from calculation	<u>8,863,000</u>	<u>1,697,000</u>	<u>8,863,000</u>	<u>1,697,000</u>

## Note 8 – Stock Based Compensation

### Options

In 2006, the Company adopted the 2006 Long-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 September 30, 2017, 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 were 296,900 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, 2017 and 2016 follows:

	<u>Options Outstanding</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Grant-Date Fair Value</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>
Options outstanding at December 31, 2015	1,718,900	\$ 0.03	\$ 0.13	3.82
Options expired	<u>(296,900)</u>	<u>0.01</u>	--	
Options outstanding at September 30, 2016	<u>1,422,000</u>	<u>\$ 0.03</u>	0.13	5.85
Options outstanding at December 31, 2016	1,422,000	\$ 0.03	0.13	5.60
Options granted	7,800,000	0.07	--	
Options cancelled	<u>(759,000)</u>	<u>\$ 0.03</u>	--	
Options outstanding at September 30, 2017	<u>8,463,000</u>	<u>\$ 0.07</u>	\$ 0.07	7.66

Options outstanding at September 30, 2017 consist of:

<u>Date Issued</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Exercise Price</u>	<u>Expiration Date</u>
June 9, 2014	213,000	213,000	\$0.03	June 9, 2024
June 6, 2014	250,000	250,000	\$0.05	June 6, 2019
March 24, 2015	200,000	200,000	\$0.01	March 24, 2020
April 6, 2017	600,000	600,000	\$0.03	April 6, 2027
June 6, 2017	700,000	700,000	\$0.0725	June 6, 2022
June 6, 2017	6,500,000	6,500,000	\$0.0725	June 6, 2027
Total	<u>8,463,000</u>	<u>8,463,000</u>		

### Warrants

In addition to our 2006 Long Term Incentive Plan, we have issued and have 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 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.

Warrant activity during the nine months ended September 30, 2017 and 2016 follows:

	<u>Warrants Outstanding</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Grant-Date Fair Value</u>	<u>(1)Weighted Average Remaining Contractual Life (Years)</u>
Warrants outstanding at December 31, 2015	275,000	\$ 0.94	\$ 0.10	3.42
No warrant activity	<u>--</u>	<u>--</u>	<u>--</u>	
Warrants outstanding at September 30, 2016	<u>275,000</u>	<u>\$ 0.94</u>	<u>\$ 0.10</u>	<u>2.67</u>
Warrants outstanding at December 31, 2016	275,000	\$ 0.94	\$ 0.10	2.42
Warrant granted	<u>125,000</u>	<u>0.40</u>	<u>--</u>	
Warrants outstanding at September 30, 2017	<u>400,000</u>	<u>\$ 0.62</u>	<u>\$ 0.10</u>	<u>3.53</u>

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

Warrants outstanding at September 30, 2017 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
January 1, 2017	50,000	50,000	\$0.25	October 10, 2021
January 1, 2017	50,000	50,000	\$0.50	November 7, 2021
January 5, 2017	25,000	25,000	\$0.50	January 5, 2022
Total	400,000	400,000		

## Note 9 – Convertible Debt

### Convertible Notes Payable

On April 3, 2017, the Company entered into a Convertible Promissory Note with an accredited investor pursuant to an exemption under section 4(a)(2) of the securities act of 1933, pursuant to which the investor agreed to lend and the Company agreed to repay the investors the aggregate principal amount of \$125,000. The convertible note is due 12 months after issuance and bears interest at a rate of 12%. The Note is convertible into shares of common stock of the Company 180 days following the date of funding and thereafter. The conversion price shall be subject to a discount of 50%. The conversion price shall be determined on the basis of the lowest VWAP (Volume Weighted Average Price) of the Common Stock during the prior twenty (20) trading day period. The Investor will be limited to convert no more than 4.99% of the issued and outstanding Common Stock at the time of conversion at any one time. At any time during the period beginning on the date of the Note and ending on the date which is 180 days thereafter, the Company may repay the Note by paying an amount equal to the then outstanding amount multiplied by 135%.

On July 5, 2017, the Company issued an 8% convertible note in the aggregate principal amount of \$63,000, convertible into shares of the Company's common stock. The Note, including accrued interest is due April 15, 2018 and is convertible any time after 180 days at the option of the holder into shares of the Company's common stock at 65% 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.

On March 30, 2017, the Company issued an 8% convertible note in the aggregate principal amount of \$75,000, convertible into shares of the Company's common stock. The Note, including accrued interest is due January 15, 2018 and is convertible any time after 180 days at the option of the holder into shares of the Company's common stock at 65% 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.

The Company recorded a debt discount related to identified embedded derivatives relating to conversion features and a reset provisions (see Note 10) based fair values as of the inception date of the Notes. The calculated debt discount equaled the face of the 8% note dated March 30, 2017 and is being amortized over the term of the note. The face of the 12% note exceeded the calculated debt discount by \$13,403 and is being amortized over the term of the note. Interest expense on the convertible notes of \$11,623 was recorded for the nine months ended September 30, 2017.

### Convertible Debentures

The Company issued convertible debentures to an individual during the nine months ended September 30, 2017 and to two individuals during the year ended December 31, 2016.

The debentures are convertible into 75,000 shares of common stock for up to 5 years, at the holders' option, at an exercise price of \$.50 and \$.25, respectively. The debentures mature on the earlier of the closing of a subsequent financing event by the Company resulting in gross proceeds of at least \$10,000,000 or three years from the date of issuance. The debentures bear interest at a rate of 10%. A beneficial conversion feature was not recorded as the fair market value of the Company's common stock was less than the exercise prices at the dates of issuance and through the end of the period. Interest expense on the convertible debentures of \$4,360 was recorded for the nine months ended September 30, 2017.

## **Note 10 – Derivative Liability**

### Convertible Note

During the nine months ended September 30, 2017, the Company issued three convertible notes (see Note 9 above).

The notes are 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 the 8% note dated March 30, 2017 and the 12% note relating to the 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 a corresponding debt discount and revalued to fair value as of each subsequent reporting date. This resulted in a fair value of derivative liability of \$195,370, consisting of \$83,773 and \$111,597 for the 8% and 12% notes, respectively in which to the extent of the face value of convertible notes was treated as debt discount with the remainder treated as interest expense.

The fair value of the embedded derivatives at September 30, 2017, in the amount of \$83,773, was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 211.00%, (3) weighted average risk-free interest rate of 0.12%, (4) expected life of 0.80 years, and (5) estimated fair value of the Company's common stock of \$0.09 per share. The Company recorded

interest expense from the excess of the derivative liability over the convertible note of \$8,773 during the nine months ended September 30, 2017.

The fair value of the embedded derivatives at September 30, 2017, in the amount of \$111,597, was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 212.00%, (3) weighted average risk-free interest rate of 0.12%, (4) expected life of 1 year, and (5) estimated fair value of the Company's common stock of \$0.10 per share.

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 notes. Pursuant to the sequencing approach, the Company evaluates its contracts based upon earliest issuance date.

### **Note 11 – Notes Payable**

Notes payable from continuing operations at September 30, 2017 consists of loans to HealthDatix from 3 individuals totaling \$52,500. The loans do not bear interest and there are no specific terms for repayment.

Notes payable at December 31, 2016 are presented in liabilities from discontinued operations and consist of various notes payable in annual installments totaling \$779,750 through September 2019. The notes include interest at 7% and are secured by the assets of ArcMail.

Principal amounts due on notes payable for the years ended December 31, are as follows:

2017	\$ 779,750
2018	779,750
2019	779,750
2020	<u>779,751</u>
	<u>\$ 3,119,001</u>

During the year ended December 31, 2016, Arcmail entered into merchant financing agreements with various lenders for proceeds totaling \$395,583 payable in daily amounts based on various percentages of future collections of accounts receivable, which were assigned to the lenders. The obligations will be satisfied upon total payments of \$504,591 and will mature in March 2017. The outstanding balance of notes payable - other was \$153,404 and presented in liabilities from discontinued operations at December 31, 2016.



## **Note 12 – Stock Transactions**

### Common Stock Issued

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on September 29, 2017 for proceeds of \$25,000.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on September 14, 2017 for proceeds of \$25,000.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on August 10, 2017 for proceeds of \$25,000.

The Company issued 250,000 common shares for services, valued at \$.12 per share on August 10, 2017.

The Company issued 50,000 common shares for services, valued at \$.09 per share on July 13, 2017.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on July 5, 2017 for proceeds of \$25,000.

The Company issued 1,500,000 common shares for services, valued at \$.10 per share on June 30, 2017.

The Company issued 200,000 common shares to a vendor in settlement of balances from prior years invoices plus interest, valued at \$.0725 per share on June 6, 2017.

The Company issued 500,000 common shares for services, valued at \$.09 per share on May 30, 2017.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on May 7, 2017 for proceeds of \$25,000.

The Company sold 1 million shares of common stock to an investor valued at \$.05 per share on April 20, 2017 for proceeds of \$50,000.

The Company issued 150,000 common shares to a noteholder for a financing fee, valued at \$.10 per share on April 3, 2017.

In connection with the acquisition of assets from ECSL the Company issued 60,000,000 common shares valued at \$.10 per share to the shareholders of ECSL on April 3, 2017.

In connection with the acquisition of HealthDatix the Company issued 15,000,000 common shares valued at \$.07 per share to the shareholders of HealthDatix on February 14, 2017.

The Company sold 2 million shares of common stock to an investor valued at \$.05 per share on January 27, 2017 for proceeds of \$100,000.

The Company issued 10,000 common shares for services, valued at \$.08 per share on January 5, 2017.

### Treasury Stock

In connection with the sale of Arcmail, the CEO of ArcMail remitted of 10,000,000 shares of iGambit common stock previously issued to him, valued at \$.10 per share on June 30, 2017.

### **Note 13 - Income Taxes**

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.

### **Note 14 - Retirement Plan**

ArcMail has a defined contribution 401(k) plan, which covers substantially all employees. Under the terms of the Plan, Arcmail is currently not required to match employee contributions. The Company did not make any employer contributions to the Plan during the nine months ended September 30, 2017.

### **Note 15 – Concentrations and Credit Risk**

#### **Sales and Accounts Receivable**

HealthDatix had sales to five customers which accounted for approximately 29%, 18%, 16%, 13%, and 12%, respectively of HealthDatix's total sales for the nine months ended September 30, 2017. Four customers accounted for approximately 33%, 32%, 15%, and 11% of accounts receivable at September 30, 2017.

No customer accounted for more than 10% of sales included in discontinued operations for the nine months ended September 30, 2017 and 2016, respectively.

#### **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 June 30, 2017 and December 31, 2016, respectively.

**Note 16 - Related Party Transactions**

**Note Payable – Related Party**

ArcMail issued a promissory note to the president of ArcMail on June 30, 2015 for funds advanced. The note is payable in annual installments of \$155,566 through December 2019 and is presented in liabilities from discontinued operations at December 31, 2016. The notes include interest at 6% and are subordinated to the notes payable (see Note 11).

Principal amounts due on notes payable for the years ended December 31, are as follows:

2017	\$	155,566
2018		155,566
2019		155,567
2020		<u>155,567</u>
	\$	<u><u>626,266</u></u>

**Amounts Due to Related Parties**

Amounts due to related parties with balances of \$5,043 and \$508 at September 30, 2017 and December 31, 2016, respectively, consist of cash advances from an officer/stockholder. These advances do not bear interest and are payable on demand.

Amounts due to related parties with a balance of \$64,509 at December 31, 2016, consists of cash advances from the president of Arcmail, and is presented in liabilities from discontinued operations. These advances do not bear interest and are payable on demand.

**Note 17 – Commitments and Contingencies**

**Lease Commitment**

The Company is obligated under two operating leases for its premises that expire at various times through February 28, 2019.

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

2017	\$	33,325
2018		56,743
2019		<u>3,380</u>
	\$	<u><u>93,448</u></u>

Rent expense of \$19,694 and \$14,520 was charged to continuing operations for the nine months ended September 30, 2017 and 2016, respectively.

Rent expense of \$10,807 and \$33,039 was charged to discontinued operations for the nine months ended September 30, 2017 and 2016, respectively.

### **Note 18 – Subsequent Events**

On October 10, 2017, the Company issued an 8% convertible note in the aggregate principal amount of \$78,000, convertible into shares of the Company's common stock. The Note, including accrued interest is due July 15, 2018 and is convertible any time after 180 days at the option of the holder into shares of the Company's common stock at 65% 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.

Subsequent to the end of the period through the date of the report, various noteholders converted \$120,000 of principal to 1,524,756 of the Company's common shares.

### **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.

## INTRODUCTION

iGambit is a company focused on the medical technology markets. Our primary focus is the expansion of our newly acquired medical technology business HealthDatix Inc.

HealthDatix is an end to end Software-as-a-Service solution that manages, reports, and analyzes critical data, enabling healthcare organizations to deliver positive patient outcomes. HealthDatix provides an opportunity for physicians to identify patients eligible for both “Annual Wellness Visits” (AWV) as well as “Chronic Care Management” both of which are reimbursed by Medicare.

Our WellDatix solution offers a fully-hosted cloud service for healthcare providers to conduct the Medicare Annual Wellness Visit (AWV) program to their Medicare patients providing the patient with a 5-10 year Personalized Preventive Plan and physician reports that meet all Medicare audit requirements. The AWV is a program that allows a physician to identify those patients that have 2+ chronic conditions that require additional screening and management.

Additionally our CareDatix Chronic Care Management System, encompasses our FDA approved Electronic House Call system and Medicare covered platform, for continuous management of chronic care patients. The CareDatix platform can be tailored for individual care and health management of patients susceptible to chronic illness. The CareDatix platform is also designed to accumulate information from any TeleMedicine or wearable device.

**Assets.** At September 30, 2017, we had \$6,569,951 in total assets, compared to \$510,835 at December 31, 2016. The increase in total assets was primarily due to the increase in intangible assets from the acquisition of certain assets from EncouterCare Solutions Inc. (“ECSL Acquisition”) by our HealthDatix subsidiary.

**Liabilities.** At September 30, 2017, our total liabilities were \$734,038 compared to \$6,380,260 at December 31, 2016. Our current liabilities at September 30, 2017 consisted of accounts payable and accrued expenses of \$318,521, accrued interest on notes payable of \$15,984, notes payable of \$52,500, convertible debentures of \$146,620, and derivative liability of \$195,370 whereas our total liabilities at December 31, 2016 consisted of current liabilities including accounts payable and accrued expenses of \$356,005, amounts due to related parties of \$508, convertible debentures of \$50,000 and liabilities from discontinued operations of \$5,973,747. The decrease in total liabilities was due to the sale of our subsidiary WaLa. Inc. dba ArcMail Technologies Inc. (“ArcMail”).

**Stockholders’ Equity (Deficiency).** Our Stockholders’ Equity was \$5,835,913 at September 30, 2017 compared to Stockholders Deficiency of (\$5,869,425) at December 31, 2016. This increase was primarily due to an increase in Common Stock and Additional

paid-in capital from the ECSL acquisition, and a decrease in Accumulated Deficit due to the sale of ArcMail during the nine months ended September 30, 2017.

### **THREE MONTHS ENDED SEPTEMBER 30, 2017 AS COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2016**

**Revenues and Net Income.** We had \$19,012 of revenue from our HealthDatix subsidiary and a net income of \$6,325,014 during the three months ended September 30, 2017, compared to revenue of \$0 and a net income of \$216,666 for the three months ended September 30, 2016. The increase in revenue was due primarily to revenue generated by our HealthDatix subsidiary acquired in February 2017. In addition to HealthDatix's operations, we had income from discontinued operations of \$7,053,622 compared to income from discontinued operations of \$293,036 for the three months ended September 30, 2017 and September 30, 2016, respectively.

**General and Administrative Expenses.** General and Administrative Expenses increased to \$723,000 for the three months ended September 30, 2017 from \$75,699 for the three months ended September 30, 2016. For the three months ended September 30, 2017 our General and Administrative Expenses consisted of corporate administrative expenses of \$25,942, amortization and depreciation expense of \$325,799, legal and accounting fees of \$19,180, employee benefits expenses (health and life insurance) of \$14,427, marketing expenses of \$18,662, payroll expenses of \$86,757, exchange filing fees of \$7,181, rent expense of \$7,052, consulting fees expense of \$186,000, commissions expense of \$6,000, finders fess of \$15,000 and research and development expense of \$11,000. For the three months ended September 30, 2016 our General and Administrative Expenses consisted of corporate administrative expenses of \$11,286, legal and accounting fees of \$11,517, employee benefits (health and life insurance) expenses of \$6,597, payroll expenses of \$12,530, travel expenses of \$9,289, marketing expense of \$17,364, exchange and filing fees expense of \$2,256, and rent expense of \$4,860. The increases from the three months ended September 30, 2016 to the three months ended September 30, 2017 relate primarily due to: (i) an increase in payroll expense and employee benefits, (ii) an increase in marketing expenses; and (iii) an increase in general and administrative costs associated with the operation of our HealthDatix subsidiary as well as costs associated with the ECSL acquisition and ArcMail sale. Costs associated with our officers' salaries and the operation of our HealthDatix subsidiary are expected to increase going forward, as we expand the business operations of HealthDatix which would likely increase our corporate administrative expenses.

**Other Income (Expense).** We reported interest expense of \$16,668 and \$671 for the three months ended September 30, 2017 and 2016, respectively. A gain of \$6,657,848 on the sale of ArcMail was reported for the three months ended September 30, 2017.

### **NINE MONTHS ENDED SEPTEMBER 30, 2017 AS COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2016**

**Revenues and Net Income (Loss).** We had \$27,957 of revenue from our HealthDatix subsidiary and net income of \$4,435,690 during the nine months ended September 30, 2017, compared to revenue of \$0 and a net loss of \$118,256, for the nine months ended September 30, 2016. The increase in revenue was due primarily to the revenue generated by our HealthDatix subsidiary acquired in February 2017. In addition to HealthDatix's operations, we had income from discontinued operations of \$6,589,713 compared to income from discontinued operations of \$185,773, for the nine months ended September 30, 2017 and September 30, 2016, respectively.

**General and Administrative Expenses.** General and Administrative Expenses increased to \$2,129,083 for the nine months ended September 30, 2017 from \$302,146 for the nine months ended September 30, 2016. For the nine months ended September 30, 2017 our General and Administrative Expenses consisted of corporate administrative expenses of \$82,669, amortization and depreciation expenses of \$664,556, board compensation expense of \$134,856, legal and accounting fees of \$129,981, employee benefits expenses (health and life insurance) of \$40,670, marketing expense of \$52,381, payroll expenses of \$505,150, commissions fees expense of \$70,475, consulting fees expense of \$373,136, finders fees expense of \$15,000, exchange filing fees of \$18,515, rent expense of \$19,694, and research and development expense of \$22,000. For the nine months ended September 30, 2016 our General and Administrative Expenses consisted of corporate administrative expenses of \$36,717, amortization and depreciation expenses of \$355, board compensation expense of \$6,000, legal and accounting fees of \$52,842, employee benefits expenses (health and life insurance) of \$17,786, marketing expense of \$50,698, payroll expenses of \$68,788, commissions and fees expense of \$26,250, directors and officers insurance expense of \$10,053, exchange filing fees of \$10,834, rent expense of \$14,520 and travel expense of \$10,573. The increases from the nine months ended September 30, 2016 to the nine months ended September 30, 2017 relate primarily due to: (i) an increase in payroll expense and employee benefits, (ii) an increase in marketing expenses; and (iii) an increase in general and administrative costs associated with the operation of our HealthDatix subsidiary as well as costs associated with the ECSL acquisition and ArcMail sale. Costs associated with our officers' salaries and the operation of our HealthDatix subsidiary are expected to increase going forward, as we expand the business operations of HealthDatix which would likely increase our corporate administrative expenses.

**Other Income (Expense).** We reported interest expense of \$30,333 and \$1,883 for the nine months ended September 30, 2017 and 2016, respectively. A gain of \$6,657,848 on the sale of ArcMail was reported for the nine months ended September 30, 2017.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **General**

As reflected in the accompanying unaudited consolidated financial statements, at September 30, 2017, we had \$15,489 of cash and stockholders' equity of \$5,835,913. At December 31, 2016, we had \$10,522 of cash and stockholders' deficiency of \$(5,869,425).

Our primary capital requirements in 2017 are likely to arise from the expansion of our HealthDatix operations. It is not possible to quantify those costs at this point in time, in that they depend on HealthDatix's business opportunities and the state of the overall economy. 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 HealthDatix's sales volume, 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 used in operating activities was \$523,545, for the nine months ended September 30, 2017, compared to \$200,571 for the nine months ended September 30, 2016. Net cash used in continuing operating activities was \$522,984 for the nine months ended September 30, 2017, compared to \$78,679 for the nine months ended September 30, 2016. Our primary use of operating cash flows from continuing operating activities was from net income of \$4,435,690 and \$118,256 for the nine months ended September 30, 2017 and 2016, respectively. Additional contributing factors to the change were from depreciation expense of \$830, amortization expense of \$663,726, non-cash interest expense of \$9,812, stock based compensation of \$938,825, an increase in accounts receivable of \$8,725, a decrease in prepaid expenses of \$48,071, a decrease in accounts payable and accrued expenses of \$37,484, and an increase in accrued interest on notes payable of \$15,984. Net cash used in discontinued operations was \$561 for the nine months ended September 30, 2017 and net cash used in discontinued operating activities was \$121,892 for the nine months ended September 30, 2016. Cash provided by discontinued operations was primarily due to a decrease in accounts receivable from discontinued operations for the nine months ended September 30, 2017, and cash used in discontinued operations was primarily from net losses of \$107,263 from the ArcMail subsidiary for the nine months ended September 30, 2016.

Net cash used in continuing investing activities was \$31,023 for the nine months ended September 30, 2017 and \$0 for the nine months ended September 30, 2016. For the nine months ended September 30, 2017 the primary use of cash flows in investing activities was pre-acquisition loans to subsidiaries and loans to our Arcmail subsidiary prior to deconsolidation. Net cash provided by discontinued investing activities was \$0 for the nine months ended September 30, 2017 and \$15,902 for the nine months ended September 30, 2016.

Net Cash provided by financing activities was \$559,535 for the nine months ended September 30, 2017 compared to \$77,714 for the nine months ended September 30, 2016.



The cash flows provided by continuing financing activities for the nine months ended September 30, 2017 was primarily from \$275,000 in proceeds from the sale of common stock and \$288,000 in proceeds from issuance of convertible debentures. The cash flows provided by continuing financing activities for the nine months ended September 30, 2016 consisted of an increase in amounts due to related parties of \$5,515. The cash flows provided by discontinued financing activities for the nine months ended September 30, 2017 was \$0 compared to \$72,199 in cash flows provided by discontinued financing activities for the nine months ended September 30, 2016.

### ***Plan of Operation and Funding***

We expect that working capital requirements will continue to be funded through a combination of our existing funds and further issuances of securities. Our working capital requirements are expected to increase in line with the growth of our business. Existing working capital, further advances and debt instruments, and anticipated cash flow are expected to be adequate to fund our operations over the next twelve months. We have no lines of credit or other bank financing arrangements. Generally, we have financed operations to date through the proceeds of the private placement of equity and debt instruments. In connection with our business plan, management anticipates additional increases in operating expenses and capital expenditures relating to: (i) developmental expenses associated with a start-up business and (ii) marketing expenses. We intend to finance these expenses with further issuances of securities, and debt issuances. Thereafter, we expect we will need to raise additional capital and generate revenues to meet long-term operating requirements. Additional issuances of equity or convertible debt securities will result in dilution to our current shareholders. Further, such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict our business operations.

### ***Item 3. Quantitative and Qualitative Disclosures about Market Risk.***

Not Required.

### ***Item 4. Controls and Procedures.***

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2017, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the

Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting

### **Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## **PART II — OTHER INFORMATION**

### **Item 1. *Legal Proceedings.***

From time-to-time, the Company is involved in various civil actions as part of its normal course of business. The Company is not a party to any litigation that is material to ongoing operations as defined in Item 103 of Regulation S-K as of the period ended September 30, 2017.

**Item 1A.**  
Not required

### ***Risk Factors.***

### **Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.***

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on September 29, 2017 for proceeds of \$25,000.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on September 14, 2017 for proceeds of \$25,000.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on August 10, 2017 for proceeds of \$25,000.

The Company issued 250,000 common shares for services, valued at \$.12 per share on August 10, 2017.

The Company issued 50,000 common shares for services, valued at \$.09 per share on July 13, 2017.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on July 5, 2017 for proceeds of \$25,000.

The Company issued 200,000 common shares to a vendor in settlement of balances from prior years invoices plus interest, valued at \$.0725 per share on June 6, 2017.

The Company issued 500,000 common shares for services, valued at \$.09 per share on May 30, 2017.

The Company sold 500,000 shares of common stock to an investor valued at \$.05 per share on May 7, 2017 for proceeds of \$25,000.

The Company sold 1 million shares of common stock to an investor valued at \$.05 per share on April 20, 2017 for proceeds of \$50,000.

In connection with the acquisition of assets from ECSL the Company issued 60,000,000 common shares valued at \$.10 per share to the shareholders of ECSL on April 3, 2017.

In connection with the acquisition of HealthDatix the Company issued 15,000,000 common shares valued at \$.07 per share to the shareholders of HealthDatix on February 14, 2017.

The Company sold 2 million shares of common stock to an investor valued at \$.05 per share on January 27, 2017 for proceeds of \$100,000.

The Company issued 10,000 common shares for services, valued at \$.08 per share on January 5, 2017.

**Item 3. *Defaults upon Senior Securities.***

None

**Item 4. *Removed and Reserved.***

**Item 5. *Other Information.***

None

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
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- 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 20, 2017.

iGambit Inc.

/s/ John Salerno

John Salerno

Chief Executive Officer

/s/ Elisa Luqman

Elisa Luqman

Chief Financial Officer

## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
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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.)

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 20, 2017

/s/ John Salerno  
Chief Executive Officer



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 20, 2017

/s/ Elisa Luqman  
Chief Financial Officer

**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 September 30, 2016, (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 20, 2017

/s/ John Salerno  
Chief Executive Officer

**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 September 30, 2016, (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 20, 2017

/s/ Elisa Luqman  
Chief Financial Officer