

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2019

**ALCOR LIFE EXTENSION FOUNDATION
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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 - 21
SUPPLEMENTAL INFORMATION	
Independent Accountants' Review Report on Supplemental Information	22
Consolidating Statement of Financial Position	23
Consolidating Statement of Activities and Changes in Net Assets	24



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of

ALCOR LIFE EXTENSION FOUNDATION AND AFFILIATES

We have reviewed the accompanying consolidated financial statements of ***Alcor Life Extension Foundation and Affiliates***, which comprise the consolidated statement of financial position as of December 31, 2019, 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 company 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 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 consolidated 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 and Affiliates'* consolidated financial statements and in our conclusion dated July 31, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 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, 2018, for it to be consistent with the reviewed consolidated financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

November 13, 2020

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2019
(with comparative totals at December 31, 2018)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,850,109	\$ 6,156,342
Accounts receivable, net	344,496	174,782
Pledges receivable	26,941	30,315
Other current assets	142,512	184,061
TOTAL CURRENT ASSETS	7,364,058	6,545,500
RESTRICTED CASH	400,905	400,705
PROPERTY AND EQUIPMENT, net	1,328,586	1,497,036
INVESTMENTS	21,097,068	19,096,580
BENEFICIAL INTEREST IN PERPETUAL TRUST	4,751,550	4,341,444
PREPAID CRYOPRESERVATION AND STANDBY	11,991,800	11,945,889
TOTAL ASSETS	<u>\$ 46,933,967</u>	<u>\$ 43,827,154</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 261,816	\$ 48,108
Accrued expenses	146,586	65,342
TOTAL CURRENT LIABILITIES	408,402	113,450
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	11,991,800	11,945,889
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	354,271	428,309
DEFERRED REVENUE	84,426	166,948
DEFERRED PATIENT CARE RESERVE	10,381,000	9,596,000
TOTAL LIABILITIES	<u>23,219,899</u>	<u>22,250,596</u>
NET ASSETS		
Without donor restrictions		
Controlling interest	14,720,759	12,338,614
Noncontrolling interest	16,242	80,094
Total without donor restrictions	14,737,001	12,418,708
With donor restrictions	8,977,067	9,157,850
TOTAL NET ASSETS	<u>23,714,068</u>	<u>21,576,558</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 46,933,967</u>	<u>\$ 43,827,154</u>

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

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

	Without donor restrictions	With donor restrictions	Totals	
			2019	2018
REVENUE AND SUPPORT				
Membership dues	\$ 592,369	\$ -	\$ 592,369	\$ 552,039
Bequests	107,765	-	107,765	150,336
Contributions	207,154	-	207,154	5,422,827
Interest and distribution income	365,775	-	365,775	405,290
Realized and unrealized gains (losses) on investments	3,946,293	-	3,946,293	(2,519,009)
Cryopreservation and standby	1,207,241	-	1,207,241	979,925
Rental income	54,640	-	54,640	48,825
Change in value of beneficial interest in perpetual trust	-	410,106	410,106	(191,376)
Other	3,846	-	3,846	57,086
Total revenue and support before net assets released from restrictions	6,485,083	410,106	6,895,189	4,905,943
Net assets released from restrictions	590,889	(590,889)	-	-
TOTAL REVENUE AND SUPPORT	7,075,972	(180,783)	6,895,189	4,905,943
EXPENSES				
Payroll and benefits	1,072,944	-	1,072,944	868,956
Occupancy	18,367	-	18,367	11,986
Office expenses	96,569	-	96,569	112,648
Bank charges	37,302	-	37,302	27,337
Utilities	66,913	-	66,913	77,074
Insurance	43,149	-	43,149	67,439
Lease expenses	8,510	-	8,510	4,986
Depreciation	204,824	-	204,824	135,601
Bad debt expense	37,726	-	37,726	16,396
Professional fees	2,398,017	-	2,398,017	1,188,716
Equipment and supplies	200,209	-	200,209	168,469
Marketing	28,324	-	28,324	5,350
Travel	38,713	-	38,713	86,572
Publications	67,451	-	67,451	61,373
Taxes and licenses	59,724	-	59,724	51,011
Repairs and maintenance	28,732	-	28,732	30,112
Miscellaneous	-	-	-	47,000
TOTAL EXPENSES	4,407,474	-	4,407,474	2,961,026
LOSS ON PURCHASE OF NON-CONTROLLING INTEREST	(282,784)	-	(282,784)	-
CHANGE IN NET ASSETS	2,385,714	(180,783)	2,204,931	1,944,917
NET ASSETS, BEGINNING OF YEAR	12,418,708	9,157,850	21,576,558	19,631,641
ACQUISITION OF NON-CONTROLLING INTEREST	(61,028)	-	(61,028)	-
Distributions	(6,393)	-	(6,393)	-
NET ASSETS, END OF YEAR	\$ 14,737,001	\$ 8,977,067	\$ 23,714,068	\$ 21,576,558
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 3,569	\$ -	\$ 3,569	\$ 14,729
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	2,382,145	(180,783)	2,201,362	1,930,188
CHANGE IN NET ASSETS	\$ 2,385,714	\$ (180,783)	\$ 2,204,931	\$ 1,944,917

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

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets attributable to controlling interest	\$ 2,201,362	\$ 1,930,188
Adjustments to reconcile the change in net assets attributable to controlling interest to net cash (used in) provided by operating activities:		
Change in value of a beneficial interest in perpetual trust	(410,106)	191,376
Change in net assets attributable to noncontrolling interest	3,569	14,729
Provision for bad debts	37,726	16,396
Depreciation	204,824	135,601
Loss on purchase of non-controlling interest	282,784	-
Gain on sale of property	-	(28,835)
Realized and unrealized losses (gains) on investments	(3,946,293)	2,519,009
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(207,440)	(109,570)
Pledges receivable	3,374	(30,315)
Other current assets	41,549	(12,259)
Prepaid cryopreservation and standby	(45,911)	(732,484)
Increase (decrease) in:		
Accounts payable	213,708	(12,010)
Accrued expenses	81,244	7,800
Deferred cryopreservation and comprehensive member revenues	(28,127)	663,016
Deferred revenue	(82,522)	116,047
Deferred patient care reserve	785,000	489,000
Net cash (used in) provided by operating activities	(865,259)	5,157,689
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(36,374)	(369,157)
Proceeds from the sale of property	-	42,602
Purchases of investments	(1,452,336)	(785,800)
Proceeds from sale of investments	3,398,141	828,915
Net cash provided by (used in) investing activities	1,909,431	(283,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of minority interest	(343,812)	-
Distribution	(6,393)	-
Net cash used in financing activities	(350,205)	-
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	693,967	4,874,249
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	6,557,047	1,682,798
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 7,251,014	\$ 6,557,047

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

	2019	2018
Cash and cash equivalents	\$ 6,850,109	\$ 6,156,342
Restricted cash	400,905	400,705
Cash, cash equivalents, and restricted cash	\$ 7,251,014	\$ 6,557,047

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

ALCOR LIFE EXTENSION FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

Nature of operations – *Alcor Life Extension Foundation* is a California non-profit organization formed under Section 501(c)(3) of the Internal Revenue Code. Alcor Life Extension Foundation conducts its primary operations in Scottsdale, Arizona. Alcor Life Extension Foundation is funded primarily through contributions and membership dues from its members, and rental income. Alcor Life Extension Foundation'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 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 are as follows:

Principles of consolidation – The consolidated financial statements include all accounts of Alcor Life Extension Foundation 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 purchased an additional 11.5962% interest during 2019 for and had ownership interests of 95.6542% and 84.0580% in Cryonics Property, LLC at December 31, 2019 and 2018, respectively. Alcor Life Extension Foundation 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 as Alcor Life Extension Foundation has control of the Trust. Alcor Life Extension Foundation'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'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. Accordingly, Alcor Life Extension Foundation has an economic interest in the Alcor Endowment Trust Supporting Organization. Additionally, Alcor Life Extension Foundation 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 for itemized expenses related to patient care.

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

ALCOR LIFE EXTENSION FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

Alcor Care Trust Supporting Organization was formed in June 2016 for the benefit of Alcor Life Extension Foundation, 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. During the years ended December 31, 2019, and 2018, the Alcor Patient Care Trust transferred approximately \$500 thousand and \$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, 2019. Subsequent to year end, effective August 9, 2020, the Board of Directors approved the transfer of the Deferred Patient Care Reserve from the Alcor Patient Care Trust to the Alcor Care Trust Supporting Organization.

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 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 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’s consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

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’s members. Restricted cash is collected through monthly dues and released when services are performed. At December 31, 2019 and 2018, 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 AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(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, 2019 and 2018 accounts receivable are net of an allowance for doubtful accounts of \$54,717 and \$33,600, 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, 2019, 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, 2019 and 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. 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 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 2019 and 2018.

Investments – Alcor Life Extension Foundation accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt Securities*, FASB ASC 958-321, *Not-for-Profit Entities – Investments – Equity Securities* and FASB ASC 958-325, *Not-for-Profit Entities – Investments – Other*. Under FASB ASC 958-320 and FASB ASC 958-321, Alcor Life Extension Foundation is required to report investments in debt and equity securities, including negotiable certificates of deposit, at fair value. The fair value of securities 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.

ALCOR LIFE EXTENSION FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

In January 2019, Alcor Life Extension Foundation adopted ASUs 2016-01 and 2018-03, which changed the accounting for non-marketable equity securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized gains, are recognized in the consolidated statement of activities and changes in net assets. Because the ASUs were adopted prospectively, Alcor Life Extension Foundation recognizes unrealized gains that occurred in prior period in the first period after January 1, 2019 when there is an observable transaction, resulting in no impact to beginning net assets.

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's facilities for cryopreservation. At the time of providing these services, Alcor Life Extension Foundation utilizes the assets held in prepaid cryopreservation and standby to fund the services.

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

ALCOR LIFE EXTENSION FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

Contributions – Alcor Life Extension Foundation adopted FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958)* effective January 1, 2019 on a modified prospective basis. ASU 2018-08 clarifies the characterization of grants as either reciprocal transactions (exchanges) or nonreciprocal transactions (contributions). ASU 2018-08 also provided additional guidance to distinguish between conditional and unconditional contributions. In accordance with ASU 2018-08, Alcor Life Extension Foundation evaluates grants and contributions for evidence of the transfer of commensurate value from Alcor Life Extension Foundation to the resource provider. The transfer of commensurate value from the Organization to the resource provider may include instances when a) the goods or services provided by the Organization directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by Alcor Life Extension Foundation. When such factors exist, Alcor Life Extension Foundation accounts for the grants or contributions as exchange transactions under ASC 605, or other appropriate guidance. In the absence of these factors, Alcor Life Extension Foundation accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from Alcor Life Extension Foundation to the resource provider, Alcor Life Extension Foundation evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for Alcor Life Extension Foundation or the right of return from the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both Alcor Life Extension Foundation and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of Alcor Life Extension Foundation to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

Alcor Life Extension Foundation 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 receives notification the court has found the will of the donor's estate to be valid and all conditions have been substantially met.

ALCOR LIFE EXTENSION FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

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.

Income tax status – Alcor Life Extension Foundation, 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, Alcor Endowment Trust Supporting Organization and the Alcor Patient Care Trust are also exempt from state income tax. In addition, Alcor Life Extension Foundation, Alcor Endowment Trust Supporting Organization, Alcor Care 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 AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

Alcor Life Extension Foundation, 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'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 2019, 2018, and 2017 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'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 is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

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 is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

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

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 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. The amendments of ASU 2018-08 in which the entity is the resource provider 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 adopted the amendments of the ASU for which it the entity is the resource recipient during 2019 using the modified prospective approach. There was no impact on the consolidated financial statements as a result of the adoption. Alcor Life Extension Foundation is currently evaluating the adoption of the amendments of the ASU in which the entity is the resource provider will have on the consolidated financial statements.

(2) Investments

Investments consist of the following at December 31:

	2019	2018
Negotiable certificates of deposit (fair value)	\$ 7,319,382	\$ 8,656,132
Cash and cash equivalents	446,682	358,617
Index fund - DOW30	-	956,203
Index fund - S&P 500	-	941,601
Index fund - NASDAQ-100	-	949,549
Exchange traded funds	5,874,685	216,444
Domestic large blend mutual funds	5,941,422	5,414,870
Common stock and equity mutual funds	1,476,448	1,566,276
Unregistered preferred stock	12,667	12,667
US federal agency securities	25,782	24,221
Total investments	\$ 21,097,068	\$ 19,096,580

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(3) Property and equipment

Property and equipment consists of the following at December 31:

	2019	2018
Cost or donated value:		
Land, buildings, and leasehold improvements	\$ 1,452,052	\$ 1,415,680
Machinery and office equipment	690,624	690,624
Medical equipment	1,109,853	1,109,852
Vehicles	98,328	118,018
Total cost or donated value	3,350,857	3,334,174
Accumulated depreciation	(2,022,271)	(1,837,138)
Net property and equipment	\$ 1,328,586	\$ 1,497,036

Depreciation expense charged to operations was \$204,824 and \$135,601 for the years ended December 31, 2019 and 2018, respectively.

(4) Beneficial interest in perpetual trust

Alcor Life Extension Foundation is the sole beneficiary of an irrevocable trust that is held by a third party in perpetuity. Alcor Life Extension Foundation 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's beneficial interest in the perpetual trust totaled \$4,751,550 and \$4,341,444 at December 31, 2019 and 2018, 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 \$0 and \$45,328 for the years ended December 31, 2019 and 2018, 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 has recognized its full interest in the perpetual trust as with donor restrictions. If resuscitation becomes possible in the future, Alcor Life Extension Foundation 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 must maintain funds for prepaid cryopreservation and standby services in separate accounts for each member, per the cryopreservation contracts. Alcor Life Extension Foundation requires a minimum level of funding to be paid by the member. The member provides proof of minimum funding such as a transfer of ownership of an insurance policy to Alcor Life Extension Foundation named as a beneficiary of an insurance policy, or payment through cash. Policies can be returned to members if membership is terminated.

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(5) Prepaid cryopreservation and standby (continued)

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

	2019	2018
Cash	\$ 5,404,118	\$ 5,249,657
Common stock	314,111	199,532
Total member investments	5,718,229	5,449,189
Cash surrender value of member life insurance policies	6,273,571	6,496,700
Total prepaid cryopreservation and standby	\$ 11,991,800	\$ 11,945,889

Alcor Life Extension Foundation 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 facilities for cryopreservation. Members pay cryopreservation and standby fees to Alcor Life Extension Foundation 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 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 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 has been limited by donors to a specific time period, purpose, or both. At December 31, 2019 and 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.

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(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. Payroll and benefits are allocated based on time and effort. Depreciation, occupancy, and office expenses are allocated based on square footage.

Alcor Life Extension Foundation conducts research and education in the field of cryopreservation and storage. Expenses related to providing these services are as follows for the year ended December 31, 2019:

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and benefits	\$ 385,755	\$ 570,224	\$ 116,965	\$ 1,072,944
Occupancy	14,107	4,260	-	18,367
Office expenses	12,010	84,559	-	96,569
Bank charges	-	37,302	-	37,302
Utilities	22,760	44,153	-	66,913
Insurance	17,228	25,921	-	43,149
Lease expenses	257	8,253	-	8,510
Depreciation	180,917	23,907	-	204,824
Bad debt expense	-	37,726	-	37,726
Professional fees	555,434	1,842,583	-	2,398,017
Equipment and supplies	200,209	-	-	200,209
Marketing	-	28,324	-	28,324
Travel	27,673	11,040	-	38,713
Publications	67,451	-	-	67,451
Taxes and licenses	51,184	8,540	-	59,724
Repairs and maintenance	15,364	13,368	-	28,732
	<u>\$ 1,550,349</u>	<u>\$ 2,740,160</u>	<u>\$ 116,965</u>	<u>\$ 4,407,474</u>

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(8) Functional expenses (continued)

Expenses related to providing these services are as follows for the year ended December 31, 2018:

	<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) Line of credit

Alcor Life Extension Foundation 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% (6.05% and 6.80% at December 31, 2019 and 2018, respectively) with 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, and substantially all property of Alcor Life Extension Foundation as of December 31, 2019 and 2018, no amounts were outstanding under this line of credit.

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(10) 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, 2019. Rent expense totaled \$5,141 and \$4,986 for the years ended December 31, 2019 and 2018, 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 \$54,640 and \$48,825 for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments expected to be received as of December 31, 2019 are as follows:

<u>Years Ending December 31,</u>	
2020	\$ 143,374
2021	<u>107,491</u>
Total future minimum payments	<u>\$ 250,865</u>

Alcor Life Extension Foundation 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. Upon expiration in September 2020, the agreement was renewed through September 2025. The remaining commitments for this agreement as of December 31, 2019 are as follows:

<u>Years Ending December 31,</u>	
2020	\$ 20,000
2021	20,000
2022	20,000
2023	20,000
2024	<u>20,000</u>
Total remaining commitments	<u>\$ 100,000</u>

(11) Retirement plan

Alcor Life Extension Foundation 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. Effective for the 2019 plan year, the Safe Harbor match was amended to 5% of the participant's eligible compensation. All employer matching and non-elective contributions are discretionary. Alcor Life Extension Foundation contributed \$40,443 and \$32,911 to the Plan for the years ended December 31, 2019 and 2018, respectively.

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(12) Contingencies

Alcor Life Extension Foundation 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 became a defendant in a claim with a patient's family surrounding the validity of the patient's contract. Alcor Life Extension Foundation 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's consolidated results of operations in the range of \$0 to \$1,000,000.

(13) Fair value measurements

The following table sets forth the level, within the fair value hierarchy of Alcor Life Extension Foundation's assets and liabilities subject to recurring fair value measurement as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds	\$ 5,874,685	\$ -	\$ -
Common stocks and equity mutual funds	1,790,559	-	-
Negotiable certificates of deposit		7,319,382	-
Domestic large blend mutual funds	5,941,422	-	-
US Federal Agency Securities		25,782	-
Beneficial interest in perpetual trust	-	-	4,751,550
Total	<u>\$ 13,606,666</u>	<u>\$ 7,345,164</u>	<u>\$ 4,751,550</u>

The following table sets forth the level, within the fair value hierarchy of Alcor Life Extension Foundation'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>

Alcor Life Extension Foundation had no other assets or liabilities subject to fair value measurements other than at initial recognition.

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(13) Fair value measurements (continued)

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

	2019	2018
Balance at January 1, 2019	\$ 4,341,444	\$ 4,532,820
Change in value of beneficial interest in perpetual trust	410,106	(191,376)
Balance at December 31, 2019	\$ 4,751,550	\$ 4,341,444

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'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.

In 2013, the Alcor Patient Care Trust purchased an investment of preferred stock in a privately held company for which Alcor Life Extension Foundation's board members are officers. As disclosed in Note 1, Alcor Life Extension Foundation measures its investments in non-marketable equity securities at carrying value, less impairment, and adjusted for observable price changes in orderly transactions. During the year ended December 31, 2019, there were no observable price changes in orderly transactions or indications of impairment.

(14) Liquidity and availability of resources

Alcor Life Extension Foundation monitors its cash position to ensure the fulfillment of all obligations. The Alcor Life Extension Foundation's policy is to maintain financial assets to meet thirty days of operating expenses. As part of Alcor Life Extension Foundation'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.

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

	2019	2018
Cash and cash equivalents	\$ 6,850,109	\$ 6,156,342
Restricted cash	400,905	400,705
Accounts receivable	344,496	174,782
Pledges receivable	26,941	30,315
Investments	21,097,068	19,096,580
Total financial assets available within one year	28,719,519	25,858,724
Less assets in trust designated for long-term organization income support	(5,941,421)	(5,414,870)
Less assets designated for comprehensive member standby	(354,271)	(428,309)
Less net assets with donor restrictions	(4,225,517)	(4,816,406)
Less assets in trust designated for patient care	(15,698,468)	(13,237,915)
Financial assets available for general expenditures within one year	\$ 2,499,842	\$ 1,961,224

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

(14) Liquidity and availability of resources (continued)

Additionally, the Alcor Life Extension Foundation maintains a \$100,000 line of credit (Note 9). As of December 31, 2019, \$100,000 remained available for use. Additionally, investments can be readily liquidated, except as designated above, to be available for operations.

(15) Subsequent events

Subsequent events – Alcor Life Extension Foundation has evaluated subsequent events through November 13, 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’s consolidated operational and financial performance depends on certain developments, including the duration and spread of the outbreak, and the impact on employees, donors, members and vendors, all of which are uncertain and cannot be predicted.

In response to the pandemic, the U.S. Government has enacted fiscal and monetary stimulus measures to counteract the disruption caused by the coronavirus. Alcor Life Extension Foundation applied for and received a forgivable Paycheck Protection Loan of approximately \$173,000, the proceeds of which will largely be used to fund payroll costs. Alcor Life Extension Foundation anticipates the loan will ultimately be forgiven in accordance with the stimulus regulations. However, there can be no assurance that the loan will be forgiven.

As of the date of the consolidated financial statements were available to be issued, the Alcor Life Extension Foundation’s operations have not been significantly negatively impacted. However, Alcor Life Extension Foundation 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 and Affiliates*** as of and for the year ended December 31, 2019, 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 consolidating statement of financial position and consolidating statement of activities and changes in net assets that follows on pages 23 and 24 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.

November 13, 2020

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

SUPPLEMENTAL INFORMATION

December 31, 2019

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

ASSETS

	<u>Alcor Life Extension Foundation</u>	<u>Alcor Patient Care Trust</u>	<u>Cryonics Property, LLC</u>	<u>Alcor Endowment Trust Supporting Organization</u>	<u>Alcor Care Trust Supporting Organization</u>	<u>Consolidating and Eliminating</u>	<u>Total</u>
CURRENT ASSETS							
Cash and cash equivalents	\$ 5,879,965	\$ 579,079	\$ 391,065	\$ -	\$ -	\$ -	\$ 6,850,109
Accounts receivable, net	467,904	386,998	-	-	-	(510,406)	344,496
Pledges receivable	26,941	-	-	-	-	-	26,941
Other current assets	142,512	-	-	-	-	-	142,512
TOTAL CURRENT ASSETS	6,517,322	966,077	391,065	-	-	(510,406)	7,364,058
RESTRICTED CASH	400,905	-	-	-	-	-	400,905
PROPERTY AND EQUIPMENT, net	551,563	758,931	18,092	-	-	-	1,328,586
INVESTMENTS	36,258	12,667	-	5,941,421	15,106,722	-	21,097,068
BENEFICIAL INTEREST IN PERPETUAL TRUST	2,375,775	2,375,775	-	-	-	-	4,751,550
PREPAID CRYOPRESERVATION AND STANDBY	11,991,800	-	-	-	-	-	11,991,800
TOTAL ASSETS	\$ 21,873,623	\$ 4,113,450	\$ 409,157	\$ 5,941,421	\$ 15,106,722	\$ (510,406)	\$ 46,933,967

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES							
Accounts payable	\$ 746,367	\$ -	\$ 25,855	\$ -	\$ -	\$ (510,406)	\$ 261,816
Accrued expenses	136,562	-	10,024	-	-	-	146,586
TOTAL CURRENT LIABILITIES	882,929	-	35,879	-	-	(510,406)	408,402
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	11,991,800	-	-	-	-	-	11,991,800
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	354,271	-	-	-	-	-	354,271
DEFERRED REVENUE	84,426	-	-	-	-	-	84,426
DEFERRED PATIENT CARE RESERVE	-	10,381,000	-	-	-	-	10,381,000
TOTAL LIABILITIES	13,313,426	10,381,000	35,879	-	-	(510,406)	23,219,899
NET ASSETS (DEFICIT)							
Without donor restrictions							
Controlling Interest	1,958,905	(8,643,325)	357,036	5,941,421	15,106,722	-	14,720,759
Noncontrolling interest	-	-	16,242	-	-	-	16,242
Total without donor restrictions	1,958,905	(8,643,325)	373,278	5,941,421	15,106,722	-	14,737,001
With donor restrictions	6,601,292	2,375,775	-	-	-	-	8,977,067
TOTAL NET ASSETS (DEFICIT)	8,560,197	(6,267,550)	373,278	5,941,421	15,106,722	-	23,714,068
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 21,873,623	\$ 4,113,450	\$ 409,157	\$ 5,941,421	\$ 15,106,722	\$ (510,406)	\$ 46,933,967

See Independent Accountants' Review Report on Supplemental Information

**ALCOR LIFE EXTENSION FOUNDATION
AND AFFILIATES**

SUPPLEMENTAL INFORMATION

Year Ended December 31, 2019

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

	Alcor Life Extension Foundation	Alcor Patient Care Trust	Cryonics Property, LLC	Alcor Endowment Trust Supporting Organization	Alcor Care Trust Supporting Organization	Consolidating and Eliminating	Total
REVENUES AND SUPPORT							
Membership dues	\$ 592,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,369
Bequests	107,765	-	-	-	-	-	107,765
Contributions	1,322,573	-	-	2,442	502,378	(1,620,239)	207,154
Interest and distribution income	48,943	2,293	809	117,242	196,488	-	365,775
Realized and unrealized gains on investments	113,205	3,590	-	1,524,728	2,304,770	-	3,946,293
Cryopreservation and standby	1,207,241	-	-	-	-	-	1,207,241
Rental income	1	-	171,720	-	-	(117,081)	54,640
Change in value of beneficial interest in perpetual trust	205,053	205,053	-	-	-	-	410,106
Other	3,846	-	-	-	-	-	3,846
TOTAL REVENUE AND SUPPORT	3,600,996	210,936	172,529	1,644,412	3,003,636	(1,737,320)	6,895,189
EXPENSES							
Payroll and benefits	1,020,928	52,016	-	-	-	-	1,072,944
Occupancy	85,948	31,132	18,368	-	-	(117,081)	18,367
Office expenses	91,246	5,323	-	-	-	-	96,569
Bank charges	35,635	1,663	4	-	-	-	37,302
Utilities	56,038	5,813	5,062	-	-	-	66,913
Insurance	34,569	5,731	2,849	-	-	-	43,149
Lease expenses	4,884	257	3,369	-	-	-	8,510
Depreciation	132,640	65,903	6,281	-	-	-	204,824
Bad debt expense	37,726	-	-	-	-	-	37,726
Professional fees	2,353,933	24,587	19,497	-	-	-	2,398,017
Equipment and supplies	156,893	43,316	-	-	-	-	200,209
Marketing	28,324	-	-	-	-	-	28,324
Travel	38,713	-	-	-	-	-	38,713
Publications	67,451	-	-	-	-	-	67,451
Taxes and licenses	26,276	100	33,348	-	-	-	59,724
Repairs and maintenance	17,397	9,264	2,071	-	-	-	28,732
Miscellaneous	-	502,378	-	1,117,861	-	(1,620,239)	-
TOTAL EXPENSES	4,188,601	747,483	90,849	1,117,861	-	(1,737,320)	4,407,474
LOSS ON ACQUISITION OF NON-CONTROLLING INTEREST	-	(282,784)	-	-	-	-	(282,784)
CHANGE IN NET ASSETS	(587,605)	(819,331)	81,680	526,551	3,003,636	-	2,204,931
NET ASSETS, BEGINNING OF YEAR	9,147,802	(5,519,191)	429,991	5,414,870	12,103,086	-	21,576,558
ACQUISITION OF NON-CONTROLLING INTEREST	-	(61,028)	-	-	-	-	(61,028)
DISTRIBUTIONS	-	132,000	(138,393)	-	-	-	(6,393)
NET ASSETS (DEFICIT), END OF YEAR	\$ 8,560,197	\$ (6,267,550)	\$ 373,278	\$ 5,941,421	\$ 15,106,722	\$ -	\$ 23,714,068
NON-CONTROLLING INTERESTS' NET ASSETS, Beginning of year			\$ 80,094				
Partnership distributions received by NCI			(6,393)				
Transfer to majority interest			(61,028)				
Net income			3,569				
NON-CONTROLLING INTERESTS' NET ASSETS, End of year			\$ 16,242				

See Independent Accountants' Review Report on Supplemental Information