

RADIO AMATEUR SATELLITE CORPORATION  
(AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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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, 2014, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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.

December 22, 2015

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

(See accompanying notes and independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	52,849
Prepaid Expenses		90,000
TOTAL CURRENT ASSETS		<u>142,849</u>

FIXED ASSETS

Office Furniture and Equipment		95,057
Less: Accumulated Depreciation		<u>(91,849)</u>
NET FIXED ASSETS		<u>3,208</u>

LONG-TERM INVESTMENTS

Mutual Funds		490,977
Corporate Stocks		<u>52,498</u>
TOTAL LONG-TERM INVESTMENTS		<u>543,475</u>

OTHER ASSETS

Licenses		<u>3,000</u>
TOTAL ASSETS	\$	<u><u>692,532</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	19,467
Accrued Payroll		<u>10,737</u>
TOTAL CURRENT LIABILITIES		<u>30,204</u>

NET ASSETS

Unrestricted		630,618
Temporarily Restricted		<u>31,710</u>
TOTAL NET ASSETS		<u>662,328</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>692,532</u></u>
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RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(See accompanying notes and independent accountants' review report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Product Related Income	\$ 21,894	\$	\$ 21,894
Cost of Products	<u>(17,257)</u>		<u>(17,257)</u>
Net Product Related Income	4,637		4,637
Contributions - Cash and In-Kind	2,513,063		2,513,063
Dues	74,082		74,082
Gain on Sale of Investments	2,105		2,105
Publications	7,001		7,001
Investment Income	41,967		41,967
Unrealized Loss on Investments	(33,281)		(33,281)
Annual General Meeting	8,328		8,328
Advertising	1,620		1,620
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>2,619,522</u>		<u>2,619,522</u>
<b>EXPENSES AND LOSSES</b>			
Program Services			
Satellite Development	1,998,587		1,998,587
Publications and Software	220,071		220,071
Information and Symposia	131,570		131,570
Satellite Operations	<u>201,054</u>		<u>201,054</u>
<b>Total Program Expenses</b>	<u>2,551,282</u>		<u>2,551,282</u>
Supporting Services			
Management and General	31,306		31,306
Fundraising	<u>16,218</u>		<u>16,218</u>
<b>Total Supporting Services</b>	<u>47,524</u>		<u>47,524</u>
<b>TOTAL EXPENSES</b>	<u>2,598,806</u>		<u>2,598,806</u>
<b>CHANGE IN NET ASSETS</b>	20,716		20,716
<b>NET ASSETS, BEGINNING OF YEAR</b>	609,902	31,710	641,612
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 630,618</u>	<u>\$ 31,710</u>	<u>\$ 662,328</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(See accompanying notes and independent accountants' review report)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 20,716
Adjustments to Reconcile Change in Net Assets to Cash	
Provided by/(Used in) Operating Activities:	
Depreciation	792
Gain on Sale of Investments	(2,105)
Unrealized Loss on Investments	33,281
Revenue from Donated Services	(2,305,835)
Donated Services Expensed	2,305,835
Donated Investments Received	(25,041)
Changes in Assets and Liabilities:	
Prepaid Expenses	(90,000)
Accounts Payable	4,412
Accrued Payroll	2,197
NET CASH USED IN OPERATING ACTIVITIES	(55,748)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Equipment	(3,745)
Purchase of Investments	(630,889)
Proceeds from Sale of Investments	694,180
NET CASH PROVIDED BY INVESTING ACTIVITIES	59,546
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,798
CASH AND CASH EQUIVALENTS - BEGINNING	49,051
CASH AND CASH EQUIVALENTS - ENDING	\$ 52,849

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

December 31, 2014

(See Independent Accountants' Review Report)

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 recorded at cost or at fair market value at the time of purchase or donation, respectively. Assets are depreciated using the straight line method over their estimated useful life of 5 to 7 years. Software is recorded at cost and is amortized using the straight line method over 3 years.

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.

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.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
December 31, 2014.  
(See Independent Accountants' Review Report)

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 year ended December 31, 2014. 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 \$2,305,835 in donated revenue arising from recognition of these contributed services has been recorded in the period 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>2014</u>
Satellite Operation	\$ 182,000
Publications and Software	175,235
Information and Symposia	17,150
Satellite Development	<u>1,931,450</u>
	<u>\$ 2,305,835</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, 2014, 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, 2011 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, 2014  
(See Independent Accountants' Review Report)

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” totaled \$31,710 as of December 31, 2014.

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.

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 for the year ended December 31, 2014.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
December 31, 2014  
(See Independent Accountants' Review Report)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – LONG-TERM INVESTMENTS

AMSAT classifies its investments in marketable equity securities and mutual funds as available-for-sale investments and are shown at fair market values. The cost basis method used by the investment company is average cost for open-end mutual funds and first-in, first-out (FIFO) for all other securities. The gross proceeds from sales of mutual funds and other marketable securities for the years ended December 31, 2014 were \$694,180.

The following tables summarize the available-for-sale investments:

<u>DECEMBER 31, 2014:</u>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Publicly Traded Stock Funds				
Communications	\$ 1,719	\$ 50,779	\$	\$ 52,498
World Allocation	145,104		(11,799)	133,305
Pacific/Asia Stock	27,974		(6)	27,968
Emerging Markets	26,749		(3,143)	23,606
Managed Futures	29,123	1,084		30,207
Convertibles	27,989		(444)	27,545
World Stock	19,156		(2,744)	16,412
Bank Loan	26,644		(633)	26,011
Large Growth	37,111		(6,672)	30,439
Long/Short Equity	25,749		(2,527)	23,222
Multi-Alternative	26,712		(640)	26,072
Commodities	25,331		(6,735)	18,596
Large Value	28,728	330		29,058
Publicly Traded Bond Funds				
World Bond Fund	27,860		(1,608)	26,252
Multisector Bond	26,732		(596)	26,136
Inflation Protected Bond	26,391		(243)	26,148
Total Marketable Securities	<u>\$ 529,072</u>	<u>\$ 52,193</u>	<u>\$ (37,790)</u>	<u>\$ 543,475</u>

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.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
December 31, 2014  
(See Independent Accountants' Review Report)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – LONG-TERM INVESTMENTS (CONTINUED)

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.

The following table sets forth by level, within the fair value hierarchy, marketable securities at fair value as of December 31, 2014

<u>DECEMBER 31, 2014:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Publicly Traded Stock Funds				
Communications	\$ 52,498	\$	\$	\$ 52,498
World Allocation	133,305			133,305
Pacific/Asia Stock	27,968			27,968
Emerging Markets	23,606			23,606
Managed Futures	30,207			30,207
Convertibles	27,545			27,545
World Stock	16,412			16,412
Bank Loan	26,011			26,011
Large Growth	30,439			30,439
Long/Short Equity	23,222			23,222
Multi-Alternative	26,072			26,072
Commodities	18,596			18,596
Large Value	29,058			29,058
Publicly Traded Bond Funds				
World Bond Fund	26,252			26,252
Multisector Bond	26,136			26,136
Inflation Protected Bond	26,148			26,148
Total Marketable Securities	<u>\$ 543,475</u>			<u>\$ 543,475</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
December 31, 2014  
(See Independent Accountants' Review Report)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – LEASE COMMITMENTS

On April 11, 2014, AMSAT entered into a five year lease at a new location for its office. The lease agreement provides for additional rent to be paid for increases in common building expenses and taxes. Minimum rent is increased annually at a rate of 3%. Rent expense for the year ended December 31, 2014 including building expenses and taxes was \$18,704.

Future minimum lease commitments are as follows:

2015	\$	20,361
2016		20,971
2017		21,600
2018		22,248
2119		<u>5,603</u>
Total	\$	<u>90,783</u>

NOTE 7 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2014, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosure is December 22, 2015 which is the date on which the financial statements were available to be issued.

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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, 2014 included in the Statement 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 & Co. P.A.*  
BERLIN, RAMOS & COMPANY, P. A.

December 22, 2015

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

(See independent accountants' review report on supplemental information)

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations	Program Services	Management and General	Fundraising	Supporting Services	Total
Subcontractors	\$ 1,931,450	\$ 175,235	\$ 17,150	\$ 182,000	\$ 2,305,835	\$ 7,121	\$ 3,561	\$ 10,682	\$ 2,305,835
Salaries	4,273	7,121	43,441	5,697	60,532				71,214
Components	47,129				47,129				47,129
Postage and Shipping	4,103	11,773	9,043	81	25,000	1,508	2,706	4,214	29,214
Printing and Xerox		17,480	7,613		25,093	967	1,229	2,196	27,289
Travel	5,081		4,155	9,078	18,314	4,899	2,628	7,527	25,841
Rent	2,391	1,735	11,136	1,388	16,650	1,735	868	2,603	19,253
Office Supplies and Expense	213	137	14,313		14,663	3,678		3,678	18,341
Legal and Accounting						8,375		8,375	8,375
Trophies and Plaques	1,671		2,034	655	4,360		3,919	3,919	8,279
Taxes - Payroll	369	616	5,160	493	6,638	616	308	924	7,562
Pension Plan	426	710	4,331	568	6,035	710	355	1,065	7,100
Insurance	352	587	3,581	470	4,990	587	293	880	5,870
Postage Preparation		3,349			3,349	610	338	948	4,297
Booth Rental			4,200		4,200				4,200
Supplies	1,115	660	1,769		3,544				3,544
Telephone			2,224		2,224				2,224
Meetings and Conferences			855		855				855
Depreciation	14	28	93	624	759	20	13	33	792
Taxes - Other			267		267	391		391	658
Royalties		640			640				640
Miscellaneous			95		95	89		89	184
Repairs and Maintenance			110		110				110
<b>Total Functional Expenses</b>	<b>\$ 1,998,587</b>	<b>\$ 220,071</b>	<b>\$ 131,570</b>	<b>\$ 201,054</b>	<b>2,551,282</b>	<b>\$ 31,306</b>	<b>\$ 16,218</b>	<b>\$ 47,524</b>	<b>\$ 2,598,806</b>
<b>Percent of Functional Expenses</b>	<b>76.90%</b>	<b>8.47%</b>	<b>5.06%</b>	<b>7.74%</b>	<b>98.17%</b>	<b>1.21%</b>	<b>0.62%</b>	<b>1.83%</b>	<b>100.00%</b>