

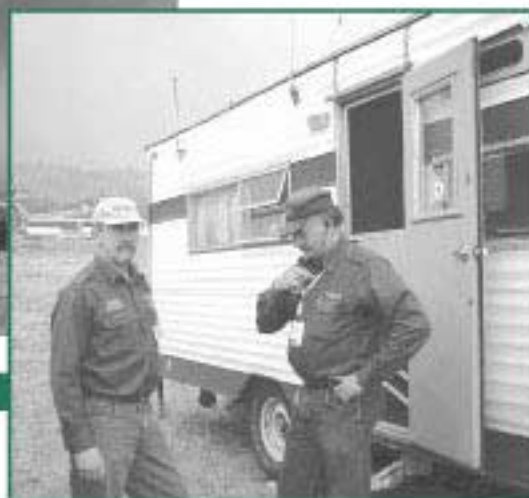
AMERICAN RADIO RELAY LEAGUE

2002

ANNUAL REPORT



ARRL
The national association for
AMATEUR RADIO



Emergency Communications and Public Service

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

About the Cover

Clockwise from left:

As one of the nation's largest wildfires burns in the distance, evacuees from Show Low and Pinetop-Lakeside, Arizona, flee their homes. Behind the scenes in many Arizona towns, ham radio operators were hard at work assisting with communications. Photo Credit: Cris McBride, KB7QXQ

The Arizona fires were at their worst during Field Day weekend, when ham radio operators usually *practice* for emergencies. During this year's event, however, White Mountain-area ham radio operators put in more than 2,500 hours of volunteer service, proving that ham radio operators are always prepared to answer the call to action. Photo Credit: Cris McBride, KB7QXQ

Pikes Peak Amateur Radio Emergency Service (ARES) Emergency Coordinator Wes Wilson, KØHBZ (right), confers with Lee Inman, KØQED, near Lake George, Colorado. Ham radio operators played a vital communications role during the largest fire in Colorado history. Photo Credit: Philip Murdy II, KGØVY

Back Cover:

Members of the Bloomfield Amateur Radio Club in Connecticut operate their Field Day event atop Talcott Mountain in Talcott Mountain State Park. Photo Credit: Dan Wolfgang



Annual Report of the American Radio Relay League for 2002

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A Message from ARRL's President

At this time last year, American citizens and our friends around the world were still reeling from the effects of terrorist acts unlike the United States had ever seen. Many of us entered 2002 with a great sense of apprehension. Anthrax scares, heightened airport security and other developments that occurred as a result of September 11 affected the daily lives of everyone. But, we had to go on and live life as normally as possible.

Faced with great uncertainty in what seemed like a changed country, the Amateur Radio community—as always—continued to show its resilience. On many occasions we exhibited that we do not act like amateurs at all, but conduct ourselves as professionals.

The continuing importance of Amateur Radio in the 21st century and the professionalism that goes hand-in-hand with our strong commitment to public service were reinforced on several important levels during the year. We witnessed a growing sense of public awareness about Amateur Radio. To many, it also became clearer than ever that ham radio will still be around when all other communications services fail.

This awareness reached the highest levels of our government. In January, President George W. Bush spoke via Amateur Radio to members of an Amateur Radio Emergency Service (ARES) network in Florida on a trip during which he spotlighted volunteer groups for their value to the new Office of Homeland Security.

In June, the League was awarded a generous grant from Connecticut-based United Technologies Corporation to provide free ARRL Emergency Communications Course Level I training for 250 Connecticut ham radio operators. The model program was a complete success and by the end of the year we exceeded our goal to fully equip the state with specially trained ham radio communicators.

More good news came in July when we learned that ARRL had been given a federal grant from the Corporation for National and Community Service (CNCS). We were elated by the news because it meant that the emergency communications training program offered to Connecticut ham radio operators would now be opened up to hams across the country. ARRL was among several dozen nonprofit organizations designated to receive federal money to boost homeland defense volunteer programs. Ham radio *was* on the radar screen! We were extremely proud that we were called upon and willingly accepted the challenge. Ham radio operators have always been of the mindset that they want to do something for their country. This grant allowed many of them to get started right away, and in a way in which they felt they could truly make a difference.

Overall, it was a good year for the League and for the Amateur Radio community at large. I would like to thank all ARRL members for letting us do what we do. The League continues to explore new directions and make decisions that we believe will benefit ham radio today and for years to come. We couldn't do any of these things without the support of each and every one of you.

Please take a moment and read through the League's 2002 activities. It was a very interesting year for all of us, and on behalf of the Board of Directors, I'd like to thank the members once more for everything you're doing to keep Amateur Radio fresh, challenging, relevant and very much alive.

A handwritten signature in cursive script, reading "Jim Haynie".

Jim Haynie, W5JBP
President

Annual Report of the Chief Executive Officer for 2002

The year 2002 began with the world facing more uncertainty than at any time in decades. It was a disaster-prone year, with radio amateurs called upon to provide needed communications in floods, fires, hurricanes and other emergencies. We were better able to prepare ourselves, thanks to private and federal government funding made available to extend the reach of the ARRL Emergency Communications Courses. In line with the increased emphasis on emergency preparedness, we expanded ARRL Field Day, Amateur Radio's largest and most visible operating event, so that it is now hemisphere-wide.

On the regulatory front, the ARRL led the fight to protect the amateur bands from new and ongoing threats. Pressure on the popular 70-cm band continued to build, with advocates of satellite-borne radars looking to share 432-438 MHz and makers of RF ID tags looking to stretch the concept of unlicensed devices well past reasonable limits.

Not everything we did in the regulatory field was purely defensive in nature. We continued to prepare for the 2003 World Radiocommunication Conference where we hope for a solution to the decades-old incompatibility between amateurs and broadcasters at 7 MHz. We lobbied the FCC for new amateur bands, one at 5 MHz to bridge the gap between the 3.5 and 7-MHz bands and another for low-frequency (LF) experimenters, and were encouraged when the Commission put them forward in a Notice of Proposed Rulemaking. We sought the opportunity to make more efficient use of some of our more crowded HF bands by asking the FCC to "refarm" the old Novice bands.

On Capitol Hill, our joy at the introduction of legislation supporting reasonable accommodation of Amateur Radio antennas was muted in July by the loss of ARRL Legislative and Public Affairs Manager Steve Mansfield, N1MZA, to cancer.

On the air, we reveled in better-than-expected propagation conditions, providing the capability for widespread long-distance contacts on the 6-meter band at the beginning of the year. Mobile and low-power portable operating gained new adherents thanks to smaller equipment and ingenious antenna designs. We found many other fields to explore, old and new, including a long-silent satellite, AO-7, that miraculously came back to life. We continued to expand our use of HF digital modes. Other new digital modes tailored to meet very high frequency (VHF) propagation challenges introduced many amateurs to meteor scatter and other exciting aspects of life above 50 MHz. Amateur Radio repeaters took on new life through Internet linking, with many VHF operators discovering for the first time the thrill of talking to people far away. We were able to talk, or at least listen, to astronauts and cosmonauts in the International Space Station and even got to see what their radio "shack" looks like thanks to a spectacular new IMAX movie that features an Amateur Radio contact with a school.

No one can know what 2003 has in store, but some things remain just as certain as ever. We radio amateurs remain an extraordinary community, ready and willing to put our skills to the test. And thanks to the loyal support of its members, the ARRL remains a strong advocate on behalf of our service.



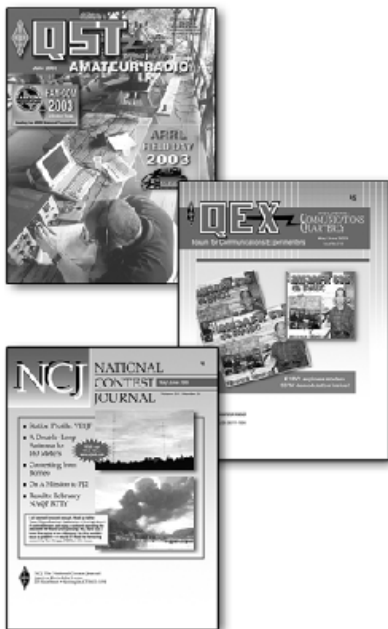
A handwritten signature in dark ink that reads "David Sumner". The signature is fluid and cursive, with the last name "Sumner" being more prominent.

David Sumner, K1ZZ
Chief Executive Officer



ARRL Annual Report 2002

The League places a great deal of emphasis on the needs of the core membership, which continues to represent the most active and involved ham radio operators in the United States.



ARRL Membership Numbers on Target for the Year

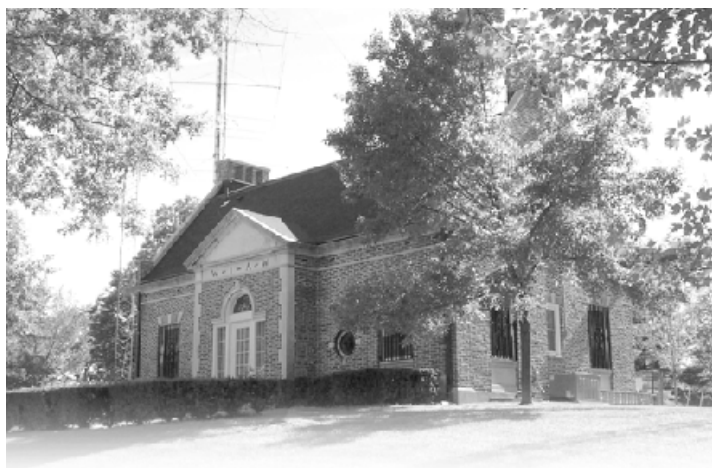
ARRL finished the year with nearly 157,000 members, about 4000 fewer than when the year began. A decline in membership always follows a dues increase, so this was not unexpected following the 15% increase that took effect in July 2001. Stressing the many benefits of League membership, more than 202,000 direct mail pieces were sent to lapsed members and potential new members. The results were modestly encouraging, considering the economic climate. While ARRL's efforts often benefit the Amateur Radio community as a whole, the League places a great deal of emphasis on the needs of the core membership, which continues to represent the most active and involved ham radio operators in the United States. The League will be trying new membership solicitation ideas and direct mail strategies to increase membership in 2003.

ARRL is the Source for Amateur Radio Information

The League is proud to be the leader in first-rate Amateur Radio publications, products, software and news for members and others interested in wireless communications technology and electronics.

ARRL's monthly membership journal, *QST*, continues to be the ultimate source of information for enthusiasts with varied interests in ham radio. To keep the magazine up-to-date with the latest industry publishing standards, ARRL added a color management system to improve the quality and consistency of photos, and began moving away from film by sending electronic files to the printer. "Hands-On Radio," a new educational *QST* column, debuted for those interested in simple component-level experiments. The League's two bimonthly publications—*QEX* for experimenters and the *National Contest Journal* for contesting buffs—remained popular with subscribers.

Each workday, the ARRL news staff is constantly on the lookout for the most timely and interesting Amateur Radio stories for the League's Web site. Along with generating a wealth of original news items, the staff works with outside authors who contribute feature articles on a regular basis. Many ARRL members also choose to receive their news via the *ARRL Letter*. By the end of 2002, more than 65,000 members were signed up to get the weekly newsletter by e-mail. *ARRL Audio News*, which can be accessed via the Web or over the telephone, can be heard weekly on Amateur Radio repeaters worldwide. The League's W1AW Bulletin Service routinely sends out newsworthy items and technical information. Nearly 300 bulletins were distributed to subscribers during the year.



Each year, new publications and updated editions of existing titles are added to the League's vast array of Amateur Radio products. New titles for 2002 included *General Class Q&A*, *Simple and Fun Antennas*, *The Image Communications Handbook* and the *Antenna Compendium (Volume 7)*. The 2002-2003 *Repeater Directory* and a new edition of the *Extra Class License Manual* were released. Works in progress included the *Extra Class Q&A* and the 2003 *ARRL Handbook and CD*.

W1AW

One of the most popular stops on the ARRL Headquarters tour is W1AW, the Hiram Percy Maxim Memorial Station. Visitors from around the country and from around the world enjoy learning about the station's

rich history and never miss an opportunity to get on the air from one of W1AW's ultra-modern operating studios. The station is the source for automatically transmitted Morse code practice sessions and news bulletins. W1AW is also a popular location for those participating in ARRL and non-ARRL operating contests throughout the year.

ARRL Ranks First in Technical Expertise

The ARRL Lab continues to offer the very best in technical information for ARRL members and other groups and organizations. The League's Technical Information Service (TIS) staff expertly handled thousands of inquiries in 2002. The TIS Web pages are organized into more than 100 topic areas, and 670 *QST* or *QEX* articles were available for download in 2002. Along with the lab's comprehensive Web presence, members know that technical help is also only a phone call or an e-mail away.

Radio frequency interference (RFI) continues to be one of the lab's top priorities, with power-line noise the biggest RFI problem for Amateur Radio. During the year, lab staff worked directly with members and utility companies to resolve their interference issues. In some instances, cases were turned over to the FCC for action. In January, the lab created a RFI database to record the number and type of interference cases throughout the country. The RFI staff is actively involved with ARRL interference-related committees with outside groups such as the Society of Automotive Engineers' EMC Standards Committee and the Alliance for Telecommunications Industry Solutions (ATIS). Being involved keeps lab staff, and the League, at the forefront of important technical issues.

In the "screen room," lab engineers conducted a battery of tests on Amateur Radio transceivers, antenna tuners, filters and other equipment. The results were published in *QST*'s popular "Product Review" column, with comparisons to manufacturers' claimed specifications. The ARRL Lab staff also contributes technical articles and columns for *QST* and handles "The Doctor Is On-Line" members-only feature on the Web.

On-line Services Continue to Grow

The ARRL Web site is the first stop for anyone who is looking for information about the League and Amateur Radio in general. Along with regular maintenance activities, several significant additions were made to the site during 2002.

The Web site now features greatly expanded ham radio contesting coverage including articles, an on-line "soapbox" where contest participants can post their comments and photos, an interactive score database and new navigational features that tie contest result pages together. ARRL's reinvigorated fundraising and development effort called for a substantially increased Web presence, including the means by which members can easily contribute to the various development programs.

A lot of effort was also put into revising and updating the Certification-Continuing Education Program (C-CE) Web pages. Tools were developed to support student registration, assign local mentors, monitor student progress and process certificates and graduation materials. Emergency communications training was the most popular course subject in 2002. Other courses offered included *Antenna Modeling*, *HF Digital Communications* and *Satellite Communications*. Courses to be developed in 2003 include *RF Propagation*, *Basic Antenna Construction* and *Amateur Radio Troubleshooting*.

By the end of the year, the transition toward the all-electronic "Section News" feature, previously printed in *QST*, was nearly complete. ARRL developed several

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In the top photo, ARRL Lab Test Engineer Mike Tracy, KC1SX, is shown in the "screen room" where he's often found testing new Amateur Radio equipment for *QST*'s "Product Review" column. Above, Senior Lab Engineer Zack Lau, W1VT, assembles electronics at his workbench, which is a "must see" for visitors touring the lab.

By the end of 2002, more than 60,000 ARRL members had signed up for their own arrl.net e-mail address, a substantial increase over those who were using the free service at the end of 2001.



QSL Cards—Ham radio operators exchange their personalized QSL cards with other operators after making contact on the air. No two cards are alike.



e-mail and Web tools designed to help the organization's Section Managers better communicate with members. Use of the tools increased steadily during the year, and as of December 2002, 80% of Section Managers were active on their ARRL Section Web pages.

The long-awaited "Logbook of the World" project, an electronic alternative to collecting traditional QSL cards for awards purposes, was a top priority for software development staff in 2002. Several program modules were completed, and the public test phase began at the end of the year. The Logbook of the World is now slated to go on-line during the first half of 2003, instead of mid-2002 as originally planned.

By the end of 2002, more than 60,000 ARRL members had signed up for their own arrl.net e-mail address, a substantial increase over those who were using the free service at the end of 2001. Also by year-end, 95,000 League members were registered for ARRL's various "Members-Only" Web features.

Interest in Public Service on the Rise

Amateur Radio operators have always had a deep sense of dedication to public service activities, volunteering many hours of personal time in their communities and beyond.



In the wake of September 11, ARRL witnessed a growing interest in emergency communications activities, particularly related to homeland security. More Amateur Radio operators wanted to get involved and many organizations inquired about ham radio's possible use during any future disasters in the United States.



President George W. Bush shakes hands with John Schmidt, AF4PU, who helped set up the ham radio station the president used to address members of an Amateur Radio Emergency Service (ARES) network in Florida. Photo Credit: White House Photo



In the wake of September 11, ARRL witnessed a growing interest in emergency communications activities, particularly related to homeland security. More Amateur Radio operators wanted to get involved and many organizations inquired about ham radio's possible use during any

future disasters in the United States. As discussed elsewhere in this report, United Technologies Corporation and the Corporation for National and Community Service (CNCS) saw the possibilities for a greater emergency communications presence in the country. They made a significant difference by funding ARRL emergency communications training for hundreds of members. Many of those members put their new skills to the test in 2002 during floods in Tennessee, wildfires in New Mexico and Colorado, ice storms in Kansas, tornadoes in Kentucky and other emergencies from coast to coast.

Amateur Radio operators also volunteered their communications expertise during a variety of community events such as parades, fairs, bike races and marathons.

Networking with public and emergency service organizations strengthens the awareness of ARRL and Amateur Radio emergency communications. In 2002, ARRL staff represented the League at the annual meeting of the National Volunteer Organizations Active in



Field Day—Thirteen-year-old Owen Mays, N3WO, of King of Prussia, Pennsylvania, operates during the Mid-Atlantic Amateur Radio Club's Field Day event. Photo Credit: Robert C. Weiss, KB3FSQ

Disasters and the American Red Cross Partners' Meeting. Staff members also met with representatives from the Federal Emergency Management Agency (FEMA) and the National Public Safety Telecommunications Council (NPSTC).

During the year, ARRL renewed its Memorandum of Understanding (MOU) with FEMA and signed a revised MOU with the American Red Cross.

Bringing Amateur Radio to the Younger Generations

Past experience has proven that Amateur Radio is a valuable educational tool for young people. An early introduction to ham radio technology can lead to future education in electronics and career choices in communications.

The League's top educational initiative, The ARRL Amateur Radio Education and Technology Program, rolled out in late 2001. The program is designed to put Amateur Radio equipment and a specialized curriculum in classrooms throughout the country, free of charge to the schools. By the end of 2002, 32 "pilot schools" received complete ham radio stations and eight schools already using Amateur Radio received progress grants for license training materials or other needs to build up their ongoing efforts. By the end of the year, 21 pilot schools had 235 students licensed among them. Teachers at all 40 schools shared ideas and experiences through an online reflector group, and teams of teachers drafted Amateur Radio lesson plans.

During the year, thousands of students around the country and around the world enjoyed real-time ham radio chats with US astronauts and Russian cosmonauts aboard the International Space Station. ARRL, NASA and the Radio Amateur Satellite Corporation (AMSAT) sponsor the Amateur Radio on the International Space Station (ARISS) program. More and more schools are filing applications to participate in this once-in-a-lifetime opportunity.

The Internet, cell phones and other communications technologies have not dampened young peoples' enthusiasm for ham radio. ARRL events such as scouting's Jamboree on the Air (JOTA) and Kid's Day get youth on the air and excited about talking to other young people in the US and worldwide.

During the year, ARRL staff showcased Amateur Radio at educational conferences including the National Science Teachers Association and the National Council of Teachers of Mathematics. Staff members also sent educational materials to a number of science fairs and teachers' conventions.

ARRL Supports Amateur Radio Licensing

ARRL is the largest of the 14 Volunteer Examiner Coordinator (VEC) groups in the country. In 2002, ARRL Volunteer Examiners administered two-thirds of all FCC license

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Education and Technology—Students at Franklin Elementary School in Kirkland, Washington, are excited about studying for their Amateur Radio licenses. Franklin Elementary is an ARRL Education and Technology Program "pilot school." Photo Credit: Dave Condon, K17YP

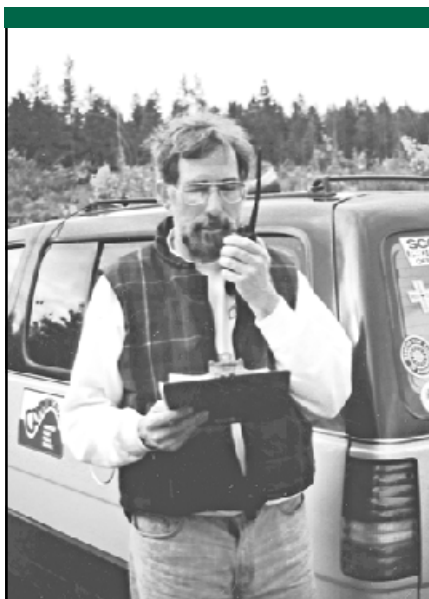


ARISS—International Space Station crew commander Frank Culbertson, KD5OPQ, uses the ISS ham station call sign, NA1SS, to talk to scouts during October's Jamboree on the Air (JOTA) event. Photo Credit: NASA

The Internet, cell phones and other communications technologies have not dampened young peoples' enthusiasm for ham radio. ARRL events such as scouting's Jamboree on the Air (JOTA) and Kid's Day get youth on the air and excited about talking to other young people in the US and worldwide.



Kid's Day—Six-year-old Austin Long takes to the airwaves with other young people participating in the annual Kid's Day event. Photo Credit: Steve Benell, WA9JNM



Public Service—Lee Chambers, KI7SS, assists with communications during the Sports Car Club of America (SCCA) Pro-Rally in Washington.
Photo Credit: Tiffany Braford, KD7KHE

examinations in the United States. By the end of the year, the ARRL VEC office processed nearly 25,000 new or upgraded licenses. ARRL instituted a new benefit to members by processing license renewals, a service that was very well received. Starting in 2003, non-members will be able to use the ARRL VEC to process renewals or other changes for a nominal fee.

The FCC computer system that processes license data was extremely reliable throughout the year, often processing information the same day it was received. Vanity call sign processing was suspended after anthrax attacks struck in the fall of 2001, and processing was still on hold as the new year began. ARRL worked with the FCC to get the vanity system up and running by later in 2002.

Few test session irregularities were reported to the FCC in 2002. Although such problems are few and far between, the ham radio community is reminded that the ARRL and the FCC take exam integrity seriously.

ARRL's role as a club call sign administrator has picked up since taking the job on in 2001. By the end of 2002, ARRL processed and submitted 1,687 club applications to the FCC. The 1×1 call sign program remained popular with individuals and groups who secured the unique designations for their special event stations during the year.

On-the-air Activities Provide Healthy Competition and Plenty of Fun

Amateur Radio "contesting" is a popular activity for radio amateurs worldwide. Participation in ARRL-sponsored contests remained strong this year, due in part to excellent propagation and sunspot conditions. Members reacted very favorably to the increased Contest Branch presence on the Web.

In March, the ARRL *Contester's Rate Sheet* debuted. Written by ARRL member Ward Silver, NØAX, the biweekly newsletter proved to be extremely popular, with more than 7,000 members signing up for automatic e-mail distribution by the end of 2002.

ARRL's Awards Branch reported a surge in activity during the first few months of 2002, thanks in part to monthly "Strays" in *QST* featuring the League's different award programs. Worked All States (WAS) is one award that continued to be very popular during the year. Two new awards, the 30-Meter DXCC Award and the QRP DXCC Award, were introduced in 2002.

By the end of the year, the Outgoing QSL Service had mailed 1,963,165 cards to the various international QSL bureaus for delivery to ham radio operators worldwide.



QRP Award—The new QRP DXCC award for ham radio's low-power enthusiasts.



Boat Operators—Ralph Irish, W8ROI (standing), and Dale McGorman, K8RO, enjoy a weekend of operating from the lightship *Huron*, docked at Port Huron in Michigan.
Photo Credit: Dick Arnold, AF8X

Fun in the Bahamas—Laurel Welch, K1CLN, operates from the Bahamas with the call sign C6AWW.



ARRL Represents Amateur Radio in the Public Policy Arena

ARRL's work in Washington, DC, continues to be one of the organization's most important efforts on behalf of Amateur Radio. ARRL's Washington staff worked hard to ensure that Amateur Radio and ARRL interests were well represented in Congress, in meetings with telecommunications committee members and in hearings that might have a bearing on Amateur Radio.

Good news came in May with the introduction of a landmark bill that could provide relief to amateurs prevented by private deed covenants, conditions and restrictions (CC&Rs) from installing outdoor antennas. The bill, HR 4720, the "Amateur Radio Emergency Communications Consistency Act," garnered 35 members of the House as co-sponsors by the end of the year. The League's efforts were greatly enhanced by an outpouring of grassroots letters written by ARRL members. While the bill was not acted upon during the 107th congress, ARRL was confident that it would be reintroduced during 2003.

The "Amateur Radio Spectrum Protection Act," bills HR 817 and S 549, continued to be a priority for the League in 2002. By the end of 2002, the House version of the bill had attracted 53 co-sponsors and the Senate version seven. Access to spectrum is absolutely vital to the Amateur Radio Service and ARRL's legislative staff will work towards the reintroduction of the Spectrum Protection Act in 2003, as well.

Federal Communications Commission (FCC)

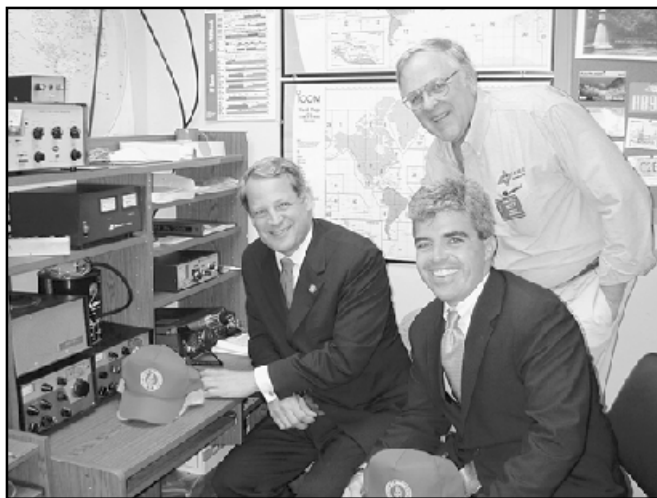
The Federal Communications Commission is the US government agency responsible for regulating communications involving radio, television, wire, satellites and cable. This includes Amateur Radio.

It was a very busy year for the ARRL and the FCC, with several important issues on the table. Early in the year, the League tackled the ongoing threat to the Amateur Radio 70-cm band by asking the FCC to drop proposed new rules for 425-435 MHz. These rules would allow manufacturers of radio frequency identification systems to deploy those unlicensed devices in a popular part of the Amateur Radio spectrum at long duty cycles, and at power levels that would interfere substantially with Amateur Radio communications. ARRL and a number of individuals filed comments opposing the use of such devices within the Amateur Radio spectrum. Work on this issue will continue in 2003.

Also in 2002, ARRL requested the creation of two new Amateur Radio bands, one a high-frequency (HF), domestic-only allocation from 5.25 to 5.4 MHz, and another in the low-frequency (LF) region, which is particularly popular with ham radio experimenters. In May, the FCC issued a Notice of Proposed Rule Making to implement ARRL's request. ARRL, individuals and other organizations filed favorable comments, but the National Telecommunications and Information Administration (NTIA) stated concern about interference issues with federal operations in the 5 MHz range in a late-filed letter. ARRL met with the affected federal agencies in an attempt to reach a compromise.

ARRL also asked the FCC to "refarm" the HF Novice Amateur Radio bands, now that the FCC no longer issues Novice licenses. The ARRL Board of Directors adopted the proposal early in the year to allow more efficient use of overcrowded HF bands and the FCC is expected to address this matter in 2003.

The FCC continues to aggressively and effectively tackle the relatively few Amateur Radio enforcement issues which exist, and the League looks forward to another productive year in working with commission officials. ARRL has been very pleased with the good work of the FCC's Enforcement Bureau.



CC&R— Sponsor of the "Amateur Radio Emergency Communications Consistency Act," Rep Steve Israel (left) visits the Great South Bay Amateur Radio Club station located in the Babylon, New York, emergency operations center. With him are Babylon Town Supervisor Steve Bellone (seated) and ARRL Hudson Division Director Frank Fallon, N2FF.

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ITU Headquarters—
Geneva, Switzerland



International Telecommunication Union (ITU)

Amateur Radio is also governed by International Radio Regulations, which are administered by the International Telecommunication Union, a body of the United Nations. The work of the ITU Radiocommunication Sector and Telecommunication Development Sector is of considerable interest to ARRL.

During the year, preparations for the 2003 World Radiocommunication Conference (WRC-03) took center stage. ARRL staff, along with volunteers for the International Amateur Radio Union (IARU) and other representatives from more than 150 countries with interests in all radio services, will be present when the conference gets underway in Geneva, Switzerland in June. A key agenda item for Amateur Radio operators is the realignment of spectrum allocations around 7 MHz to eliminate the overlap between amateurs and broadcasters.

Another important conference item involves space-borne radar advocates who want to share Amateur Radio spectrum at 432-438 MHz.

ARRL staff represented Amateur Radio interests at a number of ITU “Working Party” and “Study Group” meetings with representatives from other radio services, culminating in the Conference Preparatory Meeting held in Geneva in November 2002 to prepare the technical report to WRC-03.

ARRL staff members were present on the US Delegation at the ITU World Telecommunication Development Conference in Istanbul, Turkey in March and the ITU Plenipotentiary Conference from September 23 to October 18 in Marrakech, Morocco. Held every four years, the Plenipotentiary Conference is the top policy-making body of the ITU.



International Amateur Radio Union (IARU)

The International Amateur Radio Union is the organization of 156 national Amateur Radio societies around the world, including the ARRL. The ARRL serves as the International Secretariat of IARU. Membership in the IARU grew in 2002 with the addition of national societies representing Cameroun and Macao.

In order to serve the interests of Amateur Radio societies worldwide, the IARU must be involved and keep abreast of ITU activities. IARU will have a team of observers at WRC-03 to represent the amateur and amateur-satellite services. The IARU provided formal input into the Working Party 8A meeting and the Conference Preparatory Meeting (CPM) during the preparation process for WRC-03.

Regulatory matters and spectrum allocations are the two agenda items with which the IARU team is most concerned.



Special event station—Nancy Rabel Hall, KC4IYD, takes a break during “Hamvention” to operate the W8BI special event station at the country’s largest annual ham radio convention.

Amateur Radio in the Media Spotlight

The League is committed to its role in fostering positive public awareness about Amateur Radio across the country, an effort that is greatly enhanced by appointed Public Information Coordinator (PIC) and Public Information Officer (PIO) volunteers “in the field.” During the year, PICs and PIOs worked with their local media outlets to promote Amateur Radio and local activities. They also reached countless numbers of non-hams when they put on public demonstrations or gave talks to community groups.

In 2002, the events of September 11, 2001 continued to impact ARRL’s public relations effort well into the year. Reporters were still interested in the role Amateur Radio operators played after the terrorist attacks and many wanted

interviews with those who were directly involved. Local media representatives also sought ham radio operators who served their communities after storms or other weather-related emergencies during the year.

Emergency preparedness was another big topic in the news, especially relating to homeland security. Funding from United Technologies Corporation for ARRL

emergency communications course training in Connecticut was covered by several media outlets in the state after a press conference was held at ARRL Headquarters. The preparedness angle was used during extensive media coverage about the Corporation for National and Community Service (CNCS) grant — also for emergency communications training — announced in July. National Public Radio, *The Christian Science Monitor*, *The Washington Post*, and the United Press International (UPI) news service were among several high-profile media outlets that covered the story.

During the year, ARRL's public relations staff supported publicity efforts for annual events such as Field Day, the Simulated Emergency Test (SET) and Kid's Day. School contacts with the International Space Station also continued to garner a lot of positive press.



First Contact—At 79, Marian Qvern, KB0OQA, of Bemidji, Minnesota makes her first on-air contact. Her very proud "Elmer" (an Amateur Radio operator who helps newcomers get on the air) Harold Borchers, KB0ROB, looked on with pride. Photo Credit: Monte Draper, *Bemidji Pioneer*



Portable Operating—Dr Charles Vogan, KD5KA, operates Morse code from a portable station during a family cross-country vacation. Photo Credit: Dr Charles Vogan, KD5KA

ARRL's Development Efforts Grow by Leaps and Bounds

ARRL development activities yielded strong financial results during 2002, in just over one full year of operation. Tens of thousands of ARRL members proved that they have a sincere interest in helping the League's efforts to fund current projects and protect the future of Amateur Radio.

The organization's development programs are organized into three main areas: annual giving, major gifts and planned giving programs. The 2002 goal to raise nearly \$800,000 was exceeded in actual receipts and commitments of \$849,967.

Annual Giving

2002 Defense of Frequencies Campaign

In order to ensure the future availability of frequencies for emergency communication and other Amateur Radio activities, the League takes an aggressive approach towards spectrum defense activities. ARRL member donations go a long way to help fund the League's spectrum defense work in Washington, DC, and in the international communications arena. In 2002, ARRL raised more than \$290,000 for the Defense of Frequencies campaign. The League has set an ambitious goal to far exceed that total next year.



ARRL Education and Technology Program

In the spring of 2002, ARRL launched the first broad campaign to support the ARRL Education and Technology Program. Advertisements in *QST*, a comprehensive Web presence and a multi-faceted direct mail campaign yielded more than \$231,000 from 3,500 members, including two \$25,000 contributions and an annual pledge from the Radio Club of America. Funds from this campaign will make a significant contribution toward bringing ham radio to the next generation.

W1AW Endowment

During the summer of 2002, ARRL conducted a small direct-mail campaign to test the waters for a W1AW endowment fund. Mailings were sent to donors to the 1988 W1AW refurbishment campaign and a sampling of other active ARRL members. The test campaign was extremely successful, raising more than \$41,000. The projected figure was \$10,000. The campaign will be rolled out to the full membership in 2003.

Major Gifts

In September 2002, ARRL's donor recognition society was inaugurated. The "ARRL Diamond Club" was promoted in *QST*, on the Web and in a full program brochure that was mailed to 55,000 ARRL members who have been members continuously for 10 years or more. In the first two months of activity the Diamond Club attracted 420 donors contributing \$65,390. These results include 241 Life Members who contributed at the special rate of \$50 per year and 135 donors at the introductory level of \$75. The balance of respondents contributed \$250 or more, including 3 at the Director Level (\$5000-plus), 2 at the Platinum Level (\$2500-\$4999), 10 at the Gold Level (\$1000-\$2499), 11 at the Silver Level (\$500-\$999) and 18 at the Brass Level (\$250-\$499).

Preliminary promotion for the "Maxim Society," which recognizes lifetime giving of \$10,000 or more, began in the fall of 2002.

Planned Giving

In 2002, four quarterly informational mailings were sent to ARRL members born prior to 1935. The mailing of 2001 Tax Act information, plus promotional ads in *QST*, resulted in the identification of 22 individuals who have included ARRL in their will or other estate plans. While the value and timing of such commitments is unknown, the total value may be as high as \$100,000, using an average of \$5000 for each commitment.

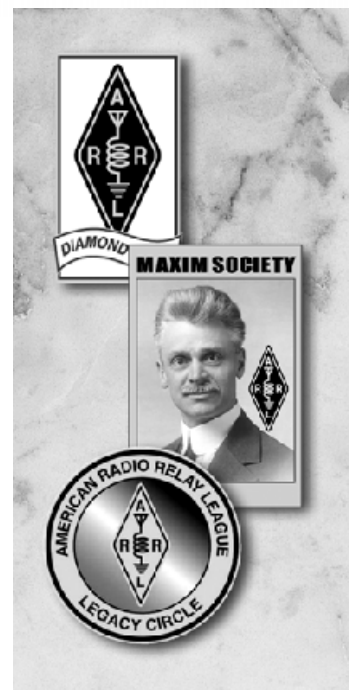
During the year, 160 individuals expressed interest in receiving more information on how to make gifts of specific assets or wills. Additional information was sent to these prospects and a database created to maintain contact.

The 22 donors who made commitments will be welcomed into the "ARRL Legacy Circle."

Corporate and Federal Grants Boost Emergency Communication Training

In 2002, the organization was awarded its first-ever emergency communications grants from the corporate and federal sectors. Both were designated for specialized emergency training related to homeland security. United Technologies Corporation (UTC) gave a one-year grant of \$33,000 for the League's Amateur Radio Emergency Communications Course (ARECC) training for up to 250 Connecticut Amateur Radio operators. The Corporation for National and Community Service (CNCS) awarded ARRL a three-year grant of \$543,000 for nationwide ARECC training. In 2002, \$16,000 of the UTC/Connecticut grant, and \$90,950 of the CNCS first-year allocation—totaling \$181,900—was received.

With the groundwork laid for a solid fundraising program, ARRL will continue to expand and refine the successful programs launched in 2002, and add activities that will increase full-year revenue results. Our 2003 target is an ambitious \$1,211,000.



In 2002, the organization was awarded its first-ever emergency communications grants from the corporate and federal sectors. Both were designated for specialized emergency training related to homeland security.

The American Radio Relay League is proud to honor those individuals and organizations whose 2002 contributions support projects not funded by member dues, including participation in The ARRL Diamond Club, The ARRL Maxim Society, the Spectrum Defense Fund, the Education & Technology Fund, and the W1AW Endowment, as well as Memorial and other unrestricted contributions.

James A. Allen, W6IQH

Raymond C. Anderson, W9NI

Brandenburg Life Foundation,
David Brandenburg, K5RQ*

John S. Burningham, WB8PUF

Frank Butler, W4RH

Randy Bynum, NR6CA

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

Alan M. Cohen and Nancy E. Bloom

Thomas W. Comstock, N5TC

Corporation for National
& Community Service

Kay Craigie, N3KN*
and Carter Craigie, N3AO*

Lawrence J. De George, W1ISV

Robert V.C. Dickinson,
W3HJ / Ebenezer Fund

James A. Dicso, K2SZ*

Frank Donovan, W3LPL

Kenneth A. Fath, N4KF

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

The Gryphon Fund

James C. Hessler, K8JH

George R. Isely, W9GIG

Andrew C. John, MD, JD, AD5FX

Glenn D. Kaufman, KA3GLY

Greg Lande, N3QEP,
Brenda Lande, N3QEQ,
and Galen Lande, N3USZ

Bill Leahy, KØMP

Libertyville and Mundelein
Amateur Radio Society

Don Lisle, K6IPV

Robert F. Loll, WA6UPX

Bruce S. Marcus, N1XG

J. Dalton McCrary, W4PJV

Robert S. McDorman, AE4FU

Judith S. Merrill, KA5PDD,
and Barry Merrill, W5GN

Tod Olson, KØTO

PhD Amateur Radio Association, Inc.

Portland Repeater, Inc.

Dr. Larry E. Price, W4RA

Michael M. Raskin, W4UM

RFI Services,
Michael C. Martin, K3RFI

Paul L. Rinaldo, W4RI

C. W. Schuler, AI9Q

Claudie and Herb Schuler, K2HPV

Beurt R. SerVaas, W9WVO

Irving J. Shepperd, W3LUI

Sparky Terry, KD4KL

United Technologies Corporation

Michael D. Valentine, W8MM*

Joe Walsh, WB6ACU*

Steven M. West, W7SMW

Owen Wormser, K6LEW

Brian F. Wruble, W3BW

Anonymous, 11 donors

*Member of the ARRL Maxim Society

(continued on next page)

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



Marcia E. Baulch,
WA2AKJ

John Jay Bryant, III

Carl B. Eubanks, KD4QQC

Ed L. Fowler Jr., W5CML

Fried Heyn, WA6WZO,
and Sandra M. Heyn, WA6WZN

Robert M. Kares, K3SUH

James J. Kleis, WB4WGH

Richard J. Mondro, W8FQT

Karl H. Muller, W3UBQ

John A. Murray, W3BAG

Bruce R. Pfeiffer, N7CPP

Lawrence Quinn, N1LCV,
and Wendy Quinn, W1DY

Clarence W. Wenzel, W9ILM

Walter Wessel, W0CM,
and Martha Wessel, K0EPE

Lee R. Wical, KH6BZF

Anonymous, eight donors

ARRL's Finances Remain Secure

For the past several years, the League has been managing its finances very carefully. The same was true again during 2002. ARRL has operated in a deficit for the past two years, and expects to do so for the coming year as well. It is important to note that during the past five years, ARRL's financial results have reflected those of the general economy.

However, through aggressive planning and cost management, ARRL plans to operate at a reduced deficit in 2003 and to break even the following year.

Throughout most of 2002, ARRL was ahead of financial projections, generally the result of under-budget spending across most of the operation while, at the same time, producing on-target revenues. At the halfway mark of the year, the organization was breaking even with revenues and expenses. The trends of under-budget spending continued during the last six months of the year, but revenue results in the last quarter fell below original projections. By year-end, once again, expenses exceeded revenues.

Advertising revenues met targets for most of the year and ran approximately 4% ahead of the results in 2001. This was a good sign after several years of steady declines in advertising in the Amateur Radio market and for print advertising in the magazine industry in general.

ARRL product sales were on target for the first three quarters of the year, but those results slipped during the fourth quarter. As a result, sales of publications and products were down approximately 7% in comparison to the prior year.

Program fees, which tend to track activity, were roughly on target through the first half of the year, but began falling short of projections in the second half. Fees in almost all categories were behind projections by the end of 2002. The one exception was in the DXCC program, where fees continued to outpace the projections for the year.

The year 2002 was full of challenges, with 2003 expected to be challenging, as well. Meeting these challenges requires a significant effort by ARRL staff, along with the dedication and commitment of League volunteers, without whom the organization would fail to survive. The League will be working hard in 2003 to successfully manage finances, while continuing to deliver the programs and services that members rely on, and certainly deserve.



Officers

Jim Haynie, W5JBP

President
Dallas, Texas

Joel Harrison, W5ZN

First Vice President
Judsonia, Arkansas

Kay Craigie, N3KN

Vice President
Paoli, Pennsylvania

**Fried Heyn, WA6WZO**

Vice President
Costa Mesa, California

Rodney Stafford, W6ROD

Vice President,
International Affairs
San Jose, California

David Sumner, K1ZZ

Chief Executive Officer/Secretary

James McCobb Jr., WILLU

Treasurer
West Newbury, Massachusetts

Barry Shelley, N1VXY

Chief Financial Officer

Mark Wilson, K1RO

Chief Operating Officer

Mary Hobart, K1MMH

Chief Development Officer

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Director
Saegertown, Pennsylvania

Bill Edgar, N3LLR

Vice Director
Bradford, Pennsylvania

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

Director
St. Charles, Illinois

Howard Huntington, K9KM

Vice Director
Hawthorn Woods, Illinois

Dakota Division**Jay Bellows, K0QB**

Director
St. Paul, Minnesota

Twila Greenheck, N0JPH

Vice Director
Shoreview, Minnesota

Delta Division**Rick Roderick, K5UR**

Director
Little Rock, Arkansas

Henry Leggette, WD4Q

Vice Director
Memphis, Tennessee

Great Lakes Division**Gary Johnston, KI4LA**

Director
Edgewood, Kentucky

Richard Mondro, W8FQT

Vice Director
Dearborn Heights, Michigan

Hudson Division**Frank Fallon, N2FF**

Director
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Stephen Mendelsohn, W2ML

Vice Director
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Midwest Division**Wade Walstrom, W0EJ**

Director
Cedar Rapids, Iowa

Bruce Frahm, K0BJ

Vice Director
Colby, Kansas

New England Division**Tom Frenaye, K1KI**

Director
West Suffield, Connecticut

Mike Raisbeck, K1TWF

Vice Director
Chelmsford, Massachusetts

Northwestern Division**Greg Milnes, W7OZ**

Director
Hillsboro, Oregon

Jim Fenstermaker, K9JF

Vice Director
Vancouver, Washington

Pacific Division**Jim Maxwell, W6CF**

Director
Redwood Estates, California

Bob Vallio, W6RGG

Vice Director
Castro Valley, California

Roanoke Division**Dennis Bodson, W4PWF**

Director
Arlington, Virginia

Rev. Leslie Shattuck Sr., K4NK

Vice Director
Seneca, South Carolina

Rocky Mountain Division**Walt Stinson, W0CP**

Director
Denver, Colorado

Warren "Rev" Morton, WS7W

Vice Director
Casper, Wyoming

Southeastern Division**Frank Butler, W4RH**

Director
Ft. Walton Beach, Florida

Sandy Donahue, W4RU

Vice Director
Atlanta, Georgia

Southwestern Division**Art Goddard, W6XD**

Director
Costa Mesa, California

Tuck Miller, NZ6T

Vice Director
National City, California

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 statement of financial position of The American Radio Relay League, Incorporated (the League) as of December 31, 2002 and the related statements of activities and cash flows for the year 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 audit. The financial opinion as of December 31, 2001, and the related statements of activities, change in net assets and cash flows for the year then ended were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated April 11, 2002.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the financial position of the League as of December 31, 2002, and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was 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 10, 2003

Haggett, Longbardi & Company, LLC

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

December 31, 2002 and 2001

ASSETS

	2002	2001
Current assets		
Cash and cash equivalents	\$ 308,081	\$ 462,031
Accounts receivable, net of allowance for doubtful accounts of \$60,991 and \$45,471, respectively	515,836	518,347
Inventory	648,110	666,338
Grants and other receivables	344,844	105,247
Prepaid expenses and other current assets	132,642	130,396
	<u>1,949,513</u>	<u>1,882,359</u>
Other assets		
Investments	11,195,513	13,105,144
Land, building and equipment, net	2,473,563	2,071,041
Deferred tax asset	-	21,182
	<u>13,669,076</u>	<u>15,197,367</u>
Total assets	<u>\$ 15,618,589</u>	<u>\$ 17,079,726</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 498,159	\$ 321,429
Accrued liabilities	457,386	391,792
Deferred revenue other	139,688	6,562
Deferred life membership dues - current portion	510,196	500,175
Deferred term membership dues - current portion	2,233,915	2,150,804
	<u>3,839,344</u>	<u>3,370,762</u>
Other liabilities		
Deferred life membership dues - less current portion	5,538,125	5,498,236
Deferred term membership dues - less current portion	820,717	863,382
Pension liability	1,291,913	1,179,429
	<u>7,650,755</u>	<u>7,541,047</u>
Total liabilities	<u>11,490,099</u>	<u>10,911,809</u>
Net assets		
Unrestricted	2,453,073	4,440,762
Designated unrestricted	90,414	90,054
Temporarily restricted	1,398,859	1,482,761
Permanently restricted	186,144	154,340
Total net assets	<u>4,128,490</u>	<u>6,167,917</u>
Total liabilities and net assets	<u>\$ 15,618,589</u>	<u>\$ 17,079,726</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, 2002

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Contributions				
Membership dues	\$ 5,083,353	\$ -	\$ -	\$ 5,083,353
Net publication sales	3,394,465	-	-	3,394,465
Advertising revenue	2,577,776	-	-	2,577,776
Investment income	259,517	57,130	-	316,647
Examination fees and other	278,107	-	-	278,107
Program and service fees	468,317	-	-	468,317
Government grant awards	68,033	-	-	68,033
Contributions and support	126,373	619,323	31,804	777,500
Net assets released from restrictions	633,426	(633,426)	-	-
	<u>12,889,367</u>	<u>43,027</u>	<u>31,804</u>	<u>12,964,198</u>
Expenditures				
Programs and services	7,910,259	-	-	7,910,259
Publications	3,628,920	-	-	3,628,920
Administration	1,693,510	-	-	1,693,510
Governance	159,521	-	-	159,521
	<u>13,392,210</u>	<u>-</u>	<u>-</u>	<u>13,392,210</u>
(Decrease) increase in net assets before unrealized losses on investments	(502,843)	43,027	31,804	(428,012)
Unrealized losses on investments	<u>(1,484,486)</u>	<u>(126,929)</u>	<u>-</u>	<u>(1,611,415)</u>
Change in net assets	(1,987,329)	(83,902)	31,804	(2,039,427)
Net assets, beginning of year	<u>4,530,816</u>	<u>1,482,761</u>	<u>154,340</u>	<u>6,167,917</u>
Net assets, end of year	<u>\$ 2,543,487</u>	<u>\$ 1,398,859</u>	<u>\$ 186,144</u>	<u>\$ 4,128,490</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, 2001

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Contributions				
Membership dues	\$ 4,853,737	\$ -	\$ -	\$ 4,853,737
Net publication sales	3,663,691	-	-	3,663,691
Advertising revenue	2,501,011	-	-	2,501,011
Investment income	254,958	17,180	-	272,138
Examination fees and other	283,814	-	-	283,814
Program and service fees	424,643	-	-	424,643
Contributions and support	82,100	516,752	-	598,852
Net assets released from restrictions	617,913	(617,913)	-	-
	<u>12,681,867</u>	<u>(83,981)</u>	<u>-</u>	<u>12,597,886</u>
Expenditures				
Programs and services	7,518,093	-	-	7,518,093
Publications	3,764,603	-	-	3,764,603
Administration	1,561,309	-	-	1,561,309
Governance	175,366	-	-	175,366
	<u>13,019,371</u>	<u>-</u>	<u>-</u>	<u>13,019,371</u>
(Decrease) increase in net assets before unrealized losses on investments	(337,504)	(83,981)	-	(421,485)
Unrealized gain (losses) on investments	<u>(288,373)</u>	<u>53,937</u>	<u>-</u>	<u>(234,436)</u>
Change in net assets	(625,877)	(30,044)	-	(655,921)
Net assets, beginning of year	<u>5,156,693</u>	<u>1,512,805</u>	<u>154,340</u>	<u>6,823,838</u>
Net assets, end of year	<u>\$ 4,530,816</u>	<u>\$ 1,482,761</u>	<u>\$ 154,340</u>	<u>\$ 6,167,917</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, 2002 and 2001

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,039,427)	\$ (655,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipts to establish or increase permanent endowment	(31,804)	-
Depreciation	332,218	357,061
Change in unrealized losses on investments	1,611,415	234,436
Change in unrealized losses on investments designated for life memberships	-	4,657
Provision for deferred income taxes	21,182	8,500
(Increase) decrease in:		
Accounts receivable, net	2,511	1,423
Grants and other receiveables	(239,597)	35,708
Inventory	18,228	40,881
Prepaid expenses and other current assets	(2,246)	(34,434)
Deferred costs	-	33,334
Increase (decrease) in:		
Accounts payable and accrued liabilities	242,324	(30,422)
Deferred revenue other	133,126	-
Deferred life membership dues	49,910	246,654
Deferred term membership dues	40,446	558,355
Pension liability	112,484	225,509
Net cash provided by operating activities	<u>250,770</u>	<u>1,025,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net capital purchases	(734,740)	(808,418)
Net sales (purchases) of investments	298,216	(524,146)
Net cash used in investing activities	<u>(436,524)</u>	<u>(1,332,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts to establish or increase permanent endowment	31,804	-
Net cash provided by financing activities	<u>31,804</u>	<u>-</u>
Net decrease in cash and cash equivalents	(153,950)	(306,823)
Cash and cash equivalents, beginning of year	<u>462,031</u>	<u>768,854</u>
Cash and cash equivalents, end of year	<u>\$ 308,081</u>	<u>\$ 462,031</u>

The League disposed of \$477,302 and \$91,412 worth of fully depreciated equipment during the years ended December 31, 2002 and 2001, respectively.

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 the 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.

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.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. 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 \$38,685 and \$37,764 as of December 31, 2002 and 2001, respectively.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 once paid in full. 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.

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 and that only the income earned thereon be available for operations.

Contributions and Grants

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)

Contributions and Grants (Continued)

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 and support 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, 2002 and 2001, the League did not generate unrelated business income tax.

Reclassifications

Certain reclassifications have been made to the prior year financial statements and supplementary financial information to make them comparable to the current year financial statements.

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:

	2002		2001	
	Market	Cost	Market	Cost
Cash	\$1,016,011	\$1,016,011	\$869,502	\$869,502
Fixed maturities	4,843,190	4,923,330	5,355,053	5,362,779
Equity securities	5,336,312	5,833,141	6,880,589	5,838,417
	<u>\$11,195,513</u>	<u>\$11,772,482</u>	<u>\$13,105,144</u>	<u>\$12,070,698</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:

	2002	2001
Life membership	\$6,048,321	\$5,998,411
Regular operations	3,562,189	5,469,632
Temporarily restricted	1,398,859	1,482,761
Endowment	186,144	154,340
	<u>\$11,195,513</u>	<u>\$13,105,144</u>

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

	2002	2001
Unrealized appreciation, beginning of year:		
Market value	\$13,105,144	\$12,820,091
Cost	12,070,698	11,546,552
Net gain	<u>1,034,446</u>	<u>1,273,539</u>
Unrealized (decline) appreciation, end of year:		
Market value	11,195,513	13,105,144
Cost	11,772,482	12,070,698
Net (loss) gain	<u>(576,969)</u>	<u>1,034,446</u>
Change in net unrealized loss during year	(1,611,415)	(239,093)
Less amount allocated to deferred life members	-	4,657
Net loss on investments	<u>\$(1,611,415)</u>	<u>\$(234,436)</u>

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Land, Buildings and Equipment

The League capitalizes, at cost, all expenditures for property and equipment with a useful life of greater than one year and a cost of \$1,000 or more. Depreciation is recorded over the estimated useful lives of the respective assets on a straight-line basis. Buildings are depreciated over a 40-year life. Furniture, equipment and building improvements are depreciated over their estimated useful lives ranging from 3 to 15 years.

Land, building and equipment and related accumulated depreciation are comprised of the following at December 31, 2002 and 2001:

	2002	2001
Land and building	\$1,094,693	\$1,094,693
Furnishing, equipment and building improvements	4,138,675	3,431,624
Construction in progress	520,883	970,497
	5,754,251	5,496,814
Less accumulated depreciation	(3,280,688)	(3,425,773)
	<u>\$2,473,563</u>	<u>\$2,071,041</u>

(3) Pension Plan

The League has a contributory group annuity retirement plan which covers all full-time employees. The assets of the plan are primarily invested in a group annuity contract with MassMutual 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, 2002 and 2001:

	2002	2001
Benefit obligation	\$6,446,514	\$5,745,616
Fair value of Plan assets	4,248,167	4,454,049
Funded status	<u>\$(2,198,347)</u>	<u>\$(1,291,567)</u>
Accrued benefit cost recognized in statements of financial position	<u>\$1,291,913</u>	<u>\$1,179,429</u>

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Pension Plan (Continued)

	<u>2002</u>	<u>2001</u>
Weighted-average assumptions:		
Discount rate	6.8%	7.5%
Expected return on plan assets	8.0	8.0
Rate of compensation increase	4.0	5.0
Benefit cost	\$402,266	\$350,664
Employer's contribution	289,782	125,155
Participants' contributions	-	-
Benefits paid	78,002	37,950

(4) Lease Obligations

The League leases warehouse space, office space and office equipment under various operating leases with monthly payments ranging from \$351 to \$4,265 which expire through March 2007. Total expense for operating leases was \$110,647 and \$111,725 for the years ended December 31, 2002 and 2001, respectively.

The following are future minimum lease payments due under these noncancelable operating leases as of December 31, 2002:

<u>Year Ended December 31,</u>	
2003	\$89,024
2004	76,592
2005	64,224
2006	8,479
2007	1,053
	<u>\$239,372</u>

(5) 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, 2002 and 2001, the Board has designated \$90,414 and \$90,054, respectively, for these purposes.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(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 as of December 31, 2002 and 2001, respectively.

In 2002, an endowment fund was set up for W1AW maintenance and upkeep. The principal of \$31,804 is reflected as permanently restricted net assets in the accompanying statements of financial position at December 31, 2002.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2002 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.

(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 AMERICAN RADIO RELAY LEAGUE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (Continued)

(8) Concentrations of Credit Risk (Continued)

The League extended credit to customers (accounts receivable) of \$576,827 and \$563,822 at December 31, 2002 and 2001, 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. Additionally, 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.

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

(9) Related Party Transaction

The League has some common directors with The ARRL Foundation, Inc. board. The League performs administrative services for The ARRL Foundation, Inc. and charges an administrative fee which amounted to \$13,200 and \$6,600 during the years ended December 31, 2002 and 2001, respectively. At December 31, 2002 and 2001, the League was owed \$6,600 and \$0, respectively, relating to these services.

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

For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Salaries, compensation and benefits	\$ 6,245,221	\$ 5,643,583
Publication costs and forwarding expenses	3,713,929	4,052,365
Communication and postage	609,372	544,568
Office supplies and expenditures	580,006	554,125
Administrative expenses	402,103	427,358
Occupancy costs	366,449	357,267
Legal and professional fees	383,262	412,270
Depreciation	332,218	357,061
Travel	269,145	208,261
Rentals and equipment maintenance	168,994	172,903
Other	321,511	289,610
	<u><u>\$ 13,392,210</u></u>	<u><u>\$ 13,019,371</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, 2001

Fund Name	Balance 01/01/01	Contributions	Investment Income, net	Change in Unrealized gains	Released from Restriction	Balance 12/31/01
H.P. Maxim Award	\$ 36,656	\$ -	\$ 1,087	\$ -	\$ (1,109)	\$ 36,634
Project Goodwill	12,888	-	-	-	-	12,888
Exceptional Merit	1,009,117	-	10,093	53,937	(14,314)	1,058,833
Legal Research & Resource	120,144	14,625	-	-	(9,391)	125,378
Starr Technology	1,931	150	-	-	-	2,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Colvin Award	7,632	675	6,000	-	(1,500)	12,807
Educational Activities	3,580	-	-	-	-	3,580
Defense of Frequencies	192,565	433,003	-	-	(554,934)	70,634
Lab Fund	3,066	883	-	-	-	3,949
W1AW	32,881	119	-	-	(5,403)	27,597
Education and Technology	84,636	59,756	-	-	(23,762)	120,630
Direction Finding	-	7,541	-	-	(7,500)	41
Total Temporarily Restricted Funds	\$ 1,512,805	\$ 516,752	\$ 17,180	\$ 53,937	\$ (617,913)	\$ 1,482,761

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

For the Year Ended December 31, 2002

Fund Name	Balance 01/01/02	Contributions	Investment Income, net	Change in Unrealized gains	Released from Restriction	Balance 12/31/02
H.P. Maxim Award	\$ 36,634	\$ -	\$ 1,876	\$ -	\$ (1,628)	\$ 36,882
Project Goodwill	12,888	100	-	-	-	12,988
Exceptional Merit	1,058,833	647	47,352	(126,929)	-	979,903
Legal Research & Resource	125,378	16,013	-	-	(570)	140,821
Starr Technology	2,081	2,000	-	-	-	4,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Colvin Award	12,807	25	7,902	-	(8,150)	12,584
Educational Activities	3,580	-	-	-	-	3,580
Defense of Frequencies	70,634	310,199	-	-	(380,833)	-
Lab Fund	3,949	633	-	-	-	4,582
W1AW	27,597	10,860	-	-	(5,983)	32,474
Education and Technology	120,630	245,846	-	-	(203,262)	163,214
ARECC	-	33,000	-	-	(33,000)	-
Direction Finding	41	-	-	-	-	41
Total Temporarily Restricted Funds	\$ 1,482,761	\$ 619,323	\$ 57,130	\$ (126,929)	\$ (633,426)	\$ 1,398,859

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

American Radio Relay League

Board of Directors
January 20

From Bottom Left:

Row One: George R. Isely, Steve Mansfield, Mike Raisbeck, Paul Rinaldo, Twila Greenheck, Jim Fenstermaker, Bob Vallio, Bernie Fuller, Joel Harrison, Dennis Bodson, Stephen A. Mendelsohn, Coy C. Day, Rosalie White, Bill Edgar

Row Two: Wayne Mills, Christopher Imlay, Rev. Leslie Shattuck, George Race, Howard Huntington, Jim D. Haynie, Rick Roderick, David Sumner, Barry J. Shelley, Frank M. Butler Jr., Gary Johnston

Row Three: Rodney Stafford, Greg Milnes, Mark Wilson, Dave Patton, John Kanode, Mary Hobart, Kay C. Craigie, James McCobb Jr., Sandy Donahue, Bruce Frahm

Row Four: Tom Frenaye, Art Goddard, Henry R. Leggette, Jay Bellows, Wade Walstrom, Frank Fallon, Walt Stinson, Dr. David Woolweaver, Jim Maxwell, Tuck Miller



ARRL 2002 Annual Board Meeting

Fort Worth, Texas



The Radio Amateur is
PATRIOTIC...
station and skill always
ready for service
to country and community.

—from The Amateur's Code