

RADIO AMATEUR SATELLITE CORPORATION
(AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
WASHINGTON, DC

We have audited the accompanying statement of financial position of Radio Amateur Satellite Corporation (AMSAT), a non-profit organization, as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from the Corporation's 2007 financial statements and, in our report dated December 1, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Amateur Satellite Corporation (AMSAT) as of December 31, 2008 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Berlin, Ramos & Company, P.A.
BERLIN, RAMOS & COMPANY, P.A.

September 11, 2009

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 59,028	\$ 84,743
Accounts Receivable	186	
Prepaid Expenses	1,570	
TOTAL CURRENT ASSETS	60,784	84,743
FIXED ASSETS		
Satellites	1,543,806	1,512,096
Office Furniture and Equipment	91,059	89,750
Less: Accumulated Depreciation	(555,690)	(488,371)
NET FIXED ASSETS	1,079,175	1,113,475
LONG-TERM INVESTMENTS		
Mutual Funds	333,103	483,654
Corporate Stocks	63,541	69,062
TOTAL LONG-TERM INVESTMENTS	396,644	552,716
OTHER ASSETS		
Licenses	3,000	3,000
TOTAL ASSETS	\$ 1,539,603	\$ 1,753,934
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 25,275	\$ 37,531
Payroll and Withholding Taxes Payable	7,277	8,571
TOTAL CURRENT LIABILITIES	32,552	46,102
NET ASSETS		
Unrestricted	1,296,560	1,548,202
Temporarily Restricted	210,491	159,630
TOTAL NET ASSETS	1,507,051	1,707,832
TOTAL LIABILITIES AND NET ASSETS	\$ 1,539,603	\$ 1,753,934

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF ACTIVITIES

	Unrestricted	Temporarily Restricted	For the Years Ended December 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
PUBLIC SUPPORT AND REVENUE				
Product Related Income	\$ 31,064	\$	\$ 31,064	\$ 9,129
Cost of Products	<u>(14,014)</u>	<u></u>	<u>(14,014)</u>	<u>(8,924)</u>
Net Product Related Income	17,050		17,050	205
Contributions	257,302	82,571	339,873	331,175
Dues	105,446		105,446	117,609
Unrealized (Loss) on Investments	(175,915)		(175,915)	(9,999)
Net Gain (Loss) on Sale of Investments	(3,530)		(3,530)	14,648
Publications	14,118		14,118	15,634
Investment Income	20,434		20,434	39,350
Royalties	304		304	354
Annual General Meeting	(249)		(249)	6,350
Miscellaneous	<u>145</u>	<u></u>	<u>145</u>	<u>1,119</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>235,105</u>	<u>82,571</u>	<u>317,676</u>	<u>516,445</u>
EXPENSES				
Program Services				
Satellite Development	49,204	31,710	80,914	216,525
Publications and Software	40,547		40,547	43,550
Information and Symposia	126,026		126,026	155,437
Satellite Operations	<u>201,588</u>	<u></u>	<u>201,588</u>	<u>13,434</u>
Total Program Expenses	<u>417,365</u>	<u>31,710</u>	<u>449,075</u>	<u>428,946</u>
Supporting Services				
Management and General	50,651		50,651	54,411
Fundraising	<u>18,731</u>	<u></u>	<u>18,731</u>	<u>38,159</u>
Total Supporting Services	<u>69,382</u>	<u></u>	<u>69,382</u>	<u>92,570</u>
TOTAL EXPENSES	<u>486,747</u>	<u>31,710</u>	<u>518,457</u>	<u>521,516</u>
CHANGE IN NET ASSETS	(251,642)	50,861	(200,781)	(5,071)
NET ASSETS, BEGINNING OF YEAR	<u>1,548,202</u>	<u>159,630</u>	<u>1,707,832</u>	<u>1,712,903</u>
NET ASSETS, END OF YEAR	<u>\$ 1,296,560</u>	<u>\$ 210,491</u>	<u>\$ 1,507,051</u>	<u>\$ 1,707,832</u>

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (200,781)	\$ (5,071)
Adjustments to Reconcile Change in Net Assets to Cash		
Provided by Operating Activities:		
Depreciation	69,043	126,894
Loss (Gain) on Sale of Investments	3,530	(14,648)
Revenue from Donated Services	(198,122)	(35,375)
Capitalized Donated Services	(12,850)	(86,100)
Revenue from Donated Facilities		(20,000)
Donated Services Expensed	198,122	35,375
Donated Facility Expensed		20,000
Unrealized Loss on Investments	175,915	9,999
Changes in Assets and Liabilities:		
Accounts Receivable	(186)	
Prepaid Expenses	(1,570)	
Accounts Payable	(12,256)	21,938
Payroll Taxes Payable	(1,294)	(480)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,551	52,532
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Furniture and Equipment	(3,033)	
Construction of Satellites	(18,860)	(56,586)
Donated Investments Received	(4,929)	(21,254)
Purchase of Investments	(46,554)	(52,681)
Proceeds from Sale of Investments	28,110	115,539
NET CASH USED IN INVESTING ACTIVITIES	(45,266)	(14,982)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,715)	37,550
CASH AND CASH EQUIVALENTS - BEGINNING	84,743	47,193
CASH AND CASH EQUIVALENTS - ENDING	\$ 59,028	\$ 84,743

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2008

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Purpose of Organization

Radio Amateur Satellite Corporation (AMSAT) is a non-profit educational and scientific organization that designs and produces satellites for world-wide amateur radio communication and experimentation, encourages the development of skills and the advancement of knowledge in the field of amateur radio communications, and disseminates scientific, technical, and operational information derived from such communications and experimentation. The organization is supported primarily through membership dues and contributions from members.

Cash and Cash Equivalents

AMSAT considers cash equivalents as those investments purchased with an initial maturity of less than 90 days.

Furniture and Equipment

Furniture and Equipment are stated at cost or at fair market value at the time of donation. Assets are depreciated using the straight line method over a 3, 5, or 7 - year life.

The costs of satellites launched after December 31, 2002 are capitalized, including allocated indirect costs and contributed services. Following a successful launch such costs will be depreciated using a straight line method over a 4 year life.

Recognition of Dues and Contributions

AMSAT recognizes annual dues as income when received.

Contributions are not generally pledged in advance of collection and are recognized upon receipt.

Contributed services are recognized as income when received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2008

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED):

Contributed Services

Volunteers worked for AMSAT in various capacities for the years ended December 31, 2008 and 2007. A total of \$198,122 and \$121,475, respectively, in donated revenue has been recorded in the period pertaining to when these professional services were rendered to the organization. The programs which benefited from the volunteer's donated services are as follows:

	<u>2008</u>	<u>2007</u>
Satellite Operation	\$ 179,420	\$
Satellite Development	12,850	86,100
Information and Symposia	3,762	22,543
Member Service	2,090	2,992
Administrative	<u> </u>	<u>9,840</u>
	<u>\$ 198,122</u>	<u>\$ 121,475</u>

All services rendered for Satellite Development 2008 and 2007 have been capitalized. Capitalized Satellite development costs will be depreciated over four years following successful launches of the satellites.

Financial Statement Presentation

In 1995, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No.117, "Financial Statements of Non-For-Profit Organizations." Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Investments

The Organization elected to adopt SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1995. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change of net assets.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2008

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED):

Fair Values of Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments.

Current financial instruments: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of those instruments.

Long-term investments: The fair values of long-term investments are based on quoted market prices as of December 31, 2008 and 2007 for those of similar assets.

NOTE 2 - RESTRICTIONS ON NET ASSETS

The funds temporarily restricted for use in the "TDMA" project total \$31,710 as of December 31, 2008 and 2007. An additional \$178,781 in temporarily reserved funds is restricted for use in the EAGLE project as of December 31, 2008. This represents the surplus of contributions designated for the project over the expenditures for that project in the amount of \$50,861 and \$26,036 for the years ended December 31, 2008 and 2007, respectively.

NOTE 3 - PROGRAM SERVICES

Satellite Development - AMSAT designs, constructs, and launches satellites for amateur radio communication, research, and education in the space sciences. The costs incurred on satellites to be launched after December 31, 2002 are capitalized as fixed assets. AMSAT owns and controls some of the orbiting satellites under license by the Federal Communications Commission. Some satellites are designed, constructed and operated in collaboration with similar amateur satellite groups in other parts of the world.

Publications and Software - AMSAT develops, publishes, prints, and distributes educational materials related to communication satellites, amateur radio, and scientific, educational, and technological programs. Included are the AMSAT Journal, Proceedings of the AMSAT-NA Space Symposium, a series of beginner's and satellite information guides, and a variety of computer programs and related hardware for computing and tracking orbiting satellites.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2008

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - PROGRAM SERVICES (CONTINUED)

Information and Symposia - AMSAT distributes world-wide regular and special information bulletins about amateur satellites and space science activities using amateur packet radio networks, amateur radio voice networks by way of amateur satellite and high frequency radio, and the internet. AMSAT sponsors and promotes technological discussions on amateur spacecraft and space science on all of its networks. AMSAT also sponsors technical symposia and provides telephone information services. Information services are available to over 500,000 licensed amateur radio operators and to educators and students.

Satellite Operations - AMSAT, through members who are licensed amateur radio operators, takes care of day-to-day operation of its satellites. These satellites are available for use by any properly licensed amateur radio operator world-wide. Satellite operations involve the technical command and control of on-board systems to insure proper operation and its long term well being. AMSAT operations personnel disseminate data and information to users for effective and timely use of satellite systems.

NOTE 4 - PENSION PLAN

The company sponsors a simplified employee pension plan (SEP IRA) that covers all employees with five years of service. The amount of pension expense was \$6,786 and \$6,621 for the years ended December 31, 2008 and 2007, respectively.

NOTE 5 - DONATED LAB SPACE

AMSAT is no longer the recipient of donated lab space from the Maryland Hawk Corporation, University of Maryland Eastern Shore, the value of which was \$20,000 in 2007. AMSAT is pursuing legal remedies related to retrieving lab equipment and other related assets.

NOTE 6 - MARKETABLE SECURITIES

Marketable securities held as Long-Term Investments are as follows:

	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities	\$ 49,697	\$ 63,541	\$ 44,768	\$ 69,062
Mutual Funds	<u>473,878</u>	<u>333,103</u>	<u>458,965</u>	<u>483,654</u>
Total	<u>\$523,575</u>	<u>\$396,644</u>	<u>\$503,733</u>	<u>\$552,716</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2008

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - GAIN ON SALE OF SECURITIES

During 2008, AMSAT sold the following investments:

	<u>Sales Price</u>	<u>Tax Cost</u>	<u>Tax Gain (Loss)</u>
1,119.558 Units SEI Core Fixed Inc Fund #64	\$11,285	\$11,856	\$ (571)
1,539.355 Units SEI Core Fixed Inc Fund #64	14,470	16,302	(1,832)
173.916 Units SEI Inst Tr SM Cap Val Fd-A #58	<u>2,355</u>	<u>3,482</u>	<u>(1,127)</u>
Totals	<u>\$28,110</u>	<u>\$31,640</u>	<u>\$(3,530)</u>

Pursuant to the adoption of SFAS 124, whereby investments are reported at the Fair Market Value (FMV), unrealized gains and losses from prior periods have already been included in the change of net assets. Accordingly, the gains and losses scheduled according to cost basis do not directly correspond to the change in net assets for the current period.

NOTE 8 - LEASE COMMITMENTS

AMSAT has entered into a lease for its corporate office space. The lease commenced on January 1, 2006 and expired December 31, 2007. AMSAT exercised their option to extend the lease. The new operating lease commenced on January 1, 2008 and expires on June 30, 2011. The rental expense was \$14,820 and \$14,811 for the years ended December 31, 2008 and 2007, respectively.

This is AMSAT's sole operating lease.

The following is a summary by years of future minimum lease payments required under the operating lease that have a non-cancelable lease term in excess of one year at December 31, 2008.

Year Ended December 31, 2009	\$ 14,820
2010	14,820
2011	<u>7,410</u>
Total	<u>\$ 37,050</u>

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

TO THE BOARD OF DIRECTORS OF
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
WASHINGTON, DC

Our report on our audit of the basic financial statements of Radio Amateur Satellite Corporation (AMSAT) for 2008 appears on page 1. The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative financial information has been derived from the Corporation's 2007 financial statements and, in our report dated December 1, 2008, we expressed an unqualified opinion on those financial statements.

BERLIN, RAMOS & COMPANY, P. A.

July 24, 2009

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL SERVICES		
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations	Total Program Services	Management and General	Fundraising	Total Supporting Services	2008	2007
Subcontract	\$ 2,090	\$	\$ 3,762	\$ 179,420	\$ 185,272	\$	\$	\$	\$ 185,272	\$ 35,375
Depreciation	66,215	202	1,338	941	68,696	125	222	347	69,043	126,894
Salaries		4,104	45,825	3,420	53,349	10,259	3,420	13,679	67,028	65,166
Travel	329		10,014	11,519	21,862	7,031		7,031	28,893	30,953
Printing and Xerox		16,311	9,100		25,411	434	2,084	2,518	27,929	37,531
Postage and Shipping	13	12,207	9,067	673	21,960	2,540	3,175	5,715	27,675	25,247
Legal and Accounting	1,862		2,828		4,690	18,985		18,985	23,675	18,143
Office Supplies and Expense	75	606	11,563	443	12,687	3,494	158	3,652	16,339	18,649
Rent	169	889	10,247	741	12,046	2,223	741	2,964	15,010	32,367
Repairs and Maintenance	9,706		100		9,806	595		595	10,401	988
Trophies and Plaques	455	35	794	1,827	3,111		5,585	5,585	8,696	5,148
Supplies		1,605	2,692	786	5,083		2,569	2,569	7,652	5,958
Pension Plan		407	4,547	339	5,293	1,018	339	1,357	6,650	6,489
Booth Rental			4,555		4,555				4,555	3,450
Taxes - Payroll		264	2,966	220	3,450	661	220	881	4,331	4,964
Insurance		261	2,915	218	3,394	653	218	871	4,265	4,326
Postage Preparation		3,296			3,296				3,296	3,135
Telephone			2,628	127	2,755				2,755	2,589
Meetings and Conferences						2,279		2,279	2,279	2,493
Components				914	914				914	1,574
Advertising and Promotion			561		561				561	1,491
Taxes - Property			89		89	354		354	443	154
Miscellaneous			435		435				435	739
Royalties		360			360				360	820
Grants										66,656
Representation										20,217
Total Functional Expenses	\$ 80,914	\$ 40,547	\$ 126,026	\$ 201,588	\$ 449,075	\$ 50,651	\$ 18,731	\$ 69,382	\$ 518,457	\$ 521,516
Percent of Functional Expenses	15.61%	7.82%	24.31%	38.88%	86.62%	9.77%	3.61%	13.38%	100%	100%

The accompanying notes are an integral part of this statement.