ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007

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 statements of financial position of Alcor Life Extension Foundation, Inc. and Affiliates at December 31, 2008 and 2007, and the related consolidated statements of changes in net assets (deficit) and cash flows for the years 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 Affiliates.

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

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying 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
August 5, 2011

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

ASSETS

	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	$ 643,171	$ 339,052
Restricted cash	504,180	373,904
Accounts receivable, net	33,265	65,296
Promises to give	34,301	-
Asset held for sale	250,000	-
Other current assets	101,416	145,554
TOTAL CURRENT ASSETS	1,566,333	923,806
PROPERTY AND EQUIPMENT, net	640,853	719,805
INVESTMENTS	1,611,022	2,069,738
PREPAID CRYOPRESERVATION AND STANDBY	4,101,705	2,694,744
TOTAL ASSETS	$ 7,919,913	$ 6,408,093

LIABILITIES AND NET ASSETS (DEFICIT)

	2008	2007
CURRENT LIABILITIES		
Accounts payable	$ 45,724	$ 122,787
Accrued expenses	14,201	24,201
Note payable	108,340	-
TOTAL CURRENT LIABILITIES	168,265	146,988
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,101,705	2,694,744
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	504,180	373,904
DEFERRED PATIENT CARE RESERVE	3,260,000	3,070,000
TOTAL LIABILITIES	8,034,150	6,285,636
MINORITY INTEREST IN CONSOLIDATED AFFILIATE	25,255	19,140
UNRESTRICTED NET ASSETS (DEFICIT)	(173,793)	103,317
TEMPORARILY RESTRICTED NET ASSETS	34,301	-
TOTAL NET ASSETS (DEFICIT)	(139,492)	103,317
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 7,919,913	$ 6,408,093

See Notes to Consolidated Financial Statements
See Accountants' Review Report

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (DEFICIT)

Years Ended December 31, 2008 and 2007

	Unrestricted	Temporarily Restricted	Totals 2008	Totals 2007
REVENUE AND SUPPORT				
Membership dues	$ 276,220	$ -	$ 276,220	$ 276,060
Bequests	480,820	-	480,820	230,327
Contributions	337,750	34,301	372,051	234,497
Interest	69,836	-	69,836	206,794
Realized and unrealized losses on investments	(572,682)	-	(572,682)	(3,189)
Cryopreservation and standby	406,591	-	406,591	88,415
Rental income	89,556	-	89,556	17,390
Other	39,630	-	39,630	47,453
TOTAL REVENUE AND SUPPORT	1,127,721	34,301	1,162,022	1,097,747
EXPENSES				
Payroll	458,201	-	458,201	499,963
Cryopreservation expense	227,113	-	227,113	188,092
Research and development	85,689	-	85,689	160,114
Professional fees	86,858	-	86,858	101,460
Depreciation	96,161	-	96,161	99,479
Insurance	113,154	-	113,154	94,026
Marketing	23,848	-	23,848	82,362
Utilities	56,430	-	56,430	68,779
Taxes, licenses, and permits	48,836	-	48,836	65,007
Repairs and maintenance	56,735	-	56,735	45,432
Supplies	23,911	-	23,911	39,654
Contract services	24,889	-	24,889	27,909
Bank charges	16,210	-	16,210	20,055
Travel	12,647	-	12,647	19,578
Royalty	25,000	-	25,000	15,000
Lease expense	9,772	-	9,772	9,055
Bad debts	13,184	-	13,184	7,199
Office expense	-	-	-	6,709
Automobile	1,794	-	1,794	630
Management fee	7,564	-	7,564	-
Interest expense	5,723	-	5,723	-
Miscellaneous	4,997	-	4,997	1,155
TOTAL EXPENSES	1,398,716	-	1,398,716	1,551,658
CHANGE IN NET ASSETS (DEFICIT) BEFORE MINORITY INTEREST	(270,995)	34,301	(236,694)	(453,911)
MINORITY INTEREST IN CHANGE IN NET ASSETS OF CONSOLIDATED AFFILIATE	(6,115)	-	(6,115)	(7,249)
CHANGE IN NET ASSETS (DEFICIT)	(277,110)	34,301	(242,809)	(461,160)
NET ASSETS, BEGINNING OF YEAR	103,317	-	103,317	564,477
NET ASSETS (DEFCIT), END OF YEAR	$ (173,793)	$ 34,301	$ (139,492)	$ 103,317

See Notes to Consolidated Financial Statements
See Accountants' Review Report

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	$ (242,809)	$ (461,160)
Adjustments to reconcile the change in net assets (deficit) to net cash used in operating activities		
Change in net assets applicable to minority interest	6,115	7,249
Forgiveness of employee loan	3,000	3,000
Change in allowance for doubtful accounts	21,240	-
Depreciation	96,161	99,479
Loss of disposal of property and equipment	22,235	-
Bequest of asset held for sale	(139,869)	-
Realized and unrealized losses on investments	572,682	3,189
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	7,791	32,309
Promises to give	(34,301)	-
Other current assets	44,138	2,589
Prepaid cryopreservation and standby	(1,406,961)	(66,827)
Increase (decrease) in:		
Accounts payable	(77,063)	(57,066)
Accrued expenses	(10,000)	3,413
Deferred patient care reserve	190,000	130,000
Net cash used in operating activities	(947,641)	(303,825)
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in restricted cash	(130,276)	(267,389)
Purchase of property and equipment	(39,444)	(24,644)
Purchases of investments	(936,274)	(210,828)
Proceeds from sale of investments	822,308	370,602
Net cash used in investing activities	(283,686)	(132,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in deferred cryopreservation	1,537,237	219,798
Payments on note payable	(1,791)	-
Net cash provided by financing activities	1,535,446	219,798
NET CHANGE IN CASH AND CASH EQUIVALENTS	304,119	(216,286)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	339,052	555,338
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 643,171	$ 339,052
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 5,723	$ -
SUPPLEMENTAL DISCLOSURE OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Donated asset held for sale	$ 250,000	$ -
Mortgage on donated asset held for sale	$ 110,131	$ -

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 for the years ended December 31, 2008 and 2007 include all accounts of Alcor Life Extension Foundation, Inc. and its affiliates, the Alcor Patient Care Trust (the "Trust") and the 75.3623% owned Cryonics Property, LLC (the "LLC"). 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.

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.

Basis of presentation – The consolidated financial statement presentation follows 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 had no temporarily restricted net assets at December 31, 2007 and no permanently restricted net assets at December 31, 2008 and 2007.

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, 2008 and 2007, these funds had not been spent for their intended purpose and, accordingly, these amounts are reported as restricted cash in the accompanying consolidated statements of financial position.

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

Investments – Alcor accounts for its investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, Alcor reports all 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 values of investments are based on quoted market prices or net asset value. Certificates of deposit 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, 2008 and 2007 accounts receivable are net of an allowance for doubtful accounts of $21,240 and $0, respectively.

Also included in accounts receivable are forgivable amounts due from employees that were previously advanced, interest free, for the purchase of a home. The balance was $6,500 and $9,500 at December 31, 2008 and 2007, respectively. Approximately $3,000 is forgiven annually.

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 collectability. 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. 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.

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

Asset held for sale – During 2008 Alcor received a bequest of residential property from a member. The property was valued at $250,000, which was management's estimate of fair value based on recent sales in the area. The real estate was held for sale at December 31, 2008, and was subsequently sold for $250,000 during 2009. Alcor also assumed a mortgage payable of $110,131 in connection with the bequest. See Note 7. The net bequest of $139,869 is included in bequests on the consolidated statement of changes in net assets (deficit) in 2008. Assets held for sale are reported at the lower of the carrying amount or fair value less estimated costs to sell.

Property and equipment – Property and equipment is recorded at cost. Additions and betterments in excess of $1,000 are capitalized. Donated property and equipment is recorded at its fair value at the date of gift to Alcor. 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 SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 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 cost or fair value less costs to sell. No impairment charges were recorded for 2008 and 2007.

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.

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.

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

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 reports contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. 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 nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of changes in net assets as 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 $1,185 and $2,127 for the years ended December 31, 2008 and 2007, 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.

Limited liability corporation – 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.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 was originally effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109. In December 2008, the FASB issued FASB Staff Position No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises* ("FSP FIN 48-3") which extended the period of adoption of FIN 48 to fiscal years beginning after December 15, 2008. Alcor has elected to defer the application of FIN 48 in accordance with FSP FIN 48-3. Alcor evaluates their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts.

(2) Investments

Alcor's investments consist of the following:	2008	2007
Common stock	$ 254,657	$ 1,432,122
Equity mutual funds	202,324	-
Certificates of deposit	377,993	-
Fixed income	518	184,780
U.S. Treasury securities	182,428	163,447
Money market funds	255,012	122,819
Managed funds	146,375	122,543
Bonds	191,715	44,027
Total investments	$ 1,611,022	$ 2,069,738

(3) Property and equipment

Property and equipment consists of the following:

	2008	2007
Cost or donated value:		
Land, buildings, and leasehold improvements	$ 736,942	$ 729,612
Machinery and office equipment	291,138	283,981
Medical equipment	653,797	651,075
Vehicles	42,972	42,972
Total cost or donated value	1,724,849	1,707,640
Accumulated depreciation	(1,083,996)	(987,835)
Net property and equipment	$ 640,853	$ 719,805

Depreciation expense charged to operations was $96,161 and $99,479 for years ended December 31, 2008 and 2007, respectively.

(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. 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, 2008 and 2007, Alcor had invested the monies received for prepaid cryopreservation and standby services at financial institutions insured by the Federal Deposit Insurance Corporation up to $100,000 per account which increased to $250,000 during 2008. 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.

(4) Prepaid cryopreservation and standby (continued)

The following is a summary of those investments and life insurance policies as of December 31, 2008:

	Total Invested	Amount insured by FDIC
Certificates of deposit	$ 1,098,693	$ 1,093,000
Cash	111,936	111,936
Money market accounts	409,393	-
Total member investments	1,620,022	$ 1,204,936
Cash surrender value of member life insurance policies	2,481,683	
Total prepaid cryopreservation and standby	$ 4,101,705	

The following is a summary of those investments and life insurance policies as of December 31, 2007:

	Total Invested	Amount insured by FDIC
Certificates of deposit	$ 1,210,268	$ 1,161,915
Money market accounts	86,686	86,686
Total member investments	1,296,954	$ 1,248,601
Cash surrender value of member life insurance policies	1,397,790	
Total prepaid cryopreservation and standby	$ 2,694,744	

(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 t ransportation services to patients prior to cryopreservation, including all rescue activities necessary to bring the patient to the Alcor facilities for cryopreservation. Members pay CMS charges to Alcor to fund future standby expenses. CMS charges will be recognized as revenue as standby expenses are incurred.

(6) Deferred patient care reserve

Alcor has a f inancial 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 def erred item. It is at least reasonably possible that this significant estimate will change in the near term.

(7) Long term debt

Long-term debt consists of a note payable to a bank associated with the real estate held for sale that was received in 2008 from a bequest. The note was originated in November 2004 for $115,000 with 360 monthly payments including interest at 5.75%. The note is secured by the real estate held for sale. The balance outstanding at December 31, 2008 is $108,340. Alcor sold the property and used a portion of the proceeds to repay the note in 2009.

(8) 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.

(9) Functional expenses

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

	2008	2007
Program	$ 934,645	$ 1,107,877
General and administrative	306,309	329,084
Fundraising	4,133	19,786
Cryonics Property, LLC, net	153,629	94,911
Total	$ 1,398,716	$ 1,551,658

(10) Operating leases

Alcor leases office equipment under operating leases. The lease agreements expire at various dates through January 2010. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Future minimum lease payments at December 31, 2008 under noncancelable operating leases with terms of one year or more consist of the following:

Year Ending December 31,	
2009	$ 6,210
2010	422
Total	$ 6,632

Rent expense totaled approximately $9,772 and $ 17,447 for years ended 2008 and 2007, respectively.

(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 $6,706 and $6,774 to the Plan for years ended 2008 and 2007, respectively.

(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

SFAS No. 157, 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. Alcor adopted SFAS No. 157 as of January 1, 2008 for financial assets and liabilities subject to fair value measurement on a recurring basis. SFAS No. 157 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.

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, 2008:

	(Level 1)	(Level 2)
Common stock	$ 254,657	$ -
Certificates of deposit (prepaid cryopreservation and standby)	-	1,098,693
Money market funds (prepaid cryopreservation and standby)	409,393	-
Equity mutual funds	202,324	-
Fixed income	518	-
U.S. Treasury securities	182,428	-
Managed funds	-	146,375
Bonds	191,715	-
Total	$ 1,241,035	$ 1,245,068

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

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, 2008, 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 (deficit) 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
August 5, 2011

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SCHEDULE OF DEPARTMENTAL ASSETS, LIABILITIES AND NET ASSETS (DEFICIT)

December 31, 2008

A S S E T S

	General	Cryonics Property, LLC	Consolidating and Eliminating	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 481,690	$ 161,481	$ -	$ 643,171
Restricted cash	504,180	-	-	504,180
Accounts receivable, net	60,622	-	(27,357)	33,265
Promises to give	34,301	-	-	34,301
Asset held for sale	250,000	-	-	250,000
Other current assets	88,069	13,347	-	101,416
TOTAL CURRENT ASSETS	1,418,862	174,828	(27,357)	1,566,333
PROPERTY AND EQUIPMENT, net	463,403	177,450	-	640,853
INVESTMENTS	1,611,022	-	-	1,611,022
PREPAID CRYOPRESERVATION AND STANDBY	4,101,705	-	-	4,101,705
NOTE RECEIVABLE	289,716	-	(289,716)	-
TOTAL ASSETS	$ 7,884,708	$ 352,278	$ (317,073)	$ 7,919,913

L I A B I L I T I E S A N D N E T A S S E T S (D E F I C I T)

	General	Cryonics Property, LLC	Consolidating and Eliminating	Total
CURRENT LIABILITIES				
Accounts payable	$ 43,672	$ 29,409	$ (27,357)	$ 45,724
Accrued expenses	14,201	-	-	14,201
Current portion of note payable	108,340	30,618	(30,618)	108,340
TOTAL CURRENT LIABILITIES	166,213	60,027	(57,975)	168,265
NOTE PAYABLE	-	259,098	(259,098)	-
DEFERRED CRYOPRESERVATION AND STANDBY	4,101,705	-	-	4,101,705
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	504,180	-	-	504,180
DEFERRED PATIENT CARE RESERVE	3,260,000	-	-	3,260,000
TOTAL LIABILITIES	8,032,098	319,125	(317,073)	8,034,150
MINORITY INTEREST IN CONSOLIDATED AFFILIATE	-	-	25,255	25,255
NET ASSETS (DEFICIT)	(147,390)	33,153	(25,255)	(139,492)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 7,884,708	$ 352,278	$ (317,073)	$ 7,919,913

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

Year Ended December 31, 2008

	General	Cryonics Property, LLC	Consolidating and Eliminating	Total
REVENUE AND SUPPORT				
Membership dues	$ 276,220	$ -	$ -	$ 276,220
Bequests	480,820	-	-	480,820
Contributions	372,051	-	-	372,051
Interest	96,305	4,053	(30,522)	69,836
Realized and unrealized losses on investments	(572,682)	-	-	(572,682)
Cryopreservation and standby	406,591	-	-	406,591
Rental income	2,800	174,396	(87,640)	89,556
Other	39,630	-	-	39,630
TOTAL REVENUE AND SUPPORT	1,101,735	178,449	(118,162)	1,162,022
EXPENSES				
Payroll	458,201	-	-	458,201
Cryopreservation expense	227,113	-	-	227,113
Research and development	85,689	-	-	85,689
Professional fees	86,108	750	-	86,858
Depreciation	70,811	25,350	-	96,161
Insurance	113,154	-	-	113,154
Marketing	23,848	-	-	23,848
Utilities	54,413	2,017	-	56,430
Taxes, licenses and permits	7,478	41,358	-	48,836
Repairs and maintenance	28,567	28,168	-	56,735
Supplies	23,911	-	-	23,911
Contract services	9,390	15,499	-	24,889
Bank charges	16,210	-	-	16,210
Travel	12,647	-	-	12,647
Royalty	25,000	-	-	25,000
Lease expense	9,772	-	-	9,772
Bad debts	13,184	-	-	13,184
Automobile	1,794	-	-	1,794
Occupancy	87,640	30,522	(118,162)	-
Management fee	-	7,564	-	7,564
Interest expense	5,723	-	-	5,723
Miscellaneous	2,596	2,401	-	4,997
TOTAL EXPENSES	1,363,249	153,629	(118,162)	1,398,716
CHANGE IN NET ASSETS (DEFICIT) BEFORE MINORITY INTEREST	(261,514)	24,820	-	(236,694)
MINORITY INTEREST IN CHANGE IN NET ASSETS OF CONSOLIDATED AFFILIATE	-	-	(6,115)	(6,115)
CHANGE IN NET ASSETS (DEFICIT)	(261,514)	24,820	(6,115)	(242,809)
NET ASSETS BEGINNING OF YEAR	114,124	8,333	(19,140)	103,317
NET ASSETS (DEFICIT), END OF YEAR	$ (147,390)	$ 33,153	$ (25,255)	$ (139,492)

See Accountants' Report on Supplemental Information