

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2018

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

CONTENTS

	<u>Pages</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 20
SUPPLEMENTAL INFORMATION	
Independent Accountants' Review Report on Supplemental Information	21
Schedule of Departmental Assets, Liabilities and Net Assets	22
Schedule of Departmental Revenues and Expenses	23



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of

ALCOR LIFE EXTENSION FOUNDATION, INC. AND AFFILIATES

We have reviewed the accompanying consolidated financial statements of ***Alcor Life Extension Foundation, Inc. and Affiliates***, which comprise the consolidated statement of financial position as of December 31, 2018, the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

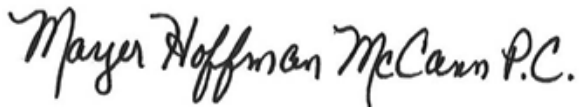
Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We have previously reviewed **Alcor Life Extension Foundation, Inc. and Affiliates'** consolidated financial statements and in our conclusion dated April 26, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2017, for it to be consistent with the reviewed consolidated financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, **Alcor Life Extension Foundation, Inc. and Affiliates** adopted Financial Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in 2018. Our conclusion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." in a cursive script.

July 31, 2020

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2018
(with comparative totals at December 31, 2017)

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,156,342	\$ 934,819
Accounts receivable, net	174,782	81,608
Pledges receivable	30,315	-
Other current assets	184,061	171,802
TOTAL CURRENT ASSETS	6,545,500	1,188,229
RESTRICTED CASH	400,705	747,979
PROPERTY AND EQUIPMENT, net	1,497,036	1,277,247
INVESTMENTS	19,096,580	21,658,704
BENEFICIAL INTEREST IN PERPETUAL TRUST	4,341,444	4,532,820
PREPAID CRYOPRESERVATION AND STANDBY	11,945,889	11,213,405
TOTAL ASSETS	<u>\$ 43,827,154</u>	<u>\$ 40,618,384</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 48,108	\$ 60,118
Accrued expenses	65,342	57,542
TOTAL CURRENT LIABILITIES	113,450	117,660
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	11,945,889	11,213,405
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	428,309	497,777
DEFERRED REVENUE	166,948	50,901
DEFERRED PATIENT CARE RESERVE	9,596,000	9,107,000
TOTAL LIABILITIES	<u>22,250,596</u>	<u>20,986,743</u>
NET ASSETS		
Without donor restrictions		
Controlling interest	12,338,614	15,033,456
Noncontrolling interest	80,094	65,365
Total without donor restrictions	12,418,708	15,098,821
With donor restrictions	9,157,850	4,532,820
TOTAL NET ASSETS	<u>21,576,558</u>	<u>19,631,641</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,827,154</u>	<u>\$ 40,618,384</u>

See Notes to Consolidated Financial Statements
See Independent Accountants' Review Report

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Without donor restrictions	With donor restrictions	Totals	
			2018	2017
REVENUE AND SUPPORT				
Membership dues	\$ 552,039	\$ -	\$ 552,039	\$ 521,060
Bequests	150,336	-	150,336	114,984
Contributions	606,421	4,816,406	5,422,827	243,756
Interest and distribution income	405,290	-	405,290	271,726
Realized and unrealized (losses) gains on investments	(2,519,009)	-	(2,519,009)	4,377,465
Cryopreservation and standby	979,925	-	979,925	614,090
Rental income	48,825	-	48,825	71,209
Change in value of beneficial interest in perpetual trust	-	(191,376)	(191,376)	542,762
Other	57,086	-	57,086	18,806
Total revenue and support before net assets released from restrictions	280,913	4,625,030	4,905,943	6,775,858
Net assets released from restrictions	-	-	-	-
TOTAL REVENUE AND SUPPORT	280,913	4,625,030	4,905,943	6,775,858
EXPENSES				
Payroll and benefits	868,956	-	868,956	721,194
Occupancy	11,986	-	11,986	14,592
Office expenses	112,648	-	112,648	94,872
Bank charges	27,337	-	27,337	42,411
Utilities	77,074	-	77,074	70,175
Insurance	67,439	-	67,439	46,216
Lease expenses	4,986	-	4,986	4,888
Depreciation	135,601	-	135,601	112,704
Bad debt expense	16,396	-	16,396	12,038
Professional fees	1,188,716	-	1,188,716	183,893
Equipment and supplies	168,469	-	168,469	158,007
Marketing	5,350	-	5,350	230
Travel	86,572	-	86,572	10,234
Publications	61,373	-	61,373	61,458
Taxes and licenses	51,011	-	51,011	54,217
Repairs and maintenance	30,112	-	30,112	77,249
Miscellaneous	47,000	-	47,000	-
TOTAL EXPENSES	2,961,026	-	2,961,026	1,664,378
CHANGE IN NET ASSETS	(2,680,113)	4,625,030	1,944,917	5,111,480
NET ASSETS, BEGINNING OF YEAR	15,098,821	4,532,820	19,631,641	14,520,161
NET ASSETS, END OF YEAR	\$ 12,418,708	\$ 9,157,850	\$ 21,576,558	\$ 19,631,641
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 14,729	\$ -	\$ 14,729	\$ 15,279
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	(2,694,842)	4,625,030	1,930,188	5,096,201
CHANGE IN NET ASSETS	\$ (2,680,113)	\$ 4,625,030	\$ 1,944,917	\$ 5,111,480

See Notes to Consolidated Financial Statements
See Independent Accountants' Review Report

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets attributable to controlling interest	\$ 1,930,188	\$ 5,096,201
Adjustments to reconcile the change in net assets attributable to controlling interest to net cash provided by operating activities:		
Change in value of a beneficial interest in perpetual trust	191,376	(542,762)
Change in net assets attributable to noncontrolling interest	14,729	15,279
Provision for bad debts	16,396	12,038
Depreciation	135,601	112,704
Gain on sale of property	(28,835)	-
Realized and unrealized losses (gains) on investments	2,519,009	(4,377,465)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(109,570)	102,619
Pledges receivable	(30,315)	-
Other current assets	(12,259)	33,908
Prepaid cryopreservation and standby	(732,484)	(2,251,604)
Increase (decrease) in:		
Accounts payable	(12,010)	(5,469)
Accrued expenses	7,800	8,049
Deferred cryopreservation and comprehensive member revenues	663,016	2,197,938
Deferred revenue	116,047	47,794
Deferred patient care reserve	489,000	399,500
Net cash provided by operating activities	5,157,689	848,730
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(369,157)	(536,164)
Proceeds from the sale of property	42,602	-
Purchases of investments	(785,800)	(1,029,835)
Proceeds from sale of investments	828,915	713,115
Net cash used in investing activities	(283,440)	(852,884)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,874,249	(4,154)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	1,682,798	1,686,952
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 6,557,047	\$ 1,682,798

Reconciliation of cash, cash equivalents, and restricted cash from the consolidated statement of financial position to the consolidated statement of cash flows:

	2018	2017
Cash and cash equivalents	\$ 6,156,342	\$ 934,819
Restricted cash	400,705	747,979
Cash, cash equivalents, and restricted cash	\$ 6,557,047	\$ 1,682,798

See Notes to Consolidated Financial Statements
See Independent Accountants' Review Report

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies

Nature of operations – *Alcor Life Extension Foundation, Inc.* is a California non-profit organization formed under Section 501(c)(3) of the Internal Revenue Code. Alcor Life Extension Foundation, Inc. conducts its primary operations in Scottsdale, Arizona. Alcor Life Extension Foundation, Inc. is funded primarily through contributions and membership dues from its members, and rental income. Alcor Life Extension Foundation, Inc.'s primary exempt purpose is research and education in the science of cryonic storage and cryopreservation. Members guarantee a certain level of funding which will be paid to Alcor Life Extension Foundation, Inc. upon the legal death of the member to support Comprehensive Member Standby ("CMS"), cryopreservation, long-term care, and, if it becomes possible, resuscitation of the member.

The significant accounting policies of Alcor Life Extension Foundation, Inc. are as follows:

Principles of consolidation – The consolidated financial statements include all accounts of Alcor Life Extension Foundation, Inc. and its affiliates: Alcor Endowment Trust Supporting Organization, the Alcor Patient Care Trust, Cryonics Property, LLC, and Alcor Care Trust Supporting Organization. The Alcor Patient Care Trust had an ownership interest of 84.0580% in Cryonics Property, LLC at December 31, 2018 and 2017. Alcor Life Extension Foundation, Inc. is the beneficiary of the Alcor Patient Care Trust. The Alcor Patient Care Trust and its affiliate, Cryonics Property, LLC, are consolidated with Alcor Life Extension Foundation, Inc. as Alcor Life Extension Foundation, Inc. has control of the Trust. Alcor Life Extension Foundation, Inc.'s Board of Directors appoints the Alcor Patient Care Trust's board members. All significant intercompany transactions have been eliminated in consolidation.

Alcor Life Extension Foundation Inc.'s operations include performing research and development for the cryopreservation or biostasis process, maintaining current patients in biostasis, placing members into biostasis, eventually restoring all patients to health if it becomes possible, and providing public education.

The Alcor Endowment Trust Supporting Organization, which was formed in 2013, holds and utilizes significant resources that must be used exclusively for the purposes of Alcor Life Extension Foundation, Inc. Accordingly, Alcor Life Extension Foundation, Inc. has an economic interest in the Alcor Endowment Trust Supporting Organization. Additionally, Alcor Life Extension Foundation, Inc. has control over the Alcor Endowment Trust Supporting Organization through a shared board of directors.

The Alcor Patient Care Trust is an irrevocable trust that maintains amounts funded for patients in biostasis. The Alcor Patient Care Trust pays Alcor Life Extension Foundation, Inc. for itemized expenses related to patient care.

Cryonics Property, LLC owns the Alcor Life Extension Foundation, Inc. building and leases space to other tenants in addition to Alcor Life Extension Foundation, Inc.

Alcor Care Trust Supporting Organization was formed in June 2016 for the benefit of Alcor Life Extension Foundation, Inc., specifically for the purposes of science and education pertaining to achieving indefinitely long life and health, by caring for people placed into cryopreservation or other forms of biostasis as long-term research donors by Alcor Life Extension Foundation, Inc. During the year ended December 31, 2018, the Alcor Patient Care Trust transferred approximately \$12 million of investments to the Alcor Care Trust Supporting Organization. The intent of the transaction is to transfer the deferred patient care reserve liability to Alcor Care Trust Supporting Organization as well, however, the liability was not legally assumed as of December 31, 2018.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

Basis of presentation – The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, Alcor Life Extension Foundation, Inc. is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use by Alcor Life Extension Foundation, Inc. is limited by donors to a specific time period or purpose.

Prior year summarized information – The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Alcor Life Extension Foundation, Inc.’s consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications – Certain reclassifications have been made to the 2017 summarized comparative combined financial statement presentation of expenses to correspond to the current year’s format. Net assets and changes in net assets are unchanged as a result of these reclassifications.

Management’s use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates related to the deferred patient care reserve are particularly sensitive due to the nature of the estimate being highly sensitive to changes outside of management’s control and the uncertainty surrounding future developments in the cryopreservation process, which relate specifically to patient maintenance and potential revival.

Cash and cash equivalents – Cash includes cash and, at times, cash equivalents, which consist of highly liquid financial investments purchased with an original maturity of three months or less. Accounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (“FDIC”).

Restricted cash – Restricted cash is specifically reserved to provide comprehensive member standby services for Alcor Life Extension Foundation, Inc.’s members. Restricted cash is collected through monthly dues and released when services are performed. At December 31, 2018 and 2017, funds collected that had not been spent for their intended purpose are reported as restricted cash with an offsetting liability of deferred comprehensive member standby revenue in the accompanying consolidated statement of financial position.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

Accounts receivable – Accounts receivable consists primarily of amounts due for membership dues, CMS dues, and cryopreservations performed. Accounts receivable are stated at the amount management expects to collect. Management provides for uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Accounts receivable are considered impaired if full payments are not received in accordance with the contractual terms. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2018 and 2017 accounts receivable are net of an allowance for doubtful accounts of \$33,600 and \$24,900, respectively.

Promises to give – Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2018, all of the pledges receivable on the accompanying consolidated statement of financial position are due within one year. Pledges receivable are considered by management to be fully collectible at December 31, 2018.

Property and equipment – Property and equipment is recorded at cost. Donated property and equipment is recorded at its fair value at the date of gift to Alcor Life Extension Foundation, Inc. Additions and betterments in excess of \$1,000 are capitalized. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the following general range of estimated useful lives:

Buildings and leasehold improvements	5 - 39 years
Machinery and office equipment	5 - 20 years
Medical equipment	5 - 20 years
Vehicles	5 years

Impairment of long-lived assets – Alcor Life Extension Foundation, Inc. accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for the years ended 2018 and 2017.

Investments – Alcor Life Extension Foundation, Inc. accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities* and FASB ASC 958-325, *Not-for-Profit Entities – Investments – Other*. Under FASB ASC 958-320, Alcor Life Extension Foundation, Inc. is required to report investments in equity securities that have readily determinable fair values, and all investments in debt securities, including negotiable certificates of deposit, at fair value. The fair value of securities with readily determinable fair values is based upon quoted market prices or publicly available net asset values. Negotiable certificates of deposit and U.S. Federal Agency securities are valued using proprietary valuation models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers, and other data. Under FASB ASC 958-325, certificates of deposit investments that are not debt securities are stated at amortized cost, which approximates fair value.

See Independent Accountants' Review Report

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

In 2013, the Alcor Patient Care Trust purchased an investment of preferred stock in a privately held company for which Alcor Life Extension Foundation, Inc.'s board members are officers. Under FASB ASC 958-325, Alcor Patient Care Trust accounts for the investment in this privately held company using the cost method. During 2017, the privately held company's common stock had a significant decline in value resulting in impairment of the investment held by the Alcor Patient Care Trust. The fair value of the investment was measured using the income approach using significant unobservable inputs considering undiscounted future cash flows discounted at 40% for lack of marketability. These primary inputs are considered Level 3 inputs under the fair value hierarchy described below.

The cost of the investment was \$190,000. The carrying value of the investment, net of impairment, is \$12,667 as of December 31, 2018 and 2017.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying consolidated financial statements.

Prepaid cryopreservation and standby – Prepaid cryopreservation and standby services are refundable until services are provided and are recorded as a liability. Cryopreservation revenues and expenses are recognized upon the cryopreservation of a patient. Standby revenues and expenses are recognized upon providing emergency staff and transportation services to patients prior to cryopreservation, including all rescue activities up through the time the patient is transferred to the Alcor Life Extension Foundation, Inc. facilities for cryopreservation. At the time of providing these services, Alcor Life Extension Foundation, Inc. utilizes the assets held in prepaid cryopreservation and standby to fund the services.

Alcor Life Extension Foundation, Inc. is required to report prepaid cryopreservation and standby funds invested in equity securities that have readily determinable fair values and all investments in debt securities, at fair value. The fair value is based on quoted market prices. The certificates of deposit are valued at estimated fair market value based on the certificates' stated interest rate and current market interest rate. The life insurance policies are valued at the cash surrender value as of year-end as reported by the policy provider.

Deferred patient care reserve – Upon cryopreservation of a patient, a specified amount of the cryopreservation revenue is deferred and invested into the Alcor Patient Care Trust to be used for patient maintenance and potential revival. Upon potential revival, Alcor Life Extension Foundation, Inc. would recognize as revenue amounts held in the patient care trust reserved for the potentially revived patient. Costs to maintain the patient until such time that potential revival may be possible are expensed as incurred.

The estimate for the deferred patient care reserve is developed using actuarial methods based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount deferred. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in each period when necessary.

Membership dues – Alcor Life Extension Foundation, Inc. does not provide significant tangible benefits to members for their membership in Alcor Life Extension Foundation, Inc. over the membership period. Accordingly, membership dues are recorded in accordance with contributions as described below.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

Contributions – Alcor Life Extension Foundation, Inc. accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. Contributions received are recorded as with or without donor restriction depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the donation is made, is shown as additions to net assets without donor restrictions.

Bequests – Bequests are recognized as contribution revenue in the period Alcor Life Extension Foundation, Inc. receives notification the court has found the will of the donor's estate to be valid and all conditions have been substantially met.

Functional expense allocation – The costs of providing program and supporting services activities have been summarized on a functional basis in Note 8. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The following table summarizes the allocation methods used.

Payroll and benefits	Time and effort
Occupancy, utilities, depreciation, repairs and maintenance, lease expenses	Purpose and utilization of space

Limited liability company – Based on the type of organization of Cryonics Property, LLC (an indefinite life entity) and as otherwise provided in the operating agreement executed by the members of this company, no member is personally liable for any acts, debts or liabilities beyond the members' capital contributions.

Fair value measurements – FASB ASC 820, *Fair Value Measurement*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

Income tax status – Alcor Life Extension Foundation, Inc., Alcor Endowment Trust Supporting Organization, the Alcor Patient Care Trust, and the Alcor Care Trust Supporting Organization qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and, accordingly, there is no provision for income taxes. Alcor Life Extension Foundation, Inc., Alcor Endowment Trust Supporting Organization and the Alcor Patient Care Trust are also exempt from state income tax. In addition, Alcor Life Extension Foundation, Inc., Alcor Endowment Trust Supporting Organization and the Alcor Patient Care Trust qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (“UBTI”) would be taxable.

Cryonics Property, LLC files its income tax return on the accrual basis as a partnership for federal and state income tax purposes. As such, Cryonics Property, LLC will not pay income taxes, as any income or loss will be included in the tax returns of the members.

Alcor Life Extension Foundation, Inc., Alcor Endowment Trust Supporting Organization, the Alcor Patient Care Trust, and the Alcor Care Trust Supporting Organization evaluate their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts.

Alcor Life Extension Foundation, Inc.’s and Alcor Endowment Trust Supporting Organization’s federal Return of Organization Exempt from Income Tax (Form 990) and Cryonics Property LLC’s Form 1065 for 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed. The Alcor Patient Care Trust is included within Alcor Life Extension Foundation, Inc.’s Form 990.

Recent accounting pronouncements – In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized.

In August 2015, the FASB issued FASB ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective date of the provisions of FASB ASU No. 2014-09. As a result, the new effective dates for public business entities, certain not-for-profit entities, and certain employee benefit plans to apply the guidance in FASB ASU No. 2014-09 is for annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in FASB ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018, unless the entities adopt the provisions of ASU No. 2020-05 as described below. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. Transition to the new guidance may be done using either a full or modified retrospective method. Alcor Life Extension Foundation, Inc. is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the consolidated statement of activities and changes in net assets and the consolidated statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020, unless the entities adopt the provisions of ASU No. 2020-05 as described below. Alcor Life Extension Foundation, Inc. is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which allows certain entities to elect to defer the effective date of the provisions of FASB ASU No. 2014-09 and ASU No. 2015-14 and ASU No. 2016-02. These entities may elect to adopt the guidance for revenue for annual reporting periods beginning after December 15, 2019. Additionally, under the amendments, entities may elect to adopt the leases guidance for fiscal years beginning after December 15, 2021.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. Certain amendments of this ASU are to be applied on a retrospective basis in the year that the ASU is first applied. Alcor Life Extension Foundation, Inc. adopted this standard for the year ended December 31, 2018.

In accordance with the amendments of this ASU, Alcor Life Extension Foundation, Inc. expanded disclosures around the presentation of expenses by function and nature in Note 8. Additionally, for the disclosures around liquidity and availability of resources in Note 15, Alcor Life Extension Foundation, Inc. elected not to present comparative information in the year of adoption, as permitted by the ASU.

A summary of the net asset classifications resulting from the adoption of ASU 2016-14 as of December 31, 2017 is as follows:

	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
Net asset classifications			
As previously reported:			
Unrestricted	\$ 15,098,821	\$ -	\$ 15,098,821
Temporarily restricted	-	-	-
Permanently restricted	-	4,532,820	4,532,820
Net assets (as reclassified)	<u>\$ 15,098,821</u>	<u>\$ 4,532,820</u>	<u>\$ 19,631,641</u>

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(1) Nature of operations and summary of significant accounting policies (continued)

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, requiring that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The guidance is effective for periods beginning after December 15, 2019, on a retrospective basis. Early adoption is permitted. Alcor Life Extension Foundation, Inc. adopted this ASU during the year ended December 31, 2018. As a result, net cash used in investing activities was decreased by \$68 for the year ended December 31, 2017.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. This ASU will be effective beginning in January 1, 2019 and requires modified-retrospective adoption. Alcor Life Extension Foundation, Inc. is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements as it relates to the equity investment held at cost.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is intended to clarify current guidance about whether a transfer of assets is a contribution or an exchange transactions. ASU 2018-08 is effective for annual periods beginning after December 15, 2019. Early adoption is permitted. The amendments of this ASU are to be applied on a modified retrospective basis, but retrospective application is permitted. Alcor Life Extension Foundation, Inc. is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

(2) Investments

Investments consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Negotiable certificates of deposit (fair value)	\$ 8,656,132	\$ 8,693,627
Cash and cash equivalents	358,617	1,613,399
Index fund - DOW30	956,203	1,209,000
Index fund - S&P 500	941,601	1,204,168
Index fund - NASDAQ-100	949,549	1,183,106
Other exchange traded funds	216,444	176,113
Domestic large blend mutual funds	5,414,870	5,807,670
Other common stock and equity mutual funds	1,566,276	1,734,235
Unregistered preferred stock	12,667	12,667
US federal agency securities	24,221	24,719
Total investments	<u>\$ 19,096,580</u>	<u>\$ 21,658,704</u>

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(3) Property and equipment

Property and equipment consists of the following at December 31:

	2018	2017
Cost or donated value:		
Land, buildings, and leasehold improvements	\$ 1,415,680	\$ 1,429,446
Machinery and office equipment	690,624	321,467
Medical equipment	1,109,852	1,109,852
Vehicles	118,018	118,018
Total cost or donated value	3,334,174	2,978,783
Accumulated depreciation	(1,837,138)	(1,701,536)
Net property and equipment	\$ 1,497,036	\$ 1,277,247

Depreciation expense charged to operations was \$135,601 and \$112,704 for the years ended December 31, 2018 and 2017, respectively.

(4) Beneficial interest in perpetual trust

Alcor Life Extension Foundation, Inc. is the sole beneficiary of an irrevocable trust that is held by a third party in perpetuity. Alcor Life Extension Foundation, Inc. records its interest in the trust assets at the fair value of the underlying assets of the trust. The beneficial interest in the trust is classified as with donor restrictions. The unit of account for fair value measurement related to this beneficial interest is the beneficial interest itself, and not the underlying assets of the trust. There are no unadjusted quoted market prices in active markets for identical beneficial interests (Level 1 inputs) and no other observable inputs in active or inactive markets specific to beneficial interests (Level 2 inputs). Accordingly, the fair value of the beneficial interest is based upon unobservable inputs for the beneficial interest (Level 3 inputs). The fair value of Alcor Life Foundation Inc.'s beneficial interest in the perpetual trust totaled \$4,341,444 and \$4,532,820 at December 31, 2018 and 2017, respectively.

The trust provides for an annual distribution of income and principal equal to the amount of 1% of the fair value of the trust as determined on the second calendar day of each calendar year. Distributions are recognized as investment income in the period of the distribution. Distribution income totaled \$45,328 and \$34,400 for the years ended December 31, 2018 and 2017, respectively.

The trust includes a provision that, upon the successful revival of the trustor from a cryopreserved state, the trustee shall distribute any part of the trust property not disposed by the provisions of the trust to the trustor. Resuscitation of members is not yet possible and, accordingly, Alcor Life Extension Foundation, Inc. has recognized its full interest in the perpetual trust as with donor restrictions. If resuscitation becomes possible in the future, Alcor Life Extension Foundation, Inc. will reevaluate the accounting for this trust agreement under the provisions of FASB ASC 450, *Contingencies*.

(5) Prepaid cryopreservation and standby

Alcor Life Extension Foundation, Inc. must maintain funds for prepaid cryopreservation and standby services in separate accounts for each member, per the cryopreservation contracts. As of January 1, 2001, Alcor Life Extension Foundation, Inc. instituted a policy requiring new members to name Alcor Life Extension Foundation, Inc. as the beneficiary of any life insurance policy the member uses to fund their cryopreservation. Policies can be returned to members at any time.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(5) Prepaid cryopreservation and standby (continued)

The following is a summary of those investments and life insurance policies at December 31:

	<u>2018</u>	<u>2017</u>
Cash	\$ 5,249,657	\$ 5,033,403
Common stock	<u>199,532</u>	<u>356,143</u>
Total member investments	5,449,189	5,389,546
Cash surrender value of member life insurance policies	<u>6,496,700</u>	<u>5,823,859</u>
Total prepaid cryopreservation and standby	<u>\$ 11,945,889</u>	<u>\$ 11,213,405</u>

Alcor Life Extension Foundation, Inc. has a financial obligation to provide standby services to members residing in the continental U.S. and Canada. Standby services include emergency staff and transportation services to patients prior to cryopreservation, including all rescue activities necessary to bring the patient to the Alcor Life Extension Foundation, Inc. facilities for cryopreservation. Members pay cryopreservation and standby fees to Alcor Life Extension Foundation, Inc. to fund future standby expenses. Cryopreservation and standby fees will be recognized as revenue as standby expenses are incurred.

(6) Deferred patient care reserve

Alcor Life Extension Foundation, Inc. has a financial obligation to fund the maintenance and potential revival of members who have undergone cryopreservation. The actual amount of future expenses required to meet this obligation is unknown due to the uncertainty of how long Alcor Life Extension Foundation, Inc. must maintain its members in cryopreservation and the uncertain costs of potential revival, if potential revival ever becomes scientifically and legally possible in the future. Therefore, these amounts are presently reflected as a deferred item. It is at least reasonably possible that this significant estimate will change in the near term.

(7) Net assets with donor restrictions

Net assets with donor restrictions are assets whose use by Alcor Life Extension Foundation, Inc. has been limited by donors to a specific time period, purpose, or both. At December 31, 2018, net assets with donor restrictions include assets restricted in perpetuity as described in Note 4 above as well as net assets restricted for the specified purpose of research and development.

(8) Functional expenses

The costs of providing the program and other activities have been summarized on a natural basis in the consolidated statement of activities and changes in net assets. Certain costs have been allocated among program and supporting services benefitted.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(8) Functional expenses (continued)

Alcor Life Extension Foundation, Inc. conducts research and education in the field of cryopreservation and storage. Expenses related to providing these services are as follows:

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and benefits	\$ 397,091	\$ 328,372	\$ 143,493	\$ 868,956
Occupancy	9,589	2,397	-	11,986
Office expenses	81,966	30,682	-	112,648
Bank charges	-	27,337	-	27,337
Utilities	61,659	15,415	-	77,074
Insurance	9,810	57,629	-	67,439
Lease expenses	3,989	997	-	4,986
Depreciation	108,481	27,120	-	135,601
Bad debt expense	-	16,396	-	16,396
Professional fees	347,376	841,340	-	1,188,716
Equipment and supplies	168,469	-	-	168,469
Marketing	441	4,854	55	5,350
Travel	86,572	-	-	86,572
Publications	47,230	14,143	-	61,373
Taxes and licenses	22,947	28,064	-	51,011
Repairs and maintenance	26,046	4,066	-	30,112
Miscellaneous	47,000	-	-	47,000
	<u>\$ 1,418,666</u>	<u>\$ 1,398,812</u>	<u>\$ 143,548</u>	<u>\$ 2,961,026</u>

(9) Related party transactions

During the year ended December 31, 2017, Alcor Life Extension Foundation, Inc. purchased \$14,704 of services, from a company for which an Alcor Life Extension Foundation, Inc.'s board member was an officer.

(10) Line of credit

Alcor Life Extension Foundation, Inc. has a \$100,000 revolving line of credit agreement which was amended in November 2014 to remove the maturity date and change the terms of the line of credit such that is due upon 90 day notice from the lender. The line of credit is subject to interest at the prime rate plus 1.3% (6.80% and 5.80% at December 31, 2018 and 2017, respectively) within a minimum of 3% to be paid monthly. The line of credit is collateralized by future rights, title, interest and claims of Alcor Life Extension Foundation, Inc., and substantially all property of Alcor Life Extension Foundation, Inc. As of December 31, 2018 and 2017, no amounts were outstanding under this line of credit.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(11) Leases and commitments

There are no material future minimum lease payments related to non-cancelable operating leases with terms of one year or more at December 31, 2018. Rent expense totaled \$4,986 and \$4,888 for the years ended December 31, 2018 and 2017, respectively.

Cryonics Property, LLC is the lessor for office space under operating leases. The leases expire at various periods through December 2021. Rental income totaled \$48,825 and \$71,209 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments expected to be received as of December 31, 2018 are as follows:

<u>Years Ending December 31,</u>	
2019	\$ 108,535
2020	105,048
2021	<u>94,716</u>
Total future minimum payments	<u>\$ 308,299</u>

Alcor Life Extension Foundation, Inc. has an agreement to pay royalty fees to a third party for the use of certain medical technologies. The fee is paid in annual installments due in September of each year, expiring in September 2020. The remaining commitments for this agreement as of December 31, 2018 are as follows:

<u>Years Ending December 31,</u>	
2019	\$ 23,636
2020	<u>24,345</u>
Total remaining commitments	<u>\$ 47,981</u>

(12) Retirement plan

Alcor Life Extension Foundation, Inc. has a 401(k) defined contribution plan (the "Plan") covering all employees meeting certain eligibility requirements. The Plan calls for contributions equal to 50% of the first 6% of eligible employee deferrals. Effective January 1, 2012, the Plan was amended to adopt a Safe Harbor non-elective contribution on behalf of each eligible employee in an amount equal to 3% of the eligible employee's compensation for the Plan year. Alcor Life Extension Foundation, Inc. contributed \$32,911 and \$28,589 to the Plan for the years ended December 31, 2018 and 2017, respectively.

(13) Contingencies

Alcor Life Extension Foundation, Inc. is subject to various claims and legal proceedings covering a wide range of matters that may arise in the ordinary course of business. During 2017, Alcor Life Extension Foundation, Inc. became a defendant in a claim with a patient's family surrounding the validity of the patient's contract. Alcor Life Extension Foundation, Inc. is currently vigorously defending an outstanding matter. It is reasonably possible that the resolution of pending litigation will have an impact on Alcor Life Extension Foundation, Inc.'s consolidated results of operations in the range of \$0 to \$1,000,000.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(14) Fair value measurements

The following table sets forth the level, within the fair value hierarchy of Alcor Life Extension Foundation, Inc.'s assets and liabilities subject to recurring fair value measurement as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Index fund-DOW30	\$ 956,203	\$ -	\$ -
Index fund-NASDAQ-100	949,549	-	-
Index fund-S&P 500	941,601	-	-
Other exchange traded funds	216,444	-	-
Other common stocks and equity mutual funds	1,765,808	-	-
Negotiable certificates of deposit	-	8,656,132	-
Domestic large blend mutual funds	5,414,870	-	-
US Federal Agency Securities	-	24,221	-
Beneficial interest in perpetual trust	-	-	4,341,444
Total	<u>\$ 10,244,475</u>	<u>\$ 8,680,353</u>	<u>\$ 4,341,444</u>

The following table sets forth the level, within the fair value hierarchy of Alcor Life Extension Foundation, Inc.'s assets and liabilities subject to recurring fair value measurement as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Index fund-DOW30	\$ 1,209,000	\$ -	\$ -
Index fund-NASDAQ-100	1,183,106	-	-
Index fund-S&P 500	1,204,168	-	-
Other exchange traded funds	176,113	-	-
Other common stocks and equity mutual funds	2,090,378	-	-
Negotiable certificates of deposit	-	8,693,627	-
Domestic large blend mutual funds	5,807,670	-	-
US Federal Agency Securities	-	24,719	-
Beneficial interest in perpetual trust	-	-	4,532,820
Total	<u>\$ 11,670,435</u>	<u>\$ 8,718,346</u>	<u>\$ 4,532,820</u>

Alcor Life Extension Foundation, Inc. had no other assets or liabilities subject to fair value measurements other than at initial recognition and the impairment of a cost basis investment as disclosed in Note 1 to the consolidated financial statements.

The table below presents the changes in recurring fair value measurements that used level 3 inputs during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Balance at January 1, 2018	\$ 4,532,820	\$ 3,990,058
Change in value of beneficial interest in perpetual trust	(191,376)	542,762
Balance at December 31, 2018	<u>\$ 4,341,444</u>	<u>\$ 4,532,820</u>

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(14) Fair value measurements (continued)

The fair value of the beneficial interest agreement is recorded at the fair value of the investment which is held by a third-party trustee and then adjusted for Alcor Life Extension Foundation, Inc.'s interest in the assets. The fair value of the beneficial interest is estimated to approximate the fair value of the underlying assets of the trust itself. While the underlying assets of the trust are primarily observable, the value of beneficial interest itself is not observable in markets and, accordingly, this trust is classified within Level 3 of the valuation hierarchy.

(15) Liquidity and availability of resources

Alcor Life Extension Foundation, Inc. monitors its cash position to ensure the fulfillment of all obligations. The Alcor Life Extension Foundation, Inc.'s policy is to maintain financial assets to meet thirty days of operating expenses. As part of Alcor Life Extension Foundation, Inc.'s liquidity plan, excess cash may be invested in short-term investments, certificates of deposit ("CDs"), common stock and mutual funds, with the overall objective of the portfolio to have securities mature concurrent with cash needs.

As of December 31, 2018, Alcor Life Extension Foundation, Inc.'s financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 6,156,342
Restricted cash	400,705
Accounts receivable	174,782
Pledges receivable	30,315
Investments	<u>19,096,580</u>
Total financial assets available within one year	25,858,724
Less assets designated for comprehensive member standby	(428,309)
Less net assets with donor restrictions	(4,816,406)
Less assets designated for patient care	<u>(13,237,915)</u>
Financial assets available for general expenditures within one year	<u>\$ 7,376,094</u>

Additionally, the Alcor Life Extension Foundation, Inc. maintains a \$100,000 line of credit (Note 10). As of December 31, 2018, \$100,000 remained available for use. Additionally, investments can be readily liquidated, except as designated above, to be available for operations.

(16) Subsequent events

Subsequent events – Alcor Life Extension Foundation, Inc. has evaluated subsequent events through July 31, 2020 which is the date the consolidated financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. The COVID-19 outbreak has triggered volatility in financial markets and a significant negative impact on the global economy. The extent of the impact of COVID-19 on Alcor Life Extension Foundation, Inc.'s consolidated operational and financial performance depend on certain developments, including the duration and spread of the outbreak, and the impact on employees, donors and vendors, all of which are uncertain and cannot be predicted.

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

(15) Subsequent events (continued)

As of the date of the consolidated financial statements were available to be issued, the Alcor Life Extension Foundation, Inc.'s operations have not been significantly negatively impacted. However, Alcor Life Extension Foundation, Inc. continues to closely monitor the situation. The extent of the impact cannot be reasonably estimated at this time.



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTAL INFORMATION

Our report on our review of the basic consolidated financial statements of ***Alcor Life Extension Foundation, Inc. and Affiliates*** as of and for the year ended December 31, 2018, appears on pages 1 and 2. The objective of our review was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplemental information included in the accompanying schedule of departmental assets, liabilities, and net assets and schedule of departmental revenues and expenses that follows on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from, and relates to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplemental information. We have not audited the supplemental information and do not express an opinion on such information.

Mayer Hoffman McCann P.C.

July 31, 2020

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

SUPPLEMENTAL INFORMATION

December 31, 2018

SCHEDULE OF DEPARTMENTAL ASSETS, LIABILITIES AND NET ASSETS

ASSETS

	Alcor Life Extension Foundation, Inc.	Alcor Patient Care Trust	Cryonics Property, LLC	Alcor Endowment Trust Supporting Organization	Alcor Care Trust Supporting Organization	Consolidating and Eliminating	Total
CURRENT ASSETS							
Cash and cash equivalents	\$ 5,094,268	\$ 624,550	\$ 437,524	\$ -	\$ -	\$ -	\$ 6,156,342
Accounts receivable, net	357,806	-	-	-	-	(183,024)	174,782
Pledges receivable	30,315	-	-	-	-	-	30,315
Other current assets	184,061	-	-	-	-	-	184,061
TOTAL CURRENT ASSETS	5,666,450	624,550	437,524	-	-	(183,024)	6,545,500
RESTRICTED CASH	400,705	-	-	-	-	-	400,705
PROPERTY AND EQUIPMENT, net	668,904	803,759	24,373	-	-	-	1,497,036
INVESTMENTS	1,068,345	510,279	-	5,414,870	12,103,086	-	19,096,580
BENEFICIAL INTEREST IN PERPETUAL TRUST	2,170,722	2,170,722	-	-	-	-	4,341,444
PREPAID CRYOPRESERVATION AND STANDBY	11,945,889	-	-	-	-	-	11,945,889
TOTAL ASSETS	\$ 21,921,015	\$ 4,109,310	\$ 461,897	\$ 5,414,870	\$ 12,103,086	\$ (183,024)	\$ 43,827,154

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES							
Accounts payable	\$ 176,749	\$ 32,501	\$ 21,882	\$ -	\$ -	\$ (183,024)	\$ 48,108
Accrued expenses	55,318	-	10,024	-	-	-	65,342
TOTAL CURRENT LIABILITIES	232,067	32,501	31,906	-	-	(183,024)	113,450
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	11,945,889	-	-	-	-	-	11,945,889
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	428,309	-	-	-	-	-	428,309
DEFERRED REVENUE	166,948	-	-	-	-	-	166,948
DEFERRED PATIENT CARE RESERVE	-	9,596,000	-	-	-	-	9,596,000
TOTAL LIABILITIES	12,773,213	9,628,501	31,906	-	-	(183,024)	22,250,596
NET ASSETS (DEFICIT)							
Without donor restrictions							
Controlling Interest	2,160,674	(7,689,913)	349,897	5,414,870	12,103,086	-	12,338,614
Noncontrolling interest	-	-	80,094	-	-	-	80,094
Total without donor restrictions	2,160,674	(7,689,913)	429,991	5,414,870	12,103,086	-	12,418,708
With donor restrictions	6,987,128	2,170,722	-	-	-	-	9,157,850
TOTAL NET ASSETS (DEFICIT)	9,147,802	(5,519,191)	429,991	5,414,870	12,103,086	-	21,576,558
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 21,921,015	\$ 4,109,310	\$ 461,897	\$ 5,414,870	\$ 12,103,086	\$ (183,024)	\$ 43,827,154

**ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES**

SUPPLEMENTAL INFORMATION

Year Ended December 31, 2018

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

	Alcor Life Extension Foundation, Inc.	Alcor Patient Care Trust	Cryonics Property, LLC	Alcor Endowment Trust Supporting Organization	Alcor Care Trust Supporting Organization	Consolidating and Eliminating	Total
REVENUE AND SUPPORT							
Membership dues	\$ 552,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 552,039
Bequests	150,336	-	-	-	-	-	150,336
Contributions	5,529,890	-	-	-	12,707,651	(12,814,714)	5,422,827
Interest and distribution income	85,932	67,821	212	109,705	141,620	-	405,290
Realized and unrealized losses on investments	(114,919)	(1,262,463)	-	(395,442)	(746,185)	-	(2,519,009)
Cryopreservation and standby	979,925	-	-	-	-	-	979,925
Rental income	1	-	163,148	-	-	(114,324)	48,825
Change in value of beneficial interest in perpetual trust	(95,688)	(95,688)	-	-	-	-	(191,376)
Other	33,151	-	23,935	-	-	-	57,086
TOTAL REVENUE AND SUPPORT	7,120,667	(1,290,330)	187,295	(285,737)	12,103,086	(12,929,038)	4,905,943
EXPENSES							
Payroll and benefits	820,688	48,268	-	-	-	-	868,956
Occupancy	84,087	30,237	11,986	-	-	(114,324)	11,986
Office expenses	104,892	7,756	-	-	-	-	112,648
Bank charges	25,534	1,728	75	-	-	-	27,337
Utilities	54,045	10,595	12,434	-	-	-	77,074
Insurance	52,299	12,397	2,743	-	-	-	67,439
Lease expenses	4,652	334	-	-	-	-	4,986
Depreciation	63,802	65,518	6,281	-	-	-	135,601
Bad debt expense	16,396	-	-	-	-	-	16,396
Professional fees	1,150,358	16,062	22,296	-	-	-	1,188,716
Equipment and supplies	137,297	31,172	-	-	-	-	168,469
Marketing	551	-	4,799	-	-	-	5,350
Travel	86,572	-	-	-	-	-	86,572
Publications	61,373	-	-	-	-	-	61,373
Taxes and licenses	16,924	128	33,959	-	-	-	51,011
Repairs and maintenance	18,704	11,088	320	-	-	-	30,112
Miscellaneous	47,000	12,707,651	-	107,063	-	(12,814,714)	47,000
TOTAL EXPENSES	2,745,174	12,942,934	94,893	107,063	-	(12,929,038)	2,961,026
CHANGE IN NET ASSETS	4,375,493	(14,233,264)	92,402	(392,800)	12,103,086	-	1,944,917
NET ASSETS, BEGINNING OF YEAR	4,772,309	8,714,073	337,589	5,807,670	-	-	19,631,641
NET ASSETS (DEFICIT), END OF YEAR	\$ 9,147,802	\$ (5,519,191)	\$ 429,991	\$ 5,414,870	\$ 12,103,086	\$ -	\$ 21,576,558

See Independent Accountants' Report on Supplemental Information