ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

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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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of

ALCOR LIFE EXTENSION FOUNDATION, INC. AND AFFILIATES

We have reviewed the accompanying consolidated financial statements of ***Alcor Life Extension Foundation, Inc. and Affiliates*** (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. 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 financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, 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 accordance with accounting principles generally accepted in the United States of America.

We previously reviewed ***Alcor Life Extension Foundation, Inc. and Affiliates'*** 2013 consolidated financial statements and in our report dated March 19, 2015, stated that based on our procedures, we were not aware of any material modifications that should be made to the 2013 consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2013, for it to be consistent with the reviewed consolidated financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
September 20, 2016

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2014
(with comparative information at December 31, 2013)

A S S E T S

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 1,439,426	$ 929,121
Accounts receivable, net	96,722	234,198
Other current assets	215,017	201,994
TOTAL CURRENT ASSETS	1,751,165	1,365,313
RESTRICTED CASH	430,769	542,943
PROPERTY AND EQUIPMENT, net	677,193	637,616
INVESTMENTS	14,849,399	13,565,386
BENEFICIAL INTEREST IN PERPETUAL TRUST	3,320,068	3,122,530
PREPAID CRYOPRESERVATION AND STANDBY	6,584,612	5,442,236
TOTAL ASSETS	$ 27,613,206	$ 24,676,024

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

	2014	2013
CURRENT LIABILITIES		
Accounts payable	$ 67,634	$ 28,771
Accrued expenses	44,077	46,414
TOTAL CURRENT LIABILITIES	111,711	75,185
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	6,584,612	5,442,236
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	385,441	327,087
DEFERRED REVENUE	55,364	32,664
DEFERRED PATIENT CARE RESERVE	7,750,000	6,755,000
TOTAL LIABILITIES	14,887,128	12,632,172
NET ASSETS		
Unrestricted		
Controlling interest	9,368,851	8,893,303
Noncontrolling interest	37,159	28,019
Total unrestricted	9,406,010	8,921,322
Temporarily restricted	-	-
Permanently restricted	3,320,068	3,122,530
TOTAL NET ASSETS	12,726,078	12,043,852
TOTAL LIABILITIES AND NET ASSETS	$ 27,613,206	$ 24,676,024

See Notes to Consolidated Financial Statements
See Independent Accountants' Review Report

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2014
(with comparative totals for the year ended December 31, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014	Totals 2013
REVENUE AND SUPPORT					
Membership dues	$ 478,568	$ -	$ -	$ 478,568	$ 482,682
Bequests	120,924	-	-	120,924	83,011
Contributions	281,723	-	-	281,723	224,802
Interest and distribution income	213,285	-	-	213,285	196,320
Realized and unrealized gains on investments	670,379	-	-	670,379	1,566,771
Cryopreservation and standby	675,330	-	-	675,330	556,050
Rental income	49,205	-	-	49,205	39,365
Change in value of beneficial interest in perpetual trust	-	-	197,538	197,538	98,910
Other	67,835	-	-	67,835	10,499
Total revenue and support before net assets released from restrictions	2,557,249	-	197,538	2,754,787	3,258,410
Net assets released from restrictions	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	2,557,249	-	197,538	2,754,787	3,258,410
EXPENSES					
Payroll and benefits	597,770	-	-	597,770	608,921
Professional fees	92,495	-	-	92,495	132,470
Marketing	6,728	-	-	6,728	11,641
Depreciation	102,519	-	-	102,519	89,603
Bad debts	13,046	-	-	13,046	23,010
Office supplies	55,943	-	-	55,943	58,213
Cryopreservation	341,549	-	-	341,549	258,567
Liquid nitrogen	30,070	-	-	30,070	34,042
Utilities	49,706	-	-	49,706	56,366
Insurance	52,143	-	-	52,143	47,819
Taxes, licenses, and permits	19,808	-	-	19,808	36,770
Readiness	52,525	-	-	52,525	21,685
Royalty	19,678			19,678	19,105
Contract services	16,424	-	-	16,424	16,158
Repairs and maintenance	20,230	-	-	20,230	32,254
Bank charges	24,488	-	-	24,488	18,182
Travel	8,436	-	-	8,436	6,483
Research and development	55,059	-	-	55,059	51,035
Management fee	7,213	-	-	7,213	7,200
Lease expense	3,516	-	-	3,516	13,435
Public education	120,095	-	-	120,095	84,103
Miscellaneous	620	-	-	620	2,091
TOTAL EXPENSES	1,690,061	-	-	1,690,061	1,629,153
LOSS ON PATIENT CARE RESERVE	382,500	-	-	382,500	-
CHANGE IN NET ASSETS	484,688	-	197,538	682,226	1,629,257
NET ASSETS, BEGINNING OF YEAR	8,921,322	-	3,122,530	12,043,852	10,414,595
NET ASSETS, END OF YEAR	$ 9,406,010	$ -	$ 3,320,068	$ 12,726,078	$ 12,043,852
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	$ 9,140	$ -	$ -	$ 9,140	$ 3,716
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	475,548	-	197,538	673,086	1,625,541
CHANGE IN NET ASSETS	$ 484,688	$ -	$ 197,538	$ 682,226	$ 1,629,257

See Notes to Consolidated Financial Statements
See Independent Accountants' Review Report

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2014
(with comparative totals for the year ended December 31, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets attributable to controlling interest	$ 673,086	$ 1,625,541
Adjustments to reconcile the change in net assets attributable to controlling interest to net cash provided by operating activities:		
Change in value of a beneficial interest in perpetual trust	(197,538)	(98,910)
Change in net assets attributable to noncontrolling interest	9,140	3,716
Provision for bad debts	13,046	23,010
Depreciation	102,519	89,603
Realized and unrealized gains on investments	(670,379)	(1,566,771)
Gain on sale of equipment	-	(3,000)
Loss on patient care reserve	382,500	-
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	124,430	(116,529)
Promises to give	-	139,089
Other current assets	(13,023)	(3,071)
Prepaid cryopreservation and standby	(1,142,376)	(920,129)
Increase (decrease) in:		
Accounts payable	38,863	(24,166)
Accrued expenses	(2,337)	(10,224)
Deferred cryopreservation and comprehensive member revenues	1,200,730	926,066
Deferred revenue	22,700	10,554
Deferred patient care reserve	612,500	510,000
Net cash provided by operating activities	1,153,861	584,779
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	112,174	(170,004)
Purchase of property and equipment	(142,096)	(105,783)
Proceeds from sale of equipment	-	3,000
Purchases of investments	(891,732)	(1,265,642)
Proceeds from sale of investments	278,098	78,684
Net cash used in investing activities	(643,556)	(1,459,745)
NET CHANGE IN CASH AND CASH EQUIVALENTS	510,305	(874,966)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	929,121	1,804,087
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,439,426	$ 929,121

See Notes to Consolidated Financial Statements
See Independent 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, Alcor Endowment Trust Supporting Organization ("Endowment Trust"), 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, 2014 and 2013. 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 Endowment Trust, which was formed in 2013, holds and utilizes significant resources that must be used exclusively for the purposes of Alcor. Accordingly, Alcor has an economic interest in the Endowment Trust. Additionally, Alcor has control over the Endowment Trust through a shared board of directors.

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 their 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Alcor's consolidated financial statements for the year ended December 31, 2013, 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 accounting principles generally accepted in the United States of America 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 Alcor's members. At December 31, 2014 and 2013, 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 publicly available net asset values. Negotiable certificates of deposit, U.S. Treasury securities and U.S. Federal Agency securities are valued using proprietary 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.

In 2013, Alcor purchased an investment of preferred stock in a privately held company for which Alcor board members are officers. Under FASB ASC 958-325, Alcor accounts for the investment in this privately held company using the cost method. The total cost of the investment is $190,000 as of December 31, 2014 and 2013.

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, 2014 and 2013 accounts receivable are net of an allowance for doubtful accounts of $68,101 and $72,971, 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.

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	5 - 39 years
Machinery and office equipment	5 - 20 years
Medical equipment	5 - 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 the years ended 2014 and 2013.

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

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 2014, the Board determined that the deferred patient care reserve should be increased due to expected future increases in the cost associated with companion animals. Consequently, in 2014 Alcor recognized an increase in the deferred patient care reserve and a loss of $382,500 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 deferred. 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.

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 $804 and $3,797 for the years ended December 31, 2014 and 2013, 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.

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

Fair value measurements – FASB ASC 820, *Fair Value*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America 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.

Income tax status – Alcor, Alcor Endowment Trust Supporting Organization, 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, Alcor Endowment Trust Supporting Organization and the Alcor Patient Care Trust are also exempt from state income tax. In addition, Alcor, Alcor Endowment Trust Supporting Organization 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, Alcor Endowment Trust Supporting Organization 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, Alcor Endowment Trust Supporting Organization’s federal Return of Organization Exempt from Income Tax (Form 990) and the LLC’s Form 1065 for 2014, 2013 and 2012 are subject to examination by the IRS, generally for three years after they were filed. The Alcor Patient Care Trust is included within Alcor’s Form 990.

Recent accounting pronouncements – In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized.

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

In August 2015, the FASB issued FASB ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective date of the provisions of FASB ASU No. 2014-09. As a result, the new effective dates for public business entities, certain not-for-profit entities, and certain employee benefit plans to apply the guidance in FASB ASU No. 2014-09 is for annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in FASB ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. Transition to the new guidance may be done using either a full or modified retrospective method. Alcor is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 – Leases (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of income and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Alcor is currently evaluating the effect that the adoption of this standard will have on the consolidated financial statements.

Subsequent events – Alcor has evaluated subsequent events through September 20, 2016 which is the date the consolidated financial statements were available to be issued.

(2) Investments

Alcor's investments consist of the following at December 31:	2014	2013
Negotiable certificates of deposit (fair value)	$ 4,487,375	$ 4,944,016
PIMCO enhanced short maturity exchange traded fund	1,859,504	2,487,406
Cash and cash equivalents	4,786,977	1,158,332
Index fund - DOW30	761,602	1,135,560
Index fund - S&P 500	759,980	1,128,160
Index fund - NASDAQ-100	735,524	1,124,484
Other exchange traded funds	323,688	585,275
Certificates of deposit (amortized cost)	400,000	540,000
Other common stock and equity mutual funds	519,822	252,021
Unregistered preferred stock	190,000	190,000
U.S. Federal agency securities	18,804	19,560
Money market funds	6,123	572
Total investments	$ 14,849,399	$ 13,565,386

(3) Property and equipment

Property and equipment consists of the following:

	2014	2013
Cost or donated value:		
Land, buildings, and leasehold improvements	$ 904,422	$ 834,636
Machinery and office equipment	195,943	177,586
Medical equipment	946,323	848,861
Vehicles	74,260	74,260
Assets not in service	-	43,509
Total cost or donated value	2,120,948	1,978,852
Accumulated depreciation	(1,443,755)	(1,341,236)
Net property and equipment	$ 677,193	$ 637,616

Depreciation expense charged to operations was $102,519 and $89,603 for the years ended December 31, 2014 and 2013, respectively. Assets not in service consisted of medical equipment acquired to provide future cryopreservation services and therefore was not depreciated in 2013. Alcor placed these assets into service and began depreciating the medical equipment in 2014.

(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 $3,320,068 and $3,122,530 at December 31, 2014 and 2013, respectively.

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 $31,226 and $30,242 for the years ended December 31, 2014 and 2013, 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 as permanently restricted. 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. As of January 1, 2001, Alcor instituted a policy requiring new members to name Alcor as the 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 at December 31:

	2014	2013
Cash	$ 2,064,342	$ 2,161,738
Common stock	193,038	-
Total member investments	2,257,380	2,161,738
Cash surrender value of member life insurance policies	4,327,232	3,280,498
Total prepaid cryopreservation and standby	$ 6,584,612	$ 5,442,236

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:

	2014	2013
Program	$ 1,228,639	$ 1,116,776
General and administrative	373,495	405,396
Fundraising	16,384	16,398
Cryonics Property, LLC, net of eliminations	71,543	90,583
Total	$ 1,690,061	$ 1,629,153

During the years ended December 31, 2014 and 2013, Alcor purchased $75,896 and $113,125 of services, respectively, from a company for which Alcor board members are officers.

(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 five amendments to the line in 2009, 2010, 2012, 2013 and 2014, all changing the interest rate. The latest amendment changed the interest rate to prime plus 1.0% (4.25% at December 31, 2014) within a minimum of 3% to be paid monthly. The line of credit was amended again in November 2014 to remove the maturity date and change the terms of the line of credit such that is due upon 90 day notice from the lender. 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, 2014 and 2013, no amounts were outstanding under this line of credit.

(9) Leases and commitments

There are no material future minimum lease payments related to noncancelable operating leases with terms of one year or more at December 31, 2014. Rent expense totaled $3,516 and $13,435 for the years ended December 31, 2014 and 2013, respectively.

Cryonics Property, LLC is the lessor for office space under operating leases. The leases expire at various periods through November 2018. Rent income totaled $49,205 and $39,365 for the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments expected to be received as of December 31, 2014 are as follows:

Years Ending December 31,	
2015	$ 39,241
2016	51,210
2017	49,169
2018	34,109
Total future minimum payments	$ 173,729

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 September 2020. The remaining commitments for this agreement as of December 31, 2014 are as follows:

Years Ending December 31,	
2015	$ 21,000
2016	21,630
2017	22,279
2018	22,947
2019	23,636
Thereafter	24,345
Total remaining commitments	$ 135,837

(10) 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 $25,812 and $15,633 to the Plan for the years ended December 31, 2014 and 2013, respectively.

(11) 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.

(12) Fair value measurements

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, 2014:

	Level 1	Level 2	Level 3
PIMCO enhanced short maturity ETF	$ 1,859,504	$ -	$ -
Index fund-DOW30	761,602	-	-
Index fund-NASDAQ-100	735,524	-	-
Index fund-S&P 500	759,980	-	-
Other exchange traded funds	323,688	-	-
Other common stocks and equity mutual funds	712,860	-	-
Negotiable certificates of deposit	-	4,487,375	-
Money market funds	6,123	-	-
U.S. Federal agency securities	-	18,804	-
Beneficial interest in perpetual trust	-	-	3,320,068
Total	$ 5,159,281	$ 4,506,179	$ 3,320,068

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, 2013:

	Level 1	Level 2	Level 3
PIMCO enhanced short maturity ETF	$ 2,487,406	$ -	$ -
Index fund-DOW30	1,135,560	-	-
Index fund-NASDAQ-100	1,124,484	-	-
Index fund-S&P 500	1,128,160	-	-
Other exchange traded funds	585,275	-	-
Other common stocks and equity mutual funds	252,021	-	-
Negotiable certificates of deposit	-	4,944,016	-
Money market funds	572	-	-
U.S. Federal agency securities	-	19,560	-
Beneficial interest in perpetual trust	-	-	3,122,530
Total	$ 6,713,478	$ 4,963,576	$ 3,122,530

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

(12) Fair value measurements (continued)

The table below presents the changes in fair value measurements that used level 3 inputs during the year ended December 31, 2014:

		Beneficial interest in perpetual trust
Balance at January 1, 2014	$	3,122,530
Change in value of beneficial interest in perpetual trust		197,538
Balance at December 31, 2014	$	3,320,068

The table below presents the changes in fair value measurements that used level 3 inputs during the year ended December 31, 2013:

		Beneficial interest in perpetual trust
Balance at January 1, 2013	$	3,023,620
Change in value of beneficial interest in perpetual trust		98,910
Balance at December 31, 2013	$	3,122,530

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.

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION

Our report on our review of the basic consolidated financial statements of ***Alcor Life Extension Foundation, Inc. and Affiliates*** as of and for the year ended December 31, 2014, appears on page 1. The objective of our review was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule of departmental assets, liabilities and net assets and schedule of departmental revenues and expenses that follows on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The information is the representation of management. We have reviewed the information and, based on our reviews, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Mayer Hoffman McCann P.C.

Phoenix, Arizona
September 20, 2016

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES
SUPPLEMENTAL INFORMATION

December 31, 2014

SCHEDULE OF DEPARTMENTAL ASSETS, LIABILITIES AND NET ASSETS

A S S E T S

	Alcor	Patient Care Trust	Cryonics Property, LLC	Endowment Trust	Consolidating and Eliminating	Total
CURRENT ASSETS						
Cash and cash equivalents	$ 958,820	$ 355,113	$ 125,493	$ -	$ -	$ 1,439,426
Accounts receivable, net	184,853	16,825	-	-	(104,956)	96,722
Other current assets	175,129	-	39,888	-	-	215,017
TOTAL CURRENT ASSETS	1,318,802	371,938	165,381	-	(104,956)	1,751,165
RESTRICTED CASH	430,769	-	-	-	-	430,769
PROPERTY AND EQUIPMENT, net	175,116	470,433	31,644	-	-	677,193
INVESTMENTS	730,595	9,451,127	35,897	4,631,780	-	14,849,399
BENEFICIAL INTEREST IN PERPETUAL TRUST	1,660,034	1,660,034	-	-	-	3,320,068
PREPAID CRYOPRESERVATION AND STANDBY	6,584,612	-	-	-	-	6,584,612
NOTE RECEIVABLE	-	49,320	-	-	(49,320)	-
TOTAL ASSETS	$ 10,899,928	$ 12,002,852	$ 232,922	$ 4,631,780	$ (154,276)	$ 27,613,206

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	Endowment Trust	Consolidating and Eliminating	Total
CURRENT LIABILITIES						
Accounts payable	$ 137,933	$ 26,188	$ 8,469	$ -	$ (104,956)	$ 67,634
Accrued expenses	29,590	-	14,487	-	-	44,077
TOTAL CURRENT LIABILITIES	167,523	26,188	22,956	-	(104,956)	111,711
NOTE PAYABLE	-	-	49,320	-	(49,320)	-
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	6,584,612	-	-	-	-	6,584,612
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	385,441	-	-	-	-	385,441
DEFERRED REVENUE	55,364	-	-	-	-	55,364
DEFERRED PATIENT CARE RESERVE	-	7,750,000	-	-	-	7,750,000
TOTAL LIABILITIES	7,192,940	7,776,188	72,276	-	(154,276)	14,887,128
NET ASSETS						
Unrestricted						
Controlling interest	2,046,954	2,566,630	160,646	4,631,780	(37,159)	9,368,851
Noncontrolling interest	-	-	-	-	37,159	37,159
Total unrestricted	2,046,954	2,566,630	160,646	4,631,780	-	9,406,010
Temporarily restricted	-	-	-	-	-	-
Permanently restricted	1,660,034	1,660,034	-	-	-	3,320,068
TOTAL NET ASSETS	3,706,988	4,226,664	160,646	4,631,780	-	12,726,078
TOTAL LIABILITIES AND NET ASSETS	$ 10,899,928	$ 12,002,852	$ 232,922	$ 4,631,780	$ (154,276)	$ 27,613,206

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SUPPLEMENTAL INFORMATION

Year Ended December 31, 2014

SCHEDULE OF DEPARTMENTAL REVENUES AND EXPENSES

	Alcor	Patient Care Trust	Cryonics Property, LLC	Endowment Trust	Consolidating and Eliminating	Total
REVENUE AND SUPPORT						
Membership dues	$ 478,568	$ -	$ -	$ -	$ -	$ 478,568
Bequests	120,924	-	-	-	-	120,924
Contributions	345,593	-	-	-	(63,870)	281,723
Interest and distribution income	34,312	134,072	266	52,370	(7,735)	213,285
Realized and unrealized gains on investments	1,234	394,421	-	274,724	-	670,379
Cryopreservation and standby	698,452	(23,122)	-	-	-	675,330
Rental income	1	-	136,344	-	(87,140)	49,205
Change in value of beneficial interest in perpetual trust	98,769	98,769	-	-	-	197,538
Other	67,835	-	-	-	-	67,835
TOTAL REVENUE AND SUPPORT	1,845,688	604,140	136,610	327,094	(158,745)	2,754,787
EXPENSES						
Payroll and benefits	547,647	47,835	2,288	-	-	597,770
Professional fees	85,304	6,341	850	-	-	92,495
Marketing	6,728	-	-	-	-	6,728
Depreciation	41,993	34,467	26,059	-	-	102,519
Bad debts	13,046	-	-	-	-	13,046
Office supplies	49,225	5,443	1,275	-	-	55,943
Cryopreservation	341,246	303	-	-	-	341,549
Liquid nitrogen	-	30,070	-	-	-	30,070
Utilities	38,264	8,820	2,622	-	-	49,706
Insurance	47,418	4,725	-	-	-	52,143
Taxes, licenses and permits	479	4,800	14,529	-	-	19,808
Readiness	52,379	146	-	-	-	52,525
Royalty	19,678	-	-	-	-	19,678
Contract services	2,200	-	14,224	-	-	16,424
Repairs and maintenance	11,879	5,934	10,152	-	(7,735)	20,230
Bank charges	22,041	2,381	66	-	-	24,488
Travel	8,436	-	-	-	-	8,436
Research and development	55,059	-	-	-	-	55,059
Management fee	-	-	7,213	-	-	7,213
Lease expense	3,185	331	-	-	-	3,516
Public education	119,968	127	-	-	-	120,095
Miscellaneous	620	-	-	63,870	(63,870)	620
Occupancy	59,662	27,478	-	-	(87,140)	-
TOTAL EXPENSES	1,526,457	179,201	79,278	63,870	(158,745)	1,690,061
LOSS ON PATIENT CARE RESERVE	-	382,500	-	-	-	382,500
CHANGE IN NET ASSETS	319,231	42,439	57,332	263,224	-	682,226
NET ASSETS, BEGINNING OF YEAR	3,387,757	4,184,225	103,314	4,368,556	-	12,043,852
NET ASSETS, END OF YEAR	$ 3,706,988	$ 4,226,664	$ 160,646	$ 4,631,780	$ -	$ 12,726,078