

Soul & Vibe Interactive Inc.  
Form 10-Q  
November 14, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**<sup>X</sup> QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013**

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

**Commission File Number 021-205057**

**SOUL AND VIBE INTERACTIVE INC.**

*(Exact name of registrant as specified in its charter)*

**Nevada**

*(State of incorporation)*

1600 South Hwy 100, Suite 500

St. Louis Park, MN 55416

*(Address of principal executive offices)*

(763) 400-8040

*(Registrant's telephone number)*

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 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 (SS 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES NO x**

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," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

**Large Accelerated Filer**  **Accelerated Filer**   
**Non-accelerated Filer**  **Smaller Reporting Company**   
*(Do not check if 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 x**

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

As of November 11, 2013, there were 15,635,073 shares of the registrant's \$0.001 par value common stock issued and outstanding.

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## **Special Note Regarding Forward-Looking Statements**

Information included in this Form 10-Q contains forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Soul and Vibe Interactive Inc. (at times referred to as “SVI”) and its wholly owned subsidiary (at times referred to as “Soul” and collectively with SVI, the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

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**SOUL AND VIBE INTERACTIVE INC. AND SUBSIDIARY**

(A Development Stage Company)

## Consolidated Balance Sheets

|  | September<br>30,<br>2013<br>(Unaudited) | December<br>31,<br>2012 |
|--|---|-------------------------|
| <b>ASSETS</b>  |   |                         |
| Current Assets   |   |                         |
| Cash   | 84,904                                  | \$ 125                  |
| Development Costs  | 4,000                                   | -                       |
| Total Current Assets   | 88,904                                  | 125                     |
| Assets From Discontinued Operations                                | -                                       | 23,604                  |
| Total Assets   | 88,904                                  | \$ 23,729               |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)</b>              |   |                         |
| Current Liabilities  |   |                         |
| Accounts payable   | 205,364                                 | \$ 940                  |
| Accrued interest   | -                                       | 548                     |
| Accrued interest, related party                                    | -                                       | 3,098                   |
| Note payable   | -                                       | 15,074                  |
| Note payable, related party  | 61,100                                  | 29,813                  |
| Liabilities from discontinued operations                           | -                                       | 11,193                  |
| Convertible note payable, related party, net of \$8,958 discount   | 1,042                                   | -                       |
| Convertible note payable, net of \$104,999 discount                | 17,779                                  | -                       |
| Total Current Liabilities  | 285,285                                 | 60,666                  |
| Total Liabilities  | 285,285                                 | 60,666                  |
| Shareholder's Equity (Deficit)                                     |   |                         |
| Preferred Stock, \$0.001 par value, 10,000,000 authorized, 130,000 |   |                         |
| shares issued and outstanding as of September 30, 2013 and         | 130                                     | -                       |
| December 31, 2012, respectively                                    |   |                         |
| Common Stock, \$0.001 par value, 300,000,000 authorized,           | 15,436                                  | 24,000                  |

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15,435,994 and 24,000,000 issued and outstanding as of

September 30, 2013 and December 31, 2012, respectively

|  |            |           |
|--|------------|-----------|
| Additional Paid-in Capital                         | 511,869    | (6,000 )  |
| Deficit Accumulated During the Development Stage   | (723,816 ) | (54,937 ) |
| Total Shareholder's Equity (Deficit)               | (196,381 ) | (36,937 ) |
| Total Liabilities & Shareholder's Equity (Deficit) | 88,904     | \$ 23,729 |

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

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**SOUL AND VIBE INTERACTIVE INC. AND SUBSIDIARY**

(A Development Stage Company)

## Consolidated Statements of Operations

(Unaudited)

|  | For the Three Months Ended |                    | For the Nine Months Ended |                    | From Inception                             |
|--|----------------------------|--------------------|---------------------------|--------------------|--|
|  | September 30, 2013         | September 30, 2012 | September 30, 2013        | September 30, 2012 | January 5, 2011 Through September 30, 2013 |
| Revenues   | \$-                        | \$-                | \$                        | \$                 | \$ -                                       |
| Operating Expenses   |                            |                    |                           |                    |  |
| General & Administrative                                   | 98,056                     | 1,644              | 279,499                   | 5,012              | 290,666                                    |
| Professional Fees  | 139,990                    | 1,619              | 368,455                   | 6,269              | 407,487                                    |
| Total Operating Expenses                                   | 238,046                    | 3,263              | 647,954                   | 11,281             | 698,153                                    |
| Net Operating Loss   | (238,046 )                 | (3,263 )           | (647,954 )                | (11,281 )          | (698,153 )                                 |
| Other Income (Expense)                                     |                            |                    |                           |                    |  |
| Interest Expense   | (19,338 )                  | (674 )             | (20,925 )                 | (1,801 )           | (24,571 )                                  |
| Total other Income (Expense)                               | (19,338 )                  | (674 )             | (20,925 )                 | (1,801 )           | (24,571 )                                  |
| Loss before Taxes  | (257,384 )                 | (3,937 )           | (668,879 )                | (13,082 )          | (722,724 )                                 |
| Income Taxes   | -                          | -                  | -                         | -                  | -  |
| Net Loss From Continuing Operations                        | (257,384 )                 | (3,937 )           | (668,879 )                | (13,082 )          | (722,724 )                                 |
| Loss From Discontinued Operations                          | -                          | -                  | -                         | -                  | (1,092 )                                   |
| Net Loss   | \$(257,384 )               | \$(3,937 )         | \$(668,879 )              | \$(13,082 )        | \$(723,816 )                               |
| Basic and diluted loss per share for continuing operations | \$(0.02 )                  | \$(0.00 )          | \$(0.05 )                 | \$(0.00 )          |  |
| Weighted Average Shares Outstanding                        | 15,353,098                 | 24,000,000         | 13,502,074                | 24,000,000         |  |



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

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**SOUL AND VIBE INTERACTIVE INC. AND SUBSIDIARY**

(A Development Stage Company)

## Consolidated Statements of Cash Flows

(Unaudited)

|   | <b>For the Nine<br/>Months Ended<br/>September 30,</b> |             | <b>From<br/>Inception<br/>January 5,<br/>2011<br/>Through<br/>September<br/>30,<br/>2013</b> |
|---|--|-------------|--|
|   | <b>2013</b>  | <b>2012</b> |  |
| Cash Flows from Operating Activities                                  |  |             |  |
| Net (Loss)  | (668,879)  | (13,082)    | \$(723,816 )   |
| Items to reconcile net loss to net cash used in operating activities: |  |             |  |
| Reclassify prepaid expenses   | -  | (11,951)    | -  |
| Wages, rent and interest contributed to capital                       | 63,210   | -           | 63,210   |
| Common stock issued for services                                      | 259,367  | -           | 259,367  |
| Amortization of debt discount   | 18,821   | -           | 18,821   |
| Increase in accounts payable  | 184,011  | 15,221      | 184,551  |
| Increase in accrued interest, related party                           | -  | 1,674       | 3,098  |
| Increase in accrued interest  | -  | 127         | 548  |
| Increase in accrued expenses  | -  | 3,163       | -  |
| Net cash used in continuing operations                                | (143,470)  | (4,848 )    | (194,221 )   |
| Net cash used in discontinued operations                              | -  | -           | (12,011 )  |
| Net cash used in operating activities                                 | (143,470)  | (4,848 )    | (206,232 )   |
| Cash Flows from Investing Activities                                  |  |             |  |
| Cash acquired in business acquisition                                 | 2,149  | -           | 2,149  |
| Net cash provided by investing activities                             | 2,149  | -           | 2,149  |
| Cash Flows from Financing Activities                                  |  |             |  |
| Proceeds from note payable, related party                             | 6,600  | 4,800       | 36,413   |
| Proceeds from convertible notes payable                               | 119,500  | -           | 119,500  |
| Proceeds from sale of common stock                                    | 100,000  | -           | 118,000  |
| Proceeds from notes payable   | -  | -           | 15,074   |
| Net cash provided by financing activities                             | 226,100  | 4,800       | 288,987  |
| Net increase (decrease) in cash                                       | 84,779   | (48 )       | 84,904   |

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|                               |        |     |           |
|-------------------------------|--------|-----|-----------|
| Cash Balance at Beg of Period | 125    | 209 | -         |
| Cash Balance at End of Period | 84,904 | 161 | \$ 84,904 |

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

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### **Note 1 - Nature of Operations and Continuance of Business**

The unaudited interim financial statements included herein have been prepared by Soul and Vibe Interactive Inc. (“**SVI**”) and its wholly owned subsidiary Soul and Vibe Entertainment, Inc., a Nevada corporation (“**Soul**,” and collectively with SVI, the “**Company**”) in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (the “**SEC**”). These interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2012, as filed with the SEC. We believe that all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein and that the disclosures made are adequate to make the information not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year as reported in Form 10-K have been omitted.

### **Note 2 - Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. Through September 30, 2013, the Company had incurred cumulative losses of \$723,816 since inception. Additionally, the Company has accumulated significant losses, has negative working capital, and a deficit in stockholders' equity. All of these items raise substantial doubt about its ability to continue as a going concern. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital and generate revenues from its operations. The financial statements include any adjustments relating to the discontinued operations of the previous company but do not include classification of recorded asset amounts or amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

Management has taken the following steps to revise its operating and financial requirements, which it believes are sufficient to provide the Company with the ability to continue as a going concern. Management devoted considerable effort during the period ended September 30, 2013, towards (i) obtaining additional equity financing, (ii) evaluation of its distribution and marketing methods, and (iii) identifying and negotiating development/publishing and product acquisition opportunities for the Company.

Management's plans with respect to alleviating the adverse financial conditions that caused the Company's independent auditors to express substantial doubt about the Company's ability to continue as a going concern are as follows:

Management requires \$2.5M to \$3M in capitalization in order to begin execution of its business plan and to continue operations. This capital, if raised, would be utilized over a twelve-month period. The capitalization will cover the acquisition of pick-ups (depending on the value of the capitalization, also the development of a proprietary IP product) along with the release of the games as well as the marketing and PR expenses associated with bringing them to market on a variety of hardware platforms that include: video game consoles, mobile devices, and personal computers. The anticipated number of pick-ups is two. The capitalization would also cover general and administrative expenses, operational expenses and will allow the Company to secure an initial number of premium full-time employees. The Company is currently evaluating capitalization opportunities that are compatible with its growth plans and business model. Additional capitalization (beyond the identified \$2.5m to \$3M; cumulatively of \$5M) would allow the Company to pursue development of multiple projects “from scratch” and publish them in a “staggered” release, as per its current three-year business plan.

### **Note 3 - Notes Payable and Convertible Notes Payable - Related Party**

#### Notes Payable

On numerous dates from January 13, 2011 through June 12, 2012, the Company received unsecured loans from the Company’s former president bearing interest at 8% and due on demand. On March 26, 2013, the Company entered into an Exchange Agreement with the former president whereby these notes totaling \$29,813 and accrued interest on the related notes payable totaling \$3,646 were assumed by the former president in exchange for inventories from discontinued operations. The balance for this related party note was \$0 and \$29,813 as of September 30, 2013 and December 31, 2012, respectively.

As of September 30, 2013, the Company has a loan payable to an officer of the Company in the amount of \$58,600. This loan was established pursuant to an agreement dated July 14, 2011, as amended on December 31, 2012. The loan is unsecured, is due on demand and bears interest at 3.5% per annum. Accrued interest was \$0 and \$0 as of September 30, 2013 and December 31, 2012, respectively, as interest for this loan payable is contributed to capital.

#### Convertible Notes Payable

During July 2013, the Company received \$9,000 in exchange for a Convertible Note with a maturity value of \$10,000 and a warrant to purchase up to 33,334 shares of the Company's common stock for a period of two years at a price of \$0.60 per share. The convertible note is unsecured, due one year from the date of issue and accrues interest at a rate of approximately 10% per annum.

The Company valued the warrant and beneficial conversion feature of the convertible note at \$10,000, which was recorded as a discount to the convertible note. This discount is being amortized over the life of the convertible note or until such time as the convertible note is repaid or converted, or upon exercise of the warrants. During the nine months ended September 30, 2013, the Company amortized \$1,042 of the of debt discount to interest expense.

#### **Note 4 - Notes Payable and Convertible Notes Payable**

##### Notes Payable

On numerous dates from January 5, 2011 and December 31, 2012, the Company received unsecured notes totaling \$15,074 bearing interest at 8% and due on demand. Accrued interest related to these loans totaled \$892. On March 26, 2013, the Company entered into an Exchange Agreement with this note holder wherein these notes assumed by the note holder in exchange of inventories from discontinued operations. The balance for this note payable was \$0 and \$15,074 as of September 30, 2013 and December 31, 2012, respectively.

##### Convertible Notes Payable

During August 2013, the Company received a total of \$119,500 in exchange for three convertible notes with a maturity values totaling \$122,778 and warrants to purchase up to 245,556 shares of the Company's common stock for a period of two years at a price of \$0.75 per share. The convertible notes are unsecured, due one year from the date of issue and accrue interest at a rate of approximately 10% per annum.

The Company valued the warrants and beneficial conversion features of the convertible notes at \$122,778, which was recorded as a discount to the convertible notes. This discount is being amortized over the life of the convertible notes or until such time as the convertible notes are repaid or converted, or upon exercise of the warrants. During the nine months ended September 30, 2013, the Company amortized \$17,779 of the of debt discount to interest expense.

### **Note 5 – Share Exchange Agreement**

On February 5, 2013, SVI entered into a Share Exchange Agreement (the “**Agreement**”) with Soul and the sole shareholder of Soul (the “**Shareholder**”), all related parties. Pursuant to the Agreement, Soul became a wholly owned subsidiary of the Company (the “**Exchange**”). As consideration for the Exchange, the Shareholder exchanged an aggregate of 6,000,000 shares of common stock of Soul, constituting all shares of capital stock of Soul issued and outstanding (the “**Soul Shares**”) for an aggregate of 12,333,334 shares of the Company's common stock (the “**Common Stock**”). The Agreement contains customary terms and conditions for a transaction of this type, including representations, warranties and covenants, as well as provisions describing the consideration exchanged, the process of exchanging the consideration and the effect of the Exchange.

The Exchange was deemed to be an acquisition of a related party entity in accordance with Accounting Standards Codification (“ASC”) 850, *Business Combinations*. As such, the Company did not recognize any step-up fair value basis in the assets or liabilities of Soul from the Exchange, which were recorded in the consolidated financial statements at their historical carrying amounts.

The following is a pro forma balance sheet as of September 30, 2013 and pro forma income statements for the nine months ended September 30, 2013:

|  | Soul and Vibe<br>Entertainment,<br>Inc.<br>9/30/2013 | Soul and<br>Vibe<br>Interactive<br>Inc.<br>9/30/2013 | Consolidation<br>Entry | Soul and<br>Vibe<br>Interactive<br>Inc. and<br>Subsidiary<br>9/30/2013 |
|--|--|--|------------------------|--|
| <b>ASSETS</b>  |  |  |                        |  |
| Current Assets   |  |  |                        |  |
| Cash & Cash Equivalents  | \$ (389  | ) \$85,293   |                        | \$ 84,904  |
| Development costs  | 4,000  | -  |                        | 4,000  |
| Total Current Assets   | 3,611  | 85,293   |                        | 88,904   |
| Assets From Discontinued Operations  | -  | -  |                        | -  |
| Total Assets   | \$ 3,611   | \$ 85,293  |                        | \$ 88,904  |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY<br/>(DEFICIT)</b>                                |  |  |                        |  |
| Current Liabilities  |  |  |                        |  |
| Accounts Payable   | \$ 14,302  | \$ 191,062   |                        | 205,364  |
| Loan from Shareholder - current portion  | 58,600   | 2,500  |                        | 61,100   |
| Convertible notes payable, related party, net of \$8,958 discount                        | -  | 1,042  |                        | 1,042  |
| Convertible notes payable, net of \$104,999 discount                                     | -  | 17,779   |                        | 17,779   |
| Intercompany payable (receivable)  | 6,081  | (6,081 )   |                        | -  |
| Total Current Liabilities  | 78,983   | 206,302  |                        | 285,285  |
| Total Liabilities  | 78,983   | 206,302  |                        | 285,285  |
| Shareholder's Equity (Deficit)   |  |  |                        |  |
| Preferred Stock, \$0.001 par value, 10,000,000 authorized, 130,000 issued                | -  | 130  |                        | 130  |
| Common Stock, \$0.001 par value, 300,000,000 authorized, 15,435,994 issued & outstanding | 18,000   | 15,436   | (18,000 )              | 15,436   |
| Additional Paid-in Capital   | 207,729  | 520,212  | (216,072 )             | 511,869  |
| Accumulated Deficit  | (301,101 )   | (656,787 )   | 234,072                | (723,816 )   |



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|  |          |   |           |   |           |   |
|--|----------|---|-----------|---|-----------|---|
| Total Shareholder's Equity (Deficit)               | (75,372  | ) | (121,009  | ) | (196,381  | ) |
| Total Liabilities & Shareholder's Equity (Deficit) | \$ 3,611 |   | \$ 85,293 | - | \$ 88,904 |   |

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|  | Soul and Vibe<br>Entertainment,<br>Inc.               | Soul and<br>Vibe<br>Interactive<br>Inc.                     | Consolidated   |
|--|---|---|--|
|  | For the Nine<br>Months Ended<br>September 30,<br>2013 | For the<br>Nine<br>Months<br>Ended<br>September<br>30, 2013 | For the Nine<br>Months<br>Ended<br>September<br>30, 2013 |
| Revenues   | \$ -  | \$ -  | \$ -   |
| Cost of Sales  | -   | -   | -  |
| Gross Profit   | -   | -   | -  |
| Operating Expenses                                   |   |   |  |
| General & Administrative                             | 4,594   | 215,782   | 220,376  |
| Legal & Professional Expense                         | 12,099  | 366,356   | 378,455  |
| Rent or Lease Expense                                | 6,750   | -   | 6,750  |
| Wage Expense   | 63,000  | -   | 63,000   |
| Total Operating Expenses                             | 86,443  | 582,138   | 668,581  |
| Operating Loss                                       | (86,443 )   | (582,138 )  | (668,581 )   |
| Other Income (Expense)                               |   |   |  |
| Interest Expense                                     | (1,466 )  | (19,713 )   | (21,179 )  |
| Gain on exchange of assets                           | -   | -   | -  |
| Total other Income (Expense)                         | (1,466 )  | (19,713 )   | (21,179 )  |
| Net Loss before Taxes and<br>Discontinued Operations | (87,909 )   | (601,851 )  | (689,760 )   |
| Income Tax   | -   | -   | -  |
| Loss From Discontinued Operations                    | -   | -   | -  |
| Net Loss   | \$ (87,909 )  | \$ (601,851 )   | (689,760 )   |

**Note 6 – Exchange Agreement**

On March 26, 2013, the Company entered into an Exchange Agreement with Pauline Carson and BK Consulting. Pursuant to the Agreement, the Company exchanged all inventories from discontinued operations totaling \$23,604 to Carson and BK in exchange for assuming the liability of notes payable plus accrued interest totaling \$49,425 and accounts payable totaling \$13,692 from the Company and forgiving the Company of any liability for the notes and accounts payable. As a result of the Exchange Agreement, the Company recognized additional paid in capital of \$38,913 during the nine months ended September 30, 2013.

**Note 7 – Discontinued Operations**

Pursuant to the Agreement, Soul became a wholly owned subsidiary of SVI. Subsequent to entering into the Agreement, the Company's management elected to discontinue the operations of its energy liquid-gel capsule business. As such, all assets, liabilities and expenses of the energy liquid-gel business have been presented as discontinued operations in the consolidated financial statements. The following is a summary of those assets and liabilities as of September 30, 2013 and December 31, 2012 and expenses as of September 30, 2013 and 2012 and from Inception January 5, 2011 through September 30, 2013:

|                            | September<br>30,<br>2013                               | December<br>31,<br>2012  |  |
|----------------------------|--|--|--|
| <b>ASSETS</b>              |  |  |  |
| Inventory                  | \$ -   | 23,604   |  |
| Total Assets               | \$ -   | \$ 23,604  |  |
| <b>CURRENT LIABILITIES</b> |  |  |  |
| Accounts payable           | \$ -   | \$ 11,193  |  |
| Total Current Liabilities  | \$ -   | \$ 11,193  |  |
|                            | For the<br>Nine<br>Months<br>Ended<br>September<br>30, | From<br>Inception<br>January 5,<br>2011<br>Through<br>Sept 30, |  |

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|                                   | 2013 | 2012 | 2013     |
|-----------------------------------|------|------|----------|
| Operating Expenses                |      |      |          |
| General and administrative        | \$ - | \$ - | \$ 1,092 |
| Loss From Discontinued Operations | \$ - | \$ - | \$ 1,092 |

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## Note 8 – Common Stock and Common Stock Warrants

### Common Stock

On August 1, 2013, the holder of a majority of the shares of common stock of the Company approved a reverse split of such shares by a ratio of 1 for 3. The Company filed the certificate of amendment to its articles of incorporation with the State of Nevada effectuating the Reverse Split on August 7, 2013, which Reverse Split was approved by the Financial Industry Regulatory Authority, Inc. on August 9, 2013 and became effective in the State of Nevada on August 12, 2013.

During the nine months ended September 30, 2013, the Company sold 333,334 shares of its common stock and a warrant to purchase 333,334 common shares to an investor pursuant to a Stock Purchase Agreement (SPA) for \$100,000. The warrants are redeemable six-months after the date of the grant, are exercisable at a price of \$0.15 per share and expire five-years from the date of grant.

During the nine months ended September 30, 2013, pursuant to terms of their individual consulting agreements, the Company's advisory board members were issued a total of 96,477 shares of common stock for services, 46,667 common shares upon execution of the advisory board agreement and thereafter a value equal to \$1,000 for each month of engagement.

The Company issued 56,412 common shares to an individual for consulting services rendered for the nine months ended September 30, 2013.

During the nine months ended September 30, 2013, the Company issued 102,776 shares for investor relations services.

During the nine months ended September 30, 2013, the Company entered into the Return to Treasury Agreement with its sole director and chief executive officer as well as the majority shareholder of its shares of common stock pursuant to which the Company issued 130,000 shares of its newly created Series B Preferred Stock, par value \$.001 per share, in exchange for the surrender of 21,486,431 shares of the Company's common stock.

Common Stock Warrants

During the nine months ended September 30, 2013, the Company sold 333,334 shares of its common stock pursuant to a Stock Purchase Agreement and issued a warrant to purchase 333,334 shares of common shares. The warrants are redeemable six-months after the date of the grant, and are exercisable at a price of \$0.15 per share and expire five-years from the date of grant.

During July 2013, in conjunction with the issuance of a Convertible Note, the Company issued a warrant to purchase up to 33,334 shares of the Company's common stock for a period of two years at a price of \$0.60 per share.

During August 2013, in conjunction with the issuance of three Convertible Notes, the Company issued warrant to purchase up to 245,556 shares of the Company's common stock for a period of two years at a price of \$0.60 per share.

The Company valued its warrants using the Black-Scholes option-pricing model. Assumptions used during the three months ended September 30, 2013 include (1) risk-free interest rates between 0.13% to 0.32%, (2) lives of 2 years, (3) expected volatility of between 375% to 417%, (4) zero expected dividends, (5) conversion prices as set forth in the related instruments, and (6) the common stock price of the underlying share on the valuation dates.

The following table summarizes the outstanding warrants and associated activity for the nine months ended September 30, 2013:

|                             | Number of<br>Warrants<br>Outstanding | Weighted<br>Average<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Life |
|-----------------------------|--------------------------------------|------------------------------|---|
| Balance, December 31, 2012  | -                                    | -                            | -   |
| Granted                     | 612,224                              | \$ 0.28                      | 4.37  |
| Exercised                   | -                                    | -                            | -   |
| Expired                     | -                                    | -                            | -   |
| Balance, September 30, 2013 | 612,224                              | \$ 0.28                      | 4.06  |

### **Note 9 – Preferred Stock**

On July 28, 2013, the Board authorized the designation of a new series of preferred stock out of its available Preferred Stock once such Preferred Stock had been created pursuant to the Amendment of Series B Preferred Stock. On July 30, 2013, the Company filed the Certificate of Designation of the Series B Preferred Stock with the Secretary of State of the State of Nevada. Each such share of Series B Preferred Stock entitles its holder to vote the equivalent of 1,000 shares of common stock at the record date for the determination of shareholders entitled to vote on any matter coming before the common shareholders or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. The Series B Preferred Stock has no stated value, is not convertible into other securities of the Company and has no liquidation preference.

### **Note 10 – Subsequent Events**

Management has evaluated subsequent events according to the requirements of ASC Topic 855 to include the following.

On October 18, 2013, the Company completed the closing of a private placement financing transaction with an accredited investor, pursuant to a Securities Purchase Agreement (the “**Purchase Agreement**”). Pursuant to the Purchase Agreement, the Investor purchased a 10% Convertible Debenture in the aggregate principal amount of \$184,211, for gross proceeds of \$175,000, excluding transaction costs, fees and expenses, and agreed to purchase another such Debenture within 30 days of the initial closing upon virtually identical terms. Interest on the Debenture is payable in the amount of 10% of the principal amount, regardless of how long the Debenture remain outstanding. Principal and interest is due and payable July 18, 2014, six months after the date of the Debenture. The Debenture is convertible into shares of the Company’s common stock at any time at the discretion of the Investor at an initial conversion price per share of \$0.195, subject to adjustment for stock splits, reverse stock splits, stock dividends and other similar transactions and subject to the terms of the Debenture. The Company may redeem the Debenture, subject to prior notice to the Investors, by paying an amount equal to 130% of the principal and interest payable under the Debenture. As long as the Debenture is outstanding, the Investor has a right of first refusal, exercisable for three business days after notice to the Investor, to purchase to purchase securities proposed to be offered and sold in the future by the Company in a transaction primarily for purposes of financing the operations or business of the Company. Securities proposed to be offered in certain exempt transactions are excluded from the right of first refusal. Pursuant to the terms of the Purchase Agreement, the Company agreed to use the net proceeds from the Transaction substantially for working capital purposes, and agreed not to use the net proceeds for the satisfaction of outstanding indebtedness other than payment of trade payables in the ordinary course of business, the redemption of any common stock, or the settlement of any outstanding litigation.

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During October, the Company granted 32,226 common shares to its advisory board for services.

During October, the Company granted 166,853 common shares to consultants for services.

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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements that involve known and unknown risks, significant uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, or implied, by those forward-looking statements.

You can identify forward-looking statements by the use of the words may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, intends, potential, proposed, or continue or the negative of those terms.

These statements are only predictions. In evaluating these statements, you should consider various factors, which may cause our actual results to differ materially from any forward-looking statements. Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

### RESULTS OF OPERATIONS

#### *Working Capital*

|                           | September<br>30,<br>2013 | December<br>31,<br>2012 |
|---------------------------|--------------------------|-------------------------|
| Current Assets            | \$88,904                 | \$ 125                  |
| Current Liabilities       | 285,285                  | 60,666                  |
| Working Capital (Deficit) | \$(196,381)              | \$(60,541 )             |

#### *Cash Flows*

|                         |                         |
|-------------------------|-------------------------|
| Nine<br>months<br>ended | Nine<br>months<br>ended |
|-------------------------|-------------------------|

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|   | September<br>30, 2013 | September<br>30, 2012 |
|---|-----------------------|-----------------------|
| Cash Flows Used in Operating Activities       | \$(143,470)           | \$ (4,848 )           |
| Cash Flows Provided by Investing Activities   | 2,149                 | -                     |
| Cash Flows Provided by Financing Activities   | 226,100               | 4,800                 |
| Net Increase (Decrease) in Cash During Period | \$84,779              | \$ (48 )              |

***Balance Sheet***

As at September 30, 2013, the Company had total assets of \$88,904 compared with total assets of \$23,729 as at December 31, 2012. The assets are mainly comprised of cash and software development costs.

The Company had total liabilities of \$285,285 at September 30, 2013 compared with \$60,666 as at December 31, 2012. The increase in total liabilities is mainly attributable to increased accounts payable associated with marketing and legal.

***Operating Expenses***

During the three months ended September 30, 2013, the Company incurred operating expenses totaling \$238,046 compared with \$3,263 for the three months ended September 30, 2012. The increase in operating expenses is mainly attributable to an increase in general and administrative expenses related to the commencement of initial operations. During the nine months ended September 30, 2013, the Company incurred operating expenses totaling \$647,954 compared with \$11,281 for the nine months ended September 30, 2012. The increase in operating expenses is mainly attributable to an increase in general and administrative expenses related to the commencement of initial operations.

***Net Loss***

During the three months ended September 30, 2013, the Company realized net loss of \$257,384 compared with a net loss of \$3,937 for the three months ended September 30, 2012. The increase in net loss was primarily due to an increase in general and administrative expenses related to the commencement of initial operations. During the nine months ended September 30, 2013, the Company realized a net loss of \$668,879 compared with a net loss of \$13,082 for the nine months ended September 30, 2012. The increase in net loss was primarily due to an increase in general and administrative expenses related to the commencement of initial operations.

### ***Liquidity and Capital Resources***

As at September 30, 2013, the Company had a cash balance of \$84,904 and a working capital deficit of \$196,381 compared with a cash balance of \$125 and working capital deficit of \$60,541 at December 31, 2012. The increase in working capital is mainly due to an increase in the cash balance.

### ***Cash Flows from Operating Activities***

During the nine months ended September 30, 2013, the Company used \$143,470 of cash flow from operating activities compared with use of \$4,848 of cash flow during the nine months ended September 30, 2012. The increase in the use of cash flow for operating activities is mainly due to an increase in accounts payable and common stock issued for services.

### ***Cash Flows from Investing Activity***

During the nine months ended September 30, 2013, the Company received \$2,149 of cash flow from investing activities compared with \$0 of cash flow during the nine months ended September 30, 2012. The increase in the receipt of cash flow for investing activities is mainly due to business acquisitions.

### ***Cash Flows from Financing Activities***

During the nine months ended September 30, 2013, the Company received \$226,100 of cash flow from financing activities compared with the receipt of \$4,800 of cash flow during the nine months ended September 30, 2012. The increase in cash provided by financing activities is mainly due to common stock for cash.

### ***Going Concern***

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive acquisitions and activities. For these reasons, our auditors stated in their report on our audited financial statements that

they have substantial doubt that we will be able to continue as a going concern without further financing.

### *Off-Balance Sheet Arrangements*

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### *Future Financings*

We will continue to rely on the issuance of debt and equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Evaluation of disclosure controls and procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.



Our principal executive officer and principal financial officer does not expect that our disclosure controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive officer and principal financial officer has determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

#### **Changes in Internal Control over Financial Reporting**

There has been no change in the Company's internal control over financial reporting during the three months ended September 30, 2013, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

### **ITEM 1A. RISK FACTORS.**

Not applicable.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

During the three months ended September 30, 2013, advisory board members were issued a total of 59,488 shares of common stock for services.

We issued 49,745 common shares to an individual for consulting services rendered for the three months ended September 30, 2013.

During the three months ended September 30, 2013, we sold convertible notes in the aggregate amount of \$119,500 and used the funds for working capital. These notes are convertible into shares of common stock at \$0.50 per share.

During the three months ended September 30, 2013, we sold a convertible note to a related party in the aggregate amount of \$9,000 and used the funds for working capital. This note is convertible into shares of common stock at \$0.30 per share.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

- 31.1 Section 302 Certification of Principal Executive Officer+
- 31.2 Section 302 Certification of Principal Financial Officer+
- 32.1 Section 906 Certification of Principal Executive Officer and Principal Financial Officer+
- 101.INS XBRL Instance Document +
- 101.SCH XBRL Taxonomy Extension Schema Document +
- 101.CAL XBRL Taxonomy Calculation Linkbase Document +
- 101.LAB XBRL Taxonomy Labels Linkbase Document +
- 101.PRE XBRL Taxonomy Presentation Linkbase Document +
- 101.DEF XBRL Definition Linkbase Document +

+filed herewith



**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on this 14<sup>th</sup> day of November, 2013.

**Soul and Vibe Interactive Inc.**

Date: November 14, 2013 BY: /s/ Peter Anthony Chiodo  
Peter Anthony Chiodo

President and Chief Executive Officer