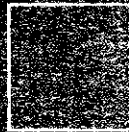
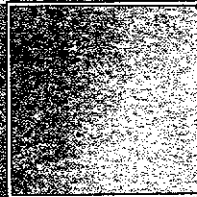
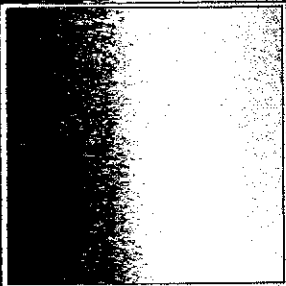
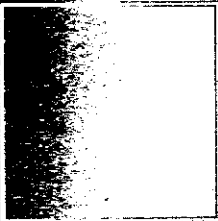


The ARRL Foundation, Inc.

Financial Statements

June 30, 2005



Haggett Longobardi^{LLC}

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THE ARRL FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2005

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The ARRL Foundation, Inc.

We have audited the accompanying statements of financial position of The ARRL Foundation, Inc. (the Foundation) as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation'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 audit 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 ARRL Foundation, Inc. as of June 30, 2005 and 2004, and the changes in its net assets 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

October 18, 2005



THE ARRL FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2005 and 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Assets		
Cash and cash equivalents	\$ 109,025	\$ 541,605
Investments	2,055,268	1,573,248
Interest receivable	13,687	11,314
Total assets	<u>\$ 2,177,980</u>	<u>\$ 2,126,167</u>

LIABILITY AND NET ASSETS

Liability		
Accrued expenses	<u>\$ 12,681</u>	<u>\$ 1,344</u>
Net assets		
Unrestricted	103,570	107,336
Temporarily restricted	1,002,614	958,372
Permanently restricted	1,059,115	1,059,115
Total net assets	<u>2,165,299</u>	<u>2,124,823</u>
Total net assets	<u>\$ 2,177,980</u>	<u>\$ 2,126,167</u>

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

THE ARRL FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2005 and 2004

	2005			2004				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Other Revenue								
Contributions	\$ 11,296	\$ 45,578	\$ -	\$ 56,874	\$ 4,595	\$ 13,806	\$ 20,000	\$ 38,401
Investment income, net	5,709	83,552	-	89,261	7,439	64,978	-	72,417
Net assets released from restrictions	83,757	(83,757)	-	-	39,614	(39,614)	-	-
	<u>100,762</u>	<u>45,373</u>	-	<u>146,135</u>	<u>51,648</u>	<u>39,170</u>	<u>20,000</u>	<u>110,818</u>
Expenditures								
Scholarships	76,596	-	-	76,596	39,432	-	-	39,432
Grants	11,481	-	-	11,481	12,151	-	-	12,151
Administrative	25,777	-	-	25,777	23,618	-	-	23,618
	<u>113,854</u>	-	-	<u>113,854</u>	<u>75,201</u>	-	-	<u>75,201</u>
(Deficit) excess of public support revenues over expenditures	(13,092)	45,373	-	32,281	(23,553)	39,170	20,000	35,617
Realized and unrealized (loss) gain on investments	9,326	(1,131)	-	8,195	(73,112)	-	-	(73,112)
Change in net assets	(3,766)	44,242	-	40,476	(96,665)	39,170	20,000	(37,495)
Net assets, beginning of year	107,336	958,372	1,059,115	2,124,823	204,001	918,202	1,039,115	2,162,318
Net assets, end of year	<u>\$ 103,570</u>	<u>\$ 1,002,614</u>	<u>\$ 1,059,115</u>	<u>\$ 2,165,299</u>	<u>\$ 107,336</u>	<u>\$ 958,372</u>	<u>\$ 1,059,115</u>	<u>\$ 2,124,823</u>

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

THE ARRL FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 40,476	\$ (37,495)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipts to establish or increase permanent endowment	-	(20,000)
Change in unrealized (gain) loss on investments	(9,787)	44,363
Realized loss on investments	1,592	28,749
Increase in interest receivable	(2,373)	(1,802)
Increase in accrued expenses	11,337	1,344
	<u>41,245</u>	<u>15,159</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	<u>(473,825)</u>	<u>(458,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts to increase permanent endowment	<u>-</u>	<u>20,000</u>
	(432,580)	(423,271)
Net decrease in cash and cash equivalents		
Cash and cash equivalents, beginning of year	<u>541,605</u>	<u>964,876</u>
Cash and cash equivalents, end of year	<u>\$ 109,025</u>	<u>\$ 541,605</u>

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

THE ARRL FOUNDATION, INC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The ARRL Foundation, Inc. (the "Foundation") was incorporated as a not-for-profit corporation in September 1973 by a group of volunteers exclusively for charitable, educational and scientific purposes. The Foundation distributes scholarships and grants to study and contribute to the development of Amateur satellite programs and other innovative programs related to the purposes of The America Radio Relay League, Inc.

The American Radio Relay League, Inc. (ARRL) contributes various administrative support services to the Foundation.

Cash Equivalents

Cash equivalents represent investments in interest bearing securities with original maturities of 90 days or less. At June 30, 2005 and 2004, the Foundation had no cash equivalents.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from private foundation status under IRC Section 509(a)(3).

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Foundation is subject to explicit donor-imposed stipulations that can be fulfilled by actions of the Foundation or that expire by the passage of time.

Permanently Restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Foundation and stipulate the use of income and/or appreciation as either unrestricted or temporarily restricted.

THE ARRL FOUNDATION, INC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

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 unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. 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.

Contributions Receivable

Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received or promises to give are recognized in the accompanying statements of activities as revenue in the period the promise to give is received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and disclosure of contingent assets 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.

Concentration of Credit Risk

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

The Foundation 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 at least reasonably possible that these factors will result in changes in the value of the Foundation's investments which could materially affect amounts reported in the financial statements.

THE ARRL FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

(1) Investments

The Foundation accounts for its investments in accordance with SFAS 124, *Accounting for Certain Investments Held by Not-For-Profit Organizations*. This statement requires all equity and debt investments to be reported at fair value with unrealized gains and losses included in the statements of activities. The following is a summary of investments held at June 30:

	2005		2004	
	Cost	Market Value	Cost	Market Value
U.S. Government Securities	\$725,586	\$733,692	\$1,105,337	\$1,115,115
Bonds	525,967	493,048	50,000	48,856
Mutual Funds	-	-	52,354	38,165
Common Stocks	284,209	298,091	169,698	171,563
Preferred Stocks	325,000	325,890	100,000	100,000
Certificate of Deposit	99,522	99,839	99,521	99,549
Other	88,860	104,708	-	-
Total investments	<u>\$2,049,144</u>	<u>\$2,055,268</u>	<u>\$1,576,910</u>	<u>\$1,573,248</u>
Unrealized gains as of June 30, 2005			\$6,124	
Unrealized losses as of June 30, 2004			(3,663)	
Change in unrealized gain on investment			<u>\$9,787</u>	

(2) Contributions Restricted by Donors

The Foundation receives donor contributions which are restricted for specific purposes as specified by the donors. These restricted contributions are administered by designated officials of the Foundation in accordance with the directions of the donors.

THE ARRL FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(3) Permanently Restricted Net Assets

Permanently restricted net assets are the principal portion of the endowment fund investments. Income generated from these assets are temporarily restricted for use as scholarships and grant awards.

(4) Related Party Transactions

The Foundation has some common directors with the ARRL board. ARRL performs administrative services for the Foundation and charges an administrative fee which amounted to \$14,182 and \$13,200 for the years ended June 30, 2005 and 2004, respectively. During the years ended June 30, 2005 and 2004, a member of the Board of Directors provided investment advisory services to the Foundation in the amount of \$3,987 and \$1,344, respectively. The amount payable at June 30, 2005 and 2004 was \$0 and \$1,344, respectively.

(5) Commitments

The Foundation has established the William R. Goldfarb Memorial Scholarship which provides a meritorious young amateur radio operator a full scholarship. The Foundation has awarded three such scholarships through June 30, 2005. The scholarship will fund costs not already covered through financial aid or other scholarships, etc. The scholarships are subject to certain performance requirements and require an annual reassessment of need. For the year ended June 30, 2005, anticipated costs under this program was \$12,681 and has been accrued for in the statement of financial position.

THE ARRL FOUNDATION, INC.

Restricted Fund Summary

For the Year Ended June 30, 2005

Fund Name	Balance 07/01/04	Contributions	Investment Income, Net	Expenditures	Balance 06/30/05
Riebhoff	\$ 16,329	\$ -	\$ 663	\$ (1,000)	\$ 15,992
Scholarship	24,525	-	938	-	25,463
Bieberman	11,403	123	438	-	11,964
P. Grauer	50,555	120	1,974	(1,000)	51,649
Hadlock	6,474	-	324	(2,000)	4,798
Goldwater	47,325	80	1,990	(5,000)	44,395
V. Clark	17,302	450	772	(3,531)	14,993
WARC	2,145	-	82	-	2,227
McDaniel Memorial	19,508	-	765	(500)	19,773
Friend in PA	90,751	-	3,509	(1,000)	93,260
Metzger	11,009	-	439	(500)	10,948
Wicker	56,926	-	2,216	(1,000)	58,142
Bennett	11,051	-	423	-	11,474
Lawson	22,328	-	873	(500)	22,701
Fischer	52,661	-	2,052	(1,000)	53,713
K2TE0	2,894	-	149	(1,000)	2,043
PHD	31,226	-	1,233	(1,000)	31,459
Six Meter Club	13,080	-	519	(500)	13,099
FEMARA	120,645	-	4,729	(3,000)	122,374
Mississippi	18,121	40	714	(500)	18,375
Comstock	1,332	1,000	98	(1,000)	1,430
Cook	32,484	-	1,281	(1,000)	32,765
NEMAL	547	-	21	-	568
Cirdke	33,158	-	1,306	(1,000)	33,464
FLOSI	475	-	18	-	493
Chicago FM Club	2,799	500	142	(500)	2,941
M. L. Brown	60,078	-	2,393	(2,500)	59,971
ARRL Scout Handbook	205	-	8	-	213
Eugene "Gene" Sallee	1,386	-	72	(500)	958
AARC	595	-	42	(500)	137
Earl I. Anderson	23,617	-	1,047	(3,750)	20,914
IDEA	111	-	4	-	115
Craigie	1,259	-	48	-	1,307
Walton	2,096	-	99	(500)	1,695
Central Arizona DX Association	804	170	53	(500)	527
W6SAI	2,285	-	87	-	2,372
WRTC USA	281	-	11	-	292
Strohmeier	4,626	-	196	(500)	4,322
Yankee Clipper Contest Club	1,506	-	51	-	1,557
Albert H. Hix, W8AH	2,376	-	80	-	2,456
H. Broughton Earnings	10,068	-	5,441	(2,000)	13,509
Wm. Goldfarb Earnings	146,617	-	44,172	(45,726)	145,063
N. TX KB5BNU Earnings	232	-	28	-	260
IRARC Memorial	3,177	-	231	(750)	2,658
Jean R. Cebik Memorial	-	20,000	297	-	20,297
Carole Streeter Scholarship	-	22,070	386	-	22,456
Louisiana Memorial	-	1,025	7	-	1,032
Total Temporarily Restricted Funds	\$ 958,372	\$ 45,578	\$ 82,421	\$ (83,757)	\$ 1,002,614
H. Broughton	119,551	-	-	-	119,551
Wm. R. Goldfarb	919,064	-	-	-	919,064
N. TX KB5BNU	500	-	-	-	500
IRARC Memorial	20,000	-	-	-	20,000
Total Permanently Restricted Funds	\$ 1,059,115	\$ -	\$ -	\$ -	\$ 1,059,115

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

THE ARRL FOUNDATION, INC.

Restricted Fund Summary

For the Year Ended June 30, 2004

Fund Name	Balance 07/01/03	Contributions	Investment Income, Net	Expenditures	Balance 06/30/04
Riebhoff	\$ 16,706	\$ -	\$ 623	\$ (1,000)	\$ 16,329
Scholarship	23,692	-	833	-	24,525
Bieberman	10,769	270	384	(20)	11,403
P. Grauer	47,398	2,385	1,772	(1,000)	50,555
Hadlock	8,118	-	356	(2,000)	6,474
Goldwater	50,296	83	1,946	(5,000)	47,325
V. Clark	18,611	565	726	(2,600)	17,302
WARC	2,072	-	73	-	2,145
McDaniel Memorial	19,311	-	697	(500)	19,508
Friend in PA	88,600	-	3,151	(1,000)	90,751
Metzger	8,972	1,700	337	-	11,009
Wicker	55,924	-	2,002	(1,000)	56,926
Bennett	10,676	-	375	-	11,051
Lawson	22,036	-	792	(500)	22,328
Fischer	51,804	-	1,857	(1,000)	52,661
K2TEO	3,728	-	166	(1,000)	2,894
PHD	31,097	-	1,129	(1,000)	31,226
Six Meters	13,102	-	478	(500)	13,080
FEMARA	118,224	-	4,221	(1,800)	120,645
Mississippi	17,505	-	616	-	18,121
Comstock	1,248	1,000	84	(1,000)	1,332
Cook	31,380	-	1,104	-	32,484
NEMAL	528	-	19	-	547
Cirdke	32,964	-	1,194	(1,000)	33,158
FLOSI	459	-	16	-	475
Chicago FM Club	2,674	500	125	(500)	2,799
M.L. Brown	60,367	-	2,211	(2,500)	60,078
ARRL Scout Handbook	198	-	7	-	205
Eugene "Gene" Sallee	1,321	500	65	(500)	1,386
AARC	1,041	-	54	(500)	595
Earl I. Anderson	23,980	-	887	(1,250)	23,617
IDEA	107	-	4	-	111
Craigie	1,216	-	43	-	1,259
Walton	2,491	-	105	(500)	2,096
Central Arizona DX Association	1,243	-	61	(500)	804
W6SAI	2,207	-	78	-	2,285
WRTC USA	271	-	10	-	281
Strohmeier	5,401	-	225	(1,000)	4,626
Yankee Clipper Contest Club	-	1,500	6	-	1,506
Albert H. Hix, W8AH	-	2,367	9	-	2,376
H. Broughton Earnings	8,381	-	2,687	(1,000)	10,068
Wm. Goldfarb Earnings	122,877	-	33,184	(9,444)	146,617
N. TX KB5BNU Earnings	207	-	25	-	232
IRARC Memorial	-	2,936	241	-	3,177
Total Temporarily Restricted Funds	\$ 919,202	\$ 13,806	\$ 64,978	\$ (39,614)	\$ 958,372
H. Broughton	119,551	-	-	-	119,551
Wm. R. Goldfarb	919,064	-	-	-	919,064
N. TX KB5BNU	500	-	-	-	500
IRARC Memorial	-	20,000	-	-	20,000
Total Permanently Restricted Funds	\$ 1,039,115	\$ 20,000	\$ -	\$ -	\$ 1,059,115

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