

# **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

### **Annual Report for the Year Ended December 31, 2022** (the "Reporting Period")

#### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

40,653,205 as of the Year-Ended December 31, 2022

40,653,205 as of the Nine-Month Period Ended September 30, 2022

39,108,575 as of the Year-Ended December 31, 2021

#### **Shell Status**

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: ☒

#### **Change in Control**

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);

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

Current Standing: Active

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: N/A

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

### 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: ☐

### Publicly Quoted or Traded Securities:

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 December 31, 2022
Total shares outstanding:	40,653,205 as of December 31, 2022
Number of Shares in the Public Float:	13,727,783 as of December 31, 2022
Total number of shareholders of record:	192 as of December 31, 2022

Other classes of authorized or outstanding equity securities: N/A

### Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

Each shareholder is entitled to one vote for each share held on each matter submitted to a vote of the shareholders. Shares are not redeemable and do not have conversion rights. The shares have no pre-emptive rights and there is no cumulative voting for Directors. The shares currently outstanding are fully paid and non-assessable.

In the event of the dissolution, liquidation or winding up of the Company, the assets then legally available for distribution to the shareholders will be distributed ratably among such shareholders in proportion to their shares. Shareholders are only entitled to profit distributions or dividends proportionate to their shares of ownership when and if declared by Management out of funds legally available therefore. The Company to date has not given any such profit distributions or dividends. Future profit distribution dividend policies are subject to the discretion of Management and will depend upon a number of factors, including among other things, the capital requirements and the financial condition of the Company.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions. N/A

3. Describe any other material rights of common or preferred stockholders. N/A
4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report. N/A

### 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. Promissory and Convertible Notes

The subsidiary, PIC Pocket, LLC, executed a promissory note between itself and Stan Dubyn (individual), one of its managing members. The note, due and payable on December 31, 2026, accrues interest starting on January 4, 2023 at a rate of 2% per annum. The balance due was \$2,742,852 as of December 31, 2022.

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms	Name of Noteholder	Reason for Issuance
01DEC20	\$2,742,852	\$5,871,390	-0-	31DEC26	N/A	Stan Dubyn	Loan

### 4) 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 refining its proprietary Signal Advance Technology and developing potential applications for implementation. The technology has been demonstrated to significantly reduce signal detection delays associated with a variety of analog signals that can originate from a broad range of physical sensors. The resulting reduction in response time translates to improved performance in control, interventional, and signal transmission systems. In addition, the technology is being developed for cybersecurity applications related to analog encryption.

#### B. Subsidiary: P.I.C. 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: Biomedicine, industrial control/infrastructure, transportation, cyber-security, communications and defense. The Company is currently focused on cybersecurity applications (Analog Guard) while exploring applications in which temporally-advanced signal detection reduces or offsets system response delays to improve performance.

### 5) 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 Company has licensed the proprietary Signal Advance technology from its founder, Dr. Hymel. The Company also owns the necessary technology development equipment and instrumentation to develop specific applications for the technology.

**6) Officers, Directors, and Control Persons Holdings as of December 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 Hymel	CEO, CFO, Dir.	Rosharon, Texas	18,472,525	Common	45.4%
Stan Dubyn	Director	Hermosa Beach, CA	3,117,202	Common	7.7%
Richard Seltzer	Secretary, Dir.	Houston, Texas	1,270,270	Common	3.1%
Ron Stubbers	COO, Dir.	Houston, Texas	968,500	Common	2.4%
Officers, Directors & Control Persons			23,828,497		58.6%

**7) 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

**8) 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: Freeman Mathis Gary, LLP  
Address: 700 Milam St, Ste 13075 North, Houston, TX 77002  
Phone: 713 522 7333  
Email: [rseltzer@realclearcounsel.com](mailto:rseltzer@realclearcounsel.com)

Investor Relations: N/A

Accountant

Name: Carlos Lopez  
Firm: Vine Advisors, LLP / PWR CPA, LLP  
Address: P.O. Box 25125, Houston, TX  
Phone: 214 244 8680  
Email: [clopez@thevineadvisors.com](mailto:clopez@thevineadvisors.com)

Other Service Providers: N/A

**9) Financial Statements**

- A. The attached financial statements were prepared in accordance with US GAAP.
- B. The financial statements for this reporting period were prepared by the following individual that has the requisite financial skill/experience:

Name: Dr. Chris M. Hymel  
Title: Company CEO/CFO  
Relationship to Issuer: Founder/CEO/Director  
Qualifications: Over 30 years of experience providing accounting services in operating companies including preparation of financial reports for effective SEC registration.

Consolidated financial statements for the years ended December 31, 2022 and 2021 are provided in Appendix B.

## 10) Issuer Certification

*Principal Executive and Financial Officer:*

I, Chris M. Hymel certify that:

1. I have reviewed this Disclosure Statement for Signal Advance, Inc. for the Years-Ended December 31, 2022 and 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 and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 21, 2023

Signature: /s/ Chris M Hymel, CEO/CFO

## APPENDIX A: Issuance History

### Changes to the Number of Outstanding Shares

**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)
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)
01-Jun-21	New Issue	10,000	Common	\$1.28	No	Naser Otman	Services	Yes	4(a)(2)
14-Jun-21	New Issue	15,238	Common	\$1.31	No	Georjean Grant	Cash	Yes	4(a)(2)
25-Jun-21	New Issue	15,000	Common	\$1.31	No	A Sadey & P Ambatti	Cash	Yes	4(a)(2)
25-Aug-21	New Issue	1,000	Common	\$1.00	No	McKenna, Tom	Services	Yes	4(a)(2)
25-Aug-21	New Issue	1,000	Common	\$1.00	No	Sparkes, Ross	Service	Yes	4(a)(2)
26-Aug-21	New Issue	25,000	Common	\$1.00	No	Stubbers, Ron A	Service	Yes	4(a)(2)
29-Aug-21	New Issue	5,000	Common	\$1.00	No	Seltzer, Richard C.	Service	Yes	4(a)(2)
1-Nov-21	New Issue	15,000	Common	\$0.70	No	Michael Klug	Service	Yes	4(a)(2)
1-Nov-21	New Issue	35,000	Common	\$0.70	No	Michael Watson	Service	Yes	4(a)(2)
1-Nov-21	New Issue	25,000	Common	\$0.70	No	Stubbers, Ron A	Service	Yes	4(a)(2)
1-Nov-21	New Issue	30,000	Common	\$0.70	No	Alan Nightingale	Service	Yes	4(a)(2)
1-Nov-21	New Issue	35,000	Common	\$0.70	No	Naser Otman	Service	Yes	4(a)(2)
1-Nov-21	New Issue	6,000	Common	\$0.70	No	Robert Strang	Service	Yes	4(a)(2)
1-Nov-21	New Issue	9,000	Common	\$0.70	No	Bob & Marlene Hutchins	Service	Yes	4(a)(2)
1-Nov-21	New Issue	3,000	Common	\$0.70	No	Herbert Joe	Service	Yes	4(a)(2)
1-Nov-21	New Issue	2,000	Common	\$0.70	No	Erin Joe	Cash	Yes	4(a)(2)
1-Nov-21	New Issue	18,783	Common	\$0.70	No	Darrell & Marilyn Eldridge	Cash	Yes	4(a)(2)
1-Nov-21	New Issue	2,857	Common	\$0.70	No	Lori & Jay Moore	Cash	Yes	4(a)(2)

**No. of Shares Outstanding as of December 31, 2021:** Closing Balance (Common): **39,108,575**

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)
03-Jan-22	New Issue	42,857	Common	\$0.70	No	Oak, Alan & Ann	Cash	Yes	4(a)(2)
20-Jan-22	New Issue	2,358	Common	\$0.42	No	Hughley, Darius	Service	Yes	4(a)(2)
17-Feb-22	New Issue	20,000	Common	\$0.50	No	Stubbers, Ron	Service	Yes	4(a)(2)
17-Feb-22	New Issue	20,000	Common	\$0.50	No	Otman, Naser	Service	Yes	4(a)(2)
27-Apr-22	New Issue	2,857	Common	0.35	No	Lewkebandara, Thanushka	Service	Yes	4(a)(2)
23-May-22	New Issue	48,387	Common	0.31	No	Eldridge, Darrell & Marilyn	Cash	Yes	4(a)(2)
23-May-22	New Issue	3,226	Common	0.31	No	Hawks, Janice	Cash	Yes	4(a)(2)
23-May-22	New Issue	16,129	Common	0.31	No	Rasmussen, Justin & Bailey	Cash	Yes	4(a)(2)
23-May-22	New Issue	3,226	Common	0.31	No	Peters, Ben	Cash	Yes	4(a)(2)
01-Jun-22	New Issue	50,000	Common	0.31	No	Stubbers, Ron	Service	Yes	4(a)(2)
01-Jun-22	New Issue	50,000	Common	0.31	No	Dubyn, Stan	Service	Yes	4(a)(2)
01-Jun-22	New Issue	50,000	Common	0.31	No	Otman, Naser	Service	Yes	4(a)(2)
01-Jun-22	New Issue	30,000	Common	0.31	No	Sampara, Kamal	Service	Yes	4(a)(2)
01-Jun-22	New Issue	30,000	Common	0.31	No	Watson, Michael L	Service	Yes	4(a)(2)
01-Jun-22	New Issue	30,000	Common	0.31	No	Nightingale, Alan	Service	Yes	4(a)(2)
28-Jun-22	New Issue	285,714	Common	0.35	No	Neal, William R & Sandra	Cash	Yes	4(a)(2)
01-Aug-22	New Issue	2,667	Common	0.37	No	McKenna, Tom	Service	Yes	4(a)(2)
01-Aug-22	New Issue	8,000	Common	0.37	No	Watson, Michael L	Service	Yes	4(a)(2)
16-Aug-22	New Issue	136,000	Common	0.20	No	Stubbers, Ron A	Service	Yes	4(a)(2)
16-Aug-22	New Issue	172,500	Common	0.20	No	Otman, Naser	Service	Yes	4(a)(2)
16-Aug-22	New Issue	152,500	Common	0.20	No	Sampara, Kamal	Service	Yes	4(a)(2)
16-Aug-22	New Issue	113,500	Common	0.20	No	Nightingale, Alan	Service	Yes	4(a)(2)
16-Aug-22	New Issue	60,000	Common	0.20	No	Watson, Michael L	Service	Yes	4(a)(2)
21-Aug-22	New Issue	5,000	Common	0.20	No	Sparkes, Ross	Service	Yes	4(a)(2)
23-Sep-22	New Issue	106,085	Common	0.171	No	Hymel, Chris M	Service	Yes	4(a)(2)
23-Sep-22	New Issue	29,240	Common	0.171	No	Lewebandara, Ashley	Service	Yes	4(a)(2)
30-Sep-22	New Issue	74,384	Common	0.148	No	Hymel, Chris M	Service	Yes	4(a)(2)

**No. of Shares Outstanding as of December 31, 2022:**

Closing Balance (Common):

**40,653,205**

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)
20-Jan-23	New Issue	59,095	Common	\$0.105	No	Watson, Michael	Service	Yes	4(a)(2)
01-Feb-23	New Issue	396,372	Common	\$0.105	No	Hymel, Chris M.	Service	Yes	4(a)(2)
17-Feb-22	New Issue	102,564	Common	\$0.2115	No	Seltzer, Richard C	Cash	Yes	4(a)(2)
20-Feb-22	New Issue	94,563	Common	\$0.50	No	Otman, Naser	Cash	Yes	4(a)(2)

**No. of Shares Outstanding as of the date of this report:**      Closing Balance (Common):      **41,305,799**







**SIGNAL ADVANCE, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2022 and 2021**

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**As of December 31, 2022 and 2021**  
**(Unaudited)**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash or Cash Equivalent	\$ 9,831,728	\$ 11,055,567
<b>Total Current Assets</b>	9,831,728	11,055,567
<b>Fixed Assets</b>		
Property and Equipment, net	62,224	64,824
<b>Total Fixed Assets</b>	62,224	64,824
<b>Other Assets</b>		
Available for Sale Securities	36,352	78,775
Intangible Property	378,776	264,623
<b>Total Other Assets</b>	415,128	343,398
<b>TOTAL ASSETS</b>	<b>\$ 10,309,080</b>	<b>\$ 11,463,789</b>
<b>LIABILITIES, SHAREHOLDER'S EQUITY AND NON-CONTROLLING INTERESTS</b>		
<b>Liabilities</b>		
<b>Long Term Liabilities</b>		
	12,218	0
Note Payable to Member, net	2,742,852	3,745,822
<b>Total Long-Term Liabilities</b>	2,755,070	3,745,822
<b>Total Liabilities</b>	<b>\$ 2,755,070</b>	<b>\$ 3,745,822</b>
<b>Shareholders' Equity</b>		
<b>Common Stock, No Par, 200M shares authorized</b>		
<b>Shares Issued and Outstanding:</b>		
40,653,205 as of December 31, 2022		
39,108,575 as of December 31, 2021		
Capital Investment	8,095,738	7,710,997
Retained Earnings	(493,279)	125,613
Net Income	(548,698)	(618,892)
<b>Total Shareholders' Equity</b>	<b>\$ 7,053,760</b>	<b>\$ 7,217,718</b>
<b>Non-controlling Interests</b>		
Members' Capital	500,250	500,250
<b>TOTAL LIABILITIES, SHAREHOLDER'S EQUITY AND NON-CONTROLLING INTERESTS</b>	<b>\$ 10,309,080</b>	<b>\$ 11,463,789</b>

See notes to consolidated financial statements

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Years Ended December 31, 2022 and 2021**  
**(Unaudited)**

	<b>December - January</b>	
	<b>2022</b>	<b>2021</b>
<b>Ordinary Income/Expense</b>		
<b>Expense</b>		
General and Administrative	41,253	65,388
Amortization	56,185	46,900
Depreciation	10,537	8,767
Professional Services	107,799	123,593
Research and Development	317,234	341,201
<b>Total Expense</b>	<u>533,009</u>	<u>585,849</u>
<b>Net Ordinary Income</b>	\$ (533,009)	\$ (585,849)
<b>Other Income/Expense</b>		
<b>Other Income</b>		
Dividend Income	21,434	669
Interest Income	534	392
Unrealized Gain/(Loss)	(37,659)	(48,503)
Other (PPP/EIDL)	0	14,400
<b>Total Other Income</b>	<u>\$ (15,690)</u>	<u>\$ (33,043)</u>
<b>Net Other Income</b>	<u>(15,690)</u>	<u>(33,043)</u>
<b>Net Income</b>	<u><u>\$ (548,699)</u></u>	<u><u>\$ (618,892)</u></u>

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the Years Ended December 31, 2021, 2020 and 2019**

	Common shares	Paid in Capital	Retained earnings	Non- controlling interest	Total
<b>Balance December 31, 2019</b>	<b>91,716,057</b>	<b>\$ 6,044,211</b>	<b>\$ (6,025,543)</b>	<b>\$ -</b>	<b>\$ 18,668</b>
Shares issued for cash	191,246	429,320	-	-	429,320
Shares issued for services	160,000	40,000	-	-	40,000
Shares issued (per Merger Agreement)	21,379,735	349,057	-	-	349,057
Shares cancelled (per Merger Agreement)	(75,000,000)	-	-	-	-
Net Income (loss)	-	-	4,887,037	1,264,119	6,151,156
<b>Balance December 31, 2020</b>	<b>38,447,038</b>	<b>\$ 6,862,588</b>	<b>\$ (1,138,506)</b>	<b>\$ 1,264,119</b>	<b>\$ 6,988,201</b>
Shares issued for cash	460,912	693,809			693,809
Shares issued for services	200,625	154,600			154,600
Net Income (loss)			(618,892)	(163,958)	(782,850)
<b>Balance December 31, 2021</b>	<b>39,108,575</b>	<b>\$ 7,710,997</b>	<b>\$ (1,757,398)</b>	<b>\$ 1,100,161</b>	<b>\$ 7,053,760</b>
Shares issued for cash	399,539	122,000			122,000
Shares issued for services	1,145,091	262,741			262,741
Net Income (loss)			(548,698)	327,915	(220,783)
<b>Balance December 31, 2022</b>	<b>40,653,205</b>	<b>\$ 8,095,738</b>	<b>\$ (2,306,096)</b>	<b>\$ 1,428,076</b>	<b>\$ 7,217,718</b>

See notes to consolidated financial statements.

**SIGNAL ADVANCE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years-Ended December 31, 2022 and 2021**  
**(Unaudited)**

	<b>January - December</b>	
	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ (548,699)	\$ (618,892)
Adjustments to reconcile Net Income to net cash provided by operations:		
Amortization	56,185	115,403
Depreciation	10,537	(10,700)
Common Stock Issued for Services	262,741	154,600
Net cash provided by Operating Activities	\$ (219,236)	\$ (359,589)
<b>INVESTING ACTIVITIES</b>		
Property and Equipment, net	(7,937)	3,622
Available for Sale Securities	42,422	5,145
Intangible Property	(170,338)	(9,768)
Net cash provided by Investing Activities	\$ (135,852)	\$ (1,001)
<b>FINANCING ACTIVITIES</b>		
Contingent Liability	0	(14,400)
Common Stock Issued for Cash	122,000	693,809
Line of Credit - Shareholder	12,218	0
Loan - Short-Term	0	17,500
Note Payable to Member	0	9,169
Note Payments	(1,002,970)	(2,113,737)
Net cash provided by Financing Activities	\$ (868,751)	\$ (1,407,660)
Net cash increase for period	(1,223,839)	(1,768,250)
Cash at beginning of period	11,055,568	12,823,818
Cash at end of period	\$ <u>9,831,728</u>	\$ <u>11,055,568</u>

See notes to consolidated financial statements

## **SIGNAL ADVANCE, INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2022**

#### **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.

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

#### **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.

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.

## **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)**

### 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, 2022 and 2021 was \$ -0- and \$ -0-, 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.

### 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.

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 or more significant inputs or significant value drivers are unobservable.



## **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)**

### Fair Value of Financial Instruments (continued)

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.

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, 2022 and 2021. 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, 2022 and 2021.

### Lease Liability

FASB ASU 2016-02, Leases 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. The term of the Company's office lease is “month-to-month” and thus the lease term is less than twelve (12) months. As such, the Company does not record a lease asset or obligation on its balance sheet as, per this new standard, the lease is deemed to have no impact on its financial position, results of operations, cash flows and related disclosures.

## **NOTE 3 – RECLASSIFICATIONS**

In 2021, the cost of acquisition and maintenance expense for intangible property, including patent renewals, trademark acquisition/transfer, licenses and trade secrets were capitalized and subject to amortization of their useful lives.

#### NOTE 4 – 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, 2022 and 2021 there was \$12,213 and \$0 outstanding respectively.

PIC executed a note payable in the amount of \$4,458,000 agreement with a member. The note accrued interest at 2% beginning January 4, 2023. PIC has the option to pre-pay the Note without penalty. The unpaid principal and interest is due on December 31, 2026. The note is unsecured and the balance on the note payable was \$2,742,852 as of December 31, 2022.

On April 20, 2020, the Company received a Small Business Administration (“SBA”) loan under the government’s assistance related to COVID-19 in an amount of \$10,400. During the year ended December 31, 2021, the SBA loan was forgiven as the Company payroll during this time utilized all of the monies provided and the Company recorded the \$10,400 as other income

On April 28, 2020, the Company received the government assistance EIDL grant in the amount of \$4,000 related to the COVID-19 response by the government to assist companies during the pandemic. In year ended December 31, 2021, the Company recorded the \$4,000 grant as other income in the consolidated statements of operations

#### NOTE 5 – INCOME TAXES

The Company follows ASC 740-10-50 “Accounting for Income Taxes.” Deferred income taxes reflect the net effect of (a) temporary difference between carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carry-forwards. No net provision for refundable Federal income tax has been made in the accompanying statement of loss because no recoverable taxes were paid previously. Similarly, no deferred tax asset attributable to the net operating loss carry-forward has been recognized, as it is not deemed likely to be realized.

The provision for refundable federal income tax consists of the following for the periods ending:

	December 31	
	2022	2021
Federal income tax benefit attributed to:		
Net operating loss	(548,699)	(618,892)
Valuation allowance	(548,699)	(618,892)
Net benefit	-	-
The cumulative tax effect at the rate of 21% of significant items comprising our net deferred tax amount is as follows:		
Deferred tax attributed:		
Net operating loss carryover	(115,285)	-0-
Less: change in valuation allowance	(115,285)	-0-
Net deferred tax asset	-	-

As of December 31, 2022, the Company had:

- 1) a total of \$548,975 in net operating loss carry-forward available to offset future taxable income, and
- 2) open tax years of 2021, 2020 and 2019 are subject to examination by tax authorities.

## **NOTE 6 - EQUITY**

During the year ended December 31, 2021, the Company made the following Common Stock issuances:

- 460,912 shares of common stock valued at \$693,809 were issued for cash.
- 173,250 shares of Common Stock valued at \$130,000 were issued for services rendered
- 27,375 shares of common stock valued at \$24,600 were issued for services rendered by Officers/Directors

During the year ended December 31, 2022 the Company made the following Common Stock issuances:

- 399,539 shares of common stock valued at \$122,000 were issued for cash.
- 695,740 shares of common stock valued at \$161,100 were issued for services rendered
- 449,351 shares of common stock valued at \$101,641 were issued for services rendered by Officers/Directors

## **NOTE 7 - RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2021, \$8,400 in rent was paid to an Officer/Director.

## **NOTE 8 – ELECTION OF DIRECTORS AND APPOINTMENT OF AN OFFICERS**

During the Annual Shareholders' Meeting held on April 15, 2022 the shareholders re-elected the following nominees to the Board of Directors: Stan Dubyn, Chris Hymel, Richard Seltzer and Ron Stubbers.

In a subsequent meeting of the newly-elected Board of Directors, the following appointments were made:

Chris Hymel, CEO/CFO

Ron Stubbers, COO

Richard Seltzer: Corporate Secretary