



**ARRL** *The national association for*  
**AMATEUR RADIO**

# 2005

## Annual Report



## **ARRL is the national association for Amateur Radio operators.**

The seed for Amateur Radio was planted in the 1890s, when Guglielmo Marconi began his experiments in wireless telegraphy. By 1914, there were thousands of Amateur Radio operators—hams—in the United States. Hiram Percy Maxim, a leading Connecticut inventor and industrialist, saw the need for an organization to band together this fledgling group of radio experimenters. In May 1914 he founded the American Radio Relay League (ARRL) to meet that need. Today ARRL is the largest organization of radio amateurs in the United States.

### **The ARRL is proud of its continuing traditions in four key areas of action:**

#### **PUBLIC SERVICE**

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ARRL members provide thousands of volunteer hours for communities and organizations requesting aid in emergency communications planning and disasters. The work of these hams became critical in several situations in 2005.

ARRL members provide even more hours of free communications work annually to local organizations conducting large activities such as parades, scouting events and marathons.

#### **ADVOCACY**

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The ARRL represents US radio amateurs in legislative matters.

The ARRL also represents US amateurs with the Federal Communications Commission and other government agencies in the US and abroad.

The ARRL is the International Secretariat for the International Amateur Radio Union, which is made up of similar societies in 150 countries around the world.

#### **EDUCATION**

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The ARRL promotes interest in Amateur Radio communications and experimentation.

The ARRL publishes the monthly journal *QST*, as well as newsletters and many publications covering all aspects of Amateur Radio developments.

The ARRL sponsors and coordinates classes in licensing, radio communications, electronic technology and related topics both nationally and internationally.

#### **MEMBERSHIP**

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The ARRL maintains fraternalism and a high standard of conduct among Amateur Radio operators.

The ARRL provides direct services to members such as the Volunteer Examiner Coordinator Program and a QSL bureau.

The staff at ARRL Headquarters, in the Hartford suburb of Newington, is dedicated to providing quality member services.

American Radio Relay League



# Annual Report

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# 2005

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#### About the Cover:

In 2005, Hurricane Katrina, and its sisters Rita and Wilma, called for the largest mobilization of Amateur Radio emergency communications in history. Hundreds of hams responded to calls for their help from cities, agencies and relief organizations. These tragic events proved the slogan... "When all else fails, Amateur Radio works."



## A Message from ARRL's President

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Jim Haynie, W5JBP  
President

I have often said to our members, "If you cannot come to Newington, Newington will come to you."

Newington is actually Newington, Connecticut where the ARRL has its national headquarters. From this location, the staff regularly travel about the country to promote the Association and Amateur Radio overall. But there is a second army of the dedicated volunteers throughout the country who, more than the staff ever could, regularly travel and promote the Amateur Radio Service. ARRL Directors, Section Managers, officers and volunteers from clubs and groups put in thousands of hours and miles in the passionate belief that the Amateur Radio Service is both fun and a major service to the country as a whole.

In my years as President, I too have put in my share of miles and have met many of these people. Through countless airports I have carried the message of the ARRL, that "Ham Radio Works."

Then came Katrina.

The events of September proved two great truths to the world. Ham Radio does indeed work. Not only does it work, but it worked when other systems did not. Perhaps it is slower than some, or not as technologically advanced in some places as others might wish—but it WORKED! Lives were saved, people rescued, tasks and organizations coordinated, all through Amateur Radio, while other systems were still dead in the water.

The second truth was that "Newington" and the ARRL did indeed come. Hundreds of Amateur Radio operators from all across the country responded to the call for aid. Perhaps not as organized as it could have been, or not as quickly as some might wish—but the ARRL came in force. Members from as far away as Alaska provided critical communications to towns, agencies and locations cut off from the world.

As I step down from the office of President, I am comforted in thinking how the ARRL is truly all of us—not just the Newington headquarters. It is thousands of passionate Amateur Radio Operators who have banded together to advance the Service and provide for the common good of all. I have appreciated all the friendships that Amateur Radio has provided to me over the years. They are keeping ham radio's promise—and they are good people.

### Annual Report of the Chief Executive Officer for 2005

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A handwritten signature in dark ink, reading "David Sumner".

David Sumner, K1ZZ  
Chief Executive Officer

#### *To The Board of Directors of The American Radio Relay League*

The ARRL experienced a successful year in 2005. Financially we performed somewhat better than expected, thanks principally to an inspired promotion of the 2006 *Handbook* and to careful management of expenses. However, even this good news is overshadowed by our having faced and overcome the challenges posed by Hurricane Katrina and its aftermath in Louisiana, Mississippi and Alabama.

Katrina required an extraordinary response—and that is exactly what the ARRL provided. With the benefit of hindsight it is possible to spot things that could have been done better, and we will do our best to learn from the experience.

However, that does not detract in any way from the pride that we rightly feel in the performance of Amateur Radio volunteers—and specifically those of the ARES and ARRL staff.

Contrary to the predictions of its shameless promoters, 2005 did not turn out to be a big year for Broadband over Power Lines. There were *no* significant new commercial Access BPL deployments undertaken anywhere in the country. The ARRL continues to take the approach that it is not BPL that we oppose, but rather the interference that it causes. An encouraging development was Motorola's announcement of a BPL system designed from the start to be compatible with Amateur Radio. It is now clear where the line should be drawn between BPL systems that should be permitted, and those that should be prohibited because their interference potential is unreasonably high. Unfortunately, the FCC Rules presently allow deployment of both kinds. In October we petitioned the FCC to take corrective action. Throughout the year we continued to pursue specific complaints of BPL interference as appropriate.

In November the ARRL petitioned the FCC to change the basis for regulation of subbands in the Amateur Radio Service from mode of emission to bandwidth. This change does not necessitate any change in present amateur operating practices, but would make it easier to accommodate new digital modes in appropriate parts of the crowded HF amateur bands.

In December we suffered the dual losses of long-time staff member Bob Schetgen, KU7G, and Director Greg Milnes, W7OZ, whose deaths were both sudden and unexpected.

We experienced a slight decline in membership of 1.9% during the year. In 2006 we plan additional new-member initiatives to turn this trend around. If the number of amateurs licensed to operate on HF increases sharply as a result of FCC action, this should have a positive effect on ARRL membership. Active radio amateurs are likely to be ARRL members.

I could not conclude this report in good conscience without expressing my deepest appreciation to Jim Haynie for the contributions he has made to Amateur Radio as the volunteer ARRL President over the past six years. He will be long remembered for his personal accessibility as well as for his leadership in Washington and on important initiatives such as the Education and Technology Program, which gave his call sign new meaning: "Jim's Big Project." Thanks, Jim!

Thanks also to the rest of the officer team, the directors, vice directors and myriad other ARRL volunteers, and to the staff in Newington and Fairfax, as well as to General Counsel Chris Imlay, W3KD, and to Chwat & Company, our government relations firm. We're a good team. I look forward to further success on behalf of the ARRL membership in 2006 and beyond.





*"As has been proven consistently and repeatedly in the past, when communications systems fail due to a wide-area or localized natural disaster, Amateur Radio works, right away, all the time."*

## The Year in Review

### *Public Service and Emergency Response: A Perspective on 2005*

Amateur Radio rose to the occasion in response to the 2005 hurricane season. Two weeks after Hurricane Katrina struck on August 29, 2005, ARRL President Jim Haynie, W5JBP, provided written testimony to the US *House Government Reform Committee* on Amateur Radio's response to the disaster. Haynie submitted the testimony to the congressional panel "on the successful efforts of Amateur Radio operators providing communications for first responders, disaster relief agencies and countless individuals in connection with the Hurricane Katrina relief effort" on behalf of the League.

"As has been proven consistently and repeatedly in the past, when communications systems fail due to a wide-area or localized natural disaster, Amateur Radio works, right away, all the time," Haynie's statement said.

"Trained volunteer Amateur Radio operators are also providing health-and-welfare communications from within the affected area to the rest of the United States and the world," Haynie said. The statement, presented on September 15, also recounted some of the instrumental emergency activities...

"In the past week, the Coast Guard, the Red Cross, and the Federal Emergency Management Agency all put out calls for volunteer Amateur Radio operators to provide communications, because phone lines and cell sites were inoperative, and public safety communications facilities were overwhelmed due to loss of repeater towers and the large number of first responders in the area."

On September 29, on the heels of Hurricane Rita, ARRL Chief Operating Officer Harold Kramer, WJ1B, had the opportunity to testify on behalf of the League before the US House *Subcommittee on Telecommunications and the Internet*. Addressing

the hearing topic, "Public Safety Communications from 9/11 to Katrina: Critical Public Policy Lessons," Kramer reiterated and amplified comments by President Jim Haynie, W5JBP.

After Hurricane Wilma struck Florida in October, 2005, the Amateur Radio and emergency response community finally had a chance to evaluate the season and take stock of what could be done better in the future. The ARRL Web page and QST provided extensive coverage of the emergency response from all angles. QST honored nearly 1,000 radio amateurs who volunteered from around the country, taking time from their work and family obligations to serve those affected by the devastating string of hurricanes. ARRL Alabama Section Manager Greg Sarratt, W4OZK, summed up his experience in a February, 2006 QST article...

*"During our nation's unprecedented Hurricane Katrina relief effort, Amateur Radio and the ARRL stepped up and delivered a vital public service. For 37 days, more than 200 Amateur Radio operators from 35 states and Canada deployed to the field through the American Red Cross processing center in Montgomery, Alabama.*

*"During this event, my experiences affirmed that Amateur Radio operators are much more than hobbyists. I saw amateurs sacrifice, contribute and succeed in providing many weeks of critical communications and additional*

*services to meet dynamic and unique needs. Amateurs created interoperable emergency communications systems where there were none and saved lives as a result. Moreover, they brought the love of a hobby, a variety of communications, contesting, training, and public service skills; and most of all applied the amateur 'can do' spirit to help people in need."*



Outside the American Red Cross marshalling center in Montgomery, Alabama, Section Manager Greg Sarratt, W4OZK (center), assists two Amateur Radio volunteers—David Wilcox, K1DJW (left), and David Hyatt, K1DAV, as they headed into the hurricane-stricken zone with gear for 2 meters.

### Business Services

During the course of the year, we determined that more focused attention was needed in order to build stronger relationships with our business clientele. Staff dedicated their efforts to crafting a group that would better meet the needs of our advertisers and publication dealers. The result was the formation of the Business Services Group comprised of enthusiastic professional staff members dedicated to serving this special group of clients.

Publication sales to dealers, which had initially accounted for approximately 40% of total publication sales, increased to near 50% toward year-end and dealers conveyed an optimistic outlook for 2006. Publication sales efforts to our individual customers are outlined below.

QST display advertising continued on a positive trend throughout the year and advertisers came on board for a number of specialty advertising opportunities as well. In addition to outlining numerous 2005 specialty venues in an early edition of *Advertising Matters*, staff also penned targeted promotions for each opportunity. Theme-based QST pull-out sections focusing on Hamvention®, Antennas and Holiday Season products were filled to capacity and one major advertiser was persuaded to debut a new product with their own pull-out section in QST. Staff also successfully procured advertising for several ARRL publications and the *New Ham Express*, our 24-page, 4-color advertising booklet that is mailed with new-ham welcome packages.

In addition to ongoing solicitation efforts, staff also concentrated on introducing potential and lapsed advertisers to the benefits of advertising in QST, NCJ, QEX and other opportunities. Results in this area have also been very positive and both new and returning advertisers have received warm welcomes and top-notch service. Staff ended the year working on announcements, new rate cards and materials that would be needed to announce a 2006 advertising rate increase.

*Staff dedicated their efforts to crafting a group that would better meet the needs of our advertisers and publication dealers. The result was the formation of the Business Services Group, comprised of enthusiastic professional staff members dedicated to serving this special group of clients.*

### ARRL Membership

ARRL had 148,877 members by year-end. Compared with 2004, this figure represents a 1.9% membership loss for the year. On the bright side, we were encouraged to see that new appeals to lapsed-members elicited larger returns than had been seen in direct marketing initiatives conducted during the last couple of years. In addition, higher-than-anticipated gains in the second half of the year are attributed to the increased attention experienced by the Amateur Radio Service during hurricane aid response, anticipated licensing changes, and FCC's proposed elimination of Morse code testing. This year saw substantial planning for 2006 membership initiatives, including a significantly enhanced membership program and the hiring of a new ARRL Membership Manager who will be focused entirely on recruitment and retention.

### Information Products

Year-end sales of ARRL publications and other products reached \$2,962,000, exceeding plan by nearly 5%. Contributing to this achievement was the introduction of the 2006 *ARRL Handbook* and its related promotion of the 80<sup>th</sup> anniversary reproduction of the "First Handbook." The 224-page commemorative reproduction (located by ARRL Archivist Perry Williams, W1UED) was offered to customers placing initial orders for the new edition *Handbook*. The promotion was also extended to ARRL publication dealers, resulting in an increase in *Handbook* sales among our resale partners. Recurring collaboration among staff in our production,



An aerial view of the 2005 Dayton Hamvention® featuring exhibits, software demonstrations, youth activities forums, presentations and the legendary fleamarket. The QST advertising pull-out is shown at top.

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sales, marketing and other operational areas has resulted in our introducing more effective and successful new publications and new products. Three new products, directly the result of these efforts, were introduced during the year. All exceeded initial sales forecasts: *Basic Radio*, *Emergency Power for Radio Amateurs* and the *2006 ARRL Amateur Radio Calendar*.

ARRL's twelfth online course, Digital Electronics (EC-013), was introduced in July. This was also a transitional period for the Emergency Communications Courses as reimbursement eligibility, supported by a variety of grants, expired. The grants had sustained peak enrollment levels during the previous two years. As a result, we have redirected our attention on innovative strategies to increase course registration levels and encourage successful course completions.

## ARRL Offers the Latest in Amateur Radio News

### The ARRL Letter

In recent years, *The ARRL Letter*—with a weekly circulation of approximately 67,000—has become the League's standard bearer for current Amateur Radio news. Available to League members free of charge via e-mail, *The ARRL Letter* offers a thorough overview of the latest news of importance to our membership in particular and to the Amateur Radio community in general. Other Amateur Radio news outlets such as AMSAT News Service, *Amateur Radio Newsline* and *WorldRadio* often cite *The ARRL Letter* in their own reports.



### Breaking, Current News on the ARRL Web Site

To keep the Amateur Radio community abreast of what's happening throughout the week, the ARRL Web site features Amateur Radio news on its home page. ARRL Web surveys have shown that the site attracts between 25,000 and 40,000 visitors per day, and "page views" range from around 200,000 to 290,000 per day. Ranked by page views, Amateur Radio news is the most-visited area.

### Amateur Radio News in QST

Each month, *QST*, the ARRL's flagship publication and membership journal, summarizes the most significant news in the "Happenings" column. Other magazine departments, including "Public Service," "Amateur Radio World," "How's DX?" "Amateur Satellites" and "Exam Info," as well as news-oriented feature articles, focus on special-interest news. The *QST* column "ARRL in Action" highlights activities of ARRL staff and leadership.



### The ARRL Audio News Webcast/Podcast

Our weekly *ARRL Audio News* provides a digest of top news each week in radio newscast format for airing on repeaters and nets. This service is available from our Web site and by telephone. As of year-end, more than 200 repeaters and other Amateur Radio outlets in the US and elsewhere around the globe had reported they were airing our *ARRL Audio News* in full or in part. During the year the League also began making *ARRL Audio News* available as a podcast (for downloading to an iPod or other MP3 player), which is a service many members enjoy.

### ARRL/W1AW Bulletins

Member services also include a full menu of general and special-interest bulletins including regular information about DX, satellites and Keplerian elements, propagation and news bulletins. ARRL/W1AW bulletins not only are transmitted over the air every weekday (except holidays) from the Hiram Percy Maxim Memorial Station, W1AW, but are distributed via e-mail to a list of subscribers.



# Report

## 2005 Annual Report

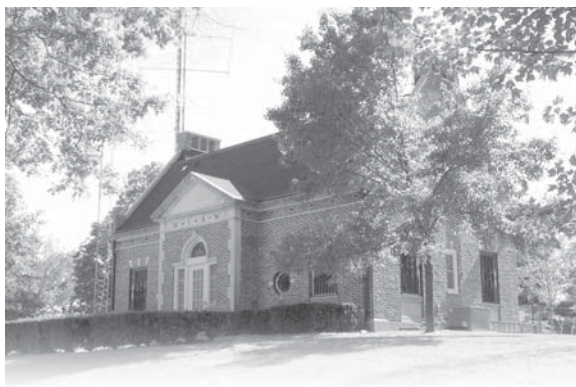
### W1AW

In 2005, W1AW participated in the following operating events:

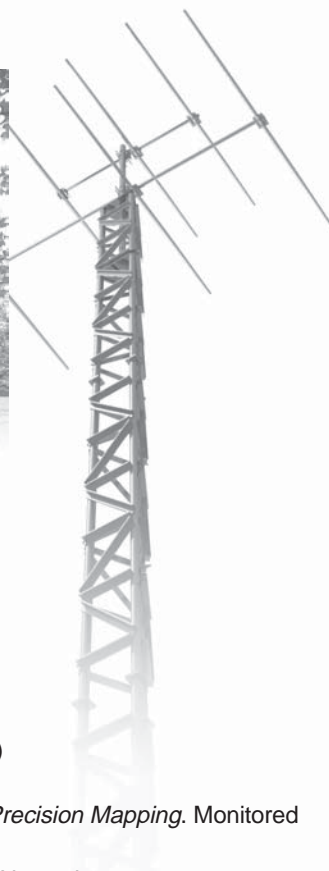
- Kid's Day (January)
- Straight Key Night
- North America Phone QSO Party
- FISTS Operating Event
- 2005 School Club Roundup
- ARRL International DX Phone Contest
- New England QSO Party
- Kid's Day (June)
- ARRL Field Day
- ARRL Emergency *Power Operating Event* (EPOE)
- Jamboree-On-The-Air (JOTA)
- ARRL CW Sweepstakes

W1AW received the following donations in 2005:

- Vibroplex "Lightning Bug" key, S/N 221897
- Repairs to Alinco DR-605T
- Icom 1.2 GHz D-Star Repeater System
- MFJ MFJ-1532N tri-band Pulsar vertical antenna (for 2m/70cm/23cm)
- Two (2) Comet 1.2 GHz vertical antennas
- Kenwood TS-480SAT
- "Mini Manuals" for various radios in studios



W1AW, the Hiram Percy Maxim Memorial Station. People from around the world come to W1AW to operate the flagship station of the Amateur Radio Service. W1AW is also the platform for many tests of new technologies, demonstrations of new equipment and services to the ham community.



### W1AW Highlights of 2005:

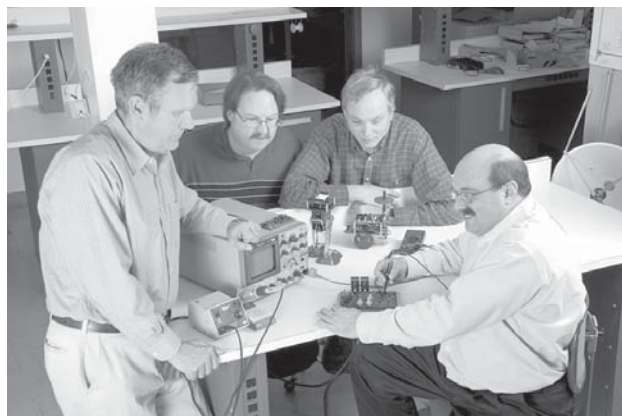
- Made contacts on new satellites AO-51 (Echo) and VU-52 (HAMSAT)
- Upgraded APRS software to *UI-View32* with *Precision Mapping*. Monitored Topoff-3 APRS activity.
- Held 4<sup>th</sup> W1AW *Frequency Measuring Test* in November.
- Experimentation with Icom's D-Star Repeater system. We received a loan from Icom of eight (8) Icom ID-1 1.2 GHz D-Star mobile transceivers to assist with D-Star testing
- All contacts made with W1AW are being uploaded to Logbook of the World.
- W1AW was used by HQ staff to monitor emergency nets in operation and to answer emergency telephone calls in the aftermath of *Hurricane Katrina*.

### ARRL Lab Provides Technical Support to Members and Industry

The year has seen some exciting things coming out of the ARRL Lab with respect to ARRL's work to address interference from BPL systems. As different BPL systems have been installed—or taken out of service—ARRL's Laboratory staff have kept pace with these systems, maintaining a database of information about BPL systems across the country and ensuring that local amateurs are well informed about developments in their area.

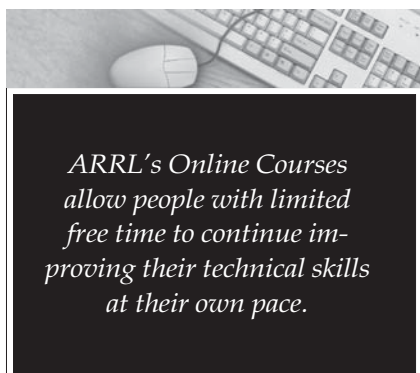
The Lab has also been an important part of ARRL's efforts to work cooperatively with industry on electromagnetic-compatibility issues. ARRL Laboratory Manager Ed Hare, W1RFI, continues

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Motorola's Dick Illman, AH6EZ (left), and ARRL Laboratory Manager Ed Hare, W1RFI, check emissions from the Powerline LV BPL system.



to serve on the IEEE P1775 BPL EMC Working Group, the ANSI accredited C63™ EMC standards committee and other industry groups addressing all types of EMC issues. This year, he accepted an invitation to chair the IEEE EMC Society's Standards Development Committee's BPL study project. He has also done a number of presentations about BPL to various industry groups, the most notable being the IEEE EMC Society EMC Symposium in Chicago in August.

Mike Gruber, ARRL's RFI engineer, helps amateurs across the country address power-line noise and other RFI problems. Mike manages ARRL's cooperative program with the FCC, helping the FCC target its RFI-related enforcement activities more efficiently by working directly with amateurs and electric utilities to solve many power-line noise problems.

ARRL members looked to the Technical Information Service (TIS) for help with a wide variety of technical issues. TIS staff provided assistance via telephone and e-mail, and also directed members to an impressive collection of on-line resources.

Lab engineers put 26 pieces of Amateur Radio equipment through rigorous tests in the League's "screen room" this year. The results were printed in *QST*'s popular "Product Review" column, side by side with manufacturers' product specifications.

## Online Courses

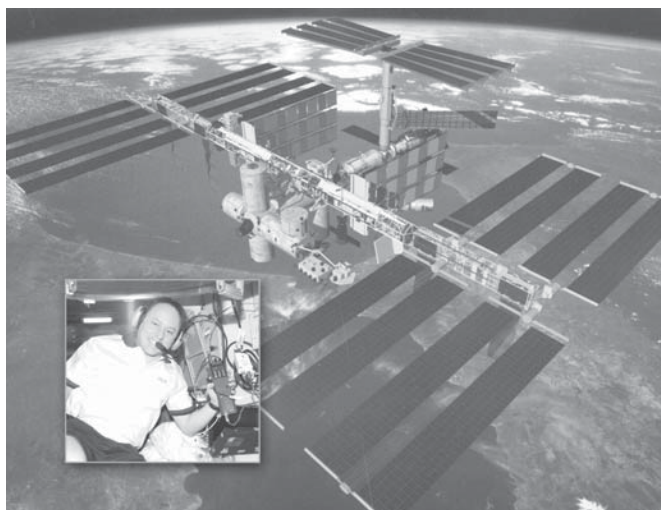
In 2005 a total of 589 students signed-up for ARRL's online technical courses—an increase of nine percent over 2004. Also, two new courses were introduced: Analog Electronics (EC-012) debuting in February; and Digital Electronics (EC-013) in August 2005.

Percentages of registrants for the technical courses during 2005 were:

■ Technician License	26%	■ HF Digital Communications	7%
■ Analog Electronics	17%	■ Antenna Design and Construction	5%
■ Antenna Modeling	15%	■ VHF/UHF Beyond the Repeater	5%
■ Digital Electronics.	12%	■ RFI	4%
■ Radio Frequency Propagation	9%		

ARRL also opened the Emergency Communication courses (no longer grant subsidized) in October 2005 with the following registration statistics:

- Level 1—357 students
- Level 2—107 students
- Level 3—45 students



Recognizing the value of Amateur Radio, NASA encourages astronauts to become hams. Inset photo of Mike Fincke, KE5AIT, is shown making radio contact from space.

## ARISS—The Amateur Radio on the International Space Station

The ARRL's participation in ARISS, the Amateur Radio on the International Space Station program, is coordinated by Rosalie White, K1STO, who was re-elected ARISS-International Secretary-Treasurer and chairs the monthly ARISS-International Education Committee meetings. She and Frank Bauer, KA3HDO, were re-named to the two US ARISS delegate positions (voting on all international issues), and they are the two US delegates to the ARISS Moon, Mars & Beyond Team (President Bush's current plan for NASA).

# Report

## 2005 Annual Report

In 2005, there were 54 successful ARISS QSOs. For each QSO, reporters from an average of three newspapers, two TV stations and two radio stations run stories about Amateur Radio and ARISS. MSNBC, Echolink and IRLP often air live QSOs, and major media outlets such as Reuters and national networks carry stories. Attendance at the QSOs averages 200 people, and often visiting dignitaries attend, such as Congressional representatives, mayors, and city councils. *The Discovery Channel* produced an ISS documentary that included footage from an ARISS QSO.

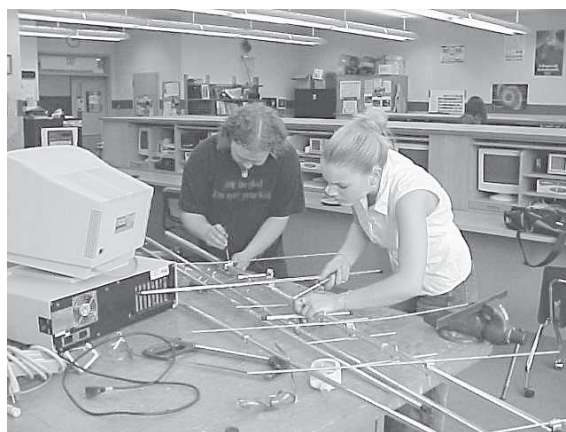
Some ARISS teachers are studying for their ham tests, a number have started ham clubs, and a few built Web pages about their ARISS class activities. Hams are becoming mentors to ARISS teachers, helping inject ham radio into class. The ARISS Team licensed five new astronauts and trained even more to use the radios so as to ensure ARISS' future in space. Work continues to ensure ham radio will be on the European ISS module, *Columbus*.

*The Discovery Channel  
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## Amateur Radio Education & Technology Program

The total number of schools that have received resources through the Education and Technology program continues to grow and stood at approximately 170 schools at year's end. The adjusted focus of the program toward teacher training, in addition to direct school and student support through grants, has been a successful strategy. Adding three *Teachers Institutes* completed a successful year. Thirty teachers and school staff members received instruction on how to teach wireless technology literacy, micro-controller programming and basic robotics. The *Teachers Institute* will be expanded in 2006 to include five sessions, two on site in Newington, and three off site at locations across the country.

In September 2005, the Educational and Technology Program Coordinator transitioned from being a full-time employee working from ARRL HQ to a part-time telecommuting consultant. The transition was seamless and the new arrangement is working well. Two additional activity boards have been developed to add to the portfolio of instructional resources offered to teachers. These two new boards address modulation and Ohm's Law. They will be useful in supporting volunteer ham radio class instructors as well as the regular classroom teachers.



Columbus North High School students assemble the antenna system they received as a result of being selected a program school in the ARRL Education & Technology Program.

## ARRL VEC

### 2005 ARRL Supports Amateur Radio Licensing

ARRL VEC is by far the largest of the 14 Volunteer Examiner Coordinator (VEC) groups in the country, coordinating approximately 70% of all Amateur Radio exams. In 2005, 24,275 applicants were served at 5,275 sessions. The VEC Web site was expanded, updated and improved to better assist VEs and applicants.

ARRL VEC recorded a 9% increase in US territory and foreign testing activity. The 2005 overseas testing locations included: The Virgin Islands, Puerto Rico, Guam, Japan, South Korea, Mexico, England, Australia, Bahamas, Germany, Trinidad and Tobago, Italy, Malaysia, Panama, Indonesia, Philippines, Poland, Russia, Venezuela and Iraq. The sessions in Iraq, held at the Baghdad Embassy, were believed to be the first exam sessions to take place in a combat zone.

ARRL VEC continues to participate as a member of the National Conference of



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Team skills are shared in June Field Day activities, an annual nationwide event.

VEC's Question Pool Committee. The 3-member committee prepared a revised Technician class question pool (Element 2) for examination use by the amateur community beginning July 1, 2006.

ARRL VEC also processed and transmitted electronically to the FCC nearly 8,000 address changes/license renewals for ARRL Members in 2005. This free service to members continues to be a strong draw. As one of four FCC-authorized Club Station Call Sign Administrators, the ARRL processed and transmitted over 925 club licenses for the FCC. ARRL is also one of five FCC-authorized 1x1 Special Event Call Sign Coordinators and has processed nearly 95% of the 3,482 Special Events authorized and documented in the NCVEC 1x1 database since the program's inception in September 1997. Additionally, ARRL prepared almost 200 International Amateur Radio Permits (IARPs) for instant operating authority by US Amateurs when traveling to participating Central and South American countries.

## QSL/Contests

Two thousand five marked the ninth time in the last ten years that entries in ARRL contests have increased. Changes in technology, such as the capability of operating RTTY using home PCs and sound card interfaces, and new modes of communications such as JT65, have helped fuel this increased participation. With this increase has come the need to continue educating both contesters and non-contesters in the basics of sharing our limited band space. To address this need, the ARRL Contest Advisory Committee prepared a "white paper" entitled "HF Contesting—Good Practices, Interpretations and Suggestions" scheduled for release in early 2006. Field Day, the premier emergency preparedness exercise, continues to flourish, with over 33,000 amateurs and several thousands clubs taking an active role in what truly is Amateur Radio's largest public awareness event.



## Legal—Advocacy

### *ARRL Promotes Amateur Radio to 109<sup>th</sup> Congress*

The ARRL continued its efforts to educate federal legislators and their staffs during the first session of the 109<sup>th</sup> Congress. Chwat & Company, our government relations firm, was active on the Hill throughout the year.

The Amateur Radio Spectrum Protection Act was reintroduced as H.R. 691 in the House and S. 1236 in the Senate. This legislation would require the FCC to provide equivalent replacement spectrum in the event of a reallocation of amateur spectrum. Members residing in places subject to restrictive covenants on antennas are particularly interested in securing the passage of H.R. 3876, the Amateur Radio Emergency Communications Consistency Act, which would extend the FCC's

authority to require reasonable accommodation of amateur antennas to private land use rules.

In April Rep. Mike Ross of Arkansas introduced House Resolution 230, which calls on the FCC to conduct "a full and complete analysis" of the radio interference potential of BPL, particularly with regard to public safety services.

The ARRL called on its members to ask their Senators and Representatives to sign on as co-sponsors and to support the passage of these bills. As of year end, none of the legislation had progressed out of committee. However, because Congress operates on a two-year cycle, the bills remain pending and may be considered during the second session of the 109<sup>th</sup> Congress in 2006.

## FCC

The Federal Communications Commission is the US government agency charged by Congress to regulate communications involving radio, television, wire, cable and satellites. This includes Amateur Radio.



# Report

## 2005 Annual Report

In October 2004 the FCC issued its Report and Order (R&O) allowing Broadband over Power Line (BPL) installations to proceed despite known interference issues and an inadequate emissions measuring protocol still based on single point radiators. The decision process, which was remarkable for its irregularities and questionable objectivity, ended with the promise of rapid mitigation of any incidents of harmful interference to Amateur Radio and other licensed activities. ARRL has filed a petition for further rulemaking with the FCC and has met with FCC staff from the Office of Engineering and Technology (OET). ARRL continued to press for industry to avoid amateur bands in BPL equipment designs at every opportunity including the National Association of Regulatory Utility Commissioners (NARUC), the Power Line Communications Association (PLCA) and the Institute of Electrical and Electronics Engineers (IEEE) Committee on Communications and Information Policy (CCIP).

The FCC continued to aggressively and effectively handle internal Amateur Radio enforcement issues in 2005. The ARRL remains very pleased with the outstanding work of the FCC's Enforcement staff.



ARRL Chief Operating Officer Harold Kramer, WJ1B, testified on behalf of the League on September 29 before the House Subcommittee on Telecommunications and the Internet. Kramer described the successful efforts of Amateur Radio volunteers who supported relief operations following Hurricane Katrina.

### International Telecommunication Union (ITU)

Because radio waves do not stop at national borders, Amateur Radio is also governed by international Radio Regulations, administered by the ITU, a specialized agency of the United Nations responsible for frequency allocations to radio services worldwide. The ITU is where 189 Member States and some 620 Sector and 100 Associate Members collaborate on the use of radio spectrum and set standards. ARRL is active in the work of the ITU Radiocommunication Sector (ITU-R) and supports the International Amateur Radio Union (IARU) in its mission at the ITU and regional telecommunications organizations.



ARRL participates in several key ITU groups working on amateur agenda items for the World Radiocommunication Conference 2007, such as Working Party 8A (Land Mobile and Amateur Services), Working Party 9C (Fixed Services below 30 MHz), Working Party 6E (Broadcasting Terrestrial Delivery) and Working Parties 1A (spectrum engineering), 1B (spectrum management) and 1C (spectrum monitoring). WP 6E is the lead group for WRC-07 agenda item 1.13 (4-10 MHz).

The ARRL Technical Relations staff participates in regular meetings in Washington, DC to prepare for international meetings of the ITU and the Inter-American Telecommunication Commission, the regional telecommunications organization of the Americas, known by the Spanish acronym CITEI. During 2005, countries continued to implement the 7100-7200 kHz band allocation to the amateur service in Regions 1 (Europe, Africa and Arab States) and 3 (Asia-Pacific), even though the effective date is in 2009. The tempo of preparations for the 2007 World Radiocommunication Conference (WRC-07) increased in 2005. ITU and CITEI studies will continue over several years.

Technical Relations Specialist Walter Ireland, WB7CSL, is Chairman of the US Working Party 6E (broadcasting terrestrial delivery) and headed the US Delegation to ITU-R WP 6E international meetings in Geneva. Ireland is also the Vice Chairman of IWG-4 (broadcasting and amateur issues) of the WRC-07 Advisory Committee (WAC). Technical Relations Specialist Jonathan Siverling, WB3ERA, participated in CITEI meetings and ITU-R spectrum management Working Parties. Chief Technology Officer Paul Rinaldo, W4RI, chaired the Working Party 8A group on the amateur and amateur-satellite services.



ITU Headquarters—Geneva, Switzerland

### International Amateur Radio Union (IARU)

The IARU, founded in 1925, is a worldwide federation of national Amateur Radio societies with members in 159 countries and separate territories, broken down

*(continued on next page)*







Juan de la Cruz Rodriguez, YN1J, (left), and ARRL President Jim Haynie, W5JBP (right), receive some engineering assistance during Haynie's broadcast over Radio Nicaragua.



Recent Georgia Music Hall of Fame inductee Patty Loveless, KD4WUJ, shooting the ARRL Toy Drive TV commercial to benefit children during the holidays who were displaced by Gulf Coast storms.



into three "Regions." ARRL is a founding member of IARU, the international Secretariat and a member of Regions 2 and 3.

IARU submitted a proposed ITU-R Recommendation on the characteristics of amateur and amateur-satellite systems for use in sharing studies, which was approved by Working Party 8A (Land Mobile and Amateur Services) and Study Group 8, circulated to administrations and approved as ITU-R Recommendation M.1732.

Rod Stafford, W6ROD, is currently serving as President of IARU Region 2.

## Public Relations

The public relations function of the ARRL relies on the abilities of over 300 Public Information Officers around the country to provide local media information, stories and materials for dissemination. Efforts to provide these volunteers with greater tools and resources are having positive effects. Two major topics occurred in 2005 which tested and proved the renewed strength of this corps.

The Broadband over Power Lines issue was a continuing contest in which the facts and concerns of the ARRL were often distorted or brushed aside by some BPL promoters. Yet at the end of the year, the issue of ongoing and potential harmful interference had gained the attention of the media. This concern is now regularly included in many of the major media releases regarding BPL—at least those not paid for directly by BPL promoters.

The disaster of Hurricanes Rita, Wilma and Katrina and the magnificent efforts of the Amateur Radio Service to provide communications "when all else failed" resulted in what appears to be the biggest public relations gains in Amateur Radio history. Well over 1000 media hits were counted in the first weeks of September alone as reporters praised the efforts of hams in saving lives and property. Praise came from outlets as diverse as the *New York Times*, *Wall Street Journal*, *Washington Post*, *Christian Science Monitor*, BBC, several professional emergency publications and even in *PC Magazine*. These hurricane relief efforts were followed by a second Toy Drive for the children displaced by the storms along the Gulf Coast. In addition to providing some small comfort to these children during the Christmas season, it also resulted in more positive media coverage and reaffirmed our good relationships with The Salvation Army.

## Development

The ARRL Development Office began 2005 with very ambitious plans, especially for support of The Diamond Club and The Spectrum Defense Fund. New opportunities attracted funding in the wake of the trio of hurricanes in August, September and October in the form of Ham Aid. Overall, the work of ARRL Development contributed a healthy \$1,365,884 in gross revenue during 2005. Development continued to concentrate on the key element of successful fund raising—maintaining solid donor relationships that will produce revenue to support programs not funded by member dues.

The **Spectrum Defense Fund** remains the most important annual giving campaign for the ARRL. Donations to this fund continue to come primarily from donors who have contributed before, with only about 19% of the donations coming from new donors in 2005. During the campaigns of 2005, the average contribution increased from \$49 during the summer campaign to \$54 during the fall campaign. In 2005 the trend of fewer donors requesting thank you gifts and certificates continued. Only 27% requested gifts compared to 40% in 2004. The effect of this trend is to reduce campaign expenses and therefore increase net revenue to the Spectrum Defense Fund to support ARRL advocacy efforts.

The **Education & Technology Program** continues to place stations in schools with nearly 170 participating schools nationwide. The campaign for 2005 supported this



# Report

## 2005 Annual Report

aspect of the program and continued to build the *Teachers Institute for Wireless Technology*. The three 2005 *Teachers Institutes* were supported by funding from individual donor grants totaling \$55,000. Concurrently, the annual campaign to ARRL members raised \$118,157 to fund stations and progress grants to schools and to cover program operations.

In 2005 the **ARRL Diamond Club** experienced solid growth both in number of donors and net revenue. The program, which provides unrestricted revenue to ARRL, raised \$223,660. The number of donors totaled nearly 2000 by the end of 2005 with significant growth coming from term members rather than Life Members. The Diamond Club attracted more than 950 new donors during the year with 74% of the new donors being term members and 26% Life Members. The majority of Life Member donors came from the special "peer appeal" mailed in July 2005. An upgrade offer included with the mailing of each new ARRL membership card produced 80 new Diamond Club donors. Diamond Club renewals continued to be strong with an 80% response.

For the second year, ARRL Development mailed a **Year End appeal** to donors to generate unrestricted revenue by the end of the year.

In 2005, ARRL participated again in the Combined Federal Campaign. Receipts from this effort, coupled with other unrestricted contributions, added \$46,386 in revenue to Development operations. This total exceeds the 2004 revenue receipts of \$10,345.

## Grants

This year saw the three-year **CNCS Emergency Communications Training Grant** draw to a close. ARRL far exceeded the goals of the grant, training 5488 volunteer operators in three predominantly on-line courses with a 76% certification rate. The **Community Education Project** portion of the third year supplemental grant successfully completed its goal of presenting 12 forums on Amateur Radio and Emergency Communications in 12 locales selected in cooperation with the USA Citizen Corps.

In September an extension of the three year training grant was awarded to ARRL for **Ham Aid** to support Amateur Radio volunteers during post-hurricane operations along the Gulf Coast. The \$177,000 grant was designated to reimburse expenses for volunteer operators and later amended to include funding to replace damaged infrastructure in the effected areas and the development of a deployable Amateur Radio equipment system. In addition to this new CNCS funding, voluntary contributions totaling \$11,422 were received.

The **United Technologies Corporation** three-year grant for Emergency Service Certification Training concluded successfully on December 31, 2005. Under this three-year \$150,000 award granted in 2002, ARRL exceeded the goal of certifying 3000 volunteer operators in all three levels of ARECC training.

Development continued to promote planned giving opportunities to members and the results in 2005 were strong. ARRL realized \$43,000 in estate gifts during 2005. **The ARRL Legacy Circle** has grown to 57 members—members who have included ARRL in their estate plans. This number jumped considerably during a successful presence at Hamvention® in Dayton. Development created an insert to be mailed with all acknowledgement letters to expand our efforts to educate ARRL members about giving options and the ARRL Endowment.

In conjunction with the national convention at Hamvention in Dayton, OH in May, Development entertained major donors and advertisers with an event at Wright State University. More than 100 key donors attended a reception in honor of Astronaut Tony England, WØORE. The presence of Development as part of the

(continued on next page)

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** ★★ ★



Ole Garpestad, LA2RR, President of IARU Region 1 shares a moment of conversation with Tony England, WØORE, at the 2005 annual donor reception.



ARRL donors enjoy remarks by guest of honor astronaut, Tony England, WØORE, at the annual donor reception held at Wright State University in Dayton, Ohio.

*Development continued to promote planned giving opportunities to members and the results in 2005 were strong.*



ARRL Expo at Dayton provided an opportunity for important donor cultivation, especially with regard to planned giving discussions.

Development participated in the launch of the ARRL Growth Task Force, an organization-wide effort to respond to the summer NPRM issue by the FCC with regard to Morse code licensing requirements and entry-level licensing.

After four years of operation, the ARRL Development Office has established a comprehensive structure of funding opportunities to support programs not funded by member dues. While growth of the Diamond Club as an unrestricted revenue source is vital, the biggest concentration

of effort surrounded the Spectrum Defense Fund. Expansion of the Education & Technology Program to include the *Teachers Institute for Wireless Technology* highlighted education as an important key to the future of our service. Another promising product of Development's 2005 activities was the strong growth in the number of estate planning commitments—a source of future funding for ARRL.

The American Radio Relay League is proud to honor those individuals and organizations whose 2005 contributions of \$1,000 or more support programs not funded by member dues, including the ARRL Diamond Club, the Spectrum Defense Fund, the Education & Technology Fund, and the W1AW Endowment.

ARRL is also very proud to honor Maxim Society donors whose lifetime donations exceed \$10,000.

Alicia W. Abell, KG6LJ  
and David A. Abell, K6XG

Merit R. Arnold, W6NQ

Dr. Paul J. Azar, Jr., N5AN

Baker Family Foundation (W5IZ)

Mary Banks, K4MRY  
and Sherman Banks, W4ATL

Glen Barney, NY3E

Mark A. Behrens, W4GP

Dave Bell, W6AQ\*

Arlan L. Bowen, N4OO

David W. Brandenburg, K5RQ/  
Brandenburg Life Foundation\*

Vern J. Brownell, W1VB

Thomas M. Browning, WA1ELQ (SK)  
and June F. Browning, N1AQA

Bruce Burnette, K5PX

Bruce W. Butler, W6OSP

Frank M. Butler, W4RH\*

Randall J. Bynum, NR6CA

Robert L. Conder Jr., K4RLC

Stephen H. Cornell, K4AHA

Corporation for National  
and Community Service

Carter Craigie, N3AO\*  
and Kay Craigie, N3KN\*

Dayton Amateur Radio Association

Lawrence J. De George, W1ISV

The Delmarva Hamfest Committee

James A. Dicso, K2SZ\*

Dick Dievendoff, K6KR\*

Elizabeth Lombardi Doane, K1EIC

Frank Donovan, W3LPL

DX Engineering\*

Eaton Amateur Radio Society

Arthur C. Erdman, W8VWX

Martin S. Ewing, AA6E

The ExxonMobil Foundation

Kenneth A. Fath, N4KF\*

James C. Garland, W8ZR

Itice R. Goldthorpe, K4LVV and  
Ted F. Goldthorpe Jr, W4VHF

Estate of Winkler C. Gosch, W1CUX

B. Whitfield Griffith, N5SU

Elliot A. Gross, KB2TZ

The Gryphon Fund\*

Ham-Com, Inc.

Heil Sound, Ltd.

Thomas J. Hutton, N3ZZ

George R. Isely, W9GIG

Dick Jackson, W3EZ

Marion L. Jackson Jr., N4JJ

Andrew C. John, MD, JD, W8OU\*

Glenn Kaufman, KA3GLY

George J. Kelly, WA2SQO

Estate of Steven C. Klenc, KC0ACQ

John R. Kludt, K7SYS

Las Vegas Radio Amateur Club

Don Lisle, K6IPV

Robert F. Loll, WA6UPX

James N. Long, W4ZRZ\*

Willis C. Mack, N1HAI

Bruce S. Marcus, N1XG\*

Robinson Markel, W2IVS

Stephen M. Meer, K0SCC

Barry W. Merrill Jr., W5GN\*  
and Judith S. Merrill, KA5PQD\*

Microsoft Matching Gifts Program

William C. Mueller, AA5WM

Dan L. Osborne, WB5AFY

Charles A. Ottinger, AF5L

Malcolm M. Preston, NP2L

Dr. Larry E. Price, W4RA

Peter Radding, W2GJ

Michael M. Raskin, M.D., W4UM\*  
and Sherry Raskin, W4SLR\*

Bob Ravenscroft, W7JZZ

# Report

## 2005 Annual Report

Paul L. Rinaldo, W4RI\*  
 Ed Robinson, W5XT  
 Wayne W. Santos, N1CKM  
 Eric L. Scace, K3NA  
 Claudie and Herb Schuler, K2HPV  
 C. Wayne Schuler, AI9Q  
 Edward H. Seeliger Jr., KD5M  
 Dr. Beurt SerVaas, W9WVO  
 L. Dennis Shapiro, W1UF\*  
 Ted Sisco, WB5UJR  
 Joseph Speroni, AH0A  
 David S. Topp, W5BXX  
 Kent W. Trimble, K9ZTV  
 United Technologies Corporation  
 Michael D. Valentine, W8MM\*  
 David H. Walker, K0COP  
 Joseph F. Walsh, WB6ACU\*  
 Robert W. Walstrom, W0EJ  
 Dick Weber, K5IU  
 Steve West, W7SMW  
 and Donna Karam, KC5FTN  
 Burton B. Witham Jr., W4CNZ  
 Sarah B. Wood, KC9AYT  
 Owen Wormser, K3CB  
 Brian F. Wruble, W3BW  
 YASME Foundation Inc.  
 Edward D. Zimmer, N0OKW  
 Allen J. Zimmerman, K3WGR

Anonymous—26

\* Member of the ARRL Maxim Society

The ARRL Legacy Circle honors individuals who have included ARRL in their will or other estate plans.

Robert M. Ahmann, W7SC  
 Ann B. Backys, K9ANN  
 and Donald J. Backys, K9UQN  
 Andrew J. Barbour, AG4XN  
 Marcia E. Baulch, WA2AKJ  
 Michael E. Beck, W7EDO  
 Dave Bell, W6AQ\*  
 Alvin C. Borne, W6IVO  
 Clint Bradford, K6LCS  
 Frank M. Butler, W4RH\*  
 Carla M. Chaet, N7OPU and Joseph  
 G. Chaet, W1RGH  
 Charles K. Epps, W6OAT  
 Ed L. Fowler Jr., W5CML  
 Kenneth M. Gleszer, W1KAY  
 Itice R. Goldthorpe, K4LVV  
 and Ted F. Goldthorpe Jr, W4VHF  
 Fried Heyn, WA6WZO  
 and Sandra M. Heyn, WA6WZN  
 Douglas S. Hilton, AG4FL  
 Ronald Jansen, KB9WTB  
 Robert M. Kares, K3SUH  
 Robert J. Kelemen, W1US

David L. Kersten, N8AUH

James Joseph Kleis, WB4WGH

Don Lisle, K6IPV

Gene W. McPherson, N0MHJ

Gregory E. Milnes, W7OZ (SK)

Richard J. Mondro, K4FQT

Jack V. O'Keefe, W9MAD

Lawrence Quinn, N1LCV  
 and Wendy Quinn, W1DY

Barbara Race, WB8UWX  
 and George E. Race, WB8BGY

Michael M. Raskin M.D., W4UM\*  
 and Sherry Raskin, W4SLR\*

John B. Rautenstrauch, N2MTG

Alfred C. Rousseau, W1FJ

Jane M. Thornton, KF6QHP  
 and John J. Thornton, W6HD

Joseph J. Schroeder Jr., W9JUV

Claudie and Herb Schuler, K2HPV

Rev. Leslie J. Shattuck Sr., K4NK

Arnold I. Shatz, N6HC  
 and Sheryl G. Shatz, KA6DOW

Mary C. Stinson, K0ZV  
 and Walton L. Stinson, W0CP

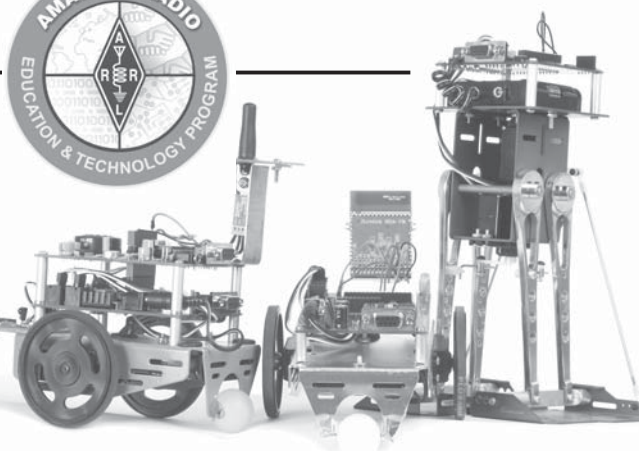
James E. Weaver, K8JE  
 and Janice E. Weaver

Lee R. Wical, KH6BZF

Anonymous—19

\* Member of the ARRL Maxim Society

### Education & Technology Program—Teachers Institute







ARRL Headquarters—  
Newington, Connecticut

*Voluntary contributions from members, including an ever increasing number of members who have joined the Diamond Club, again provided strong financial support for the ARRL and served as the basis for several key programs and initiatives.*

## ARRL Met Financial Challenges Head-On and Wins Financial Summary

Although we began the year with a clear idea of our financial plan and operational objectives, as the year unfolded, the events of 2005 made achieving those objectives more difficult than we had imagined. In the end, we were able to meet our bottom line objective and, in the process, produced our second year in a row whereby operational revenues exceeded expenses. Achieving the bottom line financial goal in 2005 was the result of better than planned revenue production in selected areas of our operation combined with a continuing emphasis on expense management across the entire organization.

These results were achieved against the back drop of uncertainty in the financial markets, rising interest rates, the specter of either inflation, recession, or both (depending on who you were listening to) and the resulting malaise surrounding the overall economy. And, the devastating hurricanes in the Gulf Coast region only exacerbated these factors, increasing oil prices and dramatically affecting the price of many goods and services.

Total revenues in 2005 of \$13.6 million represented a small increase over 2004 despite decreases in revenues from some of our traditional sources. Membership declines in 2005 spawned another small decrease in the amount of dues revenues earned during the year and, in addition, publication sales revenues also declined. Activity was up in ARRL sponsored programs, which was encouraging and resulted in increases in total program fee revenues. In addition, advertising sales revenues increased over 2004.

Voluntary contributions from members, including an ever increasing number of members who have joined the Diamond Club, again provided strong financial support for the ARRL and served as the basis for several key programs and initiatives. Our extensive advocacy efforts are funded in part by contributions to the Defense of Frequencies Fund while donations to the Education & Technology Fund help provide equipment and instructional support to a growing number of school children across the country. And in a year that saw devastating hurricanes in the Gulf Region, ARRL members, the Amateur Radio industry and CNCS all came together to help provide funds and equipment which were vital to the amateurs participating in the rescue and recovery efforts. The 2005 result in this area was even more significant in light of the fact that many not-for-profit organizations were struggling to maintain the level of donations achieved in prior years.

With overall revenues on a par with the prior year, expense control continued to be an emphasis across the entire organization. While we were not able to repeat the prior year's results which saw a decrease in total expenses of 4% over the year before, we were able to keep total expenses equal to 2004.

Although we were able to generate an excess of revenues over expenses from operations, the financial markets worked against us to a degree. Rising interest rates resulted in a reduction in the market value of the organization's fixed income investments and the resulting unrealized losses pushed our overall net asset position down slightly from where it was at the beginning of the year.

Overall, we were able to meet our objectives in 2005 and, in doing so, kept the organization on a firm footing, financially speaking. However, to continue this into the future will require particular attention to revenue generation and a careful allocation of resources as we move forward in support of our long-term goals.

# Report

## 2005 Annual Report

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**First Row:**

Rod Stafford, Mary Hobart, Jim Fenstermaker, Twila Greenheck, Paul Rinaldo, Joyce Birmingham, Bob Vallio, Oscar Oropeza, Jim Haynie, Joel Harrison, Brian Milesosky, Bernie Fuller, Coy Day, Dennis Bodson, Rick Roderick

**Second Row:**

Wayne Mills, Earle Smith, George Isely, Chris Imlay, David Woolweaver, Jim McCobb, Frank Butler, Sandy Donahue, Bill Edgar, Rosalie White, Mike Raisbeck

**Third Row:**

Dave Patton, Dennis Motschenbacher, Jim Weaver, Henry Leggette, Greg Milnes, Andy Oppel, David Sumner, Howard Huntington, Warren "Rev" Morton, Kay Craigie, Harold Kramer, Leslie Shattuck

**Fourth Row:**

Tom Frenaye, Edward "Ned" Stearns, Frank Fallon, Richard Norton, Bruce Frahm, Wade Walstrom, Jay Bellows, Barry Shelley

Absent—Richard Mondro

### American Radio Relay League

Board of Directors  
January, 2005



ARRL 2005 Annual Board Meeting

Windsor, Connecticut

## Officers

**Jim Haynie, W5JBP**

President  
Dallas, Texas

**Joel Harrison, W5ZN**

First Vice President  
Judsonia, Arkansas

**Kay Craigie, N3KN**

Vice President  
Paoli, Pennsylvania

**Rodney Stafford, W6ROD**

Vice President,  
International Affairs  
San Jose, California

**David Sumner, K1ZZ**

Chief Executive Officer/Secretary

**James McCobb Jr., W1LLU**

Treasurer  
West Newbury, Massachusetts

**Barry Shelley, N1VXY**

Chief Financial Officer

**Harold Kramer, WJ1B**

Chief Operating Officer

**Mary Hobart, K1MMH**

Chief Development Officer

**Paul Rinaldo, W4RI**

Chief Technology Officer

## Directors

**Atlantic Division****Bernie Fuller, N3EFN**

Director  
Saegertown, Pennsylvania

**Bill Edgar, N3LLR**

Vice Director  
Bradford, Pennsylvania

**Central Division****George R. Isely, W9GIG**

Director  
St. Charles, Illinois

**Howard Huntington, K9KM**

Vice Director  
Hawthorn Woods, Illinois

**Dakota Division****Jay Bellows, K0QB**

Director  
St. Paul, Minnesota

**Twila Greenheck, N0JPH**

Vice Director  
Shoreview, Minnesota

**Delta Division****Rick Roderick, K5UR**

Director  
Little Rock, Arkansas

**Henry Leggette, WD4Q**

Vice Director  
Memphis, Tennessee

**Great Lakes Division****Jim Weaver, K8JE**

Director  
Mason, Ohio

**Gary L. Johnston, KI4LA**

Vice Director  
Edgewood, Kentucky

**Hudson Division****Frank Fallon, N2FF**

Director  
East Williston, New York

**Joyce Birmingham, KA2ANF**

Vice Director  
Ridgewood, New Jersey

**Midwest Division****Wade Walstrom, W0EJ**

Director  
Cedar Rapids, Iowa

**Bruce Frahm, K0BJ**

Vice Director  
Colby, Kansas

**New England Division****Tom Frenaye, K1KI**

Director  
West Suffield, Connecticut

**Mike Raisbeck, K1TWF**

Vice Director  
Chelmsford, Massachusetts

**Northwestern Division****Greg Milnes, W7OZ**

Director  
Hillsboro, Oregon

**Jim Fenstermaker, K9JF**

Vice Director  
Vancouver, Washington

**Pacific Division****Bob Vallio, W6RGG**

Director  
Castro Valley, California

**Andy Oppel, N6AJO**

Vice Director  
Alameda, California

**Roanoke Division****Dennis Bodson, W4PWF**

Director  
Arlington, Virginia

**Rev. Leslie Shattuck Sr., K4NK**

Vice Director  
Abbeville, South Carolina

**Rocky Mountain Division****Warren "Rev" Morton, WS7W**

Director  
Casper, Wyoming

**Brian Milesosky, N5ZGT**

Vice Director  
Albuquerque, New Mexico

**Southeastern Division****Frank Butler, W4RH**

Director  
Ft. Walton Beach, Florida

**Sandy Donahue, W4RU**

Vice Director  
Atlanta, Georgia

**Southwestern Division****Richard Norton, N6AA**

Director  
Topanga, California

**Edward "Ned" Stearns, AA7A**

Vice Director  
Scottsdale, Arizona

**West Gulf Division****Coy Day, N5OK**

Director  
Union City, Oklahoma

**Dr. David Woolweaver, K5RAV**

Vice Director  
Harlingen, Texas



## 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, 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 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 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 American Radio Relay League, Incorporated as of December 31, 2005 and 2004, 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.

March 27, 2006



# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## STATEMENTS OF FINANCIAL POSITION

December 31, 2005 and 2004

### ASSETS

	2005	2004
<b>Current assets</b>		
Cash and cash equivalents	\$ 503,362	\$ 492,495
Accounts receivable, net of allowance for doubtful accounts of \$55,132 and \$85,070, respectively	423,470	440,707
Inventory, net	533,746	661,282
Grants and other receivables	227,546	281,896
Prepaid expenses and other current assets	175,272	176,855
	<u>1,863,396</u>	<u>2,053,235</u>
<b>Other assets</b>		
Investments	12,822,683	12,599,804
Land, building and equipment, net	1,522,892	1,779,094
	<u>14,345,575</u>	<u>14,378,898</u>
<b>Total assets</b>	<u>\$ 16,208,971</u>	<u>\$ 16,432,133</u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Accounts payable	\$ 321,788	\$ 288,668
Accrued liabilities	156,679	215,807
Accrued pension liability, current portion	483,240	399,206
Deferred revenue other	135,317	230,228
Subtotal operational current liabilities	<u>1,097,024</u>	<u>1,133,909</u>
Deferred life membership dues - current portion	511,650	510,890
Deferred term membership dues - current portion	2,147,402	2,217,110
Total current liabilities	<u>3,756,076</u>	<u>3,861,909</u>
<b>Long-term liabilities</b>		
Deferred life membership dues - less current portion	5,328,551	5,473,719
Deferred term membership dues - less current portion	537,250	564,801
Accrued pension liability, less current portion	1,293,849	1,238,499
	<u>7,159,650</u>	<u>7,277,019</u>
<b>Total liabilities</b>	<u>10,915,726</u>	<u>11,138,928</u>
<b>Net assets</b>		
Unrestricted	3,116,648	3,195,143
Unrestricted - Board designated	266,192	256,893
Temporarily restricted	1,551,592	1,530,672
Permanently restricted	358,813	310,497
<b>Total net assets</b>	<u>5,293,245</u>	<u>5,293,205</u>
<b>Total liabilities and net assets</b>	<u>\$ 16,208,971</u>	<u>\$ 16,432,133</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, 2005

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Revenues and Contributions				
Membership dues	\$ 5,027,440	\$ -	\$ -	\$ 5,027,440
Net publication sales	3,536,656	-	-	3,536,656
Advertising revenue	2,527,749	-	-	2,527,749
Investment income	176,605	61,706	-	238,311
Examination fees and other	283,005	-	-	283,005
Program and service fees	400,156	-	-	400,156
Government grant awards	243,412	-	-	243,412
Contributions and support	543,270	667,804	48,316	1,259,390
Net assets released from restrictions	681,247	(681,247)	-	-
	<u>13,419,540</u>	<u>48,263</u>	<u>48,316</u>	<u>13,516,119</u>
Expenditures				
Programs and services	8,015,973	-	-	8,015,973
Publications	3,440,403	-	-	3,440,403
Administration	1,660,197	-	-	1,660,197
Governance	143,104	-	-	143,104
	<u>13,259,677</u>	<u>-</u>	<u>-</u>	<u>13,259,677</u>
Increase in net assets before other income (loss)	<u>159,863</u>	<u>48,263</u>	<u>48,316</u>	<u>256,442</u>
Other income (loss)				
Bequests - board restricted functioning as an endowment	27,400	-	-	27,400
Unrealized losses on investments	(256,459)	(27,343)	-	(283,802)
	<u>(229,059)</u>	<u>(27,343)</u>	<u>-</u>	<u>(256,402)</u>
Change in net assets	(69,196)	20,920	48,316	40
<b>Net assets, beginning of year</b>	<u>3,452,036</u>	<u>1,530,672</u>	<u>310,497</u>	<u>5,293,205</u>
<b>Net assets, end of year</b>	<u>\$ 3,382,840</u>	<u>\$ 1,551,592</u>	<u>\$ 358,813</u>	<u>\$ 5,293,245</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

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
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	379,413	723,795	116,957	1,220,165
Net assets released from restrictions	796,341	(796,341)	-	-
	<u>13,388,804</u>	<u>(14,354)</u>	<u>116,957</u>	<u>13,491,407</u>
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
	<u>13,277,729</u>	<u>-</u>	<u>-</u>	<u>13,277,729</u>
Increase (decrease) in net assets before other income	<u>111,075</u>	<u>(14,354)</u>	<u>116,957</u>	<u>213,678</u>
Other income				
Bequests- board restricted functioning as an endowment	208,072	-	-	208,072
Unrealized gains on investments	374,457	40,084	-	414,541
	<u>582,529</u>	<u>40,084</u>	<u>-</u>	<u>622,613</u>
Change in net assets	693,604	25,730	116,957	836,291
<b>Net assets, beginning of year</b>	<u>2,758,432</u>	<u>1,504,942</u>	<u>193,540</u>	<u>4,456,914</u>
<b>Net assets, end of year</b>	<u>\$ 3,452,036</u>	<u>\$ 1,530,672</u>	<u>\$ 310,497</u>	<u>\$ 5,293,205</u>

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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 40	\$ 836,291
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipts to establish or increase permanent endowment	(48,316)	(116,957)
Depreciation	551,661	544,982
Change in unrealized loss (gain) on investments	283,802	(414,541)
Realized loss on investments allocated to the general fund	42,033	17,110
(Increase) decrease in:		
Accounts receivable, net	17,237	(594)
Grants and other receivables	54,350	(34,591)
Inventory, net	127,536	65,972
Prepaid expenses and other current assets	1,583	10,817
Increase (decrease) in:		
Accounts payable and accrued liabilities	(26,008)	(157,235)
Deferred revenue other	(94,911)	60,241
Deferred life membership dues, net of allocated realized gains and losses	(144,408)	(115,724)
Deferred term membership dues	(97,259)	(81,478)
Additional pension liability expense	139,384	143,435
Net cash provided by operating activities	<u>806,724</u>	<u>757,728</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(295,459)	(220,392)
Net purchases of investments	(548,714)	(357,974)
Net cash used in investing activities	<u>(844,173)</u>	<u>(578,366)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts to establish or increase permanent endowment	48,316	116,957
Net increase in cash and cash equivalents	10,867	296,319
<b>Cash and cash equivalents, beginning of year</b>	<u>492,495</u>	<u>196,176</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 503,362</u></u>	<u><u>\$ 492,495</u></u>

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**

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### **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. Temporary cash balances associated with investment accounts are included with investments in these financial statements. There were no cash equivalents as of December 31, 2005 and 2004.

### **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 \$65,000 and \$62,033 as of December 31, 2005 and 2004, respectively.

### **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.



# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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### **Land, Building and Equipment**

The League capitalizes expenditures for property and equipment with a useful life greater than one year, and a cost of \$1,000 or more. Purchased property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated lives for financial reporting purposes are as follows:

<b><u>Asset</u></b>	<b><u>Estimated Lives</u></b>
Building	40 years
Furnishing, equipment and building improvements	3 - 15 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be restricted, the League reports expirations of donor restrictions when the donated or acquired assets are placed in service. The League reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### **Impairment of Long-Lived Assets**

The League reviews long-lived assets for impairment whenever events or circumstances indicate the carrying value of the asset may not be recoverable. If such impairment indicators are present, the League recognizes a loss on the basis of whether these amounts are fully recoverable from projected discounted cash flows of the related asset. There were no impairment losses related to long-lived assets in 2005 or 2004.

# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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### **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.

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.

### **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 publication.

#### **Advertising**

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

# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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### **Revenue Recognition (continued)**

#### **Grants**

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.

#### **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 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.

#### **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, 2005 and 2004, the League did not generate unrelated business income tax.

#### **Use of Estimates**

The preparation of the League's 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 amount of assets and liabilities at the date of the financial statements and the reported amount of net revenue and expenses during the reporting period. The League bases estimates on historical experience and on various assumptions about the future that are believed to be reasonable based on available information. The League's reported financial position or results of operations may be materially different under different conditions or when using different estimates and assumptions, particularly with respect to significant accounting policies. In the event that estimates or assumptions prove to differ from actual results, adjustments are made in subsequent periods to reflect more current information.

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, 2005 and 2004. Actual results may differ from the estimates.



# 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:

	<b>2005</b>		<b>2004</b>	
	<b>Market</b>	<b>Cost</b>	<b>Market</b>	<b>Cost</b>
Cash	\$ 991,027	\$ 991,027	\$ 743,649	\$ 743,649
Fixed maturities	5,465,481	5,600,154	4,942,537	4,944,826
Equity securities	6,366,175	5,504,552	6,913,618	5,900,577
	<u>\$12,822,683</u>	<u>\$12,095,733</u>	<u>\$12,599,804</u>	<u>\$11,589,052</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:

	<b>2005</b>	<b>2004</b>
Life membership	\$ 5,840,201	\$ 5,984,609
Regular operations	4,836,605	4,565,954
Temporarily restricted	1,551,592	1,530,672
Permanently restricted	358,813	310,497
Functioning as an endowment	235,472	208,072
	<u>\$12,822,683</u>	<u>\$12,599,804</u>

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

	<b>2005</b>	<b>2004</b>
Unrealized appreciation, beginning 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>
Unrealized appreciation, end of year:		
Market value	12,822,683	12,599,804
Cost	12,095,733	11,589,052
Net gain	<u>726,950</u>	<u>1,010,752</u>
Change in net unrealized (loss) gain during year	<u>\$ (283,802)</u>	<u>\$ 414,541</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:

	<b>2005</b>	<b>2004</b>
Interest and dividend income	\$525,333	\$488,829
Net realized loss on investments	(83,233)	(55,120)
Gross investment income	442,100	433,709
Less:		
Net investment income allocated to deferred life liability	(203,789)	(223,406)
Total investment income	<u>\$238,311</u>	<u>\$210,303</u>

Certain of the League's investments have experienced unrealized losses that management considers to be temporarily impaired. The League did not identify any significant events or changes in circumstances that might have a significant adverse effect on the fair value of those investments. Investments will be held until a recovery of fair value and are therefore not deemed to be other than temporarily impaired at December 31, 2005. The following table shows the gross unrealized losses and estimated fair value of those investments, aggregated by length of time that individual securities have been in a loss position as of December 31, 2005 and 2004:

	<b>Less Than 12 Months</b>		<b>12 Months or Greater</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
<b>2005:</b>						
Fixed Maturities	\$2,816,191	\$ 59,365	\$2,033,772	\$ 88,194	\$4,849,963	\$ 147,559
Equity Securities	1,042,203	117,635	807,602	183,181	1,849,805	300,816
Total	<u>\$3,858,394</u>	<u>\$ 177,000</u>	<u>\$2,841,374</u>	<u>\$271,375</u>	<u>\$6,699,768</u>	<u>\$ 448,375</u>
<b>2004:</b>						
Fixed Maturities	\$2,332,884	\$ 33,364	\$ 544,428	\$ 14,960	\$2,877,312	\$ 48,324
Equity Securities	560,573	46,542	880,336	309,775	1,440,909	356,317
Total	<u>\$2,893,457</u>	<u>\$ 79,906</u>	<u>\$1,424,764</u>	<u>\$324,735</u>	<u>\$4,318,221</u>	<u>\$ 404,641</u>

### (2) Land, Building and Equipment

Land, building and equipment, and related accumulated depreciation are comprised of the following at December 31, 2005 and 2004:

	<b>2005</b>	<b>2004</b>
Land and building	\$1,094,693	\$1,094,693
Furnishing, equipment and building improvements	4,954,712	4,659,253
Construction in progress	216,348	216,348
	6,265,753	5,970,294
Less accumulated depreciation	(4,742,861)	(4,191,200)
	<u>\$1,522,892</u>	<u>\$1,779,094</u>

# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS (Continued)

### **(2) Land, Building and Equipment (Continued)**

In 2005 and 2004, assets in the amount of \$121,547 and \$69,466, respectively were donated to the League. These donations are included in revenue under contributions and support and in assets under furnishing, equipment and building improvements.

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

	<b><u>2005</u></b>	<b><u>2004</u></b>
Accumulated benefit obligation, end of year	<u>\$8,009,547</u>	<u>\$6,191,306</u>
Change in benefit obligation		
Benefit obligation at beginning of year	9,386,861	8,280,950
Service cost	497,446	463,923
Interest cost	553,144	498,177
Actuarial (gain)/loss	458,841	483,694
Benefits paid	(127,230)	(274,933)
Benefit obligation at end of year	<u>(84,684)</u>	<u>(64,950)</u>
	<u>10,684,378</u>	<u>9,386,861</u>
Change in plan assets		
Fair value of plan assets at beginning of year	6,191,306	5,449,948
Actual return on plan assets	344,142	469,837
Employer contributions	481,403	375,767
Expenses	(33,870)	(39,269)
Benefits paid	<u>(84,684)</u>	<u>(64,950)</u>
Fair value of plan assets at end of year	<u>6,898,297</u>	<u>6,191,306</u>
Funded status	(3,786,081)	(3,195,555)
Unrecognized net actuarial loss (gain)	1,991,801	1,528,968
Unrecognized prior service cost (benefit)	-	-
Unrecognized transition (asset)/obligation	17,191	28,882
Net amount recognized	<u><u>\$(1,777,089)</u></u>	<u><u>\$(1,637,705)</u></u>

# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS (Continued)

### **(3) Pension Plan (Continued)**

Accrued benefit cost recognized in the statement of financial position	\$1,777,089	\$ 1,637,705
Less current portion included in accrued expenses	(483,240)	(399,206)
Long-term portion	<u>\$1,293,849</u>	<u>\$1,238,499</u>
Weighted average assumptions:		
Discount rate	6.00%	6.25%
Expected return on plan assets	7.50%	8.00%
Rate of compensation increase	4.00%	4.00%
Net periodic benefit cost	\$620,787	\$542,501
Employer contribution	481,403	375,767
Participants' contributions	-	-
Benefits paid	(84,684)	(64,950)

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 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.



# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS (Continued)

### **(3) Pension Plan (continued)**

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

<b>December 31:</b>	
2006	\$131,479
2007	141,649
2008	186,547
2009	217,914
2010	238,772
2011 – 2014	\$2,396,524

The asset allocations by category as of December 31, 2005 are as follows:

	<b>Amount</b>	<b>%</b>
Equity securities	\$3,932,032	57%
Debt securities	2,552,367	37
Money market	413,898	6
	<b>\$6,898,297</b>	<b>100%</b>

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:

	<b>Investment Range</b>	<b>Target</b>
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)

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### **(3) Pension Plan (continued)**

Based on the facts and circumstances that existed at the date of the financial statements, the League expects to contribute \$483,240 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) Board 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, 2005 and 2004, the Board has designated \$30,720 and \$48,821, respectively, for these purposes.

Since the beginning of 2004, the League has received bequests in the amount of \$235,472. The League's Board of Directors intent is to treat these unrestricted bequests as funds functioning as an endowment.

### **(5) Temporarily Restricted Net Assets**

Temporarily restricted net assets as of December 31, 2005 are available for the following purposes:

Exceptional Merit  
Defense of Frequencies

Education and Research  
Other Specific Purposes

Individual fund activities are disclosed on Schedule 2.

### **(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.

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, 2005 and 2004.

In 2002, an endowment fund was set up for W1AW maintenance and upkeep. The principal of \$204,473 and \$156,157 is reflected as permanently restricted net assets in the accompanying statements of financial position at December 31, 2005 and 2004, respectively.

# THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS (Continued)

### **(7) 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 at various times through January 2011. Total expense for operating leases was \$87,177 and \$106,012 for the years ended December 31, 2005 and 2004, respectively.

The following are future minimum lease payments due under non-cancelable operating leases as of December 31, 2005:

<b><u>December 31,</u></b>	
2006	\$ 71,778
2007	57,047
2008	55,993
2009	55,993
2010	55,993
Thereafter	4,666
	<u>\$ 301,470</u>

### **(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 \$478,602 and \$525,777 at December 31, 2005 and 2004, 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.

### **(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 charged an administrative fee of \$13,200 during the years ended December 31, 2005 and 2004. \$6,600 and \$0 of this administrative fee was included in accounts receivable at December 31, 2005 and 2004, respectively.

**THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED****SCHEDULE OF EXPENDITURES**

For the Years Ended December 31, 2005 and 2004

	<b>2005</b>	<b>2004</b>
Salaries, compensation and benefits	\$ 6,071,650	\$ 6,110,155
Publication costs	2,273,799	2,236,132
Shipping and forwarding costs	1,219,830	1,230,924
Other	610,738	544,251
Depreciation	551,661	544,982
Communication and postage	535,479	611,528
Occupancy costs	439,822	428,802
Office supplies and expenditures	423,995	420,334
Administrative expenses	354,643	343,035
Legal and professional fees	300,094	352,080
Travel	282,428	238,831
Rentals and equipment maintenance	195,538	216,675
	<u>\$ 13,259,677</u>	<u>\$ 13,277,729</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, 2004

<b>Fund Name</b>	<b>Balance 01/01/04</b>	<b>Contributions</b>	<b>Investment Income, net</b>	<b>Change in Unrealized gain</b>	<b>Released from Restriction</b>	<b>Balance 12/31/04</b>
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
<b>Total Temporarily Restricted Funds</b>	<b>\$ 1,504,942</b>	<b>\$ 723,795</b>	<b>\$ 58,192</b>	<b>\$ 40,084</b>	<b>\$ (796,341)</b>	<b>\$ 1,530,672</b>

**THE AMERICAN RADIO RELAY LEAGUE, INC.****TEMPORARILY RESTRICTED FUND SUMMARY**

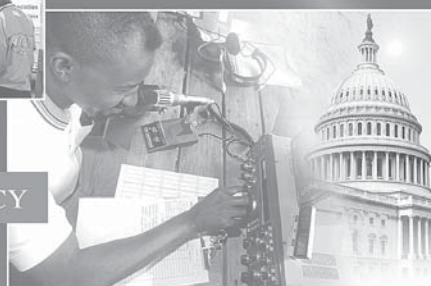
For the Year Ended December 31, 2005

<b>Fund Name</b>	<b>Balance 01/01/05</b>	<b>Contributions</b>	<b>Investment Income, net</b>	<b>Change in Unrealized loss</b>	<b>Released from Restriction</b>	<b>Balance 12/31/05</b>
H.P. Maxim Award	\$ 33,329	\$ -	\$ 1,533	\$ -	\$ (1,833)	\$ 33,029
Project Goodwill	11,976	100	-	-	(43)	12,033
Exceptional Merit	1,165,367	-	45,614	(27,343)	(40,000)	1,143,638
Legal Research & Resource	153,503	1,849	-	-	-	155,352
Starr Technology	4,081	-	-	-	-	4,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Colvin Award	7,843	6,536	6,955	-	(12,500)	8,834
Educational Activities	3,580	-	-	-	-	3,580
Ham Aid Fund	-	11,597	-	-	-	11,597
Defense of Frequencies	-	393,828	250	-	(394,078)	-
Lab Fund	5,180	1,800	-	-	-	6,980
W1AW	37,406	-	7,354	-	(1,785)	42,975
Education and Technology	100,657	192,031	-	-	(170,945)	121,743
ARECC	-	50,000	-	-	(50,000)	-
Toy Drive	-	10,063	-	-	(10,063)	-
Direction Finding	41	-	-	-	-	41
<b>Total Temporarily Restricted Funds</b>	<b>\$ 1,530,672</b>	<b>\$ 667,804</b>	<b>\$ 61,706</b>	<b>\$ (27,343)</b>	<b>\$ (681,247)</b>	<b>\$ 1,551,592</b>

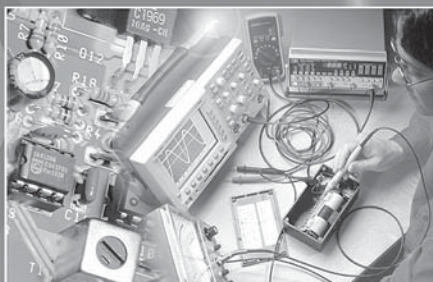
The accompanying accounting policies and notes are  
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PUBLIC SERVICE



ADVOCACY



EDUCATION



MEMBERSHIP



The Radio Amateur is

**PATRIOTIC...**

station and skill always  
ready for service  
to country and community.

—from The Amateur's Code



## BASIS AND PURPOSE OF THE AMATEUR SERVICE

(a) Recognition and enhancement of the value of the amateur service to the public as a voluntary noncommercial communication service, particularly with respect to providing emergency communications.

(b) Continuation and extension of the amateur's proven ability to contribute to the advancement of the radio art.

(c) Encouragement and improvement of the amateur service through rules which provide for advancing skills in both the communication and technical phases of the art.

(d) Expansion of the existing reservoir within the amateur radio service of trained operators, technicians and electronics experts.

(e) Continuation and extension of the amateur's unique ability to enhance international goodwill.

Title 47, Code of Federal Regulations



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