

Report of the Administration and Finance Committee

January 2020

The Committee reviewed the financial results for the ten months ending October 31st. There was a loss from operations of \$14K. This was approximately \$300K better than plan primarily due to the timing of expenses. There were investment gains of \$459K allocated to operations. Total revenues for the period were \$11.9M. Product Sales were under plan by \$141K with half of this shortfall related to the early success of the *2019 Handbook*. Advertising revenue is below plan at by \$17K but it was noted that a decision was made not to produce the *Quickstart Guide* this year. The \$35K planned revenue was offset by decreased printing and postage costs creating a net zero impact on the bottom line. DXCC Award revenue continues to struggle and are \$29K under plan. VEC fees are down 9% versus this time last year. Realized investment gains added an additional \$459K to the bottom line for the period. Total expenses were \$11.9M with is \$318K better than plan. Expenses are down primarily due to lower than anticipated QST production, Health Insurance, Consultant fees, and printing/postage expense.

The Committee reviewed the report of the League's external auditor and noted the report's conclusion that the ARRL is currently a financially healthy organization and has the appropriate operating cash reserves.

The Treasurer noted that despite more market volatility, ARRL exceeded the benchmark by 19 basis points in the 2nd Quarter but cautioned that there are indicators pointing to a recession on the horizon. A modification to the ARRL investment policy was presented to the full Board at its 2nd meeting and was approved (Minute 21). The Treasurer will move some investments in a continuing effort to improve the quality of the bonds in ARRL's portfolio.

The Committee reviewed the LoTW report and noting that development resources had been moved from LoTW due to other priorities, authorized the CEO to hire up to two FTE to address IT resources.

The potential of moving some IT functions to Cloud-based services was discussed and a sub-committee was formed to investigate cloud computing and to identify potential IT functions that would be beneficial to move. The sub-committee's work is underway.

The Committee discussed a potential Graduated Life Membership at length. Due to the negative financial impact of such a program the CEO took an action to research the possibility of an option that would self-fund and report back to the Committee at its January meeting.

The Committee reviewed the 2020/21 financial plan. This plan contains a conscious decision to spend capital now that will provide benefits in the future. The Committee believes that an investment of capital is needed to address several programs as opposed to constantly playing "catch up". Initiatives include the new *On the Air* magazine, conversion to a new Association Management System (AMS), development of a robust Social Media Engagement strategy, addition of staff and provide for a new roof for the HQ building. The Plan was submitted electronically to the board (to be submitted for Board approval at the January meeting) and an online Zoom session was held to answer any questions.

The Committee discussed conversations with ARDC, a 501(c)(3) organization which proposes to partner with ARRL (and support the League financially) for several areas of common interest. The Committee encouraged continued discussion.

At the request of the EC, Directors Ryan and Hippisley were requested to work with the CEO and Connecticut Counsel to strengthen the current LifeLong Learning contract with Mintz+Hoke to include specific deliverables. A subsequent telephone meeting was held after which list of deliverables was assembled. A presentation to the Board is scheduled during the January meeting.

The Committee discussed and proposed recommending a change to By-Law 6 which would increase the maximum age for a reduced dues rate from age 22 to age 26 (to target the college-age demographic for students who delay college entry OR are enrolled in a program that takes longer than 4 years)

The Committee discussed and proposed recommending a change to By-Law 43 which would allow a member to choose an alternate publication (e.g. *On the Air*) be delivered via mail instead of QST.

The Committee discussed and proposed recommending a change to By-Law 4 which would allow a reduced dues for members who receive a digital-only subscription.

Respectfully submitted:

Jeff Ryan, KØRM
Chair

Committee Members:

Directors Blocksome, Carlson, Holden, Norton, Vice Director Delaney, Treasurer Niswander, CFO Middleton, 1stVP Widin, CEO Michel, President Roderick