

ALCOR LIFE EXTENSION FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995

ALCOR LIFE EXTENSION FOUNDATION
YEAR ENDED DECEMBER 31, 1995

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Board of Directors
Alcor Life Extension Foundation
Scottsdale, Arizona

We have compiled the accompanying balance sheet of Alcor Life Extension Foundation, a non-profit organization, as of December 31, 1995, and the related statements of support and revenues, expenses and changes in fund balance, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Martin Peterson, CPA, P.C.

May 6, 1996

**ALCOR LIFE EXTENSION FOUNDATION
BALANCE SHEET
DECEMBER 31, 1995**

ASSETS

	<u>GENERAL FUND</u>	<u>PATIENT CARE FUND</u>	<u>RESEARCH FUND</u>	<u>ENDOWMENT FUND</u>	<u>BUILDING FUND</u>	<u>TOTAL</u>
Cash & cash equivalents	\$ 26,058	\$ 51,896	\$ 5,702	\$ ---	\$ ---	\$ 83,656
Investments	---	537,449	18,040	50,801	---	606,290
Trust accounts	---	---	196,144	---	---	196,144
Note receivable	---	507,000	---	---	---	507,000
Accounts receivable less allowance for doubtful receivables of \$3,000	117,373	70,000	50,000	---	---	237,373
Other assets	5,678	---	---	---	---	5,678
Property & equipment at cost						
Less accumulated depreciation of \$138,169	6,897	153,179	53,570	---	---	213,646
Due to (from) other funds	<u>(183,109)</u>	<u>(12,283)</u>	<u>(134,381)</u>	<u>348,825</u>	<u>(19,053)</u>	<u>---</u>
Total Assets	<u>\$ (27,103)</u>	<u>\$1,307,242</u>	<u>\$ 189,075</u>	<u>\$ 399,626</u>	<u>\$ (19,053)</u>	<u>\$1,849,787</u>

LIABILITIES AND FUND BALANCES

Accounts payable & accrued expenses	\$ 8,996	\$ 5,752	\$ 49,698	\$ ---	\$ ---	\$ 64,446
Capital lease obligations	931	---	6,155	---	---	7,086
Deferred patient care reserve	---	<u>1,308,465</u>	<u>196,144</u>	---	---	<u>1,504,609</u>
Total liabilities	<u>9,927</u>	<u>1,314,217</u>	<u>251,997</u>	<u>---</u>	<u>---</u>	<u>1,576,141</u>
FUND BALANCES						
Unrestricted:						
Available for operations	(43,927)	---	---	---	---	(43,927)
Net investment in plant	6,897	---	---	---	---	6,897
Restricted:	<u>---</u>	<u>(6,975)</u>	<u>(62,922)</u>	<u>399,626</u>	<u>(19,053)</u>	<u>310,676</u>
Total fund balances	<u>(37,030)</u>	<u>(6,975)</u>	<u>(62,922)</u>	<u>399,626</u>	<u>(19,053)</u>	<u>273,646</u>
Total liabilities and fund balances	<u>\$ (27,103)</u>	<u>\$1,307,242</u>	<u>\$ 189,075</u>	<u>\$ 399,626</u>	<u>\$ (19,053)</u>	<u>\$1,849,787</u>

See accompanying notes and accountant's compilation report.

**ALCOR LIFE EXTENSION FOUNDATION
STATEMENT OF SUPPORT AND REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1995**

SUPPORT AND REVENUES

	GENERAL FUND	PATIENT CARE FUND	RESEARCH FUND	ENDOWMENT FUND	BUILDING FUND	TOTAL
Public donations	\$109,680	\$ 1,000	\$ 6,303	\$ 2,275	\$ ---	\$119,258
Suspension income	---	---	165,291	---	---	165,291
Membership fees	90,849	---	---	---	---	90,849
Investment income	651	37,881	4,000	1,905	6	44,443
Investment value gain (loss)	---	50,515	---	(423)	(4,175)	45,917
Miscellaneous	<u>12,600</u>	<u>4,030</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>16,630</u>
	<u>213,780</u>	<u>93,426</u>	<u>175,594</u>	<u>3,757</u>	<u>(4,169)</u>	<u>482,388</u>

EXPENSES

Salaries	79,762	17,257	17,910	---	---	114,929
Payroll taxes	6,172	2,199	2,173	---	---	10,544
Allocations (10% rule)	11,498	---	(11,498)	---	---	---
Computer expense	408	---	317	---	---	725
Depreciation	4,944	9,794	2,849	---	---	17,587
Education/magazine	25,443	---	---	---	---	25,443
Emergency response	---	---	2,603	---	---	2,603
Equipment rentals	2,161	---	---	---	---	2,161
Insurance	13,230	2,101	3,229	---	---	18,560
Interest expense	497	---	625	---	---	1,122
Legal	2,625	1,937	---	---	---	4,562
Liquid nitrogen	---	21,130	---	---	---	21,130
Membership expense	557	---	---	---	---	557
Medical supplies	---	---	14,950	---	---	14,950
Office expense	10,639	75	220	---	---	10,934
Other	5,365	103	2,334	74	164	8,040
Postage	11,581	437	875	---	---	12,893
Professional fees	2,578	---	550	---	---	3,128
Repairs & Maintenance	8,714	341	596	---	---	9,651
Rent	21,180	951	3,633	---	---	25,764
Research	---	---	3,440	---	---	3,440
Suspension expense	---	---	130,675	---	---	130,675
Telephone	15,593	---	700	---	---	16,293
Travel	4,522	---	807	---	---	5,329
Utilities	<u>7,741</u>	<u>592</u>	<u>3,123</u>	<u>---</u>	<u>---</u>	<u>11,456</u>
	<u>235,210</u>	<u>56,917</u>	<u>180,111</u>	<u>74</u>	<u>164</u>	<u>472,476</u>
Excess revenue (expenses)	(21,431)	36,509	(4,517)	3,683	(4,333)	9,912
Fund balance beginning	<u>(15,599)</u>	<u>(43,484)</u>	<u>(58,406)</u>	<u>395,943</u>	<u>(14,720)</u>	<u>263,734</u>
Fund balance ending	<u>\$ (37,030)</u>	<u>\$ (6,975)</u>	<u>\$ (62,923)</u>	<u>\$ 399,626</u>	<u>(19,053)</u>	<u>\$ 273,646</u>

See accompanying notes and accountant's compilation report.

ALCOR LIFE EXTENSION FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995

Cash flows provided by		
operating activities:		
Excess of revenue over earnings	\$ 9,229	
Loss on investment	32,045	
Change in investment value	460,405	
Depreciation expense	<u>17,587</u>	\$ 519,266
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(136,816)	
Other assets	27,928	
Increase (decrease) in liabilities:		
Accounts payable	24,957	
Deferred patient care reserve	<u>148,114</u>	
Total adjustments		<u>64,213</u>
Net cash provided by operating activities		583,479
Cash flows provided by (used for)		
investing activities:		
Issuance of long-term debt	(507,000)	
Increase in capital lease obligations - net	<u>4,860</u>	
Net cash (used for) financing activities		(502,140)
Cash flows (used for) investing activities:		
Purchase of property and equipment	<u>(13,084)</u>	
Net cash (used for) investing activities		<u>(13,084)</u>
Net increase in cash and cash equivalents		68,255
Cash and cash equivalents beginning of year		<u>15,401</u>
Cash and cash equivalents end of year		<u>\$ 83,656</u>

See accompanying notes and accountant's compilation report.

ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FUND ACCOUNTING

To ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Accordingly, all financial transactions have been recorded and reported by fund group. Separate accounts are maintained for each fund. The assets, liabilities, and fund balances are reported in following self-balancing fund groups.

GENERAL: Revenues which are not restricted as to usage and expenses for the general operations of the Foundation are classified into the general fund. The Board of Directors has determined that 10% of certain general fund revenues should be set aside for research and accordingly, approximately \$11,498 has been transferred to the research fund.

PATIENT CARE: Upon deanimation, a pre-established amount, received generally from insurance proceeds, is estimated for the long-term care of patients, placed in the patient care fund and classified as Deferred Patient Care Reserve. Such amounts are invested in fixed income and equity securities, the income of which is restricted in use to the costs of patient care and for any ultimate costs of reanimation.

RESEARCH: The portion of the proceeds received upon deanimation which is which is not designated for long-term patient care is placed in the research fund and used for the initial costs of suspension. Any excess over such costs is transferred to the general fund and is available for the operations of the Foundation. Research grants restricted to specific research activities are also placed in the research fund. Prepaid suspension fees are placed in a trust account.

ENDOWMENT: The Foundation received a bequest from a member which was, per the last will and testament, unrestricted as to usage. However, the Board of Directors restricted usage of the bequest to investments in securities and for short-term loans to the general fund for operating purposes. Income earned by endowment investments is unrestricted and, accordingly, is classified as general fund income.

BUILDING FUND: This fund is now inactive. The building fund was used for the expenses incurred on Alcor's move to Arizona.

ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 1995

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Medical equipment	20
Office equipment	5
Leasehold improvements	40

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

INCOME TAXES

The Foundation is a non-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)3. Accordingly, no income taxes are provided in the accompanying financial statements.

2. INVESTMENTS

Investments in mutual funds and stocks are stated at fair market value with the unrealized gains and losses included in earnings. The investment in the Limited Liability Company is stated at tax basis and the U.K. Building is at cost.

Investment in mutual funds and stocks	\$400,384
Investment in Limited Liability Company	173,905
Investment in U.K. building	<u>32,000</u>
	<u>\$606,289</u>

3. NOTE RECEIVABLE

The note receivable of \$507,000 consists of a loan made in December, 1995 to Cryonics Property, L.L.C. in which Alcor has a 65% ownership. The note is payable at \$4,892.66 per month including principle and interest at 10% beginning in January, 1996 and matures on January 1, 2016. The note is secured by an office building, in which Alcor rents its facility.

ALCOR LIFE EXTENSION FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 1995

4. PROPERTY AND EQUIPMENT

Medical equipment	\$277,210
Office equipment	66,381
Leasehold improvements	<u>8,224</u>
	351,815
 Less accum. depreciation & amortization	 <u>(138,169)</u>
	 <u>\$213,646</u>

5. CAPITAL LEASE OBLIGATION

The Foundation acquired medical equipment and a copier under the provision of a long-term lease. The lease agreement provided for minimum monthly payments of \$265 for the medical equipment and \$310 for the copier.

Future minimum lease payments under the capital lease are as follows:

1996	\$4,105
1997	3,174
1998	<u>2,116</u>
	9,395
 Less amount representing interest	 <u>(2,309)</u>
	 <u>\$7,086</u>

6. LEASE COMMITMENT

The Foundation operates from a leased facility under a three year operating lease commencing September 1, 1994. The agreement calls for an annual base rent of \$20,808. A deposit of \$2,000 was paid upon signing of the lease.

Net future minimum rental payments required under the operating lease for the facilities as of December 31, 1995 are as follows:

1996	\$20,808
1997	\$13,680

7. RELATED PARTY TRANSACTIONS

The Foundation rents its facility from Cryonics Property, L.L.C., an entity in which Alcor has a 65% ownership. It also holds the mortgage of \$507,000 on the building owned by Cryonics Property, L.L.C.