

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The American Radio Relay League, Incorporated


We have audited the accompanying statements of financial position of The American Radio Relay League, Incorporated (the League) as of December 31, 2004 and 2003 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Radio Relay League, Incorporated as of December 31, 2004 and 2003, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

April 15, 2005



THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

December 31, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Current assets		
Cash and cash equivalents	\$ 492,495	\$ 196,176
Accounts receivable, net of allowance for doubtful accounts of \$85,070 and \$69,880, respectively	440,707	440,113
Inventory	661,282	727,254
Grants and other receivables	281,896	247,305
Prepaid expenses and other current assets	176,855	187,672
	<u>2,053,235</u>	<u>1,798,520</u>
Other assets		
Investments	12,599,804	11,880,970
Land, building and equipment, net	1,779,094	2,103,684
	<u>14,378,898</u>	<u>13,984,654</u>
Total assets	<u>\$ 16,432,133</u>	<u>\$ 15,783,174</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 288,668	\$ 362,985
Accrued liabilities	615,013	697,931
Deferred revenue other	230,228	169,987
Deferred life membership dues - current portion	510,890	511,488
Deferred term membership dues - current portion	2,217,110	2,210,241
	<u>3,861,909</u>	<u>3,952,632</u>
Other liabilities		
Deferred life membership dues - less current portion	5,473,719	5,625,416
Deferred term membership dues - less current portion	564,801	653,148
Accrued pension liability, less current portion	1,238,499	1,095,064
	<u>7,277,019</u>	<u>7,373,628</u>
Total liabilities	<u>11,138,928</u>	<u>11,326,260</u>
Net assets		
Unrestricted	3,195,143	2,688,651
Unrestricted - Board designated	256,893	69,781
Temporarily restricted	1,530,672	1,504,942
Permanently restricted	310,497	193,540
Total net assets	<u>5,293,205</u>	<u>4,456,914</u>
Total liabilities and net assets	<u>\$ 16,432,133</u>	<u>\$ 15,783,174</u>

The accompanying accounting policies and notes are an integral part of the financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Contributions				
Membership dues	\$ 5,086,927	\$ -	\$ -	\$ 5,086,927
Net publication sales	3,668,572	-	-	3,668,572
Advertising revenue	2,488,232	-	-	2,488,232
Investment income	152,111	58,192	-	210,303
Examination fees and other	252,470	-	-	252,470
Program and service fees	360,094	-	-	360,094
Government grant awards	204,644	-	-	204,644
Contributions and support	331,856	723,795	164,514	1,220,165
Net assets released from restrictions	843,898	(796,341)	(47,557)	-
	13,388,804	(14,354)	116,957	13,491,407
Expenditures				
Programs and services	7,869,981	-	-	7,869,981
Publications	3,529,339	-	-	3,529,339
Administration	1,736,732	-	-	1,736,732
Governance	141,677	-	-	141,677
	13,277,729	-	-	13,277,729
(Decrease) increase in net assets before other income (loss)	111,075	(14,354)	116,957	213,678
Other income (loss)				
Bequests - board restricted functioning as an endowment	208,072	-	-	208,072
Unrealized gains on investments	374,457	40,084	-	414,541
	582,529	40,084	-	622,613
Change in net assets	693,604	25,730	116,957	836,291
Net assets, beginning of year	2,758,432	1,504,942	193,540	4,456,914
Net assets, end of year	\$ 3,452,036	\$ 1,530,672	\$ 310,497	\$ 5,293,205

The accompanying accounting policies and notes are
an integral part of the financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Contributions				
Membership dues	\$ 5,103,853	\$ -	\$ -	\$ 5,103,853
Net publication sales	3,427,165	-	-	3,427,165
Advertising revenue	2,586,059	-	-	2,586,059
Investment income	291,516	46,306	-	337,822
Examination fees and other	288,454	-	-	288,454
Program and service fees	378,108	-	-	378,108
Government grant awards	157,221	-	-	157,221
Contributions and support	213,368	797,507	7,396	1,018,271
Net assets released from restrictions	839,602	(839,602)	-	-
	13,285,346	4,211	7,396	13,296,953
Expenditures				
Programs and services	8,349,506	-	-	8,349,506
Publications	3,668,804	-	-	3,668,804
Administration	1,607,836	-	-	1,607,836
Governance	217,797	-	-	217,797
	13,843,943	-	-	13,843,943
(Decrease) increase in net assets before other income (loss)	(558,597)	4,211	7,396	(546,990)
Other income (loss)				
Unrealized gains on investments	1,071,308	101,872	-	1,173,180
Loss on disposal of assets	(297,766)	-	-	(297,766)
	773,542	101,872	-	875,414
Change in net assets	214,945	106,083	7,396	328,424
Net assets, beginning of year	2,543,487	1,398,859	186,144	4,128,490
Net assets, end of year	\$ 2,758,432	\$ 1,504,942	\$ 193,540	\$ 4,456,914

The accompanying accounting policies and notes are
an integral part of the financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2004 and 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 836,291	\$ 328,424
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Receipts to establish or increase permanent endowment	(116,957)	(7,396)
Depreciation	544,982	506,415
Loss on disposal of assets	-	297,766
Change in unrealized gains on investments	(414,541)	(1,173,180)
Realized loss (gain) on investments allocated to the general fund	17,110	(98,036)
(Increase) decrease in:		
Accounts receivable, net	(594)	75,723
Grants and other receivables	(34,591)	97,539
Inventory	65,972	(79,144)
Prepaid expenses and other current assets	10,817	(55,030)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(157,235)	(270,536)
Deferred revenue other	60,241	30,299
Deferred life membership dues, net of allocated realized gains and losses	(115,724)	(44,054)
Deferred term membership dues	(81,478)	(191,243)
Pension liability	143,435	179,058
Net cash provided by (used in) operating activities	757,728	(403,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(220,392)	(440,985)
Net (purchases) sales of investments	(357,974)	718,396
Proceeds from sale of assets	-	6,683
Net cash (used in) provided by investing activities	(578,366)	284,094
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts to establish or increase permanent endowment	116,957	7,396
Net increase (decrease) in cash and cash equivalents	296,319	(111,905)
Cash and cash equivalents, beginning of year	196,176	308,081
Cash and cash equivalents, end of year	\$ 492,495	\$ 196,176

The League disposed of \$1,079 and \$139,805 of fully depreciated equipment during the years ended December 31, 2004 and 2003, respectively.

The accompanying accounting policies and notes are an integral part of the financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Radio Relay League, Incorporated (the "League") is a not-for-profit organization formed to promote interest in amateur radio communication, experimentation and the advancement of radio art, further the public welfare and foster education in the field of electronic communication. The League also publishes documents, books, magazines and pamphlets necessary or incidental to its purpose. The League's operations are supported by dues from members, advertising income and various product sales. The League's members are primarily located throughout the United States.

Cash Equivalents

Cash equivalents are stated at cost plus accrued interest, which approximates market value. For purposes of the statements of cash flows, the League considers all unrestricted investments with an original maturity of 90 days or less to be cash equivalents.

Investments

The League reports investments at their current fair market value and reflects any gain or loss in the Statement of Activities. Investment income and gains and losses are considered unrestricted unless temporarily restricted by donor stipulation.

Allowance For Doubtful Accounts

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. The League performs on-going credit evaluations of its customers' financial condition and grants credit based on each customer's ability to pay. The League evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Changes in the valuation allowance have not been material to the financial statements.

Inventory

Inventory consists of publications, software, membership supplies and other miscellaneous items. Inventory is carried at the lower of cost or market, with cost being determined using the first-in, first-out (FIFO) method. Inventory is reflected net of reserves for slow moving inventory of \$62,033 and \$37,055 as of December 31, 2004 and 2003, respectively.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Membership Dues

Revenue from term membership dues is recognized to the extent of acquisition costs when memberships are received. The remaining portion is recognized as revenue on the straight-line basis ratably over the applicable membership period.

The by-laws of the League provide for life membership in the League for 25 times the term membership annual dues rate. Dues are deferred and recognized in income over the estimated life expectancy of the respective life members (approximately 34 years). Investment earnings on allocated life member investments are deferred and are recognized as dues at an amount representative of the estimated cost to the League for providing services to the life members.

Publication Sales

Revenue from publication sales is recognized when the earnings process is complete and the risks and rewards of ownership have transferred to the customer, which is generally considered to have occurred upon shipment of the finished product.

Advertising

Advertising revenue from magazines are recorded, net of agency commissions, during the period the magazines are sold.

Net Asset Categories

To ensure observance of limitations and restrictions placed on the use of resources available to the League, the accounts of the League are maintained in the following net asset categories:

Unrestricted - Unrestricted net assets represent available resources other than donor-restricted contributions. The Board of Directors of the League has earmarked certain of those funds which are shown as designated unrestricted net assets in the accompanying statements of financial position.

Temporarily Restricted - Temporarily restricted net assets represent contributions and earnings thereon that are restricted by the donor either as to purpose or as to time of expenditure.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Categories (continued)

Permanently Restricted - Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity while the income earned thereon is made available for operations.

Contributions and Grants

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets even if the restrictions expire in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Grants are recorded as receivables in the year the commitment is made by the grantor, and are deemed to be earned and reported as revenue when the League has expended funds that meet the specific grant restrictions. Unexpended amounts are classified as deferred revenue other in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions. Significant estimates included in the financial statements consist of the estimated life expectancy of the life members, depreciation, and the defined benefit pension plan obligation. Such estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses at December 31, 2004 and 2003. Actual results may differ from the estimates.

Income Taxes

The League is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the League is subject to any federal and state income tax due as a result of unrelated business income arising primarily from net advertising income related to QST magazine. At December 31, 2004 and 2003, the League did not generate unrelated business income tax.

Reclassifications

Certain reclassifications have been made to the prior year financial statements and supplementary financial information to make them comparable to the current year financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(1) Investments

Investments are carried at their aggregate fair market value. The following summarizes the relationship between the cost and market values as presented in the financial statements as of December 31:

	2004		2003	
	Market	Cost	Market	Cost
Cash	\$ 743,649	\$ 743,649	\$ 765,530	\$ 765,530
Fixed maturities	4,942,537	4,944,826	4,805,431	4,790,532
Equity securities	6,913,618	5,900,577	6,310,009	5,728,697
	<u>\$12,599,804</u>	<u>\$11,589,052</u>	<u>\$11,880,970</u>	<u>\$11,284,759</u>

The League allocates its investments as those related to life memberships, regular operations, temporarily restricted and endowment funds. The following summarizes the market value of investments related to each category as of December 31:

	2004	2003
Life membership	\$ 5,984,609	\$ 6,136,904
Regular operations	4,565,954	4,045,584
Temporarily restricted	1,530,672	1,504,942
Permanently restricted	310,497	193,540
Functioning as an endowment	208,072	-
	<u>\$12,599,804</u>	<u>\$11,880,970</u>

The following summarizes changes in relationships between cost and market values of investments:

	2004	2003
Unrealized appreciation (decline), beginning of year:		
Market value	\$11,880,970	\$11,195,513
Cost	11,284,759	11,772,482
Net gain (loss)	<u>596,211</u>	<u>(576,969)</u>
Unrealized appreciation, end of year:		
Market value	12,599,804	11,880,970
Cost	11,589,052	11,284,759
Net gain	<u>1,010,752</u>	<u>596,211</u>
Change in net unrealized gain during year	<u>\$ 414,541</u>	<u>\$ 1,173,180</u>

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Investments (continued)

Investment income is summarized as follows for the year ended December 31:

	<u>2004</u>	<u>2003</u>
Interest and dividend income	\$488,829	\$478,800
Net realized gain (loss) from sale of investments	<u>(55,120)</u>	<u>230,673</u>
Gross investment income	433,709	709,473
Less:		
Net investment income allocated to deferred life liability	<u>(223,406)</u>	<u>(371,651)</u>
Total investment income	<u><u>\$210,303</u></u>	<u><u>\$337,822</u></u>

(2) Land, Buildings and Equipment

The League capitalizes, at cost, all expenditures for property and equipment with a useful life greater than one year, and a cost of \$1,000 or more. Depreciation is recorded over the estimated useful lives of the respective assets on a straight-line basis. Buildings are depreciated over a 40-year life. Furniture, equipment and building improvements are depreciated over their estimated useful lives ranging from 3 to 15 years.

Land, building and equipment, and related accumulated depreciation are comprised of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Land and building	\$1,094,693	\$1,094,693
Furnishing, equipment and building improvements	4,659,253	4,444,179
Construction in progress	<u>216,348</u>	<u>212,111</u>
	5,970,294	5,750,983
Less accumulated depreciation	<u>(4,191,200)</u>	<u>(3,647,299)</u>
	<u><u>\$1,779,094</u></u>	<u><u>\$2,103,684</u></u>

(3) Pension Plan

The League has a noncontributory group annuity retirement plan which covers all full-time employees. The assets of the plan are primarily invested in a group annuity contract with Mass Mutual Life Insurance Company, which executes investment transactions and pays all benefits.

The League's funding policy is to contribute annually the amount necessary to meet the minimum funding standards established by the Employee Retirement Income Security Act. This contribution is based on a method that recognizes estimated future salary levels and service.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Pension Plan (continued)

The following sets forth the Plan's funded status and amounts recognized in the League's statements of financial position at December 31:

	2004	2003
Benefit obligation	\$ 9,386,861	\$ 8,280,950
Fair value of plan assets	6,191,306	5,449,948
Funded status	\$(3,195,555)	\$(2,831,002)
Accrued benefit cost recognized in the statement of financial position	\$ 1,637,705	\$ 1,470,971
Less current portion included in accrued expenses	(399,206)	(375,907)
Long-term portion	\$1,238,499	\$1,095,064
Weighted average assumptions:		
Discount rate	6.0%	6.3%
Expected return on plan assets	8.0%	8.0%
Rate of compensation increase	4.0%	4.0%
Net periodic benefit cost	\$542,501	\$530,082
Employer contribution	375,767	351,024
Participants' contributions	-	-
Benefits paid	(64,950)	(58,652)

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. Estimation of this rate is derived using a building block method where appropriate consideration is given to the returns being earned by the plan assets in the fund and the rates of return expected to be available for reinvestment. The expected rate of return on each asset class is broken down into three components: (1) inflation, (2) the real risk-free rate of return (i.e., the long term estimate of future returns on default-free U.S. government securities), and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate.)

All three components are based primarily on historical data, with modest adjustments to take into account additional relevant information that is currently available. For the inflation and risk-free return components, the most significant additional information is that provided by the market for nominal and inflation-indexed U.S. Treasury securities. That market provides implied forecasts of both the inflation rate and risk-free rate for the period over which currently available securities mature. The historical data on risk premiums for each asset class is adjusted to reflect any systemic changes that have occurred in the relevant markets; e.g., the higher current valuations for equities, as a multiple of earnings, relative to the longer-term average for such valuations.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Pension Plan (continued)

The exact expected return derived using the building block method will vary from year to year; however, as the rate is a long-term assumption, it remains constant as long as it remains within a reasonable range.

Retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

<u>Year Ending December 31:</u>	
2005	\$123,866
2006	125,182
2007	141,925
2008	208,581
2009	216,054
2010 – 2014	2,023,508

The asset allocations by category as of December 31, 2004 are as follows:

	<u>Amount</u>	<u>%</u>
Equity securities	\$3,546,928	57.3%
Debt securities	2,136,685	34.5
Money market	507,693	8.2
	<u>\$6,191,306</u>	<u>100.0%</u>

The League sets investment guidelines with the assistance of investment professionals. These guidelines are established on market conditions, risk tolerance, funding requirements and expected benefit payments. The guidelines address the investment allocation process, selection of investment professionals and monitoring of asset performance. As pension liabilities are long-term in nature, the League employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk. An annual analysis on the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption.

The investment portfolio contains a diversified portfolio of investment categories, including equities and fixed income securities. Securities are also diversified in terms of domestic and international securities, short and long-term securities, growth and value styles and large cap and small cap stocks. Presently, the guidelines require that investments in securities range as follows:

	<u>Investment Range</u>	<u>Target</u>
Equity securities	45-65%	55%
Debt securities	25-45%	35%
Money market	5-15%	10%

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Pension Plan (continued)

Based on the facts and circumstances that existed at the date of the financial statements, the League expects to contribute \$399,206 to the plan next fiscal year. The League believes with prudent risk tolerance and asset diversification, the plan should be able to meet its pension obligations in the future.

(4) Lease Obligations

The League leases warehouse space, office space, and office equipment under various operating leases with monthly payments ranging from \$351 to \$4,265 which expire through March 2007. Total expense for operating leases was \$105,822 and \$101,939 for the years ended December 31, 2004 and 2003, respectively.

The following are future minimum lease payments due under these non-cancelable operating leases as of December 31, 2004:

<u>Year Ended December 31,</u>	
2005	\$ 85,090
2006	22,094
2007	1,053
	<u>\$108,237</u>

(5) Designated Unrestricted Funds

The League's Board of Directors has designated funds for the purpose of acquiring, restoring and preserving amateur radio related artifacts, defending the use of radio frequencies by amateur radio operators and for future maintenance on the League's administrative building. As of December 31, 2004 and 2003, the Board has designated \$48,821 and \$69,781, respectively, for these purposes.

In 2004, the League received bequests in the amount of \$208,072. The League's Board of Directors intent is to treat these unrestricted bequests as funds functioning as an endowment.

(6) Permanently Restricted Funds

The permanently restricted funds are those funds received from donors with the stipulation that the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income. The income earned on the funds may be expended by the League if the income is unrestricted or expended in accordance with the gift instrument if restricted.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(6) Permanently Restricted Funds (continued)

In 1993, the League became entitled, as beneficiary, to proceeds from a life insurance policy on one of its members. This endowment specifies that the principal is to be maintained in a fund and invested for the purpose of producing future income. The income from this endowment will be expended to reward deserving radio amateurs. The principal of \$154,340 is reflected as permanently restricted net assets in the accompanying statements of financial position at December 31, 2004 and 2003.

In 2002, an endowment fund was set up for W1AW maintenance and upkeep. The principal of \$156,157 and \$39,200 is reflected as permanently restricted net assets in the accompanying statements of financial position at December 31, 2004 and 2003, respectively.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2004 are available for the following purposes:

Exceptional Merit	Education and Research
Defense of Frequencies	Other Specific Purposes

Individual fund activities are disclosed on Schedule 2.

(8) Concentrations of Credit Risk

The League maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The League has not experienced any loss in such accounts. The League believes that it is not exposed to any significant credit risk on cash and cash equivalents.

The League extended credit to customers (accounts receivable) of \$525,777 and \$509,993 at December 31, 2004 and 2003, respectively. The League believes that the concentration of credit risk in its accounts receivable is substantially mitigated due to the large number of customers comprising the League's credit base.

The League invests in various debt and equity securities. These investment securities are recorded at market value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is reasonably possible that these factors will result in changes in the value of the League's investments, which could materially affect amounts reported in the financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(9) Related Party Transaction

The League has some common directors with The ARRL Foundation, Inc. Board. The League performs administrative services for The ARRL Foundation, Inc. and charges an administrative fee which amounted to \$13,200 during the years ended December 31, 2004 and 2003.

(10) Donated Assets

Donated assets are recognized at their estimated fair market value. In 2004 assets in the amount of \$69,466 were donated to the League. These donations are included in revenue under contributions and support and in assets under furnishing, equipment and building improvements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SCHEDULE OF EXPENDITURES

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Salaries, compensation and benefits	\$ 6,110,155	\$ 6,397,610
Publication costs	2,236,132	2,248,461
Shipping and forwarding costs	1,230,924	1,313,829
Communication and postage	611,528	649,600
Depreciation	544,982	506,415
Other	544,251	413,969
Occupancy costs	428,802	401,844
Office supplies and expenditures	420,334	487,854
Administrative expenses	343,035	464,285
Legal and professional fees	352,080	445,781
Travel	238,831	344,776
Rentals and equipment maintenance	216,675	169,519
	<u>\$ 13,277,729</u>	<u>\$ 13,843,943</u>

The accompanying accounting policies and notes are an integral part of the financial statements.

THE AMERICAN RADIO RELAY LEAGUE, INC.

TEMPORARILY RESTRICTED FUND SUMMARY

For the Year Ended December 31, 2003

Fund Name	Balance 01/01/03	Contributions	Investment Income, net	Change in Unrealized gain	Released from Restriction	Balance 12/31/03
H.P. Maxim Award	\$ 36,882	\$ -	\$ 1,403	\$ -	\$ (3,127)	\$ 35,158
Project Goodwill	12,988	-	-	-	(1,212)	11,776
Exceptional Merit	979,903	-	38,822	101,872	-	1,120,597
Legal Research & Resource	140,821	8,386	-	-	(3,787)	145,420
Starr Technology	4,081	-	-	-	-	4,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Colvin Award	12,584	-	6,081	-	-	18,665
Educational Activities	3,580	-	-	-	-	3,580
Defense of Frequencies	-	620,313	-	-	(620,313)	-
Lab Fund	4,582	298	-	-	-	4,880
W1AW	32,474	-	-	-	-	32,474
Education and Technology	163,214	118,510	-	-	(161,163)	120,561
ARECC	-	50,000	-	-	(50,000)	-
Direction Finding	41	-	-	-	-	41
Total Temporarily Restricted Funds	\$ 1,398,859	\$ 797,507	\$ 46,306	\$ 101,872	\$ (839,602)	\$ 1,504,942

THE AMERICAN RADIO RELAY LEAGUE, INC.

TEMPORARILY RESTRICTED FUND SUMMARY

For the Year Ended December 31, 2004

Fund Name	Balance 01/01/04	Contributions	Investment Income, net	Change in Unrealized gain	Released from Restriction	Balance 12/31/04
H.P. Maxim Award	\$ 35,158	\$ -	\$ 1,461	\$ -	\$ (3,290)	\$ 33,329
Project Goodwill	11,776	200	-	-	-	11,976
Exceptional Merit	1,120,597	-	44,686	40,084	(40,000)	1,165,367
Legal Research & Resource	145,420	8,606	-	-	(523)	153,503
Starr Technology	4,081	-	-	-	-	4,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Colvin Award	18,665	-	6,818	-	(17,640)	7,843
Educational Activities	3,580	-	-	-	-	3,580
Defense of Frequencies	-	542,905	-	-	(542,905)	-
Lab Fund	4,880	300	-	-	-	5,180
W1AW	32,474	-	5,227	-	(295)	37,406
Education and Technology	120,561	121,784	-	-	(141,688)	100,657
ARECC	-	50,000	-	-	(50,000)	-
Direction Finding	41	-	-	-	-	41
Total Temporarily Restricted Funds	\$ 1,504,942	\$ 723,795	\$ 58,192	\$ 40,084	\$ (796,341)	\$ 1,530,672

The accompanying accounting policies and notes are an integral part of the financial statements.