

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2013

Or

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.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**20-8241820**

(I.R.S. Employer Identification No.)

**18835 North Thompson Peak Parkway  
Scottsdale, AZ**

(Address of principal executive offices)

**85255**

(Zip Code)

**(480) 335-7351**

(Registrant's telephone number, including area code)

**6821 East Thomas Road**

**Scottsdale, AZ 85251**

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

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

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

Large accelerated filer

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

Accelerated filer

Smaller reporting company

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 25,638,858 shares of Common Stock.

SPINDLE, INC.

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## **PART I - FINANCIAL INFORMATION**

### **Item 1. Unaudited Financial Statements**

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("Commission"). While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the financial statements and footnotes thereto, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 as filed with the Commission on July 19, 2013.

**SPINDLE, INC.**  
**CONDENSED BALANCE SHEETS**  
(Unaudited)

	<u>JUNE 30,</u> <u>2013</u>	<u>DECEMBER 31,</u> <u>2012</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 432,363	\$ 111,584
Restricted cash	20,000	20,000
Accounts receivable, net of allowance of \$66,423 and \$0, respectively	152,346	37,362
Prepaid expenses and deposits	487,133	135,535
Notes receivable, net of notes payable of \$233,741 and \$230,736, respectively	66,313	64,586
Total current assets	<u>1,158,155</u>	<u>369,067</u>
<b>Fixed assets, net of accumulated depreciation of \$3,397 and \$2,031, respectively</b>	16,912	17,078
<b>Other assets:</b>		
License agreements, net of accumulated amortization of \$93,077 and \$75,878, respectively	139,616	156,815
Capitalized software costs, net of accumulated amortization of \$28,357 and \$0, respectively	1,160,651	547,657
Residual contract revenue	589,294	589,294
Deposits	6,842	3,842
Goodwill	2,679,970	-
Total other assets	<u>4,576,373</u>	<u>1,297,608</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,751,440</u>	<u>\$ 1,683,753</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 443,563	\$ 353,811
Accrued liabilities - related party	14,178	11,831
Total current liabilities	<u>457,741</u>	<u>365,642</u>
<b>Long-term liabilities:</b>		
Notes payable - related party, net of debt discount of \$14,961 and \$23,266, respectively	261,838	333,534
Note payable	-	27,566
Total long-term liabilities	<u>261,838</u>	<u>361,100</u>
Total liabilities	<u>719,579</u>	<u>726,742</u>
<b>Stockholders' equity:</b>		
Preferred stock, \$.001, par value, 50,000,000 shares authorized, no shares issued and outstanding as of June 30, 2013 and December 31, 2012	-	-
Common stock, \$.001 par value, 300,000,000 shares authorized, 25,078,858 and 18,427,919 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively	25,079	18,428
Common stock authorized and unissued, 4,014,820 and 2,513,820 shares as of June 30, 2013 and December 31, 2012, respectively	4,015	2,514
Additional paid-in capital	9,286,100	3,835,683
Unamortized equity-based compensation	(129,762)	(283,001)
Accumulated deficit	(4,153,571)	(2,616,613)
Total stockholders' equity	<u>5,031,861</u>	<u>957,011</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 5,751,440</u>	<u>\$ 1,683,753</u>

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

**SPINDLE, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)

	THE THREE MONTHS ENDED JUNE 30,		THE SIX MONTHS ENDED JUNE 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Revenue:</b>				
Sales income	\$ 327,210	\$ -	\$ 705,446	\$ 17,974
Cost of sales	109,927	-	232,535	7,749
Gross profit	217,283	-	472,911	10,225
<b>Expenses:</b>				
Depreciation and amortization	13,525	12,671	46,922	25,317
Promotional and marketing	17,225	10,026	28,550	11,301
Consulting	324,001	157,828	358,161	186,128
Salaries and wages	346,851	80,565	814,751	163,344
Directors fees	26,505	-	53,010	-
Professional fees	166,450	104,606	413,467	152,344
Travel	14,803	18,001	31,244	35,194
Rent	18,963	4,374	38,705	10,929
General and administrative	145,291	20,006	215,930	24,462
Total operating expenses	1,073,614	408,077	2,000,740	609,019
<b>Net operating (loss)</b>	<b>(856,331)</b>	<b>(408,077)</b>	<b>(1,527,829)</b>	<b>(7,709)</b>
<b>Other expense:</b>				
Interest income	1,509	1,870	1,934	3,740
Interest expense	(1,507)	(1,459)	(3,004)	(2,929)
Interest expense - related party	(5,388)	(5,139)	(8,059)	(6,799)
Total other expense	(5,386)	(4,728)	(9,129)	(5,988)
Loss before provision for income taxes	(861,717)	(412,805)	(1,536,958)	(604,782)
Provision for income taxes	-	-	-	-
<b>Net (loss)</b>	<b>\$ (861,717)</b>	<b>\$ (412,805)</b>	<b>\$ (1,536,958)</b>	<b>\$ (604,782)</b>
Weighted average number of				
common shares outstanding - basic and diluted	24,601,998	17,126,890	24,924,883	16,922,354
Net (loss) per share - basic and fully				
diluted	\$ (0.04)	\$ (0.02)	\$ (0.06)	\$ (0.04)

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

**SPINDLE, INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>THE SIX MONTHS ENDED</b>	
	<b>JUNE 30,</b>	
	<b>2013</b>	<b>2012</b>
		(Restated)
<b>Operating activities</b>		
Net loss	\$ (1,536,958)	\$ (604,782)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Shares issued for services	166,465	143,000
Depreciation and amortization	46,922	25,317
Amortization of debt discounts - related party	8,304	3,468
Amortization of options issued for services	153,238	-
Increase in allowance for doubtful accounts	66,423	-
Changes in operating assets and liabilities:		
(Increase) in restricted cash	-	20,000
(Increase) in accounts receivable	(181,407)	(1)
(Increase) decrease in prepaid expenses	(18,063)	(50,265)
(Increase) decrease in interest receivable	(4,732)	613
(Increase) in deposits and other assets	(3,000)	(3,842)
Increase in accounts payable	354,507	97,408
Increase in accrued interest	3,004	-
Increase in accrued interest - related party	2,347	-
Net cash (used) in operating activities	<u>(942,953)</u>	<u>(409,084)</u>
<b>Investing activities</b>		
Purchase of fixed assets	(3,006)	-
Additions to capitalized software development	(188,821)	(181,163)
Net cash (used) in investing activities	<u>(191,827)</u>	<u>(181,163)</u>
<b>Financing activities</b>		
Payments on notes payable	(27,566)	-
Proceeds for notes payable - related party	-	90,236
Payments on notes payable - related party	(80,000)	-
Proceeds from the sale of common stock	1,563,125	517,500
Net cash provided by financing activities	<u>1,455,559</u>	<u>607,736</u>
<b>Net increase in cash</b>	320,779	17,489
Cash - beginning	111,584	3,109
Cash - ending	<u>\$ 432,363</u>	<u>\$ 20,598</u>
<b>Supplemental disclosures</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>Non-cash transactions</b>		
Shares issued for services	\$ 30,802	\$ 143,000
Shares issued for acquisitions	\$ 3,132,500	\$ -
Options issued for services	\$ 153,238	\$ -

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

**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 - BASIS OF PRESENTATION**

The interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these condensed interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2012 and notes thereto included in the Company's Annual Report on Form 10-K. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reclassification

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Cash and cash equivalents

For purpose of the statements of cash flows, the Company considers cash and cash equivalents to include all stable, highly liquid investments with maturities of three months or less.

Concentration of credit risk

The Company primarily transacts its business with one financial institution. The amount on deposit in that one institution may from time to time exceed the federally-insured limit.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Company accounts for its income taxes under the provisions of ASC Topic 740, "Income Taxes." The method of accounting for income taxes under ASC 740 is an asset and liability method. The asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of other assets and liabilities.

Revenue recognition

Revenue is derived on a per message/notification basis through the Company's patented technologies and a modular, adaptable platform designed to create multi-channel messaging gateways for all types of connected devices. The Company also earns revenue for services, such as programming, licensure on Software as a Service ("SaaS") basis, and on a performance basis, such as when a client acquires a new customer through our platform. Revenue is recognized in accordance with Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," as revised by SAB No. 104. As such, the Company recognizes revenue when persuasive evidence of an arrangement exists, title transfer has occurred, the price is fixed or readily determinable, and collectability is probable. Sales are recorded net of sales discounts.

Accounts receivable

Accounts receivable is reported at the customers' outstanding balances, less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable.

**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Allowance for doubtful accounts

An allowance for doubtful accounts on accounts receivable is charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and information collected from individual customers. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired.

Property and equipment

Property and equipment are stated at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed. At the time property and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

Depreciation is computed on the straight-line and accelerated methods for financial reporting and income tax reporting purposes based upon the following estimated useful lives:

Computer hardware	5 years
Office furniture	7 years

Long-lived assets

The Company accounts for its long-lived assets in accordance with Accounting Standards Codification (“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 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 fair value or disposable value. The Company determined that none of its long-term assets at June 30, 2013 were impaired.

Capitalized software development costs

The Company capitalizes internal software development costs subsequent to establishing technological feasibility of a software application. Capitalized software development costs represent the costs associated with the internal development of the Company’s software applications. Amortization of such costs is recorded on a software application-by-application basis, based on the greater of the proportion of current year sales to total of current and estimated future sales for the applications or the straight-line method over the remaining estimated useful life of the software application. The Company continually evaluates the recoverability of capitalized software costs and will charge to operations amounts that are deemed unrecoverable for projects it abandons.

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 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 Binomial 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.



**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Stock-based compensation, continued

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 compensation under ASC Topic 505-50. In accordance with ASC 505-50, the cost of stock-based compensation is measured at the grant date based on the value of the award and is recognized over the vesting period. The value of the stock-based award is determined using the Binomial or Black-Scholes option-pricing models, whereby compensation cost is the excess of the fair value of the award as determined by the pricing model at the grant date or other measurement date over the amount that must be paid to acquire the stock. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

Loss per share

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed conversion of warrants and debt to purchase common shares would have an anti-dilutive effect. Potential common shares as of June 30, 2013 that have been excluded from the computation of diluted net loss per share amounted to 2,515,000 shares and include 250,000 warrants and 2,265,000 options. Of the 2,515,000 potential common shares at June 30, 2013, 990,000 had not vested.

Recent 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.

**NOTE 3 - GOING CONCERN**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has incurred a net loss of (\$1,536,958) for the six month period ended June 30, 2013 and has an accumulated deficit of (\$4,153,571).

In order to continue as a going concern, the Company will need, among other things, additional capital resources. The Company is significantly dependent upon its ability, and will continue to attempt, to secure equity and/or additional debt financing. The Company has recently issued debt securities and may conduct an offering of its equity securities to raise proceeds to finance its plan of operation. There are no assurances that the Company will be successful and without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

	<u>JUNE 30,</u> <u>2013</u>	<u>DECEMBER 31,</u> <u>2012</u>
Due from customers	\$ 218,769	\$ 37,362
Less allowance for bad debts	(66,423)	-
	<u>\$ 152,346</u>	<u>\$ 37,362</u>

**NOTE 5 - PREPAID EXPENSES AND DEPOSITS**

On February 7, 2012, the Company entered into a legal retainer agreement with a law firm, for which the Company paid a legal retainer of \$5,000. The retainer will be expensed at the sole discretion of the law firm and all ongoing legal fees are billed to the Company as incurred. During the six months ended June 30, 2013, the Company recognized legal expenses of \$225,274. As of June 30, 2013, the balance in prepaid expenses was \$365.

During 2012, the Company entered into a business marketing agreement for term of one year. In accordance with the terms of each agreement, the Company issued 350,000 fully vested shares of common stock valued at \$175,000 as a non-refundable retainer for services. The estimated fair value will be amortized on a straight-line basis of the term of the agreement. As of June 30, 2013, the Company recorded \$87,500 as consulting expense related to the service for the six month period. The remaining prepaid balance at June 30, 2013 totaled \$35,000.

On January 23, 2013, the Company entered into a public relations consulting agreement for a term of two years. In accordance with the terms of the agreement, the Company issued 500,000 fully vested shares of common stock on the date of agreement and an additional 500,000 shares on June 1, 2013. The fair value of the complete grant totaled \$500,000 and has been recorded as a prepayment for consulting services. The estimated fair value of the grant will be amortized on a straight-line basis of the term of the agreement. As of June 30, 2013, the Company recorded \$48,163 as consulting expense related to the service for the six month period. The remaining prepaid balance at June 30, 2013 totaled \$451,837.

As of June 30, 2013, the Company had additional prepaid expenses in the amount of \$3,000 related to travel advances.

**NOTE 6 - NOTES RECEIVABLE**

Notes receivable consisted of the following:

	<u>JUNE 30,</u> <u>2013</u>	<u>DECEMBER 31,</u> <u>2012</u>
Notes receivable, 2.59% interest, and due on demand	\$ 288,040	\$ 288,040
Interest receivable	12,014	7,282
Total principal and interest receivable	<u>300,054</u>	<u>295,322</u>
Less:		
Notes payable	221,287	221,287
Interest payable	12,454	9,449
Total principal and interest payable	<u>233,741</u>	<u>230,736</u>
	<u>\$ 66,313</u>	<u>\$ 64,586</u>

**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 7 - FIXED ASSETS**

Fixed assets consisted of the following at:

	<b>JUNE 30, 2013</b>	<b>DECEMBER 31, 2012</b>
Office furniture & equipment	\$ 20,309	\$ 19,109
Less: Accumulated depreciation	3,397	2,031
<b>Total fixed assets, net</b>	<b>\$ 16,912</b>	<b>\$ 17,078</b>

**NOTE 8 - CAPITALIZED SOFTWARE COSTS AND INTELLECTUAL PROPERTY**

Capitalized software costs and license agreements consisted of the following at:

	<b>JUNE 30, 2013</b>	<b>DECEMBER 31, 2012</b>
Capitalized software costs	\$ 1,189,008	\$ 547,657
Less: accumulated amortization	(28,357)	-
<b>Total capitalized software costs</b>	<b>1,160,651</b>	<b>547,657</b>
License agreements	232,693	232,693
Less: Accumulated depreciation	93,077	75,878
<b>Total licenses</b>	<b>139,616</b>	<b>156,815</b>
<b>Total intellectual property, net</b>	<b>\$ 1,300,267</b>	<b>\$ 704,472</b>

**NOTE 9 - NOTES PAYABLE - RELATED PARTY**

On December 15, 2011, the Company issued a Promissory Grid Note to a director of the Company whereby formalizing various advances previously received from the director in the amount of \$51,300 and allowing for future advances up to \$250,000. The note is non-interest bearing, unsecured and matures on December 15, 2014. The Company imputed interest at a rate of 2% per annum and recorded a discount in the amount of \$10,640. In connection with one of the previous advances in the amount of \$25,000, the Company issued warrants to purchase up to 250,000 shares of the Company's common stock at a price per share of \$1.00 resulting in an additional discount of \$17,709. The total discount attributable to the Grid Note totaled \$28,349 and is being amortized to interest expense over the term of the note. During the six months ended June 30, 2013, the Company repaid \$10,000 of the principal balance of the loan and recorded interest expense of \$4,688 related to the discount.

On December 15, 2012, the Company issued a promissory note in the amount of \$100,000 to its chief executive officer for amounts previously advanced to the Company for working capital. The note is non-interest bearing, unsecured and matures on December 15, 2014. The Company imputed interest at a rate of 2% per annum and recorded a discount in the amount of \$2,059 which is amortized to interest expense over the term of the note. During the six months ended June 30, 2013, the Company repaid \$70,000 of the principal balance of the loan and recorded interest expense of \$984 related to the discount.

On December 17, 2012, the Company issued a promissory note in the amount of \$50,000 to a related party, the note is non-interest bearing, unsecured and matures on January 15, 2013. In the event of default, the loan will bear a default rate of interest at 10% per annum. As of June 30, 2013, the principal balance was unpaid and the Company recorded related party interest at the default rate in the amount of \$2,347.

**NOTE 10 - STOCKHOLDERS' EQUITY**

The Company is authorized to issue up to 300,000,000 shares of common stock, par value \$0.001.

As of June 30, 2013, the Company issued 550,050 shares of its common stock previously authorized.

**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 10 - STOCKHOLDERS' EQUITY, CONTINUED**

During the six months ended June 30, 2013, the Company authorized the issuance of 2,626,250 shares of its common stock for cash proceeds totaling \$1,563,125. As of June 30, 2013, 801,250 shares were unissued.

During the six months ended June 30, 2013, the Company issued a total of 1,000,000 shares of common stock pursuant to a two year consulting agreement. The estimated fair value of the shares totaled \$500,000 and is being amortized on a straight-line basis over the term of the agreement. As of June 30, 2012, \$48,163 has been expensed to consulting fees and the remaining \$453,837 has been recorded as prepaid consulting fees to be amortized over a remaining term of the agreement.

During the six-months ended June 30, 2013, the Company issued 525,889 shares of its common stock as payment for previously accrued legal fees. The estimated fair value of the shares totaled \$262,945 and has been recorded as a reduction to accounts payable.

On March 20, 2013, the Company authorized the issuance of 3,500,000 shares with an estimated fair value of \$3,132,500 in connection with an asset acquisition. As of June 30, 2013, 750,000 of the shares are unissued.

**NOTE 11 - WARRANTS AND OPTIONS**

On November 14, 2011, the Company issued warrants to purchase shares of the Company's 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 the 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.

The following is a summary of the status of all of the Company's stock warrants as of June 30, 2013:

	<i>Number Of Warrants and Options</i>	<i>Weighted-Average Exercise Price</i>
Outstanding at December 31, 2011	-	\$ 0.00
Granted	2,515,000	0.549
Exercised	-	-
Cancelled	-	-
Outstanding at December 31, 2012	2,515,000	\$ 0.549
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding at June 30, 2013	2,515,000	\$ 0.549
Exercisable at June 30, 2013	1,525,000	\$ 0.581

**NOTE 12 - BUSINESS ACQUISITION**

On March 20, 2013, the Company assumed certain liabilities and acquired substantially all the assets of MeNetwork, Inc. ("MeNetwork") 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. As consideration the Company authorized the issuance of 3,500,000 shares of its 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 closing date for the purposes of satisfying any indemnification claims. In addition, upon the earlier of 180 days following the closing date or a change in control of the Company, the Company agreed to issue the remaining 750,000 shares of common stock to the director and Chief Operating Officer of MeNetwork and a current director of the Company.

**SPINDLE, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 13 - 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 material subsequent events to report, other than the following:

## Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operation

### Forward-Looking Statements

This Quarterly Report contains forward-looking statements about Spindle Inc.'s ("SPDL," "we," "us," or the "Company") business, financial condition and prospects that reflect 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 management's assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, Spindle's 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 our 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 Quarterly Report, words such as, "*believes*," "*expects*," "*intends*," "*plans*," "*anticipates*," "*estimates*" and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

### 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 quarterly report, we only generated minimal revenues from that line of business. Spindle is a commerce-centric company with four primary customers: 1) individual consumers (buyers); 2) individual businesses (merchants or sellers); 3) third party channel partners (financial institutions and other non-bank partners such as wireless carriers); and 4) advertisers (retail, brands, and destinations). The Company intends to generate revenue through patented cloud-based payment processes under the Spindle product line, and licensing of its intellectual property. We believe that Spindle enables a trusted relationship between buyers and sellers (consumers and merchants) through our secure payments process; requested coupons, offers, and loyalty programs; and open consumer feedback on merchants' products. Spindle provides the platform for the secure movement of funds between parties as well as enables brands, merchants, and institutions with the conversion tools necessary to deliver a seamless frictionless finance ecosystem.

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 (the "Spindle Mobile Agreement").

Concurrent with the closing of the Spindle Mobile 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.

On October 11, 2012, pursuant to Article XII of the Company's Articles of Incorporation, the Board of Directors amended the Company's bylaws to (i) include the Chief Executive Officer as a person who may call a meeting of the Board of Directors and a special meeting of the Board of Directors; (ii) allow a quorum of the Board of Directors to be set by resolution of the Board of Directors; (iii) amend the description of the offices of Chief Executive Officer/President; (iii) set the annual meeting of shareholders at a time to be fixed by the Board of Directors; and (iv) allow for the election of Directors by a plurality of the votes cast in an election. Amendments to the bylaws were approved by the stockholders holding of a majority of the shares of entitled to vote thereon on October 29, 2012.

On December 31, 2012 (the "Parallel Acquisition Closing Date"), pursuant to that certain Asset Purchase Agreement (the "Parallel Agreement") by and between the Company and Parallel Solutions Inc., a Nevada corporation ("Parallel"), the Company acquired substantially all of Parallel's assets used in connection with its business of facilitating electronic payment processing services to merchants (the "Parallel Assets"), assumed certain specified liabilities hired seven employees of Parallel in exchange for 538,570 unregistered shares (the "Aggregate Share Consideration") of common stock, of which 53,857 shares (the "Indemnification Escrow") and 100,000 shares (the "Deferred Consent Escrow") were deposited in escrow with our transfer agent. The Indemnification Escrow will be held for a period of one year from the Closing Date and will be available to compensate the

Company pursuant to the indemnification obligations of Parallel under the Parallel Agreement, and for any necessary accounts receivable adjustment after the Parallel Acquisition Closing Date. The Deferred Consent Escrow will be held for a period of up to five years after the Closing Date and will be released to Parallel or its legally permitted assign(s) incrementally as and when certain specified contract assignments or residual revenue streams are properly assigned to the Company or the residual revenue streams in respect of such specified contracts are bought out by the applicable third party, and otherwise the Deferred Consent Escrow is subject to cancellation to the extent such specified assignments or buy-outs fail to occur during such five year period, all as more particularly set forth in the Parallel Agreement.

On March 20, 2013 (the "MeNetwork Closing Date"), the Company assumed certain liabilities and acquired substantially all the assets of MeNetwork, Inc. ("MeNetwork") used in connection with its business of developing, marketing and licensing a mobile marketing platform for use by merchants and consumers (the "MeNetwork Assets"), pursuant to an Asset Purchase Agreement, dated March 1, 2013, by and between Spindle and MeNetwork (the "MeNetwork Agreement"). 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.

### **Financial Restatement, Regulatory Reviews and Other Significant Recent Events**

On February 6, 2013, the Company's Board of Directors, after consultation with management, determined that the Company's financial statements for the fiscal year ended December 31, 2011 (the "2011 Fiscal Year") as included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 Annual Report"), and the financial statements, as included in the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 (the "2012 Fiscal Quarters", together with the 2011 Fiscal Year, the "Restatement Periods") should no longer be relied upon and should be restated because of the Company's characterization of the acquisition of the Spindle Mobile Asset as an asset acquisition instead of a reverse capitalization. Accordingly, the restatement of the 2011 Annual Report was filed with the Securities and Exchange Commission on August 6, 2013. The restatement of the quarters ended March 31, 2012 and June 30, 2012 was completed on August 19, 2013 and August 20, 2013, respectively.

### **Results of Operations**

#### *Revenues and Cost of Sales*

Revenues from ongoing operations are expected to be derived from our patented conversion and networked payment processes under the Spindle product line and licensing of our intellectual property. During the three and six months ended June 30, 2013, we generated \$327,210 and \$705,446 in revenues in revenues as a result of the Company launching, its first payment and transactional platform. After factoring in cost of sales in the amount of \$109,927 and \$232,535 for the three and six months ended June 30, 2013, respectively, which relate to commissions paid to the Company's 130 independent sales agents, we realized a gross profit of \$217,823 and \$472,911 for the three and six months ended June 30, 2013, respectively. This compares to revenues during the three and six months ended June 30, 2012 of \$0 and \$17,974, respectively, and costs of sales of \$0 and \$7,749 for the three and six months ended June 30, 2012, respectively. There were no gross profits during the three months ended June 30, 2012 and \$10,225 in gross profits during the six months ended June 30, 2012.

Our management is hopeful that as our base of operations continues to grow, we will see a corresponding increase in licensing and transactional revenue. As stated previously, we only recently changed our business direction. Therefore, our potential revenue streams are relatively new and have only recently begun to contribute materially to our operations. As a result, we are unable to forecast future revenue.

#### *Operating Expenses*

In the course of our operations, we incur operating expenses composed largely of general and administrative costs and professional fees. 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 costs related to the preparation and submission of reports and information statements with the U.S. Securities and Exchange Commission.

As of June 30, 2013, we had total assets of \$5,751,440, comprised of \$1,158,155 in total current assets, \$16,912 in fixed assets and \$4,576,373 in other assets. This compares with total assets of \$1,683,753 as of December 31, 2012, comprised of \$369,067 in total current assets, \$17,078 in fixed assets and \$1,297,608 in other assets. The increase in other assets is contributed primarily to an increase in goodwill and software development related to the acquisition of the MeNetwork in the first quarter of 2013. In addition, the Company continued extensive investment on internal development of our payment services platform which included advancements to our single point boarding systems and enhancements to our Payment Service Provider (PSP) platform.

For the three and six months ended June 30, 2013, we incurred operating expenses in the amount of \$1,073,614 and \$2,000,740, respectively. These amounts are comprised of \$13,525 and \$46,922 in depreciation and amortization expense related to our intellectual property and fixed assets; \$17,225 and \$28,550 in promotional and marketing; \$324,001 and \$358,161 in consulting fees; \$346,851 and \$814,751 in salaries and wages; \$26,505 and \$53,010 in directors fees; \$166,450 and \$413,467 in professional fees; and \$179,057 and \$285,879 in general and administrative expenses.

The increase in operating expenses is primarily the result of transaction specific consulting fees related to our acquisition of Parallel Systems Inc. and MeNetwork, Inc.. Additionally, our emergence from the development stage into full operations has resulted in an increase in salaries and wages as anticipated. We expect this expense to continue and increase at a rate in direct proportion to our growth. Our professional fees were significantly higher due to our acquisition activities, regulatory compliance and one-time expenses related to restatements of our annual and interim financial reporting.

#### *Interest Income and Expense*

During the three and six months ended June 30, 2013, we recognized interest expense of \$6,895 and \$11,063, respectively. Our interest expense is partially offset by \$1,509 and \$1,934, respectively, in interest income for the same periods. This compares to \$6,598 and \$6,258 in interest expense for the three and six months ended June 30, 2012, offset by interest income of \$1,870 and \$3,740, respectively.

#### *Net Losses*

We have experienced net losses in all periods since our inception. Our net losses for the three and six months ended June 30, 2013 were \$861,717 and \$1,536,958, respectively. Net losses are attributable to the Company's recent acquisition and integration of PSI, ongoing Payment Card Services (PCI) certifications and maintenance, extensive internal software development, and deployment of the Company's initial suite of payment products. During the three and six months ended June 30, 2012, we incurred net losses of \$4,728 and \$5,986, respectively.

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*

Cash used in operating activities during the six months ended June 30, 2013 was \$942,953, compared to \$409,084 of cash used in operations during the comparable period ended June 30, 2012.

During the six months ended June 30, 2013, net cash used by investing activities totaled \$191,827, of which \$3,006 was utilized in the purchased of fixed assets and \$188,821 is attributable to labor costs related to our software development costs. During the comparable six month period ended June 30, 2012, we allocated \$181,163 of our labor costs to additions in our software development costs.

During the six months ended June 30, 2013, net cash provided by financing activities totaled \$1,455,559, comprised of \$1,563,125 which was received from investors purchasing shares of our common stock, (\$27,566) was utilized in the repayment of debt to non-related parties and (\$80,000) in debt repayment to related parties. In comparison, during the six months ended June 30, 2012, financing activities provided \$607,736 in cash, primarily obtained from \$90,236 loaned by a related party and \$517,500 which was received from investors purchasing shares of our common stock.

As of June 30, 2013, we had \$432,363 of cash on hand and working capital of \$700,414.. Our management believes this amount is not sufficient to maintain our operations for at least the next 12 months. We are actively pursuing opportunities to raise additional capital through sales of our equity and/or 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.



We do not have any off-balance sheet arrangements.

## **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 ongoing 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.

### *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 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.

### *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.

### *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.

#### *Stock-Based Compensation*

The Company records stock based compensation in accordance with the guidance in ASC Topic 718 which requires the Company to recognize expense related to the fair value of its employee stock option awards. This eliminates accounting for share-based compensation transactions using the intrinsic value and requires instead that such transactions be accounted for using a fair-value-based method. The Company recognizes the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

#### *Reclassifications*

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risks**

This item is not applicable as we are currently considered a smaller reporting company.

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

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

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding required disclosure.

We conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of June 30, 2013. Based on that evaluation and the material weakness in our internal controls and procedures described above, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2013, our disclosure controls and procedures were ineffective as a result of limited resources and personnel resulting in a lack of segregation of duties.

#### **Changes in internal controls over financial reporting**

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

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

On or about December 6, 2012, Spindle Mobile, John Devlin, Glenn Bancroft, David Ide (each of which are directors of the Company) and their spouses (the "Defendants") were notified of a lawsuit brought by Mark Ogram and the Rod Living Trust (the "Plaintiffs") in the Superior Court of the State of Arizona, County of Pima seeking relief for (1) breach of contract and (2) conversion of property related to the transactions with the Company with respect to the Spindle Mobile Agreement. The terms of the Spindle Mobile Agreement provided that any liabilities of Spindle Mobile would not be acquired by the Company. On March 4, 2013, a motion to dismiss on behalf of the Defendants was filed with the Superior Court of the State of Arizona which motion is still pending. On May 6, 2013, the cause of action related to the breach of contract was dismissed, however, as of June 30, 2013, the cause of action with respect to the conversion of property was still pending.

There are no other material pending legal proceedings, to which the Company or any director, officer or affiliate of the registrant, any owner of record or beneficially of more than five percent of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the registrant, or security holder is a party or any of its subsidiaries is a party or of which any of their property is the subject.

### **Item 1A. Risk Factors**

Our significant business risks are described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on July 19, 2013 for the fiscal year ended December 31, 2012, which is incorporated herein by reference.

### **Item 2. Unregistered Sales of Equity Securities**

During the three months ended June 30, 2013, the Company offered and sold an aggregate of 1,711,200 shares of common stock at \$0.50 per share for total cash proceeds of \$855,600. The Company relied on Section 4(a)(2) of the Securities Act of 1933 for issuing the securities, inasmuch as the offers and sales offer and sale was a private offering of securities made solely to accredited investors that had access to all information of the Company that they requested.

During the three months ended June 30, 2013, the Company issued 423,622 shares of common stock pursuant to the terms of consulting agreements with an estimated fair value of \$211,811. The Company relied on Section 4(a)(2) of the Securities Act for issuing the securities, inasmuch as the offer and sale was a private offering of securities limited to the consultant which had access to all information of the Company that they requested.

During the three-months ended June 30, 2013, the Company issued 525,889 shares of its common stock as payment for services rendered with a value of \$262,945. The Company relied on Section 4(a)(2) of the Securities Act for issuing the securities, inasmuch as the offer and sale was a private offering of securities limited to the consultant which had access to all information of the Company that they requested.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

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

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Name and/or Identification of Exhibit</b>
3.1	Articles of Incorporation, as amended
3.2	Amended By-Laws <sup>(2)</sup>
31.1	Rule 13a-14(a)/15d-14(a) Certifications
32.1	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 Quarterly Report on Form 10-Q, previously filed with the SEC on November 14, 2012.

**SIGNATURES**

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

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**SPINDLE, INC.**

(Registrant)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William Clark</u> William Clark	Chief Executive Officer, Principal Executive Officer, Principal Financial Officer	September 16, 2013

Certification of Principal Executive Officer  
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  
and Securities and Exchange Commission Release 34-46427**

I, William Clark, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: September 16, 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-Q for the quarter ended June 30, 2013, 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

September 16, 2013