

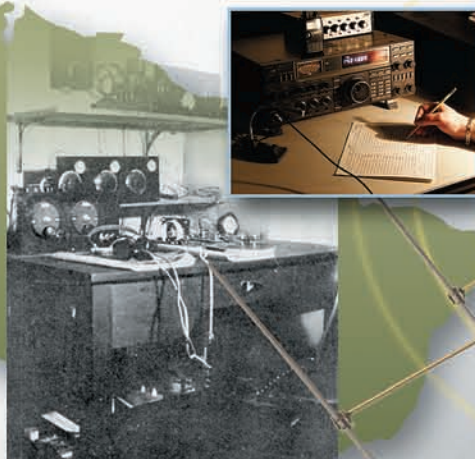
2006

Annual Report

Celebrating 100 Years of Voice over Radio Worldwide



Bonjour Hallo Hi! Guten Tag Howdy Merhaba Chao
Kaixo Ei Je Zdraveite Ni hao Nazdar God dag Goedendag
Hello Päivää Bonjour Guten Tag Kalimera Aloha Shalom
Nyobzoo Szia Selamat pagi Buon giorno Konichiwa
Annyong ha shimnikka Sekoh Dzien dobry Bom dia
Buna ziua Zdravstvuite Hola Jambo God dag
Magandang tanghali po Merhaba Chao ong Hello
Bore da Hello Hi! Bonjour Hallo Sekoh...





American Radio Relay League

Annual Report

2006

A Message from ARRL's President	2
Annual Report of the Chief Executive Officer	3-4
The Year in Review	5
Audited Financial Statements	23

About the Cover:

In 2006, the ARRL launched its first major, integrated Public Relations campaign, based on the simple word "Hello!" Using brochures, audio, video, Web sites and other materials in a coordinated presentation, it celebrated the centennial of friendships created worldwide by people being able to talk across town or to the farthest ends of the earth via Amateur Radio. The campaign was quickly adapted by many foreign countries and climaxed in December 2006 on the 100th anniversary of voice radio broadcasting.



A Message from ARRL's President

In late August it was my sad duty as President to report the death of our beloved colleague Wade Walstrom, W0EJ. No report could be complete without lamenting his loss at the outset. He will be dearly missed.

Otherwise, 2006 was a good year. It saw our legislative advocacy effort show results, a halt in membership decline, and financial stability brought about by careful management. This gave us reason to be very optimistic. At the same time, these hard-won gains remind us of the importance to not rest on our laurels, but to stay focused and to capitalize on opportunities as they arise.

Our advocacy efforts in Washington are focused on grooming a new relationship with the FCC's Wireless Telecommunications Bureau as well as each of the Commissioners. When it comes to Part 97 regulatory matters in the Amateur Radio Service, it is imperative that we assert that the League *IS* the expert in Amateur Radio regulatory matters.

WT Docket 05-235, removing Morse as a licensing requirement, was released in late 2006. Regardless of your personal position on code requirements, it is good to have this divisive issue behind us so we can move forward in promoting all aspects of Amateur Radio. CW will be among them for as long as there are Morse enthusiasts in our ranks—and that will be a very long time!

But sometimes the FCC falls short in addressing our concerns. That was the case with the Commission's rulemaking on Broadband over Power Line (BPL) interference. Instead of responding positively to our arguments and evidence when we sought reconsideration of its 2004 decisions, the FCC actually made matters worse. This has left us no choice but to seek judicial and legislative relief. The precedent for allowing harmful interference to licensed services, even if "mobile," cannot be left standing.

Meanwhile, the ARRL continues to be active on a number of international fronts to ensure we both defend and acquire allocations for the Amateur Radio Service. The next World Radiocommunication Conference, WRC-07, begins in October 2007. This is the international stage on which *all* wireless communications systems are coordinated and on which Amateur Radio must play a major role. We ensure that this happens through our support of the International Amateur Radio Union (IARU) and our involvement in domestic conference preparations as part of the US private sector.

Finally, an annual report is always 80% finances. Finding a balance between raising money and spending money is a juggling act. It is a difficult job to find the right mix between development, member services, emergency communications, advocacy and many other areas. If we spend all of our resources on advocacy then it won't be long before we have nothing to advocate. On the other hand, if we don't spend the proper time to advocate for Amateur Radio and to encourage new technologies, then we will wake up one day and there won't be an Amateur Radio Service. We have an obligation to be good stewards and mentors for hams—present and future—who need to learn our long time traditions. I believe we are accomplishing this balance.

Joel Harrison, W5ZN
President



Annual Report of the Chief Executive Officer for 2006

To The Board of Directors of The American Radio Relay League

Early in 2007 a Volunteer Examiner team will conduct the last Morse code examination to be administered to an applicant for an FCC Amateur Radio license. At about the same time, all Technicians will gain new RTTY/data and SSB voice privileges in the 10-meter band and CW privileges in the 10, 15, 40 and 80-meter bands. Over the ensuing weeks, thousands of Technicians will upgrade to General and Amateur Extra and will begin to use the privileges of their new licenses. In addition, there is every reason to expect a significant increase in the number of applicants for new Technician licenses, including some who will sit for the General and even the Extra exams at the same time.

In short, as 2006 came to an end Amateur Radio was poised for growth. Managing that growth and ensuring that it serves the basis and purpose of the Amateur Radio Service is a mission of the ARRL. Amateur Radio's national association has a great team of volunteers and staff working together in pursuit of that mission.

It is my privilege each month, on page 9 of our membership journal *QST*, to share and comment upon the challenges and opportunities facing us. Reviewing the 2006 issues provides a dozen snapshots of the year.

January's editorial argued for meaningful high frequency (HF) privileges at the entry level to Amateur Radio. This was partially achieved when the FCC added Novice HF privileges to the Technician license.

February's celebrated Amateur Radio's contributions to international goodwill — a commodity that the world needs in greater supply.

In March newly elected ARRL President Joel Harrison, W5ZN, shared his thoughts about how the world of "Main Street USA" has changed since many of us were growing up, and how Amateur Radio itself must change if future generations are to experience the magic of radio.

April launched the "Hello" campaign, the most ambitious public relations campaign undertaken on behalf of Amateur Radio in many years. The brainchild of Media and Public Relations Manager Allen Pitts, W1AGP, "Hello" branded Amateur Radio as a friendly, welcoming world. For the rest of the year, culminating in a year end celebration of the 100th anniversary of the first transmission of voice over radio, broadcast media across the country carried public service announcements with the "Hello" theme and many local radio clubs followed up with their own invitations to their communities.

May's editorial proudly reported that Amateur Radio was recognized by the federal government as part of "What Went Right" in the aftermath of Hurricane Katrina.

In June we chronicled the checkered history of what was once touted as "the most successful BPL deployment in the nation" in the City of Manassas, Virginia — a source of ongoing radio interference from Broadband over Power Lines. Unfortunately, as the year drew to a close "The Third Battle of Bull Run" was still going on, with the FCC apparently satisfied with half measures and turning a blind eye to the remaining interference.

July carried an explanation of how ARRL's representative democracy works. Fifteen volunteer Directors are elected on a geographic basis through a process that is wide open to membership participation. *(continued on next page)*



*On a more positive note,
November's editorial
talked about how much
Amateur Radio has improved
since the "good old days."*

With the national political campaign season about to go into full swing, in August we outlined the restrictions on political involvement that apply to the ARRL as a tax-exempt non-profit organization. In September we followed up with a discussion of how the ARRL can and does advocate on behalf of Amateur Radio.

October found us decrying the FCC's decision, in disposing of petitions for reconsideration of its BPL interference rules, to make a bad situation even worse. This would lead to our decision to sue the FCC in the U.S. Court of Appeals for the District of Columbia Circuit. It is regrettable that the FCC must be forced to fulfill its statutory and treaty obligations to protect radiocommunication services against unnecessary interference.

On a more positive note, November's editorial talked about how much Amateur Radio has improved since the "good old days."

The year ended with a discussion of the FCC's radical departure from its own proposal in deciding to expand the 75-meter phone band dramatically—an expansion that of course was welcomed by most phone operators, but that came as an unexpected shock to RTTY, data and CW operators. The impact of this change is likely to reverberate throughout the coming year.

Just as snapshots do not tell the whole story of a vacation, neither do these paint a complete landscape of the year. In the pages that follow you will find much more detail about how the necessary work of the ARRL was carried out, and how Amateur Radio and our nation benefited from the contributions of our members.

David Sumner, K1ZZ
Chief Executive Officer

Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

The Year in Review

ARRL Public Relations—Hello!

2006 was the centennial of voice transmissions over radio and was celebrated in a year-long, coordinated campaign based on the word “Hello.” Brochures, audio and video public service announcements, press releases, short movies and other materials were distributed through the PIO network and placed around the country. In addition, several foreign Amateur Radio associations used our materials in their own countries. The theme highlighted the friendships and communication that voice transmissions can provide and encouraged the public to explore Amateur Radio. A special Web site, www.Hello-Radio.org was created as a central point for this purpose.

Showing Amateur Radio as a friendly activity that is centered on people, provides options that the Internet cannot match, and opens the world to the participants, balanced the serious activities of Amateur Radio’s emergency communications work.

The campaign climaxed in the last week of 2006 with special operating activities involving three “keystone” stations (W1AW; Brant Rock, Massachusetts; Machrihanish, Scotland) and many other participating special event stations.

The public relations function of the ARRL is based on the abilities of over 400 Public Information Officers around the country to provide local media information, stories and materials for dissemination. It is coordinated by one staff person and a national committee of experienced PR volunteers. Their activities in providing the volunteer PIOs with mentoring and the best tools possible continue to have positive results.

ARRL Membership

There were 148,641 ARRL members by year-end (148,887 in 2005), overcoming modest membership losses in recent years. During the year, we welcomed Membership Manager Katie Breen, W1KRB, and Customer Service Manager Amy Hurtado, KB1NXO, to the ARRL staff. Their regular contact with members strengthened our effectiveness at identifying operational improvements and opportunities for new membership programs and benefits.

Our presentations to the National Association of Broadcasters and the United States Power Squadrons contributed to improvements in our own direct marketing materials and messages. These efforts helped identify other niche market opportunities for membership and Amateur Radio recruitment.

Visitors to ARRL headquarters and W1AW, the Hiram Percy Maxim Memorial Station, now enjoy a greatly improved tour program. Dedicated and enthusiastic volunteer tour guides were recruited from among local radio amateurs.

Information Products

Year-end sales of ARRL publications and other products reached \$2,888,102 (\$2,962,000 in 2005). During the year, we introduced *Getting Started with Ham Radio* as successor to *Now You’re Talking!* This new Technician class training manual, written by Ward Silver, N0AX, gained immediate popularity. We also introduced a second version of *The ARRL Repeater Directory* in a larger format called the “desktop” edition. Sales of these new titles and other new products helped

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Members of the United States Power Squadrons spent a weekend in June putting W1AW on the air to mark National Safe Boating Week. Katie Breen, W1KRB, ARRL Membership Manager sat in with Power Squadrons representatives Don Stark, N3HOW (center) and John Graves, WA1JG (right).



Achieving your own FCC license is a proud accomplishment for any age.

The National Weather Service and The Weather Channel use and respect Amateur Radio's SKYWARN program.



compensate for sales shortfalls in other product areas. Some marketplace hesitancy was experienced among sales of license training aids toward the end of the year as buyers anticipated action on the FCC Morse Code Proceeding.

A revised Emergency Communications Level 3 online course was introduced in May. A revised Technician license course was introduced in August. The new online Technician class course is bundled with a one-year ARRL membership. This course has become an unprecedented source of prospective hams and new ARRL members.

Three editions of the ARRL Publications Catalog were produced during the year. Complementing this effort, new publication announcements and special offers are e-mailed regularly to members.

Prospective Ham Program

ARRL assisted thousands of new and prospective hams who telephoned the New Ham Hotline, **1-800-326-3942 (800 32 NEW HAM)** or sent e-mail to newham@arrl.org. Referrals were generated by the "Hello" campaign, recruitment brochures and other ham radio recruitment efforts. In 2006, the information package was updated to include a new flyer, *Connect to Wireless Excitement with Ham Radio*.

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 Newslines* 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. A monthly digest, "ARRL in Action," summarizes ARRL activities over the previous month.

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?," "Eclectic Technology" and "Exam Info," as well as news-oriented feature articles, focus on special-interest news. The *QST* column "This Just In" 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 as well as via telephone. More than 200 repeaters and other Amateur Radio outlets in the US and elsewhere around the globe reported they were airing our *ARRL*

Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

Audio News in full or in part. The League makes *ARRL Audio News* available as a podcast (for downloading to an iPod or other MP3 player), which is a service members indicated they want and 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.

Hiram Percy Maxim Memorial Station W1AW

W1AW participated in the following operating events in 2006:

- | | |
|---------------------------------------|--------------------------------------|
| 1. North American QSO Party (January) | 6. ARRL Field Day |
| 2. ARRL January VHF Sweepstakes | 7. October JOTA |
| 3. ARRL International DX CW Contest | 8. ARRL November SSB Sweepstakes |
| 4. New England QSO Party | 9. ARRL 10-Meter Contest |
| 5. June VHF QSO Party | 10. "Hello" Campaign Operating event |

W1AW received as donations the repairs and modifications to the Ten-Tec Omni VI transceivers (used as bulletin equipment) and a Rohde & Schwarz model XK2100L HF transceiver from Ulrich Rohde, N1UL.

In late August the station underwent a major HF antenna upgrade. Fourteen HF antennas, along with antennas for 2 meters and 70 cm, replaced the antennas that were initially installed during the 1989 station renovation. Various ARRL staff were involved with the upgrade.

Another W1AW Frequency Measuring Test was held on November 15. The event was "back to basics," in that participants needed to merely measure the frequency where the station was actually transmitting.

Because of continual failures with the aging Harris Corporation news/bulletin transmitters, all the Harris transmitters have been replaced with amateur-grade equipment. The Harris amplifiers are still in use, however. The bulletin equipment now consists of four Icom IC-756Pro II transceivers, two Ten-Tec Omni VI+ transceivers and one Ten-Tec Orion I transceiver.

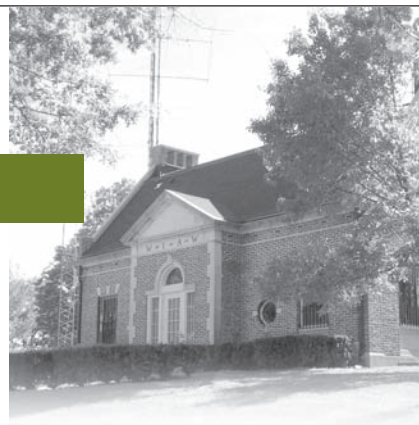
Bi-weekly updates to the W1AW Web Code Practice files continued in 2006.

Awards and Operating

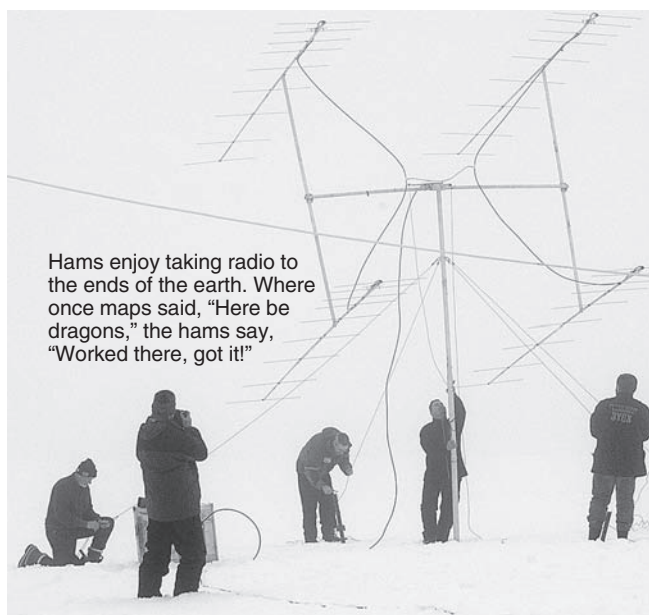
ARRL's contest program continues to thrive despite the fact that we hit the very bottom of Solar Cycle 23. Entries in ARRL contests topped 20,000 for the first time with a total of 20,094—a 3 percent increase over 2005 entry figures. 2006's entry total is 10 percent higher than that from 2000. The contest program benefits from the hard work donated to the effort by Trey Garlough, N5KO; Ward Silver, N0AX; "Tree" Tyree, N6TR; Ken Wolff, K1EA; Dave Pruett, K8CC; Carl Luetzelschwab, K9LA; Tim Mitchell, K9TM; and Larry Weaver, N6TW. The world's most popular awards program, The DX Century Club (DXCC), continues to gain in popularity.

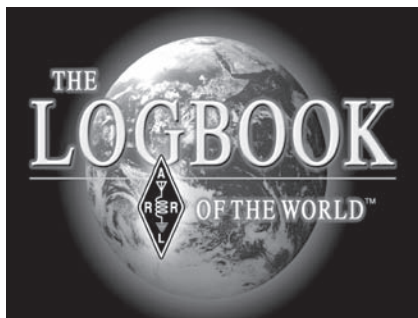
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W1AW



W1AW is the flagship station of the ARRL and serves the world with information, bulletins and friendly radio contacts.





Tom Hogerty, KC1J, became the Contests Program Manager in September. During the year, the Contests Department gained Icom, West Mountain Radio and M² Antennas as major awards sponsors for the November Sweepstakes, RTTY Roundup, and June VHF Contest, respectively.

More than 5,600 individuals submitted applications in 2006, part of what we believe to be a group of participants in DXing that approaches 35,000. Additionally, 656 individuals obtained Worked All States (WAS) awards, and 253 people earned VHF/UHF Century Club Awards in 2006.

In its second full year of operation in 2006, Logbook of the World (LoTW) grew steadily and has become the standard for online awards accreditation. Supporting the DXCC and WAS awards programs in 2006, hundreds of users gained credits for those awards without having to obtain or submit traditional QSL cards. At the end of 2006, over 14,400 different users were registered with LoTW and had obtained digital certificates. Those users had submitted over 300,000 logs containing more than 116 million radio contacts.

Even with increasing use of LoTW, the ARRL Outgoing QSL Service remains a popular and valued membership benefit as the shipping of over 1 million traditional QSL cards around the world indicates. The usage did drop about 13 percent from the 1.14 million cards shipped in 2005, indicating a shift to electronic QSLing in combination with the low in the solar cycle causing fewer contacts to be made.

ARRL Field Organization/Public Service

During 2006, the ARRL Field Organization records at Headquarters showed just over 8,000 official appointees. The Field Organization, headed by its 71 Section Managers and leadership officials, covered all facets of Amateur Radio from technical assistance, affiliated club liaison, public relations, net management and traffic handling to emergency coordination, government liaison and ARRL Section management. ARRL Headquarters hosted nine of the newest Section Managers at a workshop in Newington. During the course of the year, Headquarters administered seven Section Manager elections. The 2006 Simulated Emergency Test in the fall was supported by 4,334 Amateur Radio operator participants. ARRL was, once again, a national coalition member of National Preparedness Month in September (sponsored by the US Department of Homeland Security), and the League co-sponsored the annual SKYWARN Recognition Day operating event with the National Weather Service in December.

Affiliated Club Activity

There are currently 2040 clubs that are affiliated with ARRL, a net increase of 65 as compared to the same time last year. Of these clubs, 127 are designated as Special Service Clubs. These clubs provide programs and services that go the extra mile to promote Amateur Radio and community service. A snapshot of affiliated club activities shows:

- 1790 are general interest
- 1215 offer entry level licensing classes
- 645 offer mentoring
- 873 offer General or higher level classes
- 1673 highlight emergency communications
- 555 indicate that they sponsor a hamfest



The Department of Homeland Security CERT program recognizes and promotes Amateur Radio's emergency capabilities.



Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

ARRL Lab Provides Technical Support to Members and Industry

The ARRL Laboratory has continued to serve as a major technical resource in the ARRL's defense of spectrum. As was the case last year, most of this work centered around Broadband over Power Lines (BPL). Over the year, different BPL systems have come and gone as utilities try the technology and either move closer to commercial deployment or abandon it. ARRL Laboratory Manager Ed Hare, W1RFI, has worked with amateurs local to these systems, helping them evaluate the various systems and accurately determine their potential to cause interference to Amateur Radio. Ed also has been working cooperatively with the BPL industry, helping some of the companies involved to make technological improvements that go beyond the FCC rules governing BPL.

The Lab has also been an important part of ARRL's efforts to work cooperatively with industry on electromagnetic-compatibility (EMC). Ed continues 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 was elected Secretary of the IEEE EMC Society Standards Development Committee, a standards board that oversees the development of the IEEE's EMC standards.

Mike Gruber, W1MG, 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. This year Mike oversaw the editing of a new edition of the *ARRL RFI Book*, with a number of revised chapters of practical information about most interference problems hams may encounter.

ARRL members looked to the Technical Information Service (TIS) for help with a wide variety of technical issues. Under the leadership of Zack Lau, W1VT, ARRL's Senior Laboratory Engineer, TIS staff provided assistance via telephone and e-mail, and also directed members to an impressive collection of on-line resources.

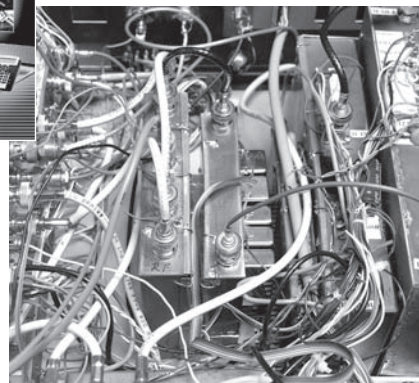
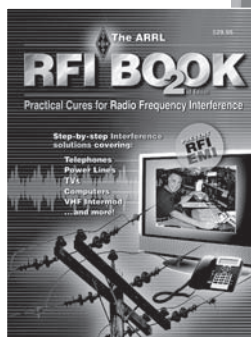
Mike Tracy, KC1SX, ARRL's test engineer, put 26 pieces of Amateur Radio equipment through rigorous tests in the League's "screen room" this year. The results were printed in *QST*'s popular "Product Review" column, side by side with manufacturers' product specifications. Mike also helped *QST* with improvements to the column, including the addition of comparison graphs to show the most important test results in visual form. With help from a volunteer committee, Mike also defined better ways to test transmitter composite-noise performance, improved the testing of transmitter keying and added better test methods for receiver dynamic range to ARRL's extensive test suite.

ARRL Education Mission Receives New Mandate

ARRL's Education Mission received a new mandate with the ARRL Board's adoption of an Education Mission and Vision Statement. The document calls on the League to "advance the art and science of radio through education" via several avenues including:

- licensing instruction and advancing the knowledge of radio science and operating skills among licensed operators;

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The staff of the ARRL lab provide help to hams and industry on topics as diverse as BPL and new product design and testing.

"Through its educational efforts ARRL will enrich lives through lifelong learning and achievement and provide service to local communities," the Board's resolution said. The objective of ARRL outreach is "to inspire exploration in radio science and serve as a catalyst for new scientific discoveries and new technologies."



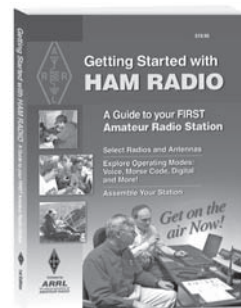
- training radio amateurs in the skills needed to provide service to their communities in times of emergency;
- engaging youth in the magic of radio and inspiring them to further personal investigation in the sciences and engineering, as well as expanding their horizons to promote global goodwill through contact with cultures around the world;
- and expanding interest and understanding of the science of radio and the application of wireless technology in daily life.

"Through its educational efforts ARRL will enrich lives through lifelong learning and achievement and provide service to local communities," the Board's resolution said.

The objective of ARRL outreach is "to inspire exploration in radio science and serve as a catalyst for new scientific discoveries and new technologies." ARRL has incorporated infrastructural support for this mission for education as part of its plan for 2007.

Licensing Instruction

A revised question pool for the Technician License was announced in early 2006. Our editorial team published a series of new educational products to address the changes. Thanks to Steve Ford, WB8IMY, Ward Silver, N0AX and Mark Spencer, WA8SME, we launched a fresh approach to licensing instruction with this new series that includes *The ARRL Ham Radio License Manual*, *The ARRL Instructor's Manual for Technician Class License Courses* and a handbook for beginners, *Getting Started with Ham Radio*.



To develop a new generation, ARRL teaches teachers at our *Institute*, encourages students in the *Education and Technology Program* and partners with NASA and AMSAT in ARISS programs.

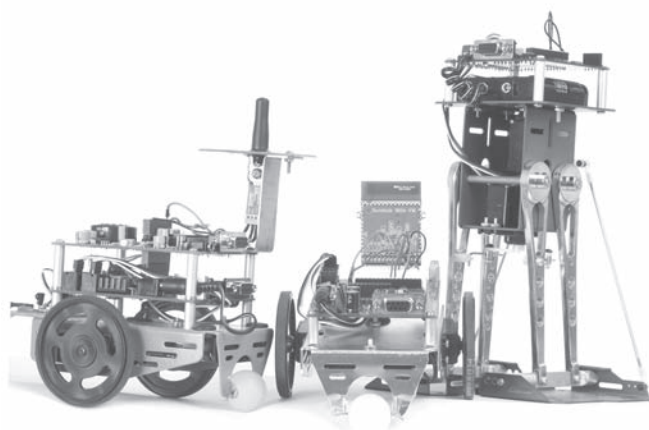
Education & Technology Program

In addition to these activities, ARRL's Education & Technology Program (ETP) continues to grow and stood at approximately 225 schools at year's end. The program continues to focus on teacher training in addition to direct school and student support through grants. Four sessions of the Teachers Institute on Wireless Technology, ARRL's professional development opportunity for teachers, were completed during the year. Forty-eight teachers and school staff members received instruction on how to teach wireless technology literacy, basic electronics and radio science, micro-controller programming and basic robotics, using Amateur Radio as an instructional tool. The curriculum of the Institute is being constantly refined to more closely address the required learning objectives and benchmarks for science and mathematics instruction.

Mark Spencer, WA8SME, ETP Coordinator, developed new instructional support materials for the ETP including a computer to rotor control interface for satellite tracking distributed to schools preparing for ARISS contacts. This, along with other activity boards and instructional resources developed through the ETP, have proven to have utility in supporting volunteer ham radio class instructors as well as classroom teachers.

Educational Outreach

Late in the year, a new step taken as part of ARRL's outreach mission was to send Mark Spencer, WA8SME, as ARRL's delegate to participate in a workshop conducted by the American Association for the Advancement of Science (AAAS). This organization is sponsoring an initiative called "Project 2061" to develop working and executable science literacy standards that will assist schools in meeting science literacy requirements. ARRL has made a commitment to adding our voice to the voices



Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

of academicians and those representing other industries to be sure the knowledge and experience of the Amateur Radio community is part of the discussion.

ARISS Active in 2006

Through our partnership with NASA and The Radio Amateur Satellite Corporation (AMSAT), Amateur Radio on the International Space Station (ARISS) had a very successful year of educational and public relations outreach. Highlights of the year include Astronaut Bill McArthur's record-breaking efforts and the launch of SuitSat.

Astronaut McArthur, KC5ACR, went way over the top in 2006 to break the record of number of school radio contacts that have been done during an ISS Expedition. He spoke with thousands of students at 39 schools. Bill broke another record, making 1800 random contacts during his Expedition, while earning several operating awards.

SuitSat-1 was the brainchild of ARISS Russian Delegate Sergej Samburov. After many hours of hams' volunteer time, an ISS crew in January 2006 unpacked SuitSat-1 hardware, charged the batteries and assembled radios into an obsolete Russian space suit. During a February spacewalk, the crew tossed SuitSat overboard while the world watched. Everything worked as the team designed it except for the low power; the system ran only ½ watt. Though audio level was low, hundreds of hams kept checking SuitSat's health. SuitSat-1 transmitted greetings 3500 times through the next 9 months and there were 10 million inquiries on the ARISS Web site! Until SuitSat burned in the atmosphere, we heard from hams and non-hams who enjoy satellite sighting. Over 500 hams and schools monitored SuitSat telemetry, posting to our Web site what was heard and how it was integrated into their lessons. SuitSat-1 captured the attention of tens of thousands of people around the globe including worldwide media.

ARRL VEC

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. ARRL VEC recorded a 9.5% increase in US territory and foreign testing activity over the previous year. In 2006, 26,595 applicants were served at 5319 sessions. A full-time employee was added to help manage our upsurge of activity and to better serve our VEs, applicants and the Amateur Radio community.

In April, we introduced the member vanity license renewal service and successfully began submitting vanity license renewals to FCC. Appreciative members thought our license renewal information was simple and straightforward. The license renewal form is automatically mailed to the member. It is completed by us with the exception of the members' social security numbers, their signature and the date signed. ARRL VEC processed and transmitted electronically to the FCC nearly 7000 address changes/license renewals for ARRL Members in 2006. This service to members continues to be a crowd pleaser.

ARRL VEC continues to participate as a member of the National Conference of VEC's Question Pool Committee. The 4-member committee prepared a revised General class question pool (Element 3) for examination use by the Amateur Community beginning July 1, 2007.

As one of three 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 1×1 Special Event Call Sign Coordinators and has processed nearly 95% of the 4095 Special Events authorized and documented in the NCVET 1×1 database since the program's inception in September 1997. Additionally, ARRL prepared over 200 International Amateur Radio Permits (IARPs) for instant operating authority by US amateurs when traveling to participating Central and South American countries.



SuitSat-1 sends its greeting from the blackness of space.



Bill McArthur, KC5ACR



American ham-soldiers in Iraq continue the tradition of teaching others even in a war zone.





Katrina veteran and Alabama Section Manager Greg Sarratt, W4OZK, describes ARES emergency operations to the FCC.

The League continued its efforts to have the FCC resolve interference problems caused by Broadband over Power Line (BPL) systems.



ITU Headquarters—Geneva, Switzerland

Legal – Advocacy

ARRL Educates Capitol Hill about Amateur Radio's Benefits

The ARRL retains Chwat & Co., Inc. of Alexandria, Virginia as its government relations consultant. Working with ARRL volunteers and staff, Chwat & Co. coordinates our ongoing efforts to educate our federal elected officials and their staffs about the benefits radio amateurs provide to the nation, monitors and reports on all federal legislation impacting ARRL members, assists in networking member contacts with Congress and provides access and meetings for ARRL Leadership with key telecommunications members and staffs. The firm also monitors and reports monthly on state legislation introduced in the 50 state legislatures. In 2006 the ARRL secured House support in the major Telecommunication Bill for the Session, HR5252, which would require the FCC to undertake an interference study of BPL and report back to Congress. The bill did not pass the Senate at the end of the Session. Major areas of federal legislative interests for ARRL include BPL, antenna restrictions (CC&R), spectrum protection and inclusion of ARRL members in federally mandated emergency communications programs.

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.



Late in the year, the FCC announced the elimination of the Morse code examination requirement for any class of Amateur Radio license, expanded the 75-meter phone band down to 3600 kHz and made other changes to Part 97 of its rules.

The League continued its efforts to have the FCC resolve interference problems caused by Broadband over Power Line (BPL) systems. ARRL filed a Petition for Review with the United States Court of Appeals for the District of Columbia circuit requesting review of FCC BPL rules. ARRL argued that those rules underestimated the potential interference, changed the entire regulatory framework for unlicensed devices and failed to effectively mitigate interference. ARRL's court appeal was joined by the National Association of Broadcasters and the Association of Maximum Service Television. The case was pending as of the end of the year.

The FCC's WRC Advisory Committee (WAC) provided the focus for non-government preparation for the 2007 World Radiocommunication Conference. ARRL participated in WAC Informal Working Groups and filed comments in support of Amateur Radio spectrum requirements.

The FCC continued to effectively handle Amateur Radio enforcement issues in 2006. It failed, however, to address long-pending BPL interference complaints. In the case of a two-year-old series of complaints of BPL interference in Manassas, Virginia, the FCC summarily dismissed the complaints without disclosure of the findings of its field investigation.

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 191 Member States and over 600 Sector and 130 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.



Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

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

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 2006, 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 WRC-07 increased in 2006. ITU and CITEI studies will continue throughout 2007.

Technical Relations Specialist Walter Ireland, WB7CSL, is Chairman of US Working Party 6E (broadcasting terrestrial delivery) and headed the US Delegation to ITU-R WP 6E international meetings in Geneva. Ireland served as the Vice Chairman of IWG-4 (broadcasting and Amateur Radio 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.

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 into three "Regions." ARRL is a founding member of IARU, the international Secretariat and a member of Regions 2 and 3. Rod Stafford, W6ROD, is currently serving as President of IARU Region 2.

Regulatory Information Branch

The year 2006 started with the untimely passing of long-time ARRL Regulatory Information Specialist John Hennessee, N1KB, in March. John's unique skills and abilities working with FCC rules and other regulatory issues are truly missed by the amateur community. On June 1, Dan Henderson, N1ND, moved from Contest Branch Manager to become Regulatory Information Specialist.

As part of the staff change, there has been an increased level of contact between the FCC Enforcement staff and the ARRL. The ARRL now answers many routine queries forwarded by the FCC regarding enforcement issues. In this expanded working relationship, we provide accurate, useful information to the amateur community in a more timely fashion than if the amateur had to wait for FCC responses on many routine issues and rules interpretations.

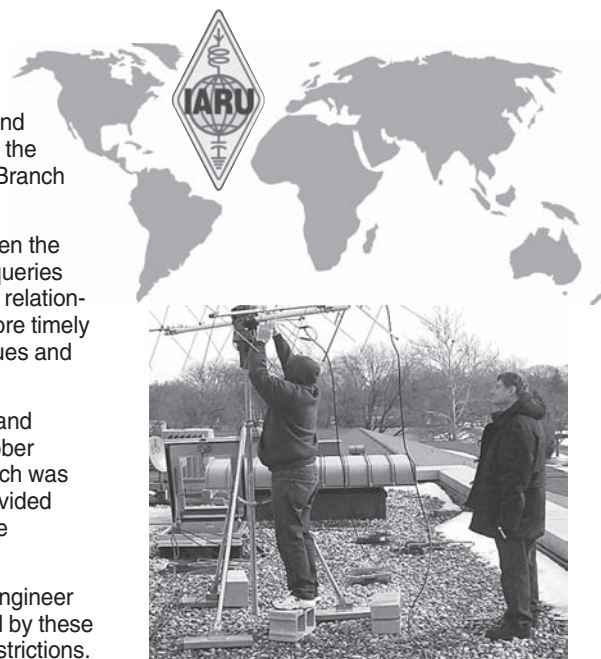
Fall 2006 was spent working with the effects of the long-awaited FCC Reports and Orders on Docket 04-140 (the "Omnibus" order), which was announced in October and implemented in December and Docket 05-235 (the Morse code order), which was announced in December and will be implemented in early 2007. The ARRL provided the best possible information and materials for the amateur community on these important and far reaching changes to our service.

A complete review of the ARRL Volunteer Counsel and Volunteer Consulting Engineer databases was completed in 2006. Hundreds of hours of service were provided by these valuable resources to amateurs facing a broad range of zoning and antenna restrictions. Antenna restriction cases from every ARRL Division were presented during the last seven months of 2006—and this is an area that will continue to be a high priority in the coming year.

The tempo of preparations for WRC-07 increased in 2006. ITU and CITEI studies will continue throughout 2007.



The US Telecommunications Training Institute is held annually. In 2006 six international students learned about the ITU, IARU, spectrum management and Amateur Radio related topics in the Amateur Radio Administration course at ARRL Headquarters. Gilbert Mugeni—Kenya, Riris Adiyanto—Indonesia, Walt Ireland—Course Instructor, Lisa Kustosik—hospitality coordinator, Udochukwu Agu—Nigeria, Afif Benlagha—Algeria, Ariel Padilla—Philippines and Diwakar Singh—Nepal.



Setting up Amateur Radio communications on a school roof allows students to talk to astronauts in space.



2006

SUPPORT AMATEUR RADIO AND ARRL

WELCOME TO THE DEVELOPMENT OFFICE



*THANK YOU...for your interest in
the fund raising efforts of the ARRL
Development Office*

ARRL Development

Fueled by strong results from the fall Spectrum Defense campaign, ARRL Development realized significant gains during the second six months of the 2006 fiscal year. The success of the Spectrum Defense campaign coupled with responses to the new charitable gift provisions of the Pension Protection Act of 2006 produced year-to-date results that exceeded 2006 fundraising targets.

Annual Giving

The **Spectrum Defense Fund** remains the cornerstone of ARRL's success in 2006. A campaign letter from CEO Sumner concerning the ARRL Board decision to sue the FCC resonated with members who responded in large numbers with generous contributions. The outstanding response by ARRL members brought the overall total for Spectrum Defense Fund for 2006 to \$546,426.

The ARRL **Education & Technology Program** also exceeded expectations in 2006, when funding from contributions reached \$253,349, well over the 2006 forecast. ARRL received five contributions from individuals totaling \$70,000 to fund four of the popular and successful Teachers Institutes in Wireless Technology which were conducted during the summer of 2006.

Building on the interest generated during the response to Hurricanes Katrina, Rita and Wilma in 2005, ARRL conducted a modest campaign for **Ham Aid**, to fund the management and distribution of contributed ham radio equipment during disasters. The campaign raised nearly \$3000 to support Ham Aid.

The **W1AW Endowment** continues to grow. The 2006 campaign produced \$88,779 in contributions bringing the W1AW Endowment total to \$268,707 by the end of the year.

Other **ARRL Endowment** activity from estate gifts totaled \$49,217 in donations to the General Endowment. As of December 31, 2006 the ARRL Endowment totaled \$707,736 from all sources.



Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

The ARRL Diamond Club

The **ARRL Diamond Club** continues to grow steadily, reaching 1999 donors who contributed gross revenues of \$269,908. Analysis of 2006 results shows overall growth of 4.8% in Diamond Club donors due in large part to strong Diamond Club renewals. Information about the Diamond Club continues to be the focus of the first and second membership renewal notices, and an upgrade request insert is included with the regular mailing of new membership cards to new and continuing members.

The **ARRL Maxim Society** recognized 12 new members in 2006 bringing to 30 the number of Maxim Society members whose lifetime giving exceeds \$10,000.

Other Unrestricted Revenue

The Year End Campaign received more than \$9,800 during 2006.

ARRL participated in the 2006 Combined Federal Campaign (CFC), producing more than \$22,470. The launch of the annual CFC campaign to federal employees began in September 2006 when ARRL highlighted its participation in the program with a story on the ARRL Web and in the *ARRL Letter*. Information from participants has indicated that they wish their contributions to benefit the Spectrum Defense Fund, the Education & Technology Fund and the Diamond Club. Additional unrestricted revenue not attributable to CFC came in during 2006 in excess of \$25,000.

Grants

2006 saw the successful conclusion of the CNCS Katrina response grant that was awarded to ARRL in September 2005. Funds had been used to reimburse hams who traveled to the Gulf Coast in 2005, to support 11 ham radio organizations that experienced loss of equipment during the hurricanes and in 2006 to strengthen the organization's response capabilities by implementing four projects: a national plan for ARRL headquarters, a new telephone conference bridge, upgraded capacity at W1AW, and the ARES volunteer database. All grant activities were completed successfully by September 30, 2006.

In May 2006 ARRL received a \$15,000 grant from the Dayton Amateur Radio Association (DARA) to promote Amateur Radio with special emphasis on public service. Staff members Allen Pitts, W1AGP, and Graphic Design Supervisor Sue Fagan, KB1OKW, provided the inspiration to develop a new brochure targeted to community education about ham radio's emergency communications capabilities.

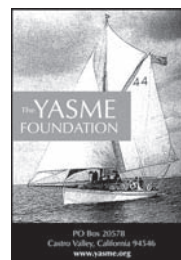
Yasme Foundation provided an important \$20,000 grant to the ARRL Historic Preservation Fund to support the work of Perry Williams, W1UED, the archivist who continues his efforts to compile and catalog historic documents and photographs at ARRL Headquarters.

Other Activities

For the fifth year, ARRL hosted a Donor Recognition Reception on the Thursday evening before the Dayton Hamvention. Nearly 100 donors gathered at the Meadowbrook Country Club to meet ARRL President Joel Harrison, W5ZN. During the program, donors David Topp, W5BXX, and Director Dick Isely, W9GIG, were welcomed into the ARRL Maxim Society in recognition of their lifetime giving.

In September, the Development Officer traveled to Bad Bentheim Germany to represent ARRL and accept the Golden Antenna Award for the humanitarian efforts of radio amateurs during the aftermath of Hurricane Katrina.

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



David Sumner, K1ZZ, Chief Executive Officer/ Secretary and Dave Patton, NN1N, Membership and Volunteer Programs Manager present information to the Board of Directors as Joel Harrison, W5ZN, President and Kay Craigie, N3KN, First Vice President, look on.

In 2006, Development continued the practice of recognizing the loyal membership of hams who have supported ARRL for 40 years or more. Congratulations were mailed to 1694 members. Complimentary Diamond Club benefits for one year and recognition plaques continue to be offered to those members who have been members 50 years or more.

(continued on next page)



2006 was a very busy and successful year for ARRL Development with more than 10,000 contributions to support programs not supported by member dues, including contributions from all ARRL Officers and Directors. Overall financial results for 2006 including planned gifts to the ARRL Endowment were in excess of \$1.43 million.

In 2006, Development continued the practice of recognizing the loyal membership of hams who have supported ARRL for 40 years or more. Congratulations were mailed to 1694 members. Complimentary Diamond Club benefits for one year and recognition plaques continue to be offered to those members who have been members 50 years or more.

Planned Giving commitments received in 2006 brought the total number of commitments to 66. The new Pension Protection Act (PPA) of 2006 provided a charitable contribution provision for individuals aged 70 1/2 who held an IRA or Roth IRA during 2006 and again in 2007. The Provision allows contributions directly from an IRA to a qualified organization up to \$100,000. ARRL mailed information to 3500 members aged 70 1/2, posted items on the ARRL Web site and edited the planned giving promotional brochure to include PPA information. This new initiative produced 9 contributions direct from IRAs totaling more than \$44,000 to the ARRL Education & Technology Fund and the Spectrum Defense Fund.

2006 was a very busy and successful year for ARRL Development with more than 10,000 contributions to support programs not supported by member dues, including contributions from all ARRL Officers and Directors. Overall financial results for 2006 including planned gifts to the ARRL Endowment were in excess of \$1.43 million.

List of Donors

The American Radio Relay League is proud to honor those individuals and organizations whose 2006 contributions of \$1000 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.

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

Don Barber, K8GV

J. Bruce Burnette, K5PX

Peter G. Adely Sr, W2HP
and Katherine Adely, W2YSF

Bob Barden, N2BB/MD0CCE

Bruce Butler, W6OSP

Glen Barney, NY3E

Frank M. Butler, Jr., W4RH*

Charles P. Alter, W9UC

William L. Bartels, N6YZ*

Randall J. Bynum, NR6CA

Lester A. "Andy" Anderson, W0AFQ

Dave Bell, W6AQ
and Alice L. Bell, W6QLT*

Carlson Family Trust

Merit R. Arnold, W6NQ *

Bergen Amateur Radio Association, Inc

Vivian A. Carr

Paul J. Azar, Jr., N5AN

Mark A. Behrens, W4GP

Lathan "Bud" Clarke, W6OYV

C. Dwight Baker, W4IJY

David W. Brandenburg, K5RQ/
Brandenburg Life Foundation*

Combined Federal Campaign

Baker Family Foundation (W5IZ)

Joseph A. Cloutier, KC9JAC

Mary Banks, K4MRY
and Sherman Banks, W4ATL

Vern J. Brownell, W1VB

Robert L. Conder, Jr., K4RLC

Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

Corporation for National & Community Service	Craig D. Goldman, K2LZQ	Don Lisle, K6IPV*
Stephen H. Cornell, K4AHA	Itice R. Goldthorpe, K4LVV and Ted F. Goldthorpe, Jr., W4VHF	James N. Long, W4ZRZ*
Carter Craigie, N3AO and Kay Craigie, N3KN*	B Whitfield Griffith, Jr., N5SU	Willis C. Mack, N1HAI
Dayton Amateur Radio Association	Elliot A. Gross, KB2TZ*	Bruce S. Marcus, N1XG*
Leland M. Deane, AA2LD	The Gryphon Fund*	Willis McDonald IV, KD7NZG
Lawrence J. De George, W1ISV	Thomas J. Hutton, N3ZZ	Stephen M. Meer, K0SCC
Denver Radio Club, Inc.	George R. Isely, W9GIG*	Barry W. Merrill Jr., W5GN and Judith S. Merrill, KA5PQD*
James A. Dicso, K2SZ*	Marion L. Jackson, Jr., N4JJ	Daniel J. Meyer, N0PUF
Dick Dievendorff, K6KR*	W. R. Jackson, Jr., W3EZ	Microsoft Corporation
Frank Donovan, W3LPL	James L. Jaeger, K8RQ*	Kan Mizoguchi, JA1BK
Robert A. Duris, N1TSL	Robert W. Johnson, W3RZR	Frank P. Morrison, KB1FZ
DX Engineering, Paul D. Sergi, NO8D*	Jon E. Kannegaard, K6JEK	William C. Mueller, AA5WM
Martin S. Ewing, AA6E	David H. Kaplan, WA1OUI*	Tod Olson, K0TO
ExxonMobil Foundation	Timothy A. Kearns, NN6A	Nat Ostroff, W3JXY
Frank Fallon, N2FF	Stacy S. Klein, N3NHU	Kurt B. Pauer, W6PH
Kenneth A. Fath, N4KF*	John R. Kludt, K7SYS	Permian Basin Amateur Radio Club
Harry T. Flasher, AC8G*	Alfred A. Laun III, K3ZO	Malcolm M. Preston, NP2L
James C. Garland, W8ZR	Eric G. Lemmon, WB6FLY	Dr. Larry E. Price, W4RA*
		Peter Radding, W2GJ



Michael M. Raskin, M.D., J.D., W4UM
and Sherry L. Raskin, W4SLR*

Robert B. Ravenscroft, W7JZZ

Stan Reubenstein, WA6RNU

Paul L. Rinaldo, W4RI*

Eric L. Scace, K3NA

Claudie and Herb Schuler, K2HPV

C. Wayne Schuler, AI9Q

Edward H. Seeliger, Jr., KD5M

Dr. Beurt R. SerVaas, W9WVO

Raleigh L. Shaklee, W6BH

L. Dennis Shapiro, W1UF*

Ted Sisco, WB5UJR

Don P. Smith, W8KGL

Robert W. Smith, WB9BER

Steven L. Somers, AE6SS

Carl R. Stevenson, WK3C

Roger A. Strauch, KD6UO

Temple Amateur Radio Club

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Bill Tynan, W3XO

Verizon Foundation

Mabs Vierthaler-Buttschardt

David H. Walker, K0COP

Joseph F. Walsh, WB6ACU*

Estate of Robert W. Walstrom, W0EJ

Dick Weber, K5IU*

Steven West, W7SMW
and Donna Karam, KC5FTN*

John K. Williams, K8JW

Owen Wormser, K3CB

Brian F. Wruble, W3BW

YASME Foundation Inc.

Michael J. Zak, W1MU*

Edward D. Zimmer, N0OKW

Allen J. Zimmerman, K3WGR

Anonymous - 18

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



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

Robert M. Ahmann, W7SC

Alan Applegate, K0BG

Richard L. Baldwin, W1RU

Andrew J. Barbour, AG4XN

Marcia E. Baulch, WA2AKJ

Dave Bell, W6AQ
and Alice L. Bell, W6QLT*

Alvin C. Borne, W6IVO

Clint Bradford, K6LCS

John J. Bryant III, K9QLS

Frank M. Butler, Jr., W4RH*

Carla M. Chaet, N7OPU
and Joseph G. Chaet, W1RGH

Charles K. Epps, W6OAT

Kenneth M. Gleszer, W1KAY

Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

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

Walter G. Groce, AJ1L

Fried Heyn, WA6WZO
and Sandra M. Heyn, WA6WZN

Douglas S. Hilton, AG4FL
and Diane S. Hilton, KI4LMO

Thomas H. Hodgson, W3DNN

Ronald Jansen, KB9WTB

Robert M. Kares, K3SUH

David L. Kersten, N8AUH

Don Lisle, K6IPV*

Eugene W. McPherson, N0MHJ

Loretta Milnes
and Greg Milnes, W7OZ, SK

Richard J. Mondro, K4FQT

Theodore A. Morris, WB8VNV

Dennis R. Motschenbacher, K7BV

Jack V. O'Keefe, W9MAD

Art Pahr, K9XJ

Benjamin F. Poinsett, K3BP

Keith D. Pugh, W5IU

Lawrence Quinn
and Wendy Quinn, W1DY

Barbara Race, WB8UWX
and George E. Race, WB8BGY

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

John P. Rautenstrauch, N2MTG

Alfred C. Rousseau, W1FJ

Joseph J. Schroeder, Jr., W9JUV

Claudie and Herb Schuler, K2HPV

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

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

John L. Swartz, WA9AQN

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

James E. Weaver, K8JE
and Janice E. Weaver

John L. Welch, KE6K

Clarence W. Wenzel, W9ILM

Lee R. Wical, KH6BZF

Anonymous - 20

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

Committed to their mission, ARRL Development staff campaign hard for Amateur Radio's future. Shown with Chief Development Officer Mary Hobart, K1MMH (right) are Development Associates Debra Johnson, K1DMJ, and Maryann Macdonald.





ARRL Headquarters—
Newington, Connecticut

There was an increase in activity late in the year once the FCC announced its intentions and we benefited from that to a small degree in 2006. This late year surge also drove VEC fee revenues up as many people began taking exams to upgrade their amateur license following the FCC announcement.

Financial Summary

Financially speaking, 2006 was a good year for the ARRL but not an outstanding one. We began the year expecting to produce a break-even financial result and, through careful management of our resources, we were able to achieve just that. Although it is not the only measure of financial success, especially for a not-for-profit organization, we were able to produce a small excess of revenues over expenses in 2006. This was the third year in a row we have achieved this level of results but 2006 was the smallest gain over that period of time.

The League was able to produce total revenues in 2006 of \$13.6 million, a small increase over the prior year. Most of the organization's major revenue sources were either level with or slightly less than the prior year with the exception of voluntary contributions. The uncertainty about the timing and impact of any decision from the FCC regarding licensing requirements kept our financial crystal ball cloudy throughout the year. There was an increase in activity late in the year once the FCC announced its intentions and we benefited from that to a small degree in 2006. This late year surge also drove VEC fee revenues up as many people began taking exams to upgrade their amateur license following the FCC announcement. Membership in the ARRL decreased slightly in 2006 although dues income earned was almost the same as the prior year. Revenues from sales of publications also decreased.

Voluntary contributions continue to help provide resources to fund certain League activities and we saw an increase in that support in 2006. Of significance was an increase in contributions to the ARRL's Defense of Frequencies Fund, which helped fund a portion of the costs incurred in our advocacy program including our action in the United States Court of Appeals. For the second year in a row, unrestricted contributions through membership in the Diamond Club provided valuable resources for the League's operations.

Despite the mixed revenue results, we were able to increase total spending slightly in 2006 applying more resources, overall, to programs and services while reducing our spending in administrative and support areas. Total spending in 2006 reached almost \$13.5 million. Expense control continues to be critical to our ability to provide programs and services to our membership and is especially important in times when our revenues are not increasing significantly.

The financial markets also helped the League's results in 2006. Rising stock market prices helped increase the value of our investment portfolio, adding \$553,000 in unrealized investment gains to our net assets. This helped reverse the impact of the declining market of 2005.

As noted earlier, 2006 was a good year, financially, for the ARRL. We were able to maintain our total revenues at roughly the same level as the prior year and continue to provide programs and services for the benefit of our members. It remains to be seen what the new license requirements will bring to the Amateur Radio Service and the ARRL, but we are encouraged by the early signs. Activity in key financial areas is up and it remains to be seen what level this new activity will bring us.

Annual Report

Celebrating 100 Years of Voice Over Radio Worldwide

First Row:

Twila Greenheck, Joyce Birmingham, Jim Fenstermaker, Bill Edgar, Harold Kramer, Bob Vallio, Jim Haynie, Mike Raisbeck, Brian Mileschosky, Dennis Bodson, Rick Roderick, Coy Day, Joel Harrison

Second Row:

Wayne Mills, Mary Hobart, Gary Johnston, Barry Shelley, Jim Weaver, Paul Rinaldo, Chris Imlay, Warren "Rev" Morton, Earle Smith, Kay Craigie, Leslie Shattuck, Rod Stafford

Top Row:

Dave Patton, Edward "Ned" Stearns, Bruce Frahm, Wade Walstrom, Larry Price, Frank Fallon, Frank Butler, David Sumner, Richard Norton, Andy Oppel, Henry Leggette, Sandy Donahue, Jim McCobb, George Isley, Tom Abernethy, Howard Huntington, Tom Frenaye, Karl Bullock, Jay Bellows

**American Radio
Relay League**

**Board of Directors
January, 2006**



ARRL 2006 Annual Board Meeting

Windsor, Connecticut

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Southeastern Division**Frank Butler, W4RH**

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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, 2006 and 2005 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the League's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2006 and 2005, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

April 12, 2007



THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

December 31, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
Current assets		
Cash and cash equivalents	\$ 538,560	\$ 503,362
Accounts receivable, net of allowance for doubtful accounts of \$74,170 and \$55,132, respectively	443,814	423,470
Inventory, net	661,674	533,746
Grants and other receivables	97,246	227,546
Prepaid expenses and other current assets	176,030	175,272
	<u>1,917,324</u>	<u>1,863,396</u>
Other assets		
Investments	13,985,195	12,822,683
Land, building and equipment, net	1,199,291	1,522,892
	<u>15,184,486</u>	<u>14,345,575</u>
Total assets	<u>\$ 17,101,810</u>	<u>\$ 16,208,971</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 320,194	\$ 321,788
Accrued liabilities	182,213	156,679
Accrued pension liability, current portion	619,093	483,240
Deferred revenue other	5,674	135,317
Subtotal operational current liabilities	<u>1,127,174</u>	<u>1,097,024</u>
Deferred life membership dues - current portion	505,652	511,650
Deferred term membership dues - current portion	2,194,319	2,147,402
Total current liabilities	<u>3,827,145</u>	<u>3,756,076</u>
Long-term liabilities		
Deferred life membership dues - less current portion	5,396,752	5,328,551
Deferred term membership dues - less current portion	585,160	537,250
Accrued pension liability, less current portion	1,223,187	1,293,849
	<u>7,205,099</u>	<u>7,159,650</u>
Total liabilities	<u>11,032,244</u>	<u>10,915,726</u>
Net assets		
Unrestricted	3,651,270	3,116,648
Unrestricted - Board designated	319,151	266,192
Temporarily restricted	1,676,098	1,551,592
Permanently restricted	423,047	358,813
Total net assets	<u>6,069,566</u>	<u>5,293,245</u>
Total liabilities and net assets	<u>\$ 17,101,810</u>	<u>\$ 16,208,971</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, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Contributions				
Membership dues	\$ 5,016,089	\$ -	\$ -	\$ 5,016,089
Net publication sales	3,435,316	-	-	3,435,316
Advertising revenue	2,541,503	-	-	2,541,503
Investment income	340,865	74,423	-	415,288
Examination fees and other	328,694	-	-	328,694
Program and service fees	418,503	-	-	418,503
Government grant awards	122,397	-	-	122,397
Contributions and support	479,940	824,225	64,234	1,368,399
Net assets released from restrictions	824,895	(824,895)	-	-
	<u>13,508,202</u>	<u>73,753</u>	<u>64,234</u>	<u>13,646,189</u>
Expenditures				
Programs and services	8,150,965	-	-	8,150,965
Publications	3,609,708	-	-	3,609,708
Administration	1,566,055	-	-	1,566,055
Governance	155,734	-	-	155,734
	<u>13,482,462</u>	<u>-</u>	<u>-</u>	<u>13,482,462</u>
Increase in net assets before other income	<u>25,740</u>	<u>73,753</u>	<u>64,234</u>	<u>163,727</u>
Other income				
Bequests - board restricted functioning as an endowment	49,217	-	-	49,217
Unrealized gains on investments	512,624	50,753	-	563,377
	<u>561,841</u>	<u>50,753</u>	<u>-</u>	<u>612,594</u>
Change in net assets	587,581	124,506	64,234	776,321
Net assets, beginning of year	<u>3,382,840</u>	<u>1,551,592</u>	<u>358,813</u>	<u>5,293,245</u>
Net assets, end of year	<u>\$ 3,970,421</u>	<u>\$ 1,676,098</u>	<u>\$ 423,047</u>	<u>\$ 6,069,566</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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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
Net assets, beginning of year	<u>3,452,036</u>	<u>1,530,672</u>	<u>310,497</u>	<u>5,293,205</u>
Net assets, end of year	<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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 776,321	\$ 40
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipts to establish or increase permanent endowment	(64,234)	(48,316)
Depreciation	578,856	551,661
Change in unrealized (gain) loss on investments	(563,377)	283,802
Realized (gain) loss on investments allocated to the general fund	(85,092)	42,033
(Increase) decrease in:		
Accounts receivable, net	(20,344)	17,237
Grants and other receivables	130,300	54,350
Inventory, net	(127,928)	127,536
Prepaid expenses and other current assets	(758)	1,583
Increase (decrease) in:		
Accounts payable and accrued liabilities	23,940	(26,008)
Deferred revenue other	(129,643)	(94,911)
Deferred life membership dues, net of allocated realized gains and losses	62,203	(144,408)
Deferred term membership dues	94,827	(97,259)
Additional pension liability expense	65,191	139,384
Net cash provided by operating activities	<u>740,262</u>	<u>806,724</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(255,255)	(295,459)
Net purchases of investments	(514,043)	(548,714)
Net cash used in investing activities	<u>(769,298)</u>	<u>(844,173)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts to establish or increase permanent endowment	64,234	48,316
Net increase in cash and cash equivalents	35,198	10,867
Cash and cash equivalents, beginning of year	<u>503,362</u>	<u>492,495</u>
Cash and cash equivalents, end of year	<u><u>\$ 538,560</u></u>	<u><u>\$ 503,362</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

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, 2006 and 2005.

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 \$94,139 and \$65,000 as of December 31, 2006 and 2005, 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)

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:

<u>Asset</u>	<u>Estimated Lives</u>
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 2006 or 2005.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan

In September 2006, Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132 (R)* was issued. SFAS 158 will require recognition of an asset equal to the defined benefit plans over-funded status and a liability for its under-funded status. The funded status is measured at the Company's year-end. The funded status for a pension plan represents the difference between the plan's accumulated post-retirement benefit obligation and the related fair value of plan assets. To the extent an adjustment to the already recorded defined benefit plan asset or liability is required to reflect the funded status, SFAS 158 generally requires the change to be reported in income (loss).

Such adjustments to income (loss) will include unrecognized prior service costs arising from plan amendments and unrecognized actuarial gains and losses that have not yet been recorded to net periodic defined benefit costs pursuant to the applicable accounting guidance. Additionally, SFAS 158 requires any remaining unrecognized transition obligation or asset to be recorded as an adjustment to retained earnings at adoption. SFAS 158 does not change the determination of the net periodic defined benefit cost. The requirement to recognize the funded status of a defined benefit plan and various disclosure requirements is effective for employers without publicly traded equity securities as of the end of the fiscal year ending after June 15, 2007. Although early adoption is allowed, the League has decided to not implement this standard until the effective date.

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.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Membership Dues

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

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

Publication Sales

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

Advertising

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

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.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2006 and 2005, 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, 2006 and 2005. 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:

	2006		2005	
	Market	Cost	Market	Cost
Cash	\$ 481,386	\$ 481,386	\$ 991,027	\$ 991,027
Fixed maturities	6,302,999	6,429,118	5,465,481	5,600,154
Equity securities	7,200,810	5,784,364	6,366,175	5,504,552
	<u>\$13,985,195</u>	<u>\$12,694,868</u>	<u>\$12,822,683</u>	<u>\$12,095,733</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:

	2006	2005
Life membership	\$ 5,902,404	\$ 5,840,201
Regular operations	5,698,957	4,836,605
Temporarily restricted	1,676,098	1,551,592
Permanently restricted	423,047	358,813
Functioning as an endowment	284,689	235,472
	<u>\$13,985,195</u>	<u>\$12,822,683</u>

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

	2006	2005
Unrealized appreciation, beginning 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>
Unrealized appreciation, end of year:		
Market value	13,985,195	12,822,683
Cost	12,694,868	12,095,733
Net gain	<u>1,290,327</u>	<u>726,950</u>
Change in net unrealized gain (loss) during year	<u>\$ 563,377</u>	<u>\$ (283,802)</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:

	2006	2005
Interest and dividend income	\$625,437	\$525,333
Net realized gain (loss) on investments	191,296	(83,233)
Gross investment income	816,733	442,100
Less:		
Net investment income allocated to deferred life liability	(401,445)	(203,789)
Total investment income	<u>\$415,288</u>	<u>\$238,311</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, 2006. 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, 2006 and 2005:

	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
2006:						
Fixed Maturities	\$ 799,599	\$ 5,005	\$ 3,982,591	\$ 131,133	\$ 4,782,190	\$ 136,138
Equity Securities	244,773	26,278	1,064,544	128,476	1,309,317	154,754
Total	<u>\$1,044,372</u>	<u>\$ 31,283</u>	<u>\$ 5,047,135</u>	<u>\$ 259,609</u>	<u>\$ 6,091,507</u>	<u>\$ 290,892</u>
2005:						
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>

(2) Land, Building and Equipment

Land, building and equipment, and related accumulated depreciation are comprised of the following at December 31, 2006 and 2005:

	2006	2005
Land and building	\$1,094,693	\$1,094,693
Furnishing, equipment and building improvements	5,324,029	4,954,712
Construction in progress	71,248	216,348
	6,489,970	6,265,753
Less accumulated depreciation	(5,290,679)	(4,742,861)
	<u>\$1,199,291</u>	<u>\$1,522,892</u>

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Land, Building and Equipment (Continued)

In 2005, assets in the amount of \$121,547 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:

	<u>2006</u>	<u>2005</u>
Accumulated benefit obligation, end of year	<u>\$ 8,367,488</u>	<u>\$ 8,009,547</u>
Change in benefit obligation		
Benefit obligation at beginning of year	10,684,378	9,386,861
Service cost	488,897	497,446
Interest cost	564,660	553,144
Assumption changes	(444,493)	458,841
Actuarial (gain)/loss	(820,611)	(127,230)
Benefits paid	<u>(88,512)</u>	<u>(84,684)</u>
Benefit obligation at end of year	<u>10,384,319</u>	<u>10,684,378</u>
Change in plan assets		
Fair value of plan assets at beginning of year	6,898,297	6,191,306
Actual return on plan assets	769,369	344,142
Employer contributions	483,240	481,403
Expenses	(37,191)	(33,870)
Benefits paid	<u>(88,512)</u>	<u>(84,684)</u>
Fair value of plan assets at end of year	<u>8,025,203</u>	<u>6,898,297</u>
Funded status	(2,359,116)	(3,786,081)
Unrecognized net actuarial loss (gain)	511,336	1,991,801
Unrecognized prior service cost (benefit)	-	-
Unrecognized transition (asset)/obligation	5,500	17,191
Net amount recognized	<u>\$ (1,842,280)</u>	<u>\$ (1,777,089)</u>

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Pension Plan (Continued)

Accrued pension liability recognized in the statement of financial position	\$ 1,842,280	\$ 1,777,089
Less current portion	(619,093)	(483,240)
Long-term portion	<u>\$1,223,187</u>	<u>\$1,293,849</u>
Weighted average assumptions:		
Discount rate	5.75%	6.00%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	4.00%	4.00%
Net periodic benefit cost	\$ 548,431	\$ 620,787
Employer contribution	483,240	481,403
Participants' contributions	-	-
Benefits paid	(88,512)	(84,684)

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:

December 31:	
2007	\$ 156,653
2008	217,214
2009	225,280
2010	247,057
2011	318,119
2012 – 2016	\$2,911,533

The asset allocations by category as of December 31, 2006 are as follows:

	Amount	%
Equity securities	\$ 5,296,634	66%
Debt securities	2,568,065	32
Money market	160,504	2
	\$ 8,025,203	100%

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:

	Investment Range	Target
Equity securities	40-70%	65%
Debt securities	25-50%	33%
Money market	0-15%	2%

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Pension Plan (Continued)

Based on the facts and circumstances that existed at the date of the financial statements, the League expects to contribute \$619,093 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, 2006 and 2005, the Board has designated \$34,462 and \$30,720, respectively, for these purposes.

Since the beginning of 2004, the League has received bequests in the amount of \$284,689. 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, 2006 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, 2006 and 2005.

In 2002, an endowment fund was set up for W1AW maintenance and upkeep. The principal of \$268,707 and \$204,473 is reflected as permanently restricted net assets in the accompanying statements of financial position at December 31, 2006 and 2005, 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 operating leases with monthly payments ranging from \$426 to \$4,265 which expire at various times through January 2011. Total operating lease expense was \$92,444 and \$87,177 for the years ended December 31, 2006 and 2005, respectively.

The following are future minimum lease payments due under non-cancelable operating leases as of December 31, 2006:

December 31:	
2007	\$ 81,806
2008	81,204
2009	70,973
2010	55,993
2011	4,265
	<u>\$ 294,241</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 \$517,984 and \$478,602 at December 31, 2006 and 2005, 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 Transactions

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, 2006 and 2005. \$0 and \$6,600 of this administrative fee was included in other receivables at December 31, 2006 and 2005, respectively.

A member of the Board of Directors provided investment advisory services to the League in the amount \$36,873 and \$32,485 during the years ended December 31, 2006 and 2005, respectively.

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

For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Salaries, compensation and benefits	\$ 5,974,221	\$ 6,071,650
Publication costs	2,268,596	2,273,799
Shipping and forwarding costs	1,206,185	1,219,830
Other	589,577	610,738
Depreciation	578,856	551,661
Communication and postage	576,942	535,479
Office supplies and expenditures	497,476	423,995
Occupancy costs	436,821	439,822
Legal and professional fees	436,815	300,094
Administrative expenses	372,466	354,643
Travel	293,119	282,428
Rentals and equipment maintenance	251,388	195,538
	<u><u>\$ 13,482,462</u></u>	<u><u>\$ 13,259,677</u></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, 2005

Fund Name	Balance 01/01/05	Contributions	Investment Income, net	Change in Unrealized loss	Released from Restriction	Balance 12/31/05
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
Total Temporarily Restricted Funds	\$ 1,530,672	\$ 667,804	\$ 61,706	\$ (27,343)	\$ (681,247)	\$ 1,551,592

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

For the Year Ended December 31, 2006

Fund Name	Balance 01/01/06	Contributions	Investment Income, net	Change in Unrealized gain	Released from Restriction	Balance 12/31/06
H.P. Maxim Award	\$ 33,029	\$ -	\$ 1,876	\$ -	\$ -	\$ 34,905
Project Goodwill	12,033	100	-	-	-	12,133
Exceptional Merit	1,143,638	-	52,536	50,753	(40,000)	1,206,927
Legal Research & Resource	155,352	1,894	-	-	(2,508)	154,738
Starr Technology	4,081	-	-	-	-	4,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Colvin Award	8,834	363	8,131	-	(5,000)	12,328
Educational Activities	3,580	-	-	-	-	3,580
Ham Aid Fund	11,597	2,975	-	-	(14,387)	185
Defense of Frequencies	-	564,085	1,248	-	(565,333)	-
Lab Fund	6,980	50	-	-	-	7,030
W1AW	42,975	-	10,632	-	(13,951)	39,656
Education and Technology	121,743	239,758	-	-	(171,279)	190,222
DARA CEP Project	-	15,000	-	-	(12,437)	2,563
Direction Finding	41	-	-	-	-	41
Total Temporarily Restricted Funds	\$ 1,551,592	\$ 824,225	\$ 74,423	\$ 50,753	\$ (824,895)	\$ 1,676,098

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

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

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 and continues today.

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

ADVOCACY

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

The ARRL promotes interest in Amateur Radio communications and experimentation.

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

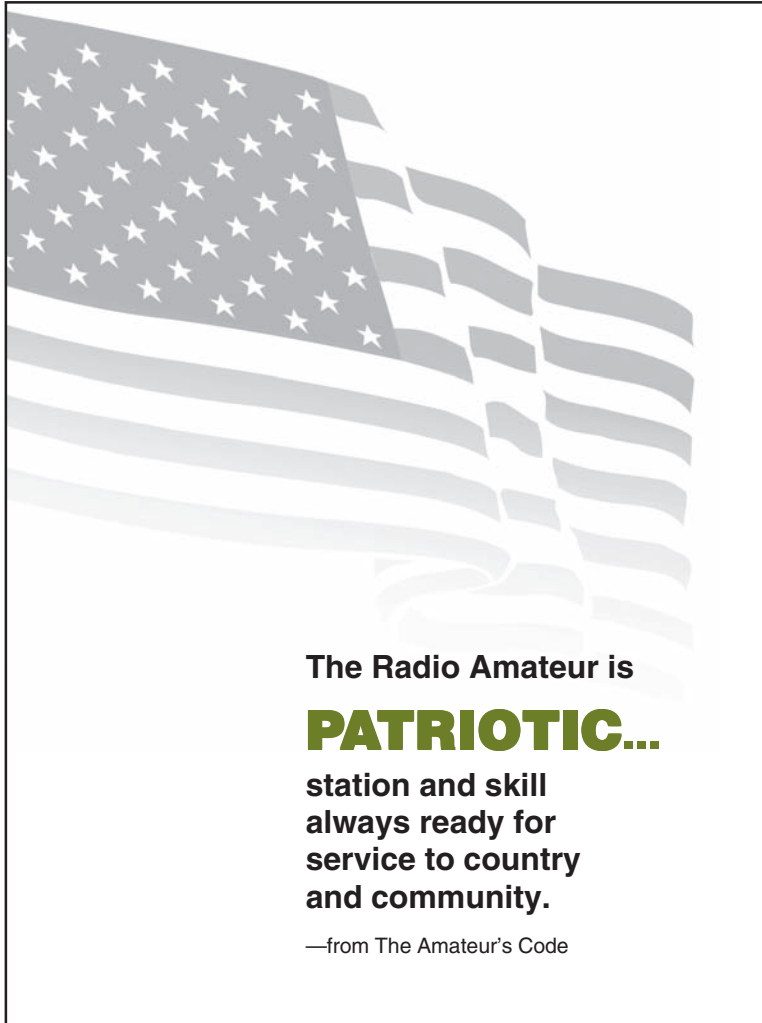
The ARRL sponsors and coordinates classes in licensing, radio communications, electronic technology and related topics both nationally and internationally.

MEMBERSHIP

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.



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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