

ALCOR LIFE EXTENSION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 1994

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Board of Directors
Alcor Life Extension Foundation
Scottsdale, Arizona

I have compiled the accompanying balance sheet of Alcor Life Extension Foundation, a non-profit organization, as of December 31, 1994, and the related statements of revenues and expenses and changes in net assets and combined statement of cash flows for the period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

As discussed in Note 5 to the financial statements, certain errors resulting in an overstatement of previously reported Investment in Property as of December 31, 1993, were discovered by management of the Foundation subsequent to the issuance of my report on those financial statements dated April 30, 1994. Accordingly, an adjustment has been made to the Net Assets, Beginning of Period as of January 1, 1994, to correct the error.


WARREN L. ROBERTSON, CPA

Glendale, California
April 11, 1995

**ALCOR LIFE EXTENSION FOUNDATION
BALANCE SHEET**

DECEMBER 31, 1994

ASSETS	<u>General Fund</u>	<u>Patient Care Fund</u>	<u>Research Fund</u>	<u>Endowment Fund</u>	<u>Building Fund</u>	<u>Total</u>
Cash & cash equivalents	\$ 11,732	\$ ---	\$ 2,891	\$ ---	\$ 778	\$ 15,401
Investments:						
Cash & equivalents	---	760,777	---	41,844	---	802,621
Property	---	208,110	---	50,102	37,354	295,566
Accounts receivable, net of allowance for doubtful accounts of \$3,000	100,557	---	---	---	---	100,557
Other assets	6,175	---	223,575	---	---	229,750
Property & equipment, net of accumulated depreciation	<u>11,841</u>	<u>158,868</u>	<u>47,419</u>	<u>---</u>	<u>---</u>	<u>218,128</u>
	\$ <u>130,305</u>	\$ <u>1,127,755</u>	\$ <u>273,885</u>	\$ <u>91,946</u>	\$ <u>38,132</u>	\$ <u>1,662,023</u>

**LIABILITIES AND
NET ASSETS**

Accounts payable & other liabilities	\$ 24,272	\$ 4,087	\$ 5,514	\$ ---	\$ (44)	\$ 33,829
Capital lease obligations	2,226	---	---	---	---	2,226
Deferred patient care reserve	---	1,142,154	220,000	---	---	1,362,154
Due to(from) other funds	<u>119,325</u>	<u>24,999</u>	<u>106,777</u>	<u>(303,997)</u>	<u>52,896</u>	<u>---</u>
Total liabilities	<u>145,823</u>	<u>1,171,240</u>	<u>332,291</u>	<u>(303,997)</u>	<u>52,852</u>	<u>1,398,209</u>
Net assets						
Unrestricted:						
Available for operations	(27,359)	---	---	---	---	(27,359)
Net investment in plant	<u>11,841</u>	---	---	---	---	<u>11,841</u>
	(15,518)	---	---	---	---	(15,518)
Restricted	<u>---</u>	<u>(43,485)</u>	<u>(58,406)</u>	<u>395,943</u>	<u>(14,720)</u>	<u>279,332</u>
Total net assets	<u>(15,518)</u>	<u>(43,485)</u>	<u>(58,406)</u>	<u>395,943</u>	<u>(14,720)</u>	<u>263,814</u>
	\$ <u>130,305</u>	\$ <u>1,127,755</u>	\$ <u>273,885</u>	\$ <u>91,946</u>	\$ <u>38,132</u>	\$ <u>1,662,023</u>

The accompanying accountant's compilation report and notes should be read with these financial statements.

**ALCOR LIFE EXTENSION FOUNDATION
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 1994

	General Fund	Patient Care Fund	Research Fund	Endowment Fund	Building Fund	Total
Revenues:						
Membership fees	\$ 91,379	\$ ---	\$ ---	\$ ---	\$ ---	\$ 91,379
Public donations	102,128	(25,000)	---	---	2,000	79,128
Interest income	1,607	43,399	3,644	1,455	128	50,233
Investment value gain/(loss)	(572)	(69,837)	---	(5,326)	(1,182)	(76,917)
Other	<u>7,516</u>	<u>29</u>	<u>38,366</u>	<u>---</u>	<u>---</u>	<u>45,911</u>
Total revenues	<u>202,058</u>	<u>(51,409)</u>	<u>42,010</u>	<u>(3,871)</u>	<u>946</u>	<u>189,734</u>
Expenses:						
Depreciation	9,151	11,625	2,624	---	---	23,400
Salaries	77,724	16,661	15,416	---	3,500	113,301
Computer expenses	19,750	---	---	---	---	19,750
Education/magazine	24,520	---	---	---	---	24,520
Emergency response	---	---	2,057	---	---	2,057
Facility repair/maintenance	7,151	3,070	620	---	2,427	13,268
Insurance	16,462	245	1,615	---	---	18,322
Membership expenses	2,520	---	---	---	---	2,520
Legal	4,320	3,841	---	---	7,518	15,679
Medical supplies	---	---	7,057	---	---	7,057
Liquid nitrogen	---	19,481	---	---	---	19,481
Loss on abandoned assets	---	16,462	---	---	---	16,462
Postage	10,517	375	750	---	137	11,779
Professional fees	1,000	3,480	---	---	---	4,480
Utilities	7,728	515	1,943	---	101	10,287
Rent	24,335	770	---	---	5,019	30,124
Supplies	12,422	2,254	---	---	896	15,572
Suspension expenses	---	---	18,169	---	---	18,169
Moving expenses	---	---	---	---	45,364	45,364
Telephone	18,395	---	108	---	379	18,882
Travel	5,994	---	---	---	3,247	9,241
Research project 7501R	---	---	6,886	---	---	6,886
Other	<u>17,243</u>	<u>3,202</u>	<u>5,465</u>	<u>---</u>	<u>767</u>	<u>26,677</u>
Total expenses	<u>259,232</u>	<u>81,981</u>	<u>62,710</u>	<u>---</u>	<u>69,355</u>	<u>473,278</u>
Excess of revenues over expenses (expenses over revenues)	(57,174)	(133,390)	(20,700)	(3,871)	(68,409)	(283,544)
Net assets:						
Beginning of period	41,828	95,469	(37,706)	402,547	55,153	557,291
Prior period adjustment	(172)	(5,564)	---	(2,733)	(1,464)	(9,933)
	<u>41,656</u>	<u>89,905</u>	<u>(37,706)</u>	<u>399,814</u>	<u>53,689</u>	<u>547,358</u>
End of period	\$ <u>(15,518)</u>\$	\$ <u>(43,485)</u>\$	\$ <u>(58,406)</u>\$	\$ <u>395,943</u> \$	\$ <u>(14,720)</u>\$	\$ <u>263,814</u>

The accompanying accountant's compilation report and notes should be read with these financial statements.

**ALCOR LIFE EXTENSION FOUNDATION
COMBINED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 1994

Cash flows provided by/(used for) operating activities:		
Excess of expenses over revenues	\$ (283,544)	
Loss on abandoned assets	16,462	
Investment value decline	65,583	
Depreciation expense	<u>23,400</u>	\$ (178,099)
Changes in assets and liabilities:		
(Increase)/decrease in assets:		
Accounts receivable	85,090	
Other assets	(124,644)	
Increase/(decrease) in liabilities:		
Accounts payable	(925)	
Deferred patient care reserve	<u>181,634</u>	
Total adjustments		<u>141,155</u>
Net cash used for operating activities		(36,944)
Cash flows (used for) investing activities:		
Purchase of property & equipment - net	<u>(23,377)</u>	
Net cash used for investing activities		(23,377)
Cash flows provided by/ (used for) financing activities:		
Increase in notes payable	5,400	
Decrease in capital lease obligations-net	<u>(5,644)</u>	
Net cash used for financing activities		<u>(244)</u>
Net decrease in cash & cash equivalents		(60,565)
Cash & cash equivalents, beginning of year		<u>75,966</u>
Cash & cash equivalents, end of year	\$	<u>15,401</u>

The accompanying accountant's compilation report and notes
should be read with these financial statements.

**ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1994**

1. Summary of significant accounting policies:

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. All financial transactions have been recorded by fund group into the following funds:

General: Revenues which are not restricted as to usage and expenses for the general operations of the Foundation are classified into the general fund. The Board of Directors has determined that 10% of certain general fund revenues should be set aside for research and accordingly, approximately \$ 7,250.00 has been transferred to the research fund.

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

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

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

**ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1994**

Building fund: Donations received are placed in the building fund for use on the expenses incurred on Alcor's move to Arizona.

Property & equipment

Property & equipment & leasehold improvements are recorded at cost. Major additions and betterments are charged to property accounts while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed in the year acquired. When property is retired or otherwise disposed of, the cost is removed from the asset account, accumulated depreciation is charged for the depreciation provided and the difference, after taking into account any salvage amount, is charged or credited to operations.

Income taxes

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

2. Investments:

Investments in cash and equivalents are presented in the financial statements at market value and consist of mutual funds, U. S. Government obligations and corporate stocks and bonds. Investments in property consists of the following:

Investment in Arizona building	\$177,566
Investment in U.K. building	32,000
Investment in Symbex limited partnership	<u>86,000</u>
	\$295,566
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**ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1994**

3. Other assets:

Other assets consist of the following:

Prepaid suspension fees	\$223,575
Prepaid expenses	<u>6,175</u>
	\$229,750
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4. Property & equipment:

Machinery & equipment	\$330,508
Leasehold improvements	<u>8,224</u>
	338,732
Less accumulated depreciation & amortization	<u>(120,604)</u>
	\$218,128
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5. Prior period adjustment:

Financial information affecting Investment in Property-Arizona building as of December 31, 1993 was received by the Management of the Foundation in November 1994. Had the information been received before the financial statements were issued on April 30, 1994, it would have required the following adjustment:

Investment in Arizona building	\$195,000
Rental real estate loss	<u>(9,761)</u>
	\$185,239
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The adjustment has been made as a prior period adjustment on the current financial statements for the period ended December 31, 1994.