

RADIO AMATEUR SATELLITE CORPORATION  
(AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Radio Amateur Satellite Corporation (AMSAT), a nonprofit organization as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. 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 financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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

August 26, 2013

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RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
STATEMENTS OF FINANCIAL POSITION

	<u>ASSETS</u>	
	DECEMBER 31,	
	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 94,701	\$ 42,586
<b>TOTAL CURRENT ASSETS</b>	<u>94,701</u>	<u>42,586</u>
<b>FIXED ASSETS</b>		
Office Furniture and Equipment	91,312	91,312
Less: Accumulated Depreciation	<u>(90,666)</u>	<u>(89,847)</u>
<b>NET FIXED ASSETS</b>	<u>646</u>	<u>1,465</u>
<b>LONG-TERM INVESTMENTS</b>		
Mutual Funds	358,585	320,985
Corporate Stocks	<u>144,503</u>	<u>109,047</u>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<u>503,088</u>	<u>430,032</u>
<b>OTHER ASSETS</b>		
Licenses	<u>3,000</u>	<u>3,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 601,435</u></u>	<u><u>\$ 477,083</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 14,053	\$ 9,678
Accrued Payroll	<u>6,896</u>	<u>6,896</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>20,949</u>	<u>16,574</u>
<b>NET ASSETS</b>		
Unrestricted	548,776	428,799
Temporarily Restricted	<u>31,710</u>	<u>31,710</u>
<b>TOTAL NET ASSETS</b>	<u>580,486</u>	<u>460,509</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 601,435</u></u>	<u><u>\$ 477,083</u></u>

See accompanying notes and independent accountants' review report

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	2012		2011	
	Unrestricted	Temporarily Restricted	Total	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Product Related Income	\$ 17,358	\$	\$ 17,358	\$ 20,521
Cost of Products	(6,883)		(6,883)	(4,938)
Net Product Related Income	10,475		10,475	15,583
Contributions - Cash and Inkind	1,981,248		1,981,248	565,118
Dues	80,740		80,740	90,993
Unrealized Gains/(Loss) on Investments	45,016		45,016	(7,148)
Net Loss on Sale of Investments	720		720	(871)
Publications	7,950		7,950	12,750
Investment Income	12,542		12,542	10,804
Annual General Meeting	5,381		5,381	(1,349)
Miscellaneous	170		170	537
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>2,144,242</b>		<b>2,144,242</b>	<b>686,417</b>
<b>EXPENSES</b>				
<b>Program Services</b>				
Satellite Development	1,531,960		1,531,960	354,228
Publications and Software	44,917		44,917	44,592
Information and Symposia	183,918		183,918	116,286
Satellite Operations	197,205		197,205	51,621
<b>Total Program Expenses</b>	<b>1,958,000</b>		<b>1,958,000</b>	<b>566,727</b>
<b>Supporting Services</b>				
Management and General	33,886		33,886	44,724
Fundraising	32,379		32,379	50,832
<b>Total Supporting Services</b>	<b>66,265</b>		<b>66,265</b>	<b>95,556</b>
<b>TOTAL EXPENSES</b>	<b>2,024,265</b>		<b>2,024,265</b>	<b>662,283</b>
<b>CHANGE IN NET ASSETS</b>	<b>119,977</b>		<b>119,977</b>	<b>24,134</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>428,799</b>	<b>31,710</b>	<b>460,509</b>	<b>436,375</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 548,776</b>	<b>\$ 31,710</b>	<b>\$ 580,486</b>	<b>\$ 460,509</b>

See accompanying notes and independent accountants' review report

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED  
DECEMBER 31,

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 119,977	\$ 24,134
Adjustments to Reconcile Change in Net Assets to Cash Provided by/(Used in) Operating Activities:		
Depreciation	819	3,042
(Gain)/Loss on Sale of Investments	(720)	871
Revenue from Donated Services	(1,795,750)	(418,500)
Donated Services Expensed	1,795,750	418,500
Donated Investments Received	(24,916)	(25,326)
Unrealized (Gain)/Loss on Investments	(45,016)	7,148
Changes in Assets and Liabilities:		
Accounts Payable	4,375	(5,337)
Payroll and Withholding Taxes Payable		(1,620)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>54,519</b>	<b>2,912</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	(10,561)	(28,076)
Proceeds from Sale of Investments	8,157	21,723
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,404)</b>	<b>(6,353)</b>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	 <b>52,115</b>	 <b>(3,441)</b>
 <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	 <b>42,586</b>	 <b>46,027</b>
 <b>CASH AND CASH EQUIVALENTS - ENDING</b>	 <b>\$ 94,701</b>	 <b>\$ 42,586</b>

See accompanying notes and independent accountants' review report

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
DECEMBER 31, 2012

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.

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 their estimated useful life. All indirect costs and contributed services of a satellite are 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.

Estimates – The preparation of the financial statements 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.

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 of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

- Level 1 – Fair Value is determined using quoted market prices in active markets for identical assets and liabilities.
- Level 2 – Fair Value is determined using quoted market prices in active markets for similar assets and liabilities
- Level 3 – Fair Value is determined using unobservable market prices in a market that is typically inactive.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
DECEMBER 31, 2012

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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.

Contributed Services – Volunteers worked for AMSAT in various capacities for the years ended December 31, 2012 and 2011. Volunteers and their contributed services are essential to all aspects of AMSAT’s mission. They provide services including the writing, editing and publishing of various educational materials including the Journal. Volunteers mentor university students on satellite projects and assist schools with contacts between the International Space Station and students. Volunteers design, build and test AMSAT’s satellites. They provide outreach and support for hams and potential hams. A total of \$1,795,750 and \$418,500, respectively, in donated revenue arising from recognition of these contributed services has been recorded in the periods pertaining to when these professional services were rendered to the organization. The valuation of these services is based on the estimated Fair Market Value of the professional services contributed by the volunteers. The programs which benefited from the volunteer’s donated services are as follows:

	<u>2012</u>	<u>2011</u>
Satellite Operation	\$ 186,500	\$ 37,000
Fundraising	10,000	34,500
Publications and Software	13,500	10,000
Information and Symposia	75,750	7,000
Satellite Development	<u>1,510,000</u>	<u>330,000</u>
	<u>\$ 1,795,750</u>	<u>\$ 418,500</u>

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.

AMSAT evaluates uncertainty in income tax positions based on a more likely than not recognition standard. 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. As of December-31, 2012, AMSAT has evaluated its material tax positions and determined that no accruals for uncertain tax positions are required on AMSAT’s financial statement as AMSAT has no tax obligation at this time. If applicable, AMSAT records interest and penalty expense as a component of income tax expense. Returns filed for tax periods ending after December 31, 2009 are open to examination and any changes by the taxing authorities may affect AMSAT’s income tax liability.



RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
DECEMBER 31, 2012

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Basis of Presentation - As required by the Not-for-Profit Topic of the FASB Accounting Standards Codification, 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.

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, 2012 and 2011.

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 700,000 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, 2012

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 \$7,100 and \$7,100 for the years ended December 31, 2012 and 2011, respectively.

NOTE 5 - LONG-TERM INVESTMENTS

Long-term investments are classified as available for sale and are as follows:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Corporate Stocks	\$ 106,318	\$ 144,503	\$ 81,402	\$ 109,047
Mutual Funds	<u>303,409</u>	<u>358,585</u>	<u>301,389</u>	<u>320,985</u>
Total	<u>\$ 409,727</u>	<u>\$ 503,088</u>	<u>\$ 382,791</u>	<u>\$ 430,032</u>

These investments are carried at fair market values using level 1 input.

NOTE 6 - LEASE COMMITMENTS

AMSAT's lease commitments are as follows:

	<u>2012</u>	<u>2011</u>	<u>Lease term</u>
Office Space	\$ 15,264	\$ 15,264	Month to month basis
FOX Project	2,700	2,700	Automatically renews semi-annually
Temporary Storage	497	478	On an as needed basis
Lab		2,880	Terminated
Total	<u>\$ 18,461</u>	<u>\$ 21,322</u>	

NOTE 7 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2012, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosure is August 26, 2013, which is the date on which the financial statements were available to be issued.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTAL INFORMATION

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

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplemental information for the year ended December 31, 2012 included in the Statements 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 inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

BERLIN, RAMOS & COMPANY, P. A.

August 26, 2013

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	PROGRAM SERVICES				Total Program Services	SUPPORTING SERVICES			TOTAL EXPENSES	
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations		Management and General	Fundraising	Total Supporting Services	2012	2011
Subcontractors	\$ 1,510,000	\$ 13,500	\$ 75,750	\$ 186,500	\$ 1,785,750	\$	\$ 10,000	\$ 10,000	\$ 1,795,750	\$ 418,500
Salaries	3,600	7,199	41,037	7,199	59,035	9,359	3,600	12,959	71,994	71,229
Postage and Shipping	217	7,038	9,674		16,929	739	634	1,373	18,302	24,619
Printing and Xerox	191	11,429	9,477		21,097		4,055	4,055	25,152	24,457
Rent	6,163	1,526	6,499	1,526	15,714	1,984	763	2,747	18,461	21,322
Legal and Accounting	385				385	9,500		9,500	9,885	19,215
Travel	3,528		8,088		11,616	6,139	423	6,562	18,178	15,499
Office Supplies and Expense	742	273	11,315	45	12,375	2,072	164	2,236	14,611	13,492
Components	6,050				6,050		6,995	6,995	13,045	8,789
Pension Plan	355	710	4,047	710	5,822	923	355	1,278	7,100	7,100
Taxes - Payroll	249	499	2,843	499	4,090	648	249	897	4,987	6,045
Insurance	287	574	1,704	575	3,140	2,317	287	2,604	5,744	5,661
Booth Rental			4,292		4,292				4,292	4,216
Postage Preparation		1,102	413		1,515		383	383	1,898	4,172
Trophies and Plaques			536		536		4,277	4,277	4,813	4,060
Depreciation	14	79	361	151	605	20	194	214	819	3,042
Meetings and Conferences			757		757	185		185	942	3,036
Telephone			2,235		2,235				2,235	2,395
Supplies	179	578	2,976		3,733				3,733	2,334
Repairs and Maintenance			887		887				887	790
Advertising and Promotion			561		561				561	561
Royalties		410			410				410	560
Miscellaneous			466		466				466	494
Taxes - Property					-					695
<b>Total Functional Expenses</b>	<b>\$ 1,531,960</b>	<b>\$ 44,917</b>	<b>\$ 183,918</b>	<b>\$ 197,205</b>	<b>1,958,000</b>	<b>\$ 33,886</b>	<b>\$ 32,379</b>	<b>\$ 66,265</b>	<b>\$ 2,024,265</b>	<b>\$ 662,283</b>
<b>Percent of Functional Expenses</b>	<b>75.68%</b>	<b>2.22%</b>	<b>9.10%</b>	<b>9.74%</b>	<b>96.74%</b>	<b>1.66%</b>	<b>1.60%</b>	<b>3.26%</b>	<b>100.00%</b>	<b>100.00%</b>

See independent accountants' review report