

RADIO AMATEUR SATELLITE CORPORATION
(AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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 financial statements of Radio Amateur Satellite Corporation (AMSAT) (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Berlin Ramos".

BERLIN, RAMOS & COMPANY, P.A.
NORTH BETHESDA, MARYLAND

October 31, 2017

RADIO AMATEUR SATELLITE CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

(See Accompanying Notes and Independent Accountants' Review Report)

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 28,655
TOTAL CURRENT ASSETS	28,655
FIXED ASSETS	
Office Furniture and Equipment	97,018
Less: Accumulated Depreciation	(94,656)
NET FIXED ASSETS	2,362
LONG-TERM INVESTMENTS	
Mutual Funds	649,710
Corporate Stocks	64,344
TOTAL LONG-TERM INVESTMENTS	714,054
OTHER ASSETS	
Licenses	3,000
TOTAL ASSETS	\$ 748,071

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 11,244
Accrued Payroll	6,617
TOTAL CURRENT LIABILITIES	17,861
NET ASSETS	
Unrestricted	699,690
Temporarily Restricted	30,520
TOTAL NET ASSETS	730,210
TOTAL LIABILITIES AND NET ASSETS	\$ 748,071

RADIO AMATEUR SATELLITE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(See Accompanying Notes and Independent Accountants' Review Report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Product Related Income	\$ 47,060	\$	\$ 47,060
Cost of Products	<u>(23,411)</u>		<u>(23,411)</u>
Net Product Related Income	23,649		23,649
Contributions - Cash and In-Kind	317,579		317,579
Dues	79,910		79,910
Gain on Sale of Investments	1,162		1,162
Publications	17,042		17,042
Investment Income	14,805		14,805
Unrealized Gain on Investments	32,697		32,697
Annual General Meeting	55		55
Advertising	<u>1,920</u>		<u>1,920</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>488,819</u>		<u>488,819</u>
EXPENSES AND LOSSES			
Program Services			
Satellite Development	161,068	1,190	162,258
Publications and Software	83,493		83,493
Information and Symposia	120,783		120,783
Satellite Operations	<u>102,097</u>		<u>102,097</u>
Total Program Expenses	<u>467,441</u>	<u>1,190</u>	<u>468,631</u>
Supporting Services			
Management and General	24,635		24,635
Fundraising	<u>20,314</u>		<u>20,314</u>
Total Supporting Services	<u>44,949</u>		<u>44,949</u>
TOTAL EXPENSES	<u>512,390</u>	<u>1,190</u>	<u>513,580</u>
CHANGE IN NET ASSETS	(23,571)	(1,190)	(24,761)
NET ASSETS, BEGINNING OF YEAR	723,261	31,710	754,971
NET ASSETS, END OF YEAR	<u>\$ 699,690</u>	<u>\$ 30,520</u>	<u>\$ 730,210</u>

RADIO AMATEUR SATELLITE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(See Accompanying Notes and Independent Accountants' Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (24,761)
Adjustments to Reconcile Change in Net Assets to Cash Provided by/(Used in) Operating Activities:	
Depreciation	1,477
Gain on Sale of Investments	(1,162)
Unrealized Gain on Investments	(32,697)
Changes in Assets and Liabilities:	
Accounts Payable	(28,763)
Accrued Payroll	(13,031)
NET CASH USED IN OPERATING ACTIVITIES	<u>(98,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Equipment	(1,962)
Purchase of Investments	(242,101)
Proceeds from Sale of Investments	234,575
NET CASH USED IN INVESTING ACTIVITIES	<u>(9,488)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,425)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>137,080</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 28,655</u>

RADIO AMATEUR SATELLITE CORPORATION
December 31, 2016
(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
December 31, 2016
(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, 2016. 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. The valuation of their work and its effect on the financial statements has not been determined.

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, 2016, 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, 2013 are open to examination and any changes by the taxing authorities may affect AMSAT's income tax liability.

NOTE 2 – RESTRICTIONS ON NET ASSETS

The funds temporarily restricted for use in the satellite development project known as "TDMA" totaled \$30,520 as of December 31, 2016.

NOTE 3 – 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 \$7,265 for the year ended December 31, 2016.

NOTE 4 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2016, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosure is October 31, 2017 which is the date on which the financial statements were available to be issued.

RADIO AMATEUR SATELLITE CORPORATION

December 31, 2016

(See Independent Accountants' Review Report)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – 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 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%. Office rent expense for the year ended December 31, 2016 including building expenses and taxes was \$24,677. Additional rent of \$1,350 was paid for a storage facility in Florida. The rental agreement for that space is done in 6 month increments. Future minimum lease commitments are as follows:

2017	\$ 21,600
2018	22,248
2019	5,603
Total	<u>\$ 49,451</u>

RADIO AMATEUR SATELLITE CORPORATION
December 31, 2016
(See Independent Accountants' Review Report)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – 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, 2016 were \$234,575.

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

<u>DECEMBER 31, 2016:</u>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Publicly Traded Stock Funds				
Communications	\$ 27,719	\$ 66,111	\$	\$ 93,830
World Allocation	121,352		(8,639)	112,713
Pacific/Asia Stock	34,476		(2,724)	31,752
Emerging Markets	45,260		(9,246)	36,014
Managed Futures	48,764		(2,959)	45,805
Convertibles	40,368		(70)	40,298
World Stock	36,529		(4,550)	31,979
Bank Loan	44,774		(249)	44,525
Large Growth	49,936		(4,755)	45,181
Long/Short Equity	34,037		(193)	33,844
Commodities	42,425		(11,698)	30,727
Large Value	39,155	545		39,700
Publicly Traded Bond Funds				
World Bond Fund	45,771		(2,334)	43,437
Multisector Bond	44,233		(1,620)	42,613
Inflation Protected Bond	42,398		(762)	41,636
Total Marketable Securities	<u>\$ 697,197</u>	<u>\$ 66,656</u>	<u>\$ (49,799)</u>	<u>\$ 714,054</u>

The following table presents the gross realized gains and losses as of December 31, 2016:

Gross Realized Gains	\$ 4,654)
Gross Realized Losses	(3,492)
Total	<u>\$ 1,162)</u>

RADIO AMATEUR SATELLITE CORPORATION

December 31, 2016

(See Independent Accountants' Review Report)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – LONG TERM INVESTMENTS (CONTINUED)

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.

The following table sets forth by level, within the fair value hierarchy, marketable securities at fair value as of December 31, 2016

<u>DECEMBER 31, 2016:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Publicly Traded Stock Funds				
Communications	\$ 93,830	\$	\$	\$ 93,830
World Allocation	112,713			112,713
Pacific/Asia Stock	31,752			31,752
Emerging Markets	36,014			36,014
Managed Futures	45,805			45,805
Convertibles	40,298			40,298
World Stock	31,979			31,979
Bank Loan	44,525			44,525
Large Growth	45,181			45,181
Long/Short Equity	33,844			33,844
Commodities	30,727			30,727
Large Value	39,700			39,700
Publicly Traded Bond Funds				
World Bond Fund	43,437			43,437
Multisector Bond	42,613			42,613
Inflation Protected Bond	41,636			41,636
Total Marketable Securities	<u>\$ 714,054</u>			<u>\$ 714,054</u>

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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, 2016 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 & COMPANY, P. A.
NORTH BETHESDA, MARYLAND



October 31, 2017

RADIO AMATEUR SATELLITE CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
See Accompanying Notes and Independent Accountants' Review Report)

	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	Total
Subcontractors	\$ 91,800	\$ 21,600	\$	\$ 84,409	\$ 106,009	\$	\$	\$	\$ 106,009
Satellite Testing	4,315	9,349	47,464	5,034	66,162	2,157	3,596	5,753	91,800
Salaries	39,033			2,023	41,056		2,882	2,882	71,915
Components	10	25,691	10,441		36,142	409	1,590	1,999	43,938
Printing and Xerox	4,910	16,390	9,202	250	30,752	3,276	3,221	6,497	38,141
Postage and Shipping	12,968		2,097	5,786	20,851	6,488		6,488	37,249
Travel	2,724	2,977	15,761	2,734	24,196	687	1,144	1,831	27,339
Rent	1,877	112	14,549	76	16,614	1,357	267	1,624	26,027
Office Supplies and Expense						9,395		9,395	18,238
Legal and Accounting	1,660	100	575	175	2,510		5,353	5,353	9,395
Trophies and Plaques	436	944	4,795	509	6,684	218	363	581	7,863
Pension Plan	387	838	4,255	451	5,931	193	323	516	7,265
Insurance		3,807			3,807		1,007	1,007	6,447
Postage Preparation									4,814
Meetings and Conferences			4,353		4,353				4,353
Taxes - Payroll	235	510	2,590	275	3,610	118	196	314	3,924
Supplies	426	495	1,375	375	2,671		217	217	3,924
Telephone			2,067		2,067		155	155	2,888
Depreciation	1,477				1,477				2,222
Booth Rental			700		700				1,477
Royalties		680			680				700
Taxes - Other			202		202	337		337	680
Miscellaneous			357		357				539
									357
Total Functional Expenses	\$ 162,258	\$ 83,493	\$ 120,783	\$ 102,097	\$ 468,631	\$ 24,635	\$ 20,314	\$ 44,949	\$ 513,580
Percent of Functional Expenses	31.59%	16.26%	23.52%	19.88%	91.25%	4.80%	3.95%	8.75%	100.00%