

RADIO AMATEUR SATELLITE CORPORATION
(AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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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 statements of financial position of Radio Amateur Satellite Corporation (AMSAT), a non-profit organization, as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


BERLIN, RAMOS & COMPANY, P.A.

September 9, 2010

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 63,332	\$ 59,028
Accounts Receivable		186
Prepaid Expenses		1,570
TOTAL CURRENT ASSETS	63,332	60,784
FIXED ASSETS		
Satellites	1,580,339	1,543,806
Office Furniture and Equipment	91,438	91,059
Less: Accumulated Depreciation	(564,380)	(555,690)
NET FIXED ASSETS	1,107,397	1,079,175
LONG-TERM INVESTMENTS		
Mutual Funds	317,277	333,103
Corporate Stocks	78,342	63,541
TOTAL LONG-TERM INVESTMENTS	395,619	396,644
OTHER ASSETS		
Licenses	3,000	3,000
TOTAL ASSETS	\$ 1,569,348	\$ 1,539,603
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 16,327	\$ 25,275
Payroll and Withholding Taxes Payable	9,221	7,277
TOTAL CURRENT LIABILITIES	25,548	32,552
NET ASSETS		
Unrestricted	1,344,338	1,296,560
Temporarily Restricted	199,462	210,491
TOTAL NET ASSETS	1,543,800	1,507,051
TOTAL LIABILITIES AND NET ASSETS	\$ 1,569,348	\$ 1,539,603

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	2009		2008	
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE				
Product Related Income	\$ 29,697	\$	\$ 29,697	\$ 31,064
Cost of Products	(22,130)		(22,130)	(14,014)
Net Product Related Income	7,567		7,567	17,050
Contributions	259,263	25,505	284,768	339,873
Dues	102,736		102,736	105,446
Unrealized Gains (Loss) on Investments	125,180		125,180	(175,915)
Net Loss on Sale of Investments	(35,092)		(35,092)	(3,530)
Publications	17,606		17,606	14,118
Investment Income	9,501		9,501	20,434
Royalties				304
Annual General Meeting	2,260		2,260	(249)
Miscellaneous	11,290		11,290	145
TOTAL PUBLIC SUPPORT AND REVENUE	500,311	25,505	525,816	317,676
EXPENSES				
Program Services				
Satellite Development	29,234		29,234	80,914
Publications and Software	46,538		46,538	40,547
Information and Symposia	204,104		204,104	126,026
Satellite Operations	140,550		140,550	201,588
Total Program Expenses	420,426		420,426	449,075
Supporting Services				
Management and General	53,075		53,075	50,651
Fundraising	15,566		15,566	18,731
Total Supporting Services	68,641		68,641	69,382
TOTAL EXPENSES	489,067		489,067	518,457
EXPENDITURES ON CAPITAL ASSETS	36,534	(36,534)		
CHANGE IN NET ASSETS	47,778	(11,029)	36,749	(200,781)
NET ASSETS, BEGINNING OF YEAR	1,296,560	210,491	1,507,051	1,707,832
NET ASSETS, END OF YEAR	\$ 1,344,338	\$ 199,462	\$ 1,543,800	\$ 1,507,051

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,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 36,749	\$ (200,781)
Adjustments to Reconcile Change in Net Assets to Cash		
Provided by (Used in) Operating Activities:		
Depreciation	8,689	69,043
Loss on Sale of Investments	35,092	3,530
Revenue from Donated Services	(126,859)	(198,122)
Capitalized Donated Services		(12,850)
Donated Services Expensed	126,859	198,122
Unrealized Loss on Investments	(125,180)	175,915
Changes in Assets and Liabilities:		
Accounts Receivable	186	(186)
Prepaid Expenses	1,570	(1,570)
Accounts Payable	(8,948)	(12,256)
Payroll Taxes Payable	1,946	(1,294)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(49,896)</u>	<u>19,551</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Furniture and Equipment	(379)	(3,033)
Construction of Satellites	(36,533)	(18,860)
Donated Investments Received	(6,378)	(4,929)
Purchase of Investments	(13,801)	(46,554)
Proceeds from Sale of Investments	111,291	28,110
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>54,200</u>	<u>(45,266)</u>
NET INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	4,304	(25,715)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>59,028</u>	<u>84,743</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 63,332</u>	<u>\$ 59,028</u>

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2009

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities – 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.

Codification of Accounting Standards – In June 2009, the Financial Accounting Standards Board (“FASB”) issued FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162* (FASB Accounting Standards Codification Generally Accepted Accounting Standards section). This statement establishes the Codification as the single source of authoritative literature for U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification is the culmination of a project to organize and simplify authoritative GAAP literature by reorganizing the various and dispersed GAAP pronouncements within a consistent structure. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We adopted the standard during the year ended December 31, 2009, which required us to change certain disclosures in our financial statements to reflect Codification references or “plain English” references rather than references to FASB Statements, Staff Positions or Emerging Issues Task Force Abstracts. The issuance of this statement and the Codification does not change GAAP and does not have any impact on our financial statements.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, 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.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2009

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Estimates – Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting – The financial statements of AMSAT have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Expense Allocation – The costs of providing various programs and other supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements – The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification, effective September 15, 2009, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Prior to Codification, this issue was addressed by Statement of Financial Accounting Standards No. 157 (“SFAS No. 157”), issued by the Financial Accounting Standards Board (“FASB”) in September 2006. The Fair Value Measurements and Disclosures Topic applies to accounting pronouncements that require or permit fair value measurements, except for share-based payments under the Compensation – Stock Compensation Topic. We adopted the recognition and disclosure provisions of the Fair Value Measurements and Disclosures Topic for financial assets and financial liabilities and for nonfinancial assets and nonfinancial liabilities that are re-measured at least annually, effective January 1, 2009. We were required to adopt the provisions of Fair Value Measurements and Disclosures Topic for financial assets and financial liabilities for fiscal years beginning after November 15, 2007. We are required to adopt the provisions of Fair Value Measurements and Disclosures Topic for all other nonfinancial assets and nonfinancial liabilities for fiscal years beginning after November 15, 2008. The adoption of these provisions does not have a material impact on our financial position, results of operations, or cash flows.

Comparative Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with AMSAT’s financial statement for the year ended December 31 of the prior year, from which the summarized information was derived.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2009

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, 2009 and 2008. A total of \$126,859 and \$198,122, 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>2009</u>	<u>2008</u>
Satellite Operation	\$ 65,859	\$ 179,420
Member Service	34,398	2,090
Information and Symposia	26,602	3,762
Satellite Development	<u>-</u>	<u>12,850</u>
	<u>\$ 126,859</u>	<u>\$ 198,122</u>

All services rendered for Satellite Development 2009 and 2008 have been capitalized. Capitalized Satellite development costs will be depreciated over four years following successful launches of the satellites.

Basis of Presentation - As required by the Not-for-Profit – Balance Sheet Topic of the FASB Accounting Standards Codification as of September 15, 2009, (prior to September 15, 2009, financial statement presentation followed the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*), AMSAT 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.

Income Taxes - AMSAT is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, AMSAT has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

NOTE 2 - RESTRICTIONS ON NET ASSETS

The funds temporarily restricted for use in the satellite development project known as “TDMA” total \$31,710 as of December 31, 2009 and 2008. An additional \$167,752 in temporarily restricted funds is for use in the EAGLE satellite development project as of December 31, 2009. Expenditures for the EAGLE project exceeded specifically designated contributions by \$11,029 for the year ended December 31, 2009. Contributions in excess of expenditures totaled \$50,861 for the year ended December 31, 2008.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2009

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

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 the 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

AMSAT sponsors a simplified employee pension plan (SEP IRA) that covers all employees with five years of service. The amount of pension expense was \$7,510 and \$6,786 for the years ended December 31, 2009 and 2008, respectively.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2009

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – LONG-TERM INVESTMENTS

Long-Term Investments held are as follows:

	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Corporate Stocks	\$ 56,075	\$ 78,342	\$ 49,697	\$ 63,541
Mutual Funds	<u>349,680</u>	<u>317,277</u>	<u>473,878</u>	<u>333,103</u>
Total	<u>\$405,755</u>	<u>\$395,619</u>	<u>\$523,575</u>	<u>\$396,644</u>

These investments are carried at fair market values which are the quoted market prices at December 31, 2009 and 2008, respectively.

NOTE 6 - 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 \$15,770 and \$14,820 for the years ended December 31, 2009 and 2008, respectively.

This is AMSAT's sole operating lease.

Future minimum rental commitments are as follows for the years ending December 31:

2010	\$ 14,820
2011	<u>14,820</u>
Total	<u>\$ 29,640</u>

NOTE 9 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2009, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements of disclosure is September 9, 2010, which is the date on which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

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

We have audited the financial statements of Radio Amateur Satellite Corporation (AMSAT) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 9, 2010, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

BERLIN, RAMOS & COMPANY, P. A.

September 9, 2010

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2009
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES	
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations	Total Program Services	Management and General	Fundraising	Supporting Services	2009	2008
Subcontract			\$ 60,832	\$ 66,027	\$ 126,859	\$	\$	\$	\$ 126,859	\$ 185,272
Salaries		4,570	51,028	5,331	60,929	11,424	3,808	15,232	76,161	67,028
Legal and Accounting	9,725		11,153	23,400	20,878	23,248		23,248	44,126	23,675
Travel	1,179		4,002	23,400	28,581	6,357		6,357	34,938	28,893
Printing and Xerox		21,815	11,019	2,475	32,834		1,425	1,425	34,259	27,928
Postage and Shipping		12,502	13,262	2,475	28,239	716	3,060	3,776	32,015	27,674
Components			180	31,051	31,231				31,231	914
Rent	9,305	946	10,418	1,104	21,773	2,365	788	3,153	24,926	15,011
Office Supplies and Expense	2,187	66	9,298	11	11,562	3,764		3,764	15,326	16,338
Pension Plan		451	5,031	526	6,008	1,127	376	1,503	7,511	6,650
Telephone			2,182	7,195	9,377				9,377	2,755
Depreciation		219	1,330	151	8,307	125	257	382	8,689	69,043
Trophies and Plaques	6,607		2,182	88	2,270		4,558	4,558	6,828	8,696
Sales Tax			5,865		5,865				5,865	
Supplies		1,558	3,165	943	5,666				5,666	7,652
Taxes - Payroll		339	3,784	395	4,518	847	282	1,129	5,647	4,331
Insurance		319	3,333	372	4,255	798	266	1,064	5,319	4,265
Postage Preparation	231	3,433	627		4,060		437	437	4,497	3,296
Booth Rental			3,850		3,850				3,850	4,555
Repairs and Maintenance			846	1,481	2,327	1,959		1,959	2,327	10,401
Meetings and Conferences			561		561		309	309	870	561
Advertising and Promotion			26		26	345		345	371	444
Taxes - Property		320			320				320	360
Royalties										
Miscellaneous			130		130				130	436
Total Functional Expenses	\$ 29,234	\$ 46,538	\$ 204,104	\$ 140,550	\$ 420,426	\$ 53,075	\$ 15,566	\$ 68,641	\$ 489,067	\$ 518,671
Percent of Functional Expenses	5.98%	9.52%	41.73%	28.74%	85.97%	10.85%	3.18%	14.03%	100%	100%

The accompanying notes are an integral part of this statement.