

**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*

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

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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.

CERRY BEKAERY LLP

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)*

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

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

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public Support and Revenue:</b>			
Contributions - cash and in-kind	\$ 232,275	\$ -	\$ 232,275
Dues	99,592	-	99,592
Interest and dividends	32,753	-	32,753
Product-related income	14,624	-	14,624
Publications	19,057	-	19,057
Annual general meeting	2,561	-	2,561
Advertising	1,750	-	1,750
Net assets released from restrictions	10,000	(10,000)	-
Total Public Support and Revenue	<u>412,612</u>	<u>(10,000)</u>	<u>402,612</u>
<b>Expenses and Losses:</b>			
Unrealized loss on investments	53,546	-	53,546
Loss on sale of investments	36,421	-	36,421
Total Losses	<u>89,967</u>	<u>-</u>	<u>89,967</u>
<b>Program Services:</b>			
Information and symposia	137,563	-	137,563
Satellite operations	188,586	-	188,586
Publications and software	89,465	-	89,465
Satellite development	32,131	-	32,131
Total Program Expenses	<u>447,745</u>	<u>-</u>	<u>447,745</u>
<b>Supporting Services:</b>			
Management and general	44,354	-	44,354
Fundraising	13,879	-	13,879
Total Supporting Services	<u>58,233</u>	<u>-</u>	<u>58,233</u>
Total Expenses and Losses	<u>595,945</u>	<u>-</u>	<u>595,945</u>
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	<u>\$ 603,937</u>	<u>\$ 30,520</u>	<u>\$ 634,457</u>

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)*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public Support and Revenue:</b>			
Contributions - cash and in-kind	\$ 335,123	\$ 10,000	\$ 345,123
Dues	88,848	-	88,848
Unrealized gain on investments	42,515	-	42,515
Product-related income	24,842	-	24,842
Publications	14,518	-	14,518
Interest and dividends	38,790	-	38,790
Advertising	1,620	-	1,620
Gain on sale of investments	3,118	-	3,118
Annual general meeting	4,531	-	4,531
Total Public Support and Revenue	<u>553,905</u>	<u>10,000</u>	<u>563,905</u>
<b>Expenses and Losses:</b>			
<b>Program Services:</b>			
Satellite development	32,427	-	32,427
Information and symposia	175,777	-	175,777
Satellite operations	123,616	-	123,616
Publications and software	83,123	-	83,123
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>466,325</u>	<u>-</u>	<u>466,325</u>
Change in net assets	87,580	10,000	97,580
Net assets, beginning of year	<u>699,690</u>	<u>30,520</u>	<u>730,210</u>
Net assets, end of year	<u>\$ 787,270</u>	<u>\$ 40,520</u>	<u>\$ 827,790</u>

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, 2018

(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	\$ -	\$ 18,000	\$ -	\$ 96,900	\$ 114,900	\$ -	\$ -	\$ -	\$ 114,900
Components	4,580	-	2,312	71,182	78,074	-	259	259	78,333
Salaries	4,986	11,397	42,737	7,123	66,243	1,425	3,561	4,986	71,229
Printing and xerox	-	31,229	11,561	12	42,802	3,207	-	3,207	46,009
Postage and shipping	2,930	15,012	10,217	487	28,646	3,807	91	3,898	32,544
Travel	6,543	-	9,035	2,140	17,718	10,583	-	10,583	28,301
Rent	1,811	4,139	16,221	3,805	25,976	517	1,294	1,811	27,787
Legal and accounting	-	-	3,649	-	3,649	23,209	-	23,209	26,858
Office supplies and expense	216	542	15,958	193	16,909	352	-	352	17,261
Trophies and plaques	-	-	1,466	2,103	3,569	-	7,620	7,620	11,189
Satellite testing	9,140	-	200	-	9,340	-	-	-	9,340
Pension plan	499	1,140	4,273	712	6,624	142	355	497	7,121
Supplies	330	990	2,060	2,437	5,817	-	-	-	5,817
Booth rental	-	-	5,720	-	5,720	-	-	-	5,720
Taxes - payroll	381	872	3,269	545	5,067	109	273	382	5,449
Telephone	-	-	4,482	486	4,968	-	-	-	4,968
Postage preparation	-	3,250	1,062	-	4,312	650	-	650	4,962
Insurance	323	738	2,767	461	4,289	92	231	323	4,612
Royalties	-	2,156	-	-	2,156	-	-	-	2,156
Miscellaneous	-	-	214	-	214	39	195	234	448
Depreciation	392	-	-	-	392	-	-	-	392
Consultants	-	-	360	-	360	-	-	-	360
Taxes - other	-	-	-	-	-	222	-	222	222
Total Functional Expenses	<u>\$ 32,131</u>	<u>\$ 89,465</u>	<u>\$ 137,563</u>	<u>\$ 188,586</u>	<u>\$ 447,745</u>	<u>\$ 44,354</u>	<u>\$ 13,879</u>	<u>\$ 58,233</u>	<u>\$ 505,978</u>
Percent of Functional Expenses	<u>6.35%</u>	<u>17.68%</u>	<u>27.19%</u>	<u>37.27%</u>	<u>88.49%</u>	<u>8.77%</u>	<u>2.74%</u>	<u>11.51%</u>	<u>100.00%</u>

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)

	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	75,180
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>\$ 466,325</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 these statements.

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

*YEARS ENDED DECEMBER 31, 2018 AND 2017*  
*(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (193,333)	\$ 97,580
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	392	1,018
Loss (gain) on sale of investments	36,421	(3,118)
Unrealized loss (gain) on investments	53,546	(42,515)
Changes in assets and liabilities:		
Accounts payable	(42,890)	68,521
Accrued payroll	(1,069)	-
Net cash (used in) provided by operating activities	<u>(146,933)</u>	<u>121,486</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(129,431)	(80,468)
Proceeds from sale of investments	185,716	59,658
Net cash provided by (used in) investing activities	<u>56,285</u>	<u>(20,810)</u>
Net (decrease) increase in cash and cash equivalents	(90,648)	100,676
Cash and cash equivalents - beginning	129,331	28,655
Cash and cash equivalents - ending	<u>\$ 38,683</u>	<u>\$ 129,331</u>

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(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 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.

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(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 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.

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

### 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:

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

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.

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

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

**Note 4—Cash and cash equivalents**

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

	<u>2018</u>	<u>2017</u>
Merrill Lynch Cash account	\$ 4,122	\$ 2,007
Eagle Bank Checking account	34,562	127,324
	<u>\$ 38,684</u>	<u>\$ 129,331</u>

**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:

	<u>2018</u>	<u>2017</u>
Information & Symposia	\$ -	\$ -
Publications	-	-
Satellite Development	-	10,000
Satellite Operation	-	-
Total with donor restriction contributions	<u>\$ -</u>	<u>\$ 10,000</u>

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

	<u>2018</u>	<u>2017</u>
Satellite Development	\$ 30,520	\$ 40,520
Total net assets with donor restriction	<u>\$ 30,520</u>	<u>\$ 40,520</u>

**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.

# RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

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### **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.

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**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:

	December 31, 2018			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Publicly-Traded Corporate Stocks:				
Communications	\$ 1,719	\$ 54,957	\$ -	\$ 56,676
Publicly-Traded Stock Funds:				
Communications	36,950	-	(10,582)	26,368
World allocation	111,218	-	(11,049)	100,169
Pacific/Asia stock	32,246	1,726	-	33,972
Emerging markets	30,466	-	(120)	30,346
Managed futures	38,842	-	(4,693)	34,149
Convertibles	39,098	-	(2,818)	36,280
World stock	49,023	-	(14,687)	34,336
Bank loan	35,315	-	(1,103)	34,212
Large growth	35,064	-	(2,425)	32,639
Long/short equity	33,696	1,283	-	34,979
Commodities	35,930	-	(10,340)	25,590
Large value	46,254	-	(4,430)	41,824
Publicly-Traded Bond Funds:				
World bond fund	41,936	-	(1,936)	40,000
Multisector bond	40,313	-	(2,341)	37,972
Inflation protected bond	36,410	-	(1,676)	34,734
Total Marketable Securities	<u>\$ 644,480</u>	<u>\$ 57,966</u>	<u>\$ (68,200)</u>	<u>\$ 634,246</u>



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**Note 8—Long-term investments (continued)**

	December 31, 2017			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Publicly-Traded Corporate Stocks:				
Communications	\$ 1,719	\$ 68,002	\$ -	\$ 69,721
Publicly-Traded Stock Funds:				
Communications	31,000	1,240	-	32,240
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
Publicly-Traded Bond Funds:				
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
Total Marketable Securities	<u>\$ 721,024</u>	<u>\$ 96,541</u>	<u>\$ (37,067)</u>	<u>\$ 780,498</u>

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

	2018	2017
Gross realized gains	\$ 7,853	\$ 3,118
Gross realized losses	(44,274)	-
Total	<u>\$ (36,421)</u>	<u>\$ 3,118</u>

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**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:

	<b>December 31, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Publicly-Traded Corporate Stocks:				
Communications	\$ 56,676	\$ -	\$ -	\$ 56,676
Publicly-Traded Stock Funds:				
Communications	26,368	-	-	26,368
World allocation	100,169	-	-	100,169
Pacific/Asia stock	33,972	-	-	33,972
Emerging markets	30,346	-	-	30,346
Managed futures	34,149	-	-	34,149
Convertibles	36,280	-	-	36,280
World stock	34,336	-	-	34,336
Floating rate loans	34,212	-	-	34,212
Large growth	32,639	-	-	32,639
Long/short equity	34,979	-	-	34,979
Commodities	25,590	-	-	25,590
Large value	41,824	-	-	41,824
Publicly-Traded Bond Funds:				
World bond fund	40,000	-	-	40,000
Multisector bond	37,972	-	-	37,972
Inflation protected bond	34,734	-	-	34,734
Total Marketable Securities	<u>\$ 634,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,246</u>

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**Note 8—Long-term investments (continued)**

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Publicly-Traded Corporate Stocks:				
Communications	\$ 69,721	\$ -	\$ -	\$ 69,721
Publicly-Traded Stock Funds:				
Communications	32,240	-	-	32,240
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
Floating rate loans	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>

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### 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:

2019	\$	20,537
2020		20,361
2021		20,971
2021		21,600
2022		22,249
Thereafter		5,603
Total	\$	<u>111,321</u>

### Note 10—Net product-related income

Net product-related income is comprised of the following:

	<u>2018</u>	<u>2017</u>
Product-related revenues	\$ 41,492	\$ 42,731
Cost of revenues	<u>(26,868)</u>	<u>(17,889)</u>
Net product-related income	<u>\$ 14,624</u>	<u>\$ 24,842</u>

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**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:

	<b>2018</b>	<b>2017</b>
Furniture	\$ 32,267	\$ 32,267
Equipment	61,006	61,006
Software	3,745	3,745
	<u>97,018</u>	<u>97,018</u>
Less accumulated depreciation and amortization	<u>(96,066)</u>	<u>(95,674)</u>
	<u>\$ 952</u>	<u>\$ 1,344</u>

**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.