SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2018

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: **000-55151**

SPINDLE, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-8241820**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1201 S. Alma School Road, Suite 12500 **Mesa, AZ**	**85210**
(Address of principal executive offices)	(Zip Code)

(800) 560-9198
(Registrant's telephone number, including area code)

None
(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 [X] 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 [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
(Do not check if smaller reporting company)		Emerging growth company	[ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [ ] No [X]

Common shares outstanding as of May 13, 2018: 86,861,298.

SPINDLE, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The accompanying unaudited condensed 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 ("SEC"). 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 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/A for the fiscal year ended December 31, 2017 as filed with the SEC on April 18, 2018.

SPINDLE, INC.
CONDENSED BALANCE SHEETS

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 5,881	$ 11,753
Accounts receivable, net	3,100	5,091
Prepaid expenses and deposits	100,230	17,267
Total current assets	109,211	34,111
Other assets:		
Property and equipment, net	7,694	9,245
Total other assets	7,694	9,245
TOTAL ASSETS	$ 116,905	$ 43,356
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 665,819	$ 520,282
Advances	114,500	114,500
Accrued liabilities - related party	446,887	373,050
Notes payable	44,552	44,552
Convertible note payable, net of unamortized discount	361,676	255,122
Derivative liability on note payable	178,120	-
Convertible note payable - related party, net of unamortized discount	185,565	126,706
Contingent liabilities	297,312	297,312
Derivative liability on note payable - related party	238,271	261,784
Total liabilities	2,532,702	1,993,308
Stockholders' deficit:		
Preferred stock, $0.001 par value, 50,000,000 shares authorized, no shares issued and outstanding as of March 31, 2018 and December 31, 2017		-
Common stock, $0.001 par value, 300,000,000 shares authorized, 83,173,798 and 83,073,798 shares outstanding as of March 31, 2018 and December 31, 2017, respectively	83,173	83,073
Common stock, authorized and unissued, 3,045,853 and 139,853 shares as of March 31, 2018 and December 31, 2017, respectively	3,045	139
Additional paid-in capital	29,546,677	29,299,850
Accumulated deficit	(32,048,692)	(31,333,014)
Total stockholders' deficit	(2,415,797)	(1,949,952)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 116,905	$ 43,356

See accompanying notes to these unaudited condensed financial statements.

SPINDLE, INC.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2018	2017
Revenue:		
Sales income	$ 3,043	$ 32,222
Cost of sales	1,382	16,494
Gross profit	1,661	15,728
Expenses:		
Depreciation and amortization	1,551	7,513
Promotional and marketing	-	6,933
Consulting	260,035	56,234
Salaries and wages (including share-based compensation)	108,371	189,953
Directors fees	23,080	37,500
Professional fees	71,285	104,467
General and administrative	100,231	99,686
Total operating expenses	564,553	502,286
Net operating loss	(562,892)	(486,558)
Other income (expense):		
Loss on settlement	(7,100)	-
Loss on write-off of assets	-	(181,900)
Gain on change in derivative liabilities	19,627	-
Other income	-	33
Interest expense	(99,574)	(74,077)
Interest expense - related party	(65,739)	(105,589)
Total other income (expense)	(152,786)	(361,533)
Loss before income tax provision	(715,678)	(848,091)
Provision for income taxes	-	-
Net loss	$ (715,678)	$ (848,091)
Weighted average number of common shares outstanding - basic and diluted	83,282,384	74,220,895
Net loss per share - basic and fully diluted	$ (0.01)	$ (0.01)

See accompanying notes to these unaudited condensed financial statements.

SPINDLE, INC.
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2018	2017
Operating activities		
Net loss	$ (715,678)	$ (848,092)
Adjustments to reconcile net loss to net cash used in operating activities:		
Shares issued for services	240,200	9,584
Shares issued for services - related party	580	53,271
Share based compensation expense	865	23,710
Depreciation and amortization	1,551	7,513
Interest expense - derivative liability exceeds NP	22,234	-
Change in derivative liability	3,886	-
Change in derivative liability - related party	(23,513)	-
Loss on sale of intangible assets	-	181,900
Amortization of debt discount	69,742	40,789
Amortization of debt discount - related party	58,859	104,109
Loss on settlement	7,100	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(109)	(17,097)
Decrease in prepaid expenses	18,187	21,169
Increase in accounts payable and accrued expenses	39,387	43,243
Change in accrued compensation - related party	51,837	42,507
Net cash used in operating activities	(224,872)	(337,394)
Investing activities		
Sale of fixed assets	-	25,000
Net cash provided by (used in) investing activities	-	25,000
Financing activities		
Proceeds from advances	-	150,000
Payments on advances	-	(1,500)
Proceeds from advances - related parties	22,000	25,000
Payments on advances - related party	-	(2,000)
Payments on notes payable	-	(10,500)
Proceeds from notes payable	207,000	46,000
Payments on notes payable	(10,000)	-
Proceeds from notes payable - related parties	-	100,000
Proceeds from the sale of common stock	-	47,490
Net cash provided by financing activities	219,000	354,490
Net (decrease) increase in cash	(5,872)	42,096
Cash - beginning	11,753	3,642
Cash - ending	$ 5,881	$ 45,738

See Supplemental Disclosure of Cash Flow Information at Note 13.

See accompanying notes to these unaudited condensed financial statements.

SPINDLE, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The interim condensed financial statements included herein, presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), have been prepared by the Company, without audit, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP 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 interim condensed financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2018 and notes thereto included in the Company's Annual Report on Form 10-K/A. 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

<u>Cash and cash equivalents</u>
The Company considers cash and cash equivalents to include all stable, highly liquid investments with an original maturity of three months or less from the date of purchase.

<u>Use of estimates</u>
The preparation of financial statements in conformity with GAAP 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 materially from those estimates.

<u>Revenue recognition</u>
We have analyzed our revenue transactions pursuant to ASU 2014-09, Revenue, and we have no material impact due to the transition from ASC 605 to ASU 2014-09. Our revenues are recognized when control of the promised services is transferred to a customer, in an amount that reflects the consideration that we expect to receive in exchange for those services. In discussion with management, we apply the following five steps to determine the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our agreements:

a) identify the contract with a customer;
b) identify the performance obligations in the contract;
c) determine the transaction price;
d) allocate the transaction price to performance obligations in the contract; and
e) recognize revenue as the performance obligation is satisfied.

<u>Accounts receivable, net</u>
Accounts receivable is reported at the customers' outstanding balances, less any 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. Interest is not accrued on overdue accounts receivable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 software	3 years
Computer hardware	5 years
Office furniture	7 years

Long-lived assets

We account for 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. We assess 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.

Beneficial Conversion Feature

If the conversion features of conventional convertible debt provide for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature ("BCF"). We record a BCF as a debt discount pursuant to ASC Topic 470-20 "Debt with Conversion and Other Options." In those circumstances, the convertible debt is recorded net of the discount related to the BCF and we amortize the discount to interest expense over the life of the debt using the effective interest method.

Debt Discount

The Company determines if a convertible debenture should be accounted for as liability or equity under ASC 480, Liabilities - Distinguishing Liabilities from Equity ("ASC 480"). ASC 480 applies to certain contracts involving a company's own equity and requires that issuers classify the following freestanding financial instruments as liabilities. Mandatorily redeemable financial instruments, obligations that require or may require repurchase of the issuer's equity shares by transferring assets (e.g., written put options and forward purchase contracts), and certain obligations where at inception the monetary value of the obligation is based solely or predominantly on:

- A fixed monetary amount known at inception, for example, a payable settleable with a variable number of the issuer's equity shares with an issuance date fair value equal to a fixed dollar amount,

- Variations in something other than the fair value of the issuer's equity shares, for example, a financial instrument indexed to the S&P 500 and settleable with a variable number of the issuer's equity shares, or

- Variations inversely related to changes in the fair value of the issuer's equity shares, for example, a written put that could be net share settled.

If the entity determined the instrument meets the guidance under ASC 480 the instrument is accounted for as a liability with a respective debt discount. The Company records debt discounts in connection with raising funds through the issuance of promissory notes (see Notes 9 and 10). These costs are amortized to non-cash interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Valuation of Derivative Instruments

ASC 815-40 requires that embedded derivative instruments be bifurcated and assessed, along with free-standing derivative instruments such as warrants, on their issuance date and in accordance with ASC 815-40-15 to determine whether they should be considered a derivative liability and measured at their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Binomial option pricing formula and present value pricing. At March 31, 2018, we adjusted our derivative liability to its fair value, and reflected the change in fair value in our consolidated statements of operations.

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 statement of operations based on their fair values at the date of grant.

We account for stock-based payments to non-employees in accordance with ASC 505-50, "Equity-Based Payments to Non-Employees" ("ASC 505-50"). Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the 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.

We estimate 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 as 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 Black-Scholes option-pricing model, 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.

Loss per share

We report 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 March 31, 2018 that have been excluded from the computation of diluted net loss per share amounted to 3,414,439 shares comprised of 1,742,500 options and 1,671,939 warrants. At March 31, 2018, 130,000 of the 1,742,500 potential common shares that could be issued upon the exercise of the options had not vested, and 50,000 of the 1,671,939 common shares that could be issued upon the exercise of the warrants had not vested.

Income taxes

We account for income taxes under the provisions of "Income Taxes" ("ASC 740"). 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.

Fair value of financial instruments

We account for non-recurring fair value measurements of our non-financial assets and liabilities in accordance with ASC 820-10 Fair Value Measurement. This guidance defines fair value, establishes a framework for measuring fair value and addresses required disclosures about fair value measurements. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from market participants external to the Company while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions and specific knowledge of the assets/liabilities and related markets. The three levels are defined as follows:

- Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 - Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market.
- Level 3 -Valuation is derived from model-based techniques in which at least one significant input is unobservable and based on the company's own estimates about the assumptions that market participants would use to value the asset or liability.

If the only observable inputs are from inactive markets or for transactions which the Company evaluates as "distressed", the use of Level 1 inputs should be modified by the company to properly address these factors, or the reliance of such inputs may be limited, with a greater weight attributed to Level 3 inputs. Due to the short-term nature of our financial assets and liabilities, we consider their carrying amounts to approximate fair value.

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 our financial reporting, we undertake 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 our financials properly reflect the change.

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-04 *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). This guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under the amended guidance, a goodwill impairment charge will now be recognized for the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill. This guidance is effective for interim and annual period beginning after December 15, 2019, with early adoption permitted for any impairment tests performed after January 1, 2017.

In January 2017, the FASB issued Accounting Standards Update ("ASU") 2017-01 *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), which clarifies the definition of a business and assists entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Under this guidance, when substantially all the fair value of gross assets acquired is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business. In addition, to be considered a business, an acquisition would have to include at a minimum an input and a substantive process that together significantly contribute to the ability to create an output. The amended guidance also narrows the definition of outputs by more closely aligning it with how outputs are described in FASB guidance for revenue recognition. This guidance is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* ("ASU 2014-09"). ASU 2014-09 requires entities to recognize revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We adopted ASU 2014-09 on January 1, 2018 using a modified retrospective method. As of and for the three months ended March 31, 2018 the adoption of ASU 2014-09 did not have a material impact on our balance sheet, net earnings, stockholders' equity or our statement of cash flows. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared assuming we will continue as a going concern. As shown in the accompanying financial statements, we incurred a net loss of $715,678 for the three months ended March 31, 2018, and at March 31, 2018, the accumulated deficit was $32,048,692.

To continue as a going concern, the Company may need, among other things, additional capital resources. There are no assurances that without generating new revenue during 2018 that we will be successful without additional financing. Should revenues not grow sufficiently, and should we be unable to secure additional financing through the sale of our securities or debt, it would be unlikely for us to continue as a going concern for one year from the issuance of the financial statements.

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 our ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following at:

	March 31, 2018	December 31, 2017
Due from customers and vendors	$ 200	$ 91
Due from sale of licenses	2,900	5,000
Total accounts receivable, net	$ 3,100	$ 5,091

NOTE 5 - PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits consist of the following at:

	March 31, 2018	December 31, 2017
Prepaid insurance	$ 90,000	$ --
Prepaid consulting fees - stock based	5,156	12,193
Deposits	5,074	5,074
Total prepaid expenses and deposits	$ 100,230	$ 17,267

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at:

	March 31, 2018	December 31, 2017
Office furniture & equipment	$ 33,225	$ 33,225
Less: accumulated depreciation	(25,531)	(23,980)
Total property and equipment, net	$ 7,694	$ 9,245

During the three months ended March 31, 2018 and 2017, we recorded depreciation expense of $1,551 and $1,344, respectively.

NOTE 7 - RESIDUAL CONTRACTS

To raise immediate cash, in 2017, we sold our remaining merchant processing portfolio to a larger merchant processor (the "Purchaser") at industry standard multiples. We were paid a percentage of the net revenues generated by each merchant. As with any type of portfolio, there is attrition, which can come from (1) the merchant processing fewer dollars in sales, or (2) the merchant closing its business (i.e. going out of business), or (3) the merchant taking its processing business to another ISO/processor. The sales agreement with the Purchaser allows zero attrition.

From July 2017 to January 2018, the average monthly residual was less than half of the valuation of the original guaranteed portfolio monthly residual. Any uncured shortfall of the guaranteed residual may be requested by the Purchaser. The Agreement also stipulated that we board a minimum number of Merchant Accounts per year for two years with the Purchaser. The Purchaser may demand that we pay them a specific amount for the number of unacquired Merchant Accounts below the Minimum Requirement per month. From July 1, 2017 to May 1, 2018 (11 months) Spindle has not boarded any merchants on the Purchaser's platform, and it is likely that we may not board a merchant in the remaining 13 months. As of December 31, 2017, Management recorded a contingent liability of $171,312 as a potential return for consideration received and $126,000 for not boarding merchants, totaling $297,312.

NOTE 8 - NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE, NET OF UNAMORTIZED DISCOUNT

Notes Payable

The following table is a summary of the changes of our Promissory Notes liabilities as of March 31, 2018:

Balance at December 31, 2017	$	44,552
Repayments on notes		--
Balance at March 31, 2018	$	44,552

On December 15, 2011, we issued a Promissory Grid Note ("Grid Note") to a former director of the Company under various terms and at December 31, 2017, had a balance of $44,552. The Grid Note included warrants to purchase up to 250,000 shares of our common stock at a price per share of $1.00, none of which have been exercised as of March 31, 2018. During the three months ended March 31, 2018 and March 31, 2017, interest expense of $557 and $606 was recorded, respectively. No principal payments were made on the Grid Note during the three months ended March 31, 2018 and March 31, 2017.

Convertible Notes Payable

Convertible notes payable consists of the following:

	March 31, 2018		December 31, 2017	
Convertible notes payable, interest free to annual interest rate of 10%, due date ranges from May 2018 to January 2019 and convertible into common stock at prices ranging from $0.046 to $0.135 per share.	$	514,000	$	317,000
Unamortized debt discount		(152,324)		(61,878)
Balance at end of period	$	361,676	$	255,122

NOTE 8 - NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE, NET OF UNAMORTIZED DISCOUNT, CONTINUED

The following table is a summary of the changes of our Convertible Notes Payable as of March 31, 2018:

Balance at December 31, 2017	$	255,122
Issuance of notes		244,500
Repayment of notes		(10,000)
Replacement of notes		(37,500)
Increase in debt discount		(160,188)
Amortization of debt discount		69,742
Balance at March 31, 2018	$	361,676

On January 30, 2018, we signed a convertible promissory note (“Convertible Note”) with a third party (“Holder”). The Convertible Note is subordinate to the convertible note owed to Michael Kelly which the Company filed with its Current Report on Form 8-K on February 1, 2018 and amended on February 6, 2018. The principal amount of the Convertible Note is $152,000 and matures on January 30, 2019. The Convertible Note bears an annual interest rate of ten percent and may be converted to stock under certain circumstances. The total value of the Convertible Note balance, if converted to stock at March 31, 2018, would be $154,499. The debt discount and derivative liability recorded at issuance were $152,000 and $174,234, respectively. The Convertible Note discount is amortized to interest expense - related party over the term of the note and at March 31, 2018 has an unamortized balance of $115,625. During the three months ended March 31, 2018, interest expense of $2,499 and interest expense related to amortization of the discount on the unpaid note of $36,375 were recorded.

During the three months ended March 31, 2018, we entered into two Bridge Note Agreements totaling $37,500 with one of our investors. These Bridge Notes were rolled into a new Bridge Note (the “New Note”) with a total of $55,000. The New Note is secured by the Company’s assets and is convertible to shares of the Company’s restricted stock at a price of $0.08 per share. The discounts attributable to the two Bridge Notes that were rolled into the New Note totaled $8,188 which was expensed as interest at the date of the New Note. There is no discount attributable to the New Note, as the conversion price of $0.08 was the same as the share price on the date the New Note was issued. The New Note was converted into 687,500 shares of Spindle common stock in April 2018.

During the twelve months ended December 31, 2017, we entered into seven Bridge Note Agreements totaling $145,000 with one of our investors. The seven Bridge Notes were interest free, secured by the Company’s assets, convertible to shares of the Company’s restricted stock at $0.10 and $0.135 per share and had maturity dates ranging from June 30, 2017 to June 29, 2018. Three of the seven Bridge Notes included warrants to purchase two shares of the Company’s common stock, at an exercise price of $0.135 or $0.20 per share, for each dollar loaned to Spindle. The total discount attributable to the seven transactions was $98,457. During the three months ended March 31, 2018, interest expense related to the warrants and the amortization of the discount on the unpaid note balances totaled $15,632. The unamortized debt discount on these notes was $1,272 at March 31, 2018. During the three months ended March 31, 2018, $5,000 was repaid on one of these notes.

In December 2016, we entered into a $5,000 Bridge Note Agreement with one of our investors. The Bridge Note was secured by the Company’s assets and includes warrants to purchase two shares of the Company’s common stock for each dollar loaned to Spindle. The total discount attributable to this transaction was $525, which was expensed to interest during the three months ended March 31, 2017. At March 31, 2018, the $5,000 Bridge Note was paid in full. At March 31, 2018, none of the warrants related to this Note had been exercised.

On May 18, 2016, we converted a $182,000 payable to an investor in the Company and entered into a Convertible Promissory Note (the “Note”) with that investor. The Note bears an interest rate of 6% per annum and has a maturity date of May 18, 2018. The total value of the note, if converted to stock, would be $404,444 and therefore a discount in the amount of $182,000 was recorded, as the conversion feature cannot be greater than the amount of the debt. This amount is amortized to interest expense over the term of the note. During the three months ended March 31, 2018 and March 31, 2017, interest expense of $2,471 and $2,471 and interest expense related to amortization of the discount on the unpaid notes of $20,589 and $20,589 was recorded, respectively. The balance of the unamortized discount at March 31, 2018 was $24,395. The Company made no payments to the Note’s principal balance during the three months ended March 31, 2018 and March 31, 2017, and at March 31, 201, the unpaid balance of the Note was $167,000.

NOTE 9 -CONVERTIBLE NOTES PAYABLE - RELATED PARTY, NET OF UNAMORTIZED DISCOUNT

Convertible notes payable to related parties consists of the following:

	March 31, 2018	December 31, 2017
Convertible notes payable, annual interest rate of 6% to 10%, due date ranges from October 2018 to March 2019 and convertible into common stock at a price of $0.10 to $0.135 per share.	$ 319,000	$ 319,000
Unamortized debt discount	(133,435)	(192,294)
Balance at end of period	$ 185,565	$ 126,706

The following table is a summary of the changes of our Convertible Notes Payable - Related Party as of March 31, 2018:

Balance at December 31, 2017	$ 126,706
Amortization of debt discount	58,859
Balance at March 31, 2018	$ 185,565

On October 17, 2017, we entered into a Convertible Note Agreement with a stockholder of over 5% of the Company. The Note was revised and amended on November 27, 2017 and is for a promissory note up to $359,000, convertible to stock under certain circumstances. At March 31, 2018, the Company had borrowed $219,000 under this agreement. The Note bears an interest rate of 10% per annum and has a maturity date of October 17, 2018. The total value of the Note balance, if converted to stock at March 31, 2018, would be $227,581. The discount and derivative liability recorded at issuance were $219,000 and $311,125, respectively. The Note discount is amortized to interest expense - related party over the term of the note and at March 31, 2018 has an unamortized balance of $133,435. During the three months ended March 31, 2018, interest expense of $5,400 and interest expense related to amortization of the discount on the unpaid note of $54,750 were recorded.

On March 3, 2017, we entered into an $100,000 Bridge Note Agreement with a stockholder of over 5% of the Company. The Bridge Note was secured by the Company's assets, was convertible to shares of the Company's restricted stock and included warrants to purchase two shares of the Company's common stock for each dollar loaned to Spindle. The total discount attributable to this transaction was $100,000. The Bridge Note was converted to Spindle stock on March 3, 2017, and interest expense related to the warrants and the beneficial conversion factor totaling $100,000 was recorded. At March 31, 2018, the warrants related to the Bridge Loan had not been exercised.

On March 25, 2016, we entered into an agreement with a stockholder of over 5% of the Company. This agreement was for a $100,000 promissory note, convertible to stock under certain circumstances. The note bears an interest rate of 6% per annum and has a maturity date of March 25, 2018. The total value of the note, if converted to stock, would be $133,333 and therefore a discount in the amount of $33,333 was recorded. This amount is amortized to interest expense - related party over the term of the note. During the three months ended March 31, 2017, interest expense of $1,479 and interest expense related to amortization of the discount on the unpaid note of $4,110 was recorded. The discount was fully amortized at March 31, 2018.

In December 2016, we entered into a $10,500 Bridge Note Agreement with one of our directors. The Bridge Note was secured by the Company's assets and included warrants to purchase two shares of the Company's common stock for each dollar loaned to Spindle. The total discount attributable to this transaction was $1,102 and was fully expensed to interest in the three months ended March 31, 2017. At December 31, 2017, the $10,500 Bridge Note had been paid in full. No warrants related to this Bridge Note have been exercised.

NOTE 10 - DERIVATIVE LIABILITIES

The following table summarizes fair value measurements by level at March 31, 2018 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Derivative liability on note payable	$ --	$ --	$ 178,120	$ 178,120
Derivative liability on note payable - related party	$ --	$ --	$ 238,271	$ 238,271

The following table summarizes fair value measurements by level at December 31, 2017 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Derivative liability on note payable - related party	$ --	$ --	$ 261,784	$ 261,784

The Company issued a convertible promissory note in January 2018 and a convertible promissory note to a related party in 2017. The convertible notes require us to record the value of the conversion features as liabilities, at fair value, pursuant to ASC 815, including provisions in the notes that protect the holder from declines in our stock price, which is considered outside the control of the Company. The derivative liabilities are marked-to-market each reporting period and changes in fair value are recorded as a non-operating gain or loss in our statement of operations, until they are completely settled. The fair value of the conversion features are determined each reporting period using the Black-Scholes option pricing model and is affected by changes in inputs to that model including our stock price, expected stock price volatility, interest rates and expected term. The assumptions used in valuing the derivative liabilities at March 31, 2018 were as follows:

	March 31, 2018	December 31, 2017
Significant assumptions (weighted-average):		
Risk-free interest rate at grant date	2.09%	1.41% - 1.76%
Expected stock price volatility	155.66%	187.14% - 198.52%
Expected dividend payout	--	--
Expected option life (in years)	1	1
Expected forfeiture rate	0%	0%

The following is a reconciliation of the derivative liabilities at March 31, 2018 and December 31, 2017:

	Note Payable	Note Payable Related Party
Value at December 31, 2016	$ --	$ --
Initial value at debt issuance	--	311,125
Decrease in value	--	(49,341)
Value at December 31, 2017	$ --	$ 261,784
Initial value at debt issuance	174,234	--
Increase (decrease) in value	3,886	(23,513)
Value at March 31, 2018	$ 178,120	$ 238,271

NOTE 11 - STOCKHOLDERS' DEFICIT

The Company is authorized to issue up to 300,000,000 shares of common stock, par value $0.001. During the three months ended March 31, 2018, the Company:

- Authorized the issuance of 3,000,000 shares of common stock to third-party consultants as payment for their services. The estimated fair value of these shares totaled $200 and $240,000 was recorded as consulting expense. These shares were issued in April 2018.

- Authorized the issuance of 6,000 shares of common stock valued at $580 to employees and members of our Board of Directors for their services. These shares were unissued at March 31, 2018.

- Issued 100,000 shares of common stock valued at $14,000 to a third-party consultant. These shares were authorized but unissued at December 31, 2017.

We also recorded a beneficial conversion feature on convertible debt of $8,188 to additional paid-in capital.

NOTE 12 - OPTIONS AND WARRANTS

On October 29, 2012, our stockholders approved the 2012 Stock Incentive Plan (the "Plan") that governs equity awards to our management, employees, directors and consultants. On November 7, 2013, our stockholders approved an amendment to the Plan which increased the total authorized amount of common stock issuable under the Plan from 3,000,000 to 6,000,000 shares.

Options:

The following is a summary of the status of the Company's stock options as of March 31, 2018:

	Number of Options	***Weighted-Average Exercise Price***	***Weighted Average Remaining Contractual Life (in years)***
Outstanding at December 31, 2017	2,067,500	$0.309	7.40
Granted	--	--	--
Exercised	--	--	--
Forfeited/Cancelled	(325,000)	$0.175	9.28
Outstanding at March 31, 2018	1,742,500	$0.342	6.59
Exercisable at March 31, 2018	1,612,500	$0.351	6.41

Stock-based compensation expense of $865 and $23,710 was recognized during the three months ended March 31, 2018 and March 31, 2017, respectively, as amortization of various options over the life of the related vesting periods.

NOTE 12 - OPTIONS AND WARRANTS, CONTINUED

Warrants:

The following is a summary of the status of the Company's stock warrants as of March 31, 2018:

	Number of Warrants	*Weighted-Average Exercise Price*	*Weighted Average Remaining Contractual Life (in years)*
Exercisable at December 31, 2017	1,621,939	$0.217	2.35
Outstanding at December 31, 2017	1,671,939	$0.225	2.06
Granted	--	--	--
Exercised	--	--	--
Forfeited/Cancelled	--	--	--
Outstanding at March 31, 2018	1,671,939	$0.225	1.82
Exercisable at March 31, 2018	1,621,939	$0.217	1.87

NOTE 13 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2018	**2017**
Supplemental disclosure		
Cash paid for interest	$ 1,531	$ 818
Cash paid for income taxes	$ --	$ --
Debt converted into common stock	$ --	$ 100,000
Prepaid D&O insurance	$ 101,150	$ --
Cash advances converted to common stock	$ --	$ 12,000
Beneficial conversion feature on convertible notes	$ 8,188	$ 100,000
Proceeds from convertible note payable from note replacement	$ 37,500	$ --
Proceeds from convertible note payable from note replacement	$ (37,500)	$ --

NOTE 14 - SUBSEQUENT EVENTS

On May 3, 2018, we entered into two Bridge Note Agreements totaling $22,500 with one of our investors. The two Bridge Notes are interest free, secured by the Company's assets, convertible to shares of the Company's restricted stock at $0.05 per share and have maturity dates of November 3, 2018.

On April 23, 2018, the Board of Directors of the Company appointed Christopher Lank as a Director. Mr. Lank has over 25 years of Technology and Services sales experience. In 2002, he founded Ivis Technologies, LLC ("Ivis") where he serves as CEO and Chairman of the Management Committee. Ivis provides a Software as a Service (SaaS) solution that helps companies implement, automate and execute on their day-to-day activities that revolve around the management of ethics and compliance programs and helps reduce the risk for organizations needing to comply with various regulations. Mr. Lank also serves on the Board of Directors of Autonet Mobile, Inc., a private company located in Scottdale, Arizona. On May 14, 2018, Mr. Lank resigned from the Company's Board of Directors. Mr. Lank's resignation was not due to any dispute with the Company.

On April 13, 2018, we signed a convertible promissory note (the "Convertible Note") with Labrys Fund, LP, a Delaware limited partnership (the "Holder"). The principal amount of the Convertible Note is $200,000 and matures on April 13, 2019. The Convertible Note carries an original issue discount of $20,000 and accrues interest at the rate of ten percent per annum. The Convertible Note may be prepaid by the Company with various redemption premiums applicable depending on when the Company prepays the principal balance. The Convertible Note is convertible into shares of the Company's common stock under certain circumstances.

NOTE 14 - SUBSEQUENT EVENTS, CONTINUED

On April 13, 2018, one of our investors exercised the conversion feature of a $55,000 Note held. The conversion price was $0.08 per share, and 687,500 shares were issued to the investor on April 15, 2018.

On April 11, 2018, we issued 3,000,000 shares of common stock to third-party consultants as payment for their services per an agreement signed on March 30, 2018. The estimated fair value of these shares totaled $200, and $240,000 was recorded as consulting expense.

On April 6, 2018, we entered into an asset purchase agreement (the "Agreement") whereby we will acquire substantially all of the assets of a privately held payments processing company (the "Acquisition"). In connection with the Acquisition, certain management of the target company would join the Company as the CEO and CTO upon closing. The Acquisition is scheduled to close on or before May 15, 2018. The purchase price for the scheduled assets will be paid in four installments. There are three conditions precedent to closing: (1) a third-party valuation of the assets must be conducted and result in a minimum threshold, (2) two key employees of the target company must agree to employment agreements with the Company, and (3) the Company must have sufficient funds to make the initial payment installment. A third party has a right of first refusal on certain assets to be purchased for a period of 30 days.

On April 3, 2018, the Board of Directors of the Company elected Ronald S. McIntyre to be a Director and to be Chairman of the Audit Committee replacing John Devlin, who passed away in March of 2018. Mr. McIntyre has extensive management experience with technology companies and start-ups in the United States and Canada, and from 2009 to the present, has worked as an SEC compliance consultant providing securities law services to private and public companies.

On April 2, 2018, the Company received notification from Habib Yunus, the Company's Chief Financial Officer, indicating that effective that date, Mr. Yunus will be taking a leave of absence for up to forty-five days due to personal reasons. Mr. Yunus remains on the Company's Board of Directors. On April 6, 2018, the Board of Directors elected Dr. Jack Scott to serve as interim Chief Financial Officer in Mr. Yunus' absence.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q (the “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. You should not place undue reliance on these 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, whether our services are accepted in the marketplace, 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.

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties that could cause actual events or results to differ materially from those projected. Due to these inherent uncertainties, the investment community is urged not to place undue reliance on forward-looking statements. The forward- looking statements are made as of the date of this report and we undertake no obligations to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to projections over time.

Overview

Spindle provides payment processing services to merchants using its Catalyst Gateway, and acts as an agent, independent contractor or referral partner to broker merchants that it secures to other merchant processors for ongoing fees based on processing volume. Spindle serves Small to Medium-sized Businesses (SMBs) in these capacities. Spindle’s Catalyst Gateway currently has Eurocard-MasterCard-Visa (“EMV”) ready solutions and is PCI compliant, but WorldPay, licensor of our gateway, has advised us that they will no longer provide platform updates as it transitions to more current gateway platforms. While Spindle can still use the Catalyst Gateway, and currently has some merchants on the platform, we have decided to board future merchants on third-party platforms as described above.

During 2017 Spindle shifted its activities from the highly competitive payment processing arena, to developing marketing tools to go along with payment processing to create a unified commerce experience for merchants. Spindle’s marketing development efforts occurred under the “Catalyst” brand.

Spindle’s plan was to attract, market to, and retain its customers through the expansion of the Catalyst platform, as well as process payments for goods and services sold through it. The marketing development initiatives included Catalyst Team Sports, Sports Payment Pros, and the Catalyst Marketing System.

While significant progress was made on these projects, due to a lack of funding, we were unable to deliver completed, commercially viable products. Delays in the execution of project timelines led to delays in sales and ultimately resulted in cash constraints whereby costs had to be reduced, and the projects were shelved early in the fourth quarter of 2017. There is currently no business activity on any of the projects.

Spindle diverted its resources in the fourth quarter to developing a merchant pipeline, exclusively for payment processing services. Through the first quarter of 2018, we were not able to generate significant sales from our merchant processing efforts.

In September 2017, Spindle was introduced to a privately held, profitable, payment processing company (the "Target") desiring to become part of an existing public company in the payment processing space. On October 2, 2017, we signed a binding term sheet to acquire the Target. On December 31, 2017, the term sheet was extended until March 31, 2018, and on March 31, 2018, it was subsequently extended to April 6, 2018. On April 6, 2018, we signed an Asset Purchase Agreement (the "APA") with the Target.

The APA outlines the terms of the Target acquisition which is stated to close on May 15, 2018. Since the transaction is not yet closed, and there are conditions precedent to closing, the financial terms of the APA and the Target's name have been redacted. The conditions precedent to closing include a third-party valuation of the Target, employment agreements for the Target's CEO and the CTO, both of whom would hold the same positions with Spindle, asset transfer approvals, availability of cash for the asset purchase, among other conditions outlined in the APA. Essentially all of Spindle's current focus is on completing the Target acquisition.

Because our operating expenses exceed our revenues, we have relied primarily on sales of our securities and loans from related parties to fund our operations. We will continue to require substantial funds to support our operations and carry out our business plan. 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 partners. We may not be successful in raising additional funds as needed or if successful we may not be able to raise funds on terms that are favorable to us. We cannot guarantee that we will ever be profitable. As a result, our independent registered accounting firm has expressed doubt about our ability to continue as a going concern.

Results of Operations

Revenues and Cost of Sales

Revenues from ongoing operations are derived from our payment processing services under the Catalyst Gateway and more recently as a sales agent for other payment processing service providers. During the three months ended March 31, 2018, we generated a total of $3,043 in revenues and incurred $1,382 in cost of sales, which produced a gross profit of $1,661. This compares to revenues during the three months ended March 31, 2017 of $32,222 and cost of sales of $16,494, which produced a gross profit of $15,728.

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; insurance costs; website costs; and other miscellaneous expenditures not otherwise classified. Accounting fees include: auditing by our independent registered public accountants, 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; legal fees; and costs related to the preparation and submission of reports and information statements with the SEC.

For the three months ended March 31, 2018, we incurred operating expenses in the amount of $564,553, as compared to $502,286 for the three months ended March 31, 2017. This increase in operating expenses is mainly due to the issuance of 3,000,000 shares of common stock with a value of $240,000 to a third-party consultant for services. Depreciation and amortization was $1,551 and $7,513 for the three months ended March 31, 2018 and 2017, respectively, decreasing due to the impairment of long-lived assets which had a zero balance at December 31, 2017. General and administrative expenses were $100,231 in 2018 compared to $99,686 in 2017. Consulting expenses increased to $260,035 in 2018 from $56,234 in 2017, due to the issuance of 3,000,000 shares of common stock valued at $240,000 to a third-party consultant for services.

Loss on Sale of Asset

During the three months ended March 31, 2017, we recognized a loss on sale of intangible assets of $181,900. On February 14, 2017, we sold its rights to future streams of income from several licensed patents to two buyers for a total of $150,000. We also sold 1.5 million shares of common restricted stock in the same agreements. Zero value was assigned to the future streams and consequently a loss on sale of $150,000 was recorded. On March 3, 2017 we also sold all the assets and rights associated to the Yowza!! brand. We received $25,000 in cash but also granted 250,000 shares of restricted stock and 50,000 warrants exercisable at $0.135. The loss associated with this sale of assets was $31,900. During the period ended March 31, 2018 the loss on sale of assets was zero.

Interest Income and Expense

During the three months ended March 31, 2018, we recognized interest expense of $99,574. This compares to $74,077 in interest expense for the three months ended March 31, 2017. The 2018 increase is mainly related to the recognition of additional interest expense related to the beneficial conversion feature of new convertible debt recorded in the three months ended March 31, 2018.

During the three months ended March 31, 2018, we recognized interest expense - related parties of $65,739. This compares to $105,589 in interest expense for the three months ended March 31, 2017. In 2017, a note was converted on the same day as issuance, resulting in the immediate recognition of the related $100,000 beneficial conversion feature. In 2018, an additional $58,000 was recognized as interest expense from the beneficial conversion feature of new convertible debt recorded in the fourth quarter of 2017.

Net Losses

We have experienced net losses in all periods since our inception. Our net loss for the three months ended March 31, 2018 was $715,678. Net losses are attributable mainly to the increase in consulting fees and lower revenues. During the three months ended March 31, 2017, we incurred a net loss of $848,091, which was mainly attributable to the Company’s loss on the sale of assets and increasing interest costs.

We anticipate incurring ongoing operating losses and cannot predict when, if at all, we may expect these losses to narrow or cease.

Liquidity and Capital Resources

Cash used in operating activities during the three months ended March 31, 2018 was $224,872 compared to $337,394 of cash used in operations during the comparable period ended March 31, 2017. Much of the decrease in cash used resulted from lower payroll expenses due to reductions in staff.

During the three months ended March 31, 2018, no cash was provided by investing activities. During the three months ended March 31, 2017, net cash provided by investing activities totaled $25,000, which was received in the sale of intangible assets related to the Yowza!! platform.

During the three months ended March 31, 2018, net cash provided by financing activities totaled $219,000, comprised of $244,500 received from new notes payable and $22,000 from cash advances from one of our directors, offset by the repayment of $10,000 in older notes payable and the replacement of notes totaling $37,500. In comparison, during the three months ended March 31, 2017, net cash provided by financing activities totaled $354,490, comprised of $47,490 received from investors for the purchase of our common stock and $319,000 in proceeds from advances to and notes payable issued by the Company, offset by $16,000 in repayments of advances and notes.

As of March 31, 2018, we had $5,881 of cash on hand, none of which is restricted. 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, if needed, 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 our revenues do not cover our cash expenditures.

Critical Accounting Policies

Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, the terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Please see Note 2 to our financial statements for a more complete description of our significant accounting policies.

Revenue recognition

We have analyzed our revenue transactions pursuant to ASU 2014-09, Revenue, and we have no material impact due to the transition from ASC 605 to ASU 2014-09. Our revenues are recognized when control of the promised services is transferred to a customer, in an amount that reflects the consideration that we expect to receive in exchange for those services. In discussion with management, we apply the following five steps to determine the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our agreements:

a) identify the contract with a customer;
b) identify the performance obligations in the contract;
c) determine the transaction price;
d) allocate the transaction price to performance obligations in the contract; and
e) recognize revenue as the performance obligation is satisfied.

Stock-Based Compensation

We record stock-based compensation in accordance with the guidance in ASC Topic 718 which requires us to recognize expense related to the fair value of our 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. We recognize the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

We account for stock-based payments to non-employees in accordance with ASC 505-50, "Equity-Based Payments to Non-Employees". ("ASC 505-50") Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the 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.

Off-Balance Sheet Arrangements

As of March 31, 2018, we had no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosure About Market Risks.

The registrant is a smaller reporting company and is not required to provide this information.

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, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the periods specified in the SEC'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 principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

We conducted an evaluation, with the participation of our Interim Chief Executive Officer (principal executive officer) and Interim Chief Financial Officer (principal financial officer), of the effectiveness of our disclosure controls and procedures as of March 31, 2018. Due to the Company's limited resources and number of employees, there is limited segregation of duties which leads to the irregular review of various reconciliation and control procedures. Based on that evaluation, our Interim Chief Executive Officer and Interim Chief Financial Officer concluded that as of March 31, 2018, our disclosure controls and procedures were ineffective due to 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 March 31, 2018 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.

There are no 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/A filed with the SEC on April 19, 2018, which is incorporated herein by reference.

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

During the three months ended March 31, 2018, the Company:

- Authorized the issuance of 3,000,000 shares of common stock to third-party consultants as payment for their services. The estimated fair value of these shares totaled $200 and $240,000 was recorded as consulting expense. These shares were issued in April 2018.

- Authorized the issuance of 6,000 shares of common stock valued at $580 to employees and members of our Board of Directors for their services. These shares were unissued at March 31, 2018.

- Issued 100,000 shares of common stock valued at $14,000 to a third-party consultant. These shares were authorized but unissued at December 31, 2017.

The Company relied on Section 4(a)(2) of the Securities Act of 1933 for issuing the above securities, as the offers and sales were made solely to accredited investors and there was no form of general solicitation or general advertising relating to the offer.

We have never declared cash dividends, nor do we intend to declare cash dividends in the foreseeable future. We plan to retain our cash to finance the continuing development of the business. Future cash dividends, if any, will depend upon financial condition, results of operations, capital requirements, compliance with certain restrictive debt covenants, as well as other factors considered relevant by our Board of Directors.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On May 14, 2018, Christopher Lank resigned from the Company's Board of Directors. Mr. Lank's resignation was not due to any dispute with the Company.

Item 6. Exhibits.

Exhibit No.	Description
3.1	Articles of Incorporation, as amended [(1)]
3.2	By-Laws [(1)]
10.1	Convertible Promissory Note [(2)]
10.2	10% Convertible Promissory Note [(3)]
10.3	Bridge Note Agreement [(4)]
10.4	Asset Purchase Agreement dated April 6, 2018 [(5)]
10.5	Convertible Promissory Note [(6)]
17.1	Resignation Letter from Christopher Lank dated May 14, 2018*
31.1	Rule 13a-14(a) / 15d-14(a) Certifications of the Chief Executive Officer and Chief Financial Officer *
32.1	Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. Section 1350)*

* Filed herewith.
\+ Indicates a management contract or compensatory plan.
(1) Incorporated by reference to the registrant's Form 10 Registration Statement filed with the SEC on February 25, 2014.
(2) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the SEC on February 1, 2018.
(3) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the SEC on February 21, 2018.
(4) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the SEC on March 21, 2018.
(5) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the SEC on April 12, 2018.
(6) Incorporated by reference to the Current Report on Form 8-K filed by the registrant with the SEC on April 19, 2018.

SIGNATURES

Pursuant to the requirements 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.

SPINDLE, INC.
(Registrant)

Signature	**Title**	**Date**
/s/ Jack A. Scott Jack A. Scott	Interim Chief Executive Officer, Principal Executive Officer, Interim Chief Financial Officer, principal financial Officer, Director	May 15, 2018

RESIGNATION LETTER

May 14th, 2018

Christopher Lank

Spindle, Inc
1200 S. Alma School Rd, Ste 12500
Mesa, AZ 85210

Gentlemen,

Due to my commitments to Ivis and Autonet that will continue to require my attention and limit my ability to respond and react in a timely manner to the matters facing Spindle, I must tender my resignation from the Board of Directors. There is no conflict with the Board or any of the company's staff.

Sincerely,

/s/ Christopher Lank

Christopher Lank
Director

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

I, Jack A. Scott, certify that:

1. I have reviewed this 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. I am 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.

May 15, 2018

/s/ Jack A. Scott
Jack A. Scott
Chief Executive Officer
Principal Executive Officer
Interim Chief Financial Officer
Interim 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 report of Spindle, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack A. Scott, acting in the capacities of the Principal Executive Officer and Principal Accounting 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/ Jack A. Scott
Jack A. Scott
Interim Chief Executive Officer
Principal Executive Officer
Interim Chief Financial Officer
Interim Principal Financial Officer

May 15, 2018