

**The American Radio Relay League
Report of the Administration and Finance Committee
2004 Annual Meeting**

Committee Members: Director Jay Bellows, K0QB, Chairman; First Vice President Joel Harrison, W5ZN; Directors Walt Stinson, W0CP, Dick Isely, W9GIG, Art Goddard W6XD, and Frank Fallon, N2FF; Vice Director Jim Fenstermaker, K9JF, Secretary; Executive Vice President and CEO Dave Sumner, K1ZZ; CFO Barry Shelley, N1VXY; Treasurer Jim McCobb, W1LLU; and President Jim Haynie, W5JBP (ex-officio).

Introduction

As the ARRL approaches its 90th anniversary it remains a vital and dedicated organization focused meeting the needs and protecting the interests of its members in an ever changing technological, regulatory and social environment. With the exception of proposed change in DXCC software we have completed the technological changes begun three years ago. The planned deficits to effect those changes ended with 2003 and returning a balanced budget for 2004. Additionally we need to continually work toward realizing the goals identified in our Strategic and Long Range Planning effort. This commitment to a balance budget coupled with our obligation to match the current and future needs of our members require us to regularly evaluate our organization, methods and the way in which we use our resources. The budget plan recommended by the committee seeks to reflect those competing goals and needs.

Operational Issues

The Enterprise Software System is in place and running. Additional improvements are planned to be implemented as time permits and funds are available. Unfortunately the same cannot be said for the new *DXCC software system*. As noted in the Report of the Chief Financial Officer, the contractor continued to on correcting the program until late November, at which point they ceased all work on the project. At present the system does not function and the contractor has defaulted on its obligations. The matter has been referred to legal counsel to proceed with mandatory arbitration. Staff and the committee are looking to other options to achieve our goal of an improved and interactive DXCC software system. *Logbook of the World* is online and is proving to be a resounding success. Membership approval and usage has exceeded expectations.

Revenue and Expense Changes in the Recommended Plan

New Revenue. As part of achieving a balanced budget we need to realistically project revenue and tailor our expenses accordingly. The Plan includes a reduction of the senior discount from \$5 to \$3 per year. This reduction is consistent with the effort to equalize dues. The plan envisions some new and renewed membership recruitment and retention initiatives including a return to the club discount for membership renewal.

Headquarters and Staff. The recommended budget plan reflects management's view of the most effective use of resources and staff. In some instances assignments may be restructured and staff will be cross trained to meet organizational needs. In order to better track the actual costs of our programs and activities staff will be implementing a system of allocating costs to our financial systems in the first six months of 2004

Governance. As part of the process the committee recommended a review and reduction of Governance expenses. The committee felt Governance expenses should also be reviewed and reduced to better utilize the resources available. Three areas were identified as appropriate places to reduce expenditures: Providing for one fewer additional Vice Presidents; Limiting travel and accommodation reimbursement for Vice Directors to one meeting per year- preferably the annual meeting; and actually reducing division budgets by 10%.

Over the years ARRL has had a number of distinguished 3rd Vice Presidents. The proposal to reduce the number of Vice Presidents is not to be construed as a lack of appreciation for the good works of our 3rd Vice Presidents, it is simply a part of the effort to more effectively use resources the work currently being performed by the 3rd VP could be assigned to other elected officials or assigned on an ad hoc basis by the President.

Though most often Vice Directors work with their Director within the division to foster the interests of the League and its members, the sole duty of Vice Directors, as set forth in the Articles of Association, is to be available if the Director dies, resigns or moves out of the division. To that end Vice Directors have always been welcome to attend board meetings as observers. For many years attendance at board meeting was at their own expense. More recently Vice Directors began receiving reimbursement for expenses in attending board meetings. At first they were reimbursed for one meeting per year and more recently both board meetings. In post few years as meeting costs have risen markedly it was determined that Vice Directors would not be reimbursed for expenses incurred to attend a committee meeting prior to the board meetings. Unfortunately this excluded the Vice Directors from participation in and be familiarization with a significant part of Board processes and activities. In an effort to maximize the familiarity of Vice Directors with board activities and processes within our budget constraints the committee recommended that Vice Directors attend one meeting per year including a committee meeting on the day prior to the Board meeting. This would assure the Vice Directors were familiar with board activities and had an opportunity to observe and perhaps participate in committee meetings.

The last component of the effort to match expenses to projected revenue is a reduction in Division budgets of 10%. There will also be a renewed effort to obtain expense reimbursement requests at or near the date incurred to assist in more accurately tracking governance expenses during the course of the year.

Future and On-going Initiatives

Development and Foundation Activities

Conversations with the ARRL Foundation are continuing to coordinate development efforts and assure that the desires of prospective donors are most effectively and efficiently matched with the needs and purposes of the Foundation and the League.

Investment Guidelines

The committee is continuing to explore guidelines regarding the transfer of investment funds for current needs to assure the corpus of those funds will not be impaired without an affirmative action by the Board.

Conclusion

The challenge to the Board and the Committee remains one of ensuring that we provide the necessary tools and structure to adequately fund and implement the goals of the League. How we meet that challenge is left to the collective wisdom of the board of directors. It is a heavy burden and requires that we act in light of today's priorities. Prior actions of the board, appropriate for the time, should not create an indefinite entitlement. As Board members we must regularly re-evaluate our programs, activities and expenditures in light of our strategic objectives and needs.

Respectfully submitted,

Jay Bellows, K0QB
Chairman
January 9, 2003