

AMSAT's Financial Status, as reported by its Presidents (2013-2019) and Treasurer (2020)

**by Patrick Stoddard, WD9EWK/VA7EWK
AMSAT Director (2019-2021)**

The following document outlines statements made by AMSAT Presidents over the past several years about the financial status of this organization. It also refers to a recent report and statements by the current AMSAT Treasurer. Over the past few years, AMSAT's Presidents have painted a gloomy picture of AMSAT's financial status at public forums like Dayton Hamventions or AMSAT Symposiums. The current AMSAT Treasurer tried to paint a better picture with a report to the Board of Directors in mid-March 2020, which was followed up with a very different characterization of the financial situation two weeks later.

To be clear... none of these statements about the state of AMSAT's finances were made by me. These statements were made by AMSAT senior officers – either the most senior officer, the President, or the AMSAT Treasurer.

In May 2013, AMSAT President Barry Baines WD4ASW gave a talk during the AMSAT Forum at the Dayton Hamvention. During the talk, Barry presented a slide that indicated AMSAT would show a deficit in 2013 - the first time I could find in a document or presentation where this was mentioned:



AMSAT Organizational/Financial Trends

Current income from dues and other sources are not sufficient to cover day-to-day expenses

- Overall membership decline has major impact on providing operating funds to keep the organization running
- Projected operating deficit in 2013
- Growing the membership is critical to sustaining AMSAT
- AMSAT members are encouraged to recruit others to join AMSAT in order to increase cash flow to pay the bills

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(from the video at https://www.youtube.com/watch?v=hGj5_wjomzI - around 19:10)

A year later, during the AMSAT Forum at the 2014 Dayton Hamvention, Barry Baines once again mentioned that AMSAT was losing members, and projected a deficit in 2014:



AMSAT Organizational/Financial Trends

Current income from dues and other sources are not sufficient to cover day-to-day expenses

- Overall membership decline has major impact on providing operating funds to keep the organization running
 - » A loss of 500 annually renewing/new members = \$22K
 - » Net income (not including non-specified donations) approx. \$207K
 - » Total cost of operations (not including satellite projects) approx. \$294K
 - » Need 1,978 additional members @ \$44.00/year to break even
 - » Operating losses covered by reserves, non-designated donations
- Projected operating deficit in 2014
- Growing the membership is critical to sustaining AMSAT
- AMSAT members are encouraged to recruit others to join AMSAT in order to increase cash flow to pay the bills

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(from the video at <https://www.youtube.com/watch?v=cR0RdRuaBSM> - around 14:55)

Barry stressed the need to grow AMSAT's membership, and for members to recruit others to join and help increase cash flow.

Moving forward to 2017...

Barry Baines, making his last presentation as AMSAT President during the AMSAT Forum at the 2017 Dayton Hamvention, did not explicitly mention a deficit on this slide. Barry did point out the decline in membership, and a budget shortfall:



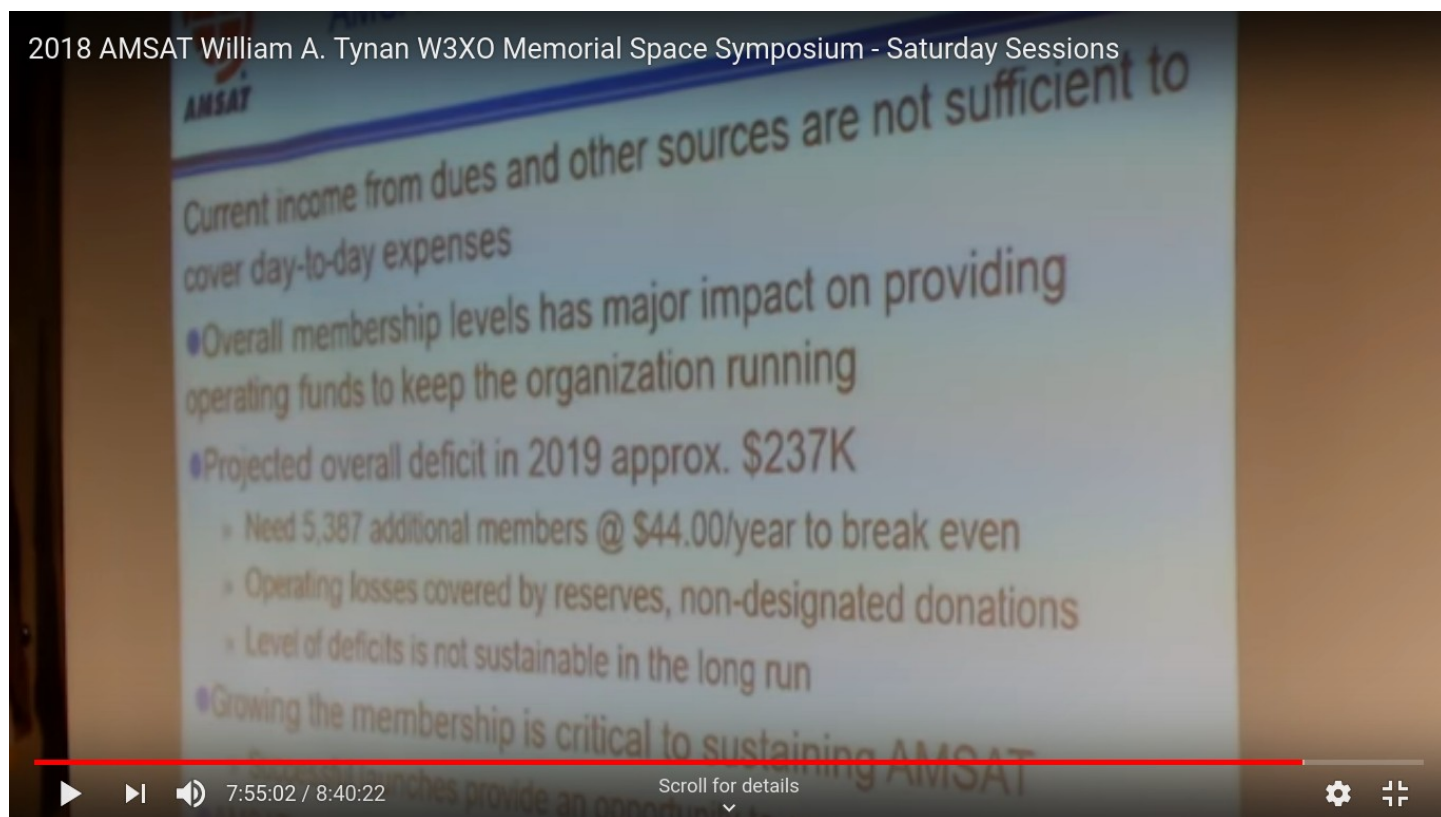
AMSAT Organizational/Financial Trends Membership

- Membership Trends (US and Foreign)
 - » May 2017- 2997 (est. 1,639 non-life memberships) (LM2494)
 - » May 2016- 3177 (est. 1,740 non-life memberships) (LM2473)
 - » Dec 2014- 2992 (est. 1,682 non-life memberships)
 - » Dec 2013 - 3145
 - » Dec 2012 - 3698
 - » Nov 2011 - 3385
 - » Nov 2010 - 3660
 - » Nov 2009 - 3646
 - » Nov 2008 – 3501
- Continuing concern is that we need over 2,000 more members to meet operating expenses. Budget shortfall met by reallocation of resources.

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(from the video at <https://www.youtube.com/watch?v=DWsqe0abYWs> - around 7:40)

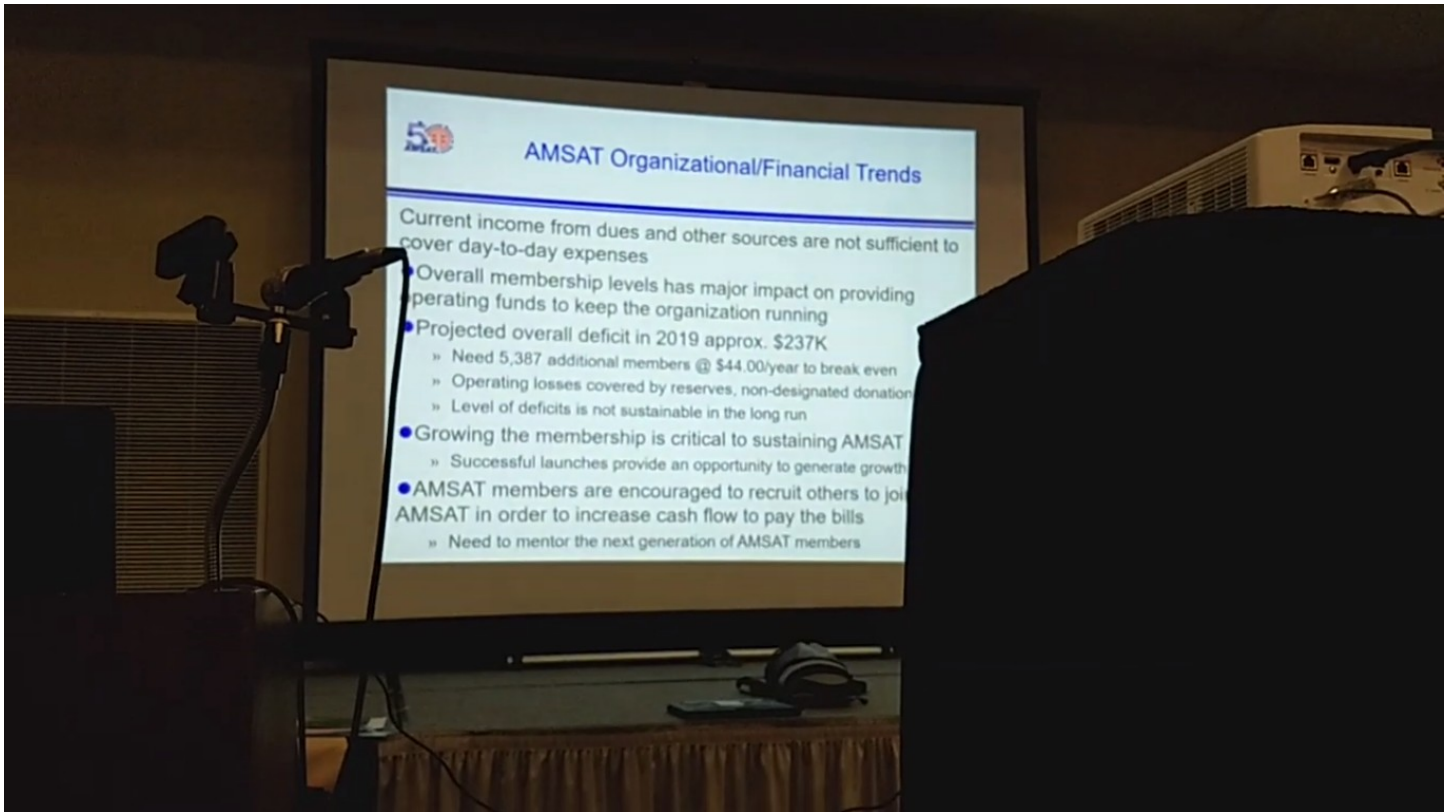
Barry Baines stepped down as AMSAT President at the 2017 AMSAT Symposium in Reno, Nevada. Joe Spier K6WAO was elected President by the Board of Directors to succeed Barry. A year after his election as President, Joe Spier gave a presentation during the 2018 AMSAT Symposium in Huntsville, Alabama. During that presentation, the following slide was shown:



(from the video at <https://www.youtube.com/watch?v=6TraWCirFUs> - around 7:54:50)

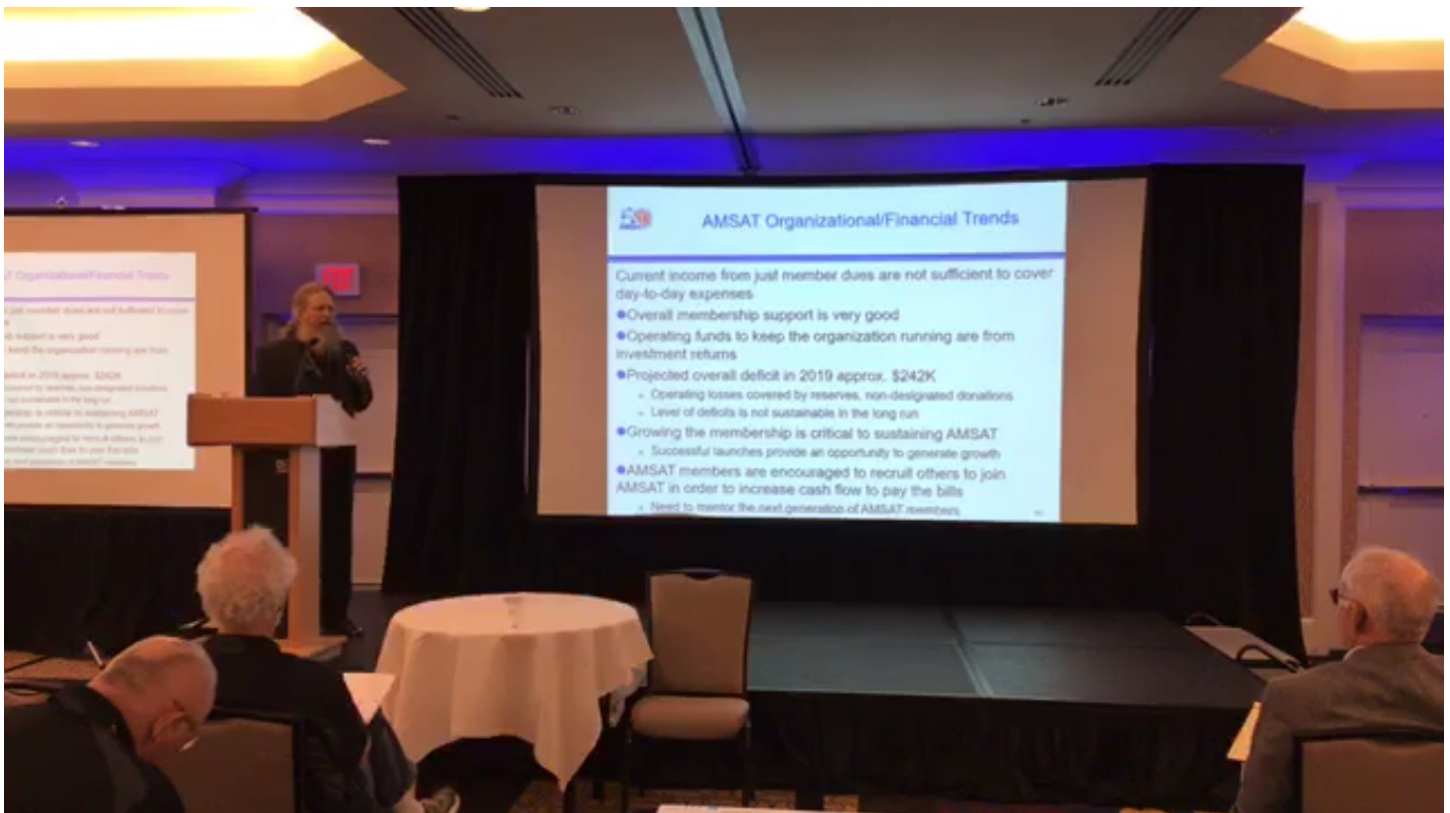
This paints a dire situation: AMSAT is unable to cover its day-to-day expenses from membership dues and other sources. This slide shows that AMSAT is using its financial reserves (investments) to cover operating losses, along with donations.

Joe Spier gave a presentation during the AMSAT Forum at the 2019 Dayton Hamvention. The slide below looks virtually identical to the same slide presented at the 2018 AMSAT Symposium, 6 months earlier:



(from the video at <https://www.youtube.com/watch?v=0kZXjm0y5sM> - around 7:28)

A few months later, Joe Spier gave a presentation at the 2019 AMSAT Symposium in Arlington, Virginia. During his presentation, the following slide appeared:

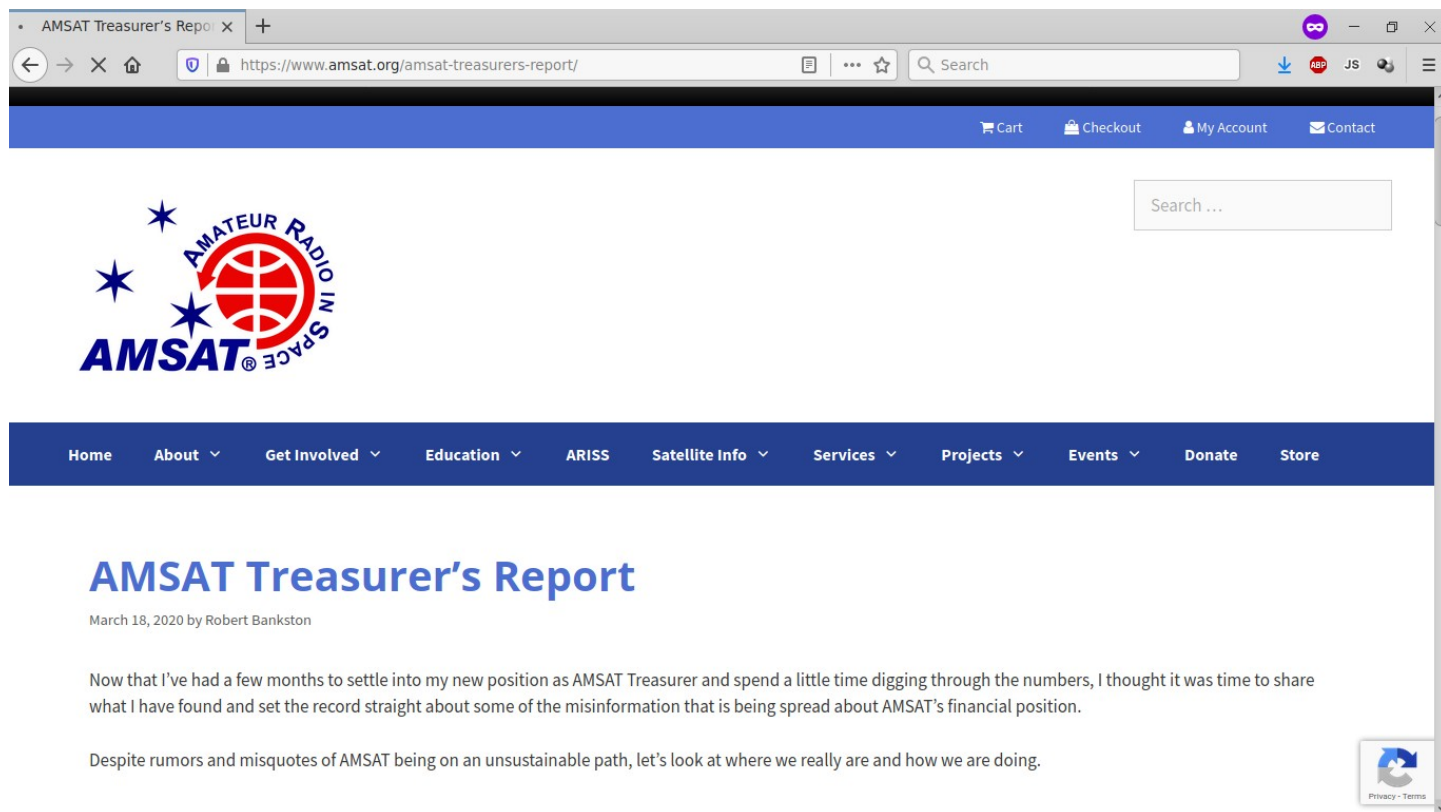


(from the video at <https://www.facebook.com/AMSATNA/videos/2408489776091611/> - around 2:10:11)

Except for the amount of the projected deficit of 2019 at \$242,000.00, it was identical to the slide that was presented a few months earlier during the AMSAT Forum at the 2019 Dayton Hamvention.

Late 2019 and early 2020 saw some changes to AMSAT's leadership. At the 2019 AMSAT Symposium, Robert Bankston KE4AL became AMSAT Treasurer, in addition to serving AMSAT as its Vice President of User Services and the Director of AMSAT Ambassadors. Joe Spier resigned as AMSAT President at the end of January 2020, and was replaced by Clayton Coleman W5PFG (a former AMSAT director and corporate secretary).

During an AMSAT Board of Directors meeting on 17 March 2020, Robert Bankston presented a report on AMSAT's finances. This report was published on AMSAT's web site shortly after this meeting, and the report was also carried in an AMSAT News Service bulletin, and later published in the March/April 2020 *AMSAT Journal*:

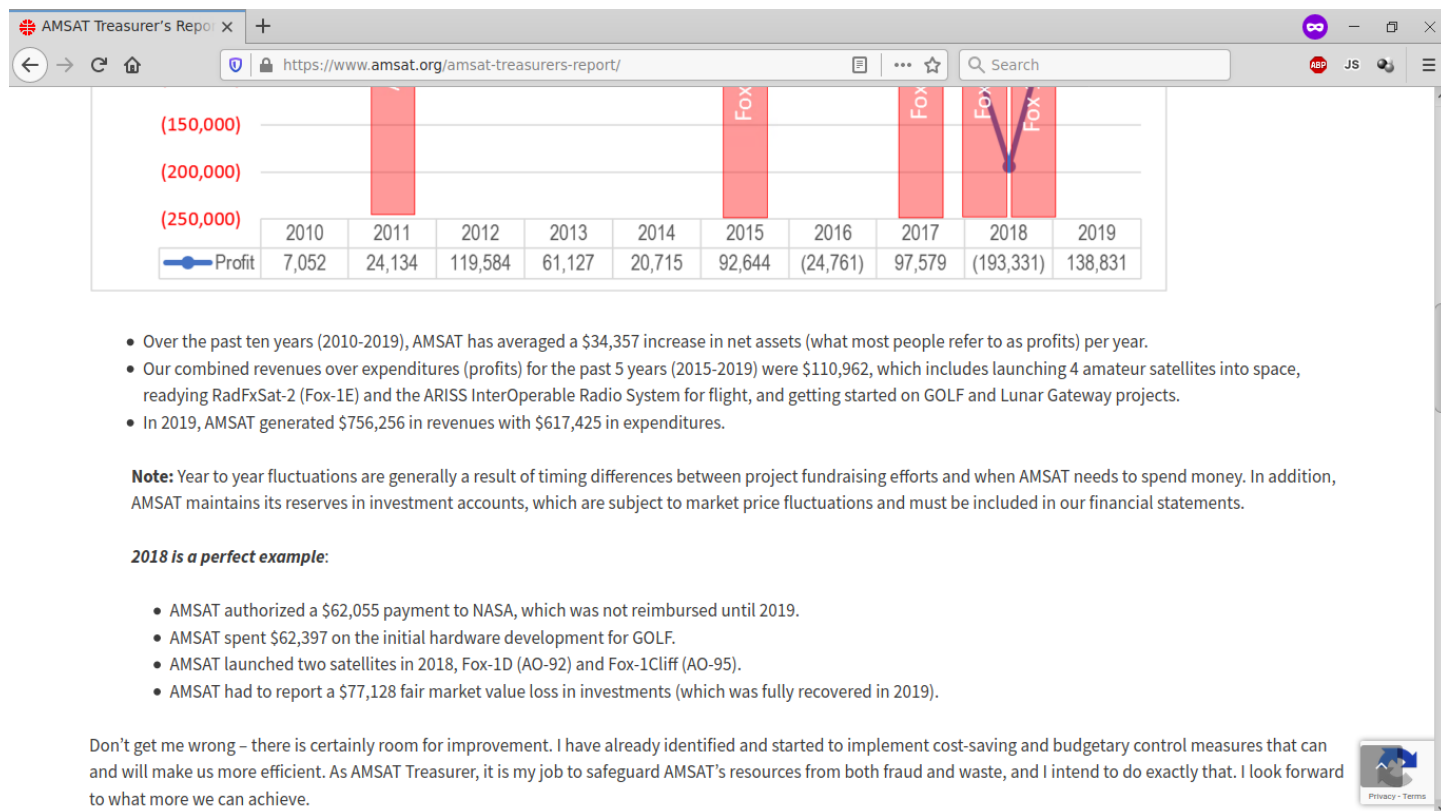


The screenshot shows a web browser window with the URL <https://www.amsat.org/amsat-treasurers-report/>. The page features the AMSAT logo, which includes a globe and the text "AMATEUR RADIO IN SPACE" and "AMSAT®". A navigation menu is visible with links for Home, About, Get Involved, Education, ARISS, Satellite Info, Services, Projects, Events, Donate, and Store. The main heading is "AMSAT Treasurer's Report" by Robert Bankston, dated March 18, 2020. The text of the report begins with: "Now that I've had a few months to settle into my new position as AMSAT Treasurer and spend a little time digging through the numbers, I thought it was time to share what I have found and set the record straight about some of the misinformation that is being spread about AMSAT's financial position. Despite rumors and misquotes of AMSAT being on an unsustainable path, let's look at where we really are and how we are doing." A "Privacy - Terms" link is visible in the bottom right corner.

(from <https://www.amsat.org/amsat-treasurers-report/>)

When pressed to cite examples of “misinformation”, “rumors”, or “misquotes” about AMSAT’s financial position, as stated in this report, Robert has not provided any examples.

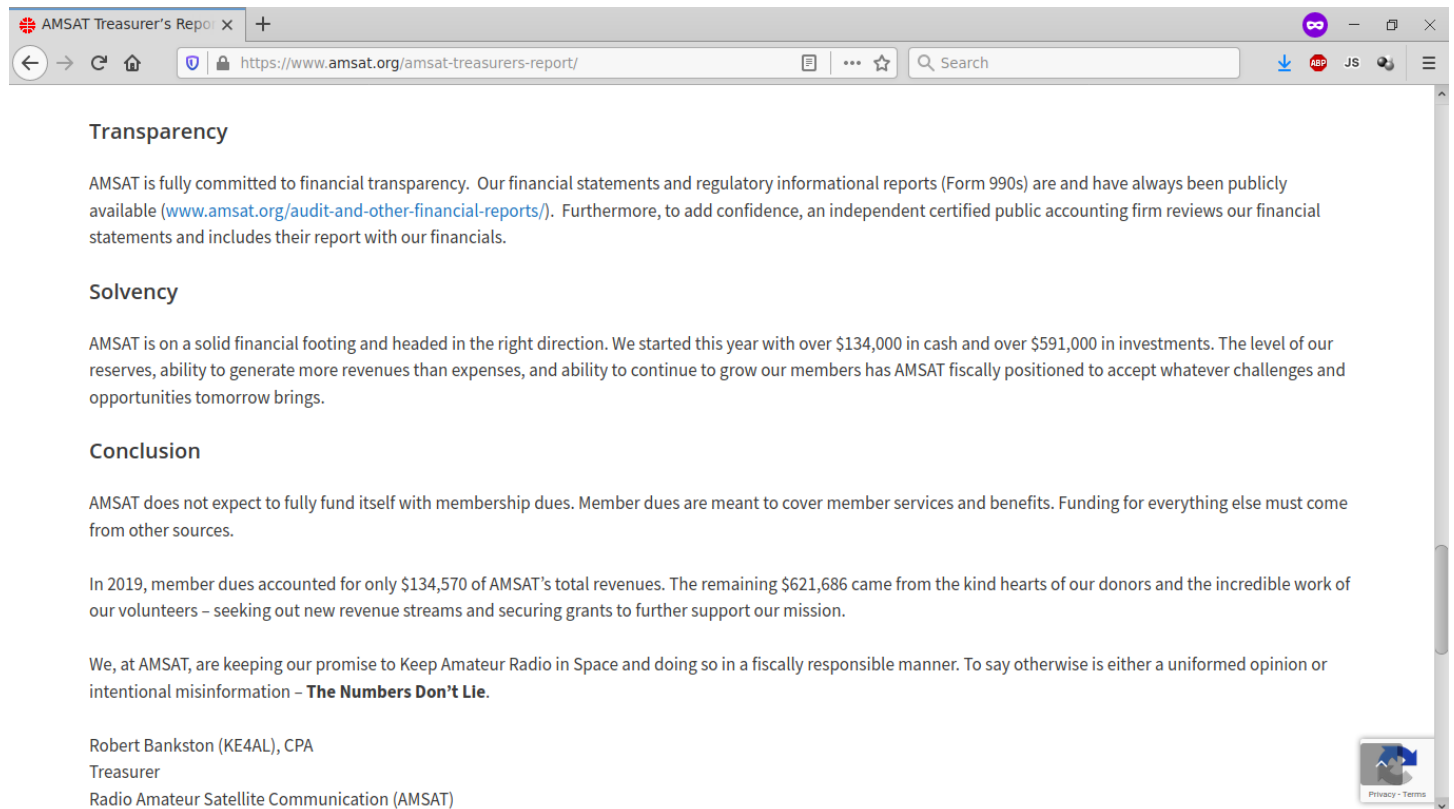
As part of this report, Robert outlines AMSAT's "profits" (increase of net assets) and losses over the past decade. This included data from 2019:



AMSAT has its finances reviewed by an independent accounting firm. The last review of AMSAT finances was done for 2018. This review, along with other reviews and IRS Form 990 tax returns, are available at <https://www.amsat.org/audit-and-other-financial-reports/>

At this point, the 2019 finances have not been independently reviewed. It is unusual to see the 2019 data in a public presentation, as AMSAT directors and senior officers are regularly admonished not to release financial data that has not gone through an independent review or audit. The 2018 financial review was not published on AMSAT's web site until early 2020. No estimate has been given for the completion of the 2019 review of AMSAT's finances.

At the end of the report, Robert Bankston mentioned AMSAT being “on a solid financial footing and headed in the right direction.”



The image is a screenshot of a web browser displaying the AMSAT Treasurer's Report. The browser's address bar shows the URL <https://www.amsat.org/amsat-treasurers-report/>. The page content is organized into several sections:

- Transparency**: A paragraph stating that AMSAT is fully committed to financial transparency, with financial statements and regulatory reports (Form 990s) available at www.amsat.org/audit-and-other-financial-reports/. It also mentions that an independent certified public accounting firm reviews the financial statements.
- Solvency**: A paragraph stating that AMSAT is on a solid financial footing and headed in the right direction. It provides specific figures: over \$134,000 in cash and over \$591,000 in investments. It notes that the level of reserves, ability to generate more revenues than expenses, and ability to continue to grow members has positioned AMSAT to accept challenges and opportunities.
- Conclusion**: A paragraph stating that AMSAT does not expect to fully fund itself with membership dues. Member dues are meant to cover member services and benefits. Funding for everything else must come from other sources.

Below the conclusion, there are two more paragraphs:

- A paragraph stating that in 2019, member dues accounted for only \$134,570 of AMSAT's total revenues. The remaining \$621,686 came from the kind hearts of donors and the work of volunteers.
- A paragraph stating that AMSAT is keeping its promise to Keep Amateur Radio in Space and doing so in a fiscally responsible manner. It concludes that to say otherwise is either a uninformed opinion or intentional misinformation – **The Numbers Don't Lie.**

At the bottom of the page, the following text is displayed:

Robert Bankston (KE4AL), CPA
Treasurer
Radio Amateur Satellite Communication (AMSAT)

In the bottom right corner of the browser window, there is a small icon for a privacy policy, labeled "Privacy - Terms".

This is a departure from what AMSAT Presidents have said, going back as far as 2013. Robert also made another statement claiming anything else said about AMSAT's finances would be uninformed or misinformation. Robert's report may accurately present AMSAT's financial situation at the end of 2019, but in March 2020 the situation was changing...

A couple of days before Robert Bankston gave his presentation on AMSAT's finances to the Board of Directors on 17 March 2020, the Dayton Amateur Radio Association announced that the 2020 Dayton Hamvention was being canceled due to the COVID-19 (coronavirus) situation. Other events with an AMSAT presence before that Board meeting, as well as many more after that meeting, have been canceled. That Board meeting had a discussion about the Hamvention cancellation, and what AMSAT may be able to do in place of not having its Hamvention presence and AMSAT Forum in mid-May 2020. Yet Robert's report made no reference to the already-changing situation.

Two weeks after the AMSAT Board meeting where Robert presented his report, on 31 March 2020, a special AMSAT Board meeting was convened. Robert outlined the Paycheck Protection Program, a U.S. government program that allows for small business to seek loans to help pay its employees. Loans have a two-year term, and repayment of the loan starts six months after the loan is granted. If the proceeds of the loans under the Paycheck Protection Program are used primarily to cover payrolls over an eight-week period following receipt of the loan's proceeds, small businesses can request that the loan be forgiven, and converted to a grant.

In addition to explaining the Paycheck Protection Program, and how AMSAT could take advantage of that program, Robert made the following statement during that meeting regarding AMSAT's need for a Paycheck Protection Program loan:

"Without cash flows, we can't afford to pay our bills."

AMSAT can't afford to pay its bills? What happened to the cash and investments referenced in the report to the Board of Directors two weeks earlier? What happened to the rosy outlook Robert presented, when he said AMSAT was "fiscally positioned to accept whatever challenges and opportunities tomorrow brings"?

Yes, the current situation caused by COVID-19 is difficult. It may make 2020 the toughest year financially in AMSAT's history. Unlike some small businesses, AMSAT has financial reserves – cash, and investments. Even accounting for decreases in the stock market, AMSAT may be in a better situation than other small businesses that have sought loans under the Paycheck Protection Program. Yet the AMSAT Board was asked to pass a motion that would allow its officers to seek relief under any government program related to the COVID-19 situation – local, state, or federal. Robert and another senior officer expressed concerns about AMSAT having to post losses by drawing on its investments, and wanting to avoid that. In the end, the Board narrowly approved the motion.

In late April 2020, Robert Bankston reported to the AMSAT Board of Directors and senior officers that AMSAT was approved for a \$17,700.00 loan. Robert said he is awaiting instructions from the Small Business Administration on how this loan will be forgiven, and converted into a grant. Until then, it is still a loan, which AMSAT is ultimately responsible to pay back.

My opinion...

Between 2013 and 2019, AMSAT has been painting a gloomy picture of its financial situation. This has been done by its Presidents, in public forums. If these presentations were inaccurate, why didn't the presentations change from one year to the next? Again, where is the misinformation AMSAT Treasurer Robert Bankston claimed in his report? The screenshots from the presentations show the situation that had been publicly presented by AMSAT Presidents since 2013. Links are available to view the presentations where those screenshots originated. Anyone can see and hear the presentations made by those Presidents. How can it be misinformation when I – or anyone else – refers to public statements made by AMSAT Presidents between 2013 and 2019 regarding AMSAT's gloomy financial situation? I was not the AMSAT official making those statements in public forums.

In the end, it was disappointing to see AMSAT Treasurer Robert Bankston – a certified public accountant in the state of Alabama – release 2019 financial data before it had been independently reviewed. It was also disappointing to hear a very rosy assessment about AMSAT's finances, even as AMSAT had to address the cancellation of the 2020 Dayton Hamvention. No mention of the Hamvention cancellation and cancellation of other events were mentioned in Robert's report, when it was published online and in the *AMSAT Journal*. Then the different story the AMSAT Board of Directors heard from Robert two weeks later, that AMSAT may not be able to pay its bills without seeking government assistance. Did AMSAT's financial situation dramatically change, **in only two weeks**? I have asked to receive AMSAT's March 2020 financial reports, and I am still waiting for them.

Since AMSAT published Robert's report in mid-March 2020, AMSAT should also report to its membership the changing financial situation, leading to the Paycheck Protection Program loan. There was an entire Board of Directors meeting on 31 March 2020 related to seeking this loan. This meeting will be documented in minutes once AMSAT holds a subsequent Board meeting, where minutes from the 17 March and 31 March meetings can be approved. Neither meeting went into an executive session. I feel AMSAT leadership needs to truthfully present AMSAT's financial situation to its membership, and not just leave Robert Bankston's report standing without an update to cover the changing situation.

Patrick Stoddard
9 May 2020