

ALCOR LIFE EXTENSION FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Balance Sheet	2
Statement of Revenues and Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7

Board of Directors
Alcor Life Extension Foundation
Riverside, California

We have audited the accompanying balance sheets of the General, Patient Care, Research and Endowment Funds of Alcor Life Extension Foundation as of December 31, 1992, and the related statements of revenues and expenses and changes in net assets and combined statement of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alcor Life Extension Foundation as of December 31, 1992, and the results of its operations and changes in fund balance and cash flows for the year then ended, in conformity with generally accepted accounting principles.



ACCOUNTANCY CORPORATION

Santa Monica, California
February 26, 1993

ALCOR LIFE EXTENSION FOUNDATION

BALANCE SHEET - DECEMBER 31, 1992

ASSETS	General Fund	Patient Care Fund	Research Fund	Endowment Fund	Total
Cash and cash equivalents	\$ (140)	\$ 4,338	\$ 7,932	\$ 38,288	\$ 50,418
Investments		984,849		161,869	1,146,718
Accounts receivable, net of allowance for doubtful accounts of \$3,000	8,479			99,352	107,831
Other assets	3,678	59,676			63,354
Property and equipment, net of accumulated depreciation	<u>18,125</u>	<u>188,581</u>	<u>41,346</u>	<u> </u>	<u>248,052</u>
	<u>\$ 30,142</u>	<u>\$ 1,237,444</u>	<u>\$ 49,278</u>	<u>\$ 299,509</u>	<u>\$ 1,616,373</u>
LIABILITIES AND NET ASSETS					
Accounts payable and other liabilities	\$ 42,263	\$ 10,000	\$	\$	\$ 52,263
Notes payable, due September 1993, interest payable monthly at a 6½% annual rate	24,947				24,947
Capital lease obligations	5,938				5,938
Deferred patient care reserve		1,072,982			1,072,982
Due to (from) other funds	<u>(35,502)</u>	<u>108,276</u>	<u>27,367</u>	<u>(100,141)</u>	<u> </u>
Total liabilities	<u>37,646</u>	<u>1,191,258</u>	<u>27,367</u>	<u>(100,141)</u>	<u>1,156,130</u>
Net Assets:					
Unrestricted:					
Available for operations	(25,629)				(25,629)
Net investment in plant	<u>18,125</u>				<u>18,125</u>
	(7,504)				(7,504)
Restricted	<u> </u>	<u>46,186</u>	<u>21,911</u>	<u>399,650</u>	<u>467,747</u>
Total net assets	<u>(7,504)</u>	<u>46,186</u>	<u>21,911</u>	<u>399,650</u>	<u>460,243</u>
	<u>\$ 30,142</u>	<u>\$ 1,237,444</u>	<u>\$ 49,278</u>	<u>\$ 299,509</u>	<u>\$ 1,616,373</u>

See accompanying independent auditors' report and notes to financial statements.

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

YEAR ENDED DECEMBER 31, 1992

	<u>General Fund</u>	<u>Patient Care Fund</u>	<u>Research Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Revenues:					
Membership fees	\$ 96,027	\$ 10,907	\$	\$	\$ 106,934
Public donations	142,965			509	143,474
Investment income	18,911	51,618			70,529
Patient services	23,541		148,754		172,295
Other	<u>3,007</u>	<u> </u>	<u>3,810</u>	<u> </u>	<u>6,817</u>
Total revenues	<u>284,451</u>	<u>62,525</u>	<u>152,564</u>	<u>509</u>	<u>500,049</u>
Expenses:					
Salaries	51,280	18,573	14,138		83,991
Bad debts	5,915				5,915
Depreciation	10,755	10,490	237		21,482
Education	2,487				2,487
Emergency response	37,779				37,779
Insurance:					
General	8,704				8,704
Workers' compensation	12,001	4,692	1,847		18,540
Interest	4,498				4,498
Legal	38,374				38,374
Magazine	17,820				17,820
Medical supplies	770		5,960		6,730
Nitrogen		15,102			15,102
Postage	9,675	403	753		10,831
Professional fees	17,741		350		18,091
Rent	13,457				13,457
Research:					
Grants			6,000		6,000
Other			1,206		1,206
Supplies	770	100	9,783		10,653
Suspension			106,159		106,159
Taxes and licenses	6,917				6,917
Telephone	14,563				14,563
Travel	5,510				5,510
Other	<u>42,533</u>	<u>3,704</u>	<u>2,321</u>	<u>710</u>	<u>49,268</u>
Total expenses	<u>301,549</u>	<u>53,064</u>	<u>148,754</u>	<u>710</u>	<u>504,077</u>
Excess of expenses over revenues	(17,098)	9,461	3,810	(201)	(4,028)
 Net assets, beginning of year	 <u>9,594</u>	 <u>36,725</u>	 <u>18,101</u>	 <u>399,851</u>	 <u>464,271</u>
Net assets, end of year	<u>\$ (7,504)</u>	<u>\$ 46,186</u>	<u>\$ 21,911</u>	<u>\$ 399,650</u>	<u>\$ 460,243</u>

See accompanying independent auditors' report and notes to financial statements.

ALCOR LIFE EXTENSION FOUNDATION
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1992
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash flows provided by (used for) operating activities:		
Excess of expenses over revenues	\$ (4,028)	
Depreciation expense	<u>21,482</u>	
		\$ 17,454
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(52,314)	
Other assets	395,947	
Increase (decrease) in liabilities:		
Accounts payable	21,023	
Deferred patient care reserve	208,565	
Deferred suspension income	<u>(60,000)</u>	
Total adjustments		<u>513,221</u>
Net cash provided by operating activities		530,675
Cash flows used for investing activities:		
Short-term investments	(604,610)	
Purchase of property and equipment - net	<u>(65,697)</u>	
Net cash used for investing activities		(670,307)
Cash flows provided by (used for) financing activities:		
Reduction in capital lease obligations	(5,687)	
Notes payable	<u>24,947</u>	
Net cash provided by financing activities		<u>19,260</u>
Net decrease in cash and cash equivalents		(120,372)
Cash and cash equivalents, beginning of year		<u>170,790</u>
Cash and cash equivalents, end of year		<u>\$ 50,418</u>

See accompanying independent auditors' report and notes to financial statements.

ALCOR LIFE EXTENSION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1992

(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. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported, 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 has determined that 10% of certain general fund revenues should be set aside for patient care and accordingly, approximately \$12,000 has been transferred to the patient care fund.

Patient Care: Upon deanimation, a pre-established amount, received from insurance proceeds, is estimated for the long-term care of patients and is placed into the patient care fund and classified as deferred patient care reserve. Such amounts are invested in fixed income and equity securities, the income from which is restricted in use for 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 into the research fund and is 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 fund to investments in securities and for short-term loans to the general fund for operating purposes, up to a maximum of 10% of the endowment fund balance. Income earned by the endowment fund investments is unrestricted and, accordingly, is classified as general fund income.

Property and Equipment

Leasehold improvements and property and equipment are recorded at cost. Major additions and betterments are charged to the 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.

See accompanying independent auditors' report.

ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 1992

(1) Summary of Significant Accounting Policies, Continued:

Income Taxes

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

(2) Investments:

Investments are presented in the financial statements at market value which approximates cost, and are composed of the following:

Mutual funds	\$ 533,726
U.S. Government obligations	468,178
Corporate stocks and bonds	<u>144,814</u>
	<u>\$ 1,146,718</u>

(3) Other Assets:

A summary is as follows:

Investment in Symbex limited partnership	\$ 31,676
Investment in U.K. building	28,000
Prepaid interest	<u>3,678</u>
	<u>\$ 63,354</u>

The Foundation is a limited partner investor in Symbex, a limited partnership whose other partners are members of the Foundation. The partnership owns a building leased to the Foundation through February 2006 at a base rental amount plus a percentage of membership fees, not to exceed \$1,700 per month. The Foundation and partnership have made modifications to the lease agreement in the past, limiting the monthly rental to \$463 through December 31, 1992. Future rental amounts will be at amounts negotiated between the Foundation and the partnership.

The Foundation, in a prior year, purchased a partial ownership interest in a suspension facility in the U.K. owned by one of the members of the Foundation.

See accompanying independent auditors' report.

ALCOR LIFE EXTENSION FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 1992

(4) Property and Equipment:

A summary is as follows:

Machinery and equipment:	
Medical	\$ 234,578
Administrative	54,896
Leasehold improvements	19,655
Construction in progress	<u>17,000</u>
	326,129
Less accumulated depreciation and amortization	<u>78,077</u>
	<u>\$ 248,052</u>

(5) Contingencies:

The Foundation is involved in a dispute with the heirs of a member in suspension, wherein it claims interest in a portion of royalties from certain artistic properties, which are also being claimed by the heirs. No receivable amounts have been recorded related to this dispute in the accompanying financial statements.

See accompanying independent auditors' report.