

The American Radio Relay League Report of the Administration and Finance Committee 2006 First Meeting

Committee Members: Director Coy Day, N5OK, Chairman; Vice President Kay Craigie, N3KN; Directors Tom Frenaye, K1KI, Bernie Fuller, N3EFN, Greg Milnes, W7OZ, and Rev Morton, WS7W; Executive Vice President and CEO Dave Sumner, K1ZZ; Treasurer Jim McCobb, WILLU; CFO Barry Shelley, N1VXY; COO Harold Kramer, WJ1B; CDO Mary Hobart, K1MMH, Secretary; and President Jim Haynie, W5JBP (ex-officio).

Introduction

Although there was some trepidation over the financial plan for 2005, it seems that our fears were unfounded and at this time, it is apparent that we will be in the black for the second year in a row. This was in no small part due to astute actions by the staff under the careful watch of the committee.

Unexpected reactions were caused by an extraordinary number of disasters this year. From a major tsunami to major hurricanes these disasters resulted in a “good news, bad news” scenario. The good news is that amateur radio operators once again proved they are invaluable in time of need. The bad news is that we are suffering to some extent in our development department due to donor fatigue.

The financial plan for 2006-2007 contains several innovations. I recommend you look it over carefully. I will say that there is some risk involved but the committee feels that it is well worth it for the possible outcome.

Initiatives

ARRL Affinity credit card

There have been 1,167 cards issued through October 31st. So far the ARRL has realized \$24,876 in revenue from enrollments and the early purchases on the cards. We are being paid 1/3 of 1% on purchases.

National Convention results

Expenses were higher for 2005 than previous years with total expenses being \$91,000 and gross revenues just over \$98,000. This is less than what the net number has been historically but then the goal was not primarily to generate revenue. Overall, the ARRL Expo was a resounding success in highlighting our services and programs for the thousands of attendees at the event.

2006-2007 Financial plan conference call

The A&F Committee arranged for a conference call prior to the annual meeting to discuss the 2006-2007 Financial Plan. It was a good opportunity for board members to air any issues dealing with the plan prior to the annual meeting.

Three year capital improvement plan

The committee has requested that staff include a three year capital improvement plan starting with the 2007 budget cycle. The plan should include such items as the painting of facilities and replacement of HVAC, electrical, computer and antenna systems.

Suspension of membership dues for deployed members of the Armed Forces

The committee recommended the staff implement a process to suspend membership dues for the duration of a member's military deployment. Thanks to the board for a rapid approval of this recommendation.

Reports on the health of amateur radio

The committee has been going through a brainstorming process to determine key indicators of the health of amateur radio. This will be a series of data and graphs that will show trends and overall health of amateur radio created by staff and sent to board members one month prior to each board meeting.

Ongoing Financial Issues

Membership Concerns

Membership decline continues to be bothersome. Membership has declined by 2% so far this year. We must turn this trend around! The 2006 Plan includes a significant effort in that direction. I hope you will give it your full support

Overall Results

Financially, we are ahead of where we were a year ago as well as being ahead of plan for the year. Contributions haven't been as strong as anticipated. Timing of campaigns and donor fatigue are contributing factors. Sales of the 2006 edition of the ARRL Handbook have been a major contributor to the financial results for the year. Also, advertising revenues continue ahead of plan. However, program fees continue to trend lower. On a positive note, total spending on membership programs, advocacy and governance is less than budgeted and total expenses for the Income Segment of our operation continue to be under budget. I would also like to note that the total number of staff personnel is down to 90 full-time employees. This is a drop from a total of 115 a few years ago. Staff has maintained a high level of support with higher efficiency, cross training, contracting out projects, trending toward member transactions and direct member entry via the web. However, the staff can't be reduced much more without a serious adverse impact on customer service. With this in mind, managing expenses becomes a much higher priority.

Investment Portfolio

The year was an interesting one for the investment markets and the global economy, but other than energy it's hardly been exciting. At the beginning of the year the DJ sat at 10,783 and as I write we are over 10,800. The portfolio at December 31, 2004 was \$12.6 million compared to September 30th it sat at \$12.750 million and I believe has grown further during the past 75 days. Headquarters has not removed cash from the portfolio this year, as it has often had to do in recent years. And as a matter of fact some excess cash went into the portfolio. In addition, interest rates have risen modestly and corporate dividends are in vogue again resulting in growth in portfolio income---we are now earning more than \$500K currently on an annualized basis.

Conclusion

I conclude my comments with a final word on the 2006-2007 Financial Plan. It is a good plan and has a low risk considering the possible turn around in membership numbers. The committee wholeheartedly supports it and commends the staff on a job well done.

Since my term as chair of the A&F Committee ends with the coming board meeting, I take this opportunity to commend those that have served on the committee for a job well done. On a sad note, the untimely loss of Director Milnes has left us stunned. He will be missed. A special thanks goes to Bernie Fuller who has been a mainstay on the committee for some years. Bernie, you will be missed.

Coy Day, N5OK
Chairman
July 13, 2010

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Minutes November 19, 2005 A&F Committee Meeting