

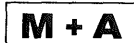
RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**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 statement of financial position as of December 31, 2020, 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 error or fraud.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for 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.

We are required to be independent of Radio Amateur Satellite Corporation ("AMSAT") and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

Accounting principles generally accepted in the United States of America (U.S. GAAP) requires that the financial statements include 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 U.S. GAAP basis of accounting on financial position and change in net assets has not been determined.

Qualified Conclusion

Based on our review, except for the issue noted in the Basis for Qualified Conclusion 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.

Report on 2019 Financial Statements

The financial statements of Radio Amateur Satellite Corporation ("AMSAT") for the year ended December 31, 2019 were reviewed by other accountants whose report date September 21, 2020 stated that, based on their review, other than the issue noted in the Know Departure from Accountign Principles Generally Accepted in the United States of America paragraph, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

McDaniel & Associates, P.C.

Dothan, Alabama
October 26, 2021

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

DECEMBER 31, 2020 AND 2019

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 183,734	\$ 134,265
Other receivables	20,405	-
Prepaid expenses	7,581	-
Total Current Assets	<u>211,720</u>	<u>134,265</u>
Property and equipment, net	-	558
Long-Term Investments		
Mutual funds	637,894	591,202
Corporate stocks	79,934	75,754
Total Long-Term Investments	<u>717,828</u>	<u>666,956</u>
Other Assets		
Licenses	<u>3,000</u>	<u>3,000</u>
Total Assets	<u><u>\$ 932,548</u></u>	<u><u>\$ 804,779</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 18,877	\$ 23,582
Accrued payroll	4,931	7,905
Note payable, CARES Act	17,700	-
Total Current Liabilities	<u>41,508</u>	<u>31,487</u>
Net Assets		
Without donor restrictions	824,954	675,416
With donor restrictions subject to purpose restrictions	66,086	97,876
Total Net Assets	<u>891,040</u>	<u>773,292</u>
Total Liabilities and Net Assets	<u><u>\$ 932,548</u></u>	<u><u>\$ 804,779</u></u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue:			
Contributions - cash and in-kind	\$ 63,807	\$ 109,796	\$ 173,603
Dues	151,840	-	151,840
Interest and dividends	32,550	-	32,550
Gain on sale of investments	6,329	-	6,329
Unrealized gain on investments	51,849	-	51,849
Product-related income	33,271	-	33,271
Publications	9,705	-	9,705
Advertising	2,000	-	2,000
Net released from restrictions	141,586	(141,586)	-
	<u>492,937</u>	<u>(31,790)</u>	<u>461,147</u>
Expenses and Losses:			
Program Services:			
Information and symposia	91,582	-	91,582
Satellite operations	55,777	-	55,777
Publications and software	55,400	-	55,400
Satellite development	103,264	-	103,264
Total Program Expenses	<u>306,023</u>	<u>-</u>	<u>306,023</u>
Supporting Services:			
Management and general	25,895	-	25,895
Fundraising	11,481	-	11,481
Total Supporting Services	<u>37,376</u>	<u>-</u>	<u>37,376</u>
Total Expenses and Losses	<u>343,399</u>	<u>-</u>	<u>343,399</u>
Change in net assets	149,538	(31,790)	117,748
Net assets, beginning of year	<u>675,416</u>	<u>97,876</u>	<u>773,292</u>
Net assets, end of year	<u>\$ 824,954</u>	<u>\$ 66,086</u>	<u>\$ 891,040</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue:			
Contributions - cash and in-kind	\$ 123,944	\$ 275,476	\$ 399,420
Dues	134,526	-	134,526
Interest and dividends	27,996	-	27,996
Unrealized gain on investments	89,380	-	89,380
Product-related income	32,499	-	32,499
Publications	20,847	-	20,847
Annual general meeting	13,905	-	13,905
Advertising	3,000	-	3,000
Net released from restrictions	208,120	(208,120)	-
	<u>654,217</u>	<u>67,356</u>	<u>721,573</u>
Expenses and Losses:			
Loss on sale of investments	7,596	-	7,596
Total Losses	<u>7,596</u>	<u>-</u>	<u>7,596</u>
Program Services:			
Information and symposia	198,385	-	198,385
Satellite Operations	81,182	-	81,182
Publications and software	102,524	-	102,524
Satellite development	113,014	-	113,014
Total Program Expenses	<u>495,105</u>	<u>-</u>	<u>495,105</u>
Supporting Services:			
Management and general	73,959	-	73,959
Fundraising	6,078	-	6,078
Total Supporting Services	<u>80,037</u>	<u>-</u>	<u>80,037</u>
Total Expenses and Losses	<u>582,738</u>	<u>-</u>	<u>582,738</u>
Change in net assets	71,479	67,356	138,835
Net assets, beginning of year	<u>603,937</u>	<u>30,520</u>	<u>634,457</u>
Net assets, end of year	<u>\$ 675,416</u>	<u>\$ 97,876</u>	<u>\$ 773,292</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	PROGRAM SERVICES				Total Program Services	SUPPORTING SERVICES		Total Supporting Services	TOTAL EXPENSES
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations		Management and General	Fundraising		
Bank and processing fees	\$ 43	\$ 87	\$ 3,518	\$ 152	\$ 3,800	\$ 45	\$ 40	\$ 85	\$ 3,885
Components	22,826	-	4,954	-	27,780	-	-	-	27,780
Depreciation	-	-	-	-	-	558	-	558	558
Insurance	640	1,109	3,453	582	5,784	848	530	1,378	7,162
IT and web services	687	674	4,662	1,252	7,275	-	433	433	7,708
Legal and accounting	1,581	2,695	8,135	2,479	14,890	3,139	1,536	4,675	19,565
Meetings and seminars	350	-	150	-	500	250	-	250	750
Miscellaneous	-	-	-	-	-	60	-	60	60
Outside Services	64,099	25,312	351	38,791	128,553	5,064	53	5,117	133,670
Pension plan	1,013	1,721	5,161	202	8,097	1,012	1,012	2,024	10,121
Postage and shipping	31	3,695	2,802	1,570	8,098	1,066	23	1,089	9,187
Printing and Xerox	-	2,931	2,526	-	5,457	-	-	-	5,457
Rent	2,066	3,582	12,279	2,190	20,117	4,154	1,662	5,816	25,933
Salaries	6,884	11,952	37,459	2,873	59,168	7,775	5,460	13,235	72,403
Supplies	93	166	728	2,264	3,251	237	56	293	3,544
Taxes - other	-	-	-	-	-	136	-	136	136
Taxes - payroll	609	1,057	3,312	254	5,232	687	483	1,170	6,402
Telephone	241	419	1,315	558	2,533	864	193	1,057	3,590
Travel	2,101	-	777	2,610	5,488	-	-	-	5,488
Total Functional Expenses	\$ 103,264	\$ 55,400	\$ 91,582	\$ 55,777	\$ 306,023	\$ 25,895	\$ 11,481	\$ 37,376	\$ 343,399
Percent of Functional Expenses	30.07%	16.13%	26.67%	16.24%	89.12%	7.54%	3.34%	10.88%	100.00%

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, 2019

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	PROGRAM SERVICES				Total Program Services	SUPPORTING SERVICES			TOTAL EXPENSES
	Satellite Development	Publications and Software	Information and Symposia	Satellite Operations		Management and General	Fundraising	Total Supporting Services	
Booth rental	\$ -	\$ -	\$ 5,670	\$ -	\$ 5,670	\$ -	\$ -	\$ -	\$ 5,670
Components	34,136	-	3,910	-	38,046	-	-	-	38,046
Depreciation	-	-	-	-	-	396	-	396	396
Events	1,350	-	40,138	-	41,488	6,433	-	6,433	47,921
Insurance	343	1,096	3,596	685	5,720	788	342	1,130	6,850
Legal and accounting	-	-	6,297	8,392	14,689	41,142	-	41,142	55,831
Miscellaneous	-	-	213	51	264	-	-	-	264
Office supplies and expense	80	1,020	15,798	368	17,266	592	197	789	18,055
Pension plan	506	1,620	5,314	1,012	8,452	1,164	506	1,670	10,122
Postage and shipping	91	18,060	10,993	4,104	33,248	272	91	363	33,611
Postage preparation	-	4,045	675	-	4,720	-	-	-	4,720
Printing and Xerox	-	37,430	13,324	-	50,754	-	-	-	50,754
Rent	2,447	3,512	13,597	2,666	22,222	2,524	1,098	3,622	25,844
Royalties	-	1,840	-	-	1,840	-	-	-	1,840
Salaries	3,562	11,396	39,355	7,123	61,436	8,191	3,561	11,752	73,188
Subcontractors	68,750	21,600	12,791	37,259	140,400	-	-	-	140,400
Supplies	-	-	4,114	1,671	5,785	-	-	-	5,785
Taxes - other	-	-	77	-	77	-	-	-	77
Taxes - payroll	283	905	2,971	566	4,725	1,070	283	1,353	6,078
Telephone	-	-	3,149	465	3,614	-	-	-	3,614
Travel	1,466	-	12,895	16,820	31,181	11,387	-	11,387	42,568
Trophies and plaques	-	-	3,508	-	3,508	-	-	-	3,508
Total Functional Expenses	\$ 113,014	\$ 102,524	\$ 198,385	\$ 81,182	\$ 495,105	\$ 73,959	\$ 6,078	\$ 80,037	\$ 575,142
Percent of Functional Expenses	19.65%	17.83%	34.49%	14.12%	86.08%	12.86%	1.06%	13.92%	100.00%

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, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 117,748	\$ 138,835
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation	558	396
(Gain) loss on sale of investments	(6,329)	7,596
Unrealized (gain) loss on investments	(51,849)	(89,380)
Changes in assets and liabilities		
Other receivables	(8,412)	-
Prepaid expenses	(19,574)	-
Accounts payable	(4,705)	(13,294)
Accrued payroll	(2,974)	2,356
Net cash flows from operating activities	<u>24,463</u>	<u>46,509</u>
Cash flows from investing activities:		
Purchase of investments	(30,503)	(58,019)
Proceeds from sale of investments	37,809	107,092
Net cash flows from investing activities	<u>7,306</u>	<u>49,073</u>
Cash flows from financing activities:		
Issuance of debt	17,700	-
Net cash flows from financing activities	<u>17,700</u>	<u>-</u>
Net change in cash and cash equivalents	49,469	95,582
Cash and cash equivalents - beginning	<u>134,265</u>	<u>38,683</u>
Cash and cash equivalents - ending	<u>\$ 183,734</u>	<u>\$ 134,265</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, 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, 2020 AND 2019

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, 2020 and 2019. 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, 2020, 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, 2017 are open to examination and any changes by the taxing authorities may affect AMSAT's income tax liability.

Adopted 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. The standard had no effect on the financial statements.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**NOTES TO THE FINANCIAL STATEMENTS**DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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 has been applied on a modified prospective basis.

Future Pronouncements – 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, 2021. 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>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash	\$ 183,734	\$ 134,265
Investments	<u>717,828</u>	<u>666,956</u>
Total financial assets at year-end	<u>901,562</u>	<u>801,221</u>
Less amounts not available to be used for general expenditures within one-year:		
Donor restricted with purpose restrictions	<u>66,086</u>	<u>97,876</u>
Financial assets available to meet general expenditures within one-year:	<u>\$ 835,476</u>	<u>\$ 703,345</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.

Note 4—Cash and cash equivalents

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

	<u>2020</u>	<u>2019</u>
Eagle Bank Checking account	\$ 140,118	\$ 129,580
River Bank and Trust Checking	1,195	
Merrill Lynch Cash account	<u>42,421</u>	<u>4,685</u>
	<u>\$ 183,734</u>	<u>\$ 134,265</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 5—Net assets with donor restrictions

AMSAT received net assets with donor restriction contributions during the years ended December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Information and Symposia	\$ -	\$ -
Publications	-	-
Satellite Development	97,740	275,476
Satellite Operation	8,556	-
Management	3,500	-
Total with donor restriction contributions	<u>\$ 109,796</u>	<u>\$ 275,476</u>

Net assets with donor restrictions as of December 31, 2020 and 2019 are available for the following:

	<u>2020</u>	<u>2019</u>
Satellite Development	\$ -	\$ 97,876
Satellite Operations	62,586	-
Legal Defense Fund	3,500	-
Total with donor restriction contributions	<u>\$ 66,086</u>	<u>\$ 97,876</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 \$10,121 and \$10,122 for the years ended December 31, 2020 and 2019, 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.

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, 2020 AND 2019

Note 7—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 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, 2020 and 2019 were \$37,809 and \$107,092, respectively.

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

	<u>December 31, 2020</u>			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	
Publicly Traded Corporate Stocks:				
Communications	\$ 1,719	\$ 78,215	\$ -	\$ 79,934
Publicly Traded Stock Funds:				
Bank loan	37,838	-	(897)	36,941
Commodities	36,427	-	(9,230)	27,197
Convertibles	46,848	15,798	-	62,646
Emerging markets	32,643	781	-	33,424
Large growth	44,188	16,860	-	61,048
Large Value	50,346	-	(3,752)	46,594
Long/Short equity	37,939	8,385	-	46,324
Managed futures	20,564	-	-	20,564
Pacific/Asia stock	88,133	38,894	-	127,027
World allocation	42,380	4,175	-	46,555
World stock	51,279	1,539	(3,627)	49,191
Publicly Traded Bond Funds				
World bond fund	45,978	-	(7,906)	38,072
Multisector bond	43,014	18	(721)	42,311
Total Marketable Securities	<u>\$ 579,296</u>	<u>\$ 164,665</u>	<u>\$ (26,133)</u>	<u>\$ 717,828</u>

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

DECEMBER 31, 2020 AND 2019

Note 8—Long-term investments (continued)

	<u>December 31, 2019</u>			
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Publicly Traded Corporate Stocks:				
Communications	\$ 1,719	\$ 74,035	\$ -	\$ 75,754
Publicly Traded Stock Funds:				
Bank loan	36,752	-	(472)	36,280
Commodities	36,372	-	(6,147)	30,225
Communications	31,480	1,952	-	33,432
Convertibles	41,077	2,655	-	43,732
Emerging markets	31,717	1,241	-	32,958
Large growth	38,508	5,770	-	44,278
Large Value	49,018	779	-	49,797
Long/Short equity	36,954	3,566	-	40,520
Managed futures	28,966	-	(4,363)	24,603
Pacific/Asia stock	34,387	9,636	-	44,023
World allocation	86,888	-	(796)	86,092
World stock	49,588	-	(6,799)	42,789
Publicly Traded Bond Funds				
World bond fund	44,406	-	(3,898)	40,508
Multisector bond	41,571	394	-	41,965
Total Marketable Securities	<u>\$ 589,403</u>	<u>\$ 100,028</u>	<u>\$ (22,475)</u>	<u>\$ 666,956</u>

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

	<u>2020</u>	<u>2019</u>
Gross realized gains	\$ 6,329	\$ 171
Gross realized losses	-	(7,767)
Total	<u>\$ 6,329</u>	<u>\$ (7,596)</u>

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

DECEMBER 31, 2020 AND 2019

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, 2020:

	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Publicly Traded Corporate Stocks:				
Communications	\$ 79,934	\$ -	\$ -	\$ 79,934
Publicly Traded Stock Funds:				
Bank loan	36,941	-	-	36,941
Commodities	27,197	-	-	27,197
Convertibles	62,646	-	-	62,646
Emerging markets	33,424	-	-	33,424
Large growth	61,048	-	-	61,048
Large Value	46,594	-	-	46,594
Long/Short equity	46,324	-	-	46,324
Managed futures	20,564	-	-	20,564
Pacific/Asia stock	127,027	-	-	127,027
World allocation	46,555	-	-	46,555
World stock	49,191	-	-	49,191
Publicly Traded Bond Funds				
World bond fund	38,072	-	-	38,072
Multisector bond	<u>42,311</u>	-	-	<u>42,311</u>
Total Marketable Securities	<u>\$ 717,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,828</u>

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

DECEMBER 31, 2020 AND 2019

Note 8—Long-term investments (continued)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Publicly Traded Corporate Stocks:				
Communications	\$ 75,754	\$ -	\$ -	\$ 75,754
Publicly Traded Stock Funds:				
Communications	33,432	-	-	33,432
World allocation	86,092	-	-	86,092
Pacific/Asia stock	44,023	-	-	44,023
Emerging markets	32,958	-	-	32,958
Managed futures	24,603	-	-	24,603
Convertibles	43,732	-	-	43,732
World stock	42,789	-	-	42,789
Bank loan	36,280	-	-	36,280
Large growth	44,278	-	-	44,278
Long/Short equity	40,520	-	-	40,520
Commodities	30,225	-	-	30,225
Large Value	49,797	-	-	49,797
Publicly Traded Bond Funds				
World bond fund	40,508	-	-	40,508
Multisector bond	41,965	-	-	41,965
Total Marketable Securities	<u>\$ 666,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,956</u>

Note 9—Debt

On April 24, 2020, AMSAT received loan proceeds in the amount of approximately \$17,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

On October 9, 2020, AMSAT satisfied and submitted its application for full PPP loan forgiveness to the U.S. Small Business Administration (“SBA”). On May 7, 2021, AMSAT received notification from the SBA that AMSAT’s PPP loan had been fully forgiven.

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**NOTES TO THE FINANCIAL STATEMENTS**DECEMBER 31, 2020 AND 2019

Note 10—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 this lease, extending the lease with existing space to March 31, 2024. On November 18, 2020 the lease was further amended to a month-to-month lease and terminated on May 31, 2021.

Office rent expense for the years ended December 31, 2020 and 2019, including building expenses and taxes, was \$20,589 and \$21,739, respectively. Additional rent of \$5,344 and \$4,104 was paid for storage facilities in Florida, Ohio, and Virginia for the years ended December 31, 2020 and 2019, respectively. The rental agreement for storage facilities in Florida and Ohio are renewed in 6-month periods and Virginia on a month-to-month basis. Management has determined that the deferred rent is immaterial as of December 31, 2020 and 2019.

On March 20, 2019, AMSAT entered into a five-year lease of a postage metering machine with quarterly lease payments of \$438. On termination of the lease, the equipment must be returned to the lessor. Postage machine lease expenses for the years ended December 31, 2020 and 2019, was \$1,752 and \$1,752, respectively.

Future minimum lease commitments are as follows:

2021	\$	1,752
2022		1,752
2023		1,752
2024		438
Thereafter		-
Total	\$	<u>5,694</u>

Note 11—Net product-related income

Net product-related income is comprised of the following:

	<u>2020</u>	<u>2019</u>
Product related revenues	\$ 88,926	\$ 74,654
Cost of revenues	<u>(55,655)</u>	<u>(42,155)</u>
Total	<u>\$ 33,271</u>	<u>\$ 32,499</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)**NOTES TO THE FINANCIAL STATEMENTS**DECEMBER 31, 2020 AND 2019

Note 12—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>2020</u>	<u>2019</u>
Furniture	\$ 32,267	\$ 32,267
Equipment	61,006	61,006
Software	<u>3,745</u>	<u>3,745</u>
	97,018	97,018
Less accumulated depreciation and amortization	<u>(97,018)</u>	<u>(96,460)</u>
Total	<u>\$ -</u>	<u>\$ 558</u>

Note 13—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 14—Subsequent events

The date to which events occurring after December 31, 2020, the date of the most recent statement of financial position has been evaluated for possible adjustment to the financial statements or disclosure is October 26, 2021, which is the date on which the financial statements were available to be issued.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a "public health emergency of international concern," which continues to spread throughout the world and has adversely impacted global commercial activity.

The coronavirus outbreak and government responses are creating disruption in global supply chains and impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and could trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the continued outbreak presents uncertainty and risk with respect to AMSAT and its performance and its financial results.