ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

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AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

CONTENTS

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ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of

ALCOR LIFE EXTENSION FOUNDATION, INC. AND AFFILIATES

We have reviewed the accompanying consolidated statement of financial position of ***Alcor Life Extension Foundation, Inc. and Affiliates*** (the Company) as of December 31, 2010 and the related consolidated statements of changes in net assets, and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the 2010 consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

During 2011, certain items were identified which required adjustment to the previously issued consolidated financial statements. As discussed in Note 15, these items related to cryopreservation and standby revenue recognition and the proper recording of certificates of deposit. The beginning net assets as of December 31, 2009 have been restated for the effects of these adjustments.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
March 22, 2012

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2010

A S S E T S

CURRENT ASSETS	
Cash and cash equivalents	$ 4,359,225
Restricted cash	584,705
Accounts receivable, net	367,850
Promises to give	119,719
Other current assets	144,131
TOTAL CURRENT ASSETS	5,575,630
PROPERTY AND EQUIPMENT, net	687,736
INVESTMENTS	5,588,058
PREPAID CRYOPRESERVATION AND STANDBY	4,295,224
TOTAL ASSETS	$ 16,146,648

L I A B I L I T I E S   A N D   N E T   A S S E T S

CURRENT LIABILITIES	
Accounts payable	$ 66,952
Accrued expenses	39,542
TOTAL CURRENT LIABILITIES	106,494
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,295,224
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	396,755
DEFERRED REVENUE	18,943
DEFERRED PATIENT CARE RESERVE	3,935,000
TOTAL LIABILITIES	8,752,416
NET ASSETS	
Unrestricted	
Controlling interest	7,241,879
Noncontrolling interest	32,634
Total unrestricted	7,274,513
Temporarily restricted	119,719
TOTAL NET ASSETS	7,394,232
TOTAL LIABILITIES AND NET ASSETS	$ 16,146,648

See Notes to Consolidated Financial Statements
See Accountants' Review Report

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Totals
REVENUE AND SUPPORT			
Membership dues	$ 359,677	$ -	$ 359,677
Bequests	7,058,361	-	7,058,361
Contributions	512,948	119,719	632,667
Interest	56,771	-	56,771
Realized and unrealized gains on investments	59,725	-	59,725
Cryopreservation and standby	1,062,510	-	1,062,510
Rental income	18,509	-	18,509
Insurance proceeds	88,669	-	88,669
Other	22,278	-	22,278
Total revenue and support before net assets released from restrictions	9,239,448	119,719	9,359,167
Net assets released from restrictions	24,623	(24,623)	-
TOTAL REVENUE AND SUPPORT	9,264,071	95,096	9,359,167
EXPENSES			
Payroll	579,678	-	579,678
Cryopreservation expense	389,090	-	389,090
Research and development	84,890	-	84,890
Professional fees	453,393	-	453,393
Depreciation	86,044	-	86,044
Insurance	92,430	-	92,430
Marketing	38,372	-	38,372
Utilities	53,562	-	53,562
Taxes, licenses, and permits	46,997	-	46,997
Repairs and maintenance	23,001	-	23,001
Supplies	36,312	-	36,312
Contract services	21,909	-	21,909
Bank charges	13,056	-	13,056
Travel	13,453	-	13,453
Royalty	26,975	-	26,975
Lease expense	8,080	-	8,080
Bad debts	43,237	-	43,237
Automobile	1,544	-	1,544
Management fee	6,100	-	6,100
Interest expense	-	-	-
Miscellaneous	9,933	-	9,933
TOTAL EXPENSES	2,028,056	-	2,028,056
CHANGE IN NET ASSETS	7,236,015	95,096	7,331,111
ACQUISITION OF NONCONTROLLING INTEREST	(120,444)	-	(120,444)
RECLASSIFICATION OF NONCONTROLLING INTEREST TO CONTROLLING INTEREST UPON ACQUISITION	10,573	-	10,573
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(14,866)	-	(14,866)
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	7,111,278	95,096	7,206,374
NET ASSETS , BEGINNING OF YEAR, as previously reported	45,218	24,623	69,841
PRIOR PERIOD ADJUSTMENTS	113,724	-	113,724
NET ASSETS, BEGINNING OF YEAR, as restated	158,942	24,623	183,565
NET ASSETS, END OF YEAR	$ 7,274,513	$ 119,719	$ 7,394,232

See Notes to Consolidated Financial Statements
See Accountants' Review Report

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets attributable to controlling interest	$ 7,206,374
Adjustments to reconcile the change in net assets attributable to controlling interest to net cash provided by operating activities	
Change in net assets attributable to noncontrolling interest	14,866
Forgiveness of employee loan	3,500
Change in allowance for doubtful accounts	12,860
Depreciation	86,044
Realized and unrealized gains on investments	(59,725)
Impact on net assets of aqusition of non-controlling interest	109,871
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Accounts receivable	13,740
Promises to give	(95,096)
Other current assets	(85,810)
Prepaid cryopreservation and standby	168,889
Increase (decrease) in:	
Accounts payable	(94,626)
Accrued expenses	24,392
Deferred membership revenue	18,943
Deferred patient care reserve	470,000
Net cash provided by operating activities	7,794,222
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in restricted cash	41,549
Purchase of property and equipment	(143,204)
Purchase of non-controlling interest	(120,444)
Purchases of investments	(3,886,626)
Proceeds from sale of investments	412,113
Net cash used in investing activities	(3,696,612)
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in deferred cryopreservation	(318,499)
Net cash used in financing activities	(318,499)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,779,111
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	580,114
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,359,225
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	$ -

See Notes to Consolidated Financial Statements
See Accountants' Review Report

(1) Company operations and summary of significant accounting policies

Nature of operations – ***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 cryopreservation. Members guarantee a certain level of funding which will be paid to Alcor 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 are as follows:

The Financial Accounting Standards Board (“FASB”) sets U.S. generally accepted accounting principles (“GAAP”) to ensure consistent reporting. References to GAAP are to the FASB Accounting Standards Codification (“FASB ASC”).

Principles of consolidation – The consolidated financial statements include all accounts of Alcor Life Extension Foundation, Inc. and its affiliates, the Alcor Patient Care Trust (the “Trust”) and Cryonics Property, LLC (the “LLC”). The Trust had an ownership interest of 84.0580% in the LLC at December 31, 2010. Alcor is the beneficiary of the Trust. The Trust and its affiliate the LLC are consolidated with Alcor as Alcor has control of the Trust. Alcor’s Board of Directors appoints the Trust’s board members. All significant intercompany transactions have been eliminated.

In October 2010, the Trust acquired an 8.6957% additional ownership interest in the LLC through acquisition of a noncontrolling interest in exchange for $120,444. The balance of the noncontrolling interest acquired was $10,573 prior to acquisition, the purchase price in excess of the noncontrolling interest is shown as a reduction of net assets in the consolidated statement of changes in net assets.

Alcor’s operations include performing research and development for the cryopreservation or biostasis process, maintain current patients in biostasis, placing members into biostasis, eventually restoring all patients to health if it becomes possible, and providing public education.

The Trust is an irrevocable trust that maintains amounts funded for patients in biostasis. The Trust pays Alcor for itemized expenses related to patient care. The Trust also owns the LLC.

The LLC owns the Alcor building and leases to other tenants in addition to Alcor.

During 2010, the noncontrolling interest presentation was reclassified to include the noncontrolling interest as a component of net assets for 2010 in accordance with FASB Accounting Standards Update 2010-7. Noncontrolling interest was previously reported as “minority interest” in a mezzanine classification between liabilities and net assets.

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

Basis of presentation – The consolidated financial statements are presented in accordance with FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, Alcor is required to report information regarding its 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 restricted net assets at December 31, 2010.

Management's use of estimates – The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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.

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 standby services for its members. At December 31, 2010, the funds collected that had not been spent for their intended purpose are reported as restricted cash in the accompanying consolidated statement of financial position.

Investments – Alcor accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities* and FASB ASC 958-325*, Not-for-Profit Entities – Investments – Other*. Under FASB ASC 958-320, Alcor is required to report investments in equity securities that have readily determinable fair values, and all investments in debt securities, including negotiable certificates of deposit, at fair value. The fair value is based on quoted market prices or net asset value. Under FASB ASC 958-325, certificates of deposit investments that do not have a readily determinable fair market value are stated at amortized cost which approximates fair value.

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.

Accounts receivable – Accounts receivable consists primarily of amounts due for membership dues, CMS dues, and cryopreservation 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, 2010 accounts receivable are net of an allowance for doubtful accounts of $46,691.

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

Promises to give – Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectibility. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are stated at the amount management expects to collect. Management provides for probable 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. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to contribution income. All promises to give are expected to be collected within one year.

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. 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	3 - 39 years
Machinery and office equipment	3 - 20 years
Medical equipment	3 - 20 years
Vehicles	5 years

Impairment of long-lived assets – Alcor 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 2010.

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

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

Alcor 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 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.

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

Contributions – Alcor accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the existence and/or nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of changes in net assets (deficit) 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 unrestricted support.

Bequests – Bequests are recognized as contribution revenue in the period Alcor receives notification the court has found the will of the donor's estate to be valid and all conditions have been substantially met.

Advertising – Advertising costs are expensed as incurred, and amounted to $511 for the year ended December 31, 2010.

Functional expense allocation – Expenses are charged to program services and supporting service categories based on direct expenditures incurred. Any expenditures not directly chargeable to a functional expense category are allocated based upon personnel activity or other appropriate indicators.

Limited liability company – Based on the type of organization of Cryonics Property, LLC 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.

Income tax status – Alcor and the Alcor Patient Care Trust 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 and the Alcor Patient Care Trust are also exempt from state income tax. In addition, Alcor 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.

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

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.

The Foundation and Trust evaluates their uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

Alcor's federal Return of Organization Exempt from Income Tax (Form 990) for 2010, 2009 and 2008 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent events – Alcor has evaluated subsequent events through March 22, 2012, which is the date the consolidated financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to the consolidated statement of financial position date except as disclosed in Note 14 that would require adjustment to, or disclosure in, the consolidated financial statements.

(2) Investments

Alcor's investments consist of the following:

Cash	$ 98,620
Index fund - DOW30	468,272
Index fund - NASDAQ-100	464,558
Index fund - S&P 500	474,494
Common stock - large cap	527,063
Money market accounts	96,680
Negotiable certificates of deposit (fair value)	3,311,577
Certificates of deposit (amortized cost)	35,126
U.S. Treasury securities	26,385
U.S. Federal Agency securities	85,283
Total investments	$ 5,588,058

(3) Property and equipment

Property and equipment consists of the following:

Cost or donated value:	
Land, buildings, and leasehold improvements	$ 788,058
Machinery and office equipment	294,396
Medical equipment	739,149
Vehicles	82,542
Assets not in service	42,600
Total cost or donated value	1,946,745
Accumulated depreciation	(1,259,009)
Net property and equipment	$ 687,736

Depreciation expense charged to operations was $86,044 for the year ended December 31, 2010. Assets not in service consists of medical equipment acquired to provide future cryopreservation services and therefore was not depreciated in 2010. Alcor expects to begin depreciating the medical equipment within two years.

(4) Prepaid cryopreservation and standby

Alcor must maintain funds for prepaid cryopreservation and standby services in separate accounts for each member, per the cryopreservation contracts. At December 31, 2010, all or a portion of the prepaid cryopreservation and standby funds were not invested in accounts holding assets insured by the FDIC. Management plans to move the funds into FDIC insured assets in 2012. As of January 1, 2001, Alcor instituted a policy requiring new members to name Alcor as beneficiary of any life insurance policy the member uses to fund their cryopreservation. Policies can be returned to members at any time.

The following is a summary of those investments and life insurance policies as of December 31, 2010:

	Total Invested
Money market accounts	$ 1,496,005
Total member investments	1,496,005
Cash surrender value of member life insurance policies	2,799,219
Total prepaid cryopreservation and standby	$ 4,295,224

(5) Deferred comprehensive member standby

Alcor 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 facilities for cryopreservation. Members pay CMS fees to Alcor to fund future standby expenses. CMS fees will be recognized as revenue as standby expenses are incurred.

(6) Deferred patient care reserve

Alcor 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 must maintain its members in cryopreservation and the uncertain costs of potential revival, if potential revival 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) Functional expenses

Alcor conducts research and education in the field of cryopreservation and storage. Expenses related to providing these services are as follows

Program	$ 1,228,170
General and administrative	690,740
Fundraising	514
Cryonics Property, LLC, net	108,632
Total	$ 2,028,056

(8) Line of credit

In December 2007, Alcor entered into a $100,000 revolving line of credit agreement which had an original expiration date in December 2012. The line of credit was subject to interest at the prime rate plus 2.75% with a minimum of 6.5% until October 2010 when the agreement was modified to change interest to the prime rate plus 3.75% with a minimum of 7% (7% at December 31, 2010). The line of credit is collateralized by future rights, title, interest and claims of Alcor, and substantially all property of Alcor. As of December 31, 2010, no amounts were outstanding under this line of credit.

(9) Temporarily restricted net assets

Temporarily restricted net assets consist of time restricted promises to give. The restriction is met when the promised items are received.

(10) Operating leases

Alcor leased a phone system under an operating lease. The lease agreement expired in January 2010.

There are no future minimum lease payments related to noncancelable operating leases with terms of one year of more at December 31, 2010.

Rent expense totaled approximately $8,080 for the year ended December 31, 2010.

(11) Retirement plan

Alcor has a 401(k) defined contribution plan (the “Plan”) covering all employees meeting certain eligibility requirements. Alcor makes contributions to the Plan equal to 50% of the first 6% of eligible employee deferrals. Alcor contributed $2,893 to the Plan for the year ended December 31, 2010.

(12) 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 resolution of claims and pending litigation will not have a material effect on Alcor’s consolidated results of operations.

(13) Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles 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.

(13) Fair value measurements (continued)

The following table sets forth the level, within the fair value hierarchy of Alcor's assets and liabilities subject to recurring fair value measurement as of December 31, 2010:

	(Level 1)	(Level 2)
Index fund-DOW30	$ 468,272	$ -
Index fund-NASDAQ-100	464,558	-
Index fund-S&P 500	474,494	-
Common stock - large cap	527,063	-
Negotiable certificates of deposit	-	3,311,577
Money market accounts (prepaid)	1,496,005	-
U.S. Treasury securities	26,385	-
U.S. Federal Agency securities	85,283	-
Total	$ 3,542,060	$ 3,311,577

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

(14) Subsequent events

In 2011 the Board of Directors ("Board") determined that the deferred patient care reserve should increase primarily due to the necessary future expansion of the patient care facility, and in-part due to the rising costs of maintaining patients. The Patient Care Trust will bear a portion of the expansion costs and provides for all of the maintenance costs. In September 2011, in anticipation of the additional costs, which were not significant until the expansion plans were determined in 2011, the Board approved an increase to the required fund minimums attributed to the patient care trust under the cryopreservation agreement. The patient care trust fund minimums represent the estimated future costs to be incurred by Alcor to meet patient obligations under the cryopreservation agreement. Consequently, in 2011 Alcor recognized an increase in the deferred patient care reserve and a loss of approximately $1,500,000.

(15) Prior period adjustments

During fiscal year 2011, management noted two items requiring adjustment to Alcor's prior year consolidated financial statements. Alcor determined that certain deferred comprehensive member standby revenue should have been recognized as cryopreservation and standby revenue in 2009. This resulted in an understatement of net assets and an overstatement of deferred comprehensive member standby revenue of $79,889 as of December 31, 2009. Accordingly, an adjustment of $79,889 was made to decrease deferred cryopreservation member standby revenue and increase unrestricted net assets as of the beginning of the year.

Alcor also discovered an unrecorded certificate of deposit in the name of Cryonic Properties, LLC. This error resulted in an understatement of investments in the amount of $33,835. Accordingly, an adjustment of $33,835 was made to increase the investment account and increase unrestricted net assets as of the beginning of the year.

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ACCOUNTANTS' REPORT ON SUPPLEMENTAL INFORMATION

Our report on our review of the basic consolidated financial statements of ***Alcor Life Extension Foundation, Inc. and Affiliates***, for the year ended December 31, 2010, appears on page 1. The review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the consolidated 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 schedule of departmental revenues and expenses that follows on pages 14 and 15 is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial information and results of operations of the individual companies. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the consolidated financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplemental information.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
March 22, 2012

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES
SUPPLEMENTAL INFORMATION

Year Ended December 31, 2010

SCHEDULE OF DEPARTMENTAL ASSETS, LIABILITIES AND NET ASSETS

A S S E T S

	Alcor	Patient Care Trust	Cryonics Property, LLC	Consolidating and Eliminating	Total
CURRENT ASSETS					
Cash and cash equivalents	$ 3,849,691	$ 294,891	$ 214,643	$ -	$ 4,359,225
Restricted cash	584,705	-	-	-	584,705
Accounts receivable, net	370,458	147,718	-	(150,326)	367,850
Promises to give	119,719	-	-	-	119,719
Other current assets	132,349	-	11,782	-	144,131
TOTAL CURRENT ASSETS	5,056,922	442,609	226,425	(150,326)	5,575,630
PROPERTY AND EQUIPMENT, net	145,329	415,657	126,750	-	687,736
INVESTMENTS	-	5,552,932	35,126	-	5,588,058
PREPAID CRYOPRESERVATION AND STANDBY	4,295,224	-	-	-	4,295,224
NOTE RECEIVABLE	-	224,172	-	(224,172)	-
TOTAL ASSETS	$ 9,497,475	$ 6,635,370	$ 388,301	$ (374,498)	$ 16,146,648

L I A B I L I T I E S   A N D   N E T   A S S E T S

	Alcor	Patient Care Trust	Cryonics Property, LLC	Consolidating and Eliminating	Total
CURRENT LIABILITIES					
Accounts payable	$ 131,750	$ 56,786	$ 28,742	$ (150,326)	$ 66,952
Accrued expenses	39,542	-	-	-	39,542
TOTAL CURRENT LIABILITIES	171,292	56,786	28,742	(150,326)	106,494
NOTE PAYABLE	-	-	224,172	(224,172)	-
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,295,224	-	-	-	4,295,224
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	396,755	-	-	-	396,755
DEFERRED MEMBERSHIP REVENUE	18,943	-	-	-	18,943
DEFERRED PATIENT CARE RESERVE	-	3,935,000	-	-	3,935,000
TOTAL LIABILITIES	4,882,214	3,991,786	252,914	(374,498)	8,752,416
Unrestricted					
Controlling interest	4,495,542	2,643,584	135,387	(32,634)	7,241,879
Noncontrolling interest	-	-	-	32,634	32,634
Total unrestricted	4,495,542	2,643,584	135,387	-	7,274,513
Temporarily restricted	119,719	-	-	-	119,719
TOTAL NET ASSETS	4,615,261	2,643,584	135,387	-	7,394,232
TOTAL LIABILITIES AND NET ASSETS	$ 9,497,475	$ 6,635,370	$ 388,301	$ (374,498)	$ 16,146,648

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SUPPLEMENTAL INFORMATION

Year Ended December 31, 2010

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

	Alcor	Patient Care Trust	Cryonics Property, LLC	Consolidating and Eliminating	Total
REVENUE AND SUPPORT					
Membership dues	$ 359,677	$ -	$ -	$ -	$ 359,677
Bequests	3,591,227	3,467,134	-	-	7,058,361
Contributions	632,667	-	-	-	632,667
Interest	6,395	72,925	1,760	(24,309)	56,771
Realized and unrealized gains on investments	184	59,541	-	-	59,725
Cryopreservation and standby	966,429	96,081	-	-	1,062,510
Rental income	-	-	98,387	(79,878)	18,509
Insurance proceeds	-	-	88,669	-	88,669
Other	22,278	-	-	-	22,278
TOTAL REVENUE AND SUPPORT	5,578,857	3,695,681	188,816	(104,187)	9,359,167
EXPENSES					
Payroll	534,178	45,500	-	-	579,678
Cryopreservation expense	327,048	62,042	-	-	389,090
Research and development	84,890	-	-	-	84,890
Professional fees	445,712	3,352	4,329	-	453,393
Depreciation	18,935	41,759	25,350	-	86,044
Insurance	83,572	8,858	-	-	92,430
Marketing	38,369	3	-	-	38,372
Utilities	41,109	9,616	2,837	-	53,562
Taxes, licenses and permits	484	43	46,470	-	46,997
Repairs and maintenance	11,010	6,530	29,770	(24,309)	23,001
Supplies	34,429	1,883	-	-	36,312
Contract services	6,331	94	15,484	-	21,909
Bank charges	12,827	229	-	-	13,056
Travel	13,453	-	-	-	13,453
Royalty	26,975	-	-	-	26,975
Lease expense	7,320	760	-	-	8,080
Bad debts	43,237	-	-	-	43,237
Automobile	1,504	40	-	-	1,544
Occupancy	54,690	25,188	-	(79,878)	-
Management fee	-	-	6,100	-	6,100
Miscellaneous	7,278	55	2,600	-	9,933
TOTAL EXPENSES	1,793,351	205,952	132,940	(104,187)	2,028,056
CHANGE IN NET ASSETS	3,785,506	3,489,729	55,876	-	7,331,111
ACQUISITION OF NONCONTROLLING INTEREST	-	(120,444)	-	-	(120,444)
NET ASSETS (DEFICIT) BEGINNING OF YEAR, as previously reported	749,865	(725,701)	45,677	-	69,841
PRIOR PERIOD ADJUSTMENTS	79,889	-	33,835	-	113,724
NET ASSETS (DEFICIT) , BEGINNING OF YEAR, as restated	829,754	(725,701)	79,512	-	183,565
NET ASSETS, END OF YEAR	$ 4,615,260	$ 2,643,584	$ 135,388	$ -	$ 7,394,232

See Accountants' Report on Supplemental Information