

**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 Securities Exchange Act of 1934
For the transition period from _____ to _____**

Commission File Number: 000-26213

ROOMLINX, INC.

(Exact name of registrant as specified in its charter)

Nevada	83-0401552
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11101 W. 120th Ave., Suite 200, Broomfield, Colorado 80021
(Address of principal executive offices)

(303) 544-1111
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) 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
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the Issuer's common stock as of May 13, 2013, was 6,411,413.

ROOMLINX, INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets as of March 31, 2014 (unaudited) and December 31, 2013	3
Consolidated Statements of Comprehensive Loss for the Three Months Ended March 31, 2014 and 2013 (unaudited)	4
Consolidated Statement of Changes in Deficit for the Three Months Ended March 31, 2014 (unaudited)	5
Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2013 (unaudited)	6
Notes to Consolidated Financial Statements (unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3. Quantitative and Qualitative Disclosures About Market Risk	27
Item 4. Controls and Procedures	27
PART II. OTHER INFORMATION	29
Item 1. Legal Proceedings	30
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 3. Defaults Upon Senior Securities	30
Item 4. Mine Safety Disclosures	30
Item 5. Other Information	30
Item 6. Exhibits	30
Signatures	31

Roomlinx, Inc.
CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u>	<u>December 31,</u>
	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,077,468	\$ 2,125,655
Accounts receivable, net	973,301	1,241,459
Leases receivable, current portion	706,769	764,879
Prepaid and other current assets	130,619	87,303
Inventory, net	1,434,146	1,434,337
Total current assets	<u>5,322,303</u>	<u>5,653,633</u>
Property and equipment, net	262,131	317,486
Leases receivable, non-current	658,577	816,487
Total assets	<u>\$ 6,243,011</u>	<u>\$ 6,787,606</u>
<u>LIABILITIES AND DEFICIT</u>		
Current liabilities:		
Line of credit, current portion	\$ 464,000	\$ 464,000
Accounts payable	3,991,582	3,970,034
Accrued expenses and other current liabilities	324,622	512,683
Customer deposits	1,261,874	1,295,450
Notes payable and other obligations, current portion	24,958	23,374
Unearned income, current portion	87,754	59,344
Deferred revenue, current portion	317,333	274,862
Total current liabilities	<u>6,472,123</u>	<u>6,599,747</u>
Deferred revenue, less current portion	244,047	251,595
Notes payable and other obligations, less current portion	17,235	23,449
Unearned income, less current portion	42,733	103,268
Line of credit, net of discount, less current portion	3,970,709	3,885,203
Total liabilities	<u>10,746,847</u>	<u>10,863,262</u>
Deficit:		
Preferred stock - \$0.20 par value, 5,000,000 shares authorized:		
Class A - 720,000 shares authorized, issued and outstanding (liquidation preference of \$144,000 at March 31, 2014 and December 31, 2013)	144,000	144,000
Common stock - \$0.001 par value, 200,000,000 shares authorized:		
6,411,413 shares issued and outstanding at March 31, 2014 and December 31, 2013	6,411	6,411
Additional paid-in capital	37,570,567	37,460,577
Accumulated deficit	(42,250,842)	(41,713,638)
Accumulated other comprehensive loss	(17,768)	(18,976)
Total Roomlinx, Inc. shareholders' deficit	<u>(4,547,632)</u>	<u>(4,121,626)</u>
Non-controlling interest	43,796	45,970
Total deficit	<u>(4,503,836)</u>	<u>(4,075,656)</u>
Total liabilities and deficit	<u>\$ 6,243,011</u>	<u>\$ 6,787,606</u>

The accompanying notes are an integral part of these consolidated financial statements.

Roomlinx, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
for the three months ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Hospitality:		
Product and installation	\$ 121,231	\$ 542,557
Services	1,320,652	1,252,289
Residential:		
Services	188,274	217,478
Total	<u>1,630,157</u>	<u>2,012,324</u>
Direct costs and operating expenses:		
Direct costs (exclusive of operating expenses and depreciation shown separately below):		
Hospitality	903,162	1,463,771
Residential	148,655	169,488
Operating expenses:		
Operations	252,213	524,565
Product development	144,392	278,292
Selling, general and administrative	545,029	740,441
Depreciation	65,355	64,418
	<u>2,058,806</u>	<u>3,240,975</u>
Operating loss	<u>(428,649)</u>	<u>(1,228,651)</u>
Non-operating income (expense):		
Interest expense	(152,432)	(153,693)
Interest income	32,435	52,727
Gain on settlement of liabilities	9,268	-
	<u>(110,729)</u>	<u>(100,966)</u>
Net loss from continuing operations	<u>(539,378)</u>	<u>(1,329,617)</u>
Discontinued operations:		
Loss from discontinued operations	-	(68,941)
Net loss	(539,378)	(1,398,558)
Less: net loss attributable to the non-controlling interest	<u>2,174</u>	<u>3,418</u>
Net loss attributable to the Company	<u>(537,204)</u>	<u>(1,395,140)</u>
Other comprehensive income (loss):		
Currency translation income (loss)	<u>1,208</u>	<u>(7,997)</u>
Comprehensive loss	<u>(535,996)</u>	<u>(1,403,137)</u>
Comprehensive loss attributable to the non-controlling interest	-	-
Comprehensive loss attributable to the Company	<u>\$ (535,996)</u>	<u>\$ (1,403,137)</u>
Net loss per common share:		
Basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.22)</u>
Loss attributable to continuing operations per common share		
Basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.21)</u>
Loss attributable to discontinued operations per common share		
Basic and diluted	<u>\$ -</u>	<u>\$ (0.01)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>6,411,413</u>	<u>6,405,413</u>

The accompanying notes are an integral part of these consolidated financial statements.

Roomlinx, Inc.
CONSOLIDATED STATEMENT OF CHANGES IN DEFICIT
for the three months ended March 31, 2014 and 2013
(unaudited)

Roomlinx, Inc. Shareholders

	<u>Preferred Stock A</u>		<u>Common Stock</u>		<u>Additional Paid - in Capital</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>		<u>Accumulated Deficit</u>	<u>Non-Controlling Interest</u>	<u>Total Stockholders' (Deficit) Equity</u>
	<u>Number of Shares</u>	<u>Par Value \$0.20</u>	<u>Number of Shares</u>	<u>Par Value \$0.001</u>						
Balances, January 1, 2014	<u>720,000</u>	<u>\$ 144,000</u>	<u>6,411,413</u>	<u>\$ 6,411</u>	<u>\$37,460,577</u>	<u>\$ (18,976)</u>	<u>\$ (41,713,638)</u>	<u>\$ 45,970</u>	<u>\$ (4,075,656)</u>	
Stock based compensation					109,990				109,990	
Comprehensive income (loss):										
Net loss							(537,204)	(2,174)	(539,378)	
Translation gain						1,208			1,208	
Balances, March 31, 2014	<u>720,000</u>	<u>\$ 144,000</u>	<u>6,411,413</u>	<u>\$ 6,411</u>	<u>\$37,570,567</u>	<u>\$ (17,768)</u>	<u>\$ (42,250,842)</u>	<u>\$ 43,796</u>	<u>\$ (4,503,836)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

Roomlinx, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended March 31, 2014 and 2013
(unaudited)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net loss	\$ (539,378)	\$ (1,398,558)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	65,355	64,418
Amortization of debt discount	85,506	85,506
Stock-based compensation	109,990	112,343
Compensation cost related to restricted stock issuances	2,959	6,000
Provision for uncollectable accounts and leases receivable	(74,000)	31,978
Loss on discontinued operations	-	68,941
Gain on settlement of liabilities	9,268	-
Change in operating assets and liabilities:		
Accounts receivable	342,158	69,807
Prepaid and other current assets	(43,316)	(89,105)
Inventory	191	24,969
Accounts payable and other liabilities	(178,740)	(686,107)
Customer deposits	(33,576)	331,892
Unearned income	(32,125)	(51,996)
Deferred revenue	34,923	422,027
Total adjustments	<u>288,593</u>	<u>390,673</u>
Net cash used in operating activities:	<u>(250,785)</u>	<u>(1,007,885)</u>
Cash flows from investing activities:		
Payments received on leases receivable	216,020	234,911
Purchase of property and equipment	(10,000)	(6,415)
Net cash provided by investing activities:	<u>206,020</u>	<u>228,496</u>
Cash flows from financing activities:		
Payments on capital lease	(1,976)	(2,719)
Payments on notes payable	(2,654)	(3,961)
Net cash (used in) provided by financing activities	<u>(4,630)</u>	<u>(6,680)</u>
Effects of foreign currency translation	1,208	(7,997)
Net (decrease) increase in cash and equivalents	<u>(48,187)</u>	<u>(794,066)</u>
Cash and equivalents at beginning of period	<u>2,125,655</u>	<u>3,211,182</u>
Cash and equivalents at end of period	<u>\$ 2,077,468</u>	<u>\$ 2,417,116</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 57,658</u>	<u>\$ 64,357</u>

The accompanying notes are an integral part of these consolidated financial statements.

Roomlinx, Inc.
Notes to Consolidated Financial Statements
March 31,
(Unaudited)

1. Organization and Significant Accounting Policies

Description of Business: Roomlinx, Inc. (“Roomlinx” or the “Company”) is incorporated under the laws of the state of Nevada. The Company sells, installs, and services in-room media and entertainment solutions for hotels, resorts, and time share properties; including its proprietary Interactive TV platform, internet, and free to guest and video on demand programming. Roomlinx also sells, installs and services telephone, internet, and television services for residential consumers. The Company develops software and integrates hardware to facilitate the distribution of Hollywood, adult, and specialty content, business applications, national and local advertising, and concierge services. The Company also sells, installs and services hardware for wired networking solutions and wireless fidelity networking solutions, also known as Wi-Fi, for high-speed internet access to hotels, resorts, and time share locations. The Company installs and creates services that address the productivity and communications needs of hotel, resort and time share guests, as well as residential consumers.

Basis of Consolidation: The consolidated financial statements include Roomlinx, Inc. and its wholly-owned subsidiaries, Canadian Communications LLC, Cardinal Connect, LLC, Cardinal Broadband, LLC, and Arista Communications, LLC, a 50% subsidiary, controlled by the Company. Canadian Communications and Cardinal Connect, LLC, are non-operating entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Discontinued Operations: During the year ended December 31, 2013, the Company terminated all hotel contracts serviced by Cardinal Hospitality, Ltd. (see note 7) meeting the definition under applicable accounting standards of a discontinued operation. All prior periods have been reclassified to present these operations as discontinued. Financial information in the consolidated financial statements and related notes has also been revised to reflect the results of continuing operations for all periods presented.

Basis of Presentation: The accompanying consolidated unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included in the accompanying unaudited financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the financial statements and notes thereto, included in the Company’s Form 10-K as of and for the year ended December 31, 2013.

Going Concern and Management Plans: The Company has experienced recurring losses and negative cash flows from operations. At March 31, 2014, the Company had approximate balances of cash and cash equivalents of \$2,077,000, working capital deficit of \$1,150,000, total deficit of \$4,504,000 and accumulated deficit of \$42,251,000. To date the Company has in large part relied on debt and equity financing to fund its shortfall in cash generated from operations. As of March 31, 2014, the Company has available approximately \$19,800,000 under its line of credit, however, as described below, any borrowings under the line of credit could be limited.

As described in Note 5, on May 4, 2013, the Company executed a Fourth Amendment to the Revolving Credit, Security and Warrant Purchase Agreement previously entered into by them on June 5, 2009 (the “Original Agreement”). Pursuant to the Amendment, the Original Agreement has been amended to provide that the making of any and all Revolving Loans (as defined in the Original Agreement) shall be at the sole and absolute discretion of Cenfin. Accordingly, the Company’s ability to borrow under the line of credit is at the discretion of the lender, and there are no assurances that the lender will permit the Company to borrow under the line of credit. In addition, in March 2014, the Company entered into a merger agreement with a company in a similar industry (see note 10). Management is closely monitoring the cash balances, cash needs and expense levels and has implemented a cost reduction plan. Accordingly, the Company’s cash balance has remained relatively constant through the twelve months ended March 31, 2014. If the Company is unable to borrow additional funds under the line of credit or obtain financing from alternative sources, the Company estimates its current cash and cash equivalents are sufficient to fund operations for at least the next twelve months. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.

Accounts Receivable: Accounts receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer. Accounts receivable in excess of 30 days old are considered delinquent. Outstanding customer invoices are periodically assessed for collectability. The assessment and related estimate are based on current credit-worthiness and payment history. As of March 31, 2014 and December 31, 2013, the Company recorded an allowance of approximately \$107,000 and \$181,000, respectively.

Revenue Recognition: Revenue is derived from the installation and ongoing services of in-room media, entertainment, and HD television programming solutions in addition to wired networking solutions and Wireless Fidelity networking solutions. Revenue is recognized when all applicable recognition criteria have been met, which generally include a) persuasive evidence of an existing arrangement; b) fixed or determinable price; c) delivery has occurred or service has been rendered; d) collectability of the sales price is reasonably assured.

Installations and service arrangements are contractually predetermined and such contractual arrangements may provide for multiple deliverables, revenue is recognized in accordance with ASC Topic 605, Multiple Deliverable Revenue. The application of ASC Topic 605 may result in the deferral of revenue recognition for installations across the service period of the contract and the re-allocation and/or deferral of revenue recognition across various service arrangements. Below is a summary of such application of the revenue recognition policy as it relates to installation and service arrangements the Company has with its customers.

The Company enters into contractual arrangements to provide multiple deliverables which may include some or all of the following - systems installations and a variety of services related to high speed internet access, free-to-guest, video on demand and iTV systems as well as residential phone, internet and television. Each of these elements must be identified and individually evaluated for separation. The term "element" is used interchangeably with the term "deliverable" and the Company considers the facts and circumstances as it relates to its performance obligations in the arrangement and includes product and service elements, a license or right to use an asset, and other obligations negotiated for and assumed in the agreement. Analyzing an arrangement to identify all of the elements requires the use of judgment. In the determination of the elements included in Roomlinx agreements, embedded software and inconsequential or perfunctory activities were taken into consideration.

Once the Deliverables have been identified, the Relative Fair Value of each Element was determined under the concept of Relative Selling Price (RSP) for which the Company applied the hierarchy of selling price under ASC Topic 605 as follows:

VSOE - Vendor specific objective evidence is still the most preferred criteria with which to establish fair value of a deliverable. VSOE is the price of a deliverable when a company sells it on an open market separately from a bundled transaction.

TPE - Third party evidence is the second most preferred criteria with which to establish fair value of a deliverable. The measure for the pricing of this criterion is the price that a competitor or other third party sells a similar deliverable in a similar transaction or situation.

RSP - Relative selling price is the price that management would use for a deliverable if the item were sold separately on a regular basis which is consistent with company selling practices. The clear distinction between RSP and VSOE is that under VSOE, management must sell or intend to sell the deliverable separately from the bundle, or has sold the deliverable separately from the bundle already. With RSP, a company may have no plan to sell the deliverable on a stand-alone basis.

Hospitality Installation Revenues

Hospitality installations include High Speed Internet Access (HSIA), Interactive Television (iTV), Free to Guest (FTG) and Video on Demand (VOD). Under the terms of these typical product sales and equipment installation contracts, a 50% deposit is due at the time of contract execution and is recorded as deferred revenue. Upon the completion of the installation process, deferred revenue is realized. However, in some cases related to VOD installations or upgrades, the Company extends credit to customers and records a receivable against the revenue recognized at the completion of the installation.

Additionally, the Company may provide the customer with a lease financing arrangement provided the customer has demonstrated its credit worthiness to the satisfaction of the Company. Under the terms and conditions of the lease arrangements, these leases have been classified and recorded as Sale-Type Leases under ASC Topic 840-30 and accordingly, revenue is recognized upon completion and customer acceptance of the installation which gives rise to a lease receivable and unearned income.

Hospitality Service, Content and Usage Revenues

The Company provides ongoing 24x7 support to both its hotel customers and their guests, content and maintenance as applicable to those products purchased, installed and serviced under contract. Generally, support is invoiced in arrears on a monthly basis with content and usage, which are dependent on guest take rates and buying habits. Service maintenance and usage revenue also includes revenue from meeting room services, which are billed as the events occur.

Residential Revenues

Residential revenues consist of equipment sales and installation charges, support and maintenance of voice, internet, and television services, and content provider residuals, installation commissions, and management fees. Installations charges are added to the monthly service fee for voice, internet, and television, which is invoiced in advance creating deferred revenue to be realized in the appropriate period. The Company's policy prohibits the issuance of customer credits during the month of cancellation. The Company earns residuals as a percentage of monthly customer service charges and a flat rate for each new customer sign up. Residuals are recorded monthly. Commissions and management fees are variable and therefore revenue is recognized at the time of payment.

Concentrations

Credit Risk: The Company's operating cash balances are maintained in financial institutions and periodically exceed federally insured limits. The Company believes that the financial strength of these institutions mitigates the underlying risk of loss. To date, these concentrations of credit risk have not had a significant impact on the Company's financial position or results of operations.

Accounts Receivable: At March 31, 2014 and December 31, 2013, Hyatt Corporation-controlled properties represented 48% and 30%, respectively of accounts receivable, and other Hyatt properties in the aggregate represented 28% and 23%, respectively, of accounts receivable.

Revenue: During the three months ended March 31, 2014 and 2013, Hyatt Corporation-controlled properties contributed 42% and 33%, respectively, and other Hyatt properties in the aggregate contributed 29% and 32%, respectively, of Roomlinx's US Hospitality revenue.

Fair Value Measurement: The Company discloses fair value information about financial instruments based on a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2014 and December 31, 2013.

The respective carrying value of certain financial instruments approximate their fair values. These financial instruments include cash and cash equivalents, accounts receivable, leases receivable, accounts payable, capital lease obligations, notes payable and the line of credit. The carrying value of cash and cash equivalents, accounts receivable, leases receivable, and accounts payable approximate fair value due to their short term nature. The carrying amount of capital lease obligations and notes payable approximates their fair values as the pricing and terms of these liabilities approximate market rates. The fair value of the line of credit is not practicable to estimate because of the related party nature of the underlying transactions. The Company has no financial instruments with the exception of cash and cash equivalents (level 1) valued on a recurring basis.

Long-Lived Assets: The Company reviews the carrying value of long-lived assets, such as property and equipment, whenever events or circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized to reduce the carrying value of the asset to its estimated fair value.

Segments: We operate and prepare our financial reports based on two segments; Hospitality and Residential. We have determined these segments based on the location, design, and end users of our products.

Hospitality: Our Hospitality segment includes hotels, resorts, and timeshare properties in the United States and Foreign. As of March 31, 2014 and 2013, Foreign included Mexico and Aruba. The products offered under our hospitality segment include the installation of, and the support and service of, high-speed internet access networks, proprietary Interactive TV platform, free to guest programming, and on-demand movie programming, as well as advertising and e-commerce products.

Residential: Our residential segment includes multi-dwelling unit customers and business customers (non-hospitality) in the United States. The products offered include the installation of, and the support and service of, telephone, internet, and television services.

Foreign Currency Translation: The US Dollar is the functional currency of the Company. Assets and liabilities denominated in foreign currencies are re-measured into US Dollars and the resulting gains and losses are included in the consolidated statements of comprehensive loss as a component of other income (expense).

Earnings (Loss) Per Share: The Company computes earnings (loss) per share by dividing net income (loss) by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the period. Dilutive common stock equivalents consist of shares issuable upon the exercise of the Company's stock options and warrants. Potentially dilutive securities, purchase stock options, restricted stock and warrants, are excluded from the calculation when their inclusion would be anti-dilutive, such as periods when a net loss is reported or when the exercise price of the instrument exceeds the fair market value. Accordingly, the weighted average shares outstanding have not been adjusted for dilutive shares. Outstanding stock options, restricted stock and warrants are not considered in the calculation as the impact of the potential common shares (totaling approximately 2,370,053 and 2,555,055 shares as of March 31, 2014 and 2013, respectively) would be to decrease the net loss per share.

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

2. Leases Receivable

As of March 31, 2014, the Company had \$1,365,346 in leases receivables compared to \$1,581,366 at December 31, 2013. During the three months ended March 31, 2014 and 2013 the Company received payments of \$216,020 and \$234,911, respectively. These leases have terms of 60 months and an average interest rate of 9.5%. The Company did not enter into any new leases in the three months ended March 31, 2014 and 2013.

Future minimum receipts on lease receivables are as follows:

<u>Twelve Months ended March 31,</u>	<u>Minimum Receipts</u>
2015	\$ 706,769
2016	461,086
2017	185,585
2018	11,906
	<u>\$ 1,365,346</u>

3. Inventory

Inventory, principally large order quantity items which are required for the Company's media and entertainment installations, is stated at the lower of cost (first-in, first-out) basis or market. The Company generally maintains only the inventory necessary for contemplated installations. Work in progress represents the cost of equipment and third party installation related to installations which were not yet completed.

The Company performs an analysis of slow-moving or obsolete inventory periodically and any necessary valuation reserves, which could potentially be significant, are included in the period in which the evaluations are completed. As of March 31, 2014 and December 31, 2013, the inventory obsolescence reserve was mainly related to raw materials and results in a new cost basis for accounting purposes.

Inventory balances as of March 31, 2014 and December 31, 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Raw materials	\$ 1,386,135	\$ 1,399,444
Work in process	168,011	154,893
	<u>1,554,146</u>	<u>1,554,337</u>
Reserve for obsolescence	(120,000)	(120,000)
Inventory, net	<u>\$ 1,434,146</u>	<u>\$ 1,434,337</u>

4. Notes Payable

The Company has a note payable with a principal balance of \$28,607 and \$31,261 at March 31, 2014 and December 31, 2013, respectively. This note bears interest at 11%, and expires August 1, 2016. Monthly principal and interest payments total \$1,163.

5. Line of Credit

On June 5, 2009, the Company entered into a Revolving Credit, Security and Warrant Purchase Agreement (the "Credit Agreement") with Cenfin LLC, an entity principally owned by significant shareholders of the Company. The Credit Agreement permits us to borrow up to \$25 million until June 5, 2017. On May 3, 2013, the Company and Cenfin executed a fourth amendment to the Credit Agreement which provided Cenfin sole and absolute discretion related to funding any advance requested by Roomlinx. Advances must be repaid at the earlier of 5 years from the date of borrowing or at the expiration of the Credit Agreement. The principal balance may be repaid at any time without penalty. Borrowings accrue interest, payable quarterly on the unpaid principal and interest at a rate equal to the Federal Funds Rate at July 15 of each year plus 5% (approximately 5.09% at March 31, 2014). The Credit Agreement is collateralized by substantially all of our assets, and requires the Company to maintain a total outstanding indebtedness to total assets ratio of less than 3 to 1.

Amounts outstanding under the Credit Agreement were \$5,176,000 at March 31, 2014 and December 31, 2013. These advances will be repaid at various dates between 2014 and 2017. A total of \$19,824,000 is available for future borrowings, subject to the terms of the amended agreement. Interest expense of \$65,865 and \$66,239, exclusive of accretion of the debt discount of \$85,506, was recorded for the three months ended March 31, 2014 and 2013. The unamortized balance of the debt discount was \$741,291 and \$826,797 at March 31, 2014 and December 31, 2013, respectively.

The Credit Agreement requires that, in conjunction with each advance, we issue Cenfin warrants to purchase shares of Roomlinx common stock equal to 50% of the principal amount funded divided by (i) \$2.00 on the first \$5,000,000 of borrowings on or after July 15, 2010 (\$4,712,000 as of March 31, 2014) or (ii) thereafter the fair market value of the Company's common stock on the date of such draw for advances in excess of \$5,000,000. The exercise price of the warrants is \$2.00 for the warrants issued on the first \$5,000,000 of borrowings made after July 15, 2010 and, thereafter, the average of the high and low market price for the Company's common stock on the date of issuance. The exercise period of these warrants expire three years from the date of issuance.

Future minimum payments against the line of credit are as follows:

<u>Twelve Months ended March 31,</u>	<u>Minimum Payments</u>
2015	\$ 464,000
2016	1,492,000
2017	3,220,000
	<u>\$ 5,176,000</u>

As described in Note 10, the Company has entered into a merger agreement. The Company expects, upon consummation of the merger, to make an accelerated payment of \$750,000 to the debt holder. In addition, all payments beginning in December 2014, will be adjusted on a pro-rata basis for the accelerated payment.

6. Commitments and Contingencies

Operating Leases: On April 10, 2012 the Company executed a lease agreement for office space with an effective date of May 1, 2012. Terms of the lease established a base rent per square foot plus operating expenses throughout the term of the lease which expires September 30, 2015, and which includes the lessor waiving several months of base rent and pre-defined annual escalation of the base rent per square foot. Effective November 29, 2013, the parties executed a First Amendment wherein the landlord granted the Company a deferred rent period (commencing on July 1, 2013 and ending on July 31, 2014) reducing the base and additional monthly rent to \$7,000, thereby deferring approximately \$13,700 per month or \$178,100, with such amount payable at the end of the deferred rent period, pursuant to which at March 31, 2014 approximately \$119,966 was recorded in accounts payable in the accompanying consolidated balance sheet. The Company had a deferred rent liability (exclusive of that recorded in accounts payable) of \$40,943 and \$46,820 included in other liabilities (current and non-current) as of March 31, 2014 and December 31, 2013, respectively. The Company's future minimum lease payments are as follows: \$149,898 and \$76,043 for the twelve months ending March 31, 2014 and 2015, respectively.

Capital Lease Obligations: The Company has a capital lease arrangement related to the acquisition of software. These arrangements are collateralized by the software and expire in March 2015 with future minimum lease payments totaling \$14,310, for the twelve month periods ended March 31, 2015.

7. Discontinued Operations

During October 2013, the Company performed an analysis of VOD sales revenue at Cardinal Hospitality Ltd. ("CHL"), its wholly-owned Canadian subsidiary servicing the hospitality industry. The result was that CHL had realized a decline in sales revenue in hotels on a year over year basis, which was attributed to guest preferences such as alternative access to content available via their laptops, our decision in 2012 not to invest in upgrading old technology and the hotels not willing to purchase newer technology. Further, the Company determined CHL did not provide positive cash flow and therefore at the end of November, the Company determined to issue a notice to all CHL customers that it would no longer provide support as of December 20, 2013.

CHL properties include hotels in Canada and the Caribbean providing VOD. Under ASC 205-20-45-1, the elimination of operations result in the presentation of a loss from discontinued operations in the consolidated statements of comprehensive loss for the three months ended March 31, 2014 and 2013.

Below is the statement of comprehensive loss related to the asset group serviced by CHL for the three months ended March 31, 2013.

	<u>2013</u>
Hospitality services revenue	\$ 112,740
Direct costs (exclusive of operating expenses and depreciation shown separately below):	146,711
Selling, general and administrative	7,298
Depreciation	<u>27,671</u>
	181,680
Net loss on discontinued operations	<u>\$ (68,940)</u>

8. Equity

On March 14, 2014, the Company entered into an Agreement and Plan of Merger (“Merger Agreement”) with Signal Point Holdings Corp. (“Signal Point”) and Roomlinx Merger Corp., a wholly-owned subsidiary of the Company (“Merger Subsidiary”). Upon the terms and subject to the conditions set forth in the Merger Agreement (see note 10), the Merger Subsidiary will be merged with and into Signal Point, a provider of domestic and international telecommunications services, with Signal Point continuing as the surviving entity in the merger as a wholly-owned subsidiary of the Company (the “Merger”). Simultaneous with the effective time of the merger, the Company will affect a reverse split of its common stock utilizing a ratio resulting in the Company having 600,000 shares of common stock issued and outstanding following the reverse stock split.

The effect of the merger will result in the owners of Signal Point holding 86% of the Company’s common stock at the date of the transaction and the holders of the Company’s stock immediately prior to the transaction owning 14%. Cenfin, LLC, a secured lender of the Company, will receive a currently undetermined number of shares to be included in the 14% ownership. The preferred shareholders will receive payments with respect to their shares (currently undetermined) and upon execution of the merger there will be no shares of the Company’s preferred stock outstanding. In addition, upon merger, all outstanding options immediately prior to the transaction will be terminated.

All conditions included in the Merger Agreement must be completed (some of which require approval of the Company’s shareholders) in order for the merger to be executed. Upon completing all conditions, the Company will receive a cash contribution from Signal Point of \$1,000,000 (subject to certain use limitations) at the closing of the merger. Upon execution, the Company will have certain obligations including an accelerated debt payment of \$750,000 (see Note 5), payments to preferred stock holders, and bonus payments of approximately \$500,000 to certain officers of the Company in accordance with employment agreements which will only be incurred and become due upon completion of the merger.

Notwithstanding the effects of Merger Agreement, as of March 31, 2014, the Company’s equity consists of the following:

Preferred Stock: The Company has authorized 5,000,000 preferred shares with a \$0.20 par value, of which 720,000 shares have been designated as Class A Preferred Stock. The Class A Preferred stock has a liquidation preference of \$0.20 per share and is entitled to receive cumulative annual dividends at the rate of 9%, payable in either cash or additional shares of Class A Preferred Stock, at the option of the Company. As of March 31, 2014 and December 31, 2013 there were 720,000 shares of Class A Preferred Stock issued and outstanding. Undeclared Class A dividends accumulated and unpaid as of March 31, 2014 and December 31, 2013, were \$201,360 and \$198,120, respectively; these dividends are not included in accrued expenses.

On April 1, 2014, the Company entered into Redemption Agreements with four holders of the Class A Preferred Stock representing 432,500 preferred shares, or approximately 60% of the total Preferred Shares of the Company. Pursuant to the Redemption Agreement, the Company agreed to purchase the preferred shares owned by the Holder for a purchase price equal to (i) \$0.175 plus (ii) one-half (1/2) of a share of common stock of the Company, immediately prior to, but subject to the consummation of, the merger contemplated by the Agreement and Plan of Merger dated March 14, 2014.

Common Stock: The Company has authorized 200,000,000 shares of \$0.001 par value common stock. As of March 31, 2014 and December 31, 2013, there were 6,411,413 shares of common stock issued and outstanding.

During the three months ended March 31, 2013, the Company granted 24,000 restricted shares of common stock at a fair market value of \$2.00 per share (equal to the closing price of the Company’s common stock quoted on the NASDAQ Bulletin Board Service as of the grant date) to three non-employee directors of the Company. The shares vest in three equal annual installments on August 27 of 2013 through 2015.

As of March 31, 2014 and 2013, the Company had 12,000 and 24,000 restricted shares of common stock outstanding. During the three months ended March 31, 2014 and 2013, the Company recognized non-employee director compensation cost of \$2,959 and \$6,000, respectively, recorded in selling, general and administrative expenses in the consolidated statement of comprehensive loss and in accrued expenses in the accompanying balance sheet.

Warrants:

As of March 31, 2014 the Company had 1,477,800 warrants outstanding, compared to 1,542,800 at December 31, 2013, of which, 837,800 and 902,800 warrants were issued in connection with the line of credit (see Note 5) respectively. No warrants were issued in the three months ended March 31, 2014.

The following is a summary of such outstanding warrants for the three month period ended March 31, 2014:

<u>Warrants</u>	<u>Shares Underlying Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Remaining Contractual Life (in years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2014	1,542,800	\$ 2.84		
Granted and Issued	-	-		
Expired/Cancelled	(65,000)	2.00		
Outstanding and exercisable at March 31, 2014	<u>1,477,800</u>	<u>\$ 2.87</u>	<u>0.81</u>	<u>\$ -</u>

Options:

In 2004, the Company adopted a long term incentive stock option plan (the "Stock Option Plan") which covers key employees, officers, directors and other individuals providing bona fide services to the Company. On December 27, 2012, subject to stockholder approval, the board of directors voted to amend the Stock Option Plan to (i) adjust the maximum allowable shares of common stock upon exercise of options which may be granted from 1,200,000 to 2,000,000 shares of common stock and (ii) remove the provision from the Stock Option Plan which provided that any shares that are surrendered to or withheld by the Company in connection with any award or that are otherwise forfeited after issuance shall not be available for purchase pursuant to incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended. As of March 31, 2014, options to purchase 880,253 shares were outstanding. The options vest as determined by the Board of Directors and are exercisable for a period of no more than 10 years.

On January 11, 2013, the board of directors approved the grant of 30,000 Incentive Stock Options at an exercise price of \$2.06 per share. These options vest ratably on the anniversary date over a three year period and expire 7 years from the grant date. The weighted average grant date fair value of such options was \$1.68.

On June 14, 2013, the Company had outstanding options to purchase an aggregate of 925,027 shares of common stock, of which options to purchase 300,833 shares of common stock were those options approved by the board of directors pursuant to the execution of the Hyatt MSA on March 14, 2012 ("Hyatt options"), when the Board determined to reduce the exercise price of a total of 354,445 of the non-Hyatt Options to \$0.60 per share (the closing price of the common stock on June 14, 2013 was \$0.60 per share). None of the Options subject to the exercise price reduction are Hyatt Options.

The following are the assumptions utilized in the estimation of stock-based compensation related to the stock option grants for the three month periods ended March 31, 2013:

	<u>2013</u>
Expected term	7 years
Expected volatility	213%
Risk free interest rate	1.28%
Dividend yield	0%

A summary of stock option activity under the Stock Option Plan is presented below:

<u></u>	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Remaining Contractual Life (in years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2014	880,253	\$ 1.60		
Granted	-	-		
Forfeited	-	-		
Outstanding at March 31, 2014	<u>880,253</u>	<u>\$ 1.60</u>	<u>0.80</u>	<u>\$ -</u>
Exercisable at March 31, 2014	<u>606,395</u>	<u>\$ 1.73</u>	<u>0.54</u>	<u>\$ -</u>

The Company recorded stock-based compensation expense of \$109,990 and \$112,343 for the three month periods ended March 31, 2014 and 2013, respectively. The amounts are recorded in selling, general and administrative expense in the consolidated statements of comprehensive loss. The fair value of stock options that vested and became exercisable during the three months ended March 31, 2014 and 2013 was \$201,718 and \$297,029 respectively. At March 31, 2014, there was approximately \$509,000 in unrecognized compensation cost related to stock options that will be recorded over a weighted average future period of approximately 3 years.

A summary of the activity of non-vested options under the Company's plan for the three months ended March 31, 2014 is presented below:

	Non-vested Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2014	385,044	\$ 1.34	\$ 1.31
Vested	(111,186)	1.91	1.81
Non-vested at March 31, 2014	<u>273,858</u>	<u>\$ 1.38</u>	<u>\$ 1.26</u>

9. Segment Information

Financial information for our segment as of and for the three months ended March 31, 2014 and 2013, is as follows:

	Hospitality	Residential	Corporate	Totals
Three months ended March 31, 2014				
Revenue	\$ 1,441,883	\$ 188,274	\$ -	\$ 1,630,157
Operating loss	\$ (81,687)	\$ (107,292)	\$ (239,670)	\$ (428,649)
Net loss	\$ (115,116)	\$ (107,292)	\$ (316,970)	\$ (539,378)
Three months ended March 31, 2013				
Revenue	\$ 1,794,846	\$ 217,478	\$ -	\$ 2,012,324
Operating loss	\$ (751,505)	\$ (100,443)	\$ (376,703)	\$ (1,228,651)
Net loss	\$ (921,412)	\$ (100,443)	\$ (376,703)	\$ (1,398,558)
As of March 31, 2014				
Total assets	<u>\$ 5,838,944</u>	<u>\$ 198,667</u>	<u>\$ 205,400</u>	<u>\$ 6,243,011</u>

Financial information of geographical data by segment as of and for the three months ended March 31, 2014 and 2013, is as follows:

	United States	Foreign	Totals
Three months ended March 31, 2014			
Hospitality:			
Product and installation	\$ 121,231	\$ -	\$ 121,231
Services	1,306,901	13,751	1,320,652
Residential:			
Services	188,274	-	188,274
Totals	<u>\$ 1,616,406</u>	<u>\$ 13,751</u>	<u>\$ 1,630,157</u>
Three months ended March 31, 2013			
Hospitality:			
Product and installation	\$ 542,557	\$ -	\$ 542,557
Services	1,209,100	43,189	1,252,289
Residential:			
Services	217,478	-	217,478
Totals	<u>\$ 1,969,135</u>	<u>\$ 43,189</u>	<u>\$ 2,012,324</u>
As of March 31, 2014			
Total assets	<u>\$ 6,136,039</u>	<u>\$ 106,972</u>	<u>\$ 6,243,011</u>

10. Plan of Merger

On March 14, 2014, the Company entered into the Merger Agreement with Signal Point the Merger Subsidiary. Upon the terms and subject to the conditions set forth in the Merger Agreement, the Merger Subsidiary will be merged with and into Signal Point, a provider of domestic and international telecommunications services, with Signal Point continuing as the surviving entity in the Merger as a wholly-owned subsidiary of the Company. Simultaneous with the effective time of the Merger (the "Effective Time"), the Company will effect a reverse split of its common stock (the "Reverse Stock Split") utilizing a ratio resulting in the Company having 600,000 shares of common stock issued and outstanding following the Reverse Stock Split.

11. Contingent Liabilities

The Company is in receipt of a letter from Technology Integration Group ("TIG") demanding payment of approximately \$2,430,000 with respect to inventory and services which the Company purchased from TIG. As of March 31, 2014 and December 31, 2013, the Company has approximately \$2,100,000 (net of payments made) recorded in accounts payable in the accompanying consolidated balance sheets. TIG subsequently filed an action in California State Court although the Company has not yet been served in such action. The Company believes that it has meritorious defenses and counterclaims in respect of TIG's claim. The Company intends to pursue a settlement of all claims with TIG and is in discussions with TIG in respect thereof.

The Company is in receipt of a request for indemnification from Hyatt in connection with a case brought in US Federal Court in California by Ameranth, Inc., against, among others, Hyatt. In connection with such case, the plaintiffs have identified the Company's e-concierge software as allegedly infringing Ameranth's patents. The Company licenses the e-concierge software from a third party and accordingly has made a corresponding indemnification request to such third party. The Company believes that any such claim may also be covered by the Company's liability insurance coverage and accordingly the Company does not expect that this matter will result in any material liability to the Company.

The Company is in receipt of a District Court Civil Summons, dated August 23, 2013, in the matter of "ScanSource v. Roomlinx, Inc.", commenced in the District Court of Greenville County, South Carolina (the "Action"). The plaintiffs in the Action claim that the Company owes them approximately \$473,000 with respect to inventory which the Company purchased. The amount is recorded in accounts payable in the accompanying consolidated balance sheets as of March 31, 2014 and December 31, 2013. The Company intends to pursue a settlement of all claims.

The Company is in receipt of a letter from the BSA Software Alliance ("BSA") in connection with copyright infringement of computer software products alleging the unauthorized duplication of various computer software products. BSA has threatened to file an action against the Company if it does not timely respond to its request for an internal audit. The Company intends to review BSA's claims and respond appropriately.

The Company has been named in a Civil Action in the United States Court for the District of Colorado by a former employee who alleges retaliation and discrimination pursuant to his termination of employment, for which he is seeking damages approximating \$85,000. On April 16, 2014, the Company filed an answer to the plaintiff's complaint denying these charges and intends to vigorously defend its position.

Other than the foregoing, no material legal proceedings to which the Company (or any officer or director of the Company, or any affiliate or owner of record or beneficially of more than five percent of the Common Stock, to management's knowledge) is party to or to which the property of the Company is subject is pending, and no such material proceeding is known by management of the Company to be contemplated.

12. Subsequent Event

As of April 1, 2014, the Company entered into Redemption Agreements (the "Redemption Agreements") with four holders (each, a "Holder") of shares of Class A Preferred Stock of the Company ("Preferred Shares"). Pursuant to each Redemption Agreement, the Company agreed to purchase the Preferred Shares owned by the relevant Holder for a purchase price per Preferred Share equal to (i) \$0.175 plus (ii) one-half (1/2) of a share of common stock of the Company.

The purchase of the Preferred Shares pursuant to the Redemption Agreements will take place immediately prior to, but subject to the consummation of, the Merger contemplated by the Merger Agreement. The purchase of the Preferred Shares pursuant to the Redemption Agreements will take place prior to the reverse split of the Company's common stock contemplated by the Merger Agreement.

The aggregate number of Preferred Shares that the Company agreed to purchase pursuant to the Redemption Agreements equals 432,500 Preferred Shares, representing approximately 60% of the total Preferred Shares of the Company.

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

The following discussion and analysis should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and the consolidated financial statements and related notes thereto included in our December 31, 2013 Annual Report on Form 10-K, filed with the SEC and with the unaudited interim financial statements and related notes thereto presented in this Quarterly Report on Form 10-Q, as well as our reports on Form 8-K and other SEC filings.

FORWARD-LOOKING STATEMENTS

This report contains or incorporates forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties. Statements regarding future events, developments, the Company's future performance, as well as management's expectations, beliefs, intentions, plans, estimates or projections relating to the future are forward-looking statements within the meaning of these laws. We develop forward-looking statements by combining currently available information with our beliefs and assumptions. These statements relate to future events, including our future performance, and management's expectations, beliefs, intentions, plans or projections relating to the future and some of these statements can be identified by the use of forward-looking terminology such as "believes," "expects," "anticipates," "estimates," "projects," "intends," "seeks," "future," "continue," "contemplate," "would," "will," "may," "should," and the negative or other variations of those terms or comparable terminology or by discussion of strategy, plans, opportunities or intentions. As a result, actual results, performance or achievements may vary materially from those anticipated by the forward-looking statements. These statements include, among others:

- statements concerning the benefits that we expect will result from our business activities and results of exploration that we contemplate or have completed, such as increased revenues; and
- statements of our expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts.

Among the factors that could cause actual results, performance or achievements to differ materially from those indicated by such forward-looking statements are:

- the failure of the Company to consummate the Merger with Signal Point
- the continued suspension of certain obligations of the Company and Hyatt pursuant to the MSA or the removal of such obligations from the MSA and the restructure or release of the obligations of certain Hyatt hotels to install the Company's iTV product;
- the Company's successful implementation of new products and services (either generally or with specific key customers);
- the Company's ability to satisfy the contractual terms of key customer contracts;
- the risk that we will not achieve the strategic benefits of the acquisition of Canadian Communications;
- demand for the new products and services, the volume and timing of systems sales and installations, the length of sales cycles and the installation process and the possibility that our products will not achieve or sustain market acceptance;

- unexpected changes in technologies and technological advances and ability to commercialize and manufacture products;
- the timing, cost and success or failure of new product and service introductions, development and product upgrade releases;
- the Company's ability to successfully compete against competitors offering similar products and services;
- the ability to obtain adequate financing in the future;
- the Company's ability to establish and maintain strategic relationships, including the risk that key customer contracts may be terminated before their full term;
- general economic and business conditions;
- errors or similar problems in our products, including product liabilities;
- the outcome of any legal proceeding that has been or may be instituted against us and others and changes in, or failure to comply with, governmental regulations;
- our ability to attract and retain qualified personnel;
- maintaining our intellectual property rights and litigation involving intellectual property rights;
- legislative, regulatory and economic developments;
- risks related to third-party suppliers and our ability to obtain, use or successfully integrate third-party licensed technology;
- breach of our security by third parties; and
- those factors discussed in "Risk Factors" in our periodic filings with the Securities and Exchange Commission (the "SEC").

We make these statements under the protection afforded by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Because forward-looking statements are subject to assumptions and uncertainties, actual results, performance or achievements may differ materially from those expressed or implied by such forward-looking statements. Stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date such statements are made. Except to the extent required by applicable law or regulation, Roomlinx undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

GENERAL

Currently we offer the following services to our customers:

- ❖ Site-specific determination of needs and requirements;
- ❖ Design and installation of the wireless or wired network;
- ❖ Customized development, design and installation of a media and entertainment system;
- ❖ IP-based delivery of on-demand high-definition and standard-definition programming including Hollywood, Adult, and specialty content;
- ❖ Delivery of free-to-guest ("FTG") television programming via satellite;
- ❖ Delivery of an interactive ("click and go") programming guide;
- ❖ Full maintenance and support of the network and Interactive TV product;
- ❖ Technical support to assist guests, hotel staff, and residential and business customers, 24 hours a day, 7 days a week, 365 days a year;
- ❖ Delivery of an advertising and E-commerce platform through iTV.

Overview

Roomlinx, Inc., a Nevada corporation ("we," "us" or the "Company"), provides four core products and services:

In-room media and entertainment

Roomlinx provides a suite of in-room media and entertainment products and services for hotels, resorts, and time share properties. Products and services included within our in-room media and entertainment offering include our proprietary Interactive TV platform ("iTV") and on-demand movies.

The Company develops proprietary software and integrates hardware to facilitate the distribution of its Interactive TV platform. With Roomlinx, iTV guests will have access to a robust feature set through the HDTV such as:

- Internet Apps including Netflix, Pandora, Hulu, YouTube, Facebook, and many more
- International and U.S. television programming on demand
- Click and Go TV program guide or Interactive Program Guide (“IPG”)
- Web Games
- MP3 player and thumb drive access
- Ability to send directions from the iTV system to a mobile device

Hotel guests can also easily order room service, interact with hotel associates, make restaurant reservations, edit and print documents as well as gain direct access to local dining, shopping, nightlife, cultural events or attractions all through a dynamic user interface on the TV. The Interactive TV platform integrates the TV and Internet experience.

The Company provides proprietary software, a media console and an extended USB port for the hotel guest, a proprietary wireless keyboard with built-in mouse, and a proprietary remote control with a built in mouse. The Company installs and supports these components.

The Company also supplies video-on-demand services to the hospitality industry. Roomlinx offers a full selection of video-on-demand services and technology; including first non-theatrical release Hollywood motion pictures, adult, and specialty content.

Hotel customers sign long-term service agreements, where we provide the maintenance for the networks, as well as the right to provide value added services over the network.

The Company generates revenue through:

- On-going connectivity service and support contracts
- Network design and installation services
- Delivery of content and advertising
- Delivery of business and entertainment applications
- E-commerce
- The customization of its software
- Software licensing
- Delivery of pay-per-view content
- Sale of video-on-demand systems

Free-To-Guest Television Programming (“FTG”)

Our hotel satellite television programming services provide for delivery and viewing of high definition and standard definition television programming for hotels, resorts, and time share properties. The Company installs and provides services that address the entertainment and information needs of hotel guests and resort guests. We specialize in providing advanced high definition equipment for delivering digital television programming such as ESPN, HBO, Starz, and other specialty and local channels.

The Company generates revenue through:

- The design and installation of FTG systems
- Delivery of television programming fees and/or commissions

Customers typically pay a one-time fee for the installation of the equipment and then pay monthly programming fees for delivery of a specific TV channel lineup.

Wired Networking Solutions and Wireless Fidelity Networking Solutions.

We provide wired networking solutions and wireless fidelity networking solutions, also known as Wi-Fi, for high speed internet access at hotels, resorts, and timeshare locations. The Company installs and creates services that address the productivity and communications needs of hotel, resort, and timeshare guests. We specialize in providing advanced Wi-Fi wireless services such as the wireless standards known as 802.11a/b/g/n/i.

Hotel customers sign long-term service agreements, where we provide the maintenance for the networks, as well as the right to provide value added services over the network.

The Company generates revenue through:

- Ongoing connectivity service and support contracts
- Network design and installation services

Customers typically pay a one-time fee for the installation of the network and then pay monthly maintenance fees for the upkeep and support of the network.

Residential Media and Communications

We provide residential and business customers telecommunication services including telephone, satellite television, and wired and wireless internet access. Telephone service is provided through traditional, analog “twisted pair” lines, as well as digital “VoIP”. Analog phone service is typically provided via an interconnection agreement with CenturyLink, Inc., which allows the Company to resell CenturyLink service through their wholesale and retail accounts with CenturyLink. VoIP service is provided at properties where the Company maintains a broadband internet service to the end customer, allowing the Company to provide digital phone service (VoIP) over the same lines as their internet service.

Television service is typically provided via the Company’s agreements with DISH Network and DirecTV. Most television service is provided via a head-end distribution system, or an L-Band digital distribution system. Television service is offered in high definition whenever possible.

Internet service is provided via both wired and wireless network design. The Company provisions and manages broadband access to the residential customers through both wholesale and resale methods. Wholesale methods exist when the Company owns and controls the internet circuit and resale methods exist when the Company uses an affiliated third party to provide the internet circuit.

The Company generates revenue through:

- Network design and installation services
- Delivery of telephone service (billed monthly)
- Delivery of Internet service (billed monthly)
- Delivery of television service (billed by the satellite provider with monthly commissions paid to the Company)
- Management fees for the management of affiliated communication systems

Recent Financial Developments

Merger Agreement:

On March 14, 2014, the Company entered into the Merger Agreement with Signal Point the Merger Subsidiary.

Upon the terms and subject to the conditions set forth in the Merger Agreement, the Merger Subsidiary will be merged with and into Signal Point, a provider of domestic and international telecommunications services, with Signal Point continuing as the surviving entity in the Merger as a wholly-owned subsidiary of the Company.

Simultaneous with the Effective Time of the Merger, the Company will effect the Reverse Stock Split of with respect to its common stock utilizing a ratio resulting in the Company having 600,000 shares of common stock issued and outstanding following the Reverse Stock Split.

At the Effective Time, pursuant to the terms and subject to the conditions set forth in the Merger Agreement:

- all shares of Signal Point common stock issued and outstanding immediately prior to the Effective Time will be exchanged for an aggregate of 120,000,000 restricted shares of common stock of the Company, and the holders of Signal Point common stock immediately prior to the Effective Time will, when taken together with shares of Company common stock (i) issuable at the Effective Time to The Robert DePalo Special Opportunity Fund, LLC upon conversion of approximately \$3,200,000 of indebtedness at \$1.20 per share of Signal Point (or approximately 2,666,667 shares) and (ii) issuable pursuant to any equity offering consummated by any party to the Merger Agreement prior to the Effective Time, hold shares of Company common stock representing in the aggregate eighty-six percent (86%) of the outstanding shares of the Company’s common stock immediately following the Effective Time;

- the shares of Signal Point's Series A Preferred Stock and Series B Preferred Stock issued and outstanding immediately prior to the Effective Time will be exchanged for shares of Series A Preferred Stock and Series B Preferred Stock, as applicable, of the Company, having substantially identical terms to Signal Point's Series A Preferred Stock and Series B Preferred Stock, except in connection with dividends payable from the revenues of Roomlinx Sub;
- all options to purchase Signal Point common stock and restricted stock awards issued and outstanding immediately prior to the Effective Time under the current Signal Point Employee Incentive Plan will be exchanged for options and awards to purchase an identical number of shares of Company common stock on the same terms and conditions;
- each share of the Company's common stock issued and outstanding immediately prior to the Effective Time, but after giving effect to the Reverse Stock Split, will remain outstanding. Also, the holders of the Company's common stock immediately prior to the Effective Time and Cenfin, LLC, a secured lender of the Company (in exchange for its agreement at the closing of the Merger to restructure indebtedness owed to it by the Company), will receive additional (but restricted) shares of the Company's common stock at the Effective Time. Accordingly, the holders of the Company's common stock will hold shares of Company common stock which, when taken together with shares of Company common stock (i) issuable upon the exercise of Roomlinx warrants outstanding immediately prior to the Effective Time (not including out-of-the-money warrants) and (ii) to be issued to Cenfin, LLC in exchange for its agreement to restructure indebtedness owed to it by the Company, will represent in the aggregate fourteen percent (14%) of the outstanding shares of the Company's common stock immediately following the Effective Time;
- holders of the existing preferred stock of the Company will receive payments and common stock with respect to such shares, the Company's preferred stock will be cancelled and there will be no existing shares of the Company's preferred stock outstanding following the Merger, except as described above, the total commitment for the preferred shares will be cash of approximately \$214,000 and 215,000 shares of common stock. The Company expects to fund this obligation from its current cash holdings; and
- all outstanding options to purchase Company capital stock issued under the Company's Stock Option Plan will terminate in accordance with the terms thereof.

Also, at the closing of the Merger, Signal Point will make a cash contribution to the Company in an amount equal to One Million Dollars (\$1,000,000) (subject to certain limitations regarding the use thereof).

Simultaneously with the Merger, upon the terms and conditions set forth in the Merger Agreement, the Company will (i) change its name from "Roomlinx, Inc." to "Signal Share, Inc.", (ii) amend and restate its articles of incorporation to substantially conform to the certificate of incorporation currently in effect for Signal Point, (iii) assume certain obligations of Signal Point, and (iv) transfer substantially all of its assets (excluding shares of Cardinal Broadband owned by the Company which will be placed in escrow at closing pending receipt of certain regulatory approvals) and liabilities into a newly-formed, wholly-owned subsidiary named "SignalShare Hospitality, Inc.".

Following the consummation of the Merger, Aaron Dobrinsky, the current President of Signal Point, will serve as the Chief Executive Officer and a director of the Company, and Christopher Broderick, the current Chief Operating Officer of Signal Point, will serve as the Chief Operating Officer and a director of the Company.

Hyatt Master Services Agreement:

On March 12, 2012, Roomlinx and Hyatt Corporation entered into a Master Services and Equipment Purchase Agreement (the "MSA") pursuant to which Roomlinx has agreed to provide in-room media and entertainment solutions, including its proprietary Interactive TV (or iTV) platform, high speed internet, free-to-guest, on-demand programming and related support services, to Hyatt-owned, managed or franchised hotels that are located in the United States, Canada and the Caribbean. Under the agreement, Hyatt will use its commercially reasonable efforts to cause its managed hotels to order the installation of the Company's iTV product in a minimum number of rooms in Hyatt hotels within certain time frames.

In December 2012, Roomlinx and Hyatt mutually agreed to suspend certain Hyatt obligations under the MSA that had not been met, including the suspension of the obligations of Hyatt to cause a certain number of rooms in both Hyatt owned and managed properties to place orders for Roomlinx's iTV products within certain time frames. At the time of the December 2012 suspension of these Hyatt obligations, the Company had installed certain services and products in approximately 19,000 rooms (including approximately 9,000 installs of its iTV product) in Hyatt hotels. During the year ended December 31, 2013, the Company completed the installation of approximately 1,000 additional rooms. As of March 31, 2014 and December 31, 2013, deposits received on statements of work for Hyatt properties are recorded as customer deposits in the accompanying balance sheet in the amount of approximately \$1,262,000 and \$1,295,000, respectively.

See risk factors for discussion of potential effect on Company.

Trends and Business Outlook

We believe there has been a fundamental shift in the way people communicate and from where they get their content. This shift is affecting guest habits within the hotel room. Hotel guests are getting their content from the internet or alternative mobile sources, such as laptops and smartphones. Roomlinx developed the Interactive TV platform to embrace these changing habits and allow guests easy access to their content, work, and the internet via the in-room flat panel LCD. The majority of Roomlinx' growth in 2013 recurring revenues can be attributed to sales of our Interactive TV product, high speed internet services and free-to-guest TV programming. We have seen strong usage of the Interactive TV platform at our current hotel installations and we believe there is even greater ability to monetize our Interactive TV platform as we increase hotel penetration and usage. We believe our Interactive TV platform creates a true differentiation for Roomlinx and we will continue to invest in product enhancements and Interactive TV sales and marketing efforts.

Although our current results demonstrate the success of our initial efforts, general economic conditions, aged hotel infrastructure, and market uncertainty may still negatively affect our financial results in future periods. We anticipate that the rate of installations will become more predictable however may vary from quarter to quarter. Consequently, if anticipated installations and shipments in any quarter do not occur when expected, expenses and inventory levels could be disproportionately high, and our operating results for that quarter and future quarters may be adversely affected. Further, given the lag between the incurrence of expenses in connection with hotel installations, we anticipate that, while we will see organic growth that positions us for future profitability, our costs of sales and other operating expenses may exceed our revenues in the near term. We have incurred operating losses since our inception.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations discuss our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, allowance for doubtful accounts and property and equipment valuation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

The Company enters into contractual arrangements to provide multiple deliverables which may include some or all of the following - systems installations and a variety of services related to high speed internet access, free-to-guest programming, video on demand, and iTV as well as residential phone, internet and television. Each of these elements must be identified and individually evaluated for separation. The term “element” is used interchangeably with the term “deliverable” and the Company considers the facts and circumstances as it relates to its performance obligations in the arrangement and includes product and service elements, a license or right to use an asset, and other obligations negotiated for and assumed in the agreement. Analyzing an arrangement to identify all of the elements requires the use of judgment, however, once the deliverables have been identified, the Relative Fair Value of each Element was determined under the concept of Relative Selling Price (RSP) for which the Company applied the hierarchy of selling price under ASU Topic 650.

The effect of application of this standard may be to defer revenue recognition for installations across the service period of the contract and to re-allocate and/or defer revenue recognition across various service arrangements.

In order to promote the Interactive TV platform, Roomlinx has agreed to provide certain customers with direct sales-type lease financing to cover the cost of installation. These transactions result in the recognition of revenue and associated costs in full upon the customer’s acceptance of the installation project and give rise to a lease receivable and unearned income.

We estimate the collectability of our trade receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including analysis of historical collection rates and the current credit-worthiness of significant customers.

Inventory includes materials on-hand at our warehouses as well as the cost of hardware, software, and labor which has been incurred by us for installation at our customer’s property, but has not been accepted by the customer.

Since inception, we have accumulated substantial net operating loss carry forwards for tax purposes. There are statutory limitations on our ability to realize any future benefit from these potential tax assets and we are uncertain as to whether we will ever utilize the tax loss carry forwards. Accordingly, we have recorded a valuation allowance to offset the deferred tax asset.

The Company provides compensation costs for our stock option plans determined in accordance with the fair value based method to estimate the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model and provide for expense recognition over the service period, if any, of the stock option.

In connection with the sale of debt or equity instruments, we may sell options or warrants to purchase our common stock. In certain circumstances, these options or warrants may be classified as derivative liabilities, rather than as equity. Additionally, the debt or equity instruments may contain embedded derivative instruments, such as conversion options, which in certain circumstances may be required to be bifurcated from the associated host instrument and accounted for separately as a derivative instrument liability.

Management has evaluated recently issued pronouncements of various authoritative accounting organizations, primarily the Financial Accounting Standards Board (“FASB”), the SEC, and the Emerging Issues Task Force (“EITF”) to determine their applicability and does not believe that any of these pronouncements will have a significant impact on the Company’s financial statements.

RESULTS OF OPERATIONS

The Company measures its performance and recurring revenue trend based on the number of revenue generating units (“RGUs”) in service. Regarding the hospitality sector, a hotel room may have one or more RGUs. An RGU is defined as a product or service for which we invoice the hotel monthly, including interactive television, video on demand, free to guest programming, and high speed internet access. Residential properties may also have more than one RGU, which includes telephone, internet and television. As of March 31, 2014 the Company was servicing approximately 64,000 RGUs within the hospitality sector representing a net increase of 6,000 RGUs or 10%, within the hospitality sector over the twelve months ended March 31, 2014, and 16 residential communities and small businesses, representing an additional 3,300 RGUs.

THREE MONTHS ENDED MARCH 31, 2014 COMPARED TO THREE MONTHS ENDED MARCH 31, 2013

During the year ended December 31, 2013, the Company realized a loss on discontinued operations related to the determination to cancel hospitality contracts serviced by Cardinal Hospitality, Ltd., a wholly-owned subsidiary (see note 10 of the financial statements) as of December 20, 2013. The cancellation of these contracts was based on an analysis by the Company whereby it was determined that the continuing decline of recurring revenues associated with the CHL VOD product were generating losses at the individual property level. Accordingly the Company determined to eliminate these contracts. Under ASC 360-10, the consolidated comprehensive statement of loss for the three months ended March 31, 2013 has been reclassified to be consistent with the presentation for the three months ended March 31, 2014.

Our revenues for the three months ended March 31, 2014 and 2013 were \$1,630,157 and \$2,012,324 respectively, a decrease of \$382,167 or 19%, reflecting an increase in hospitality recurring service revenue of approximately \$61,000, or 5%, a decrease in product and installation revenue of approximately \$414,000, or 77%, and a decrease in residential recurring revenue of approximately \$29,000, or 13%. The increase in hospitality recurring revenue was attributable to the net increase in RGUs over the twelve months ended March 31, 2014. We believe the decline in residential recurring revenue relates to a reduction in use of traditional phone lines and increased competition.

Direct costs exclusive of operating expenses and depreciation ("direct costs") for the three months ended March 31, 2014 and 2013 were \$1,051,817 and \$1,633,259 respectively, a decrease of \$581,442 or 41%. Direct costs of hospitality installations decreased approximately \$550,000. Direct costs of recurring services had a net decrease of approximately \$31,000, primarily related to approximate decreases in staffing costs of \$19,000 and content costs of \$20,000.

Hospitality

The hospitality segment includes hotel and meeting rooms in the following geographic segments: United States and Foreign. As of March 31, 2014 and 2013, Foreign included Canada, Mexico and Aruba. The products offered under our hospitality segment include the installation of, and the support and service of, high-speed internet access, interactive TV services, free to guest programming, and on-demand programming, as well as advertising and e-commerce products. Effective December 20, 2013, substantially all Canadian and Aruba hospitality contracts serviced by CHL were cancelled by Roomlinx, as more fully discussed in note 7 of the financial statements.

United States: US hospitality revenue for the three months ended March 31, 2014 and 2013 was \$1,428,132 and \$1,751,657 respectively, a decrease of \$323,525 or 18%. This decrease consists of a decrease in installation revenue of approximately \$421,000 or 78%, offset by an increase in recurring service revenue of approximately \$68,000, or 5%.

Foreign: Foreign hospitality revenue for the three months ended March 31, 2014 and 2013 was \$13,751 and \$43,189, respectively, a decrease of \$29,438. This decrease is primarily related to the cancellation of service contracts related to VOD revenues which the Company determined were no longer profitable.

Residential

Our residential segment includes multi-dwelling unit and business customers in the United States. The products offered include the installation of, and the support and service of, telephone, internet, and television services.

Residential revenue for the three months ended March 31, 2014 and 2013 was \$188,274 and \$217,478 respectively, a decrease of \$29,204, or 13%. We believe the decline in recurring revenue relates to a reduction in use of traditional phone lines and increased competition.

Operational Expenses

Total operating expense for the three months ended March 31, 2014 and 2013 was \$1,006,989 and \$1,607,716, a decrease of \$600,727, or 37%. This decrease is primarily due to a cost reduction and containment program wherein the Company realized a 34% decrease in personnel, reducing payroll and related costs approximately \$581,000, and a net decline in various operating expenses of approximately \$19,000.

Our operations department expense decreased \$272,352, or 52%, to \$252,213 in the three months ended March 31, 2014 compared to the same period in 2013. This decrease is primarily due to a decrease in personnel, reducing payroll and related costs approximately \$262,000.

Our product development department expense decreased \$133,900, or 48%, to \$144,392 in the three months ended March 31, 2014 compared to same period in 2013. This decrease is primarily due to a decrease in personnel, reducing payroll and related costs approximately \$128,000.

Our selling, general and administrative expenses decreased \$195,412 or 26% to \$545,029 in the three months ended March 31, 2014 compared to the same period in 2013. This decrease is primarily attributable to approximate fluctuations as follows: (i) payroll and related costs, including stock based compensation decreased \$191,000, (ii) professional fees decreased \$36,000, and (iii) a net decline in various operating costs of \$39,000; offset by an increase in bad debt expense of \$71,000.

Depreciation expense for the three months ended March 31, 2014 and 2013 was \$65,355 and \$64,418 respectively.

Our operating loss for the three months ended March 31, 2014 and 2013 was \$428,649 and \$1,228,651 respectively, a decrease of \$800,002 or 65%. This decrease is primarily attributable to cost savings achieved through the Company's 2013 cost reduction and containment program. For the three months ended March 31, 2014 and 2013, continuing operational expenses, which consist of operating, product development, and selling, general and administrative costs, decreased 43% as a percentage of recurring revenue to 62% in 2014 compared to 105% in 2013.

Non-Operating

For the three months ended March 31, 2014 and 2013, our non-operating income was \$41,703 and \$52,727 respectively. The decrease of \$11,024 is primarily due to a gain recorded on the settlement of previously recorded liabilities and a decline in interest income earned on lease receivables as a result of (i) less properties under lease as of March 31, 2014 as compared to March 31, 2013 and (ii) under the imputed interest method, the recognition of interest income declines over time.

Our non-operating expenses for the three months ended March 31, 2014 and 2013 were \$152,432 and \$153,693 respectively, a decrease of \$1,261. Non-operating expenses are primarily interest expense and the fluctuation is attributable to the maturity of various notes and capital lease obligations in 2013.

Discontinued operations are the result of the termination of all CHL contracts on December 20, 2013. Under ASC 360-10, the consolidated statements of comprehensive income have been reclassified for the three months ended March 31, 2014, to identify a loss on discontinued operations of \$68,941.

For the three months ended March 31, 2014, we reported a net loss of \$539,378, compared to a net loss of \$1,398,558 for the three months ended March 31, 2013, a reduction of net loss of \$859,180, or 61%. This decrease is primarily attributable to an increase in revenue less direct costs of approximately \$200,000, a cost savings of approximately \$600,000 achieved through the Company's 2013 cost reduction and containment program and the elimination of loss from discontinued operations approximating \$69,000.

FINANCIAL CONDITION

LIQUIDITY & CAPITAL RESOURCES

The Company had a working capital deficit of \$1,149,820 at March 31, 2014 as compared to a deficit of \$946,114 at December 31, 2013. The increase in working capital deficit of \$203,706 is primarily due to the change in working capital assets and liabilities associated with ongoing operations. As of March 31, 2014 we had \$2,077,468 in cash and cash equivalents, which is sufficient to continue business operations for at least the next twelve months.

On March 14, 2014, the Company entered into the Merger Agreement with Signal Point the Merger Subsidiary. At the closing of the Merger, Signal Point will make a cash contribution to the Company in an amount equal to One Million Dollars (\$1,000,000) (subject to certain limitations regarding the use thereof).

The Company is in receipt of a letter from Technology Integration Group (“TIG”) demanding payment of approximately \$2,430,000 with respect to inventory and services which the Company purchased from TIG. As of March 31, 2014 and December 31, 2013, the Company has approximately \$2,100,000 (net of payments made) recorded in accounts payable in the accompanying consolidated balance sheets. TIG subsequently filed an action in California State Court although the Company has not yet been served in such action. The Company believes that it has meritorious defenses and counterclaims in respect of TIG’s claim. The Company intends to pursue a settlement of all claims with TIG and is in discussions with TIG in respect thereof.

The Company is in receipt of a request for indemnification from Hyatt in connection with a case brought in US Federal Court in California by Ameranth, Inc., against, among others, Hyatt. In connection with such case, the plaintiffs have identified the Company’s e-concierge software as allegedly infringing Ameranth’s patents. The Company licenses the e-concierge software from a third party and accordingly has made a corresponding indemnification request to such third party. The Company believes that any such claim may also be covered by the Company’s liability insurance coverage and accordingly the Company does not expect that this matter will result in any material liability to the Company.

The Company is in receipt of a District Court Civil Summons, dated August 23, 2013, in the matter of “ScanSource v. Roomlinx, Inc.”, commenced in the District Court of Greenville County, South Carolina (the “Action”). The plaintiffs in the Action claim that the Company owes them approximately \$473,000 with respect to inventory which the Company purchased. The amount is recorded in accounts payable in the accompanying consolidated balance sheets as of March 31, 2014 and December 31, 2013. The Company intends to pursue a settlement of all claims.

The Company is in receipt of a letter from the BSA Software Alliance (“BSA”) in connection with copyright infringement of computer software products alleging the unauthorized duplication of various computer software products. BSA has threatened to file an action against the Company if it does not timely respond to its request for an internal audit. The Company intends to review BSA’s claims and respond appropriately.

The Company has been named in a Civil Action in the United States Court for the District of Colorado by a former employee who alleges retaliation and discrimination pursuant to his termination of employment, for which he is seeking damages approximating \$85,000. On April 16, 2014, the Company filed an answer to the plaintiff’s complaint denying these charges and intends to vigorously defend its position.

As of March 31, 2014, the Company has \$1,434,146 in inventory, net of the reserve for obsolescence. Management is currently focused on turning this inventory through its sales efforts. Proceeds received from the sale of this inventory will enhance our ability to settle outstanding payables.

As discussed in Note 5 to our interim financial statements, the Company’s Credit Agreement with Cenfin LLC (“Cenfin”) was recently amended to provide that the determination as to whether Cenfin will advance funds under the Credit Agreement shall be made solely by Cenfin. Accordingly, there are no guarantees that Cenfin will make any additional advances under the Credit Agreement. If the Company is unable to borrow additional funds under the line of credit or obtain financing from alternative sources, the Company estimates its current cash and cash equivalents are sufficient to fund operations for at least the next twelve months.

Operating Activities

Net cash used by operating activities decreased to \$250,785 for the three months ended March 31, 2014 from \$1,007,885 for the three months ended March 31, 2013, a decrease of \$757,100. This decrease was attributable to a decrease in net loss of \$859,180 adjusted by (i) a decrease of \$170,108 in the change from non-cash expenses and (ii) the change in operating assets and liabilities, which primarily represent current assets and liabilities, or working capital, increased the use of cash by \$68,028. The change in operating assets and liabilities is primarily due to the timing of the customer’s acceptance of installations resulting in the expensing of inventory and the corresponding revenue recognition of deposits previously classified as deferred revenue and the payment of vendor invoices.

Investing Activities

Net cash provided by investing activities was \$206,020 for the three months ended March 31, 2014 compared to \$228,496 provided by investing activities during the same period in 2013. The decrease in cash provided by investing activities of \$22,476 was attributable to a decrease in 2014 cash receipts against leases receivable totaling \$18,891 and an increase capital expenditures of \$3,585. Cash receipts from lease receivables will continue to decline as these assets mature.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2014 was \$4,630, compared to \$6,680 for the three months ended March 31, 2013. The decrease in cash used reflects the amortization of payments made against notes payable and capital lease obligations.

Contractual Obligations

We have operating and capital lease commitments, note payable commitments, and a line of credit commitment. The following table summarizes these commitments at March 31, 2014:

Twelve Months Ended March 31,	Line of Credit	Notes Payable	Lease Obligations		Minimum Payments
			Capital	Operating	
2015	\$ 464,000	\$ 11,372	\$ 13,586	\$ 149,898	\$ 638,856
2016	1,492,000	12,688	-	76,043	1,580,731
2017	3,220,000	4,547	-	-	3,224,547
	<u>\$ 5,176,000</u>	<u>\$ 28,607</u>	<u>\$ 13,586</u>	<u>\$ 225,941</u>	<u>\$ 5,444,134</u>

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to risk from potential changes in the U.S./Canadian currency exchange rates as they relate to our services and purchases for our Canadian customers.

Foreign exchange gain / (loss)

Transactions denominated in a foreign currency give rise to a gain (loss) which is included in selling, general and administrative expenses in the consolidated statement of comprehensive income (loss). For the three months ended March 31, 2014 and 2013, transaction losses were not material.

Translation of Financial Results

Because we translate a portion of our financial results from Canadian dollars to U.S. dollars, fluctuations in the value of the Canadian dollar directly effect on our reported consolidated results. We do not hedge against the possible impact of this risk. A ten percent adverse change in the foreign currency exchange rate would not have a significant impact on our consolidated results of operations or financial position.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were inadequate as of the end of the period covered by this quarterly report.

Management's Report on Internal Control over Financial Reporting

Our Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Management assessed the effectiveness of the Company's internal control over its financial reporting as of March 31, 2014. In undertaking this assessment, management used the criteria established by the Committee of the Sponsoring Organizations (COSO) of the Treadway Commission contained in the Internal Control—Integrated Framework.

As of March 31, 2014, based on management's assessment as described above, the Company had determined that it did not maintain effective controls over financial reporting. Specifically, due to the limited number of individuals within our accounting and finance department and department turn-over, we had a lack of adequate resources, including headcount, to ensure timely identification, resolution and recording of accounting matters. Since these controls have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness in internal control over financial reporting. As of March 31, 2014, the Company has implemented certain internal control procedures related to the purchase order cycle and review procedures to address timely identification of accounting matters. We will continue to implement further, appropriate processes and measures to remediate this material weakness.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

Other than the limited purchase order cycle procedures described above, there were no changes in our internal control over financial reporting during our fiscal quarter ended March 31, 2014 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

For information on legal proceedings, refer to Note 10, "Contingent Liabilities" in the notes to the unaudited consolidated financial statements.

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

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

- | | |
|-------|---|
| 2.1 | Agreement and Plan of Merger, dated as of March 14, 2014, by and among Roomlinx, Inc., Signal Point Holdings Corp. and Roomlinx Merger Corp., incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed on March 17, 2014. |
| 10.1 | Form of Escrow Agreement, by and among Roomlinx, Inc., Signal Point Holdings Corp., Signal Point Corp. and Signal Share, Inc., incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on March 17, 2014. |
| 10.2 | Form of Transitional Services Agreement, by and among Roomlinx, Inc., Signal Point Holdings Corp. Signal Point Corp., Signal Share, Inc. and Cardinal Broadband, incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on March 17, 2014. |
| 10.3 | Form of Redemption Agreement, dated April 1, 2014, by and between with holders of shares of Class A Preferred Stock, incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on April 2, 2014. |
| *32.1 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Executive and Chief Financial Officers. |
| *31.1 | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| *31.2 | Certification of the Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 101 | Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013, (ii) the Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2014 and 2013, (iii) the Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013, (iv) the Consolidated Statements of Changes in Deficit for the three months ended March 31, 2014, and (v) the notes to the Unaudited Consolidated Financial Statements. |

* Filed herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Roomlinx, Inc.

By: /s/ Michael S. Wasik

Michael S. Wasik
Chief Executive Officer

Date: May 13, 2014

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

By: /s/ Michael S. Wasik

Michael S. Wasik
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Alan Fine

Alan Fine
Interim Chief Financial Officer
and Interim Principal Accounting Officer

Date: May 13, 2014