ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

CONTENTS

MHM
Mayer Hoffman McCann P.C.
An Independent CPA Firm

3101 North Central Avenue, Suite 300
Phoenix, Arizona 85012
602-264-6835 ph
602-265-7631 fx
www.mhm-pc.com

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 "Foundation") as of December 31, 2011 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. The prior year summarized comparative information has been derived from ***Alcor Life Extension Foundation, Inc. and Affiliates'*** 2010 consolidated financial statements, and in our review report dated March 22, 2012, we were not aware of any 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.

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 2011 consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
May 24, 2013

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year Ended December 31, 2011
(with comparative information at December 31, 2010)

A S S E T S

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	$ 1,748,390	$ 4,359,225
Restricted cash	435,185	584,705
Accounts receivable, net	345,452	367,850
Promises to give	65,187	119,719
Other current assets	130,658	144,131
TOTAL CURRENT ASSETS	2,724,872	5,575,630
PROPERTY AND EQUIPMENT, net	684,676	687,736
INVESTMENTS	9,682,962	5,588,058
BENEFICIAL INTEREST IN PERPETUAL TRUST	2,852,513	-
PREPAID CRYOPRESERVATION AND STANDBY	4,584,847	4,295,224
TOTAL ASSETS	$ 20,529,870	$ 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

	2011	2010
CURRENT LIABILITIES		
Accounts payable	$ 125,275	$ 66,952
Accrued expenses	51,509	39,542
TOTAL CURRENT LIABILITIES	176,784	106,494
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,584,847	4,295,224
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	304,737	396,755
DEFERRED REVENUE	24,200	18,943
DEFERRED PATIENT CARE RESERVE	5,895,000	3,935,000
TOTAL LIABILITIES	10,985,568	8,752,416
NET ASSETS		
Unrestricted		
Controlling interest	6,605,624	7,241,879
Noncontrolling interest	20,978	32,634
Total unrestricted	6,626,602	7,274,513
Temporarily restricted	65,187	119,719
Permanently restricted	2,852,513	-
TOTAL NET ASSETS	9,544,302	7,394,232
TOTAL LIABILITIES AND NET ASSETS	$ 20,529,870	$ 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, 2011
(with comparative totals for the year ended December 31, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Totals 2010
REVENUE AND SUPPORT					
Membership dues	$ 482,257	$ -	$ -	$ 482,257	$ 359,677
Bequests	1,039,748	-	-	1,039,748	7,058,361
Contributions	373,870	65,187	2,852,513	3,291,570	632,667
Interest	92,550	-	-	92,550	56,771
Realized and unrealized gains (losses) on investments	(49,407)	-	-	(49,407)	59,725
Cryopreservation and standby	501,097	-	-	501,097	1,062,510
Rental income	13,789	-	-	13,789	18,509
Insurance proceeds	-	-	-	-	88,669
Other	24,153	-	-	24,153	22,278
Total revenue and support before net assets released from restrictions	2,478,057	65,187	2,852,513	5,395,757	9,359,167
Net assets released from restrictions	119,719	(119,719)	-	-	-
TOTAL REVENUE AND SUPPORT	2,597,776	(54,532)	2,852,513	5,395,757	9,359,167
EXPENSES					
Payroll	650,617	-	-	650,617	579,678
Cryopreservation expense	375,400	-	-	375,400	389,090
Research and development	10,019	-	-	10,019	84,890
Professional fees	134,157	-	-	134,157	453,393
Depreciation	79,219	-	-	79,219	86,044
Insurance	74,925	-	-	74,925	92,430
Marketing	21,971	-	-	21,971	38,372
Utilities	53,046	-	-	53,046	53,562
Taxes, licenses, and permits	31,936	-	-	31,936	46,997
Repairs and maintenance	61,203	-	-	61,203	23,001
Supplies	42,413	-	-	42,413	36,312
Contract services	18,781	-	-	18,781	21,909
Bank charges	13,805	-	-	13,805	13,056
Travel	19,248	-	-	19,248	13,453
Royalty	28,008	-	-	28,008	26,975
Lease expense	2,092	-	-	2,092	8,080
Bad debts	47,104	-	-	47,104	43,237
Automobile	2,246	-	-	2,246	1,544
Management fee	7,200	-	-	7,200	6,100
Miscellaneous	42,297	-	-	42,297	9,933
TOTAL EXPENSES	1,715,687	-	-	1,715,687	2,028,056
LOSS ON PATIENT CARE RESERVE	1,530,000	-	-	1,530,000	-
CHANGE IN NET ASSETS	(647,911)	(54,532)	2,852,513	2,150,070	7,331,111
ACQUISITION OF NONCONTROLLING INTEREST	-	-	-	-	(120,444)
RECLASSIFICATION OF NONCONTROLLING INTEREST TO CONTROLLING INTEREST UPON ACQUISITION	-	-	-	-	10,573
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(11,656)	-	-	(11,656)	(14,866)
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	(659,567)	(54,532)	2,852,513	2,138,414	7,206,374
NET ASSETS, BEGINNING OF YEAR	7,274,513	119,719	-	7,394,232	183,565
NET ASSETS, END OF YEAR	$ 6,626,602	$ 65,187	$ 2,852,513	$ 9,544,302	$ 7,394,232

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2011
(with comparative totals for the year ended December 31, 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets attributable to controlling interest	$ 2,138,414	$ 7,206,374
Adjustments to reconcile the change in net assets attributable to controlling interest to net cash provided by operating activities		
Contrbution of a beneficial interest in perpetual trust	(2,852,513)	-
Change in net assets attributable to noncontrolling interest	11,656	14,866
Forgiveness of employee loan	-	3,500
Provision for bad debts	47,104	43,237
Depreciation	79,219	86,044
Realized and unrealized losses (gains) on investments	49,407	(59,725)
Loss on patient care reserve	1,530,000	-
Impact on net assets of acquisition of non-controlling interest	-	109,871
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(24,706)	(16,637)
Promises to give	54,532	(95,096)
Other current assets	13,473	(85,810)
Prepaid cryopreservation and standby	(289,623)	168,889
Increase (decrease) in:		
Accounts payable	58,323	(94,626)
Accrued expenses	11,967	24,392
Deferred revenue	5,257	18,943
Deferred patient care reserve	430,000	470,000
Net cash provided by operating activities	1,262,510	7,794,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	149,520	41,549
Purchase of property and equipment	(76,159)	(143,204)
Purchase of non-controlling interest	-	(120,444)
Purchases of investments	(4,196,463)	(3,886,626)
Proceeds from sale of investments	52,152	412,113
Net cash used in investing activities	(4,070,950)	(3,696,612)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in deferred cryopreservation	197,605	(318,499)
Net cash provided by (used in) financing activities	197,605	(318,499)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,610,835)	3,779,111
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,359,225	580,114
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,748,390	$ 4,359,225

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:

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, 2011 and 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, maintaining 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.

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.

Prior year summarized information – The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Alcor's consolidated financial statements for the year ended December 31, 2010, from which the summarized information was derived.

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

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, 2011 and 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 of securities with readily determinable fair values is based upon quoted market prices or publically available net asset values. Negotiable certificates of deposit, U.S. Treasury securities and U.S. Federal Agency securities are valued using propriety valuation models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers, and other data. Under FASB ASC 958-325, certificates of deposit investments that are not debt securities 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 cryopreservations 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, 2011 and 2010 accounts receivable are net of an allowance for doubtful accounts of $79,044 and $46,691, respectively.

(1) <u>Company operations and summary of significant accounting policies (continued)</u>

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 still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give. All promises to give are expected to be collected in full within one year, and accordingly an allowance for uncollectible pledges is not deemed necessary.

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 2011 and 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.

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 provide for all of the maintenance costs. In September 2011, in anticipation of the additional costs, the Board approved an increase to the required 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 $1,530,000 for this change in estimate.

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 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 $441 and $511 for the years ended December 31, 2011 and 2010, respectively.

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.

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

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.

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) and the LLC's Form 1065 for 2010, 2009 and 2008 are subject to examination by the IRS, generally for three years after they were filed. The Form 990 and Form 1065 for 2011 have not yet been filed as of the date of this report.

Subsequent events – Alcor has evaluated subsequent events through May 24, 2013, which is the date the consolidated financial statements were available to be issued.

(2) Investments

Alcor's investments consist of the following:	2011	2010
Cash	$ 3,254	$ 98,620
Index fund - DOW30	815,103	468,272
Index fund - NASDAQ-100	785,682	464,558
Index fund - S&P 500	819,248	474,494
Common stock - large cap	661,770	527,063
Money market accounts	197,432	96,680
Negotiable certificates of deposit (fair value)	5,984,135	3,311,577
Certificates of deposit (amortized cost)	35,553	35,126
U.S. Treasury securities	25,786	26,385
U.S. Federal Agency securities	354,999	85,283
Total investments	$ 9,682,962	$ 5,588,058

(3) Property and equipment

Property and equipment consists of the following:

	2011	2010
Cost or donated value:		
Land, buildings, and leasehold improvements	$ 804,291	$ 788,058
Machinery and office equipment	298,821	294,396
Medical equipment	794,650	739,149
Vehicles	82,542	82,542
Assets not in service	42,600	42,600
Total cost or donated value	2,022,904	1,946,745
Accumulated depreciation	(1,338,228)	(1,259,009)
Net property and equipment	$ 684,676	$ 687,736

Depreciation expense charged to operations was $79,219 and $86,044 for the years ended December 31, 2011 and 2010, respectively. Assets not in service consists of medical equipment acquired to provide future cryopreservation services and therefore was not depreciated in 2011 or 2010. Alcor expects to begin depreciating the medical equipment within two years.

(4) Beneficial interest in perpetual trust

Alcor became the primary beneficiary of an irrevocable trust that is held by a third party in perpetuity. Alcor recognized the beneficial interest as a contribution on December 31, 2011 in the amount of $2,852,513. Alcor records its interest in the trust assets at the fair value of the underlying assets of the trust. The beneficial interest in the trust is classified as permanently restricted. The unit of account for fair value measurement related to this beneficial interest is the beneficial interest itself, and not the underlying assets of the trust. There are no unadjusted quoted market prices in active markets for identical beneficial interests (Level 1 inputs) and no other observable inputs in active or inactive markets specific to beneficial interests (Level 2 inputs). Accordingly, the fair value of the beneficial interest is based upon unobservable inputs for the beneficial interest (Level 3 inputs).

The trust provides for an annual distribution of income and principal equal to the amount of 1% of the fair value of the trust as determined on the second calendar day of each calendar year. Distributions are recognized as investment income in the period of the distribution.

The trust includes a provision that, upon the successful revival of the trustor from a cryopreserved state, the trustee shall distribute any part of the trust property not disposed by the provisions of the trust to the trustor. Resuscitation of members is not yet possible and, accordingly, Alcor has recognized its full interest in the perpetual trust. If resuscitation becomes possible in the future, Alcor will reevaluate the accounting for this trust agreement under the provisions of FASB ASC 450, *Contingencies*.

(5) 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, 2011, 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.

(6) Prepaid cryopreservation and standby (continued)

The following is a summary of those investments and life insurance policies:

	2011	2010
Money market funds	$ 1,622,564	$ 1,496,005
Total member investments	1,622,564	1,496,005
Cash surrender value of member life insurance policies	2,962,283	2,799,219
Total prepaid cryopreservation and standby	$ 4,584,847	$ 4,295,224

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.

(7) 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.

(8) Functional expenses

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

	2011	2010
Program	$ 1,170,614	$ 1,228,170
General and administrative	386,247	690,740
Fundraising	441	514
Cryonics Property, LLC, net of eliminations	158,385	108,632
Total	$ 1,715,687	$ 2,028,056

(9) 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, 2011). 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, 2011 and 2010, no amounts were outstanding under this line of credit.

(10) Temporarily restricted net assets

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

(11) Operating leases

There are no future minimum lease payments related to noncancelable operating leases with terms of one year of more at December 31, 2011.

Rent expense totaled approximately $2,092 and $8,080 for the years ended December 31, 2011 and 2010, respectively.

(12) Retirement plan

Alcor has a 401(k) defined contribution plan (the "Plan") covering all employees meeting certain eligibility requirements. The Plan calls for contributions equal to 50% of the first 6% of eligible employee deferrals. Effective January 1, 2012, the Plan was amended to adopt a Safe Harbor non-elective contribution on behalf of each eligible employee in an amount equal to 3% of the eligible employee's compensation for the Plan year. Alcor contributed $7,538 to the Plan for the year ended December 31, 2011 and $2,893 for the year ended December 31, 2010.

(13) 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.

(14) 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.

(14) 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, 2011:

	Level 1	Level 2	Level 3
Index fund-DOW30	$ 815,103	$ -	$ -
Index fund-NASDAQ-100	785,682	-	-
Index fund-S&P 500	819,248	-	-
Common stock - large cap	661,770	-	-
Negotiable certificates of deposit	-	5,984,135	-
Money market funds (prepaid)	1,622,564	-	-
U.S. Treasury securities	-	25,786	-
U.S. Federal Agency securities	-	354,999	-
Beneficial interest in perpetual trust	-	-	2,852,513
Total	$ 4,704,367	$ 6,364,920	$ 2,852,513

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	Level 3
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 funds (prepaid)	1,496,005	-	-
U.S. Treasury securities	-	26,385	-
U.S. Federal Agency securities	-	85,283	-
Total	$ 3,430,392	$ 3,423,245	-

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

The table below presents the changes in fair value measurements that used level 3 inputs during the year ended December 31, 2011:

	Beneficial interest in perpetual trust
Balance at January 1, 2011	$ -
Initial contribution	2,852,513
Balance at December 31, 2011	$ 2,852,513

The fair value of the beneficial interest agreement is recorded at the fair value of the investment which is held by a third-party trustee and then adjusted for Alcor's interest in the assets. The fair value of the beneficial interest is estimated to approximate the fair value of the underlying assets of the trust itself. While the underlying assets of the trust are primarily observable, the value of beneficial interest itself is not observable in markets and, accordingly, this trust is classified within Level 3 of the valuation hierarchy.

MHM
Mayer Hoffman McCann P.C.
An Independent CPA Firm

3101 North Central Avenue, Suite 300
Phoenix, Arizona 85012
602-264-6835 ph
602-265-7631 fx
www.mhm-pc.com

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, 2011, 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 15 and 16 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
May 24, 2013

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES
SUPPLEMENTAL INFORMATION

Year Ended December 31, 2011

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	$ 1,135,966	$ 502,060	$ 110,364	$ -	$ 1,748,390
Restricted cash	435,185	-	-	-	435,185
Accounts receivable, net	540,157	163,637	-	(358,342)	345,452
Promises to give	65,187	-	-	-	65,187
Other current assets	110,953	-	19,705	-	130,658
TOTAL CURRENT ASSETS	2,287,448	665,697	130,069	(358,342)	2,724,872
PROPERTY AND EQUIPMENT, net	141,770	441,506	101,400	-	684,676
INVESTMENTS	3,552,557	6,094,852	35,553	-	9,682,962
BENEFICIAL INTEREST IN PERPETUAL TRUST	1,426,257	1,426,256	-	-	2,852,513
PREPAID CRYOPRESERVATION AND STANDBY	4,584,847	-	-	-	4,584,847
NOTE RECEIVABLE	-	186,166	-	(186,166)	-
TOTAL ASSETS	$ 11,992,879	$ 8,814,477	$ 267,022	$ (544,508)	$ 20,529,870

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	$ 407,395	$ 53,265	$ 22,957	$ (358,342)	$ 125,275
Accrued expenses	51,509	-	-	-	51,509
TOTAL CURRENT LIABILITIES	458,904	53,265	22,957	(358,342)	176,784
NOTE PAYABLE	-	-	186,166	(186,166)	-
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,584,847	-	-	-	4,584,847
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	304,737	-	-	-	304,737
DEFERRED REVENUE	24,200	-	-	-	24,200
DEFERRED PATIENT CARE RESERVE	-	5,895,000	-	-	5,895,000
TOTAL LIABILITIES	5,372,688	5,948,265	209,123	(544,508)	10,985,568
NET ASSETS					
Unrestricted			-	-	
Controlling interest	5,128,747	1,439,956	57,899	(20,978)	6,605,624
Noncontrolling interest	-	-	-	20,978	20,978
Total unrestricted	5,128,747	1,439,956	57,899	-	6,626,602
Temporarily restricted	65,187	-	-	-	65,187
Permanently restricted	1,426,257	1,426,256	-	-	2,852,513
TOTAL NET ASSETS	6,620,191	2,866,212	57,899	-	9,544,302
TOTAL LIABILITIES AND NET ASSETS	$ 11,992,879	$ 8,814,477	$ 267,022	$ (544,508)	$ 20,529,870

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SUPPLEMENTAL INFORMATION

Year Ended December 31, 2011

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

	Alcor	Patient Care Trust	Cryonics Property, LLC	Consolidating and Eliminating	Total
REVENUE AND SUPPORT					
Membership dues	$ 482,257	$ -	$ -	$ -	$ 482,257
Bequests	473,456	566,292	-	-	1,039,748
Contributions	1,850,963	1,440,607	-	-	3,291,570
Interest	27,418	85,164	675	(20,707)	92,550
Realized and unrealized gains (losses)	(76,974)	27,567	-	-	(49,407)
Cryopreservation and standby	676,097	(175,000)	-	-	501,097
Rental income	1	-	100,928	(87,140)	13,789
Other	24,119	34	-	-	24,153
TOTAL REVENUE AND SUPPORT	3,457,337	1,944,664	101,603	(107,847)	5,395,757
EXPENSES					
Payroll	597,407	45,837	7,373	-	650,617
Cryopreservation expense	317,347	58,053	-	-	375,400
Professional fees	130,698	2,459	1,000	-	134,157
Depreciation	24,217	29,652	25,350	-	79,219
Insurance	67,150	7,775	-	-	74,925
Repairs and maintenance	31,394	5,766	44,750	(20,707)	61,203
Utilities	38,403	9,984	4,659	-	53,046
Bad debts	47,104	-	-	-	47,104
Supplies	38,908	3,505	-	-	42,413
Taxes, licenses and permits	455	61	31,420	-	31,936
Royalty	28,008	-	-	-	28,008
Marketing	21,778	130	63	-	21,971
Travel	19,248	-	-	-	19,248
Contract services	2,400	-	16,381	-	18,781
Bank charges	12,766	1,039	-	-	13,805
Research and development	10,019	-	-	-	10,019
Management fee	-	-	7,200	-	7,200
Automobile	2,206	40	-	-	2,246
Lease expense	1,895	197	-	-	2,092
Occupancy	59,662	27,478	-	(87,140)	-
Miscellaneous	1,341	60	40,896	-	42,297
TOTAL EXPENSES	1,452,406	192,036	179,092	(107,847)	1,715,687
LOSS ON PATIENT CARE RESERVE	-	1,530,000	-	-	1,530,000
CHANGE IN NET ASSETS	2,004,931	222,628	(77,489)	-	2,150,070
NET ASSETS, BEGINNING OF YEAR	4,615,260	2,643,584	135,388	-	7,394,232
NET ASSETS, END OF YEAR	$ 6,620,191	$ 2,866,212	$ 57,899	$ -	$ 9,544,302