ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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CONTENTS

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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, 2016, the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Mayer Hoffman McCann P.C.

May 17, 2018

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2016
(with comparative totals at December 31, 2015)

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	$ 939,041	$ 1,392,475
Accounts receivable, net	196,265	74,654
Other current assets	205,710	194,956
TOTAL CURRENT ASSETS	1,341,016	1,662,085
RESTRICTED CASH	747,911	514,979
PROPERTY AND EQUIPMENT, net	853,787	712,675
INVESTMENTS	16,964,519	14,950,474
BENEFICIAL INTEREST IN PERPETUAL TRUST	3,990,058	3,509,058
PREPAID CRYOPRESERVATION AND STANDBY	8,961,801	8,484,230
TOTAL ASSETS	$ 32,859,092	$ 29,833,501

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts payable	$ 65,587	$ 154,825
Accrued expenses	49,493	50,629
TOTAL CURRENT LIABILITIES	115,080	205,454
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	8,961,801	8,484,230
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	551,443	527,520
DEFERRED REVENUE	3,107	142,119
DEFERRED PATIENT CARE RESERVE	8,707,500	8,135,000
TOTAL LIABILITIES	18,338,931	17,494,323
NET ASSETS		
Unrestricted		
Controlling interest	10,480,017	8,789,579
Noncontrolling interest	50,086	40,541
Total unrestricted	10,530,103	8,830,120
Temporarily restricted	-	-
Permanently restricted	3,990,058	3,509,058
TOTAL NET ASSETS	14,520,161	12,339,178
TOTAL LIABILITIES AND NET ASSETS	$ 32,859,092	$ 29,833,501

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

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016
(with comparative totals for the year ended December 31, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
REVENUE AND SUPPORT					
Membership dues	$ 463,117	$ -	$ -	$ 463,117	$ 434,862
Bequests	113,851	-	-	113,851	279,488
Contributions	116,874	-	-	116,874	346,467
Interest and distribution income	298,848	-	-	298,848	284,623
Realized and unrealized gains (losses) on investments	1,761,954	-	-	1,761,954	(641,938)
Cryopreservation and standby	674,534	-	-	674,534	776,136
Rental income	35,588	-	-	35,588	26,031
Change in value of beneficial interest in perpetual trust	-	-	481,000	481,000	188,990
Other	1,425	-	-	1,425	48,554
Total revenue and support before net assets released from restrictions	3,466,191	-	481,000	3,947,191	1,743,213
Net assets released from restrictions	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	3,466,191	-	481,000	3,947,191	1,743,213
EXPENSES					
Payroll and benefits	583,827	-	-	583,827	654,061
Professional fees	93,721	-	-	93,721	127,224
Marketing	1,312	-	-	1,312	22,849
Depreciation	92,905	-	-	92,905	103,961
Bad debts	12,352	-	-	12,352	93,812
Office supplies	81,473	-	-	81,473	60,716
Cryopreservation	202,062	-	-	202,062	359,141
Liquid nitrogen	29,607	-	-	29,607	29,779
Utilities	53,864	-	-	53,864	49,682
Insurance	54,950	-	-	54,950	60,613
Taxes, licenses, and permits	31,568	-	-	31,568	43,671
Readiness	136,609	-	-	136,609	87,092
Royalty	34,500	-	-	34,500	20,268
Contract services	16,071	-	-	16,071	15,033
Repairs and maintenance	35,448	-	-	35,448	17,200
Bank charges	39,559	-	-	39,559	39,873
Travel	16,403	-	-	16,403	6,277
Research and development	148,112	-	-	148,112	60,454
Lease expense	3,826	-	-	3,826	3,594
Public education	98,039	-	-	98,039	274,813
TOTAL EXPENSES	1,766,208	-	-	1,766,208	2,130,113
CHANGE IN NET ASSETS	1,699,983	-	481,000	2,180,983	(386,900)
NET ASSETS, BEGINNING OF YEAR	8,830,120	-	3,509,058	12,339,178	12,726,078
NET ASSETS, END OF YEAR	$ 10,530,103	$ -	$ 3,990,058	$ 14,520,161	$ 12,339,178
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	$ 9,545	$ -	$ -	$ 9,545	$ 3,382
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	1,690,438	-	481,000	2,171,438	(390,282)
CHANGE IN NET ASSETS	$ 1,699,983	$ -	$ 481,000	$ 2,180,983	$ (386,900)

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2016
(with comparative totals for the year ended December 31, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets attributable to controlling interest	$ 2,171,438	$ (390,282)
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	(481,000)	(188,990)
Change in net assets attributable to noncontrolling interest	9,545	3,382
Provision for bad debts	12,352	93,812
Depreciation	92,905	103,961
Realized and unrealized losses (gains) on investments	(1,761,954)	641,938
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(133,963)	(71,744)
Other current assets	(10,754)	20,061
Prepaid cryopreservation and standby	(477,571)	(1,899,618)
Increase (decrease) in:		
Accounts payable	(89,238)	87,191
Accrued expenses	(1,136)	6,552
Deferred cryopreservation and comprehensive member revenues	501,494	2,041,697
Deferred revenue	(139,012)	86,755
Deferred patient care reserve	572,500	385,000
Net cash provided by operating activities	265,606	919,715
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	(232,932)	(84,210)
Purchase of property and equipment	(234,017)	(139,443)
Purchases of investments	(265,888)	(827,438)
Proceeds from sale of investments	13,797	84,425
Net cash used in investing activities	(719,040)	(966,666)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(453,434)	(46,951)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,392,475	1,439,426
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 939,041	$ 1,392,475

(1) Nature of 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, 2016 and 2015. 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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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, 2015, from which the summarized information was derived.

(1) Nature of 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.

Estimates related to the deferred patient care reserve are particularly sensitive due to the nature of the estimate being highly sensitive to changes outside of management's control and the uncertainty surrounding future developments in the cryopreservation process, which relate specifically to patient maintenance and potential revival.

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, 2016 and 2015, funds collected that had not been spent for their intended purpose are reported as restricted cash in the accompanying consolidated statement of financial position.

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, 2016 and 2015 accounts receivable are net of an allowance for doubtful accounts of $101,700 and $99,000, respectively.

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

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

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 2016 and 2015.

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 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, 2016 and 2015.

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.

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.

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

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.

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 activities and 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 $878 and $1,455 for the years ended December 31, 2016 and 2015, 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) Nature of operations and summary of significant accounting policies (continued)

Fair value measurements – FASB ASC 820, *Fair Value Measurements*, 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 and Alcor Endowment Trust Supporting Organization's federal Return of Organization Exempt from Income Tax (Form 990) and the LLC's Form 1065 for 2016, 2015 and 2014 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) Nature of 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 consolidated statement of activities and changes in net assets and the consolidated 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. Alcor is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. The amendments of this ASU are to be applied on a retrospective basis in the year that the ASU is first applied. Alcor is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, requiring that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The guidance is effective for periods beginning after December 15, 2019, on a retrospective basis. Alcor is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. This ASU will be effective for us beginning in January 1, 2019 and requires modified-retrospective adoption. Alcor is evaluating the effects of our adoption of this ASU on our financial statements, as it relates to the equity investment held at cost.

Subsequent events – Alcor has evaluated subsequent events through May 17, 2018 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:

	2016	2015
Negotiable certificates of deposit (fair value)	$ 5,781,574	$ 5,089,951
PIMCO enhanced short maturity exchange traded fund	355,364	352,839
Cash and cash equivalents	783,492	279,645
Index fund - DOW30	870,905	779,959
Index fund - S&P 500	859,773	784,035
Index fund - NASDAQ-100	855,172	778,115
Other exchange traded funds	1,132,927	277,514
Domestic large blend mutual funds	4,950,652	4,394,165
Other common stock and equity mutual funds	1,148,642	1,992,626
Unregistered preferred stock	190,000	190,000
Real estate investment trust	20,005	15,733
Money market funds	16,013	15,892
Total investments	$ 16,964,519	$ 14,950,474

(3) Property and equipment

Property and equipment consists of the following at December 31:

	2016	2015
Cost or donated value:		
Land, buildings, and leasehold improvements	$ 960,494	$ 937,659
Machinery and office equipment	313,649	266,855
Medical equipment	1,094,216	977,493
Vehicles	74,260	74,260
Total cost or donated value	2,442,619	2,256,267
Accumulated depreciation	(1,588,832)	(1,543,592)
Net property and equipment	$ 853,787	$ 712,675

Depreciation expense charged to operations was $92,905 and $103,961 for the years ended December 31, 2016 and 2015, respectively.

(4) Beneficial interest in perpetual trust

Alcor is the sole 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 $3,990,058 and $3,509,058 at December 31, 2016 and 2015, 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 $32,340 and $33,200 for the years ended December 31, 2016 and 2015, 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:

	2016	2015
Cash	$ 3,593,951	$ 3,586,112
Common stock	288,751	248,621
Total member investments	3,882,702	3,834,733
Cash surrender value of member life insurance policies	5,079,099	4,649,497
Total prepaid cryopreservation and standby	$ 8,961,801	$ 8,484,230

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 ever 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:

	2016	2015
Program	$ 1,306,403	$ 1,479,595
General and administrative	369,372	520,219
Fundraising	26,335	40,730
Cryonics Property, LLC, net of eliminations	64,098	89,569
Total	$ 1,766,208	$ 2,130,113

During the years ended December 31, 2016 and 2015, Alcor purchased $53,750 and $88,520 of services, respectively, from a company for which Alcor board members are officers.

(8) Line of credit

Alcor has a $100,000 revolving line of credit agreement which was amended 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 subject to interest at the prime rate plus 1.3% (5.05% and 4.8% at December 31, 2016 and 2015, respectively) within a minimum of 3% to be paid monthly. 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, 2016 and 2015, 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, 2016. Rent expense totaled $3,826 and $3,594 for the years ended December 31, 2016 and 2015, respectively.

Cryonics Property, LLC is the lessor for office space under operating leases. The leases expire at various periods through December 2021. Rent income totaled $35,588 and $26,031 for the years ended December 31, 2016 and 2015, respectively.

(9) Leases and commitments

Future minimum lease payments expected to be received as of December 31, 2016 are as follows:

Years Ending December 31,		
2017	$	133,361
2018		120,827
2019		89,314
2020		91,980
2021		94,715
Total future minimum payments	$	530,197

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, 2016 are as follows:

Years Ending December 31,		
2017	$	22,279
2018		22,947
2019		23,636
2020		24,345
Total remaining commitments	$	93,207

(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 $23,725 and $26,918 to the Plan for the years ended December 31, 2016 and 2015, 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, 2016:

	Level 1	Level 2	Level 3
PIMCO enhanced short maturity ETF	$ 355,364	$ -	$ -
Index fund-DOW30	870,905	-	-
Index fund-NASDAQ-100	855,172	-	-
Index fund-S&P 500	859,773	-	-
Other exchange traded funds	1,132,927	-	-
Other common stocks and equity mutual funds	1,437,393	-	-
Negotiable certificates of deposit	-	5,781,574	-
Real estate investment trust	20,005	-	-
Money market funds	16,013	-	-
Domestic large blend mutual funds	4,950,652	-	-
Beneficial interest in perpetual trust	-	-	3,990,058
Total	$ 10,498,204	$ 5,781,574	$ 3,990,058

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, 2015:

	Level 1	Level 2	Level 3
PIMCO enhanced short maturity ETF	$ 352,839	$ -	$ -
Index fund-DOW30	779,959	-	-
Index fund-NASDAQ-100	778,115	-	-
Index fund-S&P 500	784,035	-	-
Other exchange traded funds	277,514	-	-
Other common stocks and equity mutual funds	2,241,247	-	-
Negotiable certificates of deposit	-	5,089,951	-
Real estate investment trust	15,733	-	-
Money market funds	15,892	-	-
Domestic large blend	4,394,165	-	-
Beneficial interest in perpetual trust	-	-	3,509,058
Total	$ 9,639,499	$ 5,089,951	$ 3,509,058

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, 2016:

	Beneficial interest in perpetual trust
Balance at January 1, 2016	$ 3,509,058
Change in value of beneficial interest in perpetual trust	481,000
Balance at December 31, 2016	$ 3,990,058

The table below presents the changes in fair value measurements that used level 3 inputs during the year ended December 31, 2015:

	Beneficial interest in perpetual trust
Balance at January 1, 2015	$ 3,320,068
Change in value of beneficial interest in perpetual trust	188,990
Balance at December 31, 2015	$ 3,509,058

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.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTAL 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, 2016, 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 consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplemental information included in the accompanying schedule of departmental assets, liabilities, and net assets and schedule of departmental revenue and expenses that follows on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from, and relates to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplemental information and do not express an opinion on such information.

Mayer Hoffman McCann P.C.

May 17, 2018

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SUPPLEMENTAL INFORMATION

December 31, 2016

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	$ 283,284	$ 452,661	$ 203,096	$ -	$ -	$ 939,041
Accounts receivable, net	411,448	203,252	-	-	(418,435)	196,265
Other current assets	169,764	-	35,946	-	-	205,710
TOTAL CURRENT ASSETS	864,496	655,913	239,042	-	(418,435)	1,341,016
RESTRICTED CASH	747,911	-	-	-	-	747,911
PROPERTY AND EQUIPMENT, net	236,256	592,483	25,048	-	-	853,787
INVESTMENTS	1,223,490	10,790,377	-	4,950,652	-	16,964,519
BENEFICIAL INTEREST IN PERPETUAL TRUST	1,995,029	1,995,029	-	-	-	3,990,058
PREPAID CRYOPRESERVATION AND STANDBY	8,961,801	-	-	-	-	8,961,801
TOTAL ASSETS	$ 14,028,983	$ 14,033,802	$ 264,090	$ 4,950,652	$ (418,435)	$ 32,859,092

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	$ 476,922	$ -	$ 7,100	$ -	$ (418,435)	$ 65,587
Accrued expenses	34,239	-	15,254	-	-	49,493
TOTAL CURRENT LIABILITIES	511,161	-	22,354	-	(418,435)	115,080
DEFERRED CRYOPRESERVATION AND STANDBY REVENUE	8,961,801	-	-	-	-	8,961,801
DEFERRED COMPREHENSIVE MEMBER STANDBY REVENUE	551,443	-	-	-	-	551,443
DEFERRED REVENUE	3,107	-	-	-	-	3,107
DEFERRED PATIENT CARE RESERVE	-	8,707,500	-	-	-	8,707,500
TOTAL LIABILITIES	10,027,512	8,707,500	22,354	-	(418,435)	18,338,931
NET ASSETS						
Unrestricted						
Controlling interest	2,006,442	3,331,273	241,736	4,950,652	(50,086)	10,480,017
Noncontrolling interest	-	-	-	-	50,086	50,086
Total unrestricted	2,006,442	3,331,273	241,736	4,950,652	-	10,530,103
Temporarily restricted	-	-	-	-	-	-
Permanently restricted	1,995,029	1,995,029	-	-	-	3,990,058
TOTAL NET ASSETS	4,001,471	5,326,302	241,736	4,950,652	-	14,520,161
TOTAL LIABILITIES AND NET ASSETS	$ 14,028,983	$ 14,033,802	$ 264,090	$ 4,950,652	$ (418,435)	$ 32,859,092

ALCOR LIFE EXTENSION FOUNDATION, INC.
AND AFFILIATES

SUPPLEMENTAL INFORMATION

Year Ended December 31, 2016

SCHEDULE OF REVENUES AND EXPENSES

	Alcor	Patient Care Trust	Cryonics Property, LLC	Endowment Trust	Consolidating and Eliminating	Total
REVENUE AND SUPPORT						
Membership dues	$ 463,117	$ -	$ -	$ -	$ -	$ 463,117
Bequests	113,851	-	-	-	-	113,851
Contributions	116,874	-	-	-	-	116,874
Interest and distribution income	61,325	143,479	50	93,994	-	298,848
Realized and unrealized gains on investments	68,021	1,231,440	-	462,493	-	1,761,954
Cryopreservation and standby	674,534	-	-	-	-	674,534
Rental income	1	-	126,828	-	(91,241)	35,588
Change in value of beneficial interest in perpetual trust	240,500	240,500	-	-	-	481,000
Other	1,425	-	-	-	-	1,425
TOTAL REVENUE AND SUPPORT	1,739,648	1,615,419	126,878	556,487	(91,241)	3,947,191
EXPENSES						
Payroll and benefits	535,959	47,783	85	-	-	583,827
Professional fees	62,967	21,616	9,138	-	-	93,721
Marketing	1,278	-	34	-	-	1,312
Depreciation	48,233	41,611	3,061	-	-	92,905
Bad debts	12,352	-	-	-	-	12,352
Office supplies	71,155	9,641	677	-	-	81,473
Cryopreservation	200,848	314	900	-	-	202,062
Liquid nitrogen	-	29,607	-	-	-	29,607
Utilities	40,236	10,521	3,107	-	-	53,864
Insurance	46,989	4,966	2,995	-	-	54,950
Taxes, licenses and permits	725	50	30,793	-	-	31,568
Readiness	122,389	14,220	-	-	-	136,609
Royalty	34,500	-	-	-	-	34,500
Contract services	2,400	-	13,671	-	-	16,071
Repairs and maintenance	22,899	10,005	2,544	-	-	35,448
Bank charges	36,829	2,730	-	-	-	39,559
Travel	16,403	-	-	-	-	16,403
Research and development	148,112	-	-	-	-	148,112
Lease expense	3,466	360	-	-	-	3,826
Public education	98,039	-	-	-	-	98,039
Occupancy	59,647	31,594	-	-	(91,241)	-
TOTAL EXPENSES	1,565,426	225,018	67,005	-	(91,241)	1,766,208
CHANGE IN NET ASSETS	174,222	1,390,401	59,873	556,487	-	2,180,983
NET ASSETS, BEGINNING OF YEAR	3,827,249	3,935,901	181,863	4,394,165	-	12,339,178
NET ASSETS, END OF YEAR	$ 4,001,471	$ 5,326,302	$ 241,736	$ 4,950,652	$ -	$ 14,520,161