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Registrant: Immediatek, Inc.

Form Type: 10-Q

Proof Date: May 12, 2014

File Name: i5814010q Revision 4

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Live File	on
Return Copy	on
Submission Contact	Filing Department
Submission Contact Phone Number	518-907-0015
Exchange	NONE
Confirming Copy	off
Filer CIK	0001084182
Filer CCC	xxxxxxxx
Period of Report	03/31/14
Smaller Reporting Company	on
Notify via Filing website Only	off

Documents

10-Q	i5814010q.htm
	For the Quarterly Period Ended March 31, 2013
EX-31.1	ex31_1.htm
	Exhibit 31.1
EX-31.2	ex31_2.htm
	Exhibit 31.2
EX-32.1	ex32_1.htm
	Exhibit 32.1
EX-32.2	ex32_2.htm
	Exhibit 32.2
EX-101.INS	imki-20140331.xml
	Exhibit 101.INS
EX-101.SCH	imki-20140331.xsd
	Exhibit 101.SCH
EX-101.CAL	imki-20140331_cal.xml
	Exhibit 101.CAL
EX-101.DEF	imki-20140331_def.xml
	Exhibit 101.DEF
EX-101.LAB	imki-20140331_lab.xml
	Exhibit 101.LAB
EX-101.PRE	imki-20140331_pre.xml
	Exhibit 101.PRE

Module and Segment References

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2014**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number: **000-26073**

IMMEDIATEK, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or
organization)

86-0881193

(IRS Employer Identification No.)

**3301 Airport Freeway, Suite 200
Bedford, Texas**

(Address of principal executive offices)

76021

(Zip code)

(888) 661-6565

(Registrant's telephone number, including area code)

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

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.

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

As of May 12, 2014, the issuer had 15,865,641 shares of common stock outstanding.

IMMEDIATEK, INC.

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INTRODUCTION

Unless the context otherwise indicates, all references in this Quarterly Report on Form 10-Q to the “Company,” “Immediatek,” “Officeware,” “DiscLive,” “IMKI Ventures,” “we,” “us,” “our” or “ours” or similar words are to Immediatek, Inc. and its direct, wholly-owned subsidiaries, Officeware Corporation, DiscLive, Inc. or IMKI Ventures, Inc. Accordingly, there are no separate financial statements for Officeware Corporation, DiscLive, Inc. or IMKI Ventures, Inc.

TRADEMARKS AND SERVICE MARKS

This Quarterly Report on Form 10-Q contains registered trademarks and service marks owned or licensed by entities and persons other than us.

MARKET AND INDUSTRY DATA AND FORECASTS

Market and industry data and other statistical information and forecasts used throughout this Quarterly Report on Form 10-Q are based on independent industry publications, government publications and reports by market research firms or other published independent sources. Some data also is based on our good faith estimates, which are derived from our review of internal surveys, as well as independent sources. Forecasts are particularly likely to be inaccurate, especially over long periods of time.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the materials incorporated by reference into this Quarterly Report on Form 10-Q include “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified as such because the context of the statement includes words such as “may,” “estimate,” “intend,” “plan,” “believe,” “expect,” “hope,” “anticipate,” “will,” “should” or other similar expressions. Similarly, statements in this Quarterly Report on Form 10-Q that describe our objectives, plans or goals also are forward-looking statements. These statements include those made on matters such as our financial condition, litigation, accounting matters, our business, our efforts to grow our business and increase efficiencies, our efforts to use our resources judiciously, our efforts to implement new financial software, our liquidity and sources of funding, our capital expenditures and our exploration and evaluation of a broad range of possible strategic alternatives. All forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report. We assume no obligation to update any forward-looking statements. Certain factors that could cause actual results to differ include, among others:

- our inability to continue as a going concern;
- our history of losses, which may continue;
- our inability to utilize the funds received in a manner that is accretive;
- our inability to generate sufficient funds from operating activities to fund operations;
- difficulties in developing and marketing new products;
- our inability to prevent or minimize interruptions in our service and interruptions to customer data access, and any related impact on our reputation;
- our inability to retain existing recurring customers and attract new recurring customers;
- our inability to execute our growth and acquisition strategy;

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- our dependence on third-party contractors, platforms, software, websites, and technologies used in the creation and maintenance of the FilesAnywhere service;
- our exploration and evaluation of a broad range of possible strategic alternatives; and
- general economic conditions.

For a discussion of these and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the Securities and Exchange Commission, or SEC, on March 31, 2014.

In addition, these forward-looking statements are necessarily dependent upon assumptions and estimates that may prove to be incorrect. Accordingly, while we believe that the plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. The forward-looking statements included in this report, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, are expressly qualified in their entirety by the risk factors and cautionary statements discussed in our filings under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. We undertake no obligation to update any forward-looking statements to reflect future events or circumstances.

PART I – UNAUDITED FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements.

Immediatek, Inc.
Unaudited Consolidated Balance Sheets

	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Current assets:		
Cash	\$ 225,417	\$ 324,171
Accounts receivable, net	255,612	148,979
Prepaid expenses and other current assets	61,107	83,303
Total current assets	<u>542,136</u>	<u>556,453</u>
Fixed assets, net	662,940	695,901
Intangible assets, net	692,013	755,662
Goodwill	766,532	766,532
Other assets	20,648	20,871
Total Assets	<u>\$ 2,684,269</u>	<u>\$ 2,795,419</u>
Current liabilities:		
Accounts payable	\$ 189,208	\$ 216,059
Accrued liabilities	111,653	135,791
Deferred revenue	890,407	662,804
Total liabilities	<u>1,191,268</u>	<u>1,014,654</u>
Commitments and Contingencies:		
Series A convertible preferred stock (conditionally redeemable); \$0.001 par value 4,392,286 authorized, issued and outstanding; redemption/liquidation preference of \$3,000,000	3,000,000	3,000,000
Series B convertible preferred stock (conditionally redeemable); \$0.001 par value 69,726 authorized, issued and outstanding; redemption/liquidation preference of \$500,000	500,000	500,000
Stockholders' deficit:		
Common stock, \$0.001 par value, 500,000,000 shares authorized, 15,865,641 shares issued and outstanding	15,865	15,865
Additional paid in capital	5,366,272	5,355,772
Accumulated deficit	(7,389,136)	(7,090,872)
Total stockholders' deficit	<u>(2,006,999)</u>	<u>(1,719,235)</u>
Total Liabilities, Preferred Stock and Stockholders' Deficit	<u>\$ 2,684,269</u>	<u>\$ 2,795,419</u>

See accompanying notes to unaudited consolidated financial statements.

Immediatek, Inc.
Unaudited Consolidated Statements of Operations

	For the Three Months Ended March 31,	
	2014	2013
Revenues	\$ 747,877	\$ 816,962
Cost of revenues	(300,365)	(367,710)
Gross margin	447,512	449,252
Expenses:		
Research and development	182,393	216,460
Sales and marketing	202,500	232,920
General and administrative	266,086	212,071
Non-cash consulting expense-related party	10,500	10,500
Depreciation and amortization	80,787	81,488
Total expenses	742,266	753,439
Net operating loss	(294,754)	(304,187)
Other income:		
Interest income	90	281
Total other income	90	281
Income Tax Expense	3,600	-
Net loss	\$ (298,264)	\$ (303,906)
Weighted average number of common shares outstanding - basic and fully diluted	15,865,641	15,865,641
Basic and diluted loss per common share attributable to common stockholders	\$ (0.02)	\$ (0.02)

See accompanying notes to unaudited consolidated financial statements.

Immediatek, Inc.
Unaudited Consolidated Statements of Cash Flow

	For the Three Months Ended March 31,	
	2014	2013
Cash flows from operating activities		
Net loss	\$ (298,264)	\$ (303,906)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	123,753	117,146
Non-cash consulting fees - related party	10,500	10,500
Changes in assets and liabilities:		
Accounts receivable	(106,633)	(77,446)
Prepaid expenses and other assets	22,419	9,537
Accounts payable	(26,851)	59,616
Accrued liabilities	(24,138)	23,592
Deferred revenue	227,603	67,352
Net cash provided by/(used in) operating activities	(71,611)	(93,609)
Cash flows from investing activities		
Purchase of fixed assets	(27,143)	(120,684)
Net cash used in investing activities	(27,143)	(120,684)
Net decrease in cash	(98,754)	(214,293)
Cash at the beginning of the period	324,171	712,458
Cash at the end of the period	\$ 225,417	\$ 498,165

See accompanying notes to unaudited consolidated financial statements.

IMMEDIATEK, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Officeware Corporation (“Officeware”), a direct, wholly owned subsidiary of Immediatek, Inc. (“Immediatek”), provides online back-up, file storage and other web-based services for individuals, businesses and governmental organizations. Officeware offers three primary services. First, Officeware operates the website FilesAnywhere.com, primarily designed for individuals and small businesses to allow them to establish a self-service account, enabling them to, among other things, store files on Officeware servers, share and collaborate on documents with other people online, and backup their computers to FilesAnywhere cloud storage. Second, for larger business users, Officeware offers two customized products, called the FilesAnywhere Professional and Enterprise Plans. These corporate offerings are designed to meet the specific requirements of each business customer or organization. The Professional and Enterprise Plan products provide flexible cloud storage and unlimited scalability for users, groups and internet applications, along with client-specific branding and web interfaces, customer data interfaces, and tailored security for mixed corporate environments. Third, Officeware also provides specialized information technology services related to the development of web based databases and data storage on a contract basis for clients.

Officeware’s operations are primarily based in Bedford, Texas. Additionally, Officeware has one employee and several consultants performing software maintenance and research and development in India. The cost of the India operations was approximately \$89,011 and \$140,075 for the three months ended March 31, 2014 and 2013, respectively, and is included in research and development expenses in Immediatek’s consolidated financial statements.

Basis of Presentation: The accompanying unaudited consolidated financial statements of Immediatek have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and formatted disclosures normally included in financial statements prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) have been omitted pursuant to SEC rules and regulations. These consolidated financial statements include the accounts of Immediatek’s wholly-owned subsidiaries, Officeware, DiscLive, Inc. and IMKI Ventures, Inc. (collectively, the “Company”). All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements. The Company follows the Financial Accounting Standard Board’s Accounting Standards Codification (the “Codification” or “ASC”). The Codification is the single source of authoritative accounting principles applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP.

The Company’s consolidated balance sheet at March 31, 2014 and consolidated statements of operations for the three months ended March 31, 2014 and 2013 and consolidated statements of cash flows for the three months ended March 31, 2014 and 2013 are unaudited. In the opinion of management, these financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair presentation of the Company’s financial position, results of operations and cash flows. These adjustments were of a normal, recurring nature. The results of operations for the periods presented in this Quarterly Report on Form 10-Q are not necessarily indicative of the results that may be expected for the entire year. Additional information is contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the SEC on March 31, 2014 and should be read in conjunction with this Quarterly Report on Form 10-Q.

Net Loss per Share: Net loss was used in the calculation of both basic and diluted loss per share. The weighted average number of shares of common stock outstanding was the same for calculating both basic and diluted loss per share. The shares of Series A and Series B Convertible Preferred Stock, which are collectively convertible into 14,794,999 shares of common stock as of March 31, 2014 and March 31, 2013, were not included in the computation of diluted loss per share, as the effect of their inclusion would be anti-dilutive.

Comprehensive Loss: For all periods presented, comprehensive loss is equal to net loss.

Liquidity: If we need additional capital in the future, it may not be available on favorable terms, or at all. We may require, or elect to access, additional capital from equity or debt financing in the future to fund our operations, or respond to competitive pressures or strategic opportunities. We may not be able to secure additional financing on favorable terms, or at all. The terms of additional financing may place limits on our financial and operating flexibility. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our Company, and any new securities we issue could have rights, preferences or privileges senior to those of existing or future holders of our common stock. If we are unable to obtain necessary financing on terms satisfactory to us, if and when we require it, our ability to grow or support our business and to respond to business challenges could be significantly limited.

NOTE 2 – RELATED PARTY TRANSACTIONS

Management Services Agreement. On December 31, 2009, the Company entered into a Management Services Agreement with Radical Ventures, L.L.C., an affiliate of Radical Holdings LP, our largest shareholder. Pursuant to this Management Services Agreement, personnel of Radical Ventures, L.L.C. provide certain management services to the Company, including, among others, legal, financial, marketing and technology services. These services are provided to us at a cost of \$3,500 per month; however, the Company is not required to pay these fees or reimburse expenses and, accordingly, accounts for these costs of services and expenses as deemed contributions to the Company. This agreement was amended on March 17, 2011, to be effective as of December 31, 2010.

This agreement may be terminated upon 30 days' written notice by Radical Ventures, L.L.C. for any reason or by the Company in the event of Radical Ventures, L.L.C.'s gross negligence. The Company has also agreed to indemnify and hold harmless Radical Ventures, L.L.C. for losses it incurs as a result of its performance of these services, except for losses resulting from Radical Ventures, L.L.C.'s gross negligence or willful misconduct. Further, the Company has limited Radical Ventures, L.L.C.'s maximum aggregate liability for damages under this agreement to the amounts deemed contributed to the Company by virtue of this agreement during the twelve months prior to the cause of action.

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

Overview

The following Management's Discussion and Analysis, or MD&A, is intended to aid the reader in understanding us, our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the notes accompanying those financial statements, which are included in this Quarterly Report on Form 10-Q. MD&A includes the following sections:

- Our Business – a general description of our business, our objectives, our areas of focus and the challenges and risks of our business.
- Critical Accounting Policies and Estimates – a discussion of accounting policies that require critical judgments and estimates.
- Operations Review – an analysis of our consolidated results of operations for the periods presented in this Quarterly Report on Form 10-Q.
- Liquidity, Capital Resources and Financial Position – an analysis of our cash flows and debt and contractual obligations; and an overview of our financial condition.

Our Business

General

Immediatek is a Nevada corporation. Our principal executive offices are located at 3301 Airport Freeway, Suite 200, Bedford, Texas 76021, and our telephone number is (888) 661-6565. On April 1, 2010, Immediatek acquired Officeware by merger. As a result of the merger, Immediatek became the sole shareholder of Officeware and Officeware shareholders received 12,264,256 shares of Immediatek common stock for all of the outstanding shares of stock of Officeware. Radical Investments LP, an affiliate of Radical Holdings LP, owned 24.6% of the Officeware common stock at the time of the merger. Radical Holdings LP owns the Company's Series A and Series B Convertible Preferred Stock. In addition, in connection with the merger, Immediatek issued and sold, and Radical Holdings LP, Darin Divinia, Dawn Divinia, Robert Hart, Kimberly Hart and Martin Woodall collectively purchased, 3,066,064 shares of Immediatek common stock for an aggregate purchase price of \$1.0 million, or approximately \$0.33 per share. Due to the merger, it was determined that the Company ceased to be in the development stage as of April 1, 2010.

Currently, the Company primarily operates in one business segment: e-commerce. Our services and products are primarily offered through Officeware. Officeware provides online back-up, file storage and other web-based services for individuals, businesses and governmental organizations. Officeware offers three primary services. First, Officeware operates the website FilesAnywhere.com, primarily designed for individuals and small businesses to allow them to establish a self-service account, enabling them to, among other things, store files on Officeware servers, share and collaborate on documents with other people online, and backup their computers to FilesAnywhere cloud storage. Second, for larger business users, Officeware offers two customized products, called the FilesAnywhere Professional and Enterprise Plans. These corporate offerings are designed to meet the specific requirements of each business customer or organization. The Professional and Enterprise Plan products provide flexible cloud storage and unlimited scalability for users, groups and internet applications, along with client-specific branding and web interfaces, customer data interfaces, and tailored security for mixed corporate environments. Third, Officeware also provides specialized information technology services related to the development of web based databases and data storage on a contract basis for clients.

Officeware's operations are primarily based in Bedford, Texas. Additionally, Officeware has one employee and several consultants performing software maintenance and research and development in India.

As a result of services provided to larger business users, our business can depend on one or a few major customers, which could potentially expose the Company to concentration of credit risk. Our revenue and receivables are comprised principally of amounts due from customers throughout the United States.

History of Operating Losses

The following tables present our net loss and cash provided by or used in operating activities for the periods indicated.

	For the Year Ended March 31,	
	2014	2013
Net loss	\$ (298,264)	\$ (303,906)
Net cash used in operating activities	\$ (71,611)	\$ (93,609)

Our existence and operations are dependent upon our ability to generate sufficient funds from operations to fund operating activities.

We funded our operations during the three months ended March 31, 2014, from the revenue generated by Officeware and the remaining proceeds from the settlement of a lawsuit settled in the second quarter of 2013. With a 13% reduction in planned operating expenses for 2014, management estimates that the Company will generate sufficient funds from operations to fund future operating activities, though the Company anticipates that any excess funds generated would be reinvested into the Company through our increased investment in infrastructure, marketing, sales operations, capital expenditures and research and development.

Our Objectives and Areas of Focus

Officeware – Increase Users. We are focused on increasing the number of users of the various online back-up, file storage and other web-based services for individuals, businesses and governmental organizations offered through Officeware. We may pursue aggressive advertising campaigns or other promotions primarily aimed at new users, along with utilizing third party value added resellers.

Acquisitions. We may identify and pursue potential acquisition candidates in order to support our strategy of growing and diversifying our business through selective acquisitions. No assurances can be given, however, that we will be able to successfully identify any potential targets or, when potential targets are identified, consummate their acquisition.

Strategic Alternatives. In February 2014, the Company retained GuideCap Partners LLC as its financial advisor to assist it in exploring and evaluating a broad range of strategic alternatives. No decision has been made to enter into any transaction at this time, and there can be no assurances that this evaluation will result in any specific transactions.

Challenges and Risks

Operating in the e-commerce area provides unique opportunities; however, challenges and risks accompany those opportunities. Our management has identified the following material challenges and risks that will require substantive attention from our management (*see* "Liquidity and Capital Resources and Financial Position—Liquidity" beginning on page 12).

Utilizing Funds on Hand in a Manner that is Accretive. If we do not manage our assets aggressively and apply available capital judiciously, we may not generate sufficient cash from our operating activities to fund our operations going forward, which would require us to seek additional funding in the future.

Growing Users. In order to be successful with the products and services offered through Officeware, we will be required to attract new customers and deepen our current customer relationships. Our largest clients require customized solutions, which in turn requires us to anticipate their needs.

Competition. There are companies in this industry that have far more financial resources and a larger market share than us. In order to compete with these companies, we will be required to be innovative and create more attractive functions and features while maintaining a competitive price structure.

Additionally, see “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the SEC on March 31, 2014.

Challenges and risks, including those described above, if not properly addressed or managed, may have a material adverse effect on our business. Our management, however, is endeavoring to properly manage and address these challenges and risks.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP in the United States of America, which requires management to make estimates, judgments and assumptions with respect to the amounts reported in the consolidated financial statements and in the notes accompanying those financial statements. We believe that the most critical accounting policies and estimates relate to the following:

- *Convertible Securities.* From time to time, we have issued, and in the future may issue, convertible securities with beneficial conversion features. We account for these convertible securities in accordance with ASC Topic 470, *Beneficial Conversion Feature*.
- *Revenue Recognition.* Officeware generates revenue primarily from monthly fees for the services and products that it offers. While revenues for Officeware’s FilesAnywhere.com product are often received in advance of providing the applicable service, the Company defers recognizing such revenues until the service has been performed. Revenues for Officeware’s custom products for large enterprises are often received after such services are provided. The Company recognizes such revenues when service has been provided and collection is reasonably assured.
- *Goodwill.* We assess goodwill for potential impairments at the end of each fiscal year, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. In evaluating goodwill for impairment, we perform a two-step goodwill impairment test to identify potential goodwill impairment and measure the amount of goodwill impairment to be recognized, if any. In the first step of the review process, we compare the estimated fair value of the reporting unit with its carrying value. If the estimated fair value of the reporting unit exceeds its carrying amount, no further analysis is needed. If the estimated fair value of the reporting unit is less than its carrying amount, we proceed to the second step of the review process to calculate the implied fair value of the reporting unit goodwill in order to determine whether any impairment is required. We calculate the implied fair value of the reporting unit goodwill by allocating the estimated fair value of the reporting unit to all of the assets and liabilities of the reporting unit as if the reporting unit had been acquired in a business combination. If the carrying value of the reporting unit’s goodwill exceeds the implied fair value of the goodwill, we recognize an impairment loss for that excess amount. In allocating the estimated fair value of the reporting unit to all of the assets and liabilities of the reporting unit, we use industry and market data, as well as knowledge of the industry and our past experiences. We base our calculation of the estimated fair value of a reporting unit on the income approach. For the income approach, we use internally developed discounted cash flow models that include, among others, the following assumptions: projections of revenues and expenses and related cash flows based on assumed long-term growth rates and demand trends; and estimated discount rates. We base these assumptions on our historical data and experience, and our expectations.

While our estimates and assumptions are based upon our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from those estimates and assumptions.

Operations Review

**The Three Months Ended March 31, 2014 Compared to
the Three Months Ended March 31, 2013**

**Immediatek, Inc.
Consolidated Statements of Operations**

	For the Three Months Ended March 31,		2014 vs 2013	
	2014	2013	Change	% Change
Revenues	\$ 747,877	\$ 816,962	\$ (69,085)	(8.5%)
Cost of revenues	(300,365)	(367,710)	67,345	18.3%
Gross margin	447,512	449,252	(1,740)	(0.4%)
Expenses:				
Research and development	182,393	216,460	34,067	15.7%
Sales and marketing	202,500	232,920	30,420	13.1%
General and administrative	266,086	212,071	(54,015)	(25.5%)
Non-cash consulting expense-related party	10,500	10,500	-	-
Depreciation and amortization	80,787	81,488	701	0.9%
Total expenses	742,266	753,439	11,173	1.5%
Net operating loss	(294,754)	(304,187)	9,433	3.1%
Other income:				
Interest income	90	281	(191)	(68.0%)
Total other income	90	281	(191)	(68.0%)
Income Tax Expense	3,600	-	3,600	100.0%
Net loss	\$ (298,264)	\$ (303,906)	\$ 5,642	1.9%

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013

Revenues and Cost of Revenues

Revenues and Cost of Revenues. Revenues have decreased for the three month period ended March 31, 2014 compared to the three month period ended March 31, 2013. This decrease is due to a 28.4% decline in our consumer revenue netted with an increase of 13.2% in our corporate customer revenue. To combat pressures from the competition, we are actively working on significant enhancements to our FilesAnywhere product that we expect to result in increased corporate users and, consequently, increased market share. In an effort to become more competitive in the consumer market, we have also made several hardware enhancements to improve our storage capabilities, lowered our pricing and offered additional free storage. Despite these actions, however, we have continued to experience a decrease in our consumer customer base. Many factors, including our advertising, customer acquisition and technology costs, and our current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. Certain of our competitors offer, or may in the future offer, lower-priced or free products or services that compete with our solutions. There can be no assurance that we will not be forced to engage in price-cutting initiatives, or to increase our advertising and other expenses to attract and retain customers in response to competitive pressures, either of which could have a material adverse effect on our revenue and operating results.

Cost of revenues decreased \$67,345, as we have implemented several different cost cutting measures over the last three quarters. This decrease of approximately 18.3% over the three month period ending March 31, 2013 is attributed to reduced staffing and the savings recognized from the relocation of our primary data center. We are continuing to improve our business platform that will allow us to translate growth in revenues directly into growth in profit margins.

Research and Development. Research and development expenses decreased 15.7% for the three month period ended March 31, 2014, as compared to the three month period ended March 31, 2013. This is attributed to the reduced use of outside consultants for software development purposes.

Sales and Marketing. Sales and Marketing expenses decreased 13.1% compared to the same three month period last year. This is primarily attributed to moving our marketing efforts to an outside firm and reducing the staffing in our internal marketing department.

General and Administrative Expense. General and administrative expense increased \$54,015 for the three month period ended March 31, 2014, as compared to the three month period ended March 31, 2013. This increase is primarily attributed to \$35,702 in audit fees recorded in the first quarter of 2014 compared to the comparable fees in 2013 that were not recorded until the second quarter of 2013. We also incurred an additional \$10,000 in professional fees in February 2014 as a result of the retainer paid to GuideCap Partners LLC to assist us in exploring and evaluating a broad range of strategic alternatives.

Depreciation and Amortization. Depreciation and Amortization expense did not materially change on a three month comparison basis.

Net Operating Loss and Net Loss

Net Operating Loss. Net operating loss was \$294,754 for the three months ended March 31, 2014, which is a decrease of \$9,433, or 3.1%, from \$304,187 for the corresponding period in 2013. The decrease in net operating loss is attributed to the \$78,518 decrease in overall operating expenses that offset the decrease in revenue for the same time period. We hope that with our increased investments in infrastructure, along with a new pricing structure, we will be able to regain the market share on our consumer business that has been lost due to downward pricing pressures from our competitors. We also hope that the new product enhancements will drive increased corporate sales.

Net Loss. Net loss was \$298,264 for the three months ended March 31, 2014 compared to \$303,906 for the same period of 2013. This decrease is also attributed to the \$78,518 decrease in overall operating expenses.

Liquidity and Capital Resources and Financial Position

General

We funded our operations during the three months ended March 31, 2014, from the revenue generated from Officeware's operations and the remaining proceeds from the settlement of a lawsuit settled in the second quarter of 2013. As of March 31, 2014, we had \$225,417 of cash, which management anticipates will sustain our operations. With a 13% reduction in planned operating expenses for 2014, management anticipates that the operating cash flows of the Company will be positive for the fiscal year ending December 31, 2014. However, no assurances can be given that we will ever achieve profitability. If we need to seek additional funds, our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance and condition of the capital markets at the time we seek financing. No assurances can be given that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience dilution.

Our goal is to increase the products and services offered through Officeware, which we hope will generate sufficient revenue to support our operations. No assurances, however, can be given that these lines of business will generate sufficient operating funds to support our operating activities. In addition, we continue to explore whether other companies may have interest in utilizing our technology to deliver their content and allow for interactivity with their customers or users across these various platforms.

The demand for our Officeware consumer products and services is still in decline due to the continued competitive pricing strategies employed by our competitors. We expected to reverse this trend after we implemented our new storage platform in the second quarter of 2013. This allowed us to become more price competitive with our base consumer product. However, we have seen continued downward pricing pressure from our competitors on the consumer side of the business, which has caused a continued decrease in consumer revenues. To partially offset this decline in consumer revenue, we have seen a 13.2% increase in our corporate revenue due to the increased investment in our product features. We introduced significant enhancements to our product in the fourth quarter of 2013 and plan to roll out two additional features in the second quarter of 2014 that we hope will increase the marketability of our corporate product.

We may also pursue various acquisition targets that could provide us with operating funds to support our activities. In the event that we acquire a target, depending on the nature of that target, we may require additional funds to consummate the acquisition or support our operations going forward. No assurances, however, can be given that we will be able to identify a potential target, consummate the acquisition of the target and, if consummated, integrate the target company and realize funds from operations.

In February 2014, we retained GuideCap Partners LLC as our financial advisor to assist us in exploring and evaluating a broad range of strategic alternatives. No decision has been made to enter into any transaction at this time, and there can be no assurances that this evaluation will result in any specific transactions.

Operating Activities. Cash used in operations was \$71,611 in the three months ended March 31, 2014, as compared to cash used in operations of \$93,609 for the three months ended March 31, 2013. The decrease in cash used in operations is attributed to an overall decrease in net operating loss and an increase in deferred revenue.

Investing Activities. Cash used for investing activities was \$27,143 and \$120,684 for the three months ended March 31, 2014 and March 31, 2013, respectively. The cash outlay was for computer hardware as we continue to upgrade our existing infrastructure.

Liquidity

We believe that the funds generated by the operation of Officeware, along with the remaining proceeds from a lawsuit settled in the second quarter of 2013 and a 13% reduction in planned operating expenses for 2014, will provide us with the necessary funds to operate our business. While we have also undertaken various sales and marketing plans that we believe will increase funds generated from operating activities, no assurances can be given that those plans and measures will be successful.

If we determine that we need additional capital in the future, it may not be available on favorable terms, or at all, which could place limits on our financial and operating flexibility. Furthermore, if we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our Company, and any new securities we issue could have rights, preferences or privileges senior to those of existing or future holders of our common stock. An inability to obtain necessary financing on terms satisfactory to us, if and when we require it, could negatively affect our ability to grow or support our business and to respond to business challenges could be significantly limited.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Evaluation of disclosure controls and procedures. Our chief executive officer and president (our principal executive officer) and our chief financial officer (our principal financial officer) are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act) for us. Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) required by Exchange Act Rules 13a-15(b) or 15d-15(b), our principal executive officer and our principal financial officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in internal controls. There were no changes in our internal controls over financial reporting as defined in Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION**Item 1. Legal Proceedings.**

The Company is involved from time to time in claims, proceedings and litigation. Please refer to “Item 3. Legal Proceedings” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the Securities and Exchange Commission, or SEC, on March 31, 2014.

From time to time we may become subject to additional proceedings, lawsuits and other claims in the ordinary course of business, including proceedings related to our services, applications and other matters. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance.

Item 6. Exhibits.

The following exhibits are filed in accordance with the provisions of Item 601 of Regulation S-K.

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Articles of Incorporation of the Registrant, dated as of June 2, 2006 and filed with the Secretary of State of the State of Nevada on June 5, 2006 (filed as Exhibit 3.1 to the Registrant’s Quarterly Report on Form 10-QSB for quarter ended March 31, 2006 (filed on June 26, 2006) and incorporated herein by reference).
3.2	Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant’s Annual Report on Form 10-KSB for year ended December 31, 2005 (filed on May 11, 2006) and incorporated herein by reference).
4.1	Form of common stock certificate of the Registrant (filed as Exhibit 4.1 to the Registrant’s Annual Report on Form 10-KSB for year ended December 31, 2005 (filed on May 11, 2006) and incorporated herein by reference).
4.2	Amended and Restated Certificate of Designation, Rights and Preferences of Series A Convertible Preferred Stock of the Registrant, dated as of October 13, 2009 and filed with the Secretary of State of the State of Nevada on October 15, 2009 (filed as Exhibit 4.1 to the Registrant’s Form 8-K (filed on October 19, 2009) and incorporated herein by reference).
4.3	Form of stock certificate for Series A Convertible Preferred Stock (filed as Exhibit 4.8 to the Registrant’s Quarterly Report on Form 10-QSB for quarter ended March 31, 2006 (filed on June 26, 2006) and incorporated herein by reference).
4.4	Amended and Restated Certificate of Designation, Rights and Preferences of Series B Convertible Preferred Stock of the Registrant, dated as of October 13, 2009 and filed with the Secretary of State of the State of Nevada on October 15, 2009 (filed as Exhibit 4.2 to the Registrant’s Form 8-K (filed on October 19, 2009) and incorporated herein by reference).
4.5	Form of stock certificate for Series B Convertible Preferred Stock (filed as Exhibit 4.5 to the Registrant’s Annual Report on Form 10-K for year ended December 31, 2008 (filed on March 31, 2009) and incorporated herein by reference).
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
32.1*	Certification Required by 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002).

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32.2* Certification Required by 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002).

101* XBRL data files of Financial Statements and Notes contained in this Quarterly Report on Form 10-Q.

* Indicates document filed herewith.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 12, 2014

IMMEDIATEK, INC.,
a Nevada corporation

By: /s/ Timothy M. Rice
Name: Timothy M. Rice
Title: Chief Executive Officer and President
(On behalf of the Registrant and as Principal
Executive Officer)

Date: May 12, 2014

By: /s/ Timothy McCrory
Name: Timothy McCrory
Title: Chief Financial Officer
(On behalf of the Registrant and as Principal
Financial Officer)

INDEX TO EXHIBITS

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101*	XBRL data files of Financial Statements and Notes contained in this Quarterly Report on Form 10-Q.

* Indicates document filed herewith.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Timothy M. Rice, certify that:

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

Dated: May 12, 2014

/s/ Timothy M. Rice

Timothy M. Rice
Chief Executive Officer and President
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Timothy McCrory, certify that:

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

Dated: May 12, 2014

/s/ Timothy McCrory
Timothy McCrory
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Required by 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Immediatek, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Timothy M. Rice, as Principal Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

Date: May 12, 2014

/s/ Timothy M. Rice

Timothy M. Rice
Chief Executive Officer and
President (Principal Executive
Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Required by 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Immediatek, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Timothy McCrory, as Principal Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

Date: May 12, 2014

/s/ Timothy McCrory

Timothy McCrory
Chief Financial Officer
(Principal Financial Officer)
