ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2012

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2012

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, 2012 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 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'*** 2011 consolidated financial statements, and in our review report dated May 24, 2013, 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 controls 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 accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
November 11, 2013

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year Ended December 31, 2012
(with comparative information at December 31, 2011)

ASSETS

	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	$ 1,804,087	$ 1,748,390
Restricted cash	372,939	435,185
Accounts receivable, net	140,679	345,452
Promises to give	139,089	65,187
Other current assets	198,923	130,658
TOTAL CURRENT ASSETS	2,655,717	2,724,872
PROPERTY AND EQUIPMENT, net	621,436	684,676
INVESTMENTS	10,811,657	9,682,962
BENEFICIAL INTEREST IN PERPETUAL TRUST	3,023,620	2,852,513
PREPAID CRYOPRESERVATION AND STANDBY	4,522,107	4,584,847
TOTAL ASSETS	$ 21,634,537	$ 20,529,870

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES		
Accounts payable	$ 52,937	$ 125,275
Accrued expenses	56,638	51,509
TOTAL CURRENT LIABILITIES	109,575	176,784
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,522,107	4,584,847
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	321,150	304,737
DEFERRED REVENUE	22,110	24,200
DEFERRED PATIENT CARE RESERVE	6,245,000	5,895,000
TOTAL LIABILITIES	11,219,942	10,985,568
NET ASSETS		
Unrestricted		
Controlling interest	7,266,375	6,605,624
Noncontrolling interest	24,303	20,978
Total unrestricted	7,290,678	6,626,602
Temporarily restricted	100,297	65,187
Permanently restricted	3,023,620	2,852,513
TOTAL NET ASSETS	10,414,595	9,544,302
TOTAL LIABILITIES AND NET ASSETS	$ 21,634,537	$ 20,529,870

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, 2012
(with comparative totals for the year ended December 31, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2012	Totals 2011
REVENUE AND SUPPORT					
Membership dues	$ 488,692	$ -	$ -	$ 488,692	$ 482,257
Bequests	107,318	-	-	107,318	1,039,748
Contributions	285,491	100,297	-	385,788	3,291,570
Interest and distribution income	142,160	-	-	142,160	92,550
Realized and unrealized gains (losses) on investments	848,385	-	-	848,385	(49,407)
Cryopreservation and standby	329,144	-	-	329,144	501,097
Rental income	43,705	-	-	43,705	13,789
Change in value of beneficial interest in perpetual trust	-	-	171,107	171,107	-
Other	93,894	-	-	93,894	24,153
Total revenue and support before net assets released from restrictions	2,338,789	100,297	171,107	2,610,193	5,395,757
Net assets released from restrictions	65,187	(65,187)	-	-	-
TOTAL REVENUE AND SUPPORT	2,403,976	35,110	171,107	2,610,193	5,395,757
EXPENSES					
Payroll and benefits	676,607	-	-	676,607	656,591
Professional fees	159,932	-	-	159,932	132,033
Marketing	112,931	-	-	112,931	21,908
Depreciation	81,862	-	-	81,862	79,219
Bad debts	61,662	-	-	61,662	47,104
Office supplies	59,213	-	-	59,213	62,298
Cryopreservation	56,865	-	-	56,865	312,777
Liquid nitrogen	54,879	-	-	54,879	57,196
Utilities	50,861	-	-	50,861	56,551
Insurance	46,985	-	-	46,985	44,101
Taxes, licenses, and permits	31,656	-	-	31,656	31,936
Readiness	30,747	-	-	30,747	33,585
Royalty	23,008	-	-	23,008	28,008
Contract services	21,959	-	-	21,959	18,781
Repairs and maintenance	19,315	-	-	19,315	41,239
Bank charges	17,839	-	-	17,839	13,868
Travel	16,426	-	-	16,426	14,909
Research and development	11,547	-	-	11,547	10,019
Management fee	7,454	-	-	7,454	7,200
Lease expense	5,871	-	-	5,871	4,004
Miscellaneous	2,281	-	-	2,281	42,360
TOTAL EXPENSES	1,549,900	-	-	1,549,900	1,715,687
LOSS ON PATIENT CARE RESERVE	190,000	-	-	190,000	1,530,000
CHANGE IN NET ASSETS	664,076	35,110	171,107	870,293	2,150,070
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(3,325)	-	-	(3,325)	(11,656)
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	660,751	35,110	171,107	866,968	2,138,414
NET ASSETS, BEGINNING OF YEAR	6,626,602	65,187	2,852,513	9,544,302	7,394,232
NET ASSETS, END OF YEAR	$ 7,290,678	$ 100,297	$ 3,023,620	$ 10,414,595	$ 9,544,302

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets attributable to controlling interest	$ 866,968	$ 2,138,414
Adjustments to reconcile the change in net assets attributable to controlling interest to net cash provided by operating activities		
Contribution of a beneficial interest in perpetual trust	-	(2,852,513)
Change in value of a beneficial interest in perpetual trust	(171,107)	-
Change in net assets attributable to noncontrolling interest	3,325	11,656
Provision for bad debts	61,662	47,104
Depreciation	81,862	79,219
Realized and unrealized losses (gains) on investments	(848,385)	49,407
Loss on patient care reserve	190,000	1,530,000
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	143,111	(24,706)
Promises to give	(73,902)	54,532
Other current assets	(68,265)	13,473
Prepaid cryopreservation and standby	62,740	(289,623)
Increase (decrease) in:		
Accounts payable	(72,338)	58,323
Accrued expenses	5,129	11,967
Deferred revenue	(2,090)	5,257
Deferred patient care reserve	160,000	430,000
Net cash provided by operating activities	338,710	1,262,510
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	62,246	149,520
Purchase of property and equipment	(18,622)	(76,159)
Purchases of investments	(635,310)	(4,196,463)
Proceeds from sale of investments	355,000	52,152
Net cash used in investing activities	(236,686)	(4,070,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in deferred cryopreservation	(46,327)	197,605
Net cash provided by (used in) financing activities	(46,327)	197,605
NET CHANGE IN CASH AND CASH EQUIVALENTS	55,697	(2,610,835)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,748,390	4,359,225
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,804,087	$ 1,748,390

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, 2012 and 2011. 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 consolidation.

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 space 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, 2011, 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, 2012 and 2011, 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, 2012 and 2011 accounts receivable are net of an allowance for doubtful accounts of $74,290 and $79,044, respectively.

(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, if any, 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 2012 and 2011.

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.

In 2012, the Board determined that the deferred patient care reserve should again be increased due to an expectation of future increases in the cost of liquid nitrogen and overhead for the expanded patient care facility. In September 2012, 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 2012 Alcor recognized an increase in the deferred patient care reserve and a loss of $190,000 for this change in estimate.

The estimate for the deferred patient care reserve is developed using actuarial methods based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in each period when necessary.

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.

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

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 $437 and $441 for the years ended December 31, 2012 and 2011, 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 company – Based on the type of organization of Cryonics Property, LLC (an indefinite life entity) 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.

Alcor and the Alcor Patient Care Trust evaluate 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.

Alcor's federal Return of Organization Exempt from Income Tax (Form 990) and the LLC's Form 1065 for 2011, 2010 and 2009 are subject to examination by the IRS, generally for three years after they were filed. The Form 990 and Form 1065 for 2012 have not yet been filed as of the date of this report.

Subsequent events – Alcor has evaluated subsequent events through November 11, 2013, which is the date the consolidated financial statements were available to be issued.

(2) Investments

Alcor's investments consist of the following:	2012	2011
Negotiable certificates of deposit (fair value)	$ 5,065,824	$ 5,984,135
Index fund - S&P 500	1,065,782	819,248
Index fund - NASDAQ-100	1,057,285	785,682
Index fund - DOW30	955,830	815,103
Cash	769,712	3,254
Other common stock and equity mutual funds	766,934	-
Common stock - technology	752,175	-
U.S. Federal agency securities	342,562	354,999
Certificates of deposit (amortized cost)	35,553	35,553
Common stock - large cap	-	661,770
Money market accounts	-	197,432
U.S. Treasury securities	-	25,786
Total investments	$ 10,811,657	$ 9,682,962

(3) Property and equipment

Property and equipment consists of the following:

	2012	2011
Cost or donated value:		
Land, buildings, and leasehold improvements	$ 804,291	$ 804,291
Machinery and office equipment	310,055	298,821
Medical equipment	802,038	794,650
Vehicles	82,542	82,542
Assets not in service	42,600	42,600
Total cost or donated value	2,041,526	2,022,904
Accumulated depreciation	(1,420,090)	(1,338,228)
Net property and equipment	$ 621,436	$ 684,676

Depreciation expense charged to operations was $81,862 and $79,219 for the years ended December 31, 2012 and 2011, respectively. Assets not in service consists of medical equipment acquired to provide future cryopreservation services and therefore was not depreciated in 2012 or 2011. Alcor expects to place these assets into service and begin depreciating the medical equipment within two years.

(4) Beneficial interest in perpetual trust

Alcor is the primary beneficiary of an irrevocable trust that is held by a third party in perpetuity. 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 fair value of Alcor's beneficial interest in the perpetual trust totaled $3,023,620 and $2,852,513 at December 31, 2012 and 2011, respectively.

(4) Beneficial interest in perpetual trust (continued)

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. Distribution income totaled $28,704 and $0 for 2012 and 2011, respectively.

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, 2012, all or a portion of the prepaid cryopreservation and standby funds were not invested in accounts holding assets insured by the FDIC. Subsequent to December 31, 2012, management moved the funds into FDIC insured assets. 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:

	2012	2011
Money market funds	$ 1,692,999	$ 1,622,564
Total member investments	1,692,999	1,622,564
Cash surrender value of member life insurance policies	2,829,108	2,962,283
Total prepaid cryopreservation and standby	$ 4,522,107	$ 4,584,847

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 cryopreservation and standby fees to Alcor to fund future standby expenses. Cryopreservation and standby 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:

	2012	2011
Program	$ 983,282	$ 1,170,614
General and administrative	454,545	386,247
Fundraising	3,162	441
Cryonics Property, LLC, net of eliminations	108,911	158,385
Total	$ 1,549,900	$ 1,715,687

(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%. There have since been three amendments to the line in 2009, 2010, and 2012, all changing the interest rate. The latest amendment changed the interest rate to prime plus 1.25% (4.5%) within a minimum of 3% to be paid monthly. The latest amendment also extended the line of credit to December 4, 2013. 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, 2012 and 2011, no amounts were outstanding under this line of credit.

(9) 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.

(10) Commitments

There are no future minimum lease payments related to noncancelable operating leases with terms of one year or more at December 31, 2012.

Rent expense totaled approximately $5,871 and $4,004 for the years ended December 31, 2012 and 2011, respectively.

Alcor has an agreement to pay royalty fees to a third party for the use of certain medical technologies. The fee is paid in annual installments due in September of each year, expiring in 2015. The remaining commitments for this agreement as of December 31, 2012 are as follows:

Years Ending December 31,	
2013	$ 18,548
2014	19,104
2015	19,677
Total remaining commitments	$ 57,329

(11) 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 $15,851 to the Plan for the year ended December 31, 2012 and $7,538 to the Plan for the year ended December 31, 2011.

(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.

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, 2012:

	Level 1	Level 2	Level 3
Index fund-DOW30	$ 955,830	$ -	$ -
Index fund-NASDAQ-100	1,057,285	-	-
Index fund-S&P 500	1,065,782	-	-
Common stock - technology	752,175	-	-
Other common stocks and equity mutual funds	766,934	-	-
Negotiable certificates of deposit	-	5,065,824	-
Money market funds (prepaid)	1,692,999	-	-
U.S. Federal agency securities	-	342,562	-
Beneficial interest in perpetual trust	-	-	3,023,620
Total	$ 6,291,005	$ 5,408,386	$ 3,023,620

(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, 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

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, 2012:

	Beneficial interest in perpetual trust
Balance at January 1, 2012	$ 2,852,513
Change in value of beneficial interest in perpetual trust	171,107
Balance at December 31, 2012	$ 3,023,620

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, 2012, 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 16 and 17 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
November 11, 2013

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES
SUPPLEMENTAL INFORMATION

Year Ended December 31, 2012

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	$ 1,283,496	$ 416,119	$ 104,472	$ -	$ 1,804,087
Restricted cash	372,939	-	-	-	372,939
Accounts receivable, net	268,178	42,393	-	(169,892)	140,679
Promises to give	139,089	-	-	-	139,089
Other current assets	165,060	-	33,863	-	198,923
TOTAL CURRENT ASSETS	2,228,762	458,512	138,335	(169,892)	2,655,717
PROPERTY AND EQUIPMENT, net	126,444	418,942	76,050	-	621,436
INVESTMENTS	3,807,253	6,968,851	35,553	-	10,811,657
BENEFICIAL INTEREST IN PERPETUAL TRUST	1,511,810	1,511,810	-	-	3,023,620
PREPAID CRYOPRESERVATION AND STANDBY	4,522,107	-	-	-	4,522,107
NOTE RECEIVABLE	-	147,842	-	(147,842)	-
TOTAL ASSETS	$ 12,196,376	$ 9,505,957	$ 249,938	$ (317,734)	$ 21,634,537

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	$ 158,161	$ 42,578	$ 22,090	$ (169,892)	$ 52,937
Accrued expenses	56,638	-	-	-	56,638
TOTAL CURRENT LIABILITIES	214,799	42,578	22,090	(169,892)	109,575
NOTE PAYABLE	-	-	147,842	(147,842)	-
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	4,522,107	-	-	-	4,522,107
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	321,150	-	-	-	321,150
DEFERRED REVENUE	22,110	-	-	-	22,110
DEFERRED PATIENT CARE RESERVE	-	6,245,000	-	-	6,245,000
TOTAL LIABILITIES	5,080,166	6,287,578	169,932	(317,734)	11,219,942
NET ASSETS					
Unrestricted					
Controlling interest	5,504,103	1,706,569	80,006	(24,303)	7,266,375
Noncontrolling interest	-	-	-	24,303	24,303
Total unrestricted	5,504,103	1,706,569	80,006	-	7,290,678
Temporarily restricted	100,297	-	-	-	100,297
Permanently restricted	1,511,810	1,511,810	-	-	3,023,620
TOTAL NET ASSETS	7,116,210	3,218,379	80,006	-	10,414,595
TOTAL LIABILITIES AND NET ASSETS	$ 12,196,376	$ 9,505,957	$ 249,938	$ (317,734)	$ 21,634,537

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES
SUPPLEMENTAL INFORMATION

Year Ended December 31, 2012

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

	Alcor	Patient Care Trust	Cryonics Property, LLC	Consolidating and Eliminating	Total
REVENUE AND SUPPORT					
Membership dues	$ 488,692	$ -	$ -	$ -	$ 488,692
Bequests	107,318	-	-	-	107,318
Contributions	385,788	-	-	-	385,788
Interest and distribution income	67,404	90,072	179	(15,495)	142,160
Realized and unrealized gains	272,914	575,471	-	-	848,385
Cryopreservation and standby	342,144	(13,000)	-	-	329,144
Rental income	6	-	130,839	(87,140)	43,705
Change in value of beneficial interest in perpetual trust	85,554	85,553	-	-	171,107
Other	93,894	-	-	-	93,894
TOTAL REVENUE AND SUPPORT	1,843,714	738,096	131,018	(102,635)	2,610,193
EXPENSES					
Payroll and benefits	627,518	49,089	-	-	676,607
Professional fees	154,126	5,006	800	-	159,932
Marketing	112,751	180	-	-	112,931
Depreciation	26,560	29,952	25,350	-	81,862
Bad debts	61,662	-	-	-	61,662
Office supplies	47,391	10,137	1,685	-	59,213
Cryopreservation	56,819	46	-	-	56,865
Liquid nitrogen	-	54,879	-	-	54,879
Utilities	39,383	9,700	1,778	-	50,861
Insurance	42,321	4,664	-	-	46,985
Taxes, licenses and permits	709	69	30,878	-	31,656
Readiness	30,715	32	-	-	30,747
Royalty	23,008	-	-	-	23,008
Contract services	2,400	-	19,559	-	21,959
Repairs and maintenance	12,192	2,348	20,270	(15,495)	19,315
Bank charges	16,013	1,792	34	-	17,839
Travel	15,506	5	915	-	16,426
Research and development	11,547	-	-	-	11,547
Management fee	-	-	7,454	-	7,454
Lease expense	5,319	552	-	-	5,871
Miscellaneous	2,093	-	188	-	2,281
Occupancy	59,662	27,478	-	(87,140)	-
TOTAL EXPENSES	1,347,695	195,929	108,911	(102,635)	1,549,900
LOSS ON PATIENT CARE RESERVE	-	190,000	-	-	190,000
CHANGE IN NET ASSETS	496,019	352,167	22,107	-	870,293
NET ASSETS, BEGINNING OF YEAR	6,620,191	2,866,212	57,899	-	9,544,302
NET ASSETS, END OF YEAR	$ 7,116,210	$ 3,218,379	$ 80,006	$ -	$ 10,414,595