

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Signal Advance, Inc.

A Texas Corporation

2520 County Road 81

Rosharon, Texas 77583

Phone: 713 510 7445

Website: signaladvance.com

Email: info@signaladvance.com

SIC Codes: 8731, 8711

Amended Annual Report for the Year-Ended December 31, 2020 (the "Reporting Period")

As of December 31, 2020, the number of shares issued and outstanding of our Common Stock was 38,447,038

As of September 30, 2020, the number of shares issued and outstanding of our Common Stock was 38,245,792

As of December 31, 2019, the number of shares issued and outstanding of our Common Stock was 91,716,057

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: No:

1) Name of the issuer and its predecessors (if any)

Current name and names used by predecessor entities and the dates of the name changes.

Company Name: Signal Advance, Inc. – Texas Corporation (July 2, 2007)

Predecessors: Biodyne, Inc. (June 4, 1992); Biodyne Development, Inc. (July 11, 2005);

This annual Disclosure and Financial Statement for the Year-Ended December 31, 2020 is amended to correct:

- 1) The Shares Outstanding for the current, and Previous Reporting periods and the most recent Completed Fiscal Year End Date; and
- 2) The reporting period of the disclosure statement being certified.
- 3) Update the Securities Information through March 31, 2021
- 4) Update Stock Issuances through March 31, 2021

Date and state (or jurisdiction) of incorporation (or registration) of the Issuer and each predecessor (within the last five (5) years), including the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Incorporated in the State of Texas on June 4, 1992 Standing: Active, Current

Trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception: N/A

List of any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

The merger between Signal Advance, Inc. (SIGL) and Signal Advance Technologies, Inc. (SAT) was completed in the third quarter of 2020. Under the terms of the merger agreement (see Current Report dated July 17, 2020), the current shareholders of SAT received pro-rata equity in the public merger survivor, SIGL, by means of the exchange of shares of the Common Stock of SAT on a one-for-one basis for shares of SIGL Common Stock. All assets, including intangible assets (such as intellectual property), licenses, and liabilities were transferred to the merger survivor, Signal Advance, Inc. and SAT ceased operations. In addition, no SIGL shareholder experienced a dilution of greater than 50%.

Per the terms of the proposed Merger agreement:

- 1) the shareholders of the Common Stock of SAT were issued one share of SIGL Common Stock in exchange for each share of the SAT Common Stock held;
- 2) SAT relinquished 75,000,000 shares of SIGL Common Stock held in the name of SAT that were subsequently cancelled.; and
- 3) Immediately following the closing of the Merger, the existing SIGL shareholders possessed 91.67% percent of the total voting power and the total value of the stock of SIGL.

The address(es) of the issuer's principal executive office:

Company Headquarters: 2520 County Road 81, Rosharon, TX 77583
Phone: 713 510 7445
Email: info@signaladvance.com
Website: signaladvance.com
Investor Relations: N/A

The address(es) of the issuer's principal place of business: Same as above

Check box if principal executive office and principal place of business are the same address: Yes: No:

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years? Yes: No:

2) Security Information

Trading symbol:	SIGL	
Title and class of securities outstanding:	Common Stock	
CUSIP:	83662L 20 9	
Par or stated value:	No Par	
Total shares authorized:	200,000,000	as of March 31, 2021
Total shares outstanding:	38,810,372	as of March 31, 2021
Number of Shares in the Public Float:	12,490,000	as of March 31, 2020
Total number of shareholders of record:	179	as of March 31, 2020

Transfer Agent

Name: Nevada Agency and Transfer Company
Address: 50 West Liberty, Suite 880, Reno, Nevada 89501
Phone: 773 322 0626
Email: info@natco.org

Is the Transfer Agent registered under the Exchange Act? Yes: No:

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

See Appendix A.

B. Debt Securities, Including Promissory and Convertible Notes: N/A

4) Financial Statements

Consolidated financial statements for the year-ended December 31, 2020 are provided in Appendix B.

A. The attached financial statements were prepared in accordance with GAAP.

B. The financial statements for this reporting period were prepared by the following individual that has the requisite financial skill/experience:

Business accounting performed internally by the Company CEO/CFO, Dr. Hymel has over 25 years of direct accounting experience.

The financial reports were prepared by Vine Advisors, LLP / PWR CPA, LLP

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summary of the issuer's business operations: Technology development; Early commercialization

Signal Advance, Inc. has been developing its proprietary Signal Advance Technology which has been shown to significantly reduce signal detection delays associated with a variety of physical sensors in order to reduce response time and thus improve performance in control, intervention, and signal transmission systems as well as potential application in analog encryption methodologies.

B. Subsidiary: PIC Pocket, LLC:

C. The issuers' principal products or services, and their markets

Products/Services: Engineering research and technology development and consulting regarding application and implementation of the Company's proprietary Signal Advance technology (patented in the U.S., China, Europe and Mexico and India). Addressable markets include biomedicine, industrial infrastructure, transportation, cyber-security and defense. The Company is focused on applications, in which temporally-advanced signal detection reduces or offsets system response delays to improve performance.

6) Issuer's Facilities

The issuer currently leases 1,000 Sq. ft. of office/lab space with access to an additional 4,000 sq. ft. of shop space located in the greater Houston area at 2520 County Road 81, Rosharon, Texas 77583. The lease is with the CEO, Dr. Hymel on a month-to-month basis, currently at a rate of \$700/month. The Company has licensed the proprietary Signal Advance technology from its founder, Dr. Hymel. The Company also owns the necessary technology development equipment and instruments to develop specific application for the technology.

7) Officers, Directors, and Control Persons Holdings as of March 31, 2021

Officers, Directors & Control Persons (>5%)	Affiliation	Residential Address	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding
Chris M. Hymel	CEO, CFO, Director	Rosharon, Texas	18,565,627	Common	47.84%
Richard C. Seltzer	Director	Houston, Texas	1,265,270	Common	3.26%
Malcom Skolnick	Sec./Director	Houston, Texas	835,472	Common	2.15%
Ron A Stubbers	VP, Director	Houston, Texas	712,500	Common	1.84%
Officers & Directors as a Group			21,378,869		55.09%

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of the following:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); No
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities. No
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; No
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities. No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities. N/A

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Corporate Counsel

Name: Richard C. Seltzer, Attorney at Law
Firm: Seltzer Chadwick Soefje & Ladik, PLLC
Address: 2100 Travis Street, Suite 645
Houston, TX 77002
Phone: 713 522 7333
Email: rseltzer@realeclearcounsel.com

Accountant

Name: Brenda Gillan
Firm: Vine Advisors, LLP / PWR CPA, LLP
Address: P.O. Box 25125
Houston, TX 77265
Phone: 214 244 8680
Email: bgillan@thevineadvisors.com

Investor Relations: N/A

Other Service Providers: N/A

10) Issuer Certification

Principal Executive and Financial Officer:

I, Chris M. Hymel certify that:

1. I have reviewed this amended annual disclosure and financial statement of Signal Advance, Inc. for the year-ended December 31, 2020;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, cash flows and change in shareholders' equity of the issuer as of, and for, the periods presented in this disclosure statement.

Date: April 2, 2021

/s/ Chris M. Hymel, CEO/CFO

APPENDIX A: Issuance History

Changes to the Number of Outstanding Shares

No. of Shares Outstanding as of **January 1, 2019**: Opening Balance (Common): **16,497,842**

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares Issued	Issued at a Discount	Individual/Entity to Whom Shares were Issued	Reason for Issuance	Restricted on Filing Date?	Exemption/Registration (Rule)
12-MAR-19	Correction	62,500	Common	\$0.01	No	Ron A. Stubbers ¹	Services	Yes	4(a)(2)
05-JUN-19	New Issue	35,714	Common	\$0.07	No	Richard C Seltzer	Cash	Yes	4(a)(2)
30-SEP-19	New Issue	50,000	Common	\$0.08	No	Richard C Seltzer	Services	Yes	4(a)(2)
29-OCT-19	New Issue	75,000,000	Common	N/A	No	Signal Advance Technologies, Inc.	Acquisition/Share Exch.	Yes	4(a)(2)
05-Dec-19	New Issue	2,000	Common	\$0.09	No	Ramona Johnson	Cash	Yes	4(a)(2)
05-DEC-19	New Issue	20,000	Common	\$0.09	No	Mabrico Johnson	Cash	Yes	4(a)(2)
31-DEC-19	New Issue	50,000	Common	\$0.06	No	Richard C Seltzer	Services	Yes	4(a)(2)
31-DEC-19	New Issue	30,000	Common	\$0.06	No	Malcolm & Lois Skolnick TTEE Skolnick Fam Liv Tr	Services	Yes	4(a)(2)
31-DEC-19	New Issue	30,000	Common	\$0.06	No	Ron A. Stubbers	Services	Yes	4(a)(2)

Notes: (1) Corrects Clerical Error: Original Issuance date: June 13, 2004

No. of Shares Outstanding as of **January 1, 2020**: Closing balance (Common): **91,716,057**

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares Issued	Issued at a discount?	Individual/entity to whom shares were issued	Reason for Issuance	Restricted on Filing Date?	Exemption/Registration (Rule)
28-JUL-20	Cancellation	(75,000,000)	Common	N/A	N/A	Signal Advance Technologies, Inc.	Merger	N/A	N/A
11-Sep-20	New Issue	250	Common	N/A	N/A	Bryce David Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	207,500	Common	N/A	N/A	Charles W & Dianna S Adair JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Farrah Leigh Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Marjorie Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Zachery Clinton Adair	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,313	Common	N/A	N/A	Ryan Adams	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Timothy S Agopian	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Cherie Aliu	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	750	Common	N/A	N/A	Anna I Argenton	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Eugenia Arrington	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,375	Common	N/A	N/A	David W & Jill M Asher JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	66,667	Common	N/A	N/A	Belle S Ballard TTEE Grunter Revocable Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Judith A Batchlor	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,250	Common	N/A	N/A	Lori Blythe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Ana Boa-Ventura	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,335	Common	N/A	N/A	BofA Securities	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	38,000	Common	N/A	N/A	Dan Bohi	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Tom Bourne	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	12,500	Common	N/A	N/A	Steve Boyd	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	10,000	Common	N/A	N/A	Rick & Dianna Bradshaw	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	45,000	Common	N/A	N/A	Community Property Michael E Brandt	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	37,500	Common	N/A	N/A	Robert Lewis & Melanie Burkhart	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	40,000	Common	N/A	N/A	JTWROS Deborah Byrd	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	227,500	Common	N/A	N/A	Charles Schwab & Co Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Kyle Thomas Cordell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Alicia Crain	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	John Jr & Sharon Curtiss JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Robert M & Ammaline Dickson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,533,601	Common	N/A	N/A	JTWROS Stan Dubyn	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	30,107	Common	N/A	N/A	Kim Dula	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	146,138	Common	N/A	N/A	Kim & Alex Dula JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	13,188	Common	N/A	N/A	Tess Dula	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	55,911	Common	N/A	N/A	E*Trade Securities LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Eagle's Lift Ministries	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	268,009	Common	N/A	N/A	Educational Enrichment Center Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Deborah Farquhar	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Michelle Faux	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,000	Common	N/A	N/A	Lisa K & Allen R Fazekas JTEN	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Danielle Louise Fortinberry	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	14,375	Common	N/A	N/A	John & Karen Fulbright JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,500	Common	N/A	N/A	Craig a & Lisa S Furr JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	Ellis Gibson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,868	Common	N/A	N/A	Goldman Sachs & Co LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Amanda Kay Gonzales	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Leah R Gonzales	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Andrea V & Gregorio Gonzalez JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,000	Common	N/A	N/A	Kirk Granier	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	13,000	Common	N/A	N/A	Georjean Grant	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	26,667	Common	N/A	N/A	GS Whitney & Co	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Israel Guel Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Jaime Guel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Mario Guel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Virgil Guel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,533,601	Common	N/A	N/A	Tiffany Guthrie	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,945	Common	N/A	N/A	HACC Revocable Trust	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	3,200	Common	N/A	N/A	Renee G & David H Hailey JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	David G Henry	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Nathan Hill	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Patrick Hill	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	Hilltop Securities Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	28,997	Common	N/A	N/A	John G III & Nancy Howell JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Geri Huck	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Scott Hunter	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	17,000	Common	N/A	N/A	Bob & Marlene Hutchins JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,920	Common	N/A	N/A	Marlene Hutchins	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	160,000	Common	N/A	N/A	Ashley Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,953,847	Common	N/A	N/A	Chris M Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	160,000	Common	N/A	N/A	Emma Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	160,000	Common	N/A	N/A	Evan Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Kathryn Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	40,500	Common	N/A	N/A	Kent P & Janet M Kinamore JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,250	Common	N/A	N/A	M Douglas Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	M Patrice Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	135,000	Common	N/A	N/A	M Patrice Hymel TTEE Hymel Family Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	387,750	Common	N/A	N/A	Milinda Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Rachel Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	27,500	Common	N/A	N/A	Shelley Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	72,500	Common	N/A	N/A	Terri Hymel	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	18,506	Common	N/A	N/A	Interactive Brokers Retail Equity CL	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,938	Common	N/A	N/A	Denise M Theriot & Macklyn C Ivy Jr JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Edwin L Jackson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	195,375	Common	N/A	N/A	Sharon G Jackson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	54,500	Common	N/A	N/A	Christopher Joe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	90,000	Common	N/A	N/A	Herbert Joe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Mabrico A Johnson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Arthur Samuel Keiper Iii	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Teresa Lynn Kenney	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	John A Kessel & Andrea M Kessel TENCOR	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	167,500	Common	N/A	N/A	Steve Kurzet	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	38,750	Common	N/A	N/A	Marvin D & Tamara D Lee JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	Ryan & Carmen Long JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Armando Jr & Shanna M Lopez JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	40,000	Common	N/A	N/A	Christian & Jamie Luetkemeyer JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,500	Common	N/A	N/A	Laura Lumb	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	3,333	Common	N/A	N/A	Santiago Madrigal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Roxie J Martin Maximum	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	15,000	Common	N/A	N/A	Performance Advisors Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	Peter McCain Roy Lee & Kia Beth	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,250	Common	N/A	N/A	Eldrid Mcgee JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	25,000	Common	N/A	N/A	Andrea McKenna	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Andrew & Christina Messara JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	32,000	Common	N/A	N/A	David & Mechelle Minter JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	James & Cheri Montgomery JTEN	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Lori Moore	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	30,000	Common	N/A	N/A	Timothy Morris	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,000	Common	N/A	N/A	David R Mortenson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	15,242	Common	N/A	N/A	National Financial Services LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250,000	Common	N/A	N/A	William R & Sandra S Neal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Hoang-Nam Ngoc & Courtney Jaylyn Nguyen JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Lanh Xuan Nguyen	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Thomas Nilsson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Julian W O'Bryant Jr Gladys Lynn	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	100,000	Common	N/A	N/A	Mcguire & Steve Parks	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Maria del Rosario Godoy Perez Doine H &	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Guadalupe Poole JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,750	Common	N/A	N/A	Peggy Poole	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Vicki Jones Prall	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	John C Rafferty	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	940,467	Common	N/A	N/A	Raymond James & Associates Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,250	Common	N/A	N/A	Marshal Brian & Heather W Reeder JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,750	Common	N/A	N/A	Peter Linn & Judith C Reeder JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	Suzann Richardson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Paige Ashley Ricketts	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	100,000	Common	N/A	N/A	Ronnie Roles TTEE Roles Family Trust	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Joseph C Romero Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Brenda J Russell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	315,000	Common	N/A	N/A	Harold L Russell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	16,250	Common	N/A	N/A	Daniel & J Schlichting JTWROS	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	2,750	Common	N/A	N/A	Elaine Schlichting	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,750	Common	N/A	N/A	Jason Schlichting	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,750	Common	N/A	N/A	William Schlichting	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	65	Common	N/A	N/A	Jan Schneider C/F Boris Schneider	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250	Common	N/A	N/A	Michael Schneider	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	644,790	Common	N/A	N/A	Richard C Seltzer	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Hue-Teh Shih	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Eric Skidmore	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	24,532	Common	N/A	N/A	Mike Skillern	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	David Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Jonathan Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Michael Skolnick	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,250	Common	N/A	N/A	Sara Skolnick Malcolm & Lois Skolnick TTEE	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	397,138	Common	N/A	N/A	Skolnick Fam Liv Tr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Herbert E & Martha M Smart Com Prop	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	10,000	Common	N/A	N/A	David A & Shirle M Smith JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	11,875	Common	N/A	N/A	Carlos & Louise Soriano JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	27,500	Common	N/A	N/A	Ross Sparkes	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,047	Common	N/A	N/A	Deborah Stinnett	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	6,047	Common	N/A	N/A	Roy E Stinnett	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	52,500	Common	N/A	N/A	Jim Stockie	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	15,000	Common	N/A	N/A	Debbie Stoddard	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Claudean A Stuart	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	31,250	Common	N/A	N/A	Ian Scott Gibbons Stubbers	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	31,250	Common	N/A	N/A	Lauren Michelle Gibbons Stubbers	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	331,250	Common	N/A	N/A	Ron & Sheena Stubbers JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Madison A Tate	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A	Russ Tate	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	207,325	Common	N/A	N/A	TD Ameritrade Clearing Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	TD Waterhouse Canada Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Douglas Tigtig	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	93,750	Common	N/A	N/A	Kim E Totsky	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Tradestation Securities Inc	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Elizabeth True	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,000	Common	N/A	N/A	W A Van Cleve Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50	Common	N/A	N/A	Vanguard Marketing Corporation	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Joseph A Villareal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Lauren O Villareal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	47,047	Common	N/A	N/A	Virtu Americas LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	17,500	Common	N/A	N/A	Lamoine & Carol Wallace JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,175	Common	N/A	N/A	Watermark Investments LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	447,500	Common	N/A	N/A	Michael L Watson	Merger	Yes	4(a)(2)

11-Sep-20	New Issue	10,000	Common	N/A	N/A	Phillip A & Sandra L Weiss JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250,000	Common	N/A	N/A	Jared B & Christen Donn Wells JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	2,000	Common	N/A	N/A	Peter Johnson & Maureen Kelly Worman JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	238,750	Common	N/A	N/A	Karl Zercoe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	4,344	Common	N/A	N/A	Phyllis Zercoe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Sheila A Zercoe	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Walter D Zercoe	Merger	Yes	4(a)(2)
18-Sep-20	New Issue	50,000	Common	N/A	N/A	Nightingale, Alan & Angela, JTWROS	Merger	Yes	4(a)(2)
01-Oct-20	New Issue	18,519	Common	\$0.27	No	Mabrico A. Johnson	Cash	Yes	4(a)(2)
23-Nov-20	New issue	22,727	Common	\$0.44	No	Mabrico A. Johnson	Cash	Yes	4(a)(2)
01-Dec-20	New Issue	25,000	Common	\$0.45	No	Sampara, Kamal	Services	Yes	4(a)(2)
01-Dec-20	New Issue	10,000	Common	\$0.45	No	Watson, Michael	Services	Yes	4(a)(2)
01-DEC-20	New Issue	25,000	Common	\$0.45	No	Hutchins, Bob & Marlene	Services	Yes	4(a)(2)
01-DEC-20	New Issue	25,000	Common	\$0.45	No	Seltzer, Richard C	Services	Yes	4(a)(2)
01-DEC-20	New Issue	25,000	Common	\$0.45	No	Stubbers, Ron	Services	Yes	4(a)(2)
01-DEC-20	New Issue	25,000	Common	\$0.45	No	Malcolm & Lois Skolnick TTEE Skolnick Fam Liv Tr	Services	Yes	4(a)(2)

No. of Shares Outstanding as of December 31, 2020: Closing Balance (Common): **38,447,038**

Date of Transaction	Type of Transaction	Number of Shares Issued	Class of Securities	Value of Shares Issued	Issued at a Discount	Individual/Entity to Whom Shares were Issued	Reason for Issuance	Restricted on Filing Date?	Exemption/Registration (Rule)
22-MAR-21	New Issue	33,334	Common	\$1.50	No	Eldridge, Darrell & Marilyn	Cash	Yes	4(a)(2)
22-MAR-21	New Issue	20,000	Common	\$1.50	No	Oak, Alan & Ann	Cash	Yes	4(a)(2)
24-MAR-21	New Issue	200,000	Common	\$1.50	No	Parks, Lynn & Steve	Cash	Yes	4(a)(2)
24-MAR-21	New Issue	100,000	Common	\$1.50	No	Neal, William R & Sandra	Cash	Yes	4(a)(2)
29-MAR-21	New Issue	10,000	Common	\$1.50	No	Jack Evans	Cash	Yes	4(a)(2)

No. of Shares Outstanding as of March 31, 2021: Closing Balance (Common): **38,810,372**

APPENDIX B:



SIGNAL ADVANCE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

SIGNAL ADVANCE, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,912,666	\$ 2,519,523
Investment in equity securities	58,430	-
Due from shareholder	<u>17,500</u>	<u>-</u>
Total current assets	<u>12,988,596</u>	<u>2,519,523</u>
Property and equipment	197,487	154,297
Accumulated depreciation	<u>(139,716)</u>	<u>(131,703)</u>
	<u>57,771</u>	<u>22,594</u>
Total assets	<u>\$ 13,046,367</u>	<u>\$ 2,542,117</u>
LIABILITIES, STOCKHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		
Current Liabilities		
Due to shareholder	\$ -	\$ 3,034
Federal income tax payable	435,500	-
PPP Loan	10,400	-
Advances from SAT	-	125,000
Total current liabilities	<u>445,900</u>	<u>128,034</u>
Note payable to member	<u>1,392,682</u>	<u>2,000,250</u>
Total liabilities	<u>1,838,582</u>	<u>2,128,284</u>
Commitments		
Stockholders' equity		
Signal Advance, Inc. stockholders' equity:		
Common stock, no par value, 100,000,000 shares authorized, 38,447,038 and 91,716,057 shares issued and outstanding as of December 31, 2020 and 2019, respectively	6,560,801	5,944,211
Retained Earnings	<u>1,988,335</u>	<u>(6,033,316)</u>
Total Signal Advance, Inc. stockholders' equity	8,549,136	(89,105)
Non-controlling interests:		
Members' capital	<u>2,658,649</u>	<u>502,938</u>
Total stockholders' equity and non-controlling interests	<u>11,207,785</u>	<u>413,833</u>
Total liabilities, stockholders' equity and non-controlling interests	<u>\$ 13,046,367</u>	<u>\$ 2,542,117</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2020 and 2019
(Unaudited)

	<u>2020</u>	<u>2019</u>
Revenues	\$ 10,780,770	\$ -
Operating Expenses:		
Professional services	119,611	97,574
Other general and administrative	21,726	75,087
Research and Development	55,123	18,000
Depreciation	<u>8,013</u>	<u>3,620</u>
Total operating expenses	<u>204,473</u>	<u>194,281</u>
Income (loss) from operations	<u>10,580,297</u>	<u>(194,281)</u>
Other Income (expense)		
Other income	4,000	65,000
Investment income	<u>32,565</u>	<u>14,900</u>
	<u>36,565</u>	<u>79,900</u>
Income (loss) before federal income tax expense	10,612,862	(114,379)
Current federal income tax expense	<u>435,500</u>	<u>-</u>
Net income (loss)	10,177,362	(114,379)
Less: net income attributable to non-controlling interest	<u>2,155,711</u>	<u>2,938</u>
Net income attributable to common shareholders	<u>\$ 8,021,651</u>	<u>\$ (117,318)</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019
(Unaudited)

	Common shares	Paid in Capital	Retained earnings	Non- controlling interest	Total
Balance December 31, 2018	16,435,342	\$ 5,884,111	\$ (5,915,999)	\$ -	\$ (31,888)
Shares issued for cash	58,215	49,500	-	-	49,500
Shares issued for services	222,500	10,600	-	-	10,600
Shares issued to Signal Advance Technologies	75,000,000	-	-	-	-
Cash contribution	-	-	-	500,000	500,000
Net Income (loss)	-	-	(117,317)	2,938	(114,379)
Balance December 31, 2019	91,716,057	5,944,211	(6,033,316)	502,938	413,833
Shares issued for cash	191,246	30,000	-	-	30,000
Shares issued for services	160,000	40,000	-	-	40,000
Shares issued for acquisition of SAT	21,379,735	546,590	-	-	546,590
Shares cancelled	(75,000,000)	-	-	-	-
Net Income (loss)	-	-	8,021,651	2,155,711	10,177,362
Balance December 31, 2020	<u>38,447,038</u>	<u>\$ 6,560,801</u>	<u>\$ 1,988,335</u>	<u>\$ 2,658,649</u>	<u>\$ 11,207,785</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(Unaudited)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Net income (loss)	\$ 10,177,362	\$ (114,379)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	8,013	3,621
Unrealized (gain) loss on marketable securities	19,104	-
EIDL Grant	(4,000)	-
Stock for services	40,000	10,600
Changes in operating assets and liabilities:		
Accrued expenses and other liabilities	435,500	(13,361)
Net cash provided by (used in) operating activities	<u>10,675,979</u>	<u>(113,519)</u>
Cash Flows from Investing Activities		
Acquisition of SAT	321,786	-
Advances to shareholder	(17,500)	-
Investments	-	-
Capital expenditures	(20,920)	(26,215)
Net cash provided by (used in) investing activities	<u>283,366</u>	<u>(26,215)</u>
Cash Flows from Financing Activities		
Advances (to) from shareholders, net	(3,034)	107,682
Issuance of common stock for cash	30,000	49,500
Proceeds from loan from member	59,000	2,000,250
Proceeds from PPP and EIDL loan	14,400	-
Payments on loan from member	(666,568)	-
Capital contributions	-	500,000
Net cash provided by (used in) financing activities	<u>(566,202)</u>	<u>2,657,432</u>
Net Change in Cash	10,393,143	2,517,698
Cash at Beginning of Period	<u>2,519,523</u>	<u>1,825</u>
Cash at End of Period	<u>\$ 12,912,666</u>	<u>\$ 2,519,523</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Interest paid	<u>\$ 1,086</u>	<u>\$ 1,752</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - ORGANIZATION

Signal Advance, Inc. (the “Company”), incorporated in Texas on June 4, 1992, is an engineering product and procedure development and consulting firm developing applications for emerging technologies. The Company has significant experience in computer technology, distributed information systems, data acquisition and analysis systems, electronic technology development, biomedicine, intellectual property protection and regulatory requirements. The Company is focused on developing and implementing its proprietary signal advance technology that acts to reduce signal detection delay with potential applications in biomedicine, transportation, defense, communications, cyber-security and industrial control systems to be implemented through subsidiaries.

PIC Pocket, LLC (“PIC”) is a limited liability company organized in the state of Nevada on July 2019. Signal Advance, Inc. has a member interest of 80% in PIC.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned, majority-owned or controlled operating subsidiaries. All intercompany accounts and transactions have been eliminated.

Revenue Recognition

Our revenue is generated by providing engineering, scientific and medical/legal consulting services. The majority of our services are provided based on hourly rate contracts. Some contracts may have limits. Revenue is not recognized over these limits until authorization by the client has been received.

The Company has concluded that each project represents a single performance obligation as each is a single promise to deliver a customized engagement and deliverable. For the majority of these services, either practically or contractually, the work performed and delivered to the client has no alternative use to the Company. Additionally, the Company maintains an enforceable right to payment at all times throughout the contract. The Company utilizes an input method and recognizes revenue over time, based on hours expended relative to the total estimated hours required to satisfy the performance obligation. This input method was chosen since it closely aligns with how control of interim deliverables is transferred to the customer throughout the engagement and is also the method used internally to price the project and assess operational performance. If the Company were to enter into an agreement where it does not have an enforceable right to payment at all times, revenue would be recognized at the point in time the project is completed.

Contract Assets and Liabilities

Accounts Receivable

Accounts receivable includes amounts billed and currently due from customers. Since the only condition for payment of our invoices is the passage of time, the Company records a receivable on the date the invoice is issued. Also included in accounts receivable are unbilled amounts resulting from revenue exceeding the amount billed to the customer, where the right to payment is unconditional. If the right to payment for services performed was conditional on something other than the passage of time, the unbilled amount would be recorded as a separate contract asset.

SIGNAL ADVANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

Accounts Receivable (continued)

In addition, since the majority of the Company's contracts are for a duration of less than one year and payment is expected within one year from the transfer of products and services, the Company does not adjust its receivables or transaction price for the effects of a significant financing component.

Allowance for Doubtful Accounts

The Company determines an allowance for doubtful accounts based upon a review of outstanding receivables, historical write-off experience and existing economic conditions. Receivables past due over 90 days are considered delinquent and reviewed individually for collectability. Management has determined that the allowance for doubtful accounts as of December 31, 2020 and December 31, 2019 was \$- and \$-, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 as well as the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Concentration of Credit Risk

The Company maintains its cash in demand deposit accounts or "noninterest-bearing transaction accounts" which, at times, may exceed federally insured limits. The Company's management periodically assesses the financial stability of these banks. The Company has not experienced any losses on such accounts.

The Company had one customer which represented substantially all revenue for the year ended December 31, 2020. The contract with this customer ended December 31, 2020.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investment in Equity Securities

The Company currently holds investments in marketable equity securities. Equity securities are recorded at fair value with the change in fair value recorded in earnings. Realized gains and losses are included in 'Other income (expense)' in the consolidated statements of operations.

Fair Value of Financial Instruments

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, we are permitted to elect to measure financial instruments and certain other items at fair value, with the change in fair value recorded in earnings. We elected not to measure any eligible items using the fair value option. Consistent with FASB ASC 820, we implemented guidelines relating to the disclosure of our methodology for periodic measurement of our assets and liabilities recorded at fair market value.

SIGNAL ADVANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fair Value of Financial Instruments (continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our Level 1 assets primarily include our cash and cash equivalents (including our money market funds) and marketable equity securities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The carrying amount of accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term maturities of these financial instruments.

Property and Equipment

Fixed Assets (land, buildings and equipment) are carried at cost less accumulated depreciation. Depreciation is based on the estimated service lives of depreciable assets and is provided using the straight-line method. In the case of disposals, assets and related depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income (loss) in the years in which those temporary differences are expected to be recovered or settled.

The effect of a change in tax rules on deferred tax assets and liabilities is recognized in operations in the year of change. A valuation allowance is recorded when it is "more likely-than-not" that a deferred tax asset will not be realized.

SIGNAL ADVANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

Income Taxes (continued)

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions as of December 31, 2020 and 2019. Interest and penalties, if any, related to unrecognized tax benefits would be recognized as interest expense. The Company does not have any accrued interest or penalties associated with unrecognized tax benefits, nor was any significant interest expense recognized during the years ended December 31, 2020 and 2019.

Recent Accounting Pronouncements Issued But Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, Leases. This guidance requires an entity to recognize lease liabilities and a right-of-use asset for all leases on the balance sheet and to disclose key information about the entity's leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2020, with earlier adoption permitted. ASU 2016-02 must be adopted using a modified retrospective approach for all leases existing at, or entered into after the date of initial adoption, with an option to elect to use certain transition relief. The Company has not yet evaluated the impact of this new standard on its financial position, results of operations, cash flows and related disclosures.

NOTE 3 – DEBT

The President provides funds to the Company under the terms of a Line of Credit Promissory Note negotiated with, and approved by, the Board of Directors. The line of credit is due on demand, is unsecured, and accrues simple interest at 2.5% per quarter. As of December 31, 2020 and 2019, there was \$0 and \$3,030 outstanding, respectively.

PIC has a \$2,000,000 note payable to a member. The note accrues interest at 2% beginning January 4, 2021. PIC may pre-pay the Note without penalty. Unpaid principal and interest is due on December 31, 2025. The note is unsecured. The balance on the note payable is \$1,414,000 and \$2,000,000 at December 31, 2020 and 2019, respectively.

On April 20, 2020, the Company received a Small Business Administration (“SBA”) loan under the government’s assistance related to COVID-19. The SBA loan was for \$10,400 with an interest rate of 0.98% and due in eight weeks. The SBA loan is to assist the Company in payroll during the COVID-19 time period. The SBA loan is forgivable if the Company payroll during this time utilizes all of the monies provided. During the year ended December 31, 2020, the Company applied for loan forgiveness under the provisions of Section 1106 of the CARES Act. The forgiveness applications will be reviewed by both the lending bank and SBA and a loan forgiveness amount, if any, will be determined. There can be no assurance, however, that any of the loan to the Company will be forgiven, or if forgiven, the amount of such forgiveness. As of December 31, 2020, the Company has not received a decision from the SBA or lending bank regarding the forgiveness of the loan.

On April 28, 2020, the Company received the government assistance check of \$4,000 related to the COVID-19 response by the government to assist companies during the pandemic. The Company recorded the \$4,000 grant as other income in the consolidated statements of operations

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NOTE 4 – INCOME TAXES

Income tax expense (benefit) attributable to income from continuing operations differed from the amounts computed by applying the U.S. Federal income tax of 21% to pretax income from continuing operations as a result of the following:

	December 31, 2020	December 31, 2019
Provision (benefit) at statutory rate	\$ 1,772,702	\$ (125,000)
Utilization of net operating loss carryforward	<u>(1,337,202)</u>	<u>125,000</u>
	<u>\$ 435,500</u>	<u>\$ -</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019, are presented below:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Net operating loss carryforward	\$ -	\$ 1,247,000
Deferred tax assets	-	1,247,000
Deferred tax liabilities:		
Net deferred tax assets	-	1,247,000
Valuation allowance	-	(1,247,000)
	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2020, the Company had open tax years of 2020, 2019 and 2018 which are subject to examination by tax authorities.

NOTE 5 - EQUITY

During the year ended December 31, 2019, the Company made the following Common Stock issuances:

- 160,000 shares of common stock valued at \$10,600 to Officers and Directors in exchange for services.
- 58,215 shares of common stock valued for \$49,500 in cash.
- 75,000,000 shares of common stock per the terms of an acquisition and share exchange agreement.
- 62,500 shares of common stock valued at \$6,250 originally issued to an Officer/Director in 2004 were added to correct the transfer agent's records and thus was not a new issuance.

During the year ended December 31, 2020, the Company made the following Common Stock Issuances and cancellation:

- 191,246 shares of common stock valued at \$30,000 in cash.
- 75,000,000 shares of common stock were relinquished by Signal Advance Technologies, Inc. and subsequently cancelled per the terms of the merger agreement.

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NOTE 5 - EQUITY (continued)

- 21,739,735 shares of common stock valued at \$546,590 were issued to former Signal Advance Technologies, Inc. per the share exchange terms of the merger agreement.
- 160,000 shares of common stock valued at \$40,000 for services.

Subsequent to December 31, 2020, 366,367 shares of common stock valued at \$549,551 were issued for cash.

NOTE 6 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2020 and 2019, \$116,400 and \$122,900, respectively, of operating expenses were paid to an officer.

During the year ended December 31, 2020, \$20,000 of revenue was from Signal Advance Technologies, Inc., an entity related through common ownership.

NOTE 7 – ACQUISITION

During 2019, the Company issued 75,000,000 shares of common stock to Signal Advance Technologies, Inc. (SAT) under a Share Exchange Agreement. This transaction was cancelled effective July 13, 2020 when the shareholders of Signal Advance, Inc. (SIGL) and Signal Advance Technologies, Inc. (SAT) authorized their respective management to enter into a new merger agreement. Under the terms of the merger agreement, the 75,000,000 shares previously issued to SAT were cancelled and the current shareholders of SAT were issued 21,739,735 shares of SIGL common stock in exchange for all of the outstanding shares of SAT. The purchase price for this transaction was estimated to be \$546,590 and was allocated as follows:

	<u>Amount</u>
Cash	\$ 321,786
Investment in equity securities	77,534
Equipment	22,270
Previous advances from SIGL	<u>125,000</u>
	<u>\$ 546,590</u>

NOTE 8 – SUBSEQUENT EVENTS (see Current Report dated February 23, 2021)

Departure of a Director

Dr. Malcolm Skolnick has tendered his resignation as the Company's Corporate Secretary as a member of the Board of Directors due to health issues. Dr. Skolnick has been an invaluable Officer and Director since the Company's inception in 1992 and will continue serving as a member of the Company's Advisory Board. Dr. Skolnick's resignation was accepted in a meeting of the Board of Directors held on February 19, 2021.

Appointment of an Officer

Richard C. Seltzer, Esq. was appointed the interim Corporate Secretary.