

**RADIO AMATEUR SATELLITE  
CORPORATION (AMSAT)**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended December 31, 2017  
and 2016*

*And Independent Accountant's Review Report*

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**TABLE OF CONTENTS**

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**INDEPENDENT ACCOUNTANT’S REVIEW REPORT**..... 1

**FINANCIAL STATEMENTS**

Statements of Financial Position ..... 2  
Statements of Activities ..... 3-4  
Statements of Functional Expenses ..... 5-6  
Statements of Cash Flows ..... 7  
Notes to the Financial Statements ..... 8-16

## **Independent Accountant's Review Report**

To the Board of Directors  
Radio Amateur Satellite Corporation (AMSAT)  
Washington, D.C.

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, 2017, and the related statements of activities, functional expenses, 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.

### **Accountant's 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.

### **Accountant's 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.

### **Report on 2016 Financial Statements**

The financial statements of AMSAT as of and for the year ended December 31, 2016 were reviewed by other accountants whose report dated October 31, 2017 stated that, based on their review, they were 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.



Rockville, Maryland  
February 9, 2019

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016  
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 129,331	\$ 28,655
Total Current Assets	<u>129,331</u>	<u>28,655</u>
Property and equipment, net	<u>1,344</u>	<u>2,362</u>
Long-Term Investments:		
Mutual funds	710,776	649,710
Corporate stocks	<u>69,722</u>	<u>64,344</u>
Total Long-Term Investments	<u>780,498</u>	<u>714,054</u>
Other Assets:		
Licenses	<u>3,000</u>	<u>3,000</u>
<b>Total Assets</b>	<u><u>\$ 914,173</u></u>	<u><u>\$ 748,071</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 79,766	\$ 11,244
Accrued payroll	<u>6,617</u>	<u>6,617</u>
Total Current Liabilities	<u>86,383</u>	<u>17,861</u>
Net Assets:		
Unrestricted	787,270	699,690
Temporarily restricted	<u>40,520</u>	<u>30,520</u>
<b>Total Net Assets</b>	<u>827,790</u>	<u>730,210</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 914,173</u></u>	<u><u>\$ 748,071</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**STATEMENT OF ACTIVITIES**

*YEAR ENDED DECEMBER 31, 2017*  
*(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenue:</b>			
Contributions - cash and in-kind	\$ 335,122	\$ 10,000	\$ 345,122
Dues	88,848	-	88,848
Unrealized gain on investments	42,515	-	42,515
Investment income	38,790	-	38,790
Net product-related income	24,842	-	24,842
Publications	14,518	-	14,518
Annual general meeting	4,531	-	4,531
Gain on sale of investments	3,118	-	3,118
Advertising	1,620	-	1,620
Total Public Support and Revenue	<u>553,904</u>	<u>10,000</u>	<u>563,904</u>
<b>Expenses and Losses:</b>			
<b>Program Services:</b>			
Information and symposia	175,777	-	175,777
Satellite operations	123,616	-	123,616
Publications and software	83,123	-	83,123
Satellite development	32,427	-	32,427
Total Program Expenses	<u>414,943</u>	<u>-</u>	<u>414,943</u>
<b>Supporting Services:</b>			
Management and general	33,167	-	33,167
Fundraising	18,215	-	18,215
Total Supporting Services	<u>51,382</u>	<u>-</u>	<u>51,382</u>
Total Expenses	<u>466,324</u>	<u>-</u>	<u>466,324</u>
Change in net assets	87,580	10,000	97,580
Net assets, beginning of year	699,690	30,520	730,210
Net assets, end of year	<u>\$ 787,270</u>	<u>\$ 40,520</u>	<u>\$ 827,790</u>

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenue:</b>			
Contributions - cash and in-kind	\$ 317,579	\$ -	\$ 317,579
Dues	79,910	-	79,910
Unrealized gain on investments	32,697	-	32,697
Net product-related income	23,649	-	23,649
Publications	17,042	-	17,042
Investment income	14,805	-	14,805
Advertising	1,920	-	1,920
Gain on sale of investments	1,162	-	1,162
Annual general meeting	55	-	55
Total Public Support and Revenue	<u>488,819</u>	<u>-</u>	<u>488,819</u>
<b>Expenses and Losses:</b>			
<b>Program Services:</b>			
Satellite development	161,068	1,190	162,258
Information and symposia	120,783	-	120,783
Satellite operations	102,097	-	102,097
Publications and software	83,493	-	83,493
Total Program Expenses	<u>467,441</u>	<u>1,190</u>	<u>468,631</u>
<b>Supporting Services:</b>			
Management and general	24,635	-	24,635
Fundraising	20,314	-	20,314
Total Supporting Services	<u>44,949</u>	<u>-</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	<u>723,261</u>	<u>31,710</u>	<u>754,971</u>
Net assets, end of year	<u>\$ 699,690</u>	<u>\$ 30,520</u>	<u>\$ 730,210</u>

The accompanying notes to the financial statements are an integral part of this statement.

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2017

(SEE INDEPENDENT ACCOUNTANT'S 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	Total Supporting Services	
Subcontractors	\$ -	\$ 21,600	\$ -	\$ 70,321	\$ 91,921	\$ -	\$ -	\$ -	\$ 91,921
Salaries	5,263	9,773	48,867	6,014	69,917	1,504	3,759	5,263	75,181
Travel	8,627	-	20,274	15,004	43,905	9,773	-	9,773	53,678
Printing and xerox	-	27,329	12,301	-	39,630	436	1,301	1,737	41,368
Postage and shipping	1,756	12,977	13,128	1,000	28,861	721	2,997	3,718	32,579
Rent	3,392	2,956	15,421	2,957	24,726	455	1,137	1,592	26,318
Components	3,209	-	-	20,265	23,474	-	526	526	24,000
Office supplies and expense	1,017	817	18,618	59	20,511	95	-	95	20,606
Legal and accounting	-	-	-	-	-	19,345	-	19,345	19,345
Consultants	-	-	12,502	-	12,502	-	-	-	12,502
Trophies and plaques	-	-	3,916	-	3,916	-	6,065	6,065	9,981
Insurance	597	1,109	5,543	682	7,931	171	426	597	8,528
Satellite testing	5,670	-	-	2,835	8,505	-	-	-	8,505
Supplies	835	825	2,488	2,937	7,085	-	944	944	8,029
Taxes - payroll	534	991	4,956	610	7,091	152	381	533	7,623
Pension Plan	509	944	4,722	581	6,756	145	363	508	7,264
Booth rental	-	-	5,340	-	5,340	-	-	-	5,340
Meetings and conferences	-	-	4,780	-	4,780	-	-	-	4,780
Postage preparation	-	3,718	246	-	3,964	-	316	316	4,280
Telephone	-	-	2,453	351	2,804	-	-	-	2,804
Depreciation	1,018	-	-	-	1,018	-	-	-	1,018
Taxes - other	-	-	-	-	-	370	-	370	370
Miscellaneous	-	-	222	-	222	-	-	-	222
Royalties	-	84	-	-	84	-	-	-	84
<b>Total Functional Expenses</b>	<b>\$ 32,427</b>	<b>\$ 83,123</b>	<b>\$ 175,777</b>	<b>\$ 123,616</b>	<b>\$ 414,943</b>	<b>\$ 33,167</b>	<b>\$ 18,215</b>	<b>\$ 51,382</b>	<b>\$ 466,324</b>
<b>Percent of Functional Expenses</b>	<b>6.95%</b>	<b>17.83%</b>	<b>37.69%</b>	<b>26.51%</b>	<b>88.98%</b>	<b>7.11%</b>	<b>3.91%</b>	<b>11.02%</b>	<b>100.00%</b>

The accompanying notes to the financial statements are an integral part of this statement.

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2016

(SEE INDEPENDENT ACCOUNTANT'S 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	Total Supporting Services	
Subcontractors	\$ -	\$ 21,600	\$ -	\$ 84,409	\$ 106,009	\$ -	\$ -	\$ -	\$ 106,009
Satellite testing	91,800	-	-	-	91,800	-	-	-	91,800
Salaries	4,315	9,349	47,464	5,034	66,162	2,157	3,596	5,753	71,915
Components	39,033	-	-	2,023	41,056	-	2,882	2,882	43,938
Printing and xerox	10	25,691	10,441	-	36,142	409	1,590	1,999	38,141
Postage and shipping	4,910	16,390	9,202	250	30,752	3,276	3,221	6,497	37,249
Travel	12,968	-	2,097	5,786	20,851	6,488	-	6,488	27,339
Rent	2,724	2,977	15,761	2,734	24,196	687	1,144	1,831	26,027
Office supplies and expense	1,877	112	14,549	76	16,614	1,357	267	1,624	18,238
Legal and accounting	-	-	-	-	-	9,395	-	9,395	9,395
Trophies and plaques	1,660	100	575	175	2,510	-	5,353	5,353	7,863
Pension Plan	436	944	4,795	509	6,684	218	363	581	7,265
Insurance	387	838	4,255	451	5,931	193	323	516	6,447
Postage preparation	-	3,807	-	-	3,807	-	1,007	1,007	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	2,888
Telephone	-	-	2,067	-	2,067	-	155	155	2,222
Depreciation	1,477	-	-	-	1,477	-	-	-	1,477
Booth rental	-	-	700	-	700	-	-	-	700
Royalties	-	680	-	-	680	-	-	-	680
Taxes - other	-	-	202	-	202	337	-	337	539
Miscellaneous	-	-	357	-	357	-	-	-	357
<b>Total Functional Expenses</b>	<b>\$ 162,258</b>	<b>\$ 83,493</b>	<b>\$ 120,783</b>	<b>\$ 102,097</b>	<b>\$ 468,631</b>	<b>\$ 24,635</b>	<b>\$ 20,314</b>	<b>\$ 44,949</b>	<b>\$ 513,580</b>
<b>Percent of Functional Expenses</b>	<b>31.59%</b>	<b>16.26%</b>	<b>23.52%</b>	<b>19.88%</b>	<b>91.25%</b>	<b>4.80%</b>	<b>3.95%</b>	<b>8.75%</b>	<b>100.00%</b>

The accompanying notes to the financial statements are an integral part of this statement.



**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**STATEMENTS OF CASH FLOWS**

*YEARS ENDED DECEMBER 31, 2017 AND 2016*  
*(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 97,580	\$ (24,761)
Adjustments to reconcile change in net assets to cash provided by/(used in) operating activities:		
Depreciation	1,018	1,477
Gain on sale of investments	(3,118)	(1,162)
Unrealized gain on investments	(42,516)	(32,697)
Changes in assets and liabilities:		
Accounts payable	68,522	(28,763)
Accrued payroll	-	(13,031)
Net cash provided by/(used in) operating activities	<u>121,486</u>	<u>(98,937)</u>
<b>Cash flows from investing activities:</b>		
Purchase of equipment	-	(1,962)
Purchase of investments	(80,468)	(242,101)
Proceeds from sale of investments	<u>59,658</u>	<u>234,575</u>
Net cash used in investing activities	<u>(20,810)</u>	<u>(9,488)</u>
Net increase/(decrease) in cash and cash equivalents	100,676	(108,425)
Cash and cash equivalents - beginning	<u>28,655</u>	<u>137,080</u>
Cash and cash equivalents - ending	<u>\$ 129,331</u>	<u>\$ 28,655</u>

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

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### Note 1—Organization and business

*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.

### Note 2—Summary of significant accounting policies

*Basis of Accounting* – The Association follows the accrual method of accounting. Financial statement presentation follows the recommendations of the Presentation of Financial Statements for Not-For-Profit Entities Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Under this topic, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Financial Statement Presentation* – AMSAT reports 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.

*Unrestricted Net Assets* – Unrestricted net assets are not subject to donor-imposed stipulations. These net assets are available for the overall operations of AMSAT.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of AMSAT and/or the passage of time.

*Permanently Restricted Net Assets* – AMSAT reports contributions which require that the amounts be maintained in perpetuity as permanently restricted.

*Cash and Cash Equivalents* – AMSAT considers highly liquid debt investments with an original maturity of less than or equal to three months to be cash equivalents. AMSAT places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. AMSAT from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2017 and 2016, AMSAT had an amount of \$0 and \$0, respectively, on deposit in excess of these insured amounts; AMSAT's management does not believe AMSAT is exposed to any substantial risk.

*Investments* – The Association adopted the provisions of the Investments-Debt and Equity Securities for Not-for-Profit Entities Topic (Investments-Debt and Equity Securities Topic) of the FASB ASC. Under this topic, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Realized gains and losses on securities sold during the year and held at the beginning of the year are recognized to the extent sales proceeds exceed the security's fair market value at the beginning of the year.

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

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### Note 2—Summary of significant accounting policies (continued)

*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.

*Accounting Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any 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.

*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 based on management’s estimates and tracked time.

*Contributed Services* – Volunteers worked for AMSAT in various capacities for the year ended December 31, 2017. 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, 2017, 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, 2014 are open to examination and any changes by the taxing authorities may affect AMSAT’s income tax liability.

*New Accounting Pronouncements* – In August of 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard changes presentation and disclosure requirements of not-for-profit entities.

The primary changes are decrease in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, requires disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature. This standard is effective for all fiscal years beginning after December 15, 2017. Management is currently evaluating the impact of this standard on the Organization’s financial statements.

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

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### Note 2—Summary of significant accounting policies (continued)

In May 2014, the FASB issued ASU 2014-09. The amendments in this update create *Topic 606, Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in *Topic 605, Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in *Subtopic 605-35, Revenue Recognition – Construction-Type and Production-Type Contracts*, and create new *Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers*. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In August 2015, the FASB issued ASU 2015-14, which defers the effective date of the ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The amendments in this update will be effective for the Organization's fiscal year 2019 with early adoption permitted in certain circumstances. Management is currently evaluating the impact of this standard on the Organization's financial statements.

### Note 3—Restrictions on net assets

The funds temporarily restricted for use in the satellite development project known as "TDMA" totaled \$40,520 and \$30,520 as of December 31, 2017 and 2016, respectively.

### 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 \$7,265 for the years ended December 31, 2017 and 2016, respectively.

### 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 beginners 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.

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

**Note 5—Program services (continued)**

*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—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, 2017 and 2016 were \$59,658 and \$234,575, respectively.

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

	December 31, 2017			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
<b>Publicly-Traded Stock Funds:</b>				
Communications	\$ 32,719	\$ 69,242	\$ -	\$ 101,961
World allocation	119,770	3,632	(2,302)	121,100
Pacific/Asia stock	34,558	11,699	-	46,257
Emerging markets	46,813	-	(5,268)	41,545
Managed futures	48,764	-	(5,308)	43,456
Convertibles	41,536	2,254	-	43,790
World stock	47,796	-	(8,615)	39,181
Bank loan	46,046	-	(26)	46,020
Large growth	52,303	3,941	(137)	56,107
Long/short equity	34,037	-	-	34,037
Commodities	44,676	4,147	(13,469)	35,354
Large value	43,278	-	-	43,278
<b>Publicly Traded Bond Funds:</b>				
World bond fund	46,137	-	(1,646)	44,491
Multisector bond	39,951	1,626	-	41,577
Inflation protected bond	42,640	-	(296)	42,344
<b>Total Marketable Securities</b>	<b>\$ 721,024</b>	<b>\$ 96,541</b>	<b>\$ (37,067)</b>	<b>\$ 780,498</b>

**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

**Note 6—Long-term investments (continued)**

	December 31, 2016			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
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	545	(11,698)	31,272
Large value	39,155	-	-	39,155
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:

	2017	2016
Gross realized gains	\$ 3,118	\$ 4,654
Gross realized losses	-	(3,492)
Total	<u>\$ 3,118</u>	<u>\$ 1,162</u>

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

### Note 6—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, 2017:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Publicly-Traded Stock Funds:				
Communications	\$ 101,961	\$ -	\$ -	\$ 101,961
World allocation	121,100	-	-	121,100
Pacific/Asia stock	46,257	-	-	46,257
Emerging markets	41,545	-	-	41,545
Managed futures	43,456	-	-	43,456
Convertibles	43,790	-	-	43,790
World stock	39,181	-	-	39,181
Bank loan	46,020	-	-	46,020
Large growth	52,166	-	-	52,166
Long/short equity	37,978	-	-	37,978
Commodities	31,207	-	-	31,207
Large value	47,425	-	-	47,425
Publicly-Traded Bond Funds:				
World bond fund	44,491	-	-	44,491
Multisector bond	41,577	-	-	41,281
Inflation protected bond	42,344	-	-	42,344
Total Marketable Securities	<u>\$ 780,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780,498</u>

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

### Note 6—Long-term investments (continued)

	December 31, 2016			Total
	Level 1	Level 2	Level 3	
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	-	-	42,317
Inflation protected bond	41,636	-	-	41,636
Total Marketable Securities	<u>\$ 714,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714,054</u>



**RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016  
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

**Note 7—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 years ended December 31, 2017 and 2016 including building expenses and taxes was \$24,519 and \$24,677, respectively. Additional rent of \$1,798 and \$1,350 was paid for a storage facility in Florida for the years ended December 31, 2017 and 2016, respectively. The rental agreement for that space is renewed in 6 month periods. Management has determined that the deferred rent is immaterial as of December 31, 2017 and 2016.

Future minimum lease commitments are as follows:

2018	\$	22,248
2019		5,603
Total	\$	<u>27,851</u>

**Note 8—Net product-related income**

Net product-related income is comprised of the following:

	<u>2017</u>	<u>2016</u>
Product-related revenues	\$ 42,731	\$ 47,060
Cost of revenues	(17,889)	(23,411)
Net product-related income	<u>\$ 24,842</u>	<u>\$ 23,649</u>

**Note 9—Property 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.

Property and equipment is comprised of the following:

	<u>2017</u>	<u>2016</u>
Furniture	\$ 32,267	\$ 32,267
Equipment	61,006	61,006
Software	3,745	3,745
	97,018	97,018
Less accumulated depreciation and amortization	(95,674)	(94,656)
	<u>\$ 1,344</u>	<u>\$ 2,362</u>

# **RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**

## **NOTES TO THE FINANCIAL STATEMENTS**

*DECEMBER 31, 2017 AND 2016*

*(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

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### **Note 10—Subsequent events**

The date to which events occurring after December 31, 2017, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosure is February 9, 2019 which is the date on which the financial statements were available to be issued.