

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

Document No. 18

Committee Members, Officers and Staff: Director Coy Day, N5OK, Chairman; Vice President Kay Craigie, N3KN; Directors Frank Butler, W4RH, Tom Frenaye, K1KI, Bernie Fuller, N3EFN, and Jim Weaver, K8JE; Executive Vice President and CEO Dave Sumner, K1ZZ; Treasurer Jim McCobb, W1LLU; CFO Barry Shelley, N1VXY; COO Mark Wilson, K1RO; CDO Mary Hobart, K1MMH, Secretary; and President Jim Haynie, W5JBP (ex-officio).

### **Introduction**

This has been a challenging year for the ARRL with Broadband Over Power Lines supplanting spectrum and antenna defense as our primary focus. Significant funds are being raised and expended in our continuing fight against these pressing issues. In fulfilling our responsibility to oversee the financial aspects of the ARRL the A&F Committee has been closely watching revenues and expenses. Although we are ahead of plan for this date, it is not because of meeting the revenue projections but rather because of under spending. We must watch this closely as the year progresses. We have examined several areas for cost cutting but have yet to find significant savings. Regardless of outside pressures we must not lose focus. We must work toward realizing the goals identified in our Strategic Plan.

### **Initiatives**

#### A formula for Division Budgets

The committee is considering a proposed change to the way division budgets are determined. The suggestion has been made that we use a formula similar to that used for the Section Managers' budgets that takes into consideration the number of members served and land area covered. We will have a short presentation to the board at the July meeting and will seek input from the board on this proposal.

#### Governance Audit

We conducted an audit of Director, Officer, and Board Meeting expenditures. Although we failed to identify a significant source of possible savings, a few items of interest were identified.

First, we discovered that not all directors were using the expense spreadsheet supplied by the CFO. The spreadsheet can be an invaluable tool for planning the most economical means of making a trip. For example making a decision as to whether one drives, flies or takes a rental car. Since the spreadsheets automatically calculate expenditures, errors are minimized. Also, some of the handwritten forms were difficult to read.

Another issue is the timely submission of reports. Some submitted a report for each trip and others waited until the end of the year and submitted all their reports at once. This has an adverse impact on the budgeting process and we therefore request that expense reports be submitted at least quarterly.

In addition, with the high cost of printing and mailing Division Newsletters and with the wide availability of electronic means of communicating with our members, the committee requests that future Division Newsletters be distributed electronically.

CFO Barry Shelley has rewritten the travel and expense policy, which will be addressed at the July 15<sup>th</sup> meeting.

### Strategic Planning

In the process of selecting an item from the Strategic Plan to implement, there was a realization that many of the objectives are in progress and if this process continues the Plan could become nothing but a skeleton. At which time it could easily be put on the shelf. Since planning is a dynamic process, we feel that a periodic review of the document with additional brainstorming by board members is essential.

### **Ongoing Financial Issues**

#### The Kainen Estate

The sole heir has settled the estate of Leonard Kainen after a yearlong challenge. Although the estate distribution was contested, we were successful in receiving a favorable decision by the arbiter. We will receive approximately 20% of the total estate or approximately \$80,000 about August 1, 2004. In keeping with the policy adopted by the Board in January, the A&F Committee will determine the specific application of this bequest at the July 15<sup>th</sup> meeting.

#### DXCC Software

Arbitration with Strong Systems continues with Strong not participating due to their inaction in this matter and their not submitting their portion of the arbitration fee. We have now formally submitted our case to the arbitrator and are awaiting his decision which is scheduled to be rendered no later than July 22<sup>nd</sup>. Since we do not have any direct evidence that Strong Systems is going out of business, we feel that it is necessary that we continue to seek judgment in our favor.

Before deciding to do the DXCC software project with in-house resources, we are awaiting an estimate from ATS (the vendor that wrote the existing program) on adding some limited functionality including the cost to bridge between the current FoxPro DXCC software and Logbook of The World. Once we have those figures we will proceed accordingly.

#### Logbook of the World

The LOTW is on-line and fully functional in generating DXCC credits and revenue. Other revenue generating upgrades are planned but will have to await the availability of staff to add those.

### Financial Concerns

Total membership numbers are below projections for the year. Lower dues revenues, over time, have a cumulative adverse effect on the bottom line. Unless we turn this trend around we will have difficulty in meeting our projections for the year. Lower than expected advertising revenues in a print ad sales market in turmoil continue to be troublesome as well as lower program fees. The latter is particularly troublesome in that it represents member activity.

### Development

The Development Department reports some challenges in reaching funding goals for Spectrum Defense in the spring campaign. A new proposal for a Long Term Member Program is under review by HQ staff. The Diamond Club continues to grow.

Generally, Development is progressing toward increasing net revenue and solidifying relationships in many funding areas.

### **Conclusion**

These are challenging times for the Board. We have tasked ourselves with meeting certain objectives in consonance with our Strategic Plan. One of those is to make certain that we are financially secure and stable to advance and advocate amateur radio. We also have to assure the day-to-day functions of the organization. The difficulty lies in the fact that we face these challenges in an environment of decreasing revenues. Added to this mix is that we are a member organization and must therefore continue to serve our members in the sensitive and appreciative manner that is owed to them as prized customers. It is essential that we make the tough decisions necessary to get these times behind us.

Coy Day, N5OK  
Chairman  
July 7, 2004

encl.

Minutes April 24, 2004 A&F Committee Meeting