



**ARRL** the national association for  
amateur radio®

# 2019 Annual Report



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## What is Amateur Radio?

Amateur radio, also known as “ham radio,” is a popular service and hobby with more than 750,000 practitioners in the US alone, and 1.95 million worldwide. The numerous activities that are possible on the amateur radio frequencies range from public service, to scientific experimentation, to sheer fun. There are federally licensed “hams” everywhere — in your neighborhood, in your workplace, in your schools.

The Amateur Radio Service is a core element of neighborhoods and municipalities across the United States. In times of disaster, amateur radio has repeatedly been the only means of communication into or out of an affected area, providing critical information to authorities at the time when it’s most needed. Amateur radio operators serve their communities proudly, voluntarily, and without compensation.

Radio amateurs all share a basic knowledge of radio technology and operating principles, and pass an examination from the Federal Communications Commission (FCC) in order to earn a license that enables them to operate on the amateur radio “bands.”

Top: ARRL Headquarters staff and Field Service volunteers work together to serve ARRL members and advance the art, science, and enjoyment of amateur radio.



### A Message From the President

2019 was an exciting year for ARRL, with several new initiatives moving through planning and development stages for rollout in 2020. Two of them — *On the Air* magazine and the ARRL Online Learning Center — signify steps taken toward the “new generation of hams” that I’ve been talking about in the past few Annual Reports. They’ve been asking ARRL for help finding their way in amateur radio for so long, wanting to know everything from how to serve their communities, how to integrate the ham radio hobby and service with all the demands that modern life makes upon them, and even simply how to determine which parts of ham radio interest them.

ARRL spent much of 2019 in behind-the-scenes creation of products and services for those very hams. The Production Department was busy developing *On the Air*, ARRL’s new magazine for beginner-to-intermediate hams. Production’s editorial team carefully considered the results of ARRL’s recent surveys and interviews with new-generation hams in putting together a plan for a magazine that would give them the information they said they wanted and needed. At the very end of the year, the first issue of *On the Air* rolled off the presses, and it was in ARRL members’ hands in early 2020. It’s ARRL’s first new magazine in more than 30 years, and it’s for an audience that we’ve never addressed in quite this way. The ham community has embraced *On the Air*, and it’s been exciting to see that. You can learn more about *On the Air* in this report, and by reading a digital copy at [www.arrl.org/ota](http://www.arrl.org/ota).

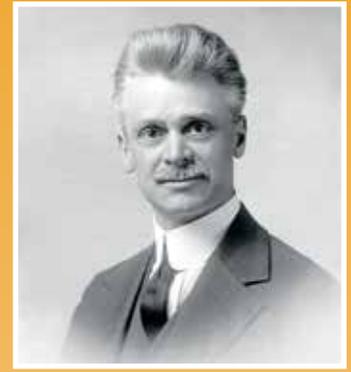
The Lifelong Learning Department, which was brand new in 2018, spent 2019 developing a large-scale project, the ARRL Online Learning Center — a collection of online courses that will initially serve new hams, and that will expand over time with courses and materials for hams at every skill level, offering truly Lifelong Learning. The Online Learning Center is expected to launch in early 2021, and you can read more about it in this report.

That’s not all we’ve been up to, in terms of a paradigm shift. In 2019, many ARRL departments were hard at work shaping the parameters of a new member management system. It will make its debut in 2020, and it will allow us to serve members more efficiently than ever.

2019 was more than busy for ARRL — it was productive and constructive. We’re growing and changing, and we do it all for you, the members, with an eye on our mission: to advance the art, science, and enjoyment of amateur radio.

73,

Rick Roderick, K5UR  
President



The American Radio Relay League (ARRL) is the national association for Amateur Radio in the US. Today, with over 156,800 members, ARRL is the largest organization of radio amateurs in the world. Our mission is simple:

“To advance the art, science, and enjoyment of Amateur Radio.”

In 2016, ARRL revised its vision statement to more incisively state the organization’s intentions for our Second Century, which began with our centennial in 2014.

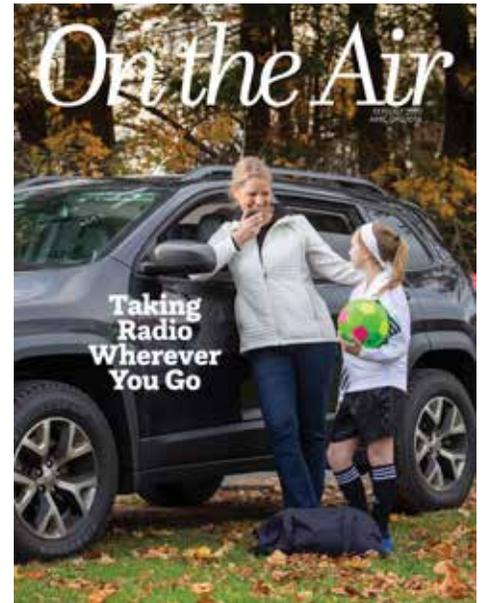
#### ARRL’s Vision Statement

As the national association for Amateur Radio in the United States, ARRL:

- ◆ Supports the awareness and growth of amateur radio worldwide;
- ◆ Advocates for meaningful access to radio spectrum;
- ◆ Strives for every member to get involved, get active, and get on the air;
- ◆ Encourages radio experimentation and, through its members, advances radio technology and education; and
- ◆ Organizes and trains volunteers to serve their communities by providing public service and emergency communications.

The execution of our mission is based on ARRL’s Five Pillars: Public Service, Advocacy, Education, Technology, and Membership.

Above: Celebrated inventor and entrepreneur Hiram Percy Maxim (1869-1936) created the American Radio Relay League in 1914 to help facilitate the relaying of messages via amateur radio. The resulting organized network of amateur radio operators helped send messages farther than any one station could reach at that time.



## On the Air New Member Benefit Buzz Dominated 2019

One of the biggest stories out of ARRL Headquarters in 2019 was the announcement of a new member benefit — the upcoming launch of a new magazine, *On the Air*. Published on a bimonthly basis, *On the Air* offers new and beginner-to-intermediate-level radio amateurs a fresh approach to exploring radio communication.

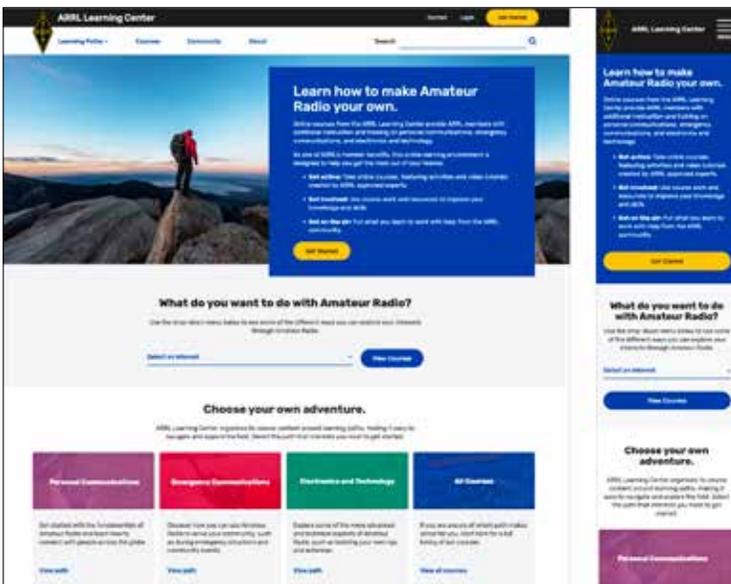
Each issue includes advice and insights on topics from the variety of amateur radio interests and activities: radio technology, operating, equipment, project building, and emergency communication. The new magazine aims to be a vital resource in

helping new and newer radio amateurs get active and involved in radio communications.

“*On the Air* responds to the brand new and not-so-brand-new radio amateur seeking ideas and answers,” said *QST* Managing Editor Becky Schoenfeld, W1BXY. Schoenfeld is part of the ARRL staff team that developed the new magazine with the help of an extensive national-level study of new amateur radio licensees. The study identified new hams’ motivations for getting licensed, and their experiences of getting started. A focus group responded positively to a trial edition of the magazine.

*On the Air* was announced as a new ARRL membership benefit in late 2019. Eligible US radio amateurs who join ARRL or renew their memberships are prompted to select the print magazine of their choice — *On the Air* or *QST*. All ARRL members, including international members, are able to access digital editions of both *QST* and *On the Air*.

The first issue was published in January 2020, as the January/February issue. *On the Air* has enjoyed a warm welcome from new and experienced hams alike.



## New Lifelong Learning Initiative is Well Under Way

At the January 2019 meeting of the ARRL Board of Directors, the Board approved and funded an initiative to provide online educational opportunities to a broad range of radio amateurs. The Lifelong Learning Initiative will provide a series of learning tracks to serve the needs of the various interest groups within the amateur radio community.

Advertising agency Mintz + Hoke is working with ARRL Lifelong Learning Manager Kris Bickell, K1BIC, and other ARRL staff members in building this learning environment, with Mintz + Hoke conducting the research necessary to identify the different educational needs within the amateur radio community.

The Lifelong Learning team has established three primary learning tracks — Emergency Communications, Personal Communications, and Electronics and Technology — which reflect ham radio interests that emerged prominently in research.

Each course topic within the tracks will contain a variety of instructional materials including videos, how-to guides, presentations, webinars, and other resources. The Lifelong Learning platform is expected to launch in late January 2021.

# The Year in Review

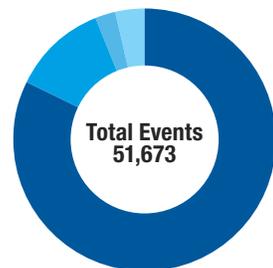
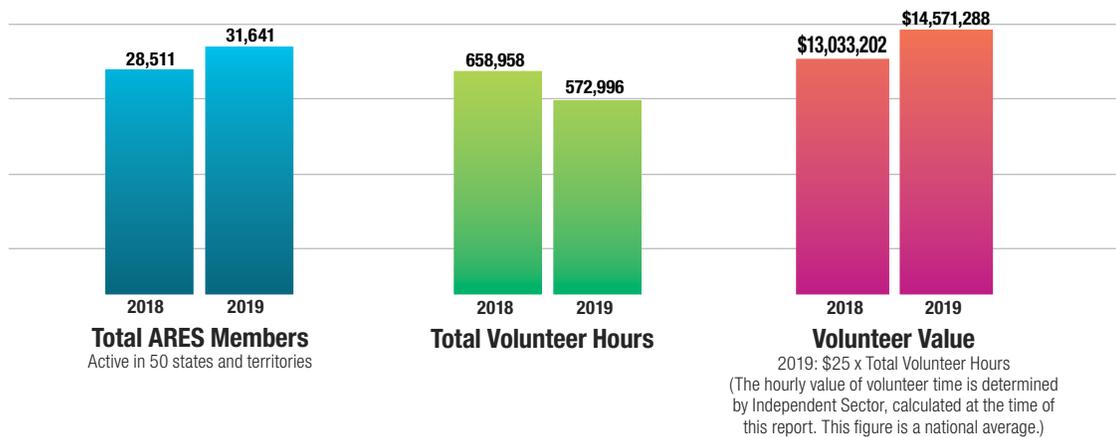


## Emergency Preparedness

The Amateur Radio Service is most well-known for providing communications services at times when other methods are inoperable, through ARRL's Amateur Radio Emergency Service (ARES). ARES membership increased in 2019, while activity decreased.

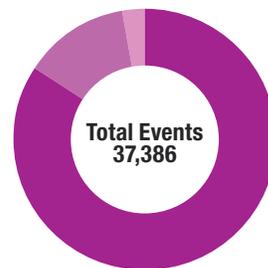
### ARES Summary for 2019

Total ARES Membership:	31,641
Total Sections Reporting:	437
Total ARES Events:	37,386
Total Volunteer Hours:	572,996
Total Volunteer Value Provided:	\$14,571,288.28



#### 2018 ARES Events

- Drills, Training, Test Events
- Public Service Events
- Emergency Operations Events
- Other Events



#### 2019 ARES Events

- Drills, Training, Test Events
- Public Service Events
- Emergency Operations Events

## New ARES Plan Adopted; Three Levels of Training Available

At its January 2019 meeting, the ARRL Board of Directors adopted the ARES Plan as proposed by the Public Service Enhancement Working Group (PSEWG, chaired by Great Lakes Division Director Dale Williams, WA8EFK) and recommended by the Programs and Services Committee.

Under the new plan, there are three ways to serve, with commensurate levels of training requirements that will allow ARES participants to enter the program, and if they choose, migrate to higher levels of qualification and service.

Level 1 involves introductory training, both formal and informal, conducted by the local ARES group to meet their needs and those of their served agency or partners.

Level 2 requires the completion of ARRL's EC-001 *Introduction to Amateur Radio Emergency Communications* and Federal Emergency Management Agency (FEMA) Independent Study courses IS-100, IS-200, IS-700, and IS-800 that impart critical knowledge for operating efficiently under the Incident Command System. Participants are also encouraged to take advantage of training opportunities available through partners.

Level 3 candidates will complete training that prepares them to assume ARES leadership positions, including the key program coordinators: the local/county Emergency Coordinator (EC), Assistant District EC, District EC, Assistant SEC, and the Section Emergency Coordinator. Leaders are required to complete ARRL's EC-016, *Emergency Communications for Management*, and FEMA Professional Development Series courses IS-120, IS-230, IS-240, IS-241, IS-242, IS-244, and IS-288, the Role of Voluntary Organizations in Emergency Management. Participants also are encouraged to complete the FEMA courses IS-300, and IS-400 should they be available locally.

The new ARES Plan represents the first major program changes in decades, and will form the cornerstone for the venerable ARES program going forward.



### Emergency Messaging Demonstration at W1AW

On May 23, 2019, with American Red Cross and FEMA officials monitoring, radio amateurs along the east coast of the US demonstrated amateur radio's ability to deliver messages without commercial power or infrastructure.

The demonstration was a mock response to a simulated disaster scenario of a major hurricane with mass casualties. During the event, amateurs at portable stations delivered message traffic to W1AW, the Hiram Percy Maxim Memorial Station at ARRL. W1AW coordinated and delivered the information to officials attending a Red Cross-FEMA meeting in Baltimore, Maryland.

About a dozen stations participated across four ARRL Divisions: New England, Atlantic, Hudson, and Roanoke. Operators participated from Maine, Rhode Island, Massachusetts, New York, northern New Jersey, western Pennsylvania, Delaware, South Carolina, and Virginia.

Red Cross officials were on site at W1AW and at the receiving station in Baltimore. Officials at both sites were impressed with amateur radio's ability to deliver messages digitally, in a format that matched what the Red Cross already uses.

Above: ARRL Maryland-DC Section Manager Marty Pittinger, KB3MXM (seated), points to simulated incoming Red Cross messages while Red Cross leadership observes. [Ken Reid, KG4USN, photo]



### New Puerto Rico Red Cross/ARES MOU and Emergency Communication Development Two Years After Historic Storm Devastation

On October 10, 2019, the American Red Cross Puerto Rico Chapter renewed its Memorandum of Understanding (MoU) with the ARRL Puerto Rico Section, citing good experience during recent emergency and disaster responses, especially to the Hurricanes Irma and María events. The first MoU was signed on March 3, 2017.

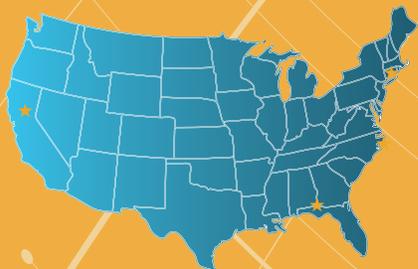
In the 2 years following the devastation of the 2017 hurricanes, many new amateur radio operators have been licensed, most with a special interest in emergency communications. A special class and exam session at the University of Puerto Rico in Mayagüez graduated new amateurs as part of a new program to develop an emergency communications system.

Amateurs in municipal emergency management agencies run drills/nets every first Sunday of the month based on the 12 zones of the Puerto Rico Emergency Management Bureau (PREMB) administration. A faith-based organization has developed the Radio Communications Emergency Net on the island of Vieques, with amateur radio serving as principal resource.

Above: ARRL Puerto Rico Section Manager Oscar Resto, KP4RF, signs the MoU between ARRL and the American Red Cross.

# Report to America

An overview of assistance provided by the Amateur Radio Service in 2019.



## Amateur Radio Response to Hurricane Dorian

When Tropical Storm Dorian formed in late August 2019, it was expected to become a hurricane that was feared to hit Puerto Rico, which is still recovering from the effects of Hurricanes Irma and Maria in 2017. Radio amateurs on Puerto Rico monitored the storm's trajectory, and activated a VHF net to share information on Dorian's predicted route and how to prepare.

The Hurricane Watch Net (HWN) activated on August 28. The ARRL Headquarters Emergency Response Team monitored the situation. ARRL officials were in regular communication with partner agencies, particularly FEMA and the Department of Homeland Security. W1AW, ARRL's Hiram Percy Maxim Memorial Station, was ready to assist with emergency communications. In addition, ARRL HQ remained in close contact with Field Organization officials in Puerto Rico and Florida. Some ARRL Ham Aid equipment was previously positioned in the region.

A change in the storm's direction spared Puerto Rico from taking a direct hit. The Virgin Islands suffered downed trees and widespread power outages. Florida Voluntary Organizations Active in Disaster (VOAD) and the American Red Cross were in a ready-to-respond state. The ARRL Emergency Preparedness Department sent two additional Ham Aid kits — one HF and one UHF/VHF — in response to a request from the West Central Florida Section ARES.

Florida's three ARES® Section Emergency Coordinators collected information from ARES volunteers in preparation for the arrival of Hurricane Dorian, setting up a volunteer form for Florida ARES members to express their desire to help in areas of Florida affected by the impending hurricane.

By September 1, Hurricane Dorian, by then a dangerous Category 5 storm, hit the island of Abaco in the Bahamas with 185 MPH



winds and heavy rain. A day later, it hit Grand Bahama Island. The HWN and the VoIP Hurricane Net remained activated in conjunction with WX4NHC at the National Hurricane Center to keep on top of ground-truth weather information and to handle emergency traffic, if needed.

FEMA announced that channels 1 and 2 of the 60-meter band would be available, as necessary, beginning September 2 for interoperability between federal government stations and US amateur radio stations involved in Hurricane Dorian emergency communications.

The FCC granted ARRL's emergency request for a temporary waiver to permit radio amateurs active and involved in Hurricane Dorian response and relief efforts to use the PACTOR 4 digital protocol on HF. The waiver, which was valid through 2100 UTC on Friday, September 6 and then extended through September 13, was necessary because Section 97.307(f) of the FCC's Amateur Radio

Service rules limits digital data emissions of amateur stations operating below 28 MHz to a symbol rate not to exceed 300 baud, and in the 10-meter band (28.0 – 28.3 MHz) to a symbol rate not to exceed 1200 baud, which precludes PACTOR 4 emissions.

"PACTOR 4 is a data protocol that permits relatively high-speed data transmission in the HF bands, and many amateur stations active in emergency communications preparedness are capable of using this protocol," ARRL told the FCC. ARRL told the FCC that the higher-data rates offered by PACTOR 4 are, "critical to sending hurricane relief communications, including lists of needed and distributed supplies." The FCC granted a waiver for the use of PACTOR 4 during the 2017 Hurricane Maria relief effort.

By September 3, Hurricane Dorian had downgraded to a Category 2 storm and was moving to the northwest. Amateur Radio Emergency Service (ARES®) teams in the ARRL South Florida Section were

fully activated, with more than 20 evacuation shelters open. Northern Florida was monitoring the situation, and West Central Florida opened shelters in several counties and remained at a standby level, staying in communications with local ARES Emergency Coordinators and the State Emergency Operations Center.

Storm surge watches were in effect from South Carolina to Cape Lookout, North Carolina. Hurricane warnings were in effect for Martin, St. Lucie, Indian River, Brevard, Volusia, Flagler, and St. John's counties in Florida and for parts of the South Carolina coast.

The Florida Tri-Section ARES Net was in operation, and another net ran on the statewide SARnet repeater system. Hurricane Dorian ended up grazing Florida as a Category 2 storm, causing flooding and widespread power outages.

ARES operators were deployed to two Georgia Emergency Management Agency (GEMA) sites to listen for assistance calls. Coastal counties in Georgia were under evacuation orders, and highways were reconfigured for one-way traffic to move inland away from the coast.

The South Carolina Emergency Management Department (SCEMD) issued a civil emergency message due to the potential threat from Hurricane Dorian, and mandatory evacuations were ordered in several counties. SCEMD's radio room operated in 24-hour coverage. The storm caused major flooding in South Carolina.

Hurricane Dorian made US landfall on September 6 over Cape Hatteras, North Carolina. By the time, Dorian had been downgraded to a Category 1 storm, with maximum sustained winds near 90 MPH. Over the course of the response, the Hurricane Watch Net remained active for a marathon 139 hours before suspending operation on September 6.

## Ohio ARES Reports Conditions During January Blizzard

Ohio ARES members stared down "Snowmageddon" 2019, a mid-January blizzard that blanketed the lower Great Lakes region. Based on ominous forecasts and discussion with Assistant SECs across the state, Section Manager Scott Yonally, N8SY, and the Ohio Watch Desk, SEC Stan Broadway, N8BHL, asked ARES operators to provide observations and reports from their

homes to assist decision-makers at the Ohio state EOC and county EMA centers. Reports were integrated into the state's WebEOC management system remotely.

A statewide net was convened as conditions deteriorated. Amateurs gave detailed reports of their local conditions. Reports were compiled by Ohio's AuxComm Team station, W8SGT, on 80 meters, and the VHF/UHF Digital Mobile Radio (DMR) network simultaneously. Many county-level nets were also in operation.

Reports were received from 44 of Ohio's 88 counties, split evenly between HF and DMR. Ohio ARES operators provided a broad range of information including snow depths, wind speeds, "Level 3" declarations (during which non-essential personnel on roadways are subject to arrest), closed airports, and more.

Broadway reported that EMA directors around the state were impressed that the Amateur Service could furnish such detailed reports.

## ARES Assists Iowa Water Utility with RFI Issue

Des Moines (Iowa) Water Works (DMWW) uses secured radio telemetry to send information from remote sites to its Control Center. The telemetry is used to monitor various attributes of remote sites, alerting staff to any problems and ensuring systems are running optimally. These systems are a vital element in the work of delivering safe drinking water to 500,000 central Iowa customers.

In early 2019, DMWW staff reached out to radio sales representatives and technical resources for assistance with a problem of periodic and sometimes total failure of the radio system that communicates to several facilities and water tower sites. DMWW also contacted the Des Moines Police (DMPD) radio department, Polk County Emergency Management, and the FCC.

Polk County ARES brought in eight operators to track down the signal interference. DMWW, the DMPD radio department, and the FCC continued to assist during the workday, while the amateur volunteers worked the late shift.

The volunteers pinpointed the signal to defunct equipment on top of a building in downtown Des Moines. The team contacted the owner of the license associated with the equipment, and got permission to disable it. DMWW confirmed the signal interference was gone.

DMWW thanked the FCC and Polk County ARES for their help in locating the signal interference and working to find solutions for DMWW's communications systems. Collectively, the Polk County ARES volunteer team spent approximately 70 hours to assist DMWW.

## "Bomb Cyclone" and Flooding Responses in Colorado and Nebraska



On March 13, 2019, a "bomb cyclone" hit Colorado and affected multiple states, causing blizzards in Colorado and historic, significant flooding in Nebraska.

On March 12, Pikes Peak ARES alerted its personnel. The regularly scheduled Tuesday net coordinated with a special cadre of ham radio operators in the newly constituted Pikes Peak Regional Office of Emergency Management (OEM) called the Special Communications Unit, or SCU. Most SCU members are also ARES members. SCU deployed to the Emergency Coordination Center (ECC) were ready to operate first thing on March 13.

That morning, the Red Cross requested ARES operators in four shelters. Three ARES volunteers were identified and told to deploy, but by then the weather was so severe, only one was able to get through.

At the request of NWS Pueblo, a formal weather net was established and ran for more than 10 hours, despite Net Control Sid White, K4ARM, and his backup, Dick Stuart, KD8EQ, both losing power for several hours. Both the SCU operators in the ECC and the NWS were able to directly interact with the approximately 70 operators who provided reports during the storm and its aftermath. The net continued in an informal mode for another 16 hours, until the SCU operators were released from the ECC.

This weather net was a way for operators to report stranded motorists, requests for assistance, abandoned vehicles, Good Samaritan rescues, shelter status, and questions about road conditions.

## Ohio Tornado Outbreak Communications Effort

Ohio ARES groups activated in May 2019 after nearly 40 tornado warnings were issued across the state. The state EOC station was on the air and ARES was active for several days during the response and recovery in a rapidly changing situation. Ohio ARES remained active on HF (SSB and digital modes), as well as on DMR and VHF repeaters.

There were 21 tornadoes confirmed, with 3 EF-3 tornadoes and 1 EF-4 tornado that destroyed Hara Arena, the home of Dayton Hamvention. The severe weather caused widespread damage in and around Dayton, Ohio, and elsewhere in the Miami Valley. State and local emergency management agencies handled damage issues.

## Cape Cod ARES and SKYWARN Provide Support in Rare Tornado Event

Cape Cod, Massachusetts ARES and SKYWARN operators responded as a storm system produced three tornadoes there on July 23, 2019. Hurricane-force winds resulted in significant tree and utility wire damage. Since tornado records have been kept, starting in 1950, only three tornadoes have been recorded on Cape Cod, highlighting the rarity of this weather event.

Amateur Radio SKYWARN spotters were the first to provide critical ground-truth information. Under the direction of Cape Cod District Emergency Coordinator Frank O'Laughlin, WQ1Q, and Eastern Massachusetts Section Emergency Coordinator Rob Macedo, KD1CY, a SKYWARN net ran for several hours.

Amateur radio operators supported initial damage assessment in the hardest-hit areas, providing photos and videos that offered critical situational awareness and disaster intelligence information to the National Weather Service (NWS), state emergency management, and local media outlets. An ARES net supported communications between a shelter at the Dennis-Yarmouth School and the Barnstable County EOC, which serves as the Multiagency Coordination Center (MACC). Six radio amateurs engaged in shelter and EOC communications around the clock over the course of 2 days.



Museum Fire [USFS photo]

## Arizona ARES Gives Communications Support for Museum Fire

Members of the Coconino County Amateur Radio Club (CARC) in Arizona activated on July 21, 2019 as winds accelerated the Museum Fire beyond 50 acres, triggering the activation of the county's EOC. Members of the club, many of them ARES volunteers, staffed the EOC.

The fire grew larger than 500 acres. A Type 1 Incident Management Team took over the fire-fighting effort late on July 22, and more than 12 Hotshot crews (teams highly trained in all aspects of fire management), fire engines, water tenders, and aircraft were engaged in suppressing the blaze. Residents in some neighborhoods were ordered to evacuate, although no homes and structures were lost.

There were fears that the fire might overrun communications sites on Mount Elden, which include public service, private, and amateur radio repeaters. CARC members assembled spare equipment, including extra radios and repeaters. Air tankers dropped fire retardant around the repeater sites, and the exceptional work of the fire crews prevented the fire from running up the slopes to the complexes.

The EOC professional team and Arizona Governor Doug Ducey expressed their appreciation to CARC. CARC personnel provided over 250 hours of support for the Museum Fire disaster response and in direct support of the joint EOC.

## ARES Responds to Southern California Earthquake Incidents

On the morning of July 4, 2019 a 6.4 magnitude earthquake hit the California high desert, with its epicenter not far from Ridgecrest,

population 29,000. The Eastern Kern County ARES Net activated. Robert Oberfeld, Logistics Chief with the Ridgecrest EOC, contacted ARES leaders to request a radio operator be assigned to the Ridgecrest Police Department mobile communications van.

Eastern Kern County ARES was able to relay reports of roadway conditions from mobile operators to the EOC as several main highways had been rendered impassable. CalTrans was alerted, and repair crews had routes opened for limited traffic within a short time.

As the aftershocks lessened and the extent of the damage had been assessed, the EOC requested that ARES remain on standby. The next day, a 7.1 magnitude earthquake struck, followed by 19 aftershocks, ranging in magnitude from 4.5 to 5.5. When Eastern Kern County ARES reactivated, significantly more damage had occurred, with the result that fewer operators were immediately available as many of them dealt with serious issues within their own homes. Additional operators became available to provide observations to the EOC, however. In all, 57 operators were active at various times on the emergency net, providing status reports and updates.



California State Route 178 SW of Trona, following the M7.1 earthquake. [Benjamin Brooks, USGS, photo]

## Regulatory

### Volunteer Monitor Program

In March 2019, ARRL and the Federal Communications Commission (FCC) signed a Memorandum of Understanding (MoU) to establish a new and enhanced Volunteer Monitor (VM) program to replace the Official Observer (OO) program. Approved by the ARRL Board of Directors at its July 2018 meeting, the new VM program is a formal agreement between the FCC and ARRL in which volunteers trained and vetted by ARRL will monitor the airwaves and collect evidence that can be used both to correct misconduct and to recognize exemplary on-the-air operation.

The intent of the program is to re-energize enforcement efforts in the Amateur Radio Service. It was proposed by the FCC in the wake of closures of several FCC field offices and a reduction in field staff. Cases of flagrant violations are to be referred to the FCC by ARRL for action in accordance with FCC guidelines, and the FCC will give enforcement priority to cases developed by the VM program without the delay of ARRL having to refer cases through the FCC online complaint process.

ARRL began accepting applications for the new VM program in May 2019 and received approximately 250 applications. ARRL and the FCC thought that approximately 190 VMs would be a number manageable by ARRL staff. The remaining applicants were invited to be in a Reserve Pool to be used to replace existing VMs as they rotate out of the program.

Monitoring of the amateur frequencies was set to start in January 2020.

## Advocacy

### Big Wins for Amateur Radio at WRC-19

ARRL is amateur radio's advocate and representative voice in achieving regulatory and legislative success. Through our efforts in Washington and on the international stage through the auspices of the International Amateur Radio Union (IARU), ARRL works to ensure that access to the amateur radio spectrum remains available and free from interference, as well as from acquisition by commercial interests. ARRL is an active participant working with US Government agencies to prepare positions and proposals to the Americas Regional Telecommunication Organization, the Inter American Telecommunication Commission (CITEL), and at the global level, the International Telecommunication Union (ITU).

Completing a 4-year process, the International Telecommunication Union (ITU) held three key meetings in Sharm el Sheikh, Egypt, from October 28 to November 22, 2019: the Radiocommunication Assembly (RA-19), the World Radiocommunication Conference 2019 (WRC-19), and the First Conference Preparatory Meeting 2023 (CPM 23-1). World Radiocommunication Conferences review and revise the Radio Regulations, and are typically held every 3 to 4 years. The next WRC will be in 2023 (WRC-23). There was an entire team of radio amateurs from ARRL and the IARU working on these conferences, headed up by IARU President Tim Ellam, VE6SH, and Vice President Ole Garpestad, LA2RR. ARRL's Jon Siverling, WB3ERA, participated on the Delegation of the United States.

Leading up to WRC-19, ARRL participated the regional preparations and proposals within the Committees of the Inter-American Telecommunication Commission (CITEL COM/CITEL). The proposal to protect the amateur allocations at 47 GHz and not have it identified for IMT/5G was crafted in CITEL's Permanent Consultative Committee II: Radiocommunications.

Jon Siverling, WB3ERA, chairs the Rapporteurship on disaster prevention, response and mitigation, ICT and climate change, environmental protection and circular economy in CITEL's Permanent Consultative Committee I: Telecommunications/Information and Communication Technologies. Work on the Amateur Radio Winlink Pilot Project for the use of ICTs in emergency and disaster situations in the Americas region was updated by the ITU in this Rapporteurship.

WRC-19 yielded two big wins for amateur radio: a new allocation on 6 meters for IARU Region 1, and successful defense of the 47 – 47.2 GHz band from IMT interests.

### 6-Meter Allocation for Region 1

The new allocation in the International Table of Frequency Allocations is a 2 MHz secondary allocation in 50 to 52 MHz. Through various footnotes, there are references to protect analog television broadcasters, wind-profiler radar systems and fixed and mobile systems from 50 to 54 MHz. Several countries agreed to a footnote allocating 50.0 to 50.5 MHz on a primary basis. After difficult negotiations, several country footnotes to this new allocation were approved authorizing a mix of primary and secondary allocations in the 6-meter band. Region 2 has had a 6-meter allocation for a long time. The new allocation for Region 1 means there is now a portion of 6 meters that is globally harmonized.

### Successful Defense of the 47 – 47.2 GHz band

WRC-19 identified a total of 17.25 GHz of spectrum for International Mobile Telecommunications (IMT, also known as "5G"). Another very significant success for amateur radio was that the two primary allocations in the 47 – 47.2 GHz band were not identified for IMT. ARRL was a strong advocate to protect this amateur radio allocation in the FCC's WRC Advisory Committee (WAC), to the regional CITEL Inter-American Proposal and during WRC-19.

### Looking Ahead to WRC-23

The *Results of the first session of the Conference Preparatory Meeting for WRC23 (CPM231)* contains the Agenda for the World Radiocommunication Conference 2023. Several WRC-23 agenda items relate to the Amateur Radio Service or the Amateur Satellite Service. ARRL participates in the relevant ITU-R Working Parties as well as the Americas' regional (CITEL) preparation of proposals that address each item as they may impact amateur radio.

## Marketing and Communication

### Developing a Collaborative Culture

Change is nothing new to amateur radio or ARRL, and in 2019, change was well under way with *On the Air* magazine, a new association management system, and the ARRL Online Learning Center all in full development mode.

The ARRL Marketing and Communication department (MarCom) has been fully entrenched in the changes taking place and charged with communicating many of these exciting new developments while managing a change of its own. In 2019, the MarCom department began a reorganization that included changes in reporting structures, shifting roles and



ARRL Marketing Communication Manager Kathleen Callahan, KC1MBY.

responsibilities, and the hiring of new Marketing Communication Manager Kathleen Callahan, KC1MBY, to connect and embed a shared approach to marketing and communication throughout the organization.

The revised MarCom department encompasses a centralized team that collaborates and is responsible for a range of interconnected activities including, member acquisition, retention, engagement, service and communication; publication marketing, sales, circulation, and fulfillment; and advertising and dealer sales.

The recent organization-wide effort to transform ARRL's customer data and implement a new association management system has required considerable effort from the MarCom managers and staff to plan, configure, train, and implement. Throughout most of 2019 and continuing into 2020, core members of the MarCom team have been devoted to working on this project, which will serve as the foundation for other new technology to come. The team also collaborates with other ARRL departments to plan, develop, and execute events, develop marketing plans, and provide creative services in support of programs and projects.

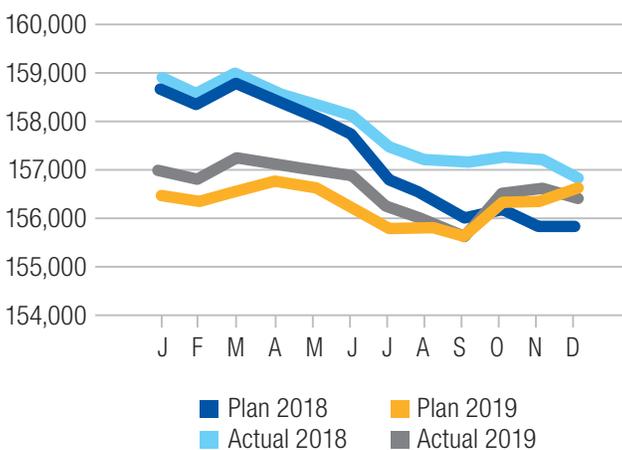
For ARRL, the change to an integrated marketing strategy is just beginning, and like most change, will experience some resistance. As the organization adapts to new technology, works to grow member expectations, and adjusts to new economic challenges, the need to weigh the risk of change or to play it safe will surface. During these moments, ARRL's history can guide and ground us, helping us to remain open to discovering new solutions, determined to be agile and to keep the needs of our member community at the forefront of our marketing decisions.

## Membership

December 2019 ended with 156,755 members — 253 members ahead of year-end goal. Membership stayed essentially flat from 2018, which ended with 156,899 members.

The overall retention rate for 2019 was 82%. The industry average for associations with individual memberships (not trade associations) is 78%, according to the 2019 Membership Marketing Benchmarking Report prepared annually by Marketing General Incorporated.

### Membership Plan vs. Actual



## Lifelong Learning

### Lifelong Learning Update

Based on the results of research conducted by ARRL in recent years, ARRL's Lifelong Learning team has established three primary learning tracks within ARRL's new online learning center, which is currently being developed in cooperation with marketing agency Mintz+Hoke. The tracks, which reflect ham radio interests that emerged prominently in ARRL's research, are Emergency Communications, Personal Communications, and Electronics and Technology. Digital educational content is being developed around these tracks in order to guide licensed radio amateurs who need assistance in becoming active in the ham radio hobby and service.

Each learning track will have a selection of training courses targeted to new amateur radio licensees, as well as individuals at any experience level who want to expand their knowledge. Each course topic will contain a variety of instructional materials including videos, how-to guides, presentations, webinars, and other resources.

ARRL's Lifelong Learning department already offers three online, on-demand courses associated with Emergency Communications: Introduction to Emergency Communication (EC-001); Public Service and Emergency Communication Management for Radio Amateurs (EC-016); and Public Relations 101 for Radio Amateurs (PR-101).

The new online learning center will build upon these current courses to create a modern learning platform, which will include additional instructional and technical enhancements to make the courses informative, engaging, and easy to access. The estimated target for launch is early 2021.

The Lifelong Learning Department continues to provide resources to promote amateur radio in the classroom, primarily through the ever-popular Teachers Institute. This program offers a series of three 1-week in-person sessions, led by experienced classroom teachers who are also longtime ham radio operators. Participants learn through hands-on lessons and activities, and utilize kits and other projects that they can take back to their classrooms and share with their students. Recent participants have included elementary, middle, and high school



One week at ARRL's Teachers Institute gives teachers a wealth of hands-on experience with amateur radio that they take back to their classrooms.

teachers, as well as college professors. Several Teachers Institute attendees have used their new knowledge to start ham radio clubs in their schools and to make contact with astronauts through the ARISS (Amateur Radio on the International Space Station) program.

The addition of the online learning platform, combined with the Teachers Institute, license class instructional materials, and other new initiatives such as *On the Air* magazine, ARRL is truly looking to make learning about amateur radio a lifelong endeavor!

## ARRL Volunteer Examiner Coordinator Program (VEC)



ARRL VEC is by far the largest of the Volunteer Examiner Coordinator (VEC) groups in the US, coordinating approximately 70% of all amateur radio licensing exams. The ARRL VEC celebrated its 35th anniversary in July 2019. We continue to maintain a strong and visible presence in the amateur radio community, and operate as a knowledgeable information source for a wide range of licensing activities.

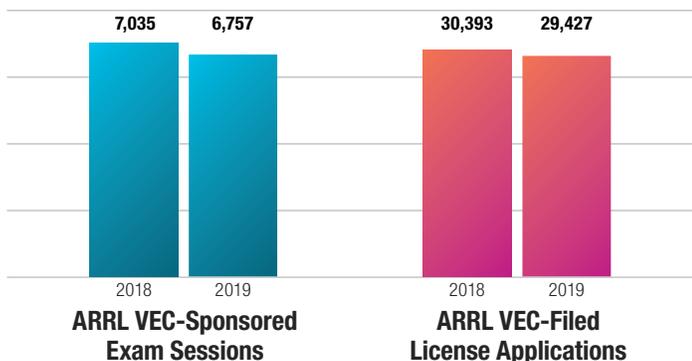
A total of 6,757 ARRL VEC-sponsored amateur radio exam sessions were administered in 2019, slightly behind the 7,035 administered in 2018. 32,667 exam applicants were served in 2019, compared to 34,493 in 2018. Additionally, 1,862 new Volunteer Examiners (VEs) have been added to our program.

ARRL VEC filed a total of 29,427 license application forms in 2019, compared to 30,393 in 2018. That includes new, upgrade, modification, renewal, and club station filings.

Club license activity dropped in 2019. As one of three FCC-authorized Club Station Call Sign Administrators, ARRL VEC processed and transmitted 1,756 club licenses for the FCC in 2019 compared to 1,803 in 2018. 442 new club license requests were filed in 2019 vs. 455 in 2018.

ARRL VEC continues to participate as a member of the National Conference of VECs Question Pool Committee. The five-member committee prepared a revised Amateur Extra class question pool (Element 4) for examination use by the amateur community. The new pool is scheduled to become effective on July 1, 2020 and it will remain valid until June 30, 2024.

In November 2019, ARRL VEC administered our first-ever video exam session in Okinawa, Japan. Three ARRL VEs, one in Hawaii — Joe Speroni, AHØA — and two in Japan — Chris Schaab, KD4NFW, and Steve Fabricant, AI6KX — coordinated the session remotely using Zoom video conferencing. At the completion of the test, the scanned examination answer sheet was emailed to Speroni in Hawaii. The exam was scored in Okinawa and Honolulu simultaneously. We're happy to report that the candidate successfully upgraded to Amateur Extra.



## Amateur Radio Licenses: 30,000 New Ham Licensees

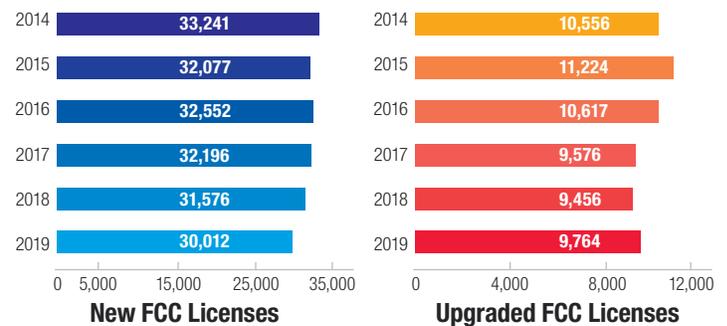
For the past 6 years, new licensees have totaled more than 30,000 each year.

In the first half of 2019, new ham licenses issued were down by 14% over 2018 totals. However, amateur radio experienced a bump in fourth-quarter activity. By year end, the gap closed considerably. Total FCC license activity fell below 2018 by 3% overall (39,776 in 2019 vs. 41,032 in 2018). Upgraded license activity remained strong throughout 2019.

New amateur licenses granted by the FCC are down by 5% over 2018 (30,012 in 2019 vs. 31,576 in 2018). Upgraded licenses issued by the FCC are up by 3% compared to 2018 (9,764 in 2019 vs. 9,456 in 2018).

The total number of US amateurs in the FCC database continues to grow each year since the FCC license class restructure in 2000. As of December 31, 2019, the number of licensees reached 763,539 (755,430 in 2018).

The two charts below illustrate new and upgraded FCC license activity over the past 6 years.



### Grants Awarded in 2019

The Boy Scouts of America, Central Florida Council located in Apopka, FL, received a \$1,500 grant from the ARRL Foundation to set up a permanent station and supply participant guidebooks and materials for their summer camp so attendees can fulfill all the BSA Radio Merit Badge Requirements. The week-long Summer Camp will be repeated six times each year, with 5 days of instruction and VE testing on the sixth day. The goal is to have some of the scouts graduate the class, upgrade to the General license class, and be able to teach the class in later years, making it a self-replicating class. Members of BSA National have expressed interest in replicating this project to other youth camps if it is successful.

Youth on the Air (YOTA) Region 2 received a \$1,500 grant to support a week-long camp for young hams to meet other young hams, participate in unique experiences with radio-related technologies, and build relationships with mentors and peers. The camp will take place at the National Voice of America Museum of Broadcasting in West Chester, Ohio, with a goal to serve already-licensed hams to enrich their amateur radio experience, add to and refine their skills, and to provide mentoring possibilities.

## The ARRL Donor Recognition Reception at Dayton Hamvention® 2019

Every year, ARRL honors donors with a dinner at the biggest amateur radio event of the year, the Dayton Hamvention®, held in May at the Greene County Fairgrounds and Expo Center in Xenia, Ohio, with the Donor Dinner held at The Schuster Center Wintergarden in Dayton, Ohio. The beautiful Wintergarden features palm trees set against a block-long, glass-enclosed atrium. ARRL was pleased to honor our valued donors in this wonderful setting on May 16, 2019. [Chuck Childers, Childers Photography, photos]



ARRL staff was pleased to welcome a large number of Maxim Society Members to the 2019 Donor Dinner.



ARRL Foundation Director Tim Duffy, K3LR, presents the 2018 Bill Orr, W6SAI, Technical Writing Award to Bob Heil, K9EID, for his October 2018 QST article "The Pine Board Project."



In 2019, the Maxim Society welcomed new members Tim Ellam, VE6SH; Larry Olson, W9INE; Carl Luetzelschwab, K9LA; Victoria Luetzelschwab, AE9YL; L. Kirk Kridner, KV5Q; John Bellows, Jr., KØQB; Mark Scott, K4MV; and Raymond Richard, W4RPR.



ARRL President Rick Roderick, K5UR, presents the National Convention Recognition Awards to DARA President Ron Cramer, KD8ENJ, Hamvention® Chairman Jack Gerbs, WB8SCT, and Great Lakes Division Director Dale Williams, WA8EFK.



Dayton Amateur Radio Association members Craig Thompson, K9CT, Ken Byers, K4TEA, Francis Donovan, W3LPL, and Treasurer Mike Kalter, W8CI, present ARRL President Rick Roderick, K5UR, with a pledge payment in acknowledgment of DARA's commitment to ARRL's Second Century Campaign.



Maxim Society Members (left to right) Ron Tingle, K4ML; Mark Scott, K4MV, and Catherine Scott, KA5DZW; and Jim Fenstermaker, K9JF, and Shirley Fenstermaker, W7SAF.



## Legacy Circle Members

The ARRL Legacy Circle recognizes individuals who have provided for ARRL in their wills or other estate plans. Gifts received in this capacity — unless otherwise designated — provide unrestricted revenue to be used wherever resources are most needed, either through the ARRL Endowment or to assist in offsetting operational costs.

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† = Silent Key



# Maxim Society Donors

The Maxim Society honors individuals, clubs, and organizations whose lifetime contributions to ARRL exceed \$10,000. This distinctive program, named for ARRL founder Hiram Percy Maxim, was created in 2002.

Maxim Society members have supported ARRL and the ARRL Foundation through their contributions to the ARRL Diamond Club, the Second Century Campaign, the Spectrum Defense Fund, the Education & Technology Fund, and the W1AW Endowment. Members' generosity allows ARRL to continue to offer outstanding programs and services, and to promote Amateur Radio across the country and around the world. As of December 31, 2019, ARRL proudly acknowledges 284 Maxim Society Members.

## Millennium Class

*(Lifetime Giving of \$1,000,000 - \$4,999,999)*

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## Century Class

*(Lifetime Giving of \$500,000 - \$999,999)*

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ARRL gratefully acknowledges the following individuals, clubs, and organizations for their generous support in 2019 with donations of \$1,000 or more. Donors listed below contributed to the ARRL Diamond Club, the Second Century Campaign, the Spectrum Defense Fund, the Education & Technology Fund, the W1AW Endowment, the Ham Aid Fund, and the Legislative Issues Advocacy Fund.



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**Absent:** Ed Hudgens, WB4RHQ; Ned Stearns, AA7A; Art Zygielbaum, K0AIZ, and Dan Henderson, N1ND.

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## Financial Summary

ARRL had a particularly good year in 2019, producing a \$596,000 gain from operations along with strong investment markets resulting in an overall net asset gain of \$3.75 million. Overall total revenues and expenses were both slightly up from 2018.

ARRL membership at the end of 2019 remained relatively flat with 156,755 members compared to 156,899 members at the end of 2018. While a slight decline was still expected as a residual effect of the 2016 dues increase, the number of members at year end was more than originally forecasted. Dues revenues remain the largest revenue source for the organization, at \$6.77 million for the year.

ARRL publications and products continued to be popular with our members and the public, although revenues from publication sales fell to \$3.38 million in 2019, a decrease of 10% in comparison to the prior year.

Print advertising, as is the case with many organizations, continued a downward trend in 2019. Sales of advertising across the various ARRL platforms were \$1.8 million in 2019, a 5.8% decrease from 2018.

The investment markets proved to have a significant impact on our financial position in 2019. Interest, dividends, and realized gains contributed \$1.15 million to ARRL revenues in 2019, up by 76% from the previous year.

Revenues from license examination activities and programs and services totaled \$906,000 in 2019, down about 8.4% from the prior year. Lower program revenues were the result of the continuing lack of sunspots in the awards area and the rollback of the QSL Bureau rate increase.

Members have continued their generous support of the organization through voluntary contributions both with and without donor restrictions. A total of \$1.7 million was contributed in 2019, with almost \$400,000 coming from bequests.

With a continued focus on cost control, total expenses were up by less than 1% in 2019, in comparison to the prior year. Total expenditures across the organization stood at \$14.66 million, up from \$14.54 million in 2018.

Total assets for the organization stood at \$36.6 million at the end of 2019, up from \$32.4 million at the end of 2018. Of these totals, cash and investments totaled approximately \$33.1 million at year end, compared to \$29.3 at the end of 2018. The investment portfolio supports the various unrestricted and restricted funds in addition to the long-term liability represented by the Life Member program. Net assets increased to \$23.5 at December 31, 2019, from \$19.8 million a year earlier. Much of this increase was driven by the impact of the investment markets on the value of ARRL's investment portfolio.

In summary, ARRL's financial condition continues to be good and provides a strong financial foundation for the organization. This financial position will also provide the resources for ARRL to maintain its solid infrastructure while meeting the evolving needs, desires, and demands of today's and tomorrow's amateur radio community. The challenge will be to meet these demands and create additional value to spur membership growth and ensure the future success of ARRL.

## Independent Auditor's Report

To the Board of Directors  
The American Radio Relay League, Incorporated

We have audited the accompanying financial statements of The American Radio Relay League, Incorporated, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion of the financial statements as a whole. The schedules of restricted funds for time and purpose summary are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Hartford, Connecticut  
August 24, 2020

**The American Radio Relay League, Incorporated**

**Statements of Financial Position  
December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets		
Cash	\$ 1,340,096	\$ 1,660,661
Accounts receivable, net of allowance for doubtful accounts of \$28,620 and \$38,156	311,832	218,133
Inventories, net	629,252	497,220
Contributions receivable, current	83,713	85,513
Other receivables	130,201	77,288
Prepaid expenses and other current assets	363,982	299,030
Total current assets	<u>2,859,076</u>	<u>2,837,845</u>
Other assets		
Investments	31,726,591	27,617,702
Long-term contributions receivable, net of discount and allowance of \$193,999 and \$233,970	354,001	367,780
Land, building and equipment, net	1,644,055	1,584,888
Total other assets	<u>33,724,647</u>	<u>29,570,370</u>
Total assets	<u>\$ 36,583,723</u>	<u>\$ 32,408,215</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 387,924	\$ 368,301
Accrued liabilities	542,174	559,652
Deferred revenue	129,825	22,960
Subtotal operational current liabilities	1,059,923	950,913
Deferred life membership dues, current	512,869	513,827
Deferred term membership dues, current	3,183,896	3,213,063
Total current liabilities	<u>4,756,688</u>	<u>4,677,803</u>
Long-term liabilities		
Deferred life membership dues, less current portion	7,370,735	7,078,670
Deferred term membership dues, less current portion	932,395	876,966
Total long-term liabilities	<u>8,303,130</u>	<u>7,955,636</u>
Total liabilities	<u>13,059,818</u>	<u>12,633,439</u>
Commitments		
Net assets		
Without donor restrictions		
Undesignated	4,839,077	3,582,994
Board designated	10,382,995	8,665,279
Total unrestricted	15,222,072	12,248,273
With donor restrictions	8,301,833	7,526,503
Total net assets	<u>23,523,905</u>	<u>19,774,776</u>
Total liabilities and net assets	<u>\$ 36,583,723</u>	<u>\$ 32,408,215</u>

See Notes to Financial Statements.

**The American Radio Relay League, Incorporated**

**Statement of Activities  
Year Ended December 31, 2019**

	Without donor restrictions	With donor restrictions	Total
Revenues and contributions			
Membership dues	\$ 6,769,243	\$ -	\$ 6,769,243
Net publication sales	3,375,378	-	3,375,378
Advertising	1,773,198	-	1,773,198
Investment income	807,070	342,815	1,149,885
Examination fees and other	413,468	-	413,468
Program and service fees	492,267	-	492,267
Contributions and support	775,476	508,684	1,284,160
Net assets released from restrictions	706,760	(706,760)	-
	<u>15,112,860</u>	<u>144,739</u>	<u>15,257,599</u>
Expenditures			
Programs and services	8,109,743	-	8,109,743
Publications	3,020,478	-	3,020,478
Administration	3,083,966	-	3,083,966
Fundraising	447,709	-	447,709
	<u>14,661,896</u>	<u>-</u>	<u>14,661,896</u>
Increase in net assets before other income (expense)	<u>450,964</u>	<u>144,739</u>	<u>595,703</u>
Other income (expense)			
Bequests, Board designated functioning as an endowment	387,127	-	387,127
Second Century Campaign endowment contributions	-	31,691	31,691
Unrealized gain on investments	2,135,708	598,900	2,734,608
	<u>2,522,835</u>	<u>630,591</u>	<u>3,153,426</u>
Change in net assets	2,973,799	775,330	3,749,129
Net assets, beginning	<u>12,248,273</u>	<u>7,526,503</u>	<u>19,774,776</u>
Net assets, end	<u>\$ 15,222,072</u>	<u>\$ 8,301,833</u>	<u>\$ 23,523,905</u>

See Notes to Financial Statements.

**The American Radio Relay League, Incorporated**

**Statement of Activities  
Year Ended December 31, 2018**

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and contributions</b>			
Membership dues	\$ 6,754,691	\$ -	\$ 6,754,691
Net publication sales	3,763,040	-	3,763,040
Advertising	1,883,115	-	1,883,115
Investment income	439,075	213,711	652,786
Examination fees and other	425,669	-	425,669
Program and service fees	563,411	-	563,411
Contributions and support	675,889	519,348	1,195,237
Net assets released from restrictions	616,964	(616,964)	-
	15,121,854	116,095	15,237,949
<b>Expenditures</b>			
Programs and services	7,917,827	-	7,917,827
Publications	3,076,001	-	3,076,001
Administration	3,065,788	-	3,065,788
Fundraising	476,836	-	476,836
	14,536,452	-	14,536,452
 Increase in net assets before other income	 585,402	 116,095	 701,497
<b>Other income</b>			
Bequests, Board designated functioning as an endowment	1,537	-	1,537
Second Century Campaign endowment contributions	-	2,088	2,088
Unrealized loss on investments	(1,065,771)	(375,977)	(1,441,748)
	(1,064,234)	(373,889)	(1,438,123)
 Change in net assets	 (478,832)	 (257,794)	 (736,626)
 Net assets, beginning	 12,727,105	 7,784,297	 20,511,402
 Net assets, end	 \$ 12,248,273	 \$ 7,526,503	 \$ 19,774,776

See Notes to Financial Statements.

The American Radio Relay League, Incorporated

Statement of Functional Expenses  
Year Ended December 31, 2019  
(with Comparative totals for 2018)

	Program	Publications	Administrative	Fundraising	2019	2018
Salaries, compensation and benefits	\$ 4,313,809	\$ 1,174,137	\$ 1,598,402	\$ 250,596	\$ 7,336,944	\$ 7,138,488
Publication costs	917,329	911,950	420	5,216	1,834,915	1,871,689
Shipping and forwarding costs	797,081	485,696	-	-	1,282,777	1,472,051
Communication and postage	371,385	143,285	39,996	50,679	605,345	635,050
Other	107,474	1,661	311,447	50,876	471,458	534,170
Occupancy costs	199,077	83,251	274,173	7,807	564,308	550,986
Office supplies and expenditures	289,264	77,984	37,631	58,637	463,516	517,588
Legal and professional fees	377,169	14,715	175,314	1,554	568,752	512,610
Governance	119,418	-	402,900	-	522,318	507,291
Travel	288,719	55,847	42,934	6,031	393,531	311,577
Depreciation	133,979	23,587	81,313	5,325	244,204	247,386
Rentals and equipment maintenance	195,039	48,365	119,436	10,988	373,828	237,566
Total	\$ 8,109,743	\$ 3,020,478	\$ 3,083,966	\$ 447,709	\$ 14,661,896	\$ 14,536,452

See Notes to Financial Statements.

The American Radio Relay League, Incorporated

Statement of Functional Expenses  
Year Ended December 31, 2018

	Program	Publications	Administrative	Fundraising	2018
Salaries, compensation and benefits	\$ 4,102,262	\$ 1,058,010	\$ 1,706,762	\$ 271,454	\$ 7,138,488
Publication costs	916,928	950,598	350	3,813	1,871,689
Shipping and forwarding costs	827,495	644,556	-	-	1,472,051
Communication and postage	395,800	146,212	36,133	56,905	635,050
Other	113,107	1,201	360,042	59,820	534,170
Occupancy costs	194,670	80,031	268,636	7,649	550,986
Office supplies and expenditures	319,503	99,419	39,667	58,999	517,588
Legal and professional fees	410,597	10,813	90,143	1,057	512,610
Governance	114,695	-	392,596	-	507,291
Travel	266,910	28,979	10,108	5,580	311,577
Depreciation	134,755	24,283	83,274	5,074	247,386
Rentals and equipment maintenance	121,105	31,899	78,077	6,485	237,566
Total	\$ 7,917,827	\$ 3,076,001	\$ 3,065,788	\$ 476,836	\$ 14,536,452

See Notes to Financial Statements.

**The American Radio Relay League, Incorporated**

**Statements of Cash Flows  
Years Ended December 31, 2019 and 2018**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 3,749,129	\$ (736,626)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Receipts to establish or increase permanent endowment	(117,087)	(5,714)
Depreciation	244,204	247,386
(Gain) loss on sale of equipment	(1,395)	2,104
Uncollectible contributions receivable	-	6,000
Discount and allowance for accounts receivable	4,894	-
Discount and allowance for contributions receivable	(39,971)	(25,175)
Change in inventory reserve	15,394	(14,594)
Unrealized loss (gain) on investments	(2,734,608)	1,441,748
Realized gain on investments allocated to general and permanent funds	(757,879)	(222,759)
Changes in operating assets and liabilities		
Accounts receivable	(98,593)	73,134
Inventories	(147,426)	80,195
Contributions receivable	55,550	83,112
Other receivables	(52,913)	3,022
Prepaid expenses and other current assets	(64,952)	(72,444)
Accounts payable and accrued liabilities	2,145	266,855
Deferred revenue	106,865	(16,378)
Deferred life membership dues, net of allocated realized gain	408,988	21,320
Deferred term membership dues	26,262	58,743
	<u>598,607</u>	<u>1,189,929</u>
Cash flows from investing activities		
Purchase of equipment	(303,371)	(118,132)
Proceeds from sale of equipment	1,395	-
Sales of investments	6,904,870	6,262,141
Purchases of investments	(7,639,153)	(7,508,871)
	<u>(1,036,259)</u>	<u>(1,364,862)</u>
Cash flows from financing activities		
Receipts to establish or increase permanent endowment	117,087	5,714
	<u>(320,565)</u>	<u>(169,219)</u>
Cash, beginning	<u>1,660,661</u>	<u>1,829,880</u>
Cash, end	<u>\$ 1,340,096</u>	<u>\$ 1,660,661</u>

See Notes to Financial Statements.

# The American Radio Relay League, Incorporated

## Notes to Financial Statements December 31, 2019 and 2018

### Note 1 - Organization and summary of significant accounting policies

#### **Nature of activities**

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 primarily supported by membership dues, publication sales, advertising and contributions. The League's members are primarily located throughout the United States.

#### **Basis of presentation**

The accompanying financial statements of the League have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The League reports information regarding its financial position and activities according to the following net asset categories:

##### Net assets without donor restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

##### Net assets with donor restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

#### **Cash and cash equivalents**

Cash and cash equivalents include all cash balances and highly liquid short-term instruments with an original maturity of three months or less when acquired. Temporary cash and cash equivalent balances associated with investment accounts are included with investments in these financial statements. There were no cash equivalents as of December 31, 2019 and 2018 included in operating cash.

#### **Allowance for doubtful accounts**

Trade accounts receivable is 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.

#### **Contributions receivable**

Contributions receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are discounted to their present values.

#### **Inventories**

Inventories consist of publications, software, membership supplies and other miscellaneous items. Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method. Inventories are reflected net of reserves for slow moving inventory of \$97,231 and \$81,837 as of December 31, 2019 and 2018, respectively.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

#### Investments

The League reports investments at fair value (see Note 5) and reflects any gain or loss in the statements of activities. Investment income and gains and losses are considered unrestricted unless restricted by donor stipulation or by operation of law.

#### Land, building and equipment

The League capitalizes expenditures for building and equipment with a useful life of greater than one year and a cost of \$1,000 or more. Purchased land, building and equipment are carried at cost less accumulated depreciation. 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:

Asset	Estimated useful lives
Building	40 years
Furnishings, equipment and building improvements	3 - 15 years
Computer software	3 - 5 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 change in net assets for the period.

The League reviews its long-lived assets for impairment using an undiscounted cash flow method whenever events or circumstances indicate the carrying value of an asset may not be recoverable. There were no impairment losses related to long-lived assets as of December 31, 2019 and 2018.

#### Endowment and spending policy

The League adheres to investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the League must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance and investment balances.

To satisfy its long-term rate of return objectives, the League relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The League targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The League appropriates funds for distribution based on an annual review of investment results and available net assets. The League's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to the League's customers (participants and members), in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

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 a life membership dues rate that equals 25 times the term membership annual dues rate. Life member dues are deferred upon receipt. Investment earnings on allocated life member investments are deferred. Revenue is recognized 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 is recorded during the period in which the advertisements are published.

Contributions and bequests - Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the League has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the League fails to overcome the barrier. The League recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

#### **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 federal and state income tax as a result of unrelated business income arising from net advertising income. There are no unrelated business income tax liabilities for the years ended December 31, 2019 and 2018.

The League's federal information returns prior to calendar year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The League recognizes interest and penalties associated with uncertain tax positions as part of the income tax provision and includes accrued interest and penalties with the related tax liability in the statements of financial position. The League has no unrecognized tax positions at December 31, 2019 and 2018.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

#### Functional expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

#### Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Newly adopted accounting standards

The League adopted FASB ASU 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the League expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The League adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method of transition for all contracts that were not completed as of that date.

The League's revenue for reporting periods ended after December 31, 2018 are presented under the new guidance, while financial results for prior periods will continue to be reported in accordance with the prior guidance and the League's historical accounting policy. The League has not experienced significant changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of variable consideration. Adopting the new standard did not have a material effect on the timing of the League's revenue recognition.

The League adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The League adopted the provisions of ASU 2018-08 on January 1, 2019 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There is no effect on net assets in connection with our implementation of ASU 2018-08.

#### Subsequent events

The League has evaluated events and transactions for potential recognition or disclosure through August 24, 2020, which is the date the financial statements were available to be issued.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

#### Note 2 - Liquidity

The League regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2019, the League has approximately \$3.0 million of financial assets available to meet annual operating needs for the calendar year 2020 as follows:

Cash	\$	1,340,096
Accounts receivable		311,832
Investments available for operations		1,186,000
Other receivable		<u>130,201</u>
Total	\$	<u>2,968,129</u>

These financial assets are not subject to any donor or contractual restrictions.

The League supports its general operations primarily with membership dues, advertising, publications and program fees, as well as contributions without donor restrictions and donor restricted funds whose time or purpose restriction has been met. In addition, the Board may appropriate a portion of the earnings as needed from the League's donor-restricted endowment as described in Note 10.

The League's Investment Policy Statement requires the investment portfolio to maintain liquid instruments within its portfolio to ensure assets are available to meet general expenditures, liabilities and other obligations as they come due. The League's management may withdraw from the investments available for operations up to 4% of the average of the prior two fiscal year end market values of the regular portfolio. In addition, management may draw from the portfolio the annual cost of the life member annual dues amount for each life member. The estimate of these two amounts is approximately \$1.2 million. Amounts withdrawn in excess of that amount require approval by the League's administration and finance committee. The League's administration and finance committee reviews investment performance and considers near-term liquidity needs on a quarterly basis.

The Board may also appropriate amounts currently reported as board designated to be available as needed. The Board designates unrestricted bequests over \$50,000 to the board-designated endowment.

**The American Radio Relay League, Incorporated**

**Notes to Financial Statements  
December 31, 2019 and 2018**

**Note 3 - Contributions receivable**

Unconditional contributions receivable to be collected as of December 31, 2019 and 2018, are expected to be realized in the following periods:

	2019	2018
In one year or less	\$ 83,713	\$ 85,513
In one to five years	248,000	231,750
In more than five years	300,000	370,000
 Total contributions receivable	 631,713	 687,263
Less allowance for uncollectible contributions receivable	(48,635)	(50,366)
Less discount	(145,364)	(183,604)
 Total	 \$ 437,714	 \$ 453,293

Amounts are shown in the statements of financial position as of December 31 as follows:

	2019	2018
Current	\$ 83,713	\$ 85,513
Long-term	354,001	367,780
 Total	 \$ 437,714	 \$ 453,293

Contributions receivable expected to be received in more than one year have been discounted using a discount rate of 4.75% and 5.50% at December 31, 2019 and 2018, respectively.

**Note 4 - Investments**

Investments are carried at their aggregate fair value. The following summarizes the relationship between the cost and fair values as presented in the financial statements as of December 31, 2019 and 2018:

	2019		2018	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	\$ 541,533	\$ 541,533	\$ 1,589,818	\$ 1,581,005
Equities and mutual funds	18,173,317	12,423,045	14,351,127	10,858,136
Fixed maturities	13,011,741	12,701,772	11,676,757	11,852,928
 Total	 \$ 31,726,591	 \$ 25,666,350	 \$ 27,617,702	 \$ 24,292,069

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

The League allocates its investments into categories related to life memberships, regular operations, donor restricted and endowment funds. The following summarizes the fair value of investments by category as of December 31, 2019 and 2018:

	2019	2018
Life membership	\$ 7,883,604	\$ 7,592,497
Regular operations	5,158,159	3,833,423
Donor restricted for time and purpose	3,601,392	2,943,149
Functioning as an endowment	10,382,995	8,665,279
Donor restricted in perpetuity	4,700,441	4,583,354
	<u>\$ 31,726,591</u>	<u>\$ 27,617,702</u>

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

	2019	2018
Unrealized appreciation, beginning		
Fair value	\$ 27,617,702	\$ 27,478,256
Cost	24,292,069	22,710,875
Net gain	<u>3,325,633</u>	<u>4,767,381</u>
Unrealized appreciation, end		
Fair value	31,726,591	27,617,702
Cost	25,666,350	24,292,069
Net gain	<u>6,060,241</u>	<u>3,325,633</u>
Net unrealized gain (loss) for the year	<u>\$ 2,734,608</u>	<u>\$ (1,441,748)</u>

Investment income is summarized as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividend income	\$ 750,973	\$ 647,759
Net realized gain on investments	936,455	334,464
Gross investment income	1,687,428	982,223
Less		
Net investment income allocated to deferred life liability	(537,543)	(329,437)
Total investment income	<u>\$ 1,149,885</u>	<u>\$ 652,786</u>

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

#### Note 5 - Fair value measurements

The League values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data by correlation or other means. If an asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the League utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

Financial assets carried at fair value at December 31, 2019 and 2018, are classified in the tables below in one of the three categories described above:

	2019			Total
	Level 1	Level 2	Level 3	
Money market fund	\$ 541,533	\$ -	\$ -	\$ 541,533
Mutual funds				
Short-term bond fund	265,374	-	-	265,374
Medium value fund	69,650	-	-	69,650
Large blend fund	419,772	-	-	419,772
Large growth fund	389,803	-	-	389,803
World large stock fund	179,158	-	-	179,158
Foreign large growth fund	166,614	-	-	166,614
Total mutual funds	1,490,371	-	-	1,490,371
Exchange traded funds				
Small blend	165,640	-	-	165,640
Mid cap blend	241,318	-	-	241,318
Large blend	6,472,123	-	-	6,472,123
Short term bond	1,484,183	-	-	1,484,183
Inflation-protected bond	198,205	-	-	198,205
Foreign large blend	697,061	-	-	697,061
Equity energy	122,235	-	-	122,235
Commodities precious metals	194,123	-	-	194,123
Equity precious metals	58,560	-	-	58,560
Consumer defense	161,200	-	-	161,200
Europe stock	58,600	-	-	58,600
Health	230,088	-	-	230,088
Large value	345,182	-	-	345,182
Preferred stock	290,545	-	-	290,545
Industrials	317,930	-	-	317,930
Utilities	258,480	-	-	258,480
Technology	101,620	-	-	101,620
Financial	70,860	-	-	70,860
Total exchange traded funds	11,467,953	-	-	11,467,953
Stocks				
Domestic large cap	5,129,238	-	-	5,129,238
International developed	85,755	-	-	85,755
Total stocks	5,214,993	-	-	5,214,993
Certificates of deposit	100,013	-	-	100,013
Fixed maturities				
Domestic corporate bonds	-	12,095,026	-	12,095,026
U.S. Treasury Bills	-	201,446	-	201,446
International developed bonds	-	615,256	-	615,256
Total fixed maturities	-	12,911,728	-	12,911,728
Total assets at fair value	\$ 18,814,863	\$ 12,911,728	\$ -	\$ 31,726,591

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

	2018			Total
	Level 1	Level 2	Level 3	
Money market fund	\$ 1,589,818	\$ -	\$ -	\$ 1,589,818
Mutual funds				
Short-term bond fund	253,519	-	-	253,519
Large blend fund	320,680	-	-	320,680
Large growth fund	303,824	-	-	303,824
World large stock fund	132,125	-	-	132,125
Foreign large growth fund	131,249	-	-	131,249
Total mutual funds	1,141,397	-	-	1,141,397
Exchange traded funds				
Small blend	343,174	-	-	343,174
Mid cap blend	459,078	-	-	459,078
Large blend	6,154,426	-	-	6,154,426
Short term bond	1,458,115	-	-	1,458,115
Inflation-protected bond	186,375	-	-	186,375
Foreign large blend	601,913	-	-	601,913
Equity energy	115,665	-	-	115,665
Commodities precious metals	89,415	-	-	89,415
Long-short equity	22,657	-	-	22,657
Commodities agriculture	49,126	-	-	49,126
Natural resources	32,738	-	-	32,738
Equity precious metals	21,090	-	-	21,090
Total exchange traded funds	9,533,772	-	-	9,533,772
Stocks				
Domestic large cap	3,597,583	-	-	3,597,583
International developed	78,375	-	-	78,375
Total stocks	3,675,958	-	-	3,675,958
Certificates of deposit	298,675	-	-	298,675
Fixed maturities				
Domestic corporate bonds	-	9,990,268	-	9,990,268
U.S. Treasury Bills	-	796,124	-	796,124
International developed bonds	-	392,758	-	392,758
Global high yield taxable	-	198,932	-	198,932
Total fixed maturities	-	11,378,082	-	11,378,082
Total assets at fair value	\$ 16,239,620	\$ 11,378,082	\$ -	\$ 27,617,702

Level 1 stocks, mutual funds, exchange traded funds, and money market funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-ended funds that are registered with the Securities and Exchange Commission and are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value and to transact at that price. These financial assets held by the League are deemed to be actively traded. Certificates of deposit are valued at cash values based on the instrument issued plus interest accrued.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

The fair value of fixed maturities (Level 2), which consists principally of corporate and international bonds, is estimated using market price quotations (where observable), recently executed transactions or bond spreads of the issuer. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves or bond spreads.

The preceding is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodology used at December 31, 2019 and 2018.

The League's policy is to recognize transfers in and transfers out of levels at the actual date of the event or change in circumstances that caused the transfer. There were no transfers in or out of the respective levels during the years ended December 31, 2019 and 2018.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the League believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### Note 6 - Land, building and equipment

Land, building and equipment, and related accumulated depreciation are comprised of the following at December 31, 2019 and 2018:

	2019	2018
Land and building	\$ 1,094,693	\$ 1,094,693
Furnishings, equipment and building improvements	4,403,270	4,279,541
Computer software	2,073,306	2,073,306
	7,571,269	7,447,540
Less accumulated depreciation	(6,511,312)	(6,272,212)
	1,059,957	1,175,328
Construction in progress	584,098	409,560
Total	\$ 1,644,055	\$ 1,584,888

#### Note 7 - 403(b) plan

The League has The ARRL, Inc. 403(b) Pension Plan. Employees are eligible to participate in the plan immediately upon employment. After an employee has worked for 6 months, the League provides a contribution of 2% of the employee's compensation and will match any elective contributions made by the employee up to the employee's contribution of 4% of their compensation. The match was one dollar for every dollar contributed by the employee in 2019 and 2018. Total employer contributions were \$286,496 and \$286,246 in 2019 and 2018, respectively.

#### Note 8 - Board-designated net assets

The League's Board of Directors' intent is to treat bequests without donor restrictions over a specific amount as funds functioning as an endowment. Since the beginning of 2004, the League has received

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

bequests in the amount of \$6,680,266. As of December 31, 2019 and 2018, the balance of the bequests, inclusive of investment income and unrealized gains and losses, was \$10,382,995 and \$8,665,279, respectively.

#### Note 9 - Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2019 and 2018, were available for the following purposes:

	2019	2018
Funds restricted for time or purpose		
Exceptional merit	\$ 1,475,619	\$ 1,344,515
Other specific purposes	1,640,172	1,168,828
Education and research	485,601	429,806
Total funds restricted for time or purpose	3,601,392	2,943,149
Funds restricted in perpetuity		
Second Century fund	3,163,260	3,131,569
W1AW fund	661,398	596,002
DX Log Archive fund	229,390	229,390
Youth and Education fund	257,189	237,189
Colvin fund	154,340	154,340
Dave Bell, W6AQ fund	134,864	134,864
Snyder Collegiate fund	100,000	100,000
Total funds restricted in perpetuity	4,700,441	4,583,354
Total donor restricted net assets	\$ 8,301,833	\$ 7,526,503

In 1993, the League became entitled, as beneficiary, to proceeds from a life insurance policy on one of its members, the Colvin fund. 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.

In 2002, an endowment fund was established for W1AW maintenance and upkeep.

In 2011, the League started the Second Century Campaign. The principal funds are to be maintained and invested for the purpose of producing future income. The income from the endowment will support creating a path to passionate involvement in amateur radio by new generations, and will thereby provide opportunities for educational enrichments, community service and personal achievement.

In 2012, the League became entitled to a bequest for the Youth and Education fund. 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 used to support education and technology initiatives.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

In 2014, the League received a donation to establish the DX Log Archive fund. This endowment specifies that the principal is to be maintained in a fund and invested for the purpose of producing future income. The income will fund the creation and management of the DX Log Archive Program for paper DX logs for rare and significant DXpeditions.

In 2015, the League became entitled to a bequest to establish the Dave Bell, W6AQ fund. This fund 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 used for the League's programs and operations in the best interests of the Amateur Radio Service as determined by the League.

In 2017, the League received a donation to establish the W1YSM Snyder Family Collegiate Amateur Radio Endowment fund. 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 used to support the League's Collegiate Amateur Radio Initiative activities.

#### **Note 10 - Endowment**

The League's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The donor-restricted funds include the permanently restricted corpus and the net appreciation of the fund. Funds designated by the Board of Directors as restricted to purpose or time are also included in the Organization's endowment and are reported as net assets without donor restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League retains in perpetuity (a) the original value of the initial and subsequent gift amounts (including contributions receivable net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the League and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the League and (7) the League's investment policies.

**The American Radio Relay League, Incorporated**

**Notes to Financial Statements  
December 31, 2019 and 2018**

Changes in endowment net assets for the year ended December 31, 2019, are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2019	\$ 8,665,279	\$ 5,093,084	\$ 13,758,363
Investment income, net	417,341	261,521	678,862
Net unrealized gain	913,248	457,202	1,370,450
Contributions	387,127	117,087	504,214
Amounts appropriated for expenditure	-	(243,098)	(243,098)
Endowment net assets, December 31, 2019	<u>\$ 10,382,995</u>	<u>\$ 5,685,796</u>	<u>\$ 16,068,791</u>

Endowment net asset composition by type of fund as of December 31, 2019, is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 5,685,796	\$ 5,685,796
Board-designated endowment funds	10,382,995	-	10,382,995
Total funds	<u>\$ 10,382,995</u>	<u>\$ 5,685,796</u>	<u>\$ 16,068,791</u>

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

Changes in endowment net assets for the year ended December 31, 2018, are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, January 1, 2018	\$ 8,936,839	\$ 5,363,607	\$ 14,300,446
Investment income, net	246,500	50,759	297,259
Net unrealized loss	(519,597)	(292,206)	(811,803)
Contributions	1,537	5,714	7,251
Amounts appropriated for expenditure	-	(34,790)	(34,790)
Endowment net assets, December 31, 2018	<u>\$ 8,665,279</u>	<u>\$ 5,093,084</u>	<u>\$ 13,758,363</u>

Endowment net asset composition by type of fund as of December 31, 2018, is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,093,084	\$ 5,093,084
Board-designated endowment funds	<u>8,665,279</u>	<u>-</u>	<u>8,665,279</u>
Total funds	<u>\$ 8,665,279</u>	<u>\$ 5,093,084</u>	<u>\$ 13,758,363</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the League to retain as a fund of perpetual duration. There were no deficiencies of this nature reported in net assets as of December 31, 2019 and 2018.

#### **Note 11 - Lease obligations**

The League leases warehouse space and office equipment under operating leases with monthly payments ranging from \$77 to \$4,265, which expire at various times through June 2021. Total operating lease expense was \$130,489 and \$124,669 for the years ended December 31, 2019 and 2018, respectively.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

The following are future minimum lease payments due under noncancelable operating leases as of December 31, 2019:

2020	\$	56,935
2021		<u>24,203</u>
Total	\$	<u>81,138</u>

#### Note 12 - Concentrations

##### Credit risk

Financial instruments, which potentially subject the League to concentrations of credit risk, consist primarily of cash, pledges and trade receivables. The League maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed the federally insured limit. At December 31, 2019, the Company had approximately \$1,303,000 in excess of federally insured limits.

The League believes that the concentration of credit risk in its trade receivables is substantially mitigated by the League's credit evaluation process, relatively short collection terms and the financial stability of the larger customers comprising the League's credit base. The League does not generally require collateral from customers. Contributions receivable are comprised primarily of commitments from individuals who are members of the League. 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.

##### Market risk

The League invests in various debt and equity securities. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, 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.

#### Note 13 - Related party transactions

The League has some common directors with The ARRL Foundation, Inc. The League performs administrative services for The ARRL Foundation, Inc. and was reimbursed for these services in the amount of \$15,000 for the years ended December 31, 2019 and 2018.

#### Note 14 - Functionalized expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time, effort, and utilization.

## The American Radio Relay League, Incorporated

### Notes to Financial Statements December 31, 2019 and 2018

#### Note 15 - Subsequent events

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced in China. The spread of this virus globally in early 2020 has caused business disruption domestically in the United States, the area in which the League primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. The League has seen fluctuations in income and expenses as a result of these events, and, with the receipt of the Paycheck Protection Program Loan mentioned below, currently does not expect this matter to negatively impact the League's financial condition, results of operations, or cash flows. The extent of the financial impact and duration cannot be reasonably estimated at this time.

In May 2020, the League received a loan in the amount of \$1,048,864 from Customers Bank. The loan was obtained through the Paycheck Protection Program and is guaranteed by the Small Business Administration. Subject to certain guidelines, some or all of the loan may be forgiven. Interest on the portion of the loan that is not forgiven is charged at 1%. Interest payments are deferred for the first six months. The loan is due in full May 2022.

**The American Radio Relay League, Incorporated**  
**Supplementary Information**  
**Restricted Funds for Time and Purpose Summary**  
**Year Ended December 31, 2019**

Fund name	Balance January 1, 2019	Contributions	Investment income, net	Unrealized gain	Released from restriction	Balance December 31, 2019
H.P. Maxim Award	\$ 43,361	-	1,275	-	-	\$ 44,636
Exceptional Merit	1,344,515	-	29,403	141,701	(40,000)	1,475,619
Legal Research and Resource	204,738	13,829	-	-	(180)	218,387
Harm Aid Fund	113,696	3,813	-	-	-	117,509
Defense of Frequencies	-	245,143	27,158	-	(272,301)	-
Lab Fund	21,023	9,189	-	-	-	30,212
Education and Technology	422,794	142,725	16,660	-	(133,914)	448,265
Steven Rich Fund	10,000	-	-	-	-	10,000
Direction Finding	1,334	-	-	-	-	1,334
Fred Fish Awards Fund	1,320	-	-	-	(597)	723
Legislative Issues Advocacy Fund	70,036	4,753	-	-	(13,139)	61,650
Preservation of Artifacts	200,597	3,836	-	-	(146)	204,287
Colvin Fund earnings	35,713	-	10,493	17,067	(3,000)	60,273
W1AW Fund earnings	163,752	-	43,507	74,266	(48,171)	233,354
Youth and Education Fund earnings	13,722	-	-	23,614	-	37,336
Second Century Campaign earnings	247,607	-	182,759	298,744	(182,759)	546,351
CCF Earnings - DX Log Archive	36,602	-	15,594	22,617	-	74,813
Dave Bell , W6AQ Fund earnings	5,711	-	9,168	12,226	(9,168)	17,937
Snyder Collegiate Amateur Radio earnings	6,628	-	6,798	8,665	(3,385)	18,706
<b>Total restricted funds for time and purpose</b>	<b>\$ 2,943,149</b>	<b>\$ 423,288</b>	<b>\$ 342,815</b>	<b>\$ 598,900</b>	<b>\$ (706,760)</b>	<b>\$ 3,601,392</b>

See Independent Auditor's Report.

**The American Radio Relay League, Incorporated**  
**Restricted Funds for Time and Purpose Summary**  
**Year Ended December 31, 2018**

Fund name	Balance January 1, 2018	Resignations	Contributions	Investment income, net	Unrealized loss	Released from restriction	Balance December 31, 2018
H.P. Maxim Award	\$ 42,214	\$ -	\$ -	\$ 1,147	\$ -	\$ -	\$ 43,361
Exceptional Merit	1,440,809	-	-	27,477	(83,771)	(40,000)	1,344,515
Legal Research and Resource	191,902	-	13,066	-	-	(230)	204,738
Starr Technology	2,721	-	-	-	-	(2,721)	-
ARRL SAREX	6,709	(6,709)	-	-	-	-	-
Educational Activities	3,580	(3,580)	-	-	-	-	-
Ham Aid Fund	110,687	-	6,491	-	-	(3,482)	113,696
Defense of Frequencies	-	-	287,160	14,365	-	(301,525)	-
Lab Fund	15,799	-	5,224	-	-	-	21,023
Education and Technology	386,755	10,289	134,935	9,419	-	(118,604)	422,794
Steven Rich Fund	10,000	-	-	-	-	-	10,000
Direction Finding	1,334	-	-	-	-	-	1,334
Fred Fish Awards Fund	1,320	-	-	-	-	-	1,320
Legislative Issues Advocacy Fund	65,552	-	8,474	-	-	(3,990)	70,036
Preservation of Artifacts	141,304	-	60,372	-	-	(1,079)	200,597
Colvin Fund earnings	44,918	-	-	6,463	(10,668)	(5,000)	35,713
W1AW Fund earnings	204,209	-	-	24,854	(42,987)	(22,324)	163,752
Youth and Education Fund earnings	27,715	-	-	-	(13,993)	-	13,722
Second Century Campaign earnings	444,388	-	-	110,544	(196,781)	(110,544)	247,607
CCF Earnings - DX Log Archive	41,376	-	-	9,607	(14,381)	-	36,602
Dave Bell , W6AQ Fund earnings	13,538	-	-	5,647	(7,827)	(5,647)	5,711
Snyder Collegiate Amateur Radio earnings	9,827	-	-	4,188	(5,569)	(1,818)	6,628
Total restricted funds for time and purpose	\$ 3,206,657	\$ -	\$ 515,722	\$ 213,711	\$ (375,977)	\$ (616,964)	\$ 2,943,149

See Independent Auditor's Report.

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## 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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