

RADIO AMATEUR SATELLITE CORPORATION
(AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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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, 2010 and 2009, 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, 2010 and 2009, 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.
BERLIN, RAMOS & COMPANY, P.A.

October 26, 2011

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 46,027	\$ 63,332
TOTAL CURRENT ASSETS	46,027	63,332
FIXED ASSETS		
Satellites		1,580,339
Office Furniture and Equipment	91,312	91,438
Less: Accumulated Depreciation	(86,805)	(564,380)
NET FIXED ASSETS	4,507	1,107,397
LONG-TERM INVESTMENTS		
Mutual Funds	325,317	317,277
Corporate Stocks	81,055	78,342
TOTAL LONG-TERM INVESTMENTS	406,372	395,619
OTHER ASSETS		
Licenses	3,000	3,000
TOTAL ASSETS	\$ 459,906	\$ 1,569,348
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 15,015	\$ 16,327
Payroll and Withholding Taxes Payable	8,516	9,221
TOTAL CURRENT LIABILITIES	23,531	25,548
NET ASSETS		
Unrestricted	404,665	1,344,338
Temporarily Restricted	31,710	199,462
TOTAL NET ASSETS	436,375	1,543,800
TOTAL LIABILITIES AND NET ASSETS	\$ 459,906	\$ 1,569,348

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

	2010		2009	
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE				
Product Related Income	\$ 26,982	\$	\$ 26,982	\$ 29,697
Cost of Products	(13,221)		(13,221)	(22,130)
Net Product Related Income	13,761		13,761	7,567
Contributions	307,356		307,356	284,768
Dues	94,894		94,894	102,736
Unrealized Gains (Loss) on Investments	43,905		43,905	125,180
Net Loss on Sale of Investments	(6,805)		(6,805)	(35,092)
Publications	14,087		14,087	17,606
Investment Income	10,269		10,269	9,501
Annual General Meeting	(1,059)		(1,059)	2,260
Miscellaneous	571		571	11,290
TOTAL PUBLIC SUPPORT AND REVENUE	476,979		476,979	525,816
EXPENSES				
Program Services				
Satellite Development	67,435		67,435	29,234
Publications and Software	50,505		50,505	46,538
Information and Symposia	115,365		115,365	204,104
Satellite Operations	159,448		159,448	140,550
Total Program Expenses	392,753		392,753	420,426
Supporting Services				
Management and General	44,397		44,397	53,075
Fundraising	47,839		47,839	15,566
Total Supporting Services	92,236		92,236	68,641
TOTAL EXPENSES	484,989		484,989	489,067
EXPENDITURES ON CAPITAL ASSETS	167,752	(167,752)		
CHANGE IN NET ASSETS	159,742	(167,752)	(8,010)	36,749
NET ASSETS, BEGINNING OF YEAR	1,344,338	199,462	1,543,800	1,507,051
PRIOR PERIOD ADJUSTMENTS (NOTE 7)	(1,099,415)		(1,099,415)	
NET ASSETS, END OF YEAR	\$ 404,665	\$ 31,710	\$ 436,375	\$ 1,543,800

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,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (8,010)	\$ 36,749
Adjustments to Reconcile Change in Net Assets to Cash		
Provided by (Used in) Operating Activities:		
Depreciation	4,154	8,689
Disposal of Fixed Assets	(808)	
Loss on Sale of Investments	6,805	35,092
Revenue from Donated Services	(158,924)	(126,859)
Donated Services Expensed	158,924	126,859
Unrealized Loss on Investments	(43,735)	(125,180)
Changes in Assets and Liabilities:		
Accounts Receivable		186
Prepaid Expenses		1,570
Accounts Payable	(1,312)	(8,948)
Payroll and Withholding Taxes Payable	(705)	1,946
NET CASH USED IN OPERATING ACTIVITIES	(43,611)	(49,896)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Furniture and Equipment		(379)
Disposal of Furniture and Equipment	129	
Construction of Satellites		(36,533)
Donated Investments Received		(6,378)
Purchase of Investments		(13,801)
Proceeds from Sale of Investments	26,177	111,291
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,306	54,200
NET CHANGE IN CASH AND CASH EQUIVALENTS	(17,305)	4,304
CASH AND CASH EQUIVALENTS - BEGINNING	63,332	59,028
CASH AND CASH EQUIVALENTS - ENDING	\$ 46,027	\$ 63,332

The accompanying notes are an integral part of this statement.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2010

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. 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. 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 were capitalized, including allocated indirect costs and contributed services. Following a successful launch such costs were depreciated using a straight line method over a 4 year life. Effective January 1, 2010, AMSAT adopted a new capitalization policy on satellites. All indirect costs and contributed services of the satellite are now expensed.

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, 2010

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 Statements 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. 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 were adopted for the initial year and will be re-measured as least annually. The adoption does not have a material impact on financial position, activities 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, 2010

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, 2010 and 2009. A total of \$158,924 and \$126,859, 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>2010</u>	<u>2009</u>
Satellite Operation	\$ 74,255	\$ 65,859
Member Service		34,398
Fundraising	34,230	
Publications and Software	250	
Information and Symposia	189	26,602
Satellite Development	50,000	
	<u>\$ 158,924</u>	<u>\$ 126,859</u>

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.

The Corporation evaluates uncertainty in income tax positions based on a more likely than not recognition standard, effective January 1, 2010. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. Prior to January 1, 2010, the Corporation evaluated uncertain tax positions such that the effects of the tax positions were generally recognized in the financial statements consistent with amounts reflected in returns filed, or expected to be filed, with taxing authorities. As of December 31, 2010, the Corporation has evaluated its material tax positions and determined that no accruals for uncertain tax positions are required on the Corporation's financial statement as the Corporation has no tax obligation at this time. If applicable, the Corporation records interest and penalty expense as a component of income tax expense. Returns filed for tax periods ending after December 31, 2007 are open to examination and any changes by the taxing authorities may affect the Corporation's income tax liability.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2010 and 2009. An additional \$167,752 in temporarily restricted funds was removed from restriction following the abandonment of the EAGLE satellite development project in 2010.

NOTE 3 - PROGRAM SERVICES

Satellite Development - AMSAT designs, constructs, and launches satellites for amateur radio communication, research, and education in the space sciences. 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.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 \$7,173 and \$7,511 for the years ended December 31, 2010 and 2009, respectively.

NOTE 5 – LONG-TERM INVESTMENTS

Long-Term Investments held are as follows:

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Corporate Stocks	\$ 56,075	\$ 81,055	\$ 56,075	\$ 78,342
Mutual Funds	<u>295,942</u>	<u>325,317</u>	<u>349,680</u>	<u>317,277</u>
Total	<u>\$352,017</u>	<u>\$406,372</u>	<u>\$405,755</u>	<u>\$395,619</u>

These investments are carried at fair market values which are the quoted market prices at December 31, 2010 and 2009, 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 \$22,918 and \$24,926 for the years ended December 31, 2010 and 2009, respectively.

This is AMSAT's sole operating lease.

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

2011	<u>\$ 7,410</u>
Total	<u>\$ 7,410</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
DECEMBER 31, 2010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – PRIOR PERIOD ADJUSTMENT: SATELLITES

Effective 2010, AMSAT adopted a new policy regarding expenditures and contributed services related to satellite construction whereby such items are recorded as current period expenses rather than being capitalized.

The cost of the ECHO satellite as recorded on the books totaled \$463,439 and was fully depreciated as of December 31, 2009. In view of AMSAT's new policy, management has decided to write off the satellite and the related accumulated depreciation from the books which in turn, will have no effect on the net assets at December 31, 2010.

The EAGLE satellite, according to management, has a remote possibility of being built and launched and accordingly will be written off as an abandoned project. The costs of the EAGLE satellite totaled \$1,116,900 as of December 31, 2009. These costs are comprised of donated services totaling \$918,607 and equipment, software, and components totaling \$198,193. \$17,485 of un-depreciated software costs related to EAGLE satellite were written off along with the abandoned satellite project. For comparative purposes, a prior period adjustment of \$1,099,415 will be recorded on the Statement of Activities and Changes in Net Assets.

NOTE 8 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2010, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosure is October 26, 2011 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, 2010 and 2009, and have issued our report thereon dated October 26, 2011 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 statements 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 as a whole.

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

October 26, 2011

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2010
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES	
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations	Total	Management and General	Fundraising	Total	2010	2009
					Program Services			Supporting Services		
Subcontract	\$ 50,000	\$ 250	\$ 189	\$ 88,055	\$ 138,494	\$	\$ 34,230	\$ 34,230	\$ 172,724	\$ 126,859
Salaries		7,177	45,214	5,024	57,415	10,765	3,588	14,353	71,768	76,161
Travel	1,455		8,468	19,056	28,979	5,905		5,905	34,884	34,938
Postage and Shipping		14,291	9,528	6,597	30,416	948	2,848	3,796	34,212	32,015
Printing and Xerox		20,103	9,162	102	29,367		1,021	1,021	30,388	34,259
Rent	7,200	2,030	8,206	1,421	18,857	3,046	1,015	4,061	22,918	24,926
Components				22,633	22,633				22,633	31,231
Legal and Accounting	3,133				3,133	18,550		18,550	21,683	44,126
Office Supplies and Expense	2,660	54	8,071		10,785	2,342		2,342	13,127	15,326
Vibration Test				9,290	9,290	1,076	359	1,435	9,290	7,511
Pension Plan	1,000	717	4,519	502	5,738		488	488	6,688	5,666
Supplies		1,170	2,165	1,865	6,200				6,039	9,377
Telephone			2,567	3,472	6,039				5,487	5,647
Taxes - Payroll		549	3,457	384	4,390	823	274	1,097	5,319	5,319
Insurance		540	3,400	378	4,318	809	270	1,079	4,553	6,828
Trophies and Plaques			942	417	1,359	133	3,194	3,194	4,154	8,689
Depreciation	1,987	229	1,377	152	3,745		276	409	3,990	3,850
Booth Rental			3,990		3,990				3,617	4,497
Postage Preparation		2,955	386		3,341		276	276	1,943	1,959
Meetings and Conferences			1,843	100	1,943				778	2,327
Repairs and Maintenance			778		778				561	870
Advertising and Promotion			561		561				458	130
Miscellaneous			458		458				440	320
Royalties		440			440				84	371
Taxes - Property			84		84					5,865
Sales Tax										
Total Functional Expenses	\$ 67,435	\$ 50,505	\$ 115,365	\$ 159,448	\$ 392,753	\$ 44,397	\$ 47,839	\$ 92,236	\$ 484,989	\$ 489,067
Percent of Functional Expenses	13.90%	10.41%	23.79%	32.88%	80.98%	9.15%	9.86%	19.01%	100%	100%

The accompanying notes are an integral part of this statement.