

Alcor Life Extension Foundation, Inc. and Subsidiaries

**Consolidated Financial Statements
and
Supplementary Information**

Year Ended December 31, 2004

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Accountants' Review Report

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To the Board of Directors
Alcor Life Extension Foundation, Inc.
Scottsdale, Arizona

We have reviewed the accompanying consolidated statement of financial position of Alcor Life Extension Foundation, Inc. (a non-profit corporation) and subsidiaries as of December 31, 2004, and the related consolidated 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. All information included in these consolidated financial statements is the representation of the management of Alcor Life Extension Foundation, Inc. and subsidiaries.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with U.S. generally accepted accounting principles. The information included in the accompanying schedule of departmental assets, liabilities and net assets and the schedule of departmental revenues and expenses is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.



November 11, 2005

Alcor Life Extension Foundation, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(See Accountants' Review Report)

December 31, 2004

ASSETS

Current assets	
Cash and cash equivalents	\$ 555,160
Investments	2,523,982
Accounts receivable	161,835
Employee receivables	18,500
Other assets	69,947
Total current assets	3,329,424
Property and equipment	
Land	199,410
Building and improvements	1,002,827
Equipment	826,761
	2,028,998
Less accumulated depreciation	656,080
	1,372,918
Prepaid suspensions and standby	3,042,846
Total assets	\$ 7,745,188

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	261,502
Current portion of capital lease obligations	9,255
Total current liabilities	270,757
Capital lease obligations, less current portion	7,001
Deferred suspensions and standby revenue	3,042,846
Deferred patient care reserve	2,417,007
Deferred income	93,377
Total liabilities	5,830,988
Net assets	
Unrestricted controlling interests	1,772,522
Minority interests	141,678
Total net assets	1,914,200
Total liabilities and net assets	\$ 7,745,188

The accompanying notes are an integral part of this statement.

Alcor Life Extension Foundation, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES

(See Accountants' Review Report)

Year Ended December 31, 2004

Revenue and support:	
Membership dues	\$ 237,097
Rental income	74,676
Contributions	1,646,852
Suspensions and standby	473,893
Interest	47,322
Gain on investments	65,789
Other	13,562
	<hr/>
Total revenue and support	2,559,191
Expenses:	
Payroll	249,239
Employee incentive	6,328
Payroll taxes	19,067
Accounting	20,680
Legal fees	181,295
Supplies	104,498
Telephone	29,385
Equipment rental and repairs	34,733
Travel	12,801
Interest	7,905
Depreciation	93,834
Bad debts	14,079
Bank charge	19,488
Contract services	23,323
Meals and entertainment	1,781
Insurance	93,970
Office expense	34,542
Automobile	7,247
Lease expense	17,071
Utilities	32,086
Marketing	154,728
Royalty	27,500
Professional fees	98,769
Contract services	69,684
Taxes, licenses and permits	49,178
Technical advancement	63,767
Suspension expense	152,045
Miscellaneous	11,397
	<hr/>
Total expenses	1,630,420
	<hr/>
Increase in net assets before minority interest	928,771
Minority interest in income	(6,162)
	<hr/>
Increase in net assets	922,609
Net assets, beginning of year, before minority interest	849,913
	<hr/>
Net assets, end of year, before minority interest	<u>\$ 1,772,522</u>

The accompanying notes are an integral part of this statement.

Alcor Life Extension Foundation, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
(See Accountants' Review Report)
Year Ended December 31, 2004

Cash flows from operating activities	
Increase in net assets	\$ 922,609
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Minority interest in income	6,162
Depreciation and amortization	(93,834)
Gain on investments	(65,789)
Decrease in accounts receivable	2,494
Decrease in employee receivable	6,000
Decrease in deposits	36,958
Increase in other assets	(65,737)
Increase in accounts payable and accrued expenses	231,984
Decrease in security deposits	(7,390)
Net cash provided by operating activities	973,457
Cash flows from investing activities	
Purchase of investments	(1,229,556)
Proceeds from sale of investments	77,249
Increase in prepaid suspensions/standby	(376,304)
Purchase of equipment	(59,422)
Increase in deferred patient care reserve	257,650
Net cash used by investing activities	(1,330,383)
Cash flows from financing activities	
Proceeds from deferred suspension revenue	469,681
Payments on capital leases	(12,095)
Net cash provided by financing activities	457,586
Net increase in cash and cash equivalents	100,660
Cash and cash equivalents, beginning of year	454,500
Cash and cash equivalents, end of year	\$ 555,160
<u>Supplemental Disclosures</u>	
Cash paid for interest during the year	\$ 27,393

The accompanying notes are an integral part of this statement.

Alcor Life Extension Foundation, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

NOTE 1 - BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES

Alcor Life Extension Foundation, Inc. (Alcor) is a California non-profit organization formed under Section 501(c)(3) of the Internal Revenue Code. Alcor conducts its primary operations in Scottsdale, Arizona. Alcor is funded primarily through contributions and membership dues from its members, and rental income. Alcor's primary exempt purpose is research and education in the science of cryonic storage and cryonic suspension.

The significant accounting policies of Alcor follow:

Principles of Consolidation: The consolidated financial statements for the year ended December 31, 2004 include all accounts of Alcor Life Extension Foundation, Inc. and its subsidiaries, the wholly-owned Alcor Patient Care Trust (the Trust) and the 72.46% owned Cryonics Property, LLC. All significant inter-company transactions have been eliminated.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, Alcor is required to report information regarding its consolidated financial position and activities according to three, classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Alcor has no permanently or temporarily restricted net assets at December 31, 2004.

Use of Estimates: In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the statement of cash flows, Alcor considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are recorded at market. Unrealized gains and losses are accounted for as investment income.

Accounts Receivable: Accounts receivable consists of amounts due from membership dues and suspensions performed. Alcor considers accounts receivable to be substantially collectible; accordingly, no allowance for doubtful amounts is required.

Alcor Life Extension Foundation, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

NOTE 1 - BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Property and equipment: Property and equipment costing \$500 or more are recorded at cost, or at estimated fair value at the date of gift if donated. Depreciation and amortization are computed using the straight-line method based on estimated economic lives of the assets as follows:

Building and improvements	10-39 years
Equipment	3-20 years
Automobiles	5 years

Prepaid suspensions and standby/Deferred suspension revenue: Prepaid suspensions and standby services are recorded as deferred revenue. Alcor recognizes suspension and standby revenue as the services are performed.

Deferred patient care reserve: Upon suspension of a patient, a specified amount of the suspension revenue is deferred and invested into the Alcor Patient Care Trust to be used for patient re-animation, at which time Alcor would recognize the revenue.

Advertising: Advertising costs are expensed as incurred, and amounted to \$154,728 in the year ended December 31, 2004.

Income taxes: Alcor and the Alcor Patient Care Trust are exempt from federal income taxes as organizations other than a private foundation under Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business taxable income (UBTI) is taxable, when present.

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 individual members.

Alcor Life Extension Foundation, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

NOTE 2 - CONCENTRATION OF CREDIT RISK

Alcor maintains cash balances and cash equivalents at several financial institutions. Checking and savings balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each institution. At December 31, 2004, Alcor had bank deposits of \$50,341 in excess of its insured level. Alcor has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk concerning cash and cash equivalents.

NOTE 3 - INVESTMENTS

At December 31, 2004, Alcor's investments consisted of the following:

	Market Value
Insured deposit accounts	\$ 1,180,507
Certificate of deposit	31,164
U.S Treasury securities	102,724
Corporate bonds	203,784
Mutual funds	7,606
Stocks	856,035
Managed futures	142,162
Total investments	<u>\$ 2,523,982</u>

Interest and gain on investments for the year ended December 31, 2004 was \$113,111.

NOTE 4 - DEFERRED PATIENT CARE RESERVE

Alcor has a financial obligation to fund the maintenance and re-animation of members who have undergone cryonic suspension. The actual amount of future expenses required to meet this obligation is unknown due to the uncertainty of how long Alcor must maintain its members in cryonic suspension and the uncertain costs of re-animation, if re-animation becomes scientifically and legally possible in the future. Therefore, these amounts are presently reflected as a deferred item.

Alcor Life Extension Foundation, Inc. and Subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

NOTE 5 - PREPAID SUSPENSIONS AND STANDBY

Alcor must maintain funds for prepaid suspensions and standby services in separate accounts for each member, per the suspension contracts. Alcor's bylaws require that the accounts be invested conservatively in depositories insured against loss by an agency of the federal government. At December 31, 2004, Alcor had invested the monies received for prepaid suspensions and standby services at financial institutions insured by the Federal Deposit Insurance Corporation up to \$100,000 per account. As of January 1, 2001, Alcor instituted a new policy requiring new members to name Alcor as beneficiary of any life insurance policy the member uses to fund their suspension. Policies can be returned to members at any time. The following is a summary of those investments and life insurance policies.

	Total Invested	Amount insured by FDIC
Certificates of deposit	\$ 98,366	\$ 98,366
Insured deposit accounts	945,005	945,005
Total member investments	1,043,371	\$ 1,043,371
Cash surrender value of member life insurance policies	1,999,475	
Total prepaid suspensions and standby	\$ 3,042,846	

NOTE 6 - CAPITAL LEASES

The cost of equipment acquired under capital leases was \$58,596. Amortization of assets held under capital leases is included with depreciation and amortization expense. The following is a schedule of future payments under capital leases.

Year ending December 31,	
2005	\$ 11,129
2006	<u>7,283</u>
	18,412
	<u>(2,156)</u>
	<u>\$ 16,256</u>

Alcor Life Extension Foundation, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

NOTE 7 - FUNCTIONAL EXPENSES

Alcor conducts research and education in the field of cryonic suspension and storage. Expenses related to providing these services for the year ended December 31, 2004, are as follows:

Program	\$ 1,332,431
General and administrative	252,658
Cryonics Property, LLC-net	<u>45,331</u>
	<u>\$ 1,630,420</u>

NOTE 8 - CONTINGENCIES

Alcor is subject to various claims, legal proceedings and investigations covering a wide range of matters that may arise in the ordinary course of business. Management believes the resolutions of claims and pending litigation will not have a material effect on Alcor's results of operations.

Alcor Life Extension Foundation, Inc. and Subsidiaries
SCHEDULE OF DEPARTMENTAL ASSETS, LIABILITIES AND NET ASSETS
(See Accountants' Review Report)
December 31, 2004

	General	Cryonics Property, LLC	Consolidating and Eliminating	Total
ASSETS				
Cash and cash equivalents	\$ 465,469	\$ 89,691		\$ 555,160
Investments	2,492,818	31,164		2,523,982
Accounts receivable	161,835			161,835
Deposits	4,210			4,210
Employee receivables	18,500			18,500
Other assets	65,737			65,737
Total current assets	3,208,569	120,855		3,329,424
Property and equipment				
Land		150,000	\$ 49,410	199,410
Building and improvements	141,729	712,152	148,946	1,002,827
Equipment	826,761			826,761
	968,490	862,152	198,356	2,028,998
Less accumulated depreciation	457,762	198,318		656,080
	510,728	663,834	198,356	1,372,918
Prepaid suspensions and standby	3,042,846			3,042,846
Mortgage note	387,433	(387,433)		
Investment in Cryonics Property, LLC	470,895		\$ (470,895)	
Total assets	\$ 7,620,471	\$ 397,256	\$ (272,539)	\$ 7,745,188
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 248,846	\$ 12,656		\$ 261,502
Current portion of capital lease obligations	9,255			9,255
Total current liabilities	258,101	12,656		270,757
Capital lease obligations	7,001			7,001
Deferred suspensions and standby revenue	3,042,846			3,042,846
Deferred patient care reserve	2,417,007			2,417,007
Deferred income	93,377			93,377
Total liabilities	5,818,332	12,656		5,830,988
Net assets				
Unrestricted controlling interests	1,802,139	384,600	\$ (414,217)	1,772,522
Minority interests			141,678	141,678
Total net assets	1,802,139	384,600	(272,539)	1,914,200
Total liabilities and net assets	\$ 7,620,471	\$ 397,256	\$ (272,539)	\$ 7,745,188

Alcor Life Extension Foundation, Inc. and Subsidiaries

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

(See Accountants' Review Report)

Year Ended December 31, 2004

	Program	General & Administrative	Cryonics Property, LLC	Consolidating and Eliminating	Total
Revenue and support:					
Membership dues	\$ 237,097				\$ 237,097
Rental income			\$ 143,651	\$ (68,975)	74,676
Contributions	1,646,852				1,646,852
Suspensions and standby	473,893				473,893
Interest	85,685			(38,363)	47,322
Gain on investments	65,789				65,789
Other	13,050		512		13,562
Total revenues	2,522,366		144,163	(107,338)	2,559,191
Expenses:					
Payroll	199,392	49,847			249,239
Employee incentive	5,062	1,266			6,328
Payroll taxes	15,254	3,813			19,067
Accounting	16,544	4,136			20,680
Legal fees	145,036	36,259			181,295
Supplies	104,498				104,498
Telephone	23,508	5,877			29,385
Occupancy	55,180	13,795		(68,975)	
Equipment rental and repairs	12,760	3,191	18,782		34,733
Travel	10,241	2,560			12,801
Interest	6,324	1,581	38,363	(38,363)	7,905
Depreciation	60,459	15,115	18,260		93,834
Bad debts	11,263	2,816			14,079
Bank charge	15,590	3,898			19,488
Contract services	18,658	4,665			23,323
Meals and entertainment	1,425	356			1,781
Insurance	73,583	18,396	1,991		93,970
Office expense	27,634	6,908			34,542
Automobile	5,798	1,449			7,247
Lease expense	13,657	3,414			17,071
Utilities	19,516	4,879	7,691		32,086
Marketing	123,782	30,946			154,728
Royalty	22,000	5,500			27,500
Professional fees	64,932	16,233	17,604		98,769
Contract services	55,747	13,937			69,684
Taxes, licenses and permits	758	189	48,231		49,178
Technical advancement	63,767				63,767
Suspension expense	152,045				152,045
Miscellaneous	8,018	1,632	1,747		11,397
Total expenses	1,332,431	252,658	152,669	(107,338)	1,630,420
Increase (decrease) in net assets before minority interest	\$ 1,189,935	\$ (252,658)	\$ (8,506)	\$	\$ 928,771