

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**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, 2021 and 2020, 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 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.

McDaniel & Associates, P.C.

Dothan, Alabama

October 11, 2022

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

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 467,432	\$ 183,734
Other receivables	19,875	20,405
Prepaid expenses	9,589	7,581
Total Current Assets	<u>496,896</u>	<u>211,720</u>
Property and equipment, net	-	-
Long-Term Investments		
Mutual funds	746,227	637,894
Corporate stocks	75,886	79,934
Total Long-Term Investments	<u>822,113</u>	<u>717,828</u>
Other Assets		
Licenses	<u>3,000</u>	<u>3,000</u>
Total Assets	<u><u>\$ 1,322,009</u></u>	<u><u>\$ 932,548</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 5,079	\$ 18,877
Accrued payroll	-	4,931
Note payable, CARES Act	-	17,700
Total Current Liabilities	<u>5,079</u>	<u>41,508</u>
Net Assets		
Without donor restrictions	1,292,299	824,954
With donor restrictions subject to purpose restrictions	<u>24,631</u>	<u>66,086</u>
Total Net Assets	<u>1,316,930</u>	<u>891,040</u>
Total Liabilities and Net Assets	<u><u>\$ 1,322,009</u></u>	<u><u>\$ 932,548</u></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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support:			
Contributions - cash and in-kind	\$ 350,115	\$ 18,622	\$ 368,737
Dues	107,886	-	107,886
Federal assistance	17,700	-	17,700
Interest and dividends	9,738	-	9,738
Gain on sale of investments, net	89,749	-	89,749
Unrealized gain on investments, net	(33,732)	-	(33,732)
Product-related income	22,387	-	22,387
Publications	2,876	-	2,876
Other	3,162	-	3,162
Net released from restrictions	60,077	(60,077)	-
	<u>629,958</u>	<u>(41,455)</u>	<u>588,503</u>
Total Public Support and Revenue			
Expenses and Losses:			
Program Services:			
Information and symposia	59,596	-	59,596
Satellite Operations	67,040	-	67,040
Publications and software	5,238	-	5,238
Satellite development	13,888	-	13,888
Total Program Expenses	<u>145,762</u>	<u>-</u>	<u>145,762</u>
Supporting Services:			
Management and general	11,185	-	11,185
Fundraising	5,666	-	5,666
Total Supporting Services	<u>16,851</u>	<u>-</u>	<u>16,851</u>
Total Expenses and Losses	<u>162,613</u>	<u>-</u>	<u>162,613</u>
Change in net assets	467,345	(41,455)	425,890
Net assets, beginning of year	<u>824,954</u>	<u>66,086</u>	<u>891,040</u>
Net assets, end of year	<u>\$ 1,292,299</u>	<u>\$ 24,631</u>	<u>\$ 1,316,930</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support:			
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, net	6,329	-	6,329
Unrealized gain on investments, net	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>
Total Revenue, Gains and Other Support			
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>

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, 2021

	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	
Bank and processing fees	\$ 236	\$ 164	\$ 3,820	\$ 123	\$ 4,343	\$ 369	\$ 189	\$ 558	\$ 4,901
Components	7,363	-	-	-	7,363	-	-	-	7,363
Insurance	-	-	-	-	-	1,499	-	1,499	1,499
IT and web services	863	465	5,519	348	7,195	465	465	930	8,125
Legal and accounting	2,297	2,297	12,060	1,723	18,377	2,297	2,297	4,594	22,971
Meetings and seminars	532	-	3,000	-	3,532	-	-	-	3,532
Outside Services	613	613	24,816	63,571	89,613	4,341	613	4,954	94,567
Postage and shipping	290	5	683	4	982	5	5	10	992
Rent	1,638	1,638	9,406	1,229	13,911	1,638	1,638	3,276	17,187
Supplies	4	4	21	3	32	4	407	411	443
Taxes - other	-	-	-	-	-	136	-	136	136
Telephone	52	52	271	39	414	52	52	104	518
Travel	-	-	-	-	-	379	-	379	379
Total Functional Expenses	<u>\$ 13,888</u>	<u>\$ 5,238</u>	<u>\$ 59,596</u>	<u>\$ 67,040</u>	<u>\$ 145,762</u>	<u>\$ 11,185</u>	<u>\$ 5,666</u>	<u>\$ 16,851</u>	<u>\$ 162,613</u>
Percent of Functional Expenses	8.54%	3.22%	36.65%	41.23%	89.64%	6.88%	3.48%	10.36%	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, 2020

	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	
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)
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 425,890	\$ 117,748
Adjustments to reconcile change in net assets to cash flows provided by operating activities		
Depreciation	-	558
Debt forgiveness	(17,700)	-
(Gain) loss on sale of investments	(89,749)	(6,329)
Unrealized (gain) loss on investments	33,732	(51,849)
Changes in assets and liabilities		
Other receivables	530	(8,412)
Prepaid expenses	(2,008)	(19,574)
Accounts payable	(13,798)	(4,705)
Accrued payroll	(4,931)	(2,974)
Net cash flows provided by operating activities	<u>331,966</u>	<u>24,463</u>
Cash flows from investing activities:		
Purchase of investments	(812,811)	(30,503)
Proceeds from sale of investments	<u>764,543</u>	<u>37,809</u>
Net cash flows provided by (used in) investing activities	<u>(48,268)</u>	<u>7,306</u>
Cash flows from financing activities:		
Issuance of debt	-	<u>17,700</u>
Net cash flows provided by financing activities	<u>-</u>	<u>17,700</u>
Net change in cash and cash equivalents	283,698	49,469
Cash and cash equivalents - beginning	<u>183,734</u>	<u>134,265</u>
Cash and cash equivalents - ending	<u>\$ 467,432</u>	<u>\$ 183,734</u>

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

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, AMSAT had an amount of \$200,717 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, 2021 AND 2020

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, 2021 and 2020. 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, 2021, 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, 2018 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 rep 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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 467,432	\$ 183,734
Investments	<u>822,113</u>	<u>717,828</u>
Total financial assets at year-end	<u>1,289,545</u>	<u>901,562</u>
Less amounts not available to be used for general expenditures within one-year:		
Donor restricted with purpose restrictions	<u>24,631</u>	<u>66,086</u>
Financial assets available to meet general expenditures within one-year:	<u>\$ 1,264,914</u>	<u>\$ 835,476</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>2021</u>	<u>2020</u>
Eagle Bank Checking account	\$ 450,717	\$ 140,118
River Bank and Trust Checking	-	1,195
Merrill Lynch Cash account	<u>16,715</u>	<u>42,421</u>
	<u>\$ 467,432</u>	<u>\$ 183,734</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 5—Net assets with donor restrictions

AMSAT received net assets with donor restriction contributions during the years ended December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Information and Symposia	\$ 6,900	\$ -
Publications	-	-
Satellite Development	10,505	97,740
Satellite Operation	1,217	8,556
Management	-	3,500
Total with donor restriction contributions	<u>\$ 18,622</u>	<u>\$ 109,796</u>

Net assets with donor restrictions as of December 31, 2021 and 2020 are available for the following:

	<u>2021</u>	<u>2020</u>
Satellite Development	\$ 13,014	\$ -
Satellite Operations	1,217	62,586
Education and Youth Initiatives	6,900	-
Legal Defense Fund	3,500	3,500
Total with donor restriction contributions	<u>\$ 24,631</u>	<u>\$ 66,086</u>

Note 6—Pension Plan

AMSAT sponsored a simplified employee pension plan (SEP IRA) that covered all employees with five years of service. The plan was terminated in 2020 with the retirement of its sole employee. The amount of pension expense was \$0 and \$10,121 for the years ended December 31, 2021 and 2020, 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, 2021 AND 2020

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, 2021 and 2020 were \$764,543 and \$37,809, respectively.

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

	December 31, 2021			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Publicly Traded Corporate Stocks:				
Communications	\$ 1,719	\$ 74,167	\$ -	\$ 75,886
Exchange-Traded Equity Funds:				
Equity Large Cap Blend	241,334	20,441	(6,416)	255,359
Equity Large Cap Growth	108,387	21,777	-	130,164
Equity Large Cap Value	9,147	1,176	-	10,323
Equity Multi-Cap Blend	54,326	3,869	-	58,195
Equity Multi-Cap Growth	74,636	458	(3,123)	71,971
Equity Multi-Cap Value	6,712	421	-	7,133
Preferred Stock Micro-Cap Blend	5,040	-	-	5,040
Exchange-Traded Real Estate Funds:				
Real Estate Multi-Cap Blend	3,676	261	-	3,937
Real Estate Multi-Cap Growth	3,590	262	-	3,852
Exchange-Traded Bond Funds				
Emerging Market Bonds	8,008	-	(498)	7,510
Corporate Bonds	31,248	-	(734)	30,514
Government Bonds	10,796	-	(7)	10,789
High Yield Bonds	15,026	179	(45)	15,160
Inflation protected bonds	6,525	65	-	6,590
Short-Term Bonds	44,988	-	(1,670)	43,318
Intermediate-Term Bonds	2,990	124	-	3,114
Long-Term Bonds	85,241	-	(1,983)	83,258
Total Marketable Securities	<u>\$ 713,389</u>	<u>\$ 123,200</u>	<u>\$ (14,476)</u>	<u>\$ 822,113</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 8—Long-term investments (continued)

	December 31, 2020			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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>

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

	2021	2020
Gross realized gains	\$ 113,892	\$ 6,329
Gross realized losses	(24,143)	-
Total	<u>\$ 89,749</u>	<u>\$ 6,329</u>

RADIO AMATEUR SATELLITE CORPORATION (AMSAT)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021			
	Level 1	Level 2	Level 3	Total
Publicly Traded Corporate Stocks:				
Communications	\$ 75,886	\$ -	\$ -	\$ 75,886
Exchange-Traded Equity Funds:				
Equity Large Cap Blend	255,359	-	-	255,359
Equity Large Cap Growth	130,164	-	-	130,164
Equity Large Cap Value	10,323	-	-	10,323
Equity Multi-Cap Blend	58,195	-	-	58,195
Equity Multi-Cap Growth	71,971	-	-	71,971
Equity Multi-Cap Value	7,133	-	-	7,133
Preferred Stock Micro-Cap Blend	5,040	-	-	5,040
Exchange-Traded Real Estate Funds:				
Real Estate Multi-Cap Blend	3,937	-	-	3,937
Real Estate Multi-Cap Growth	3,852	-	-	3,852
Exchange-Traded Bond Funds				
Emerging Market Bonds	7,510	-	-	7,510
Corporate Bonds	30,514	-	-	30,514
Government Bonds	10,789	-	-	10,789
High Yield Bonds	15,160	-	-	15,160
Inflation protected bonds	6,590	-	-	6,590
Short-Term Bonds	43,318	-	-	43,318
Intermediate-Term Bonds	3,114	-	-	3,114
Long-Term Bonds	<u>83,258</u>	-	-	<u>83,258</u>
Total Marketable Securities	<u>\$ 822,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,113</u>

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

DECEMBER 31, 2021 AND 2020

Note 8—Long-term investments (continued)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
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	42,311	-	-	42,311
Total Marketable Securities	<u>\$ 717,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,828</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, 2021 AND 2020

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 without penalty on May 31, 2021.

Office rent expense for the years ended December 31, 2021 and 2020, including building expenses and taxes, was \$8,820 and \$20,589, respectively. Additional rent of \$4,887 and \$5,344 was paid for storage facilities in Florida, Ohio, and Virginia for the years ended December 31, 2021 and 2020, respectively. The rental for storage facilities in Florida and Ohio are paid six months in advance and Maryland and Virginia on a month-to-month basis. Management has determined that the deferred rent is immaterial as of December 31, 2021 and 2020.

On March 20, 2019, AMSAT entered into a five-year rental agreement of a postage metering machine with quarterly rent payments of \$438. At the end of the rental period, the equipment must be returned. Postage machine rent expenses for the years ended December 31, 2021 and 2020, was \$1,752 and \$1,752, respectively.

Future minimum lease commitments are as follows:

2022	1,752
2023	1,752
2024	438
Thereafter	-
Total	<u>\$ 3,942</u>

Note 11—Net product-related income

Net product-related income is comprised of the following:

	<u>2021</u>	<u>2020</u>
Product related revenues	\$ 71,424	\$ 88,926
Cost of revenues	<u>(49,037)</u>	<u>(55,655)</u>
Total	<u>\$ 22,387</u>	<u>\$ 33,271</u>

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

DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Furniture	\$ -	\$ 32,267
Equipment	1,962	61,006
Software	-	3,745
	<u>1,962</u>	<u>97,018</u>
Less accumulated depreciation and amortization	<u>(1,962)</u>	<u>(97,018)</u>
Total	<u>\$ -</u>	<u>\$ -</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, 2021, the date of the most recent statement of financial position has been evaluated for possible adjustment to the financial statements or disclosure is October 11, 2022, which is the date on which the financial statements were available to be issued.