

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

Quarterly Report for the Three-Month Period Ended March 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

41,304,799 as of the Three-Month Period Ended March 31, 2023

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

Reorganization:

As of the date of this Disclosure, PIC Pocket, LLC (“PIC”), a limited liability company organized in the state of Nevada in July 2019, is no longer a subsidiary of Signal Advance, Inc. (“Signal”). As such, the financial statements will no longer be consolidated.

Stan Dubyn, whom joined the Board of Directors in July 2021, has tendered his resignation from the Board of Directors of the Company for personal reasons. Mr. Dubyn has offered to continue to provide advice to Signal related to his areas of expertise. The Board of Directors met on April 14, 2023 to accept his resignation at the end of his term.

In addition, the Board formalized the transition of the PIC subsidiary to an independent company - separating the two entities. Mr. Dubyn will remain in a management position in the former PIC subsidiary. All assets, originally earned by, and earmarked for, the subsidiary’s exclusive use, remains in the subsidiary. The Signal Advance intellectual property, the basis for the Company’s membership equity, remains in Signal and is available for future use and additional development, the use of which can be re-negotiated by Signal through a Licensing Agreement in the future.

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 March 31, 2023
Total shares outstanding:	41,304,799	as of March 31, 2023
Number of Shares in the Public Float:	13,727,783	as of March 31, 2023
Total number of shareholders of record:	192	as of March 31, 2023

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 N/A

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 proprietary technology is being applied to cybersecurity applications related to analog encryption. A provisional patent application has been filed covering various aspects of the technology under development.

- B. Subsidiary: N/A

- C. The issuer's 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, communications, defense and cyber-security, The Company is currently focused on cybersecurity applications (Analog Guard) while continuing to explore 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 March 31, 2023

Officers, Directors & Control Persons (>5%)	Affiliation	Residential Address	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding
Chris Hymel	CEO, CFO, Dir.	Rosharon, Texas	18,868,897	Common	45.68%
Stan Dubyn	Director	Hermosa Beach, CA	3,117,202	Common	7.55%
Richard Seltzer	Secretary, Dir.	Houston, Texas	1,372,384	Common	3.32%
Ron Stubbers	COO, Dir.	Houston, Texas	968,500	Common	2.34%
Officers, Directors & Control Persons			24,227,433		58.66%

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 (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

Investor Relations: N/A

Accountant

Name: Carlos Lopez
 Firm: Vine Advisors, LLP / PWR CPA, LLP
 Address: 2700 Post Oak Blvd, Suite 2100
 Houston, TX 77056
 Phone: 713 244 8680
 Email: 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 preparing financials statements in operating companies that includes financial statement submissions resulting effective SEC registrations.

Financial statements and associated notes through and for the three-month period ended March 31, 2023 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 and Financial Statements for Signal Advance, Inc. for the Three-Month Period Ended March 31, 2023.
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: April 19, 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	58,095	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	\$0.195	No	Adair, Charles W & Diana S, JTWROS	Cash	Yes	4(a)(2)

No. of Shares Outstanding as of the date of this report: Closing Balance (Common): **41,304,799**



SIGNAL ADVANCE, INC.

FINANCIAL STATEMENTS

For The Three-Month Period Ended March 31, 2023

SIGNAL ADVANCE, INC.
BALANCE SHEETS
As of March 31, 2023
(Unaudited)

	March 31, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash or Cash Equivalent	\$ 181,955	\$ 237,284
Loan - Short-Term		
Total Current Assets	181,955	237,284
Fixed Assets		
Property and Equipment, net	62,290	62,213
Total Fixed Assets	62,290	62,213
Other Assets		
Available for Sale Securities	47,135	36,352
Intangible Property	348,069	378,776
Research & Development	768,339	713,559
Total Other Assets	1,163,544	1,128,687
TOTAL ASSETS	\$ 1,407,788	\$ 1,428,184
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Contingent Liability	0	0
Line of Credit - Shareholder	0	14,750
Total Liabilities	\$ 0	\$ 14,750
Shareholders' Equity		
Common Stock, No Par, 200M shares authorized		
Shares Issued and Outstanding:		
41,305,799 as of March 31, 2022		
40,653,205 as of December 31, 2022		
Capital Investment	8,183,420	8,095,738
Retained Earnings	(6,682,303)	(6,424,093)
Net Income	(93,328)	(258,210)
Total Shareholders' Equity	\$ 1,407,788	\$ 1,413,434
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 1,407,788	\$ 1,428,184

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
STATEMENTS OF OPERATIONS
For The Three-Month Period Ended March 31, 2023
(Unaudited)

	<u>January - March 2023</u>	<u>January - December 2022</u>
Ordinary Income/Expense		
Income	\$ 800	\$ 0
Expense		
General and Administrative	18,065	41,267
Amortization	57,683	56,185
Depreciation	8,552	10,537
Professional Services	20,611	107,799
Total Expense	\$ 104,911	\$ 215,788
Net Ordinary Income	\$ (104,111)	\$ (215,788)
Other Income/Expense		
Other Income		
Unrealized Gain/(Loss)	10,783	(42,422)
Total Other Income	10,783	(42,422)
Net Other Income	\$ 10,783	\$ (42,422)
Net Income	\$ (93,328)	\$ (258,210)

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Through the Three-Month Period Ended March 31, 2021

	Common shares	Paid-in Capital	Retained Earnings	Total
Balance December 31, 2020	38,447,038	\$ 6,862,588	\$ (6,154,548)	\$ 708,041
Shares issued for cash	460,912	693,809		693,809
Shares issued for services	200,625	154,600		154,600
Net Income (loss)			(269,546)	(269,546)
Balance December 31, 2021	39,108,575	\$ 7,710,997	\$ (6,424,093)	\$ 1,286,904
Shares issued for cash	399,539	122,000		122,000
Shares issued for services	1,145,091	262,741		262,741
Net Income (loss)			(258,210)	(258,210)
Balance December 31, 2022	40,653,205	\$ 8,095,738	\$ (6,682,303)	\$ 1,413,434
Shares issued for cash	197,127	40,000		40,000
Shares issued for services	455,467	47,683		47,683
Net Income (loss)			(93,328)	(93,328)
Balance March 31, 2023	41,305,799	\$ 8,183,420	\$ (6,775,631)	\$ 1,407,789

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
STATEMENTS OF CASH FLOWS
For the Three-Month Period Ended March 31, 2023
(Unaudited)

	January - March 2023	January - December 2022
	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net Income	\$ (93,328)	\$ (258,210)
Adjustments to reconcile Net Income to net cash provided by operations:		
Amortization	57,683	56,185
Depreciation	8,552	10,537
Common Stock Issued for Services	47,683	262,741
Net cash provided by Operating Activities	\$ 20,589	\$ 71,253
INVESTING ACTIVITIES		
Property and Equipment, net	(8,628)	(7,926)
Available for Sale Securities	(10,783)	42,422
Intangible Property	(26,977)	(170,338)
Research & Development	(54,780)	(317,234)
Net cash provided by Investing Activities	\$ (101,168)	\$ (453,076)
FINANCING ACTIVITIES		
Common Stock Issued for Cash	40,000	122,000
Line of Credit - Shareholder	(14,750)	14,750
Net cash provided by Financing Activities	\$ 25,250	\$ 136,750
Net cash increase for period	(55,330)	(245,073)
Cash at beginning of period	237,284	482,357
Cash at end of period	\$ 181,955	\$ 237,284

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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.

REORGANIZATION

As of the date of this Disclosure, PIC Pocket, LLC (“PIC”), a limited liability company organized in the state of Nevada in July 2019, is no longer a subsidiary of Signal Advance, Inc. (“Signal”). As such, the financial statements will no longer be consolidated.

Stan Dubyn, whom joined the Board of Directors in July 2021, has tendered his resignation from the Board of Directors of the Company for personal reasons. Mr. Dubyn has offered to continue to provide advice to Signal related to his areas of expertise. The Board of Directors met on April 14, 2023 to accept his resignation at the end of his term.

In addition, the Board formalized the transition of the PIC subsidiary to an independent company - separating the two entities. Mr. Dubyn will remain in a management position in the former PIC subsidiary. All assets, originally earned by, and earmarked for, the subsidiary’s exclusive use, will remain in PIC. The Signal Advance intellectual property (“IP”), the basis for the Company’s membership equity, remains in Signal and is available for future use and additional development, the use of which can be re-negotiated by Signal through a Licensing Agreement in the future.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

RECLASSIFICATION - Research and Development

Per the Tax Cuts and Jobs Act (TCJA), P.L. 115-97, Section 13206 amendment to Section 174, research or experimental (R&E) expenditures must be capitalized for tax years beginning after December 31, 2021. As such research and development expenditures, previously carried as an expense, have been reclassified to a research and development capital account. As these R&D capital expenditures currently have an indeterminate “life”, no amortization is applied until and if intellectual property protection (for various aspects of the technology being developed), in the form of a patent, is declared effective by the United State Patent and Trademark Office, in which case the applicable expenditures will be amortized of the life of the patent.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

Revenue Recognition – (continued)

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.

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, 2023 was \$ -0-.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

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.

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 asset disposal, assets and related depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 – 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 March 31, 2023 there was no balance outstanding.

NOTE 4 – 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.

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.

	Net Operating Loss	Valuation Allowance
	<u> </u>	<u> </u>
Federal income tax benefit attributed to Net Operating Loss		
Carry-Over from Previous Years		
Year-Ended December 31, 2020	281,326	281,326
Year-Ended December 31, 2021	269,546	269,546
Year-Ended December 31, 2022	258,210	258,210
Three-Month Period Ended March 31, 2023	<u>93,328</u>	<u>93,328</u>
Net benefit	\$ 902,410	\$ 902,410

The cumulative tax effect at the rate of 21% of significant items comprising the net deferred tax amount:

Deferred tax attributed:

Net operating loss carryover	189,506	189,506
Less: change in valuation allowance	<u>-</u>	<u>-</u>
Net deferred tax asset	\$ 189,506	\$ 189,506

NOTE 4 – INCOME TAXES (continued)

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 March 31, 2023. 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-month period ended March 31, 2023 or for the years-ended December, 31, 2022, 2021 and 2020.

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:

As of March 31, 2023, the Company had:

- 1) a total of \$902,410 in net operating loss carry-forward available to offset future taxable income, and
- 2) open tax years of 2022, 2021 and 2020 are subject to examination by tax authorities.

NOTE 5 - 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

During the three-month period ended March 31, 2023 the Company made the following Common Stock issuances:

- 197,127 shares of common stock valued at \$40,000 were issued for cash.
- 58,095 shares of common stock valued at \$6,100 were issued for services rendered
- 396,372 shares of common stock valued at \$41,583 were issued for services rendered by Officers/Directors

NOTE 6 - RELATED PARTY TRANSACTIONS

During the three-month period March 31, 2023, \$2,100 in rent was paid to an Officer/Director.

NOTE 7 – DEPARTURE OF A DIRECTOR

On the last day of his one-year term, the resignation of Stan Dubyn for personal reasons was accepted by the Board of Directors. He remains a major shareholder and has offered to continue to advise the Company.