RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

And Independent Accountant’s Review Report
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FINANCIAL STATEMENTS

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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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 engagements 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 reviews, except for the issue noted in the Known Departure from Accounting Principles Generally Accepted in the United States of America paragraph, 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.

Known Departure from Accounting Principles Generally Accepted in the United States of America
Accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires that the financial statement record and disclose the value of the specialized services provided by volunteers. Management has elected not to record and make this disclosure due to the impracticability of developing the information. The effect of this departure from the U.S. GAAP basis of accounting on financial position and change in net assets has not been determined.
Changes in Financial Statement Preparation
As discussed in Note 2, AMSAT adopted Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU has been applied retrospectively to all periods presented, with the exception of liquidity and availability of resources, which has been implemented prospectively as allowed under the provision of ASU 2016-14. Our conclusion is not modified with respect to this matter.

Rockville, Maryland
December 2, 2019
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017
(SEE INDEPENDENT ACCOUNTANT’S REVIEW REPORT)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 38,683</td>
<td>$ 129,331</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$ 38,683</td>
<td>$ 129,331</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$ 952</td>
<td>$ 1,344</td>
</tr>
<tr>
<td>Long-Term Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>577,572</td>
<td>710,776</td>
</tr>
<tr>
<td>Corporate stocks</td>
<td>56,674</td>
<td>69,722</td>
</tr>
<tr>
<td>Total Long-Term Investments</td>
<td>634,246</td>
<td>780,498</td>
</tr>
<tr>
<td>Other Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 676,881</td>
<td>$ 914,173</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 36,876</td>
<td>$ 79,766</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>5,548</td>
<td>6,617</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$ 42,424</td>
<td>86,383</td>
</tr>
<tr>
<td>Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>603,937</td>
<td>787,270</td>
</tr>
<tr>
<td>With donor restrictions subject to purpose restrictions</td>
<td>30,520</td>
<td>40,520</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$ 634,457</td>
<td>$ 827,790</td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>$ 676,881</td>
<td>$ 914,173</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of these statements.
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT ACCOUNTANT’S REVIEW REPORT)

<table>
<thead>
<tr>
<th>Public Support and Revenue:</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions - cash and in-kind</td>
<td>$ 232,275</td>
<td>-</td>
<td>$ 232,275</td>
</tr>
<tr>
<td>Dues</td>
<td>99,592</td>
<td>-</td>
<td>99,592</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>32,753</td>
<td>-</td>
<td>32,753</td>
</tr>
<tr>
<td>Product-related income</td>
<td>14,624</td>
<td>-</td>
<td>14,624</td>
</tr>
<tr>
<td>Publications</td>
<td>19,057</td>
<td>-</td>
<td>19,057</td>
</tr>
<tr>
<td>Annual general meeting</td>
<td>2,561</td>
<td>-</td>
<td>2,561</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,750</td>
<td>-</td>
<td>1,750</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>10,000</td>
<td>(10,000)</td>
<td>-</td>
</tr>
<tr>
<td>Total Public Support and Revenue</td>
<td>412,612</td>
<td>(10,000)</td>
<td>402,612</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses and Losses:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized loss on investments</td>
<td>53,546</td>
<td>-</td>
<td>53,546</td>
</tr>
<tr>
<td>Loss on sale of investments</td>
<td>36,421</td>
<td>-</td>
<td>36,421</td>
</tr>
<tr>
<td>Total Losses</td>
<td>89,967</td>
<td>-</td>
<td>89,967</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program Services:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and symposia</td>
<td>137,563</td>
<td>-</td>
<td>137,563</td>
</tr>
<tr>
<td>Satellite operations</td>
<td>188,586</td>
<td>-</td>
<td>188,586</td>
</tr>
<tr>
<td>Publications and software</td>
<td>89,465</td>
<td>-</td>
<td>89,465</td>
</tr>
<tr>
<td>Satellite development</td>
<td>32,131</td>
<td>-</td>
<td>32,131</td>
</tr>
<tr>
<td>Total Program Expenses</td>
<td>447,745</td>
<td>-</td>
<td>447,745</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting Services:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and general</td>
<td>44,354</td>
<td>-</td>
<td>44,354</td>
</tr>
<tr>
<td>Fundraising</td>
<td>13,879</td>
<td>-</td>
<td>13,879</td>
</tr>
<tr>
<td>Total Supporting Services</td>
<td>58,233</td>
<td>-</td>
<td>58,233</td>
</tr>
<tr>
<td>Total Expenses and Losses</td>
<td>595,945</td>
<td>-</td>
<td>595,945</td>
</tr>
</tbody>
</table>

| Change in net assets                                            | (183,333)                | (10,000)                | (193,333)| |
| Net assets, beginning of year                                   | 787,270                  | 40,520                  | 827,790  | |
| Net assets, end of year                                         | $ 603,937                | $ 30,520                | $ 634,457| |

The accompanying notes to the financial statements are an integral part of these statements.
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENT OF ACTIVITIES

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

The accompanying notes to the financial statements are an integral part of these statements.
The accompanying notes to the financial statements are an integral part of these statements.
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENT OF FUNCTIONAL EXPENSES

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

<table>
<thead>
<tr>
<th>PROGRAM SERVICES</th>
<th>SUPPORTING SERVICES</th>
<th>TOTAL EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satellite</td>
<td>Development</td>
<td>Publications</td>
</tr>
<tr>
<td>Operations</td>
<td>and Software</td>
<td>and Symposia</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>$ -</td>
<td>$ 21,600</td>
</tr>
<tr>
<td>Salaries</td>
<td>5,263</td>
<td>9,773</td>
</tr>
<tr>
<td>Travel</td>
<td>8,627</td>
<td>-</td>
</tr>
<tr>
<td>Printing and xerox</td>
<td>-</td>
<td>27,329</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>1,756</td>
<td>12,977</td>
</tr>
<tr>
<td>Rent</td>
<td>3,382</td>
<td>2,956</td>
</tr>
<tr>
<td>Components</td>
<td>3,209</td>
<td>-</td>
</tr>
<tr>
<td>Office supplies and expense</td>
<td>1,017</td>
<td>817</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consultants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trophies and plaques</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>597</td>
<td>1,109</td>
</tr>
<tr>
<td>Satellite testing</td>
<td>5,670</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>835</td>
<td>825</td>
</tr>
<tr>
<td>Taxes - payroll</td>
<td>534</td>
<td>991</td>
</tr>
<tr>
<td>Pension plan</td>
<td>509</td>
<td>944</td>
</tr>
<tr>
<td>Booth rental</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Meetings and conferences</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Postage preparation</td>
<td>-</td>
<td>3,718</td>
</tr>
<tr>
<td>Telephone</td>
<td>-</td>
<td>2,453</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,018</td>
<td>-</td>
</tr>
<tr>
<td>Taxes - other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Royalties</td>
<td>-</td>
<td>84</td>
</tr>
</tbody>
</table>

Total Functional Expenses $ 32,427 | $ 83,123 | $ 175,777 | $ 123,616 | $ 414,943 | $ 33,167 | $ 18,215 | $ 51,382 | $ 466,325 |

Percent of Functional Expenses 6.95% | 17.83% | 37.69% | 26.51% | 88.98% | 7.11% | 3.91% | 11.02% | 100.00% |

The accompanying notes to the financial statements are an integral part of these statements.
The accompanying notes to the financial statements are an integral part of these statements.
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 and Presentation – The financial statements of AMSAT have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). AMSAT reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restriction – Net assets without donor restriction are not subject to donor imposed stipulations. These net assets are available for the overall operations at the discretion of the Board of Directors.

Net Assets With Donor Restriction – Net assets with donor restriction are subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time. Other restrictions are those which are contributed with donor restrictions requiring that they be held in perpetuity.

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, 2018 and 2017, 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.

Fair Value Measurement – The carrying amounts reflected in the statements of financial position for current assets and current liabilities approximate their respective fair values due to the short maturities on those instruments.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions 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.
Note 2—Summary of significant accounting policies (continued)

Recognition of Dues and Contributions – AMSAT recognizes annual dues as income when earned. Contributions are not generally pledged in advance of collection and are recognized upon receipt.

Accounting Estimates – The preparation of financial statements in conformity with U.S. 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.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis, which is based on time spent on the various program services and supporting services by the manager.

Contributed Services – Volunteers worked for AMSAT in various capacities for the years ended December 31, 2018 and 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. U.S. GAAP requires management to record and disclose services that create or enhance non-financed assets or those that require special skills. Management has elected not to record and disclose the information. 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, 2018, 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 ended after December 31, 2015 are open to examination and any changes by the taxing authorities may affect AMSAT’s income tax liability.

Adopted Pronouncements – On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. AMSAT has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, with the exception of liquidity and availability of resources, which has been implemented prospectively as allowed under the provision of ASU 2016-14.
Note 2—Summary of significant accounting policies (continued)

Future Pronouncements – In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one-year making it effective for annual reporting periods beginning after December 15, 2018, for all non-SEC filers, including not-for-profit entities. AMSAT has not yet selected a transition method and is currently evaluating the effect the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), requiring lessees to recognize lease assets and liabilities on the balance sheet for all arrangements with terms longer than 12 months. Lessor accounting remains consistent with current U.S. GAAP. This ASU is effective for fiscal years beginning after December 15, 2019. AMSAT is currently evaluating the effect the ASU will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a more detailed framework for determining whether a grant or similar contract should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides additional guidance to help determine whether a contribution is conditional, and better distinguish between a donor-imposed condition and a donor-imposed restriction. The ASU is effective for fiscal years beginning after December 15, 2018. The ASU requires the provisions to be applied on a modified prospective basis and early adoption is permitted. AMSAT is currently evaluating the effect the ASU will have on the financial statements.

Note 3—Liquidity

The table below represents financial assets available for general expenditures within one year at December 31:

<table>
<thead>
<tr>
<th>Financial assets at year-end</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 38,684</td>
<td>$ 129,331</td>
</tr>
<tr>
<td>Investments</td>
<td>634,246</td>
<td>780,498</td>
</tr>
<tr>
<td>Total financial assets at year-end</td>
<td>672,930</td>
<td>909,829</td>
</tr>
<tr>
<td>Less amounts not available to be used for general expenditures within one-year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor restricted with purpose restrictions</td>
<td>30,520</td>
<td>40,520</td>
</tr>
<tr>
<td>Financial assets available to meet general expenditures within one-year</td>
<td>$ 642,410</td>
<td>$ 869,309</td>
</tr>
</tbody>
</table>

General expenditures include general and administrative and fundraising expenses expected to be paid in the subsequent year. As part of AMSAT’s liquidity management plan, cash in excess of monthly expenditure requirements is invested in corporate stocks and mutual funds. AMSAT solicits general contributions on an ongoing basis to maintain an operating reserve.
Note 4—Cash and cash equivalents

Cash and cash equivalents as of December 31 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merrill Lynch Cash account</td>
<td>$4,122</td>
<td>$2,007</td>
</tr>
<tr>
<td>Eagle Bank Checking account</td>
<td>$34,562</td>
<td>$127,324</td>
</tr>
<tr>
<td></td>
<td>$38,684</td>
<td>$129,331</td>
</tr>
</tbody>
</table>

Note 5—Net assets with donor restrictions

AMSAT received net assets with donor restriction contributions during the years ended December 31, 2018 and 2017 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information &amp; Symposia</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Publications</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Satellite Development</td>
<td>-</td>
<td>$10,000</td>
</tr>
<tr>
<td>Satellite Operation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total with donor restriction</td>
<td>$-</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

Net assets with donor restrictions as of December 31, 2018 and 2017 are available for the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satellite Development</td>
<td>$30,520</td>
<td>$40,520</td>
</tr>
<tr>
<td>Total net assets with donor restriction</td>
<td>$30,520</td>
<td>$40,520</td>
</tr>
</tbody>
</table>

Note 6—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 $7,121 and $7,264 for the years ended December 31, 2018 and 2017, respectively.

Note 7—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.
Note 7—Program services (continued)

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.

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 8—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 for all other securities. The gross proceeds from sales of mutual funds and other marketable securities for the years ended December 31, 2018 and 2017 were $185,716 and $59,658, respectively.

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

<table>
<thead>
<tr>
<th>Publicly-Traded Corporate Stocks:</th>
<th>Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>$1,719</td>
<td>$54,957</td>
<td></td>
<td>$56,676</td>
</tr>
</tbody>
</table>

Publicly-Traded Stock Funds:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>36,950</td>
<td>-</td>
<td>(10,582)</td>
<td>26,368</td>
</tr>
<tr>
<td>World allocation</td>
<td>111,218</td>
<td>-</td>
<td>(11,049)</td>
<td>100,169</td>
</tr>
<tr>
<td>Pacific/Asia stock</td>
<td>32,246</td>
<td>1,726</td>
<td>-</td>
<td>33,972</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>30,466</td>
<td>-</td>
<td>(120)</td>
<td>30,346</td>
</tr>
<tr>
<td>Managed futures</td>
<td>38,842</td>
<td>-</td>
<td>(4,693)</td>
<td>34,149</td>
</tr>
<tr>
<td>Convertibles</td>
<td>39,098</td>
<td>-</td>
<td>(2,818)</td>
<td>36,280</td>
</tr>
<tr>
<td>World stock</td>
<td>49,023</td>
<td>-</td>
<td>(14,687)</td>
<td>34,336</td>
</tr>
<tr>
<td>Bank loan</td>
<td>35,315</td>
<td>-</td>
<td>(1,103)</td>
<td>34,212</td>
</tr>
<tr>
<td>Large growth</td>
<td>35,064</td>
<td>-</td>
<td>(2,425)</td>
<td>32,639</td>
</tr>
<tr>
<td>Long/short equity</td>
<td>33,696</td>
<td>1,283</td>
<td>-</td>
<td>34,979</td>
</tr>
<tr>
<td>Commodities</td>
<td>35,930</td>
<td>-</td>
<td>(10,340)</td>
<td>25,590</td>
</tr>
<tr>
<td>Large value</td>
<td>46,254</td>
<td>-</td>
<td>(4,430)</td>
<td>41,824</td>
</tr>
</tbody>
</table>

Publicly-Traded Bond Funds:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World bond fund</td>
<td>41,936</td>
<td>-</td>
<td>(1,936)</td>
<td>40,000</td>
</tr>
<tr>
<td>Multisector bond</td>
<td>40,313</td>
<td>-</td>
<td>(2,341)</td>
<td>37,972</td>
</tr>
<tr>
<td>Inflation protected bond</td>
<td>36,410</td>
<td>-</td>
<td>(1,676)</td>
<td>34,734</td>
</tr>
<tr>
<td>Total Marketable Securities</td>
<td>$644,480</td>
<td>$57,966</td>
<td>($68,200)</td>
<td>$634,246</td>
</tr>
</tbody>
</table>
Note 8—Long-term investments (continued)

<table>
<thead>
<tr>
<th>Publicly-Traded Corporate Stocks:</th>
<th>December 31, 2017</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>$ 1,719</td>
<td>$ 68,002</td>
<td>$</td>
<td>$ 69,721</td>
</tr>
</tbody>
</table>

Publicly-Traded Stock Funds:

<table>
<thead>
<tr>
<th>Category</th>
<th>December 31, 2017</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>31,000</td>
<td>1,240</td>
<td></td>
<td>32,240</td>
</tr>
<tr>
<td>World allocation</td>
<td>119,770</td>
<td>3,632</td>
<td>-</td>
<td>121,100</td>
</tr>
<tr>
<td>Pacific/Asia stock</td>
<td>34,558</td>
<td>11,699</td>
<td></td>
<td>46,257</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>46,813</td>
<td>-</td>
<td>(5,268)</td>
<td>41,545</td>
</tr>
<tr>
<td>Managed futures</td>
<td>48,764</td>
<td>-</td>
<td>(5,308)</td>
<td>43,456</td>
</tr>
<tr>
<td>Convertibles</td>
<td>41,536</td>
<td>2,254</td>
<td>-</td>
<td>43,790</td>
</tr>
<tr>
<td>World stock</td>
<td>47,796</td>
<td>-</td>
<td>(8,615)</td>
<td>39,181</td>
</tr>
<tr>
<td>Bank loan</td>
<td>46,046</td>
<td>-</td>
<td>(26)</td>
<td>46,020</td>
</tr>
<tr>
<td>Large growth</td>
<td>52,303</td>
<td>3,941</td>
<td>(137)</td>
<td>56,107</td>
</tr>
<tr>
<td>Long/short equity</td>
<td>34,037</td>
<td>-</td>
<td></td>
<td>34,037</td>
</tr>
<tr>
<td>Commodities</td>
<td>44,676</td>
<td>4,147</td>
<td>(13,469)</td>
<td>35,354</td>
</tr>
<tr>
<td>Large value</td>
<td>43,278</td>
<td>-</td>
<td>-</td>
<td>43,278</td>
</tr>
</tbody>
</table>

Publicly-Traded Bond Funds:

<table>
<thead>
<tr>
<th>Category</th>
<th>December 31, 2017</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>World bond fund</td>
<td>46,137</td>
<td>-</td>
<td>(1,646)</td>
<td>44,491</td>
</tr>
<tr>
<td>Multisector bond</td>
<td>39,951</td>
<td>1,626</td>
<td>-</td>
<td>41,577</td>
</tr>
<tr>
<td>Inflation protected bond</td>
<td>42,640</td>
<td>-</td>
<td>(296)</td>
<td>42,344</td>
</tr>
</tbody>
</table>

Total Marketable Securities: $ 721,024 $ 96,541 $(37,067) $ 780,498

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross realized gains</td>
<td>$ 7,853</td>
<td>$ 3,118</td>
</tr>
<tr>
<td>Gross realized losses</td>
<td>(44,274)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$(36,421)</td>
<td>$ 3,118</td>
</tr>
</tbody>
</table>
Note 8—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, 2018:

<table>
<thead>
<tr>
<th>Publicly-Traded Corporate Stocks</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>$56,676</td>
<td>$</td>
<td>$</td>
<td>$56,676</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Publicly-Traded Stock Funds</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>26,368</td>
<td>-</td>
<td>-</td>
<td>26,368</td>
</tr>
<tr>
<td>World allocation</td>
<td>100,169</td>
<td>-</td>
<td>-</td>
<td>100,169</td>
</tr>
<tr>
<td>Pacific/Asia stock</td>
<td>33,972</td>
<td>-</td>
<td>-</td>
<td>33,972</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>30,346</td>
<td>-</td>
<td>-</td>
<td>30,346</td>
</tr>
<tr>
<td>Managed futures</td>
<td>34,149</td>
<td>-</td>
<td>-</td>
<td>34,149</td>
</tr>
<tr>
<td>Convertibles</td>
<td>36,280</td>
<td>-</td>
<td>-</td>
<td>36,280</td>
</tr>
<tr>
<td>World stock</td>
<td>34,336</td>
<td>-</td>
<td>-</td>
<td>34,336</td>
</tr>
<tr>
<td>Floating rate loans</td>
<td>34,212</td>
<td>-</td>
<td>-</td>
<td>34,212</td>
</tr>
<tr>
<td>Large growth</td>
<td>32,639</td>
<td>-</td>
<td>-</td>
<td>32,639</td>
</tr>
<tr>
<td>Long/short equity</td>
<td>34,979</td>
<td>-</td>
<td>-</td>
<td>34,979</td>
</tr>
<tr>
<td>Commodities</td>
<td>25,590</td>
<td>-</td>
<td>-</td>
<td>25,590</td>
</tr>
<tr>
<td>Large value</td>
<td>41,824</td>
<td>-</td>
<td>-</td>
<td>41,824</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Publicly-Traded Bond Funds</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World bond fund</td>
<td>40,000</td>
<td>-</td>
<td>-</td>
<td>40,000</td>
</tr>
<tr>
<td>Multisector bond</td>
<td>37,972</td>
<td>-</td>
<td>-</td>
<td>37,972</td>
</tr>
<tr>
<td>Inflation protected bond</td>
<td>34,734</td>
<td>-</td>
<td>-</td>
<td>34,734</td>
</tr>
<tr>
<td><strong>Total Marketable Securities</strong></td>
<td><strong>$634,246</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$634,246</strong></td>
</tr>
</tbody>
</table>
Note 8—Long-term investments (continued)

<table>
<thead>
<tr>
<th>Publicly-Traded Corporate Stocks:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>$69,721</td>
<td>$</td>
<td>$</td>
<td>$69,721</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Publicly-Traded Stock Funds:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>32,240</td>
<td>$</td>
<td>$</td>
<td>32,240</td>
</tr>
<tr>
<td>World allocation</td>
<td>121,100</td>
<td>$</td>
<td>$</td>
<td>121,100</td>
</tr>
<tr>
<td>Pacific/Asia stock</td>
<td>46,257</td>
<td>$</td>
<td>$</td>
<td>46,257</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>41,545</td>
<td>$</td>
<td>$</td>
<td>41,545</td>
</tr>
<tr>
<td>Managed futures</td>
<td>43,456</td>
<td>$</td>
<td>$</td>
<td>43,456</td>
</tr>
<tr>
<td>Convertibles</td>
<td>43,790</td>
<td>$</td>
<td>$</td>
<td>43,790</td>
</tr>
<tr>
<td>World stock</td>
<td>39,181</td>
<td>$</td>
<td>$</td>
<td>39,181</td>
</tr>
<tr>
<td>Floating rate loans</td>
<td>46,020</td>
<td>$</td>
<td>$</td>
<td>46,020</td>
</tr>
<tr>
<td>Large growth</td>
<td>52,166</td>
<td>$</td>
<td>$</td>
<td>52,166</td>
</tr>
<tr>
<td>Long/short equity</td>
<td>37,978</td>
<td>$</td>
<td>$</td>
<td>37,978</td>
</tr>
<tr>
<td>Commodities</td>
<td>31,207</td>
<td>$</td>
<td>$</td>
<td>31,207</td>
</tr>
<tr>
<td>Large value</td>
<td>47,425</td>
<td>$</td>
<td>$</td>
<td>47,425</td>
</tr>
</tbody>
</table>

Publicly-Traded Bond Funds:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World bond fund</td>
<td>44,491</td>
<td>$</td>
<td>$</td>
<td>44,491</td>
</tr>
<tr>
<td>Multisector bond</td>
<td>41,577</td>
<td>$</td>
<td>$</td>
<td>41,281</td>
</tr>
<tr>
<td>Inflation protected bond</td>
<td>42,344</td>
<td>$</td>
<td>$</td>
<td>42,344</td>
</tr>
</tbody>
</table>

| Total Marketable Securities| $780,498 | $       | $       | $780,498 |
Note 9—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. On February 7, 2019, AMSAT entered into an amendment to the current lease. The amendment extends the lease with existing space to March 31, 2024.

Minimum rent is increased annually at a rate of 3%. Office rent expense for the years ended December 31, 2018 and 2017 including building expenses and taxes was $25,870 and $24,519, respectively. Additional rent of $1,917 and $1,798 was paid for a storage facility in Florida for the years ended December 31, 2018 and 2017, 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, 2018 and 2017.

Future minimum lease commitments are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$20,537</td>
</tr>
<tr>
<td>2020</td>
<td>$20,361</td>
</tr>
<tr>
<td>2021</td>
<td>$20,971</td>
</tr>
<tr>
<td>2021</td>
<td>$21,600</td>
</tr>
<tr>
<td>2022</td>
<td>$22,249</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$5,603</td>
</tr>
<tr>
<td>Total</td>
<td>$111,321</td>
</tr>
</tbody>
</table>

Note 10—Net product-related income

Net product-related income is comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product-related revenues</td>
<td>$41,492</td>
<td>$42,731</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(26,868)</td>
<td>(17,889)</td>
</tr>
<tr>
<td>Net product-related income</td>
<td>$14,624</td>
<td>$24,842</td>
</tr>
</tbody>
</table>
Note 11—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:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$32,267</td>
<td>$32,267</td>
</tr>
<tr>
<td>Equipment</td>
<td>61,006</td>
<td>61,006</td>
</tr>
<tr>
<td>Software</td>
<td>3,745</td>
<td>3,745</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>97,018</td>
<td>97,018</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(96,066)</td>
<td>(95,674)</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>$952</td>
<td>$1,344</td>
</tr>
</tbody>
</table>

Note 12—Commitments and contingencies

AMSAT is subject to legal proceedings and claims, which arise in the ordinary course of business. In the opinion of management, there is no pending or threatened litigation or administrative proceeding that is expected to have a material adverse impact on AMSAT’s financial position or change in net assets.

Note 13—Subsequent events

The date to which events occurring after December 31, 2018, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosure is December 2, 2019 which is the date on which the financial statements were available to be issued.