

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 Six (6) Month Period Ended June 30, 2024
(the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

50,070,552 as of the six (6) month period ended June 30, 2024

46,046,688 as of the three (3) month period ended March 31, 2024

44,796,688 as of the Year-Ended December 31, 2023

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

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 June 30, 2024
Total shares outstanding:	50,070,552	as of June 30, 2024
Number of Shares in the Public Float:	13,727,783	as of June 30, 2024
Total number of shareholders of record:	200	as of June 30, 2024

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 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. To date, the Company has not made any such profit distributions or dividend issuances. 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: Research and technology development; Early commercialization

Signal Advance, Inc. continues to refine its proprietary Signal Advance Technology and develop potential applications. The proprietary technology has been demonstrated to temporally modulate analog signals and can be applied 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.

Further, the temporal modulation capability of the technology is being applied to the development of analog encryption technology. A utility patent application has been filed covering various aspects of the technology under development and the Company is preparing additional patent applications.

B. Subsidiary: N/A

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, communications, defense and cyber-security. The Company is currently focused on analog hardware encryption (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 December 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	21,009,304	Common	41.96%
Ron Stubbers	COO, Dir.	Houston, Texas	1,683,500	Common	3.36%
Richard Seltzer	Secretary, Dir.	Houston, Texas	1,551,441	Common	3.10%
Stanley Wayne Dubyn & Tiffany Marie Guthrie, JT TEN	Control Persons	Hermosa Beach, California	3,067,202	Common	6.13%
Officers, Directors & Control Persons			27,311,447		54.55%

7) **Legal/Disciplinary History**

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations); No
2. Been the subject of 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, financial- or investment-related, insurance or banking activities; No
3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated; No
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or No
5. Been the subject 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
6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail. 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 to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities. N/A

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
Address: 1800 West Loop South, Suite 1110
Houston, TX 77027
Phone: 713 522 7333
Email: rseltzer@realclearcounsel.com

Accountant

Name: Carlos Lopez, Vine Advisors, LLP / PWR CPA, LLP
Address: 2700 Post Oak Blvd, Suite 2100, Houston, TX 77056
Phone: 713 244 8680
Email: clopez@thevineadvisors.com

Investor Relations:

N/A

Other Service Providers:

N/A

9) Disclosure and Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Dr. Chris M. Hymel
Title: CEO/CFO
Relationship to Issuer: CEO/CFO/Director

B. The attached financial statements were prepared in accordance with U.S. GAAP.

C. The attached financial statements were prepared by (name of individual):

Name: Dr. Chris M. Hymel
Title: Company CEO/CFO
Relationship to Issuer: Founder/CEO/Director

Financial statements and associated notes through and for the six (6) month period ended June 30, 2024 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 six (6) month period ended June 30, 2024.
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: July 15, 2024

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

Appendix A – Stock Issuances

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 (Rules)
3-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, JTWROS	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)
1-Jun-22	New Issue	50,000	Common	\$0.31	No	Stubbers, Ron	Service	Yes	4(a)(2)
1-Jun-22	New Issue	50,000	Common	\$0.31	No	Dubyn, Stan	Service	Yes	4(a)(2)
1-Jun-22	New Issue	50,000	Common	\$0.31	No	Otman, Naser	Service	Yes	4(a)(2)
1-Jun-22	New Issue	30,000	Common	\$0.31	No	Sampara, Kamal	Service	Yes	4(a)(2)
1-Jun-22	New Issue	30,000	Common	\$0.31	No	Watson, Michael L	Service	Yes	4(a)(2)
1-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)
1-Aug-22	New Issue	2,667	Common	\$0.37	No	McKenna, Tom	Service	Yes	4(a)(2)
1-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	\$0.17	No	Hymel, Chris M	Service	Yes	4(a)(2)
23-Sep-22	New Issue	29,240	Common	\$0.17	No	Lewebandara, Ashley	Service	Yes	4(a)(2)
30-Sep-22	New Issue	74,384	Common	\$0.15	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	\$0.11	No	Watson, Michael	Service	Yes	4(a)(2)
1-Feb-23	New Issue	396,372	Common	\$0.11	No	Hymel, Chris M.	Service	Yes	4(a)(2)
17-Feb-22	New Issue	102,564	Common	\$0.21	No	Seltzer, Richard C	Cash	Yes	4(a)(2)
20-Feb-22	New Issue	94,563	Common	\$0.20	No	Adair, Charles W & Diana S, JTWROS	Cash	Yes	4(a)(2)
29-Apr-23	New Issue	6,211	Common	\$0.22	No	Lewkebandara, Thanushka	Service	Yes	4(a)(2)
5-Jun-23	New Issue	218,978	Common	\$0.14	No	Hymel, Chris M.	Service	Yes	4(a)(2)
5-Jun-23	New Issue	78,261	Common	\$0.14	No	Watson, Michael	Service	Yes	4(a)(2)
9-Jun-23	New Issue	35,714	Common	\$0.14	No	Henry, David	Service	Yes	4(a)(2)
9-Jun-23	New Issue	37,500	Common	\$0.14	No	Joe, Herbert	Service	Yes	4(a)(2)
12-Jun-23	New Issue	35,750	Common	\$0.14	No	Seltzer, Richard C	Service	Yes	4(a)(2)
12-Jun-23	New Issue	35,750	Common	\$0.14	No	Shih, Hue-The	Service	Yes	4(a)(2)
31-Jul-23	New Issue	110,484	Common	\$0.12	No	Watson, Michael	Service	Yes	4(a)(2)
8-Aug-23	New Issue	120,968	Common	\$0.12	No	Oak, Alan & Ann	Cash	Yes	4(a)(2)
18-Aug-23	New Issue	8,403	Common	\$0.12	No	Lewkebandara, Thanushka	Services	Yes	4(a)(2)
18-Aug-23	New Issue	8,403	Common	\$0.12	No	McKenna, Tom	Services	Yes	4(a)(2)
26-Sep-23	New Issue	158,571	Common	\$0.07	No	Watson, Michael	Service	Yes	4(a)(2)
26-Sep-23	New Issue	171,429	Common	\$0.07	No	Hymel, Chris M.	Service	Yes	4(a)(2)
26-Sep-23	New Issue	150,000	Common	\$0.07	No	Watson, Michael	Service	Yes	4(a)(2)
26-Sep-23	New Issue	250,000	Common	\$0.07	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
26-Sep-23	New Issue	250,000	Common	\$0.07	No	Otman, Naser	Service	Yes	4(a)(2)
26-Sep-23	New Issue	50,000	Common	\$0.07	No	Sampara, Kamal	Service	Yes	4(a)(2)
26-Sep-23	New Issue	25,000	Common	\$0.07	No	Nightingale, Alan	Service	Yes	4(a)(2)
3-Oct-23	New Issue	142,857	Common	\$0.07	No	Seltzer, Richard C	Cash	Yes	4(a)(2)
6-Oct-23	New Issue	40,000	Common	\$0.06	No	Eldridge, Darrell & Marilyn Ann, JTWROS	Cash	Yes	4(a)(2)
6-Oct-23	New Issue	420,000	Common	\$0.06	No	Oak, Alan & Ann, JTWROS	Cash	Yes	4(a)(2)
20-Dec-23	New Issue	12,610	Common	\$0.0424	No	Hughley, Darius	Service	Yes	4(a)(2)
29-Dec-23	New Issue	465,000	Common	\$0.10	No	Stubbers, Ron A.	Service	Yes	4(a)(2)
29-Dec-23	New Issue	660,000	Common	\$0.10	No	Otman, Naser	Service	Yes	4(a)(2)

No. of Shares Outstanding as of the date of this report:

Closing Balance (Common): 44,796,688

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-Feb-24	New Issue	750,000	Common	\$0.085	No	Hymel, Chris M.	Cash	Yes	4(a)(2)
14-Feb-24	New Issue	250,000	Common	\$0.10	No	Mustang Partners	Services	Yes	4(a)(2)
04-Mar-24	New Issue	250,000	Common	\$0.10	No	Gama, Maria P	Services	Yes	4(a)(2)
22-Mar-24	New Issue	150,000	Common	\$0.10	No	Mustang Partners	Services	Yes	4(a)(2)
22-Mar-24	New Issue	1,000,000	Common	\$0.07	No	Hymel, Chris M.	Services	Yes	4(a)(2)
26-Mar-24	New Issue	11,364	Common	\$0.088	No	Lewkebandara, Thanushka	Services	Yes	4(a)(2)
01-May-24	New Issue	1,000,000	Common	\$0.10	No	Ring Exempt Trust ¹	Cash	Yes	4(a)(2)
01-May-24	New Issue	500,000	Common	\$0.10	No	Pascarelli, Phillip A	Cash	Yes	4(a)(2)
20-Mar-24	New Issue	250,000	Common	\$0.10	No	Mark Walker & Tara Valachovic, JTWROS	Cash	Yes	4(a)(2)
20-Mar-24	New Issue	500,000	Common	\$0.10	No	Sean Faulkner	Cash	Yes	4(a)(2)
03-Jun-24	New Issue	112,500	Common	\$0.10	No	Ring Exempt Trust ¹	Services	Yes	4(a)(2)
03-Jun-24	New Issue	250,000	Common	\$0.10	No	Timothy Bethany	Cash	Yes	4(a)(2)
17-Jun-24	New Issue	250,000	Common	\$0.10	No	George Stavropoulos	Cash	Yes	4(a)(2)

¹ Jonathan Ring, Trustee, Ring Exempt Trust

No. of Shares Outstanding as of the date of this report:

Closing Balance (Common):

50,070,552



SIGNAL ADVANCE, INC.

FINANCIAL STATEMENTS

For The Six (6) Month Period Ended June 30, 2024

SIGNAL ADVANCE, INC.
BALANCE SHEETS
As of June 30, 2024
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash or Cash Equivalent	\$ 243,280	\$ 8,287
Other Current Assets		
Available for Sale Securities	17,574	51,989
Short-Term Loan	4,000	4,000
Total Other Current Assets	21,574	55,989
Total Current Assets	264,854	64,277
Fixed Assets		
Property and Equipment, net	\$ 57,842	66,539
Total Fixed Assets	57,842	66,539
Other Assets		
Intangible Property (IP/R&D)	1,678,627	1,557,016
Total Other Assets	1,678,627	1,557,016
TOTAL ASSETS	\$ 2,001,324	\$ 1,687,832
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities		
Line of Credit - Shareholder	0	19,830
Total Liabilities	0	19,830
Shareholders' Equity		
Common Stock, No Par, 200M shares authorized		
Shares Issued and Outstanding		
44,796,688 as of December 31, 2023		
50,070,552 as of June 30, 2024		
Capital Investment	8,953,120	8,501,120
Retained Earnings	(6,833,118)	(6,593,164)
Net Income	(118,679)	(239,954)
Total Shareholders' Equity	2,001,324	1,668,002
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 2,001,324	\$ 1,687,832

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.
STATEMENTS OF OPERATIONS
For The Six (6) Month Period Ended June 30, 2024
(Unaudited)

	January- June 2024	January- December 2023
Ordinary Income/(Expense)		
Income	\$ 0	\$ 800
Expense		
General and Administrative	17,337	47,204
Amortization	15,647	91,930
Depreciation	10,913	11,039
Professional Services	92,868	106,219
Total Expense	136,764	256,391
Net Ordinary Income/(Expense)	(136,764)	(255,591)
Other Income (Expense)		
Unrealized Gain/(Loss)	18,085	15,637
Net Other Income/(Expense)	18,085	15,637
Net Income/(Expense)	\$ (118,679)	\$ (239,954)

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
As of June 30, 2024
(Unaudited)

Balance December 31, 2022	<u>40,653,205</u>	\$	<u>8,095,738</u>	\$	<u>(6,593,164)</u>	\$	<u>1,502,574</u>
Shares issued for cash	920,952		92,600				92,600
Shares issued for services	3,222,531		312,783				312,783
Net Income (loss)					(239,954)		(239,954)
Balance December 31, 2023	<u>44,796,688</u>	\$	<u>8,501,120</u>	\$	<u>(6,833,118)</u>	\$	<u>1,668,002</u>
Shares issued for cash	4,500,000		408,500				408,500
Shares issued for services	773,864		43,500				43,500
Net Income (loss)					(118,679)		(118,679)
Balance June 30, 2024	<u>50,070,552</u>		<u>8,953,120</u>	\$	<u>(6,951,797)</u>	\$	<u>2,001,323</u>

See notes to consolidated financial statements.

SIGNAL ADVANCE, INC.
STATEMENTS OF CASH FLOWS
For The Six (6) Month Period Ended June 30, 2024
(Unaudited)

	<u>January- June 2024</u>	<u>January - December 2023</u>
OPERATING ACTIVITIES		
Net Income	\$ (118,679)	\$ (239,954)
Adjustments to reconcile Net Income to net cash provided by operations:		
Amortization	9,995	91,930
Depreciation	10,913	11,039
Common Stock Issued for Services	43,500	312,783
Net cash provided by Operating Activities	\$ (54,271)	\$ 180,876
INVESTING ACTIVITIES		
Available for Sale Securities	34,415	(15,637)
Intangible Property	(131,604)	(472,650)
Property and Equipment	(2,216)	(10,186)
Short-Term Loan	0	(4,000)
Net cash provided by Investing Activities	\$ (99,406)	\$ (502,473)
FINANCING ACTIVITIES		
Common Stock Issued for Cash	408,500	92,600
Line of Credit - Shareholder	(19,830)	5,079
Net cash provided by Financing Activities	\$ 408,500	\$ 97,679
Net cash increase for period	234,993	(228,997)
Cash at beginning of period	8,287	237,284
Cash at end of period	\$ <u>243,280</u>	\$ <u>8,287</u>

See notes to consolidated financial statements

SIGNAL ADVANCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

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 has been developing and implementing its proprietary Signal Advance[®] technology to reduce signal detection delay with potential applications in biomedicine, transportation, defense, communications, cyber-security and industrial control systems to be implemented through subsidiaries.

The Company is currently focused on its Analog Guard project that applies the Signal Advance[®] technology for use in analog (vs. digital) encryption. To the end, Analog Guard, Inc., a Texas Corporation, was formed in anticipation of a future spin-off of the Analog Guard[®] business into a separate company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Research and Development

Per the Tax Cuts and Jobs Act (TCJA), amendment to Section 174, research or experimental (R&E) expenditures must be capitalized for tax years beginning after December 31, 2021. As such, R&E is capitalized. R&E capital expenditures that currently have an indeterminate “life”, no amortization is applied. As the R&E results in the application for intellectual property protection to the United States Patent and Trademark Office, capitalized R&E is amortized of the life of the patent (typically 20 years).

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 June 30, 2024 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 such losses.

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

Per 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (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 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.

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, unsecured, and accrues simple interest at 2.5% per quarter. As of June 30,, 2024 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.

NOTE 4 – INCOME TAXES (continued)

	Net Operating Loss	Valuation Allowance
Federal income tax benefit attributed to Net Operating Loss Carry-Over from Previous Years		
Year-Ended December 31, 2020	90,092	90,092
Year-Ended December 31, 2021	222,473	222,473
Year-Ended December 31, 2022	259,662	259,662
Year-Ended December 31, 2023	239,954	239,954
Net benefit	\$ 812,181	\$ 812,181

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	170,558	170,558
Less: change in valuation allowance	-	-
Net deferred tax asset	\$ 170,558	\$ 170,558

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, 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 years ended December, 31, 2023, 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 December 31, 2023, the Company had:

- \$812,181 in net operating loss carry-forward available to offset future taxable income, and
- open tax years of 2022, 2021 and 2020 are subject to examination by tax authorities.

NOTE 5 - EQUITY

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 year-ended December 31, 2023, the Company made the following Common Stock issuances:

- 675,531 shares of common stock valued at \$62,600 were issued for cash.
- 1,649,375 shares of common stock valued at \$156,200 were issued for services rendered
- 245,421 shares of common stock valued at \$30,000 were issued for cash by Officers/Directors.
- 1,573,156 shares of common stock valued at \$156,583 were issued for services rendered by Officers/Directors

During the six (6) month period ended June 30, 2024, the Company made the following Common Stock issuances:

- 2,750,000 shares of common stock valued at \$275,00000 were issued for cash.
- 762,500 shares of common stock valued at \$68,750 were issued for services rendered
- 1,750,000 shares of common stock valued at \$113,500 were issued for cash by Officers/Directors.
- 11.364 shares of common stock valued at \$1,000 were issued for services rendered by Officers/Directors.

NOTE 6 - RELATED PARTY TRANSACTIONS

During the six (6) month period ended June 30, 2024, \$4,200 in rent was paid to an Officer/Director.

In addition, as of June 30, 2024 a line-of-credit with the Company CEO, has no balance owed.