

# 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 Quarterly Report for the Three-Month Period Ended March 31, 2021** (the "Reporting Period")

As of May 1, 2021, the number of shares issued and outstanding of our Common Stock was 38,854,697

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

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:

This Quarterly Disclosure and Financial Statement for the Three-Month Period Ended March 31, 2021 is amended for the following reasons:

- 1) To correct a transcription error in the consolidated balance sheet for the Three-Month Period Ended March 31, 2021 (Item 4);  
and
- 2) To include the full name of the outstanding noteholder (Item 3B).

#### **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);

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:

In the third quarter of 2020, Signal Advance, Inc. (SIGL) and Signal Advance Technologies, Inc. (SAT) merged (see Current Report dated July 17, 2020

The address of the issuer's principal executive office: 2520 County Road 81  
Rosharon, TX 77583

The address 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 May 1, 2021
Total shares outstanding:	38,854,697	as of May 1, 2021
Number of Shares in the Public Float:	12,490,000	as of May 1, 2021
Total number of shareholders of record:	184	as of May 1, 2021

### 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:

The subsidiary, PIC Pocket, LLC, executed a promissory note between itself and Stan Dubyn (individual), one of its members. The note, due and payable on December 31, 2025, accrues interest starting on January 4, 2021 at a rate of 2% per annum. The balance due was \$1,392,682 as of March 31, 2021.

## 4) Financial Statements

Consolidated financial statements for the three-month period ended March 1, 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:

The financial reports were prepared by the Company CEO/CFO, Dr. Hymel has over 25 years of direct accounting experience.

## 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 related to 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 cybersecurity applications and those 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 the Company's principal office. 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 May 31, 2021**

<b>Officers, Directors &amp; Control Persons (&gt;5%)</b>	<b>Affiliation</b>	<b>Residential Address</b>	<b>Number of shares owned</b>	<b>Share type/class</b>	<b>Ownership Percentage of Class Outstanding</b>
Chris M. Hymel	CEO, CFO, Dir.	Rosharon, Texas	18,565,627	Common	47.84%
Richard C. Seltzer	Secretary, Dir.	Houston, Texas	1,265,270	Common	3.26%
Ron A Stubbers	COO, Dir.	Houston, Texas	712,500	Common	1.83%
Officers, Directors & Control Persons (as a Group)			20,543,397		52.87%

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. 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@realclearcounsel.com](mailto:rseltzer@realclearcounsel.com)

Investor Relations: N/A

### 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](mailto:bgillan@thevineadvisors.com)

Other Service Providers: N/A

## 10) Issuer Certification

*Principal Executive and Financial Officer:*

I, Chris M. Hymel certify that:

1. I have reviewed this quarterly disclosure and financial statement of Signal Advance, Inc. for the three-month period ended March 1, 2021;
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: May 21, 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 <sup>1</sup>	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 Andrew & Christina	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Messara JTWROS David & Mechelle	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	32,000	Common	N/A	N/A	Minter JTWROS James & Cheri	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,000	Common	N/A	N/A	Montgomery JTEN Lori Moore	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Timothy Morris David R Mortenson	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	30,000	Common	N/A	N/A	National Financial Services LLC	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	5,000	Common	N/A	N/A	William R & Sandra S Neal	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	250,000	Common	N/A	N/A	Hoang-Nam Ngoc & Courtney Jaylyn	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Nguyen JTWROS Lanh Xuan Nguyen	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	625	Common	N/A	N/A	Thomas Nilsson Julian W O'Bryant Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Gladys Lynn Mcguire & Steve	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,000	Common	N/A	N/A	Parks Maria del Rosario	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	100,000	Common	N/A	N/A	Godoy Perez Doine H &	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	500	Common	N/A	N/A	Guadalupe Poole JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	7,500	Common	N/A	N/A	Peggy Poole Vicki Jones Prall	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,750	Common	N/A	N/A	John C Rafferty Raymond James &	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	3,750	Common	N/A	N/A	Associates Inc Marshal Brian &	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	50,000	Common	N/A	N/A	Heather W Reeder JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Peter Linn & Judith C Reeder JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,250	Common	N/A	N/A	Suzann Richardson Paige Ashley	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	940,467	Common	N/A	N/A	Ricketts Ronnie Roles TTEE	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	9,250	Common	N/A	N/A	Roles Family Trust Joseph C Romero Jr	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,750	Common	N/A	N/A	Brenda J Russell Harold L Russell	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	1,500	Common	N/A	N/A	Daniel & J Schlichting JTWROS	Merger	Yes	4(a)(2)
11-Sep-20	New Issue	375	Common	N/A	N/A				
11-Sep-20	New Issue	315,000	Common	N/A	N/A				
11-Sep-20	New Issue	16,250	Common	N/A	N/A				



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)
22-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)
25-Mar-21	New Issue	1,500	Common	\$1.50	No	Jafrani, Hashim & Jackie	Cash	Yes	4(a)(2)
25-Mar-21	New Issue	1,533	Common	\$1.50	No	Dula, Alex & Kim, TTEE, Dula Fam. TR			
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**

05-Apr-21	New Issue	7,000	Common	\$1.50	No	Ridge, Donald L	Cash	Yes	4(a)(2)
05-Apr-21	New Issue	7,000	Common	\$1.50	No	Adair, Charles W & Diana S, JTWROS	Cash	Yes	4(a)(2)
07-Apr-21	New Issue	10,000	Common	\$1.50	No	Pisapia, Tom	Cash	Yes	4(a)(2)
07-Apr-21	New Issue	16,667	Common	\$1.50	No	Torres, Al	Cash	Yes	4(a)(2)
27-Apr-21	New issue	625	Common	\$1.50	No	Lewkebandara, Thanushka	Cash	Yes	4(a)(2)

**No. of Shares Outstanding as of May 1, 2021:** Closing Balance (Common): **38,854,697**



**SIGNAL ADVANCE, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2021 and 2020**

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
For the Three (3) Month Periods Ended March 31, 2021 and 2020  
(Unaudited)

	<u>March 31,</u> <u>2021</u>	<u>March 31,</u> <u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Checking/Savings	\$ 12,757,145	\$ 2,380,393
Accounts Receivable	<u>0</u>	<u>2,196,714</u>
<b>Total Current Assets</b>	<u>12,757,145</u>	<u>4,577,106</u>
<b>Fixed Assets</b>		
Property & Equipment, net	<u>63,435</u>	<u>32,324</u>
<b>Total Fixed Assets</b>	<u>63,435</u>	<u>32,324</u>
<b>Other Assets</b>		
Available for Sale Securities	173,492	0
Intellectual Property	<u>0</u>	<u>100,788</u>
<b>Total Other Assets</b>	<u>173,492</u>	<u>100,788</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,994,071</u></b>	<b><u>\$ 4,710,218</u></b>
<b>LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Line of Credit - Shareholder	\$ 13,078	\$ 14,377
Federal Income Tax Payable	<u>435,500</u>	<u>0</u>
<b>Total Current Liabilities</b>	<u>448,578</u>	<u>14,377</u>
Note Payable to Member	<u>843,285</u>	<u>1,850,211</u>
<b>Total Liabilities</b>	<u>1,291,863</u>	<u>1,864,588</u>
<b>Stockholders' Equity</b>		
Signal Advance, Inc. stockholders' equity		
Common Stock, No par, 200,000,000 authorized 38,810,372 and 38,447,038 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	7,444,139	6,044,211
Retained Earnings	1,814,031	(7,925,317)
Net Income	<u>(56,212)</u>	<u>2,226,487</u>
<b>Total Signal Advance shareholder's equity</b>	<u>9,201,959</u>	<u>345,381</u>
<b>Non-controlling interests:</b>		
Members Capital	<u>2,500,250</u>	<u>2,500,250</u>
<b>Total shareholders' equity and non-controlling interests</b>	<u>11,702,209</u>	<u>2,845,631</u>
<b>TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS</b>	<b><u>\$ 12,994,071</u></b>	<b><u>\$ 4,710,218</u></b>

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the three (3) month periods ended March 31, 2021, 2020  
(Unaudited)

	<u>January - March 2021</u>	<u>January - March 2020</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>Regular</b>	\$ 0	\$ 2,241,714
<b>Total Income</b>	<u>0</u>	<u>2,241,714</u>
<b>Gross Profit</b>	0	2,241,714
<b>Expense</b>		
<b>General &amp; Administrative</b>	5,547	5,336
<b>Intellectual Property</b>	5,978	0
<b>Interest Paid</b>	5,736	0
<b>Professional Services</b>	39,817	15,690
<b>Research and Development</b>	<u>25,635</u>	<u>4,000</u>
<b>Total Expense</b>	<u>82,713</u>	<u>25,026</u>
<b>Net Ordinary Income</b>	(82,713)	2,216,687
<b>Other Income/Expense</b>		
<b>Other Income</b>		
<b>Investment</b>	12,101	9,799
<b>Other income</b>	<u>14,400</u>	<u>0</u>
<b>Net Other Income</b>	<u>26,501</u>	<u>9,799</u>
<b>Net Income (loss)</b>	(56,212)	2,226,487
Less: net income (loss) attributable to non-controlling interest	(1,102)	445,297
<b>Net income (loss) attributable to common shareholders</b>	<u>\$ (55,110)</u>	<u>\$ 1,781,190</u>

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Three (3) Month Periods ended March 31, 2021 and 2020**  
**(Unaudited)**

	Common shares	Paid in Capital	Retained earnings	Non- controlling interest	Total
<b>Balance December 31, 2018</b>	16,435,342	\$ 5,884,111	\$ (5,810,938)	\$ -	\$ 73,173
Shares issued for cash	58,215	149,500	-	-	149,500
Shares issued for services	222,500	10,600	-	-	10,600
Shares issued to Signal Advance Technology	75,000,000	-	-	-	-
Cash contribution	-	-	-	500,250	500,250
Net Income (loss)	-	-	(114,379)	2,938	(111,441)
<b>Balance December 31, 2019</b>	91,716,057	6,044,211	(5,925,317)	503,188	622,082
Shares issued for cash	191,246	429,320	-	-	429,320
Shares issued for services	160,000	40,000	-	-	40,000
Shares issued for Signal Advance Technology acquisition	21,379,735	349,057	-	-	349,057
Shares cancelled	(75,000,000)	-	-	-	-
Net Income (loss)	-	-	7,817,307	1,954,327	9,771,634
<b>Balance December 31, 2020</b>	38,447,038	6,862,588	1,891,990	2,457,515	11,212,093
Shares issued for cash	363,334	549,551	-	-	549,551
Net Income (loss)	-	-	(56,212)	(1,102)	(57,314)
<b>Balance March 31, 2021</b>	38,810,372	\$ 7,412,139	\$ 1,835,778	\$ 2,456,413	\$ 11,704,330

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three (3) Month Periods ended March 31, 2021 and 2020**

	<u>January - March 2021</u>	<u>January - March 2020</u>
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ (56,212)	\$ 2,226,487
Adjustments to reconcile Net Income to net cash provided by operations:		
Accounts receivable	0	(2,196,714)
Net cash provided by Operating Activities	<u>(56,212)</u>	<u>29,773</u>
<b>INVESTING ACTIVITIES</b>		
Property & Equipment, net	(829)	(4,895)
Available for Sale Securities	(11,838)	0
Intellectual Property	0	(562)
Net cash provided by Investing Activities	<u>(12,667)</u>	<u>(5,457)</u>
<b>FINANCING ACTIVITIES</b>		
Advances to (from) shareholder	17,500	(25,000)
Proceeds from forgiven PPP/EIDL loan	(14,400)	0
Issuance of common stock for cash	549,551	0
Line of Credit - Shareholder	13,078	11,343
Note payable to member	(563,523)	(149,789)
Net cash provided by Financing Activities	<u>2,206</u>	<u>(163,446)</u>
Net cash increase for period	(66,673)	(139,130)
Cash at beginning of period	<u>12,823,818</u>	<u>2,519,523</u>
	<u>\$ 12,757,145</u>	<u>\$ 2,380,393</u>
 <b><u>Supplemental Disclosures</u></b>		
Interest paid:	\$ 5,736	\$ 0
Taxes Paid	\$ 0	\$ 0

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2021**

**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**  
**March 31, 2021**

**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 March 31, 2021 and 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**  
**March 31, 2021**

**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**  
**March 31, 2021**

**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 March 31, 2021 and 2020. 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 three (3) month periods ended March 31, 2021 and 2020.

Recent Accounting Pronouncements Issued

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 term of the Company's office lease is a month-to-month and thus its term of less than twelve (2) months. As such, the Company does not record a lease asset or obligation on its balance sheet as this new standard is deemed to have no impact 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 was \$1,392,682 on March 31, 2021.

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 three (3) month period ended March 31, 2021, the loan was forgiven and the Company recorded the \$10,400 as other income.

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. During the three (3) month period ended March 31, 2021, 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
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 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.
- 21,739,735 shares of common stock valued at \$546,590 were issued to former Signal Advance Technologies, Inc. shareholders per the share exchange terms of the merger agreement.
- 160,000 shares of common stock valued at \$40,000 for services.

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**NOTE 5 - EQUITY (continued)**

Issuance during the three (3) month period ended March 31, 2021:

- 363,0334 shares of common stock valued at \$545,001 were issued for cash.

Issuances subsequent to March 31, 2021 up to the date of this report:

- 43,700 shares of common stock valued at \$65,550 were issued for cash
- 625 shares of common stock valued at \$1,000 were issued to an Officer/Director for services.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

During the three (3) month periods ended March 31, 2021 and 2020, \$2,100 in rent was paid to an Officer/Director.

**NOTE 7 - DEPARTURE OF A DIRECTOR AND APPOINTMENT OF AN OFFICER**

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.