

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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended **December 31, 2011**

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: **333-145088**

SPINDLE, INC.

(Name of small business issuer in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

20-8242820

(I.R.S. employer identification number)

**18835 N. Thompson Peak Pkwy, Suite 210
Scottsdale, Arizona**

(Address of principal executive offices)

85255

(Zip code)

Issuer's telephone number: **(480) 335-7351**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

None

None

Securities Registered Pursuant to Section 12(g) of the Act:

None

(Title of class)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the most recent price at which the common equity was sold: \$800,000 as of June 30, 2011.

The number of shares outstanding of each of the issuer's classes of common equity, as of March 30, 2012 was 16,799,000.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990).

SPINDLE, INC.
FORM 10-K/A
For the year ended December 31, 2011

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FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements about our business, financial condition and prospects that reflect our management's assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties, underlying such expectations should materialize; our actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand its customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify and qualify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

PART I

ITEM 1 - DESCRIPTION OF BUSINESS

Business Development and Summary

Coyote Hills Golf, Inc. was incorporated in the State of Nevada on January 8, 2007. We were previously an online retailer of golf-related apparel, equipment and supplies.

Spindle Software, Inc. was formed on January 14, 2011 in the State of Delaware. On April 19, 2011, Spindle Software, Inc. changed its name to Spindle Mobile, Inc.

On December 2, 2011, we acquired certain assets and intellectual property from Spindle Mobile, Inc. ("Spindle Mobile"), a Delaware corporation in the business of data processing, mobile payments fields and other related fields, in exchange for approximately 80% of the issued and outstanding common stock of the Company, which shares were distributed to the stockholders of Spindle Mobile, pursuant to the terms and conditions of an Asset Purchase Agreement, dated December 2, 2011, as amended on March 29, 2012 (the "Spindle Mobile Agreement"). The closing of the transaction pursuant to the Spindle Mobile Agreement has been characterized as a reverse capitalization; therefore, our historical financial statements are the financial statements of Spindle Mobile.

Concurrent with the closing of the Agreement, we amended our articles of incorporation to change our name from Coyote Hills Golf, Inc. to Spindle, Inc. Additionally, we increased our authorized capital from 100,000,000 shares of common stock, \$0.001 par value, and 100,000,000 shares of preferred stock, \$0.001 par value to 300,000,000 shares of common stock, \$0.001 par value, and 50,000,000 preferred stock, \$0.001 par value. The actions were approved on November 11, 2011, by the consent of the majority stockholders who represent 90% of our issued and outstanding common stock, and effective on of December 2, 2011.

Our administrative office is located at 6821 E. Thomas Road, Scottsdale, AZ 85251.

Our fiscal year end is December 31.

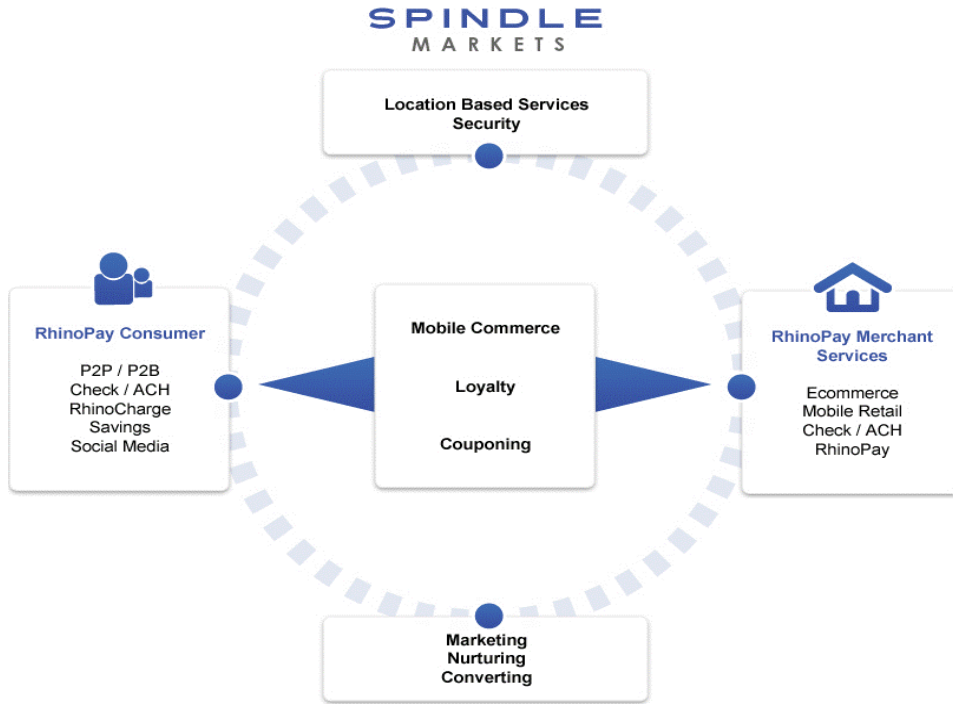
Business of Issuer

The Spindle Solution

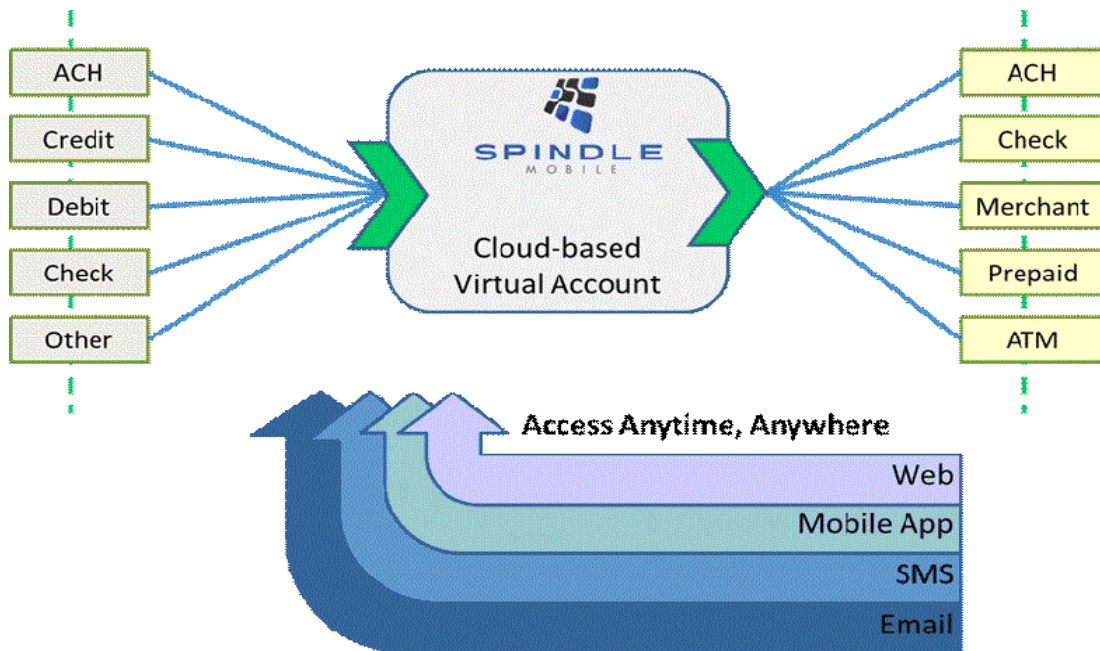
Spindle, Inc. (Spindle), incorporated in 2011, is a commerce-centric company with four primary customers: individuals, consumers (buyers), merchants (sellers, retail, brands, and destinations) and institutions. The Company generates revenue through patented conversion and networked payment processes under the Spindle product line and licensing of its Intellectual Property. The Company's products allow the secure movement of funds between parties as well as provide brands, merchants, and institutions with the conversion tools necessary to deliver a seamless frictionless finance ecosystem.

For individual users, the Spindle product is intended to be a networked service that allows users to perform commerce as well as send and receive funds with the confidence that the system is simple and secure. The Spindle payment platform allows users to register and attain an account that is accessible via the internet or mobile device to facilitate commerce and manage the exchange of funds between other participating users.

The Spindle ecosystem consists of not only individuals moving funds, but also professional and business entities who seek more ways to interact with consumers and, chosen singly or in concert with one another, facilitate commerce. For its enterprise clients, Spindle provides P2P, P2B, B2B, B2P, and Mobile Check Deposit. With Spindle’s fleet of conversion and payment solutions participants are afforded a simpler, more elegant, and secure way to handle business that will not become obsolete with ever changing terrestrial, online, or mobile environments.



The Spindle, Inc. suite of products, chosen singly or in concert with one another, offer a better way to extend the life of terrestrial, internet, mobile, and other networked marketing and advertising campaigns. Spindle, Inc. products are device and hardware agnostic, focusing instead on enterprise, banking, and brand-centric solutions that streamline the transactional process in a highly secure space. That is a basic tenet behind our frictionless finance concept pioneered by Spindle and an idea made whole through our commitment to providing easy-to-use yet enterprise class solutions for any size company where conversion and transaction is lifeblood.



Marketing and Advertising

The Company has a dual approach to distribution. Attracting consumers to the P2P and business to the B2C component drives scale on both sides of the equation. To accomplish this, the product will be branded by our partner financial institutions and offered to both the retail and commercial customers of our bank partner. Additionally we have several third party branding partnerships in the works for companies looking to add mobile to their existing customer communities. By driving value on both side of the equation, we create a unique commerce ecosystem where payment, merchandising, loyalty, and convenience come to gather seamlessly

We are in contract negotiations with retailers, merchants, and institutions on various deployment strategies for our products, under the Spindle Mobile suite of technologies, and will continue to pursue the most efficient and cost effective method of deployment based on our limited capital and resource structure.

Industry Background and Competition

We compete against all forms of payment, including paper-based transactions (principally cash and checks); card-based payment systems, including credit, charge, debit, prepaid, private-label and other types of general purpose and limited use cards; and electronic transactions such as wire transfers and Automated Clearing House payments. As a result of a global trend, electronic forms of payment such as payment cards are increasingly displacing paper forms of payment, and card brands such as MasterCard, Visa, American Express and Discover are benefiting from this displacement. However, cash and checks still capture the largest overall percentage of worldwide payment volume. Our competitors include, but are not limited to, the following:

- *General Purpose Payment Card Industry.* Within the general-purpose payment card industry, there is substantial and increasingly intense competition worldwide from systems such as Visa, MasterCard, American Express, Discover, PayPal and Square, among others looking to enter the mobile payments arena. Legacy payment networks struggle to adapt to the new social environment and shed their imperfect rules, security, and value proposition. The Spindle system has embraced social environment, closed gaps on customer authentication, and taken the risk out of mobile payments for merchant using the system.

- *End-to-End Payment Networks.* Our competitors include operators of proprietary end-to-end payment networks that have direct acquiring relationships with merchants and direct issuing relationships with cardholders. The spindle system must adopt a similar approach in order to deliver the value of the ecosystem. The closed loop providers such as American Express, Discover, and PayPal have certain advantages that we too will enjoy. Operating as a closed loop program, we do not require formal interchange fees to balance payment system costs among issuers and acquirers. Additionally we believe we are exempt from the recent Durban legislation on Debit card fees as is our closed loop competitors. This enables us to negotiate competitive fees for acceptance of our proprietary branded payment service.
- *Competition for Customer Business.* We compete intensely with other merchant services and alternate payments providers principally PayPal, Dwolla, and Square for the loyalty of customers. We believe we have developed a business model that offers access to traditional payment networks such as open loop card processing for Visa, MasterCard, Discover, and American Express, as well as provided new alternative payment services that compete with PayPal, BillMeLater, Square, and Dwolla. Our value proposition of lower fees, user accountability, and reduction of legacy system chargeback and fraud is attractive to business and will certainly drive adoption of our payment service.
- *Alternative Payment Systems.* We also compete against relatively new entrants and alternative payment providers, such as PayPal® (a business segment of eBay), which have developed payment systems in e-Commerce and across mobile devices. While PayPal is an established and important player in Internet payments, this is an increasingly competitive area, as evidenced by the proliferation of new online competitors. Among other services, these competitors provide Internet payment services that can be used to buy and sell goods online, and services that support payments to and from deposit accounts or proprietary accounts for Internet, mobile commerce and other applications. A number of these new entrants rely principally on the Internet and potential wireless communication networks to support their services, and may enjoy lower costs than we do. The payment card industry is also facing changes in services and technology related to mobile payments and emerging competition from mobile operators and handset manufacturers. Micro-payments on social networks such as Facebook® are relatively small today but have the potential to grow rapidly, representing the potential for competition from a new payment form.

We are a small company competing against a number of large, established competitors. As such, our competitive position is unfavorable in the general marketplace. Unless we implement our planned operations and begin to generate revenues, we will not be able to maintain our operations. Significantly, all of our current and potential traditional competitors have longer operating histories, larger customer or user bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. Our competitors may be able to secure relationships with vendors and customers on more favorable terms, process transactions more efficiently and adopt more aggressive pricing policies than we can. Many of these current and potential competitors can devote substantially more resources to systems development and marketing than we can. In addition, larger, more well-established and financed entities may acquire, invest in or form joint ventures with competitors.

Government Regulation

The regulatory environment has seen rapid change in the recent years. These changes range for new requirements in the Patriot Act, Frank-Dodd, Durban, and more. The recent economic cycle has exposed risks in the banking and payment market. As a result we anticipate a continued active regulatory environment in the US and Europe that could impact the services we provide.

We are subject to regulations that affect the payment industry in which our service is used. In particular, our partner banks and financial institutions are subject to regulations applicable in the United States and abroad, and, consequently, Spindle is at times affected by such regulations. Regulation of the payments industry, including regulations applicable to us and our customers, has increased significantly in the last several years. In addition to the Wall Street Reform and Consumer Protection Act, examples include:

- Anti-money laundering regulation, such as Section 352(a) of the USA PATRIOT Act in the United States which imposes requirements on payment systems, such as Spindle's.

- Regulations imposed by OFAC, which impose restrictions on financial transactions with certain countries and with persons and entities included on the SDN List. It is possible that transactions involving persons or entities on the SDN List may be processed through our payment system, and that our reputation may suffer due to some of our financial institutions' association with these countries or the existence of any such transactions, which in turn could have a material adverse effect on the value of our stock.
- Legislation, such as that enacted by certain U.S. states, regarding investments by pension funds and other retirement systems in companies that have business activities or contacts with countries that have been identified as terrorist-sponsoring states. As a result of such legislation, pension funds and other retirement systems may be subject to reporting requirements with respect to investments in companies such as ours or may be subject to limits or prohibitions with respect to those investments that may materially and adversely affect our stock price.
- Issuer practices legislation and regulation, including the Credit CARD Act (which is being implemented through regulations issued by the Board of Governors of the United States Federal Reserve System), which are having a significant impact on the disclosures made by our customers and on our customers' account terms and business practices by, among other things, making it more difficult for credit card issuers to price credit cards for future credit risk and significantly affecting the pricing, credit allocation, and business models of most major credit card issuers. Additional regulations include regulations by the Board of Governors regulating overdraft fees imposed in connection with ATM and debit card transactions.
- Regulation of Internet transactions, including legislation enacted by the U.S. Congress (and applicable to payment system participants, including Spindle and our customers in the United States) requiring the coding and blocking of payments for certain types of Internet gambling transactions, as well as various additional legislative and regulatory activities with respect to Internet transactions which are being considered in the United States.

Increased regulatory focus on us, such as in connection with the matters discussed above, may result in costly compliance burdens and/or may otherwise increase our costs, which could materially and adversely impact our financial performance. Similarly, increased regulatory focus on our customers may cause such customers to reduce the volume of transactions processed through our systems, which could reduce our revenues materially and adversely impact our financial performance. Finally, failure to comply with the laws and regulations discussed above to which we are subject could result in fines, sanctions or other penalties, which could materially and adversely affect our results of operations and overall business, as well as have an impact on our reputation.

Intellectual Property

Spindle's large and growing intellectual property portfolio supports and enhances our enterprise payment solutions, which is developed both internally and through acquisition. Spindle owns four patents and it has an additional three patents pending with the United States Patent & Trademark Office. In addition Spindle owns the right to royalty free use of five issued patents and one pending application in the secure encryption, media, and document security space.

Spindle's initial patent portfolio plays an integral role in technology platforms and services and the movement of value over networks. The patents are foundational to the methods used in networked payments. The patent portfolio includes three continuation patents in a family of patents related to "Processing Payment on the Internet" now pending with the U.S.P.T.O.

Spindle's "Financial Transaction System" family of patents teaches "An automated payment system particularly suited for purchases over a distributed computer network. In such a distributed computer network, a merchant or vending computer contains certain promotional information, which is communicated to a customer's computer. Based upon the promotional information, the operator of the customer's computer decides to purchase the services or goods described by the promotional information. The customer's computer is linked to a payment-processing computer and the customer's credit card number and the amount of the goods or services is transmitted to the payment-processing computer. The payment-processing computer automatically contacts a bank for verification of the credit card and amount; the bank transmits an authorization to the payment-processing computer. The payment processing computer communicates a self-generated transaction indicia, and in some embodiments a password." Our "Financial Transaction System" patent has been referenced over 140 times by companies such as PayPal, Visa, First Data Corporation, Priceline.com Incorporated, eBay, Inc., AT&T Intellectual Property I, L.P., etc. as foundational to portions of their intellectual property portfolios.

The Company's patent "Financial Transaction System", USPTO 5,822,737, was foundational a litigation strategy from 2005 to 2009. Spindle, Inc. purchased all material assets of NetMoney In, Inc. in December 2011. During the period of initial litigation, which consisted of 20 separate infringers, the Company was victorious up to and including an appellate court verdict, settlement, and reasonable ongoing royalties. Companies included in the initial litigation included CyberSource (Paid-in-full), Chase Paymentech (Paid-in-full), First Data Corporation (Paid-in-full), Card Services, IBM Corporation (Paid-in-Full), Bank of America Merchant Services (Paid-in-Full), Wells Fargo Bank N.A. (Paid-in-Full), and Verisign (Limited). Spindle currently receives what it considers a reasonable license royalty of \$.02 per transaction from one licensee. The Company has received inquiries related to contingent litigation however has made no determination on pursuing a litigation strategy. Spindle continues to expand this portfolio through an extensive "invent around" process, which includes our intellectual property counsel MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C, which we believe will expand these key claims within the payment industry.

Spindle's patent portfolio was further expanded in 2010 with the filing of the now pending U.S. Patent Application No. 13/338,110 for "Mobile Payment System and Method" which solves critical problems in mobile payment transactions using a novel and secure encrypted messaging platform, which integrates senders and recipients of mobile payments with their banks and associated automated clearinghouses. Spindle has expanded the International reach of this pending application with a corresponding PCT application No. PCT/US2011/067396.

RHINOPAY®

RHINOPAY® is a registered trademark of Spindle Inc. On November 11, 2011 the United States Patent and Trademark Office (USPTO) awarded Spindle, Inc. trademark 4,063,477 for "RhinoPay". RhinoPay® is the trade name for Spindle, Inc. PSP and P2P product lines. The RHINOPAY product consists of Payment services, and commerce and loyalty marketing for its clients. RHINOPAY provides P2P, P2B, B2B, B2P, Mobile Check Deposit and ACH services. With RHINOPAY's conversion and payment solutions participants are afforded a simpler, more elegant, and secure way to handle business that will not become obsolete with ever changing terrestrial, online, or mobile environments. The RHINOPAY® ecosystem consists of not only individuals moving funds, but also professional and business entities who seek more ways to interact with consumers and, chosen singly or in concert with one another, facilitate commerce.

Using the RHINOPAY® product, individuals, consumers (buyers), merchants (sellers, retail, brands, and destinations) and institutions can securely move funds between parties, merchants, and institutions with the conversion tools necessary in a seamless and frictionless finance ecosystem. For individual users, the Spindle product is intended to be a networked or cloud based service that allows users to perform commerce as well as send and receive funds with the confidence that the system is simple and secure. The RHINOPAY® payment platform allows users to register and attain an account that is accessible via the internet or mobile device to facilitate commerce and manage the exchange of funds between other participating users.

The RHINOPAY® product offers a better way to extend the life of terrestrial, internet, mobile, and other networked marketing and advertising campaigns. RHINOPAY® products are device and hardware agnostic, focusing instead on enterprise, banking, and brand-centric solutions that streamline the transactional process in a highly secure space. That is a basic tenet behind our frictionless finance concept pioneered by Spindle Inc. and an idea made whole through our commitment to providing easy-to-use yet enterprise class solutions for any size company where conversion and transaction is lifeblood.

The Company's trademark covers "Computer software for processing payments to and from users of telephones, computers and other communications devices; financial payment processing software. Clearing and reconciling financial transactions via electronic, wireless, and optical al communications networks." As of the date of this filing, the RHINOPAY® trade name is no longer used by the Company in connection with its operations.

Number of total employees and number of full time employees

As of March 30, 2012, we employed five individuals. We consider our relationship with employees to be good.

Corporate Offices

We use office space at 6821 E. Thomas Road, Scottsdale, AZ 85251. We lease approximately 1735 square feet of office space from Air Commercial Real Estate at a rate of \$2,165 per month for a lease term of 12 months. There are currently no proposed programs for the renovation, improvement or development of the facilities we currently use. We are currently renting month to month with plans to move to a nearby location, which has not been contracted.

Management does not currently have policies regarding the acquisition or sale of real estate assets primarily for possible capital gain or primarily for income. The Company does not presently hold any investments or interests in real estate, investments in real estate mortgages or securities of or interests in persons primarily engaged in real estate activities.

Reports to Security Holders

1. We will furnish shareholders with annual financial reports certified by our independent registered public accountants.
2. We are a reporting issuer with the Securities and Exchange Commission. We file periodic reports, which are required in accordance with Section 15(d) of the Securities Act of 1933, with the Securities and Exchange Commission to maintain the fully reporting status.
3. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings will be available on the SEC Internet site, located at <http://www.sec.gov>.

ITEM 1A - RISK FACTORS

We have incurred losses since our inception and cannot assure you that we will achieve profitability.

The Company has incurred net losses since inception. Coyote Hills Golf, Inc. was originally incorporated in the State of Nevada on January 8, 2007. Spindle Mobile was incorporated in the State of Delaware on January 14, 2011. On December 2, 2011, Coyote Hills and Spindle Mobile consummated a reverse acquisition whereby Spindle mobile was deemed the accounting acquirer and Coyote Hills the legal acquire resulting in a recapitalization of Spindle Mobile. Simultaneous to the reverse acquisition Coyote Hills Golf, Inc. effected a name change to Spindle, Inc. Coyote Hills Golf, Inc. was previously an online retailer of golf-related apparel, equipment and supplies. As shown in the accompanying financial statements, the Company has incurred a net loss of \$296,252 for the period from January 14, 2011 (inception) to December 31, 2011. The extent of our future operating losses and the timing of profitability are highly uncertain and we may never achieve or sustain profitability. We cannot assure you that we will ever generate sufficient revenues from our operations to achieve profitability. If revenues grow slower than we anticipate, or if operating expenses exceed our expectations or cannot be adjusted accordingly, we may not ever achieve profitability and the value of your investment could decline significantly.

These factors create a substantial doubt about our ability to continue as a going concern and our auditors have included a going concern qualification in their report on our audited financial statements.

We are in the early stages of our life cycle and have limited operating history. Therefore, there is limited historical or current operating information upon which an investor can base its investment decision.

We have limited operating history on which to base an evaluation of our business and prospects. To date, we have engaged primarily in research, development and partnering agreements, securing rights to essential technology, product testing, engaging markets and distribution sources, and making other arrangements necessary to begin operations. As an early stage company, we have no prior experience in implementing and managing our planned business in an operational setting. Accordingly, there can be no assurance that we will be able to successfully implement our business plans or strategies.

We cannot provide any assurance that we will be successful in addressing the risks that we may encounter, and our failure to do so could have a material adverse effect on our business, prospects, financial condition and results of operations.

If we are unable to obtain additional capital, we may be unable to proceed with our long-term business plan, and we may be forced to curtail or cease our operations.

We require additional working capital to support our long-term business plan, which includes identifying suitable targets for horizontal or vertical mergers or acquisitions, so as to enhance the overall productivity and benefit from economies of scale. We expect to pursue acquisitions of, or investments in, businesses and assets in new markets that complement or expand our existing business. Our working capital requirements and the cash flow provided by future operating activities, if any, will vary greatly from quarter to quarter, depending on the volume of business during the period and payment terms with our channel partners. We may not be able to obtain adequate levels of additional financing, whether through equity financing, debt financing or other sources. Additional financings could result in significant dilution to our earnings per share or the issuance of securities with rights superior to our current outstanding securities. In addition, we may grant registration rights to investors purchasing our equity or debt securities in the future. If we are unable to raise additional financing, we may be unable to implement our long-term business plan, develop or enhance our products and services, take advantage of future opportunities or respond to competitive pressures on a timely basis, if at all. In addition, a lack of additional financing could force us to substantially curtail or cease operations.

Pressures from competitors with more resources may limit our market share, profitability, and growth.

We face aggressive competition from numerous and varied competitors in all of our markets, making it difficult to maintain market share, remain profitable, and grow. Even if we are able to maintain or increase our market share for a particular product, revenue or profitability could decline due to pricing pressures, increased competition from other types of products, or because the product is in a maturing industry.

Our competitors may be able to more quickly develop or adapt to new or emerging technologies, better respond to changes in the requirements or preferences of our channel partners, or devote greater resources to the development, promotion, and sale of their products. Some of our competitors have, in relation to us, longer operating histories, larger customer bases, longer standing relationships with customers, greater name recognition, and significantly greater financial, technical, marketing, customer service, public relations, distribution, or other resources. Some of our competitors are also significantly larger and have increased their presence in our markets in recent years through internal development, partnerships, and acquisitions. There has also been significant consolidation among our competitors, which has improved the competitive position of several of these companies and enabled new competitors to emerge in all of our markets. In addition, we may face competition from solutions developed internally by our channel partners. To the extent we cannot compete effectively, our market share and, therefore, results of operations, could be materially adversely affected.

Because price and related terms are key considerations for many of our channel partners, we may have to accept less-favorable payment terms, lower the prices of our products and services, and/or reduce our cost structure, including reducing headcount or investment in research and development, in order to remain competitive. Certain of our competitors have become increasingly aggressive in their pricing strategy, particularly in markets where they are trying to establish a foothold. If we are forced to take these kinds of actions to maintain market share, our revenue and profitability may suffer or we may adversely influence our longer-term ability to execute or compete.

Our growth is dependent upon our ability to attract channel partners.

Our performance depends on successfully selling our services to channel partners such as banks, cellular carriers, and other third party companies looking to offer a mobile solution by purchasing our Software as a Service platform rather than building an in-house solution. This is a dual risk that the market does not support outsourcing of mobile payment solutions and that we can effectively sell against our competitors, some of whom sell an outsource solution as defined in the previous paragraph.

Our business is dependent upon our ability to attract and retain skilled personnel.

Our performance depends on successfully attracting and retaining talented and qualified employees, including sales and marketing personnel. The market for highly skilled personnel in our industry is extremely competitive. If we are less successful in our recruiting efforts, or if we are unable to retain key employees, our ability to develop and deliver successful products and services may be adversely affected. Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution.

The Wall Street Reform and Consumer Protection Act may have a material adverse impact on our revenue, our prospects for future growth and our overall business, financial condition and results of operations.

The Wall Street Reform and Consumer Protection Act recently enacted in the United States establish regulation and oversight by the U.S. Federal Reserve Board of debit interchange rates and certain other network industry practices. Among other things, it requires debit and prepaid “interchange transaction fees” (referred to in the Wall Street Reform and Consumer Protection Act as fees established, charged or received by a payment card network for the purpose of compensating an issuer for its involvement in an electronic debit transaction) to be “reasonable and proportional to the cost incurred by the issuer with respect to the transaction.” At this time the law is published and we believe our payment service is exempt. Should that change there would be an impact on our business model due to the costs of compliance with such law.

Additionally, the Wall Street Reform and Consumer Protection Act provides that neither an issuer nor a payment card network may establish exclusive debit network arrangements or inhibit the ability of a merchant to choose among different networks for routing debit transactions. Under alternative rules proposed by the Federal Reserve, either (1) a debit card would meet the requirements of the Wall Street Reform and Consumer Protection Act as long as it could be used in at least two unaffiliated networks, or (2) each debit card would be required to function in at least two unaffiliated networks for each method of authorization that the cardholder could use for transactions (i.e., two signature and/or two PIN networks). Some of Spindle services will use a debit card or prepaid card product for consumer funds.

The Wall Street Reform and Consumer Protection Act also created two new independent regulatory bodies in the Financial Reserve System. The Bureau will have significant authority to regulate consumer financial products, including consumer credit, deposit, payment, and similar products; although it is not clear whether and/or to what extent the Bureau will be authorized to regulate broader aspects of payment card network operations. The Council is tasked, among other responsibilities, with identifying “systemically important” payment, clearing and settlement systems that will be subject to new regulation, supervision and examination requirements, although it is not clear whether Spindle would be deemed “systemically important” under the applicable statutory standard. If Spindle were deemed “systemically important,” it could be subject to new risk management regulations relating to its payment, clearing, and settlement activities. New regulations could address areas such as risk management policies and procedures; collateral requirements; participant default policies and procedures; the ability to complete timely clearing and settlement of financial transactions; and capital and financial resource requirements. In addition, a “systemically important” payment system could be required to obtain prior approval from the U.S. Board of Governors of the Federal Reserve System or another federal agency for changes to its system rules, procedures or operations that could materially affect the level of risk presented by that payment system. These developments or actions could increase the cost of operating our business and may make payment card transactions less attractive to card issuers, as well as consumers. This could result in a reduction in our payments volume and revenues.

If issuers, acquirers and/or merchants modify their business operations or otherwise take actions in response to this legislation which have the result of reducing the number of debit transactions we process or the network fees we collect, the Wall Street Reform and Consumer Protection Act could have a material adverse impact on our revenue, our prospects for future growth and our overall business, financial condition and results of operations. Failure by our channel partners or by us to adjust our strategies successfully to compete in the new environment would increase this impact.

The payments industry is the subject of increasing global regulatory focus, which may result in the imposition of costly new compliance burdens on us and our channel partners and may lead to increased costs and decreased transaction volumes and revenues.

The regulatory environment has seen rapid change in recent years. These changes range for new requirements in the Patriot Act, Frank-Dodd, Durban, and more. We are subject to regulations that affect the payment industry in which our service is used. In particular, our partner banks and financial institutions are subject to regulations applicable in the United States and abroad, and, consequently, Spindle is at times affected by such regulations. Regulation of the payments industry, including regulations applicable to us and our channel partners, has increased significantly in the last several years.

Increased regulatory focus on us, such as in connection with the matters discussed above, may result in costly compliance burdens and/or may otherwise increase our costs, which could materially and adversely influence our financial performance. Similarly, increased regulatory focus on our channel partners may cause such partners to reduce the volume of transactions processed through our systems, which could reduce our revenues materially and adversely influence our financial performance. Finally, failure to comply with the laws and regulations discussed above to which we are subject could result in fines, sanctions or other penalties, which could materially and adversely affect our results of operations and overall business, as well as have an impact on our reputation.

General economic and global political conditions may adversely affect trends in consumer spending, which may materially and adversely impact our revenue and profitability.

The global payments industry depends heavily upon the overall level of consumer, business and government spending. General economic conditions (such as unemployment, housing and changes in interest rates) and other political conditions (such as devaluation of currencies and government restrictions on consumer spending) in key countries in which we operate may adversely affect our financial performance by reducing the number or average purchase amount of transactions involving payment cards carrying our brands. In addition, as we are principally based in the United States, a negative perception of the United States could impact the perception of our company, which could adversely affect our business prospects and growth.

If our transaction processing systems are disrupted or we are unable to process transactions efficiently or at all, our revenue or profitability would be materially reduced.

Our processing systems may experience service interruptions as a result of process or other technological malfunction, fire, natural or man-made disasters, power loss, disruptions in long distance or local telecommunications access, fraud, terrorism, accident or other catastrophic events, the probability or severity of which cannot be determined or predicted by the Company. A disaster or other problem at our primary and/or back-up facilities or our other owned or leased facilities could interrupt our services. Our visibility in the global payments industry may also attract terrorists, activists or hackers to attack our facilities or systems, leading to service interruptions, increased costs or data security compromises. Additionally, we rely on third-party service providers for the timely transmission of information across our global data transportation network. Inadequate infrastructure in lesser-developed markets could also result in service disruptions, which could impact our ability to do business in those markets. If one of our service providers fails to provide the communications capacity or services we require, as a result of natural disaster, operational disruption, terrorism or any other reason, the failure could interrupt our services, adversely affect the perception of our brands' reliability and materially reduce our revenue or profitability.

Account data breaches involving card data stored by third parties or us could adversely affect our reputation and revenue.

We, our channel partners, merchants, and other third parties store cardholder account and other information in connection with payment cards bearing our brands. In addition, our channel partners may sponsor third-party processors to process transactions generated by cards carrying our brands and merchants may use third parties to provide services related to card use. Although the Company uses what it believes to be industry standard, reasonable security precautions and protections, a breach of the systems on which sensitive cardholder data and account information are stored could lead to fraudulent activity involving cards carrying our brands, damage the reputation of our brands and lead to claims against us. In recent years, there have been several high-profile account data compromise events involving merchants and third party payment processors that process, store or transmit payment card data, which affected millions of MasterCard, Visa, Discover and American Express cardholders. As a result of such data security breaches, we may be subject to lawsuits involving payment cards carrying our brands. While most of these lawsuits do not involve direct claims against us, in certain circumstances, we could be exposed to damage claims, which, if upheld, could materially and adversely affect our profitability.

Any damage to our reputation or that of our brands resulting from an account data breach could decrease the use and acceptance of our cards, which in turn could have a material adverse impact on our transaction volumes, revenue and prospects for future growth, or increase our costs by leading to additional regulatory burdens being imposed upon us.

If we are not able to keep pace with the rapid technological developments in our industry to provide customers, merchants and cardholders with new and innovative payment programs and services, the use of our cards could decline, which could reduce our revenue and income or limit our future growth.

The payment card industry is subject to rapid and significant technological changes, including continuing developments of technologies in the areas of smart cards, radio frequency and proximity payment devices (such as contactless cards), electronic commerce and mobile commerce, among others. We cannot predict the effect of technological changes on our business. We rely in part on third parties, including some of our competitors and potential competitors, for the development of and access to new technologies. We expect that new services and technologies applicable to the payments industry will continue to emerge, and these new services and technologies may be superior to, or render obsolete, the technologies we currently use in our card programs and services. In addition, our ability to adopt new services and technologies that we develop may be inhibited by a need for industry-wide standards, by resistance from customers or merchants to such changes, by the complexity of our systems or by intellectual property rights of third parties. We have received, and we may in the future receive, notices or inquiries from other companies suggesting that we may be infringing a pre-existing patent or that we need to license use of their patents to avoid infringement. Such notices may, among other things, threaten litigation against us. Our future success will depend, in part, on our ability to develop or adapt to technological changes and evolving industry standards.

Changes to payment card networks or bank fees, rules, or practices could harm our business.

Spindle does not directly access payment card networks, such as Visa and MasterCard, which enable Spindle's acceptance of credit cards and debit cards (including some types of prepaid cards). As a result, Spindle must rely on banks or other payment processors to process transactions, and must pay fees for this service. From time to time, payment card networks have increased, and may increase in the future, the interchange fees and assessments that they charge for each transaction using one of their cards. Spindle's payment card processors have the right to pass any increases in interchange fees and assessments on to Spindle as well as increase such processor's own fees for processing. Changes in interchange fees and assessments could increase Spindle's operating costs and reduce its profit margins. In addition, in some jurisdictions, governments have required Visa and MasterCard to reduce interchange fees, or have opened investigations as to whether Visa or MasterCard's interchange fees and practices violate antitrust law. In the United States, the financial reform law enacted in 2010 authorizes the Federal Reserve Board to regulate debit card interchange rates and debit card network exclusivity provisions, and in June 2011, the Federal Reserve Board issued a final rule capping debit card interchange fees at significantly lower rates than Visa or MasterCard previously charged. Any material reduction in credit or debit card interchange rates in the United States or other markets could jeopardize Spindle's competitive position against traditional credit and debit card processors. While the regulations adopted by the Federal Reserve Board in June 2011 do not treat Spindle as a "payment card network," future changes to those regulations or to Spindle's business could potentially cause Spindle to be treated as a payment card network, which could subject Spindle to additional regulation and require Spindle to change its business practices, which could reduce Spindle's revenue and adversely affect Spindle's business. Contemporaneously, any changes to payment card networks or bank fees, rules, or practices could provide similar or equal harm to all or the majority payment industry participants.

Spindle is required by its processors to comply with payment card network operating rules, and Spindle has agreed to reimburse its processors for any fines they are assessed by payment card networks as a result of any rule violations by Spindle or Spindle's channel partners. The payment card networks set and interpret the card rules. Payment card networks could adopt new operating rules or re-interpret existing rules that Spindle or its processors might find difficult or even impossible to follow, or costly to implement. As a result, Spindle could lose its ability to give customers the option of using payment cards to fund their payments. If Spindle were unable to accept payment cards, its business would be seriously damaged.

Spindle is also required to comply with payment card networks' special operating rules for payment service provider and payment facilitators. Spindle and its payment card processors have implemented specific business processes for merchant customers in order to comply with these rules, but any failure to comply could result in fines, the amount of which would be within the payment card networks' discretion. Spindle also could be subject to fines from payment card networks if it fails to detect that merchants are engaging in activities that are illegal or that are considered "high risk," primarily the sale of certain types of digital content. For "high risk" merchants, Spindle must either prevent such merchants from using Spindle or register such merchants with payment card networks and conduct additional monitoring with respect to such merchants.

System failures or slowdowns, security breaches and other problems could harm our reputation and business, cause us to lose our channel partners and revenue, and expose us to customer liability.

Our business is based upon our ability to securely, rapidly and reliably receive and transmit data through our systems. One or more of our platforms could slow down significantly or fail, or be breached, for a variety of reasons, including:

1. failure of third party equipment, software or services utilized by us,
2. undetected defects or errors in our software programs, especially when first integrated into production,
3. unexpected problems encountered when integrating changes, enhancements or upgrades of third party equipment or software with our systems,
4. computer viruses,
5. In ability to secure Payment Card Industry (PCI) compliance certification at the required level to operate as a registered PSP/PF
6. natural or man-made disasters disrupting power or telecommunications systems generally, and
7. damage to, or failure of, our systems due to human error or intentional disruption such as physical or electronic break-in, sabotage, acts of vandalism and similar events.

We may not have sufficient redundant systems or backup telecommunications facilities to allow us to receive and transmit data in the event of significant system failures. Any significant security breach degradation or failure of one or more of the sub-systems on which we rely, including the networks of our vendors and customers could disrupt the operation of our network and cause our channel partners to suffer delays in transaction processing, which could damage our reputation, increase our service costs, or cause us to lose channel partners and revenues.

If we are exposed to, or threatened with, litigation relating to our intellectual property, we may suffer adverse consequences to our operations.

Our intellectual property may be exposed to, or threatened with, litigation by third parties alleging that products infringe their intellectual property rights. If one of these patents was found to cover a component of our operations or one of our patents was successfully challenged, we could be enjoined by a court, required to pay damages and be unable to commercialize or continue development of our products unless a license to the patent or other intellectual property right is obtained. A license may not be available to such patents on acceptable terms or at all. Furthermore, such litigation is costly and could impair our operations, require us to raise additional cash sooner than we originally anticipated and distract our management team from the operation of our business.

Risks Related to our Common Stock

Because we were a shell company prior to the acquisition of the assets of Spindle Mobile, holders of our Common Stock may be unable to sell their shares under Rule 144.

Our Common Stock is subject to risks arising from restrictions on reliance on Rule 144 by shell companies or former shell companies. The SEC defines a shell company as a company that has (a) no or nominal operations and (b) either (i) no or nominal assets, (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets. Under Rule 144, a person who has beneficially owned restricted securities of an issuer and who is not an affiliate of that issuer may sell them without registration under the Securities Act provided that certain conditions have been met. One of these conditions is that such person has held the restricted securities for a prescribed period, which can be 6 months or 1 year, depending on various factors. However, when the reporting company has previously been a shell company, as we were prior to the acquisition of assets from Spindle Mobile, Rule 144 is unavailable for the resale of securities until the following conditions have been met:

- The issuer of the securities that was formerly a shell company has ceased to be a shell company; and
- At least one year has elapsed from the time that the issuer filed current comprehensive disclosure with the SEC reflecting its status as an entity that is not a shell company, including audited financial statements ("Form 10 Information").

Since the Company has determined that the transactions contemplated by the Spindle Mobile Agreement should be accounted for as a reverse capitalization, requiring the filing of the audited financial statements of Spindle Mobile, the Company will not be deemed to have filed Form 10 Information until the audited financial statements of Spindle Mobile have been filed. As a result, stockholders who receive our restricted securities will not be able to sell them pursuant to Rule 144 without registration until at least one year following the date on which the Spindle Mobile audited financial statements have been filed with the SEC (the "One Year Anniversary Date"), and then only if and for so long as we have complied with our reporting requirements in the 12 months immediately prior to the One Year Anniversary Date. No assurance can be given that we will meet these requirements or that, if we have met them, we will continue to do so. Furthermore, we have no obligation to register any securities of the Company.

The Restatements have increased our costs and expenses and could materially adversely affect our business, financial condition, results of operations, and liquidity.

We have incurred substantial cost and expenses for legal and accounting services due to the Restatements, which could have an adverse impact on our business, results of operations, financial condition and liquidity.

We are subject to the "seasoning" requirements imposed by the NYSE Euronext and the NASDAQ Stock Market which will make us ineligible to list and trade on a national exchange until we have traded in the over-the-counter markets (or some other national or foreign regulated exchange) for at least one year following the filing with the SEC of all required information about the reverse capitalization with Spindle Mobile, including audited financial statements for the combined entity and filing our Form 10-K for the fiscal year ended December 31, 2014, unless we are able to complete a firm commitment underwritten public offering with gross proceeds of at least \$40 million.

Because of our status as a former SEC-reporting shell company, we are subject to SEC rules which require companies that have completed a reverse merger to (1) trade in the over-the-counter markets (or some other national or foreign regulated exchange) for at least one year following the filing with the SEC of all required information about the reverse merger, including audited financial statements for the combined entity and (2) to timely file all required periodic reports with the SEC, including one annual report that includes audited financial statements for a full fiscal year commencing after filing the required information about the reverse merger, before seeking to "uplist" to a national securities exchange like NASDAQ or NYSE Euronext. This means we will not be eligible to apply for listing on such exchanges until we have traded on the over the counter market for at least one year after filing the audited statements of Spindle Mobile in connection with the restatement of our 2011 Annual Report. We may only bypass the requirements set forth above if we can complete a firm commitment underwritten public offering with gross proceeds of at least \$40 million. As a result, our stockholders may find it more difficult to dispose of shares or obtain accurate quotations as to the market value of our common stock. In addition, we would be subject to an SEC rule that, in the event we failed to meet the criteria set forth in such rule, it would impose various practice requirements on broker-dealers who sell securities governed by the rule to persons other than established customers and accredited investors. Consequently, such rule may deter broker-dealers from recommending or selling our common stock, which may further affect its liquidity. This would also make it more difficult for us to raise additional working capital through subsequent financings. In the event we do seek the listing of our common stock on a national securities exchange such as NASDAQ or NYSE Euronext, we cannot assure you that we will be able to meet the initial listing standards of either of those or any other stock exchange, or that we will be able to maintain a listing of our common stock on either of those or any other stock exchange.

The price of our Common Stock may be depressed by sales of outstanding shares of free-trading securities held by the original stockholders of the Company.

A material portion of our issued and outstanding shares of Common Stock, were issued in a registered offering or are eligible for an exemption from registration in connection with a resale, and such shares are currently freely tradable. The Company does not have a current relationship with the holders of such shares, nor are such shares are subject to any contractual restrictions, which would limit trading. The sale of these shares could depress the price of the Company's Common Stock and could result in the price per share falling below \$1.00. In addition, if a substantial number of such shares are sold, such sales could saturate the market, making it difficult for holders of our Common Stock to liquidate their holdings once their shares are eligible for resale.

Our shares of Common Stock are subject to penny stock regulation.

The SEC has adopted rules that regulate broker/dealer practices in connection with transactions in penny stocks. Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange system). The penny stock rules require a broker/dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer also must provide the customer with bid and offer quotations for the penny stock, the compensation of the broker/dealer, and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from such rules; the broker/dealer must make a special written determination that a penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in any secondary market for a stock that becomes subject to the penny stock rules, and accordingly, customers in Company securities may find it difficult to sell their securities, if at all.

We have not paid any cash dividends and do not intend to pay any cash dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock. For the foreseeable future, we intend to reinvest any earnings in the development and expansion of our business, and do not anticipate paying any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant. Therefore, there can be no assurance that any dividends on the common stock will ever be paid.

Future issuances of our preferred stock could dilute the voting and other rights of holders of our common stock.

Our Board of Directors has the authority to issue shares of preferred stock in any series and may establish, from time to time, various designations, powers, preferences and rights of the shares of each such series of preferred stock. Any issuances of preferred stock would have priority over the common stock with respect to dividend or liquidation rights. Any future issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our Company and may adversely affect the voting and other rights of the holders of common stock.

As a result of the Restatements, there is a presumption that Company's internal control over financial reporting as of December 31, 2011, as well as the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 were ineffective.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. As a result of characterizing the Spindle Mobile asset acquisition as reverse capitalization requiring the Restatements, there is presumption that Company's internal control over financial reporting as of December 31, 2011, as well as for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 were ineffective because the Public Company Accounting Oversight Board's Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting that is Integrated With an Audit of Financial Statements, provides that a restatement of financial statements in prior filings with the SEC is a strong indicator of the existence of a "material weakness" in the design or operation of internal control over financial reporting. Despite the implications that the restatement has on the Company's internal controls and procedures and disclosure controls and procedures, since the accounting treatment with respect to the Spindle Mobile acquisition results primarily from the Company's prior status as a "shell company", it believes that the material weakness identified is limited solely to the accounting treatment used in connection with this transaction and therefore is not a recurring deficiency.

The costs and expenses of SEC reporting and compliance may inhibit our operations.

We are currently voluntarily reporting in accordance with the requirements of the Exchange Act. The costs of maintaining and complying with such requirements may be substantial. In the event we are unable to establish a base of operations that generates sufficient cash flows or cannot obtain additional equity or debt financing, the costs of maintaining our status as a voluntary reporting entity may inhibit our ability to continue our operations. In the future, if we determine to list our Common Stock on a national exchange, we may also be required to comply with marketplace rules and the heightened corporate governance standards. Compliance with the Sarbanes-Oxley Act and other SEC and national exchange requirements will increase our costs and require additional management resources. If we are unable to complete the required assessment as to the adequacy of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act or if we fail to maintain internal control over financial reporting, our ability to produce timely, accurate and reliable periodic financial statements could be impaired. If we do not maintain adequate internal control over financial reporting, investors could lose confidence in the accuracy of our periodic reports filed under the Exchange Act. Additionally, our ability to obtain additional financing could be impaired or a lack of investor confidence in the reliability and accuracy of our public reporting could cause our stock price to decline.

Our directors, executive officers and controlling persons as a group have significant voting power and may take actions that may not be in the best interest of shareholders.

Our directors, executive officers and controlling persons as a group beneficially own approximately 20% of our Common Stock. They will have the ability to exert substantial influence over all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets. In addition, they could dictate the management of our business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination that could be favorable to you. This significant concentration of share ownership may also adversely affect the trading price for our Common Stock because investors may perceive disadvantages in owning stock in a company with controlling affiliated stockholders.

ITEM 1B - UNRESOLVED STAFF COMMENTS

This item is not required to be reported by smaller reporting companies.

ITEM 2 - PROPERTIES

We use office space at 6821 E. Thomas Road, Scottsdale, AZ 85251. We lease approximately 1735 square feet of office space from Air Commercial Real Estate at a rate of \$2,165 per month for a lease term of 12 months.

ITEM 3 - LEGAL PROCEEDINGS

In connection with the December 2, 2011 Asset Purchase Agreement, we acquired the right to any real or perceived benefit that may arise as a result of the case filed by Net Money against Verisign and other co-defendants. This case involves systems for financial transactions over computer networks. The original case was filed in the US District Court for District of Arizona in 2001 by Net Money In, Inc. (NMI), an Arizona corporation, against a number of parties alleged to compete in the Internet credit card processing field, including VeriSign, Inc. and eProcessing Network (collectively, "VeriSign") and regarding the infringement on a number of patents.

As of 2011, resolution had been reached between NMI and all defendants except for eProcessing Network and all patent issues except for a claim related to patent 5,822,737 - "Financial Transaction System". As of July 8, 2011, the litigation in question was known as Case No. 2007-1565, U.S. Court of Appeals for the Federal Circuit.

On July 8, 2011 Spindle Mobile, Inc. closed an Asset Purchase Agreement wherein patent 5,822,737 was purchased by Spindle Mobile, Inc. from NMI, along with NMI's position as plaintiff in the remaining litigation against eProcessing. Spindle, Inc.'s assignment and ownership of this patent, along with the position of Plaintiff in the litigation, was transferred to Spindle, Inc. (at the time known as Coyote Hills Golf, Inc.) as of the December 2, 2011 Agreement.

As of December 31, 2011, the end of the annual period covered by this report, there has been no counterclaims against Spindle, Inc., and the litigation has not been fully resolved.

ITEM 4 - MINE SAFETY DISCLOSURES.

None.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS MARKET INFORMATION FOR COMMON STOCK

Market information

As of the end of the period covered by this report our common stock was quoted on the NASD's OTC Bulletin Board under the trading symbol "SPDL.ob." Since April 17, 2013 our common stock is quoted on the OTC Pink of the OTC Markets Group, Inc. under the trading symbol "SPDL". As of the end of the period covered by this report, no public market in our common stock has yet developed and there can be no assurance that a meaningful trading market will subsequently develop. We make no representation about the value of our common stock.

The shares quoted are not now, but could become subject to the provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the Exchange Act"), commonly referred to as the "penny stock" rule. Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act.

The Commission generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the Commission; authorized for quotation on The NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the registrant's net tangible assets; or exempted from the definition by the Commission. Trading in the shares is subject to additional sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors, generally persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse.

For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the securities. Finally, the monthly statements must be sent disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker dealers to trade and/or maintain a market in the company's common stock and may affect the ability of shareholders to sell their shares.

Holders

As of the date of this annual report, Spindle, Inc. has approximately 16,799,000 shares of \$0.001 par value common stock issued and outstanding, held by 71 individuals. Our Transfer Agent is Holladay Stock Transfer, Inc., 2939 N. 67th Place, Suite C, Scottsdale, Arizona 85251, phone (480) 481-3940.

Dividends

We have never declared or paid any cash dividends on our common stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant.

Recent Sales of Unregistered Securities

On November 15, 2011, we effectuated a 4-for-1 forward stock split. All share and per share amounts have been retroactively restated.

In January 2007, we issued 20,000,000 shares of our common stock to Stephanie Lynn Erickson, our founding shareholder and an officer and director. We issued another 20,000,000 shares of our common stock to Mitch Powers, another founding shareholder and an officer and director. These sales of stock did not involve any public offering, general advertising or solicitation. The shares were issued in exchange for services performed by the founding shareholders on our behalf in the combined amount of \$10,000. Both received compensation in the form of common stock for performing services related to the formation and organization of our Company, including, but not limited to, designing and implementing a business plan and providing administrative office space for use by the Company; thus, these shares are considered to have been provided as founder's shares. Additionally, the services are considered to have been donated, and have resultantly been expensed and recorded as a contribution to capital. At the time of the issuance, Ms. Erickson and Mr. Powers had fair access to and were in possession of all available material information about our company, as they are officers and directors of Coyote Hills Golf, Inc. The shares bear a restrictive transfer legend. Based on these facts, we claim that the issuance of stock to our founding shareholder qualifies for the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

On March 28, 2007, we sold 1,200,000 shares of our common stock to Kamiar Khatami, a non-related individual. The shares were issued at a price of \$0.02 per share for total cash in the amount of \$15,000. The shares bear a restrictive transfer legend. At the time of the issuance, Mr. Khatami was provided fair access to and was in possession of all available material information about our company. On the basis of these facts, we claim that the issuance of stock to Mr. Khatami qualifies for the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

On November 14, 2011, we entered into an Agreement and Promissory Note with David Ide, a related party, for \$25,000. The Note bears no interest and is due on November 13, 2014. In connection with the Note, and for no additional consideration, we issued Mr. Ide warrants to purchase up to 250,000 shares of our common stock at an exercise price of \$1.00 per share.

On December 2, 2011, in connection with the Spindle Mobile Agreement, former officers and directors agreed to cancel a total of 41,120,000 shares of common stock.

As a result of the Asset Purchase Agreement entered into on December 2, 2011, we issued an aggregate of 13,200,000 shares of common stock to Spindle Mobile, Inc. and its assigns.

ITEM 6 - SELECTED FINANCIAL DATA

Not applicable

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The statements contained in all parts of this document that are not historical facts are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Such forward-looking statements include, but are not limited to, those relating to the following: the Company's ability to secure necessary financing; expected growth; future operating expenses; future margins; fluctuations in interest rates; ability to continue to grow and implement growth, and regarding future growth, cash needs, operations, business plans and financial results and any other statements that are not historical facts.

When used in this document, the words "anticipate," "estimate," "expect," "may," "plans," "project," and similar expressions are intended to be among the statements that identify forward-looking statements. Spindle, Inc.'s results may differ significantly from the results discussed in the forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, those relating to costs, delays and difficulties related to the Company's dependence on its ability to attract and retain skilled managers and other personnel; the uncertainty of the Company's ability to manage and continue its growth and implement its business strategy; its vulnerability to general economic conditions; accuracy of accounting and other estimates; the Company's future financial and operating results, cash needs and demand for services; and the Company's ability to maintain and comply with permits and licenses; as well as other risk factors described in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those projected.

Overview

We were originally incorporated in the State of Nevada on January 8, 2007 as “Coyote Hills Golf, Inc.” We were previously an online retailer of golf-related apparel, equipment and supplies. Through the date of this annually report, we only generated minimal revenues from that line of business.

On December 2, 2011, we consummated a reverse capitalization transaction as a result of the acquisition of certain assets and intellectual property from Spindle Mobile in accordance with the terms and condition of the Spindle Mobile Agreement. As a result of the closing of the transaction, approximately 80% of the issued and outstanding common stock of the Company was issued to SMI and the stockholders of SMI, whereby SMI acquired 56,701 shares of common stock of CYHF, or less than 1% of the issued and outstanding shares of common stock of the Company.

Concurrent with the closing of the Agreement, we amended our articles of incorporation to change our name from Coyote Hills Golf, Inc. to Spindle, Inc. For a more detailed explanation of the above transactions please see the Company’s Form 8-K filed with the SEC on December 6, 2011, and subsequent amendments made thereto.

Spindle is a commerce-centric company with four primary customers: individuals, consumers (buyers), merchants (sellers, retail, brands, and destinations) and institutions. The Company generates revenue through patented conversion and networked payment processes under the Spindle product line and licensing of its Intellectual Property. The Company’s products allow the secure movement of funds between parties as well as provide brands, merchants, and institutions with the conversion tools necessary to deliver a seamless frictionless finance ecosystem.

For individual users, the Spindle product is intended to be a networked service that allows users to perform commerce as well as send and receive funds with the confidence that the system is simple and secure. The Spindle payment platform allows users to register and attain an account that is accessible via the internet or mobile device to facilitate commerce and manage the exchange of funds between other participating users.

The Spindle, Inc. suite of products, chosen singly or in concert with one another, offer a better way to extend the life of terrestrial, internet, mobile, and other networked marketing and advertising campaigns. Spindle, Inc. products are device and hardware agnostic, focusing instead on enterprise, banking, and brand-centric solutions that streamline the transactional process in a highly secure space. That is a basic tenet behind our frictionless finance concept pioneered by Spindle and an idea made whole through our commitment to providing easy-to-use yet enterprise class solutions for any size company where conversion and transaction is lifeblood.

Results of Operations

As a result of the reverse capitalization, during the year ended December 31, 2011, we discontinued our prior golf apparel and supply business and have dedicated our focus on developing our proprietary mobile money transfer and payment technology. Our consolidated financial statements as presented for the period from January 14, 2011 (Inception) to December 31, 2011 include the accounts of Spindle, Inc., and Spindle Mobile, Inc.

Revenues

We currently generate revenues from the licensing of our proprietary funds processing software. During the period from January 14, 2011 (inception) to December 31, 2011, we generated \$29,942 from license fee revenue. Our management is hopeful that as our base of operations grow, we will see a corresponding increase in licensing revenue. As stated previously, we only recently changed our business direction. Therefore, this revenue source is relatively new and has only recently begun to contribute materially to our operations and we are unable to forecast prospects. There can be no assurance that we will continue to generate or grow revenues in future periods, sustain current revenue levels or that we will be able to replace revenues from our current customers with revenues from others.

Operating Expenses

In the course of our operations, we have incurred operating expenses comprised primarily of depreciation and amortization and general and administrative costs. General and administrative expenses are essentially the cost of doing business, and encompass, without limitation, the following: research and development; licenses; taxes; general office expenses, such as postage, supplies and printing; utilities; bank charges; website costs; and other miscellaneous expenditures not otherwise classified. Accounting fees include auditing by our independent registered public accountants, bookkeeping, tax preparation fees for filing Federal and State income tax returns and other accounting-specific consulting services. Professional fees include transfer agent fees for printing stock certificates; consulting costs for marketing and advertising; general business development; and Edgarization fees for the submission of reports and information statements with the U.S. Securities and Exchange Commission.

We are currently in the development stage and, as a result, our expenses are primarily related to bringing our technology to market. At this time, we expect to continue to incur professional and consulting fees in our efforts to commercialize our technology.

For the period from January 14, 2011 (inception) to December 31, 2011, we incurred operating expenses in the amount of \$325,194, comprised of \$25,293 in depreciation and amortization expense related to certain assets acquired from Spindle Mobile, and general and administrative expenses of \$299,901 including consulting expenses of \$109,560, salaries of \$71,751, professional fees of \$47,015, \$55,861 in general and administrative expenses and \$15,714 in other expenses. Our operating expenses are tied directly to our ongoing operations and research and development. As a result, we anticipate expenditures increasing through the foreseeable future and may vary dramatically from period to period.

Interest Expense

During the year ended December 31, 2011, we borrowed \$25,000 from a related party, pursuant to a promissory note. In connection with the promissory note, we issued the note holder warrants to purchase up to 250,000 shares of our common stock at \$1.00 per share. Because of this transaction, we recognized interest expense of \$5,619 related to the amortization of the discount on the promissory note.

Net Losses

We have experienced net losses since inception. Our net losses for the period from January 14, 2011 (inception) to December 31, 2011 were \$296,251. We anticipate incurring ongoing operating losses and cannot predict when, if at all, we may expect these losses to plateau or narrow.

Liquidity and Capital Resources

Our operations since inception have been funded primarily through proceeds received from the issuance of debt and the sale of our equity securities. We expect to have negative cash flows from operations of approximately \$20,000-\$35,000 per month. As a result, our management believes cash on hand of \$3,109, as of December 31, 2011, is not sufficient to maintain our operations for at least the next 12 months. We plan to meet our operating cash flow requirements by raising additional funds from the sale of equity and debt securities. We are significantly reliant upon our efforts to secure financing through such means; however, we cannot assure you that any financing can be obtained or, if obtained, that it will be on reasonable terms. As such, our principal accountants have expressed doubt about our ability to continue as a going concern because we have limited operations and have not fully commenced planned principal operations.

We raised \$300,000 during the year ended December 31, 2011 in connection with sales of our equity securities.

As of December 31, 2011, we had total assets equal to \$474,581 including \$89,337 in current assets, comprised of \$3,109 in cash, \$10,966 in accounts receivable, \$66,753 in note receivables net of notes payable, and \$8,509 in accrued interest receivables net of notes payable. The Company's total current liabilities as of December 31, 2011 were equal to \$8,800 comprised of accounts receivable.

Cash used by operating activities during the period from January 14, 2011 (inception) to December 31, 2011 was \$227,204 cash used for general operations and developmental activities.

Cash used in investing activities was \$78,858 during the period from January 14, 2011 to December 31, 2011, specifically related to the purchase of capitalizable software costs.

During the period from January 14, 2011 to December 31, 2011, net cash provided by financing activities totaled \$309,170, of which \$9,170 was cash acquired from the acquisition and \$300,000 is from the proceeds received from the sale of common stock.

As of December 31, 2011, we had \$3,109 of cash on hand. Our management believes this amount is not sufficient to maintain our operations for at least the next 12 months. We are actively seeking to raise additional capital by conducting additional issuances of our equity and debt securities for cash. We cannot assure you that any financing can be obtained or, if obtained, that it will be on reasonable terms. As such, our principal accountants have expressed doubt about our ability to continue as a going concern because we have limited operations and have not fully commenced planned principal operations.

Our management expects to incur up to, but not in excess of, \$300,000 in research and development costs.

We do not have any off-balance sheet arrangements.

We currently do not own any significant plant or equipment that we would seek to sell in the near future.

Our Business Growth Strategy

Spindle will use the following strategy in the implementation of its business plan:

1. *Take advantage of increasing consumer acceptance of mobile and online commerce.*

We will capitalize on increasing consumer acceptance of the Mobile and online commerce through marketing programs designed to attract consumer users and merchants looking to participate in the commerce ecosystem. In addition to providing a low-cost means of reaching customers, we believe that we can greatly increase our service offerings through social media channels, branding partners, and referrals by providing our consumers.

2. *Acquire and serve customers through traditional channels.*

Although we believe that it is important to be able to acquire and service customers online, we are building the infrastructure necessary to acquire and serve customers through traditional media such as direct mail, radio, print media, television, kiosks, and telemarketing. This will ensure that we can reach all customers, regardless of their preferred method for doing business.

3. *Market ourselves through strategic alliances and affiliations.*

We will leverage our branding partners with established consumer brands to offer the branded or co-branded our products to their customers. We believe that these relationships will help us acquire our target customers in a cost effective manner.

4. *Offer competitive pricing.*

We believe that one of the principal benefits we will offer consumers is an ability to tailor our product offerings to match their specific needs. It is Spindle's intent to offer various combinations of products with differing technological benefits giving them private label opportunities if they are a distributor, discounts for pre-payment options, and other specialty offerings. We will also offer our customers a menu of service that allows them to tailor a services package that meets their market objective.

5. *Develop and acquire additional products to cross-sell.*

Our initial focus will be on scaling our operations, growing revenues through aggressive marketing and sales strategies, and lowering costs by streamlining operations where feasible. In addition, we intend to be at the forefront in developing and or acquiring technologies that offer further benefits to consumers and present opportunities for us. We believe that as we develop our business, we will have opportunities to leverage our relationships by offering additional, high-margin products that we will either develop internally or obtain through acquisition. Spindle has developed products that are market ready with an innovative approach to risk management, Fraud Detection, and user authentication. With the stair step approach to underwriting both consumer and business use of the Spindle system, the eco system is poised to attract the small entry level merchant, ecommerce businesses, and larger enterprises with a board use of both physical and virtual merchandising needs.

We expect to capitalize on the expanding mobile and mcommerce environments with a suite of technologies, which we believe are simple, secure, device agnostic, flexible, and are enterprise grade. Our products are driven through our patented process, which allows for the financial plumbing t exit over networks, for merchants, retailers, banks, and institutions. The Spindle Mobile ecosystem consists of not only individuals moving funds, but also professional and business entities who seek more ways to interact with consumers and, chosen singly or in concert with one another, facilitate commerce. For its enterprise clients, Spindle Mobile provides P2P, P2B, B2B, B2P, and Mobile Check Deposit. Spindle will offer these products directly to the aforementioned audience with regional business development teams located on both the East and West coasts.

Our products exist either in a client’s location or through our secure cloud based network, located in our data center in Wilshire 1, Los Angeles, CA, which provides flexibility and easy integration. Spindle is entering the market as a Payment Service Provider (PSP). As such Spindle’s system must undergo Payment Card Industry (PCI) certification. Our system will initially require a Merchant Level 4 certification with includes an initial evaluation followed by period random testing. Below are the Visa defined PCI levels:

VISA Merchant Levels Defined

Level	Description
1	Any merchant-regardless of acceptance channel processing over 6,000,000 Visa transactions per year. Any merchant that Visa, at its sole discretion, determines should meet the Level 1 merchant requirements to minimize risk to the Visa system.
2	Any merchant-regardless of acceptance channel-processing 1,000,000 to 6,000,000 Visa transactions per year.
3	Any merchant processing 20,000 to 1,000,000 Visa e-commerce transactions per year.
4	Any merchant processing fewer than 20,000 Visa e-commerce transactions per year, and all other merchants-regardless of acceptance channel-processing up to 1,000,000 Visa transactions per year.

Our certification partner will test for the following:

Vulnerability Scanning Service

Network Penetration Tests

1. Network Mapping
2. System Identification and Classification
3. System Vulnerability Identification and Exploitation
4. Application Architecture Identification and Exploitation
5. System and Application Compromise
6. Data Extraction

External and Internal Penetration Testing

Onsite Validation

Information Security Policy and Procedure Validation

As Spindle grows our business we will engage our PCI compliance validation partner for additional certifications to bring us up to a Service Provider certifications status. This enables Spindle to handle a greater number of transactions and connecting to multiple banks and payment processors. This will be important as we grow our white label business.

VISA Service Provider Levels Defined

Level	Canada, CEMEA, Europe, USA
1	All VisaNet processors (member and non-member) and all payment gateways
2	Service Providers (agents) not in Level 1 that store, process, or transmit > 1 million accounts/transactions annually
3	Service Providers (agents) not in Level 1 that store, process, or transmit < 1 million accounts/transactions annually

In order to grow our organization Spindle will need to develop team sales strategies and build the supporting infrastructure. Although in continual advancement and development of our product will be required, to support the changing landscape of functionality and user experience, Spindle's core products have been developed for PSP and P2P initiatives. Through the successful infusion of necessary capital Spindle will establish these sales networks, hire the company's internal structure, and further establish our settlement requirements to meet the demand for our products.

Spindle is entering the market as a payment processing company to move funds between legacy payment networks and in and out of the Spindle RhinoPay P2P service. Settlement accounts are used to buffer the daily fluctuation of funds movement between accounts. In addition RhinoPay is a merchant services provider to small merchants accepting credit card, ACH, and Check payments from their customers. As such our sponsoring bank partners require us to have a settlement account is with reserves to funding to cover 1 to 3 months of processing volume. These accounts cover the daily fluctuation of funds moving between payment systems and to cover chargebacks, returns and holdbacks.

We anticipate having a settlement account with our credit card processing partner bank, our ACH processing partner bank, for RhinoPay funds custodial / trust bank, Check 21 processing bank partner, and consumer loans bank partner. We may actually have redundant accounts as our bank branding partnerships grow. Each bank partner will require that settlement funds be immediately available during the nightly settlement process. We generally expect our settlement process to have a net zero balance but we do expect daily variations due to fees, chargeback and other charges to our settlement accounts which we will subsequently pass on to our RhinoPay users and merchant customers. As part of our growth strategy we will fund our settlement accounts to the levels required to meet demand of our products and services. We anticipate a significant amount of our capital will be used to fund these settlement accounts.

Spindle key go-to-market strategy is the banking channel partnerships as identified above in item 2 of the strategies. It will be critical for Spindle to develop a platform that does not compete with our partner channels but offers a technology solution that enhances their current capabilities and offers new services to augment deficiencies in their current capabilities specifically enabling mobile commerce for both consumers and merchants.

To accomplish this Spindle will deliver a platform for processing of credit, debit, check, and ACH transaction service that integrates with existing banking platforms and is mobile enabled to extend these current processing platforms into the mobile market place.

Milestones:

- *The first significant milestone of the Company is entering the unattended vending market place. As of the date of this filing this milestone has been accomplished in April of 2012 through the build out of the Spindle processing platform to support the specific needs of the unattended vending market. The company attended the National Automatic Merchandising Association Show in April and demonstrated the service. Spindle began processing unattended vending transactions in May of 2012. The costs associated with the build out of the Spindle processing platform in connection with the vending business are approximately \$200,000.00 including development, operational, administrative, and marketing.*

- *The second significant milestone of the Company will be the release of the payment services provider platform, upon receipt of the PCI certification as described above. The Company anticipates that this milestone will be completed early in the fourth quarter of 2012, and has a backlog of business to board upon the completion of the full processing platform. Total costs associated with the completion of this milestone are estimated at approximately \$450,000.00 including development, operational, administrative, and sales and marketing.*
- *The third milestone will be the release of the Company's full mobile solution, which is anticipated to occur during the fourth quarter of 2012. In furtherance of the completion of this milestone, the Company has recently entered into a partnership agreement with Utiba Mobility, Inc. ("Utiba") a leading global provider of mobile financial services that the Company believes will leverage the full Spindle solution. In accordance with the Utiba agreement the Company will provide low cost mobile acceptance technology and services to complement Utiba's converging payments solutions. Spindle will also enrich the consumer-to-merchant experience by integrating its comprehensive mobile marketing capabilities within Utiba's mobile financial services offering. The Company expects to incur estimated costs of approximately \$150,000.00 including development, operational, administrative, and sales and marketing related to the release of its full mobile solution.*

Spindle intends to meet its cash requirements for accomplishing each of these milestones through the sale of its equity and debt securities. There are no assurances that we will be able to raise the funds necessary to meet the expected milestones described above or that the terms of any such financings will be favorable to us.

Critical Accounting Policies

Our Management's Discussion and Analysis of Financial Condition and Results of Operations section discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, recoverability of intangible assets, and contingencies and litigation. We base our 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 value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our consolidated financial statements include estimates as to the appropriate carrying value of certain assets and liabilities, which are not readily apparent from other sources, primarily the valuation of intangible assets. The methods, estimates and judgments we use in applying these most critical accounting policies have a significant impact on the results we report in our consolidated financial statements.

Principles of consolidation

For the period from January 14, 2011 to December 31, 2011, the consolidated financial statements include the accounts of Spindle, Inc. and Spindle Mobile, Inc. All significant intercompany balances and transactions have been eliminated. Spindle, Inc. and Spindle Mobile, Inc. will be collectively referred herein to as the "Company".

Property and equipment

Property and equipment is recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company uses other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Computer software	3 years
Office furniture and equipment	3 years

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that 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 equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition and other economic factors. Based on this assessment there was no impairment as December 31, 2011. Depreciation expense for the period January 14, 2011 (Inception) to December 31, 2011 totaled \$0.

Software development costs

The Company accounts for the cost of computer software developed or obtained for internal use of its application service by capitalizing qualifying costs, which are incurred during the application development stage and amortizing them over the software's estimated useful life. Costs incurred in the preliminary and post-implementation stages of the Company's products are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software and for payroll and payroll-related costs of employees directly associated with the development activities. The Company amortizes capitalized software over the expected period of benefit, which is three years, beginning when the software is ready for its intended use.

Intangible assets

The Company records its intangible assets in accordance with ASC Topic 350 *Intangibles - Goodwill and Other*, goodwill is not amortized, but instead is tested for impairment annually, or more frequently if circumstances indicate a possible impairment may exist. In September 2011, the FASB approved ASU No. 2011-08, "Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment." This ASU permits an entity to first assess qualitative factors to determine whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. After assessing qualitative factors, if an entity determines that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, no further testing is necessary. The Company assessed the qualitative factors and determined no further testing was necessary. If further testing was necessary, the Company would have tested the recoverability of goodwill using a two-step impairment test at the reporting unit level. For goodwill impairment test purposes, the Company is considered one reporting unit. In the first step, the fair value for the Company is compared to its carrying value including goodwill. In the case that the fair value is less than the carrying value, a second step is performed that compares the implied fair value of goodwill to the carrying value of the goodwill. The fair value for the implied goodwill is determined based on the difference between the fair value of the reporting unit and the net fair values of the identifiable assets and liabilities excluding goodwill. If the implied fair value of the goodwill is less than the book value, the difference is recognized as an impairment charge. Absent any special circumstances that could require an interim test, the Company has elected to test for goodwill impairment during the fourth quarter of each year. Topic ASC 350 also requires that intangible assets with finite lives be amortized over their respective estimated useful lives and reviewed for impairment whenever impairment indicators exist in accordance with ASC Topic 360.

Revenue recognition

The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer; (3) the amount of fees to be paid by the customer is fixed or determinable; and (4) the collection of our fees is probable.

Sales related to long-term contracts for services (such as engineering, product development and testing) extending over several years are accounted for under the percentage-of-completion method of accounting. Sales and earnings under these contracts are recorded based on the ratio of actual costs incurred to total estimated costs expected to be incurred related to the contract under the cost-to-cost method based budgeted milestones or tasks as designated per each contract. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable.

For all other sales of product or services the Company recognizes revenues based on the terms of the customer agreement. The customer agreement takes the form of either a contract or a customer purchase order and each provides information with respect to the product or service being sold and the sales price. If the customer agreement does not have specific delivery or customer acceptance terms, revenue is recognized at the time of shipment of the product to the customer.

Management periodically reviews all product returns and evaluates the need for establishing either a reserve for product returns or a product warranty liability. As of December 31, 2011, management has concluded that neither a reserve for product returns nor a warranty liability is required.

Stock-based compensation

The Company accounts for stock-based payments to employees in accordance with ASC 718, "Stock Compensation" ("ASC 718"). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the consolidated statement of operations based on their fair values at the date of grant.

The Company accounts for stock-based payments to non-employees in accordance with ASC 718 and Topic 505-50, "Equity-Based Payments to Non-Employees." Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

The Company calculates the fair value of option grants and warrant issuances utilizing the Black-Scholes pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest.

ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, the Company monitors both stock option and warrant exercises as well as employee termination patterns. The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the requisite service period of the award.

For the period from January 14, 2011 (inception) to December 31, 2011, the Company recorded stock-based compensation expense related to equity granted in connection with services to the Company of \$42,000.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Spindle, Inc.

We have audited the accompanying consolidated balance sheet of Spindle, Inc. as of December 31, 2011, and the related consolidated statement of operations, stockholders' equity, and cash flows for the period from January 14, 2011 (Inception) to December 31, 2011. Spindle, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits of the financial statements include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Spindle, Inc. as of December 31, 2011, and the results of its consolidated operations, stockholders' equity, and cash flows for the year then ended and for the period January 14, 2011 (inception) to December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses and had negative cash flows from operations that raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ L.L. Bradford & Company
Las Vegas, Nevada
July 19, 2013

Spindle, Inc.
(Formerly Known as Coyote Hills Golf, Inc.)
(A Development Stage Company)
Consolidated Balance Sheet

	December 31, 2011 <u>(Restated)</u>
Assets	
Current assets:	
Cash	\$ 3,109
Accounts receivable	10,966
Notes receivable, net of notes payable of \$221,287 and \$221,287, respectively	66,753
Accrued interest receivable, net of accrued interest payable of \$14,085 and \$5,371, respectively	8,509
Total current assets	<u>89,337</u>
Fixed assets, net of accumulated depreciation of \$2,031 and \$0, respectively	177,844
Other assets:	
Intangible assets, net of accumulated amortization of \$75,878 and \$25,293	207,400
Total other assets	<u>207,400</u>
Total assets	<u>\$ 474,581</u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 8,800
Total current liabilities	<u>8,800</u>
Long-term liabilities:	
Notes payable - related party, net of debt discount of \$23,266 and \$18,983, respectively	32,317
Total long-term liabilities	<u>32,317</u>
Total liabilities	<u>41,117</u>
Stockholders' equity:	
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, no shares issued and outstanding as of December 31, 2012 and 2011, respectively	-
Common stock, \$0.001 par value, 300,000,000 shares authorized, 16,400,000 shares issued and outstanding as of December 31, 2011	16,480
Additional paid in capital	711,811
Common stock payable, 1,425,000 shares authorized and unissued as of December 31, 2011	1,425
Deficit accumulated during development stage	<u>(296,252)</u>
Total stockholders' equity	<u>433,464</u>
Total liabilities and stockholders' equity	<u>\$ 474,581</u>

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

Spindle, Inc.
(Formerly Known as Coyote Hills Golf, Inc.)
(A Development Stage Company)
Consolidated Statement of Operations

	January 14, 2011 (Inception) to December 31, 2011 <u>(Restated)</u>
Revenue	\$ 29,942
Cost of sales	<u>-</u>
Gross profit	29,942
Expenses:	
Depreciation and amortization	25,293
Promotional and marketing	-
Consulting	109,560
Software and internet costs	1,445
Salaries, wages and benefits	71,751
Professional fees	47,015
Travel	7,714
Rent expense	6,555
General and administrative expenses	55,861
Total expenses	<u>325,194</u>
Loss before other expenses	<u>(295,252)</u>
Other expense:	
Interest income	4,619
Interest expense	(5,619)
Total other expense	<u>(1,000)</u>
Income (Loss) before provision for income taxes	(296,252)
Provision for income taxes	<u>-</u>
Net Income (Loss)	<u>\$ (296,252)</u>
Weighted average number of common shares outstanding - basic and fully diluted	<u>11,675,192</u>
Net income (loss) per share - basic and fully diluted	<u>\$ (0.03)</u>

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

Spindle, Inc.
(Formerly known as Coyote Hills Golf, Inc.)
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Common Stock Payable</u>	<u>Unamortized Equity Compensation</u>	<u>(Deficit) Accumulated During the Development Stage</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, January 14, 2011 (Restated)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued for services	10,500,000	10,500	-	-	-	-	10,500
Asset acquisition with Net Money In	1,575,000	1,575	237,000	1,425	-	-	240,000
Shares issued for services	525,000	525	41,475	-	-	-	42,000
Shares issued for cash	600,000	600	299,400	-	-	-	300,000
Recapitalization from reverse merger with Spindle Mobile, Inc.	3,280,000	3,280	132,419	-	-	-	135,699
Imputed interest	-	-	1,517	-	-	-	1,517
Net loss	-	-	-	-	-	(296,252)	(296,252)
		\$					\$
Balance, December 31, 2011 (Restated)	<u>16,480,000</u>	<u>16,480</u>	<u>\$ 711,811</u>	<u>\$ 1,425</u>	<u>\$ -</u>	<u>\$ (296,252)</u>	<u>433,464</u>

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

Spindle, Inc.
(Formerly known as Coyote Hills Golf, Inc.)
(A Development Stage Company)
Consolidated Statement of Cash Flows

	January 14, 2011 (Inception) to December 31, 2011
	(Restated)
Cash flows from operating activities	
Net (loss)	\$ (296,252)
Adjustments to reconcile net loss to net cash (used in) operating activities:	
Shares issued for services	52,500
Depreciation and amortization	25,293
Amortization of debt discount	4,249
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(10,967)
(Increase) decrease in prepaid expenses	-
Decrease in accrued interest receivable	758
Increase (decrease) in accounts payable and accrued liabilities	(2,785)
Net cash (used in) operating activities	(227,204)
Cash flows from investing activities	
Acquisitions of fixed assets	(78,858)
Net cash (used in) investing activities	(78,858)
Cash flows from financing activities	
Cash acquired from acquisition	9,170
Issuance of common stock	300,000
Net cash provided by financing activities	309,170
Net increase in cash	3,108
Cash - beginning of year	-
Cash - end of year	\$ 3,108
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid	\$ -
Income taxes paid	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:	
Shares issued for services	\$ 52,500

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

Spindle, Inc.
(formerly Coyote Hills Golf, Inc.)
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Restated)

Note 1 - Organization of the company and significant accounting policies

Organization

The Company was originally organized on January 8, 2007 (Date of Inception) under the laws of the State of Nevada, as Coyote Hills Golf, Inc. On November 15, 2011, the Company amended its articles of incorporation to change its name from Coyote Hills Golf, Inc. to Spindle, Inc. The Company is authorized to issue up to 300,000,000 shares of its common stock with a par value of \$0.001 per share and 50,000,000 shares of preferred stock with a par value of \$0.001.

On December 2, 2011, Spindle, Inc. completed the asset acquisition of a majority of the assets and intellectual property of Spindle Mobile, Inc., a Delaware corporation ("SMI") in the business of data processing, mobile payments fields and other related fields, in exchange for approximately 80% of the issued and outstanding common stock of the Company, which shares were distributed to the stockholders of SMI pursuant to an Asset Purchase Agreement (the "APA"). Under the APA, Spindle, Inc. issued 13,200,000 shares of its common stock to various individuals and entities in exchange for the acquired assets and liabilities. Additionally, under the APA, the former officers and directors of Spindle, Inc. agreed to cancel 41,120,000 shares of common stock. For accounting purposes, the acquisition of the SMI by Spindle, Inc. has been accounted for as a recapitalization, similar to a reverse acquisition except no goodwill is recorded, whereby the private company, SMI, in substance acquired a non-operational public company (Spindle, Inc.) with nominal assets and liabilities for the purpose of becoming a public company. Accordingly, SMI is considered the acquirer for accounting purposes and thus, the historical financials are primarily that of SMI. As a result of this transaction, Spindle, Inc. changed its business direction and is now a commerce-centric business. Spindle Mobile, Inc. was incorporated on January 14, 2011 (Date of Inception) and accordingly, the accompanying financial statements are from the Date of Inception of SMI through ending reporting periods reflected.

Principles of consolidation

For the period from January 14, 2011 to December 31, 2011, the consolidated financial statements include the accounts of Spindle, Inc. and Spindle Mobile, Inc. All significant intercompany balances and transactions have been eliminated. Spindle, Inc. and Spindle Mobile, Inc. will be collectively referred herein to as the "Company".

Cash and cash equivalents

The Company maintains a cash balance in a non-interest-bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2011.

Restricted cash

The Company maintains a restricted cash balance as part of its operating requirements in a non-interest-bearing account that currently does not exceed federally insured limits totaling \$20,000.

Spindle, Inc.
(formerly Coyote Hills Golf, Inc.)
(A Development Stage Company)
Notes to Consolidated Financial Statements

Note 1 - Organization of the company and significant accounting policies (continued)

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances and do not bear interest. The Company provides for probable uncollectible amounts through an allowance for doubtful accounts, if an allowance is deemed necessary.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable, however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. On a periodic basis, management evaluates its accounts receivable and determines the requirement for an allowance for doubtful accounts based on its assessment of the current and collectible status of individual accounts with past due balances over 90 days. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Inventory

Inventories consist of merchandise held for sale in the ordinary course of business, including cost of freight and other miscellaneous acquisition costs, and are stated at the lower of cost, or market determined on the first-in-first-out basis. The Company records a write-down for inventories, which have become obsolete or are in excess of anticipated demand or net realizable value. The Company performs a detailed review of inventory each period that considers multiple factors including demand forecasts, market conditions, product life cycle status, product development plans and current sales levels. If future demand or market conditions for the Company's products are less favorable than forecasted or if unforeseen changes negatively impact the utility of the Company's inventory, it may be required to record additional write-downs, which would negatively impact gross margins in the period when the write-downs are recorded. If actual market conditions are more favorable, the Company may have higher gross margins when products incorporating inventory that were previously written down are sold.

Intangible assets

Management regularly reviews property, equipment, intangibles and other long-lived assets for possible impairment. This review occurs quarterly, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment, then management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Management believes that the accounting estimate related to impairment of its property and equipment, is a "critical accounting estimate" because: (1) it is highly susceptible to change from period to period because it requires management to estimate fair value, which is based on assumptions about cash flows and discount rates; and (2) the impact that recognizing an impairment would have on the assets reported on our balance sheet, as well as net income, could be material. Management's assumptions about cash flows and discount rates require significant judgment because actual revenues and expenses have fluctuated in the past and are expected to continue to do so.

The Company capitalizes the costs associated with the development of the Company's website pursuant to ASC Topic 350. Other costs related to the maintenance of the website are expensed as incurred. Amortization is provided over the estimated useful lives of 3 years using the straight-line method for financial statement purposes. The Company will commence amortization once the economic benefits of the assets began to be consumed.

The Company reviews the carrying value of intangible assets for impairment whenever events and circumstances indicate that the carrying value 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 equal to the amount by which the carrying value exceeds the fair value. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition and other economic factors. During the years ended December 31, 2011, there was no impairment necessary.

Spindle, Inc.
(formerly Coyote Hills Golf, Inc.)
(A Development Stage Company)
Notes to Consolidated Financial Statements

Note 1 - Organization of the company and significant accounting policies (continued)

Property and equipment

Property and equipment is recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company uses other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Computer software	3 years
Office furniture and equipment	3 years

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that 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 equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition and other economic factors. Based on this assessment there was no impairment as December 31, 2011. Depreciation expense for the period January 14, 2011 (Inception) to December 31, 2011 totaled \$0.

Software development costs

The Company accounts for the cost of computer software developed or obtained for internal use of its application service by capitalizing qualifying costs, which are incurred during the application development stage and amortizing them over the software's estimated useful life. Costs incurred in the preliminary and post-implementation stages of the Company's products are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software and for payroll and payroll-related costs of employees directly associated with the development activities. The Company amortizes capitalized software over the expected period of benefit, which is three years, beginning when the software is ready for its intended use.

Intangible assets

The Company records its intangible assets in accordance with ASC Topic 350 *Intangibles - Goodwill and Other*, goodwill is not amortized, but instead is tested for impairment annually, or more frequently if circumstances indicate a possible impairment may exist. In September 2011, the FASB approved ASU No. 2011-08, "Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment." This ASU permits an entity to first assess qualitative factors to determine whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. After assessing qualitative factors, if an entity determines that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, no further testing is necessary. The Company assessed the qualitative factors and determined no further testing was necessary. If further testing was necessary, the Company would have tested the recoverability of goodwill using a two-step impairment test at the reporting unit level. For goodwill impairment test purposes, the Company is considered one reporting unit. In the first step, the fair value for the Company is compared to its carrying value including goodwill. In the case that the fair value is less than the carrying value, a second step is performed that compares the implied fair value of goodwill to the carrying value of the goodwill. The fair value for the implied goodwill is determined based on the difference between the fair value of the reporting unit and the net fair values of the identifiable assets and liabilities excluding goodwill. If the implied fair value of the goodwill is less than the book value, the difference is recognized as an impairment charge. Absent any special circumstances that could require an interim test, the Company has

Spindle, Inc.
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Notes to Consolidated Financial Statements

Note 1 - Organization of the company and significant accounting policies (continued)

Intangible assets, continued

elect to test for goodwill impairment during the fourth quarter of each year. Topic ASC 350 also requires that intangible assets with finite lives be amortized over their respective estimated useful lives and reviewed for impairment whenever impairment indicators exist in accordance with ASC Topic 360.

Revenue recognition

The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer; (3) the amount of fees to be paid by the customer is fixed or determinable; and (4) the collection of our fees is probable.

Sales related to long-term contracts for services (such as engineering, product development and testing) extending over several years are accounted for under the percentage-of-completion method of accounting. Sales and earnings under these contracts are recorded based on the ratio of actual costs incurred to total estimated costs expected to be incurred related to the contract under the cost-to-cost method based budgeted milestones or tasks as designated per each contract. Anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable.

For all other sales of product or services the Company recognizes revenues based on the terms of the customer agreement. The customer agreement takes the form of either a contract or a customer purchase order and each provides information with respect to the product or service being sold and the sales price. If the customer agreement does not have specific delivery or customer acceptance terms, revenue is recognized at the time of shipment of the product to the customer.

Management periodically reviews all product returns and evaluates the need for establishing either a reserve for product returns or a product warranty liability. As of December 31, 2011, management has concluded that neither a reserve for product returns nor a warranty liability is required.

Advertising and marketing costs

The Company expenses all costs of advertising as incurred. During the period January 14, 2011 (Inception) to December 31, 2011, there was \$0 in advertising and marketing costs.

Income taxes

The Company follows FASB Codification Topic 740-10-25 (ASC 740-10-25) for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

Spindle, Inc.
(formerly Coyote Hills Golf, Inc.)
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Notes to Consolidated Financial Statements

Note 1 - Organization of the company and significant accounting policies (continued)

Loss per common share

Net loss per share is provided in accordance with ASC Subtopic 260-10. We present basic loss per share (“EPS”) and diluted EPS on the face of statements of operations. Basic EPS is computed by dividing reported losses by the weighted average shares outstanding. Except where the result would be anti-dilutive to income from continuing operations, diluted earnings per share has been computed assuming the conversion of the exercise of stock options and warrants. Loss per common share has been computed using the weighted average number of common shares outstanding during the year. For the period from January 14, 2011 (Inception) to December 31, 2011, exercise of stock options and warrants are anti-dilutive due to the Company’s net losses and are excluded in determining diluted loss per share.

Stock-based compensation

The Company accounts for stock-based payments to employees in accordance with ASC 718, “Stock Compensation” (“ASC 718”). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the consolidated statement of operations based on their fair values at the date of grant.

The Company accounts for stock-based payments to non-employees in accordance with ASC 718 and Topic 505-50, “Equity-Based Payments to Non-Employees.” Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

The Company calculates the fair value of option grants and warrant issuances utilizing the Black-Scholes pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term “forfeitures” is distinct from “cancellations” or “expirations” and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, the Company monitors both stock option and warrant exercises as well as employee termination patterns. The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the requisite service period of the award.

For the period from January 14, 2011 (inception) to December 31, 2011, the Company recorded stock-based compensation expense related to equity granted in connection with services to the Company of \$42,000.

Use of estimates

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

Fair value of financial instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2011. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. Fair values were assumed to approximate carrying values for cash and payables because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

Spindle, Inc.
(formerly Coyote Hills Golf, Inc.)
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Notes to Consolidated Financial Statements

Note 1 - Organization of the company and significant accounting policies (continued)

Long-lived assets

The Company accounts for its long-lived assets in accordance with ASC Topic 360-10-05, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost or carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its fair value or disposable value. For the period from January 14, 2011 (inception) to December 31, 2011, the Company determined that none of its long-term assets were impaired.

Concentration of business and credit risk

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements. The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash. The Company maintains its cash in bank accounts, which may at times, exceed federally insured limits.

During the period from January 14, 2011 (inception) to December 31, 2011, the Company generated approximately 100%, of its revenue from one customer.

Year-end

The Company's year-end is December 31.

New Accounting Pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financials properly reflect the change. There are no new accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

Note 2 - Going concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has not yet achieved profitable operations and has accumulated losses through December 31, 2011 of \$296,252 and minimal working capital of \$80,537. Management expects to incur further losses in the development of its business, all of which raises substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The Company expects to continue to incur losses as it executes its business plan and does not expect to attain profitability in the near future. The Company has funded operations through short-term borrowings and equity investments in order to meet its strategic objectives. The Company's future operations are dependent upon external

Spindle, Inc.
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Notes to Consolidated Financial Statements

Note 2 - Going concern, continued

funding and its ability to execute its business plan realize sales and control expenses. Management believes that sufficient funding will be available from additional borrowings and private placements to meet its business objectives, including anticipated cash needs for working capital, for a reasonable period of time. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its business operation, or if obtained, upon terms favorable to the Company.

Note 3 - Notes receivable

Demand notes receivable consisted of the following at December 31:

	2011
Notes receivable, 2.59% per annum	\$ 288,040
Less:	
Notes payable, 2.59% per annum	(221,287)
	\$ 66,753

Note 4 - Accrued interest receivable

Accrued interest receivable consisted of the following at December 31:

	2011
Accrued interest receivable	\$ 13,080
Less: Accrued interest payable	(5,371)
Total accrued interest receivable, net	\$ 8,509

Interest income for the period from January 14, 2011 (inception) to December 31, 2011 was \$4,619. Imputed interest expense for the period from January 14, 2011 (inception) to December 31, 2011 was \$5,377.

Note 5 - Fixed assets

Fixed assets consisted of the following at December 31:

	2011
Capitalized software development	\$ 177,844
Computer software	-
Office furniture and equipment	1,049
Less: Accumulated depreciation	(1,049)
Total fixed assets, net	\$ 177,844

Depreciation expense for period from January 14, 2011 (inception) to December 31, 2011 was \$0.

Spindle, Inc.
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(A Development Stage Company)
Notes to Consolidated Financial Statements

Note 6 - Notes payable related party and note payable

Related party notes payable consisted of the following at December 31:

	2011
Note payable, non-interest bearing, unsecured maturing on November 13, 2014 ⁽¹⁾	\$ -
Note payable, non-interest bearing, unsecured maturing on January 15, 2014	-
Revolving line of credit with a related party up to \$250,000, unsecured, non-interest bearing, and maturing December 15, 2015	51,300
Note payable, non-interest bearing and maturing January 15, 2013	-
Less: Debt discount	(18,983)
	32,317
Less current portion	-
Total long-term notes payable - related party, net	\$ 32,317

(1) On November 14, 2011, the Company entered into a promissory note with a related party for \$25,000. The note bears 0% interest and is due on November 13, 2014. In connection with the note, the note-holder was issued warrants to purchase up to 250,000 shares of the Company's par value common stock at a price per share of \$1.00. Resultantly, a discount of \$17,709 was attributed to the value of the note, which amount is being amortized over a period of 36 months. During the year ended December 31, 2012, a total of \$6,419 has been amortized and recorded as interest expense related to the warrants. (Note 8)

Notes payable consisted of the following at December 31:

	2011
Revolving line of credit with a related party up to \$250,000, unsecured, non-interest bearing, and maturing December 15, 2015	\$ 51,300
Less: Debt discount	(18,983)
Total long-term notes payable, net	\$ 32,317

The Company has issued various promissory notes to related parties all of which have terms, which include a stated interest rate of 0%. The Company has imputed interest at a rate of approximately 2.6% for each of the aforementioned notes, which have been recorded as a discount to each note with an increase in paid in capital. Imputed interest expense for the period from January 14, 2011 (inception) to December 31, 2011 was \$5,377.

Spindle, Inc.
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Notes to Consolidated Financial Statements

Note 7 - Stockholders' equity

The Company was originally authorized to issue up to 200,000,000 shares of common stock, par value \$0.001. On November 15, 2011, the Company amended the Company's Articles of Incorporation to increase the authorized capital stock of the Company from 200,000,000 shares with a par value of \$0.001 per share to 300,000,000 shares of par value common stock and 50,000,000 shares of \$0.001 par value preferred stock.

On November 15, 2011, the Company effectuated a 4-for-1 forward stock split. All share and per share amounts have been retroactively restated.

On January 17, 2011, the Company issued a total of 10,500,000 shares of common stock for services valued at \$10,500.

On May 19, 2011, the Company issued a total of 1,575,000 shares of common stock and agreed to issue an additional 1,425,000 shares of common stock to acquire certain assets and liabilities of Net Money In. The value of the shares was \$240,000. As of the December 31, 2011, the 1,425,000 shares have not been issued and are recorded to common stock payable.

On August 1, 2011, the Company issued a total of 525,000 shares of common stock for services valued at \$42,000.

On September 30, 2011, the Company issued a total of 600,000 shares of common stock for cash of \$300,000.

Prior to the reverse acquisition of Spindle Mobile, Inc. the Company had 44,400,000 shares of common stock.

On December 2, 2011, the Company issued a total of 13,200,000 shares of common stock and cancelled a total of 41,120,000 shares of common stock related to the reverse acquisition with Spindle Mobile, Inc.

In December 2011, the Company recorded an increase in additional paid-in capital of \$1,517 in connection with imputed interest on a related party note payable.

In December 2011, the Company recorded an increase in additional paid-in capital of \$14,515 in connection with imputed interest on a related party note payable.

Note 8 - Warrants and options

On November 14, 2011, the Company issued warrants to purchase shares of the Company's par value common stock to a related-party in conjunction with a promissory note. The warrant holder was granted the right to purchase 250,000 shares of common stock of the Company for an aggregate purchase price of \$250,000 or \$1.00 per share. The aggregate fair value of such warrants totaled \$60,720 based on the Black Scholes Merton pricing model using the following estimates: 2.04% risk free rate, 52% volatility and expected life of the warrants of 10 years.

Spindle, Inc.
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Notes to Consolidated Financial Statements

Note 8 - Warrants and options, continued

The following is a summary of the status of all of the Company's stock warrants as of December 31, 2011 and changes during the period from January 14, 2011 (inception) to December 31, 2011:

Warrants:

	<i>Number of Warrants</i>	<i>Weighted- Average Exercise Price</i>
Outstanding at January 14, 2011 (inception)	-	\$ -
Granted	250,000	1.00
Exercised	-	-
Cancelled	-	-
Outstanding at December 31, 2011	<u>250,000</u>	<u>\$ 1.00</u>
Warrants exercisable at December 31, 2011	<u>250,000</u>	<u>\$ 1.00</u>

Note 9 - 2011 Restatement

On February 6, 2013, the Board of Directors of the Company, after consultation with management, determined that the Company's financial statements for the 2011 Fiscal Year as included in the Company's 2011 Annual Report, and the financial statements, as included in the Company's Quarterly Reports on Form 10-Q for the 2012 Fiscal Quarters should no longer be relied upon and should be restated because of the Company's accounting treatment with respect to the Spindle Mobile Acquisition as an asset acquisition instead of a reverse capitalization and to revise the date of the Company's inception from January 8, 2007 to January 14, 2011.

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Notes to Consolidated Financial Statements

Note 9 - Restatement, continued

The net effect of the restatement as of December 31, 2011 is as follows:

	<u>As Originally Filed</u>	<u>Adjustments Increase/(decrease)</u>	<u>As Restated</u>
BALANCE SHEET			
ASSETS:			
Cash	\$ 3,109	\$ -	\$ 3,109
Accounts receivable	16,450	(5,484)	10,966
Notes receivable	-	66,753	66,753
Accrued interest receivable	-	8,509	8,509
Fixed assets, net	-	177,844	177,844
Capitalized software costs	137,844	69,556	207,400
TOTAL ASSETS	\$ 157,403	\$ 317,178	\$ 474,581
LIABILITIES:			
Accounts payable	\$ 20,561	\$ (11,761)	\$ 8,800
Notes payable	33,813	(1,496)	32,317
EQUITY:			
Preferred stock	-	-	-
Common stock	16,480	-	16,480
Common stock payable	-	1,425	1,425
Additional paid-in capital	616,087	95,724	711,811
Accumulated deficit	(529,538)	233,286	(296,252)
TOTAL LIABILITIES AND EQUITY	\$ 157,403	\$ 317,178	\$ 474,581
STATEMENT OF OPERATIONS:			
Revenue	\$ 31,421	\$ (1,479)	\$ 29,942
Cost of sales	-	-	-
Gross profit	31,421	(1,479)	29,942
Depreciation and amortization expense	170	25,123	25,293
General and administrative expenses	29,035	270,866	299,901
Impairment of notes receivable	448,040	(448,040)	-
Interest expense	221	5,398	5,619
Net (loss)	\$ (446,095)	\$ 149,843	\$ (296,252)
Weighted average number of common shares	42,175,604	(30,499,872)	11,675,192
Net (loss) per common share outstanding	\$ (0.01)	\$ 0.02	\$ (0.03)

Spindle, Inc.
(formerly Coyote Hills Golf, Inc.)
(A Development Stage Company)
Notes to Consolidated Financial Statements

Note 10 - Subsequent Events

The Company's Management has reviewed all material events through the date of this report in accordance with ASC 855-10, and believes there are no further material subsequent events to report, except for the following items below.

On June 26, 2012, the Company repurchased 1,000,000 shares of common stock for cash in the amount of \$1,000, which were immediately cancelled.

On October 9, 2012, the Company adopted its 2012 Stock Incentive Plan that governs equity awards to employees, directors and consultants of the company. There are 3,000,000 shares of common stock currently reserved for issuance under the Plan. Unless previously terminated, the Plan will terminate ten (10) years after the earlier of (i) the date the Plan was adopted by the Board of Directors, or (ii) the date the Plan was approved by the stockholders. The types of awards permitted under the Plan include qualified incentive stock options (ISO), non-qualified stock options, and restricted stock. Each option is exercisable at such times and subject to terms and conditions at the Board of Directors may specify. Stock options generally vest over three years and expire no later than ten years from the date of grant. As of December 31, 2012, options to purchase up to 2,265,000 shares of common stock have been granted of which 1,275,000 are vested.

During the year ended December 31, 2012, the Company authorized the issuance of a total of 1,313,918 shares of its common stock for services to the Company valued at \$656,959. As of December 31, 2012, 550,000 of the shares authorized were unissued. During the year ended December 31, 2012, the Company issued 2,184,001 shares of common stock for total cash proceeds of \$1,092,001 or \$0.50 per share.

On December 31, 2012, the Company agreed to issue a total of 538,570 shares for acquired residual contracts valued at \$589,294. As of December 31, 2012, the 538,570 shares have not been issued and are recorded to common stock payable.

During the year ended December 31, 2012, the Company granted a total of 2,175,000 stock options for services valued at \$774,140. During the year ended December 31, 2012, the Company recorded an expense of \$491,139 for the vested portion of the stock options and the unvested portion of \$283,001 was recorded to unamortized equity compensation.

On December 31, 2012, the Company bought the residual income stream from Parallel Solutions (PSI). This revenue is perpetual as long as the vendor's contract stays with PSI. The company received all the contracts expect for two: Chesspay and TRK. The Company did the due diligence on PSI around November 2012 and based the calculations on the new income for the period November of 2011 to October 2012. The Company used an industry standard multiple (1.1) to put a value on the asset and came up with a value of roughly \$589,294. At the time when the Company was performing the due diligence it determined the value of the company stock was trading very sparsely at \$1.09, so the Company took initial valuation of \$589,294 and divided by \$1.09 to get a number of shares that would be issued in return for the asset. The Company and PSI all agreed on 538,570 shares. As of December 31, 2012, the 538,570 shares have not been issued and are recorded to common stock payable.

On March 20, 2013, the Company assumed certain liabilities and acquired substantially all the assets of MeNetwork, Inc. used in connection with its business of developing, marketing and licensing a mobile marketing platform for use by merchants and consumers, pursuant to an Asset Purchase Agreement, dated March 1, 2013, by and between Spindle and MeNetwork. As consideration for the assumption of such liabilities and the acquisition of the MeNetwork Assets, the Company issued an aggregate of 2,750,000 shares of common stock to the stockholders of MeNetwork, of which 350,000 shares are being held in escrow for a period of one year from the MeNetwork Closing Date for the purposes of satisfying any indemnification claims. In addition, upon the earlier of 180 days following the MeNetwork Closing Date or a change in control of the Company, the Company shall issue an additional 750,000 shares of common stock to Ashton Craig Page, the director and Chief Operating Officer of MeNetwork and a current director of the Company.

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

On December 2, 2011, the Board of Directors of the Company approved the dismissal of De Joya Griffith & Company, LLC, as its certifying independent registered public accountants. None of the reports of De Joya Griffith & Company, LLC on the financial statements of the Company contained any adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope or accounting principles, except for a going concern. During the Registrant's two most recent fiscal years and during any subsequent interim periods preceding the date of termination, there were no disagreements with De Joya Griffith & Company, LLC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to De Joya Griffith & Company, LLC's satisfaction, would have caused them to refer to the subject matter of the disagreement(s) in connection with their report; and there were no "reportable events" as defined in Item 304 (a)(1) of the Securities and Exchange Commission's Regulation S-K.

On December 2, 2011, the Board of Directors of the Registrant approved the engagement of, and the Registrant did on such same date engage, Weaver & Martin, LLC, 411 Valentine, Suite 300, Kansas City, Missouri 64111, as its independent registered public accounting firm commencing December 2, 2011, for the fiscal year ended December 31, 2011. Effective April 4, 2013 (the "Resignation Date"), Weaver Martin & Samyn, LLC ("WMS") resigned as the principal independent registered public accountant of Spindle, Inc. (the "Company"). On April 10, 2013, we engaged L.L. Bradford & Company ("LL Bradford") as our independent registered accounting firm. During our fiscal year ended December 31, 2011, neither we nor anyone on our behalf consulted with LL Bradford regarding either (i) the application of accounting principles to a specified transaction, either contemplated or proposed, or the type of audit opinion that might be rendered on our financial statements or (ii) any matter that was either the subject of a "disagreement" as defined in Item 304(a)(1)(iv) or a "reportable event."

ITEM 9A(T) - CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed by us in the reports filed under the Securities Exchange Act, is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms. Disclosure controls are also designed with the objective of ensuring that this information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. We evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. As a result of this evaluation, we concluded that our disclosure controls and procedures were ineffective for the period ended December 31, 2011 for the following reasons. Management acknowledges that the definition of "material weakness" in the Public Company Accounting Oversight Board's Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting that is Integrated With an Audit of Financial Statements, which provides that a restatement of financial statements in prior filings with the SEC is a strong indicator of the existence of a "material weakness" in the design or operation of internal control over financial reporting, results in the presumption that the Company's internal control over financial reporting as of December 31, 2011, were ineffective. In addition, as a result of the material weakness with respect to the internal controls and procedures, management acknowledges that there is also a presumption that the Company's disclosure controls and procedures were ineffective at December 31, 2011. Despite the implications that the restatement has on the Company's internal controls and procedures and disclosure controls and procedures, since the accounting treatment with respect to the Acquisition results primarily from the Company's prior status as a "shell company", it believes that the material weakness identified is limited solely to the accounting treatment used in connection with this transaction and therefore is not a recurring deficiency.

Changes in Internal Control

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). These internal controls are designed to provide reasonable assurance that the reported financial information is presented fairly, that disclosures are adequate and that the judgment inherent in the preparation of financial statements is reasonable.

Our management does not expect that our disclosure controls or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management conducted its evaluation of the effectiveness of our internal controls over financial reporting based on the framework and criteria established in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result of the presumption of ineffectiveness resulting from the restatement, management has concluded that our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) were effective for the year ended December 31, 2011.

This annual 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.

OTHER INFORMATION

None.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Spindle, Inc.'s Directors are elected by the stockholders to a term of one (1) year and serve until their successors are elected and qualified. The officers are appointed by the Board of Directors to a term of one (1) year and serves until his/her successor is duly elected and qualified, or until he/she is removed from office. The Board of Directors has no nominating, auditing, or compensation committees.

The names and ages of our directors and executive officers and their positions as of December 31, 2011 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
William Clark	54	Chief Executive Officer
John Devlin	64	Director
Glen Bancroft	56	Director
David Ide	37	Director

William Clark, President: Mr. Clark is responsible for the Registrant's day-to-day operations, including sales, marketing, and product management. Mr. Clark brings an impressive resume to the Registrant that spans nearly three decades of industry experience. Before joining the Registrant, he served as executive vice president and general manager for Apriva's Point of Sale (POS) division. During his tenure with Apriva, he led North American operations for this mobile payments technology leader and was responsible for the strategic direction and execution of the company's national sales and marketing initiatives, client services, and product management. Under his stewardship, Apriva expanded its sales channel to over 350 partners, and grew into North America's leading provider of wireless payment technology.

Prior to his work with Apriva, Mr. Clark served as general manager of wireless products for First Data Merchant Services. At First Data, he pioneered the delivery and sales of emerging technologies over a wide range of markets, including Internet banking, electronic bill presentment, web-based merchant services, RFID/NFC, and the release of TCP/IP and 3G wireless acquiring products. He holds a Bachelors of Science Degree in Electronics and Management from Southern Illinois University, and an MBA from the University of Nebraska-Omaha.

John Devlin, Director: Mr. Devlin has served as a Director and Audit Committee Chairman of Augme Technologies, Inc. (NASDAQ: AUGT.OB), a mobile technology company, since 2009. Mr. Devlin has been in the investment and asset management business for over 23 years. Formerly, from 2003 to 2008, Mr. Devlin was the Vice Chairman of McKim & Company LLC, a venture capital source firm for start-up companies in the \$1mm to \$20mm bracket, where he was responsible for providing strategic planning and direction. This included sourcing new ideas, due diligence, corporate governance, business plan review, discussions and discernment with company managements and assistance in subsequent financings. From 1986 to 2003, he was with J.P. Morgan Investment Management, where he started as a Fixed Income Trader, was later selected for a Special Overseas Assignment and later became a Senior Relationship Manager. Mr. Devlin was also the Committee Chairman for client portfolio guidelines, compliance and performance review for J.P. Morgan accounts with an asset size over \$200 billion. Before retiring from J.P. Morgan Investment Management, he held various positions with U.S. Steel Corporation and the Carnegie Pension Fund between 1974-1986, where he was responsible for directing investment activity of the U.S. Steel & Carnegie Pension Funds with an asset size of over \$7 billion, providing pension asset and liability advice as well as tactical and strategic portfolio management for institutional relationships with over \$44 billion in assets. Mr. Devlin received an MBA from Pace University and completed his undergraduate degree in Finance at Georgetown University. Mr. Devlin serves as an Independent Director and Chairman of the Audit Committee for Spindle, Inc.

Glenn Bancroft, Director: Mr. Bancroft is the Broker and Chief Executive Officer of Bancroft & Associates, a real estate investment and management firm Mr. Bancroft founded in 1981, representing over \$250 million in sales, and has directed a portfolio of more than \$500 million in property management. Mr. Bancroft is an entrepreneur and investment professional with more than thirty years of experience in domestic and international real estate. Mr. Bancroft will serve as an Independent Director and Chairman of the Compensation Committee.

David Ide began serving as Founder, Chairman, and CEO of Modavox, Inc. in October of 2005 after he managed the transition of SurfNet Media into Modavox. Mr. Ide engineered accretive acquisitions of four companies for Modavox, formulated the integration processes, and enhanced the technology and intellectual property foundation. In July 2009 Mr. Ide developed and executed Modavox, Inc., acquisition of Augme Technologies, Inc. At that time, Mr. Ide was appointed to the new Board of Directors of Augme Technologies (NASDAQ:AUGT.OB) and became their Chief Strategy Officer where he continued to manage the forward vision and M&A strategies for the combined company. He resigned as an Officer & Director in August 2010, to engage full time on conversion and transaction technologies, but remained a consultant for that company through June 2011.

Mr. Ide is the named inventor on USPTO 7,653,544 "Method and apparatus for website navigation" and worked extensively with 7,269,636 "Method and a system for adding function to a web page. Mr. Ide is a partner in several technology companies and is the founder of Kino Interactive, AudioEye, LLC, SEFE, Inc. and serves the shareholders of SEFE, Inc., as a Director. In January 2011, Mr. Ide founded and became Chief Executive Officer of Spindle Mobile, Inc. a Delaware Company, a mobile conversion and transaction company, fortified by issued and pending United States Patents.

Family Relationships

None.

Involvement on Certain Material Legal Proceedings During the Last Ten Years

No director, officer, significant employee or consultant has been convicted in a criminal proceeding, exclusive of traffic violations.

No bankruptcy petitions have been filed by or against any business or property of any director, officer, significant employee or consultant of the Company nor has any bankruptcy petition been filed against a partnership or business association where these persons were general partners or executive officers.

No director, officer, significant employee or consultant has been permanently or temporarily enjoined, barred, suspended or otherwise limited from involvement in any type of business, securities or banking activities.

No director, officer or significant employee has been convicted of violating a federal or state securities or commodities law.

Audit Committee and Financial Expert

The Audit Committee is comprised of John Devlin and Glenn Bancroft. Our audit committee's main function is to oversee our accounting and financial reporting processes, internal systems of control, independent auditor relationships and the audits of our financial statements. The Company has determined Mr. Devlin an independent Director, is an audit committee financial expert.

Compensation Committee

The Compensation Committee is comprised of Glenn Bancroft and John Devlin. The purpose of the Compensation Committee is to aid the Board of Directors in meeting its responsibilities with regard to oversight and determination of executive compensation. Among other things, the Committee reviews, recommends and approves salaries and other compensation of Spindle's executive officers, administers Spindle's equity incentive plans (including reviewing, recommending and approving stock option and other equity incentive grants to executive officers), and administers the executive officer incentive plans.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports of beneficial ownership and changes in beneficial ownership of our securities with the SEC on Forms 3 (Initial Statement of Beneficial Ownership), 4 (Statement of Changes of Beneficial Ownership of Securities) and 5 (Annual Statement of Beneficial Ownership of Securities). Directors, executive officers and beneficial owners of more than 10% of our Common Stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. As a company with securities registered under Section 15(d) of the Exchange Act, our executive officers and directors, and persons who beneficially own more than ten percent of our common stock are not required to file Section 16(a) reports.

Code of Ethics

As of the end of the period covered by this report, we have not adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions in that our sole officer and director serves in all the above capacities.

Corporate Governance

Nominating Committee

We have a Nominating Committee and Nominating Committee Charter. Our directors perform the functions associated with a Nominating Committee.

Duties and Responsibilities

In furtherance of the Committee's purpose, and in addition to any other responsibilities, which may be properly assigned by the Board, the Committee shall have the following responsibilities and duties:

- Review and make recommendations to the Board annually with respect to the composition, size and needs of the Board.
- Recommend criteria for Board membership, including the minimum qualifications for a nominee and the qualities and skills that the Committee believes are necessary or desirable for a Board member to possess.
- Lead the search in identifying individuals qualified to become Board members. Before recommending a nominee, review and conduct the appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates for director.
- Recommend a slate of director nominees for approval by the Board and election by the stockholders in connection with the Annual Meeting of Stockholders. Recommend new directors for approval and election by the Board to fill vacancies on the Board, including any newly created directorships, as needed.
- Review stockholder nominations for candidacy to the Board, if any, and any shareholder proposals affecting corporate governance, and make recommendations to the Board accordingly.
- Review the composition of each committee of the Board and present recommendations to the Board for committee memberships annually and to fill vacancies as needed.
- Review planning for succession to the position of Chairperson of the Board and Chief Executive Officer and other senior management positions. To assist the Committee with this responsibility, the Chief Executive Officer will annually provide the Committee with recommendations and evaluations of potential successors to succeed him or her and other members of senior management.
- Periodically review overall corporate governance principles, procedures and practices of the Company and make recommendations to the Board as appropriate.
- Periodically review and report to the Board on the effectiveness of corporate governance procedures and the Board as a governing body, including conducting an annual self-assessment of the Board and its standing committees. Annually review and evaluate the Committee's performance under this Charter.
- Periodically review this Charter, the Company's Certificate of Incorporation, Bylaws and other corporate governance documents and recommend any changes or amendments to the Board, as the Committee deems appropriate, including changes necessary to satisfy any applicable requirements of the Nasdaq, the Securities and Exchange Commission and any other legal or regulatory requirements.
- Perform any other activities consistent with this Charter, and the Company's Bylaws and Certificate of Incorporation, as the Committee may deem necessary or appropriate for the fulfillment of its responsibilities under this Charter or as required by applicable law or regulation, or as may be determined by the Board.

- Do every other act incidental to, arising out of or in connection with, or otherwise related to, the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.
- Notwithstanding any of the foregoing, the legal liability of any of the Committee members shall be no greater than that of other members of the Board.

We will consider for inclusion in our nominations of new Board of Directors nominees proposed by stockholders who have held at least 15% of our outstanding voting securities for at least one year. Board candidates referred by such stockholders will be considered on the same basis as Board candidates referred from other sources. Any stockholder who wishes to recommend for our consideration a prospective nominee to serve on the Board of Directors may do so by giving the candidate's name and qualifications in writing to our Secretary at the following address: 6821 E. Thomas Road, Scottsdale, AZ 85251.

We will consider compensation for our Directors during fiscal year 2012 and is actively engaged with counsel to formulate a Qualified Stock Option Plan for employees and future Board members. We have not reached agreement on compensation nor has the board submitted a formal request to the Company for consideration. Until the company reaches cash flow positive it will not compensate its directors in cash however will seek stock option grants vesting over the period of their service. The Company will seek approval of options through proxy by shareholders during the next, currently unscheduled, shareholder meeting.

Indemnification of Officers and Directors

The Company's articles of incorporation and bylaws provide for indemnification of the Company's officers and directors, to the fullest extent permitted by the Nevada Corporations Code, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact any such person is or was an officer or director of the Company. Moreover, the Company has entered into indemnification agreements with each director and officer of the Company providing for such indemnification. In this regard, the Company has the power to advance to any officer or director expenses incurred in defending any such proceeding to the maximum extent permitted by law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

ITEM 11 - EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for the last completed fiscal years ended December 31, 2011 and 2010 the cash compensation paid by the Company, as well as certain other compensation paid with respect to those years and months, to the Chief Executive Officer and, to the extent applicable, each of the three other most highly compensated executive officers of the Company in all capacities in which they served:

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non- Equity Incentive Plan Compen- sation (\$)	Non- qualified Deferred Compen- sation Earnings (\$)	All Other Compen- sation (\$)	Total (\$)
William Clark President	2011	0	0	0	0	0	0	0	0
Mitch Powers Former President	2011	0	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0	0
Stephanie Erickson Former Secretary and Treasurer	2011	0	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0	0

Directors' Compensation

All of our current members of the Board of Directors of the Company are employees of the Company, and do not receive any compensation for serving on the Company's board. The Company's directors are entitled to receive reimbursement of preapproved out-of-pocket expenses. The Company is actively engaged with counsel to formulate a Qualified Stock Option Plan for employees and future Board members.

Employment Contracts and Officers' Compensation

The Company does not have employment agreements with any of its officers, directors or employees. Any future compensation to be paid to these individuals will be determined by the Board of Directors, and employment agreements will be executed.

Stock Option Plan and other Long-term Incentive Plan

The Company does not have existing or proposed option/SAR grants. The Company is actively engaged with counsel to formulate a Qualified Stock Option Plan for employees and future Board members.

Liability and Indemnification of Officers and Directors

Under our Articles of Incorporation, our directors are not liable for monetary damages for breach of fiduciary duty, except in connection with:

- A breach of a director's duty of loyalty to us or our stockholders;
- Acts or omissions not in good faith or which involve intentional misconduct, fraud or a knowing violation of law;
- A transaction from which a director received an improper benefit; or
- An act or omission for which the liability of a director is expressly provided under Nevada law.

Our Articles of Incorporation and Bylaws require us to indemnify our officers and directors and other persons against expenses, judgments, fines and amounts incurred or paid in settlement in connection with civil or criminal claims, actions, suits or proceedings against such persons by reason of serving or having served as officers, directors, or in other capacities, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to our best interests and, in a criminal action or proceeding, if he had no reasonable cause to believe that his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of no contest or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to our best interests or that he or she had reasonable cause to believe his or her conduct was unlawful. Indemnification as provided in our Bylaws will be made only as authorized in a specific case and upon a determination that the person met the applicable standards of conduct. Insofar as the limitation of, or indemnification for, liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling us pursuant to the foregoing, or otherwise, we have been advised that, in the opinion of the SEC, such limitation or indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of the date of this offering with respect to the beneficial ownership of Spindle, Inc.'s common stock by all persons known by Spindle to be beneficial owners of more than 5% of any such outstanding classes, and by each director and executive officer, and by all officers and directors as a group. Unless otherwise specified, the named beneficial owner has, to our knowledge, either sole or majority voting and investment power.

Name, Title and Address of Beneficial Owner of Shares ⁽¹⁾	Amount of Beneficial Ownership ⁽²⁾	Percent of Class (3)
William Clark, President	0	0%
John Devlin, Director	50,000	.003%
Glen Bancroft, Director	50,000	.003%
David Ide, Director ⁽⁴⁾	4,000,000	26.9%
All Directors and Officers as a group (4 persons)	4,550,000	26.9%

Notes:

1. The address for the Officers and Directors of the Company is c/o Spindle, Inc., 6821 E. Thomas Road, Scottsdale, AZ 85251.
2. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to the securities. Shares of Common Stock subject to options or warrants that are currently exercisable or are exercisable within 60 days of the date of this Memorandum, are deemed outstanding for computing the percentage of the person holding such options or warrants but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.
3. The percentage of outstanding shares beneficially owned assumes that and there are 16,480,000 Shares issued and outstanding as of December 31, 2011.
4. Voting and investment authority with regard to the shares held by Spindle Mobile, Inc. is held by David Ide, the Chief Executive Officer of Spindle Mobile, Inc. The mailing address of Spindle Mobile, Inc. is 10230 East Mountain Spring Rd, Scottsdale, AZ 85255.

The Company has 250,000 warrants currently outstanding owned by David Ide. The warrants are exercisable at the discretion of the warrant holders at the price of \$1.00 per share. The shares do not provide for cashless exercise or registration rights. The warrant expires on November 13, 2021.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

On November 15, 2011, the Company effectuated a 4-for-1 forward stock split. All share and per share amounts have been retroactively restated.

On January 12, 2007, Mitch Powers, our President and Director, paid for incorporation fees in the amount of \$175 on our behalf.

On January 12, 2007, we issued 20,000,000 shares of \$0.001 par value common stock to Mitch Powers, an officer and director, in exchange for services performed valued at \$5,000, related specifically to the formation and organization of our corporation, as well as setting forth a business plan and operational objectives.

On January 12, 2007, we issued 20,000,000 shares of \$0.001 par value common stock to Stephanie Erickson, an officer and director, in exchange for services performed valued at \$5,000, related specifically to administrative duties performed, as well as executing and implementing our operational goals and processes.

On February 8, 2007, Ms. Erickson donated cash in the amount of \$100.

On November 14, 2011, we entered into a promissory note with a David Ide, a shareholder, officer and director, for \$25,000. In connection with the note, the note-holder was issued warrants to purchase up to 250,000 shares of our par value common stock at a price per share of \$1.00.

In connection with the December 2, 2011 Asset Purchase Agreement and Addendum Number 1 thereto, our former shareholders agreed to cancel a total of 41,120,000 shares of common stock.

Also on December 2, 2011, and in connection with the Asset Purchase Agreement and Addendum Number 1 thereto, we issued 13,200,000 shares of common stock to acquire assets valued at \$553,884.

On December 15, 2011, we received loans from David Ide, a related party, totaling \$26,300. The related party agreed to loan us up to \$60,000 and the entire balance of principal and interest is due on December 15, 2014.

During the year ended December 31, 2011, we distributed funds in the amount of \$31,000 to Spindle Mobile, Inc., a stockholder of the Company and a party to the Asset Purchase Agreement, dated December 2, 2011, consummated by the Company. The distribution is not expected to be repaid and is considered to be a reduction to additional paid-in capital.

Through the year ended December 31, 2011, Mitch Powers, an officer and director of the Company, donated cash in the amount of \$27,200. The entire amount has been donated and is not expected to be repaid.

Director Independence

The Board of Directors has concluded that our directors, John Devlin, John Bancroft and David Ide, are not independent in accordance with the director independence standards.

ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth fees billed to us by our independent auditors for the years ended 2011 and 2010 for (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, (ii) services rendered that are reasonably related to the performance of the audit or review of our financial statements that are not reported as Audit Fees, and (iii) services rendered in connection with tax preparation, compliance, advice and assistance.

SERVICES	2011	2010
Audit fees	\$ 9,575	\$ 8,000
Audit-related fees	-	-
Tax fees	325	325
All other fees	-	-
Total fees	\$ 9,900	\$ 8,325

ITEM 15 - EXHIBITS

(a) Documents Filed as part of this report

1. The financial statements listed in the "Index to Financial Statements" are filed as part of this report.
2. All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

(b) Exhibits required by Item 601 of Regulation S-K

The information required by this Item is set forth on the exhibit index that follows the signature page of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 6th day of August 2013.

Spindle, Inc.

By: /s/ William Clark
William Clark
President
Principal Executive Officer
Principal Financial Officer

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William Clark</u> William Clark	Chief Executive Officer, Principal Executive Officer and Principal Financial Officer	August 6, 2013
<u>/s/ John Devlin</u> John Devlin	Director	August 6, 2013
<u>/s/ Glen Bancroft</u> Glen Bancroft	Director	August 6, 2013
<u>/s/ David Ide</u> David Ide	Director	August 6, 2013
<u>/s/ John Reardon</u> John Reardon	Director	August 6, 2013
<u>/s/ Ashton Craig Page</u> Ashton Craig Page	Director	August 6, 2013

EXHIBIT INDEX

Exhibit Number	Name and/or Identification of Exhibit
3	Articles of Incorporation & By-Laws
	(a) Articles of Incorporation ⁽¹⁾
	(b) By-Laws ⁽¹⁾
10	Material Agreements
	(a) Asset Purchase Agreement ⁽²⁾
	(b) Addendum No. 1 to Asset Purchase Agreement
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. Section 1350)
101	Interactive Data File
	(INS) XBRL Instance Document
	(SCH) XBRL Taxonomy Extension Schema Document
	(CAL) XBRL Taxonomy Extension Calculation Linkbase Document
	(DEF) XBRL Taxonomy Extension Definition Linkbase Document
	(LAB) XBRL Taxonomy Extension Label Linkbase Document
	(PRE) XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Registration Statement on Form SB-2, previously filed with the SEC on August 3, 2007.

(2) Incorporated by reference to the Current Report on Form 8-K, previously filed with the SEC on December 6, 2011.

8-K Filed Date	Item Number
November 2, 2011	Form 8-K
	Item 5.02 Departure of Directors or Principal Officers
November 16, 2011	Form 8-K
	Item 5.02 Departure of Directors or Principal Officers
December 6, 2011	Form 8-K
	Item 1.01 Entry into a Material Definitive Agreement
	Item 2.01 Completion of Acquisition or Disposition of Assets
	Item 3.02 Unregistered Sales of Equity Securities
	Item 4.01 Changes in Registrant's Certifying Accountant
	Item 5.01 Changes in Control of Registrant
	Item 5.02 Departure of Directors or Principal Officers
	Item 5.03 Amendments to Articles of Incorporation
	Item 5.06 Change in Shell Company Status
	Item 8.01 Other Events

CERTIFICATIONS

I, William Clark, certify that:

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

Date: August 6, 2013

/s/ William Clark

William Clark
Chief Executive Officer
Principal Executive Officer
Principal Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Spindle, Inc. (the "Company") on Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Clark, acting in the capacity as the Principal Executive Officer and Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ William Clark

William Clark
Chief Executive Officer
Principal Executive Officer
Principal Financial Officer

August 6, 2013