

ALCOR LIFE EXTENSION FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1997

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YEAR ENDED DECEMBER 31, 1997

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Board of Directors
Alcor Life Extension Foundation
Scottsdale, Arizona

We have compiled the accompanying Statement of Financial Position of Alcor Life Extension Foundation, a non-profit organization, as of December 31, 1997, and the related statements of activities, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

Martin Peterson, CPA, P.C.

July 17, 1998

ALCOR LIFE EXTENSION FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1997

ASSETS

	GENERAL FUND	CLINICAL RESEARCH FUND	ENDOWMENT FUND	LABORATORY RESEARCH FUND	TOTAL
Cash & cash equivalents	\$ 41,665	\$ 5,572	\$ --	\$ 1,870	\$ 49,107
Investments	--	214,374	62,327	9,087	285,788
Accounts receivable less allowance for doubtful receivables of \$3,000	99,684	775	--	--	100,459
Other assets - Net	--	--	--	18,333	18,333
Property & equipment at cost Less accumulated depreciation of \$80,468	15,731	27,710	--	23,558	66,999
Due (to) from other funds	(190,808)	(150,100)	345,236	(4,328)	0
Total Assets	\$ (33,728)	\$ 98,331	\$ 407,563	\$ 48,520	\$ 520,686

LIABILITIES AND FUND BALANCES

Accounts payable & other liabilities	\$ 2,443	\$ 9,006	\$ --	\$ --	\$ 11,449
Capital lease obligations	8,719	--	--	--	8,719
Deferred suspension reserve	--	216,767	--	--	216,767
Total liabilities	11,162	225,773	0	0	236,935

FUND BALANCES

Unrestricted:					
Available for operations	(20,697)	--	--	--	(20,697)
Net investment in plant	(24,193)	--	--	--	(24,193)
Restricted:	--	(127,442)	407,563	48,520	328,641
Total fund balances	(44,890)	(127,442)	407,563	48,520	283,751
Total liabilities and fund balances	\$ (33,728)	\$ 98,331	\$ 407,563	\$ 48,520	\$ 520,686

ALCOR LIFE EXTENSION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1997

SUPPORT AND REVENUES

	GENERAL FUND	CLINICAL RESEARCH FUND	ENDOWMENT FUND	LABORATORY RESEARCH FUND	TOTAL
Public donations	\$ 37,242	\$ 200	\$ 1,920	\$ 1,000	\$ 40,362
Bequests	37,063	--	--	--	37,063
Suspension income	--	31,428	--	--	31,428
Membership fees	225,328	--	--	--	225,328
Investment income	599	--	3,895	612	5,106
Miscellaneous fund adjustments	(13,882)	(1,900)	--	--	(15,782)
	<u>286,350</u>	<u>29,728</u>	<u>5,815</u>	<u>1,612</u>	<u>323,505</u>

EXPENSES

Salaries	64,145	29,570	--	23,373	117,088
Payroll taxes	3,453	2,317	--	1,928	7,698
Advertising/promotion	14,702	385	--	--	15,087
Allocations (10% rule)	25,303	--	--	(25,303)	0
Computer expense	2,492	201	--	244	2,937
Depreciation & amortization	3,824	2,775	--	6,538	13,137
Education/magazine	21,886	--	--	--	21,886
Emergency response	--	3,185	--	--	3,185
Insurance	15,416	746	--	588	16,750
Legal	1,091	193	--	--	1,284
Medical supplies	--	14,819	--	105	14,924
Office expense	12,088	440	--	--	12,528
Other	10,392	1,807	--	153	12,352
Postage	11,332	1,176	--	1,164	13,672
Professional fees	2,125	69	--	--	2,194
Repairs & Maintenance	8,158	5,344	--	--	13,502
Rent	12,345	4,823	--	4,741	21,909
Research projects	--	1,846	--	5,243	7,089
Suspension expense	--	22,457	--	--	22,457
Telephone	19,966	134	--	--	20,100
Travel	6,443	2,359	--	2,248	11,050
Taxes & licenses	456	442	--	47	945
Utilities	7,510	2,389	--	2,389	12,288
	<u>243,127</u>	<u>97,477</u>	<u>0</u>	<u>23,458</u>	<u>364,062</u>
Excess revenue (expenses)	43,223	(67,749)	5,815	(21,846)	(40,557)
Unrealized (loss) on investments	--	(4,002)	--	--	(4,002)
Fund balance beginning	(88,113)	(55,691)	401,748	70,366	328,310
Fund balance ending	<u>\$ (44,890)</u>	<u>\$ (127,442)</u>	<u>\$ 407,563</u>	<u>\$ 48,520</u>	<u>\$ 283,751</u>

See accompanying notes and accountant's compilation report.

ALCOR LIFE EXTENSION FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1997

Cash flows provided by	
operating activities:	
Excess of expenses over revenues	\$ (44,559)
Donated vehicle included in support	(4,500)
Unrealized loss on investments	4,002
Depreciation & amortization	<u>13,137</u>
	\$ (31,920)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(10,795)
Investments	(14,090)
Due from Patient Care Trust	39,038
Other assets	7,001
Increase (decrease) in liabilities:	
Accounts payable	(563)
Capital lease obligation	5,870
Deferred reserve	<u>12,278</u>
Total adjustments	<u>38,739</u>
Net cash provided by operating activities	<u>6,819</u>
Cash flows (used in) financing activities:	
Principle payments on lease obligations	<u>(1,354)</u>
Net cash (used for) financing activities	<u>(1,354)</u>
Net increase in cash and cash equivalents	5,465
Cash and cash equivalents beginning of year	<u>52,729</u>
Cash and cash equivalents end of year	<u>\$ 58,194</u>

ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1997

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES: The Foundation is for the scientific research and educational purposes of placing deceased individuals into cryonic suspension or other forms of biostasis as long-term research specimens.

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

GENERAL: Revenues which are not restricted as to usage and expenses for the general operations of the Foundation are classified into the general fund. The Board of Directors has determined that 10% of certain general fund revenues should be set aside for research and accordingly, approximately \$25,303 has been transferred to the laboratory research fund.

CLINICAL 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 long term research involving cryonic suspension of humans and animals are also placed in the clinical research fund. Prepaid suspension fees are placed in a trust account.

LABORATORY RESEARCH: Biological research involving the development of improved cryobiological protocols and techniques to be used in clinical research.

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

ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 1997

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

CONTRIBUTED SERVICES

During the year ended December 31, 1997, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the facilities. The Organization receives more than 3,000 volunteer hours per year.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as public donations at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions or cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Property and equipment are depreciated using the straight-line method.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

ALCOR LIFE EXTENSION FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 1997

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
 (continued)

PROPERTY AND EQUIPMENT

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

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

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

INCOME TAXES

The Foundation is a California 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.

NOTE B - INVESTMENTS

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

NOTE C - PROPERTY AND EQUIPMENT

Automotive	\$ 4,500
Medical equipment	63,708
Office equipment	76,455
Leasehold improvements	<u>2,804</u>
	147,467
 Less accum. depreciation & amortization	 <u>80,468</u>
	 <u>\$ 66,999</u>

ALCOR LIFE EXTENSION FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 1997

NOTE D - AMORTIZATION

The Foundation purchased a license from Cryopreservation Technologies to use a new perfusate solution for laboratory research. The cost of the license was \$25,000 and is classified under other assets. It is amortized over 5 years. The amortization expense for 1997 was \$5,001.

NOTE E - LEASE COMMITMENT

The Foundation operates from a leased facility under a six year operating lease expiring September 1, 2000. The agreement calls for an annual base rent of \$23,500. The Foundation has two options of three years each on the lease. The Alcor Patient Care Trust pays 10% of the lease. (See Note E)

Minimum future rental payments under the non-cancelable operating lease as of December 31, 1997, are:

<u>Year Ended</u>	
December 31, 1998	\$ 23,500
December 31, 1999	23,500
December 31, 2000	<u>17,624</u>
	<u>\$ 64,624</u>

NOTE F - ALCOR PATIENT CARE TRUST

On May 4, 1997, the Board of Trustees of the Alcor Life Extension Foundation, established the Alcor Patient Care Trust to care for individuals in cryonic suspension. Separate financial statements have been prepared for the trust.

NOTE G - CAPITAL LEASES

The Foundation leases computers under capital leases expiring in December, 2001. The economic substance of the lease is that the association is financing the acquisition of the assets through the leases, and, accordingly, they are recorded in the association's assets and liabilities. The lease agreements contain a bargain purchase option at the lease term. The following is an analysis of the leased assets included in office equipment:

Computer equipment	\$ 10,074
Less accumulated amortization	<u>1,008</u>
	<u>\$ 9,066</u>

ALCOR LIFE EXTENSION FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 1997

NOTE G - CAPITAL LEASES (continued)

Minimum future lease payments under the non-cancelable capital leases as of December 31, 1997 are:

<u>Year Ended</u>	<u>Minimum Future Lease Payments</u>	<u>Imputed Interest</u>
December 31, 1998	\$ 1,757	\$ 1,023
December 31, 1999	1,998	783
December 31, 2000	2,271	509
December 31, 2001	<u>2,693</u>	<u>199</u>
	<u>\$ 8,719</u>	<u>\$ 2,514</u>

NOTE H - MISCELLANEOUS FUND ADJUSTMENTS

Miscellaneous fund adjustments in the statement of activities for the General Fund of \$13,882 and the Clinical Research Fund of \$1,900 are a result of internal fund loans to the Patient Care Fund written off when the Patient Care Trust was set up.