



Devoted Entirely to Amateur Radio



DIGITAL EDITION

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# The **NEW** Digital Edition of QST

DEVOTED ENTIRELY TO AMATEUR RADIO

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American Radio Relay League



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#### About the Cover:

Since 1915, *QST* has been distributed to our members via postal mail. Beginning in June 2012, with support from the ARRL Board of Directors and *Nxtbook*, an electronic publisher of over 600 magazines, *QST* officially entered the digital delivery realm. It is fitting that the membership journal of the organization associated with the first "digital" mode, Morse code, should now be available digitally.

Not only has the Digital Edition of *QST* provided greater access to our content, there is more content to access. We now have a venue for additional material that otherwise would have been expensive or cumbersome to deliver to our members. The *QST* team also spent several months evaluating the layout of the magazine and made significant alterations to make the digital version easier to read, such as changes in line and character spacing, improved use of color and formatting changes to add clarity and more open space to the individual pages.

In November 2012, we launched the *QST* Apple iOS app, which has proven to be a great success. Members have told us it is much easier to read their membership journal on their iPads and iPhones with the dedicated app, and they can do so anywhere at any time.

More and more ARRL material will be published digitally in the years to come. As the technology of Amateur Radio itself has changed over the years, so has the way we communicate with our members. We embrace these technological changes; doing so has always been at the core of what it means to be a part of Amateur Radio.





**Our founder**, **Hiram Percy Maxim**. A celebrated inventor and entrepreneur, Maxim created the American Radio Relay League in 1914 to help facilitate the relaying of messages via Amateur Radio. This first "network" of organized amateurs helped send messages farther than any one station could reach at that time.



# About ARRL

Founded in 1914 by Hiram Percy Maxim, the American Radio Relay League (ARRL) is the national association for Amateur Radio in the US. Today, with more than 161,000 members, ARRL is the largest organization of radio amateurs in the world. Our mission is simple:

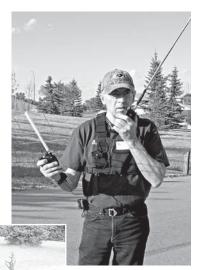
"To promote and advance the art, science and enjoyment of Amateur Radio." We base our mission on what we call the Five Pillars: Public Service, Advocacy, Education, Technology and Membership.

Public Service
Advocacy
Education
Technology
Membership R R

Station manager Joe Carcia, NJ1Q, operating at W1AW, The Hiram Percy Maxim Memorial Station.

## What is Amateur Radio?

Amateur Radio (Ham Radio) is a popular service and hobby in which federally licensed participants operate communications equipment. The hobby of Amateur Radio is a mix of public service, fun and experimentation. The service of Amateur Radio is a core element of neighborhoods and municipalities across the United States. In times of emergency, Amateur Radio repeatedly has been the only means of communication into or out of an affected area, providing critical information to authorities at the time when it is most needed. Licensed amateurs proudly serve their communities voluntarily, without compensation. Although amateurs get involved for many reasons, they all have in common a basic knowledge of radio technology and operating principles, and pass an examination for the FCC license to operate on radio frequencies known as the "Amateur Bands." These bands are radio frequencies reserved by the Federal Communications Commission (FCC) for use by hams at intervals from just above the AM broadcast band all the way up into extremely high microwave frequencies.





ARRL headquarters, located in the Hartford suburb of Newington, Connecticut, has a staff of 100 that serves the needs of our members. ARRL's headquarters station, W1AW, transmits bulletins of interest to radio amateurs. We also maintain an office in Fairfax, Virginia for interaction with federal agencies and other entities in the Washington, DC area.







## A Message from ARRL's President

2012 was a year of evolution and growth for the Amateur Radio Service and the ARRL. More than 27,000 people earned their licenses this year, raising the total number of licensees in the USA to 709,500. ARRL membership continued to increase during the year as well. The ARRL maintained its financial well being and was able introduce new membership benefits at no additional cost to members. These and other successes were possible because of the ARRL's talented headquarters staff, thousands of devoted ARRL volunteers, the efforts of affiliated clubs and the loyalty of individual members.

The World Radiocommunication Conference held in Geneva (WRC-12) had good outcomes for Amateur Radio. Risks of interference from oceanographic radars were averted, and opportunities were created for additional spectrum allocations. Over the years, volunteers from the International Amateur Radio Union (IARU) have earned a level of credibility that causes conference delegates to be receptive to Amateur Radio's positions. Having personally observed the IARU team at work in Geneva at WRC-12, I am more convinced than ever before of the importance of ARRL's support for the IARU. Just as the ARRL's advocacy work here at home is key to the future of Amateur Radio in the USA, international advocacy by the IARU is essential to the future of Amateur Radio worldwide.

On the fun side of Amateur Radio, we chased the ARRL Diamond DXCC Challenge, which required working 100 entities from the original 1937 DXCC list over the course of 2012. As I worked toward this special award, my respect grew exponentially for the pre-war amateurs who earned DXCC despite having fewer entities on the list, less sophisticated technology (no DSP, no DX Cluster!), fewer frequency bands and a much smaller amateur population worldwide.

Turning from the ARRL's history to its future, 2012 brought the introduction of the digital edition of *QST*. Now we can easily take issues of *QST* with us on vacation, on business trips or just out on the deck while the steaks grill. In the past, it was difficult to provide *QST* to members outside the contiguous 48 states in a timely, cost-effective way. With the digital edition, these members can get their *QST* on time and undamaged. Be assured, the paper edition of *QST* is not an endangered species. If you haven't seen the digital edition, however, please try it out and see what you think about its convenience and additional features.

Taking another step toward the future, the ARRL introduced electronic voting as an option in the 2012 Board of Directors election. The choice of voting online or by paper ballot will also be offered in future Board elections.

Advocacy has been an essential element of the ARRL's mission ever since we won the fight to get amateurs back on the air, over the objections of powerful interests in Washington, after the hiatus during World War I. The divisive partisan atmosphere on Capitol Hill today makes it hard to achieve our modern legislative goals. Nevertheless, we were able to get language through Congress this year mandating a study by the FCC on the long-standing problem of real estate conditions, covenants and restrictions (CC&Rs) that make it impossible for many amateurs to erect antennas at their homes and participate in public service communications.

Unfortunately, although the report generated by the FCC complimented Amateur Radio, it also ignored salient facts and reached unsubstantiated conclusions about the prevalence and effects of CC&Rs. In the 113th Congress, the ARRL will assertively take the next steps to carry this issue forward.

Another chapter was written in the history of Amateur Radio public service, as Amateurs assisted government and charitable agencies in the areas devastated by Hurricane Sandy. Those Amateurs and all who served the public this year, wherever the need may have been, deserve our appreciation and respect.

Finally, we began to decide how we will observe the 2014 Centennial of the founding of the ARRL. The Board approved a National Convention to be held in Hartford, and that is just the beginning. The past inspires us. The future excites us. That is what it means to be a radio Amateur, a hundred years ago or today.

Respectfully submitted,

Cay Craigie

Kay Craigie, N3KN President, ARRL



## Annual Report of the Chief Executive Officer for 2012

To The Board of Directors of The American Radio Relay League

The year 2012 was marked by both triumph and tragedy. At the 2012 World Radiocommunication Conference in Geneva the Member States of the International Telecommunication Union saw fit to create a new amateur allocation at 472-479 kHz, offering radio amateurs the opportunity to explore this part of the radio spectrum for the first time since radio station licensing began a century ago. This was a triumph for the ARRL and our sister societies in the IARU, whose volunteers labored for countless hours over a five-year period to make it happen. As the year drew to a close our attention turned to seeking domestic implementation of the new band, a process that already is completed in several other countries but that is likely to take months or years in the United States.

In August tragedy struck the ARRL when longtime staff member Joel Kleinman, N1BKE, perished as the result of a fire at his home. Joel began his ARRL career in June 1976 when he was hired for a program to introduce space science to students using amateur satellites—a precursor to today's Amateur Radio on the International Space Station (ARISS) program. He was not licensed but soon became WA1ZUY and was active in local clubs and on Field Day. A gifted writer and editor, Joel moved into an editorial position less than a year later and became the editorial and production supervisor of *QST* in 1978. Ten years later he was put in charge of editing and production of the ARRL's books and audio media, returning to *QST* as Managing Editor in 2001. Joel left an indelible impression on our membership journal and on all who came to know him.

As unfortunately occurs every year, Amateur Radio lost many other notables to the ranks of Silent Keys in 2012. Among them were two giants on the international scene: Richard Baldwin, W1RU and Michael Owen, VK3KI. Dick was my predecessor as ARRL General Manager, capping an illustrious career on the ARRL staff with service in that capacity from 1975 until his retirement in 1982; he went on to serve Amateur Radio for another 17 years in the volunteer position of IARU President. Michael's volunteer service included 10 years as IARU Vice President; at the time of his death he was serving as President of the Wireless Institute of Australia, Chairman of IARU Region 3 and member of the IARU Administrative Council. It was my personal privilege to work closely with both of them, beginning with preparations for the 1979 World Administrative Radio Conference.

The ARRL recorded its sixth straight year of membership growth, aided by the offering of a significant new benefit at no additional cost to members: an online digital edition of *QST*. The response from members has been gratifying, and greatly appreciated by the staff members who worked hard to accomplish a smooth launch and continue to work hard every month to achieve the full potential of this exciting new platform for our journal.

On a more mundane but no less significant note, the termination of the ARRL's defined benefit pension plan —for which a defined contribution plan has been substituted—eliminates a future financial uncertainty for the organization. Escalating health insurance costs remain a concern for the ARRL, as for most employers. The basic dues rate for ARRL membership has not changed since 2001. While it is not timely to consider a dues increase now, it will not be possible to avoid the issue indefinitely.

To the members and active volunteers in the ARRL family, thank you for your loyal support. We often speak of the five "pillars" of the ARRL as public service, advocacy, education, technology and membership. But it is membership that provides the foundation for the other four. Without that firm foundation, the ARRL and Amateur Radio could not exist.

Sincere 73,

David Sumner, K1ZZ Chief Executive Officer





ARRL's volunteer Amateur Radio operators help their communities and nation, in good times and bad, through community events, disaster response and various outreach programs.





ARRL Emergency Preparedness Manager Mike Corey, KI1U (L) with the Weather Channel's Jim Cantore and ARRL Eastern Massachusetts Section Emergency Coordinator Rob Macedo, KD1CY, at the 2012 National Hurricane Conference. [Jim Palmer, KB1KQW, photo]



ARRL President Kay Craigie, N3KN (L), meets with National Weather Service (NWS) deputy director Laura Furgione, KLØXG, and David Wert, meteorologist-in-charge at the Blacksburg, VA NWS Forecast Office. Craigie said, "[Furgione] is very well aware of the value of Amateur Radio volunteers in the SKYWARN program."

# Public Service

Recognition of Amateur Radio as a public service is listed in the Federal Communications Commission's Part 97 Regulations governing Amateur Radio:

"(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."

ARRL's volunteer Amateur Radio operators help their communities and nation, in good times and bad, through community events, disaster response and various outreach programs.

## **Emergency Preparedness**

#### **Response Activities**

**Hurricane Isaac** — In late August 2012 hurricane Isaac made landfall as a Category 1 storm along the Gulf coast near the mouth of the Mississippi River. Amateurs in Mississippi, Louisiana, Texas, Tennessee and Arkansas helped provide communications for served agencies in the impacted areas. Prolonged net operations required more net control stations than were available. Calls for additional net control stations were handled through ARRL Headquarters and all needs were met. Particularly notable was the response and support offered from the contest community.

Hurricane Sandy — Sandy was a late season storm that occurred in November. Sandy's impact was particularly strong in New York, New Jersey and Connecticut. Amateurs helped provide communications to served agencies in all areas the storm impacted. ARRL HQ provided Ham Aid equipment to ARES groups in Southern New Jersey who were providing communications during and after the storm's landfall. Our National Voluntary Organizations Active in Disaster (VOAD) partner NECHAMA (named for the Hebrew word for "comfort") helped transport the equipment to Ocean County, New Jersey when other means of transport were not available.

#### Ham Aid

ARRL continues to improve the Ham Aid program. New equipment has been added including all-band portable transceivers, dual-band FM mobile transceivers, new hard shell transport cases and dual-band handheld transceivers. Pre-positioning of Ham Aid resources was expanded by sending three Ham Aid cases to the Western Washington section.

#### Other Activities

ARRL's Emergency Preparedness team began discussions with FEMA on ways that ARRL and FEMA can work together to prepare for future large scale disasters. ARRL was invited to meetings with government officials in the Azores to discuss emergency communications as they worked on improving their own national emergency response capabilities. ARRL continued to strengthen and build relationships with other served agencies nationwide.

In March 2012 ARRL Emergency Preparedness Manager Mike Corey, KI1U, took part in a conference held at Harvard University on the use of High Speed Multimedia Mesh (HSMM) networking for public safety agencies. This project creates a high speed wireless computer network for use during communications emergencies that uses an emergency power source such as batteries or solar panels. ARRL was invited to participate due to the continued interest and experimentation with HSMM conducted in the Amateur Radio community.

The annual ARRL Simulated Emergency Test (SET) took place on October 6 and 7. Leaders, members and participants of the ARRL Field Organization, ARES<sup>®</sup>, RACES, SKYWARN, the National Traffic System (NTS) and many other allied groups all played active roles. It was a significant opportunity to showcase and test the ability of Amateur Radio operators to provide communications when and where the need arises.

#### **Field Organization**

Comprised entirely of volunteers, the Field Organization represents ARRL to our members throughout the United States and to the outside world. Member-elected Section Managers and a host of Section-level appointees help assure the needs of our members are addressed consistently.

At the end of 2012, the ARRL Field Organization had 7902 appointees. Many of the emergency-oriented Field Appointees were called into active support at their local and statewide levels in response to communication emergencies including Superstorm Sandy in late October that affected a large portion of the Atlantic seaboard as well as places far inland within the New England region.

Field Organization staffers Steve Ewald, WV1X, Chuck Skolaut, KØBOG and Leona Adams, W1LGA, maintained contact with and provided administrative support for Section Managers as well as their cabinet-level section leaders and station appointees. Two Section Manager elections were completed in August. In late September, the Field Organization Team coordinated and hosted the annual Workshop for 12 Section Managers who traveled to Newington to participate in this orientation event.

# Advocacy

ARRL is Amateur Radio's proactive 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, 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. Our Media and Public Relations strategies focus on promoting Amateur Radio to the news media and to the world at large.

#### Washington

The 2012 World Radiocommunication Conference (WRC-12) held in Geneva in January and February 2012, was a success for Amateur Radio, and ARRL's Washington office staff played key roles in the success. ARRL Chief Technology Officer Brennan Price, N4QX, chaired deliberations on agenda item 1.23, considering a secondary allocation of "about 15 kHz" to the Amateur Radio Service in the range 415–526.5 kHz. Technical Relations Specialist Jonathan Siverling, WB3ERA, was the CITEL regional coordinator on the issue. The conference made an allocation at 472–479 kHz.

WRC-12 also set the agenda for the 2015 World Radiocommunication Conference. WRC-15 presents a number of opportunities and challenges for Amateur Radio, including consideration of an allocation of "an appropriate amount of spectrum" in the range 5250–5450 kHz under agenda item 1.4. Initial preparatory work on the WRC-15 agenda occupied most of the Washington staff's time for the rest of 2012.

A highlight of 2012 was the passage by Congress of ARRL-initiated legislation that required the FCC to study the impact of Amateur Radio in providing support communications for emergency and disaster relief. The Congressional directive also required the FCC to report on restrictions amateurs face that impede their ability to provide those communications. In response to the FCC's request for comments to be used in the congressionally mandated study, ARRL collected over 1800 responses from its members and other interested parties, and included many of them in our 120 page comment filing. The FCC's report, "Uses and Capabilities of Amateur Radio Service Communications in Emergencies and Disaster Relief." was released in August 2012 and provided a favorable assessment of the role amateurs play in this area. However, the report was less than supportive of amateurs in trying to identify and accurately assess impediments that amateurs face, such as unreasonable deed restrictions and private land-use covenants. ARRL's goal continues to be to have the reasonable accommodation provisions of PRB-1 (that apply to cities, towns and local governments) extended by the FCC to amateurs living in deed-restricted CC&R-type properties.



Amateur Radio was a critical component of the response to the Colorado wildfires in 2012. Larry Arave, W7LRY, and John Cook, WA7NZE, both of Fort Collins, supported disaster communications efforts from the Larimer County Emergency Operations Center during the High Park Fire. [Rob Strieby, WØFT, photo]

Through our efforts in Washington and on the international stage through the auspices of the International Amateur Radio Union, 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.



On February 22, President Barack Obama signed Public Law 112-96. The Middle Class Tax Relief and Job Creation Act of 2012 also included a study of the uses and capabilities of Amateur Radio in emergencies and disaster relief. [Pete Souza, official White House photo]

The ARRL Regulatory Information Branch Office (RIB), in conjunction with the ARRL Lab and ARRL Amateur Auxiliary's Official Observer program, continued to work closely with the FCC's Enforcement Bureau to address problems that affect Amateur Radio on-the-air activities. The ARRL Regulatory Information Branch Office (RIB), in conjunction with the ARRL Lab and ARRL Amateur Auxiliary's Official Observer program, continued to work closely with the FCC's Enforcement Bureau to address problems that affect Amateur Radio on-the-air activities. Whether the problem stems from on-the-air operating issues by licensees or from non-amateur sources, ARRL reviewed and referred dozens of potential enforcement actions to the FCC for their consideration. The RIB office also continued to work with amateurs to ensure that the Amateur Radio Service complies with our responsibilities on bands where we share spectrum.

Besides dealing with the FCC and assisting with the League's Washington initiatives, the RIB office also coordinates two important volunteer programs: the Volunteer Counsel (VC) and the Volunteer Consulting Engineer (VCE) programs. Several hundred VCs and VCEs offer free initial consultation and reviews of situations when amateurs face local ordinances and laws that affect their ability to operate. The RIB office also works with ARRL Section Managers, State Government Liaisons and Local

The World Radiocommunication Conference (WRC 2012) in Geneva netted a new Amateur Radio allocation of 472-479 kHz, the culmination of years of work. [Carter Craigie, N3AO, photo]

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ARRL serves as the International Secretariat of the IARU. It is appropriate for the ARRL, as the largest and best-funded of the IARU's member societies, to shoulder this responsibility.



Oklahoma Governor Mary Fallin proclaims the week of June 17 "Amateur Radio Week" in conjunction with the 2012 ARRL Field Day. Amateur Radio's largest on-air event, Field Day saw more than 35,000 amateurs participate in 2012. [Lloyd Colston, KC5FM, photo]

Government Liaisons in reviewing potential ordinances and laws that could affect the Amateur Radio Service. The RIB Manager, ARRL General Counsel and ARRL VCs review numerous distracted driving laws, cell phone laws and antenna/tower related proposals each year.

#### International Amateur Radio Union (IARU)

ARRL serves as the International Secretariat of the IARU. It is appropriate for the ARRL, as the largest and best-funded of the IARU's member societies, to shoulder this responsibility. However, that does not mean we do all of the work. IARU President Tim Ellam, VE6SH, is from Canada; Vice President Ole Garpestad, LA2RR, is from Norway; and ARRL's Past President Rod Stafford, W6ROD, now serves as IARU Secretary. The three officers are all volunteers and are supported by a team of additional volunteers from every continent.

The three IARU regional organizations hold conferences on a three-year cycle, one per year. In 2012 it was the turn of IARU Region 3, which covers most of Asia and the Pacific. The conference was held in Ho Chi Minh City in early November. The ARRL is a member of Region 3 on behalf of members in Guam, the Northern Mariana Islands and American Samoa. International

Affairs Vice President Jay Bellows, KØQB and Chief Executive Officer David Sumner, K1ZZ represented the ARRL at the conference, which was attended by representatives of 16 IARU member-societies in the region.

#### Media and Public Relations

Media relationships and the promotion of Amateur Radio continued in three main areas of activity in 2012: providing professional-level promotional materials to our Public Information Officers (PIOs), providing them with education and training to increase their activity and success, and direct outreach to media.

Greater use was made of the ARRL website capabilities and many resources previously available only on CD were posted for easy download. The very popular "Talk on a Disk," which was previously a CD resource containing materials for speakers' presentations before groups, was one of these transferred resources; usage of this PR resource spiked as a result.

During 2012, ARRL sponsored three national webinar sessions open to PIOs and other ARRL volunteers featuring professional radio, television and print media speakers sharing ideas and tips on better ways to effectively and efficiently gain publicity for Amateur Radio groups. ARRL's popular PR-101 course, designed to give our field volunteers an overview of the basic skills and expectations to be effective spokesmen for Amateur Radio in their local area, is now available on our website for free; 64 amateurs passed the course in 2012. ARRL also maintains continuing education and a support community through "CONTACT!," the monthly web-based newsletter for PIOs, as well as an e-mail reflector for PR volunteers, which has over 500 subscribers.



Direct approaches to media were also very successful. ARRL staff provided dozens of interviews for print and broadcast radio media in 2012 while our volunteers did hundreds more at the local and regional level. A good relationship was created with John Amodeo, NN6JA, producer of the television series "Last Man Standing." This led initially to the placement of Amateur Radio on the set, and eventually to the enjoyment and use of ham radio as a plot line in one of their scripts. We are fortunate to have Amateur Radio as part of a national television series.

ARRL PR Manager Allen Pitts, W1AGP, continued to forge alliances with the media at the annual meeting of the Radio and Television Digital News Association (RTDNA) in September 2012. Mark Kraham, W8CMK, was the Chairman of the RTDNA until he stepped down in 2012 and is now a very active member of our national Public Relations Committee.

Shortly before his retirement to part time status in October, Pitts was asked to revise the chapter on the Amateur Radio Service for the forthcoming ITU Emergency Communications Handbook. We look forward to the publication of this important international document.

#### Social Media

The Internet has fundamentally changed the way we interact with our members. Through ARRL's official presence on sites such as Facebook, Twitter and YouTube, we not only give our members news and information in minutes, our members report newsworthy items to us. We are able to respond to and educate our subscribers more rapidly and deepen the involvement with our membership.

ARRL's YouTube channel features product reviews by the ARRL Lab, interviews with some of the leaders in the Amateur Radio community and highlights from some of our conventions across the country. The channel currently has over 2000 subscribers and over half a million views.

ARRL's presence on Facebook has over 30,000 followers and is being used to disseminate news and events, highlight visitors to ARRL Headquarters and provide a venue in which our members tell us what they are doing in Amateur Radio.

Lastly, the six Twitter accounts ARRL maintains target specific areas of interest within our organization: News, W1AW, Youth, Emergency Communications, Public Relations and our Operating Awards branch. These Twitter feeds collectively serve nearly 14,000 followers with information directly pertinent to their enjoyment of Amateur Radio.

Continued expansion and development of the role social media play within our membership is a primary goal of ARRL.

# Education

Education is one of the most basic reasons for the League's existence. From expanding the knowledge base of amateurs worldwide to promoting Amateur Radio in the classroom, ARRL's educational materials and programs represent the world's finest knowledge base of Amateur Radio.

## **Education Services**

#### Education & Technology Program (ETP)

Our efforts to promote Amateur Radio in the classroom continued to expand in 2012, thanks largely to the donor funded Teachers Institute on Wireless Technology program. This program is but one of the many professional development tools available to schools and educators in the Education and Technology Program. Through grants and other funding, ARRL is able to keep building on wireless technology literacy at all levels of academia.



Actor Tim Allen plays Mike Baxter, KAØXTT on the ABC comedy "Last Man Standing." Amateur Radio's prominence in a national TV show was thanks to producer John Amodeo, NN6JA, with help from ARRL.



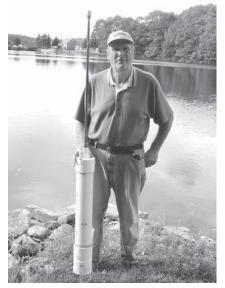
ARRL reaches out to thousands of members and prospective members through social media platforms such as Facebook.



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#### American Radio Relay League

We offered three sessions of our Professional Development workshops in 2012. These included two sessions of the Introduction to Wireless Technology seminar (TI-1), and one advanced seminar on Space Communications (TI-2), sponsored by the Dayton Amateur Radio Association.



ARRL Teachers Institute instructor Mark Spencer, WA8SME, with a sample of his buoy project.



Doug Cook, KD5PDN, made contact with the International Space Station from his back yard in Guthrie, OK, using a homemade antenna made out of an old tape measure. The ISS can be seen leaving a trail in the photo.

We offered three sessions of our Professional Development workshops in 2012. These included two sessions of the Introduction to Wireless Technology seminar (TI-1), and one advanced seminar on Space Communications (TI-2), sponsored by the Dayton Amateur Radio Association. A total of 26 teachers from 17 states, as well as one from a school on an American military base in South Korea, participated. During 2012, we reviewed a total of 20 grant applications and recommended 10 School Station grants and 6 Progress grants for approval, providing \$19,700 in equipment and resources to schools. Retailer Ham Radio Outlet and manufacturer Yaesu continued their generous support by providing equipment for the program at significant discount. The ETP is possible only because of the generous donations of individuals and clubs who share in the passion of Amateur Radio and understand its benefit for hands-on learning in STEM (Science, Technology, Engineering and Mathematics) subjects. By the end of 2012 we had provided resources in the form of curriculum materials, professional development and/or grants for radio station equipment and other support to more than 600 schools/ teachers through this outreach program.

In August 2012, the National Science Teachers Association (NSTA) published an article about our Education and Technology Program and use of Amateur Radio in the classroom on their website. This generated increased interest in the ETP and we received 80 requests from classroom instructors to be notified of availability in the 2013 Teachers Institute.

Mark Spencer, WA8SME, ETP Program Director, developed several new curriculum themes for Teachers Institute instruction this year. His article, "ARRL Education and Technology Program Space/Sea Buoy", in the May 2012 issue of QST outlined the concept for a package of sensors designed to be deployed on high altitude balloons or on sea buoys, allowing students to take environmental measurements such as temperature, air pressure, humidity, ozone concentration and others. Students collect the stored data and use it to do experiments and test hypotheses, providing a hands-on connection to science and math. Developing this resource further, Spencer designed a sensor package to be attached to the SeaPerch marine robot (a program sponsored by US Office of Naval Research) and has developed a communications module that enables the SeaPerch to receive commands via packet radio. This opens the door to learning opportunities about satellite communications, using the packet station on the ISS. Spencer's RF module outfits the SeaPerch rover to perform as part of the MAREA (Mars Lander/Marine Amateur Radio Robotic Exploration Activity) program, another 2012 program development, as another option to the land-based Parallax Boe-Bot® rover. The MAREA program is a curriculum concept that was germinated in the education partnership discussions with AMSAT and NASA that ARRL initiated in 2012. We will be adding these new curriculum resources to our professional development activities in 2013.

#### Amateur Radio on the International Space Station (ARISS)

ARRL's continued partnership with NASA and AMSAT, along with ARISS program volunteer organizations and space agency partners, led to 93 successful school contacts with astronauts on the International Space Station in 2012. Fifty-two of these contacts were conducted via Amateur Radio and a telebridge connection to the audience location; 41 used Amateur Radio to connect with the ISS while it was directly over the audience location. Thirty-two of the 2012 contacts were with schools in the United States. Sixteen of the US school contacts were made directly via Amateur Radio, and 16 were via telebridge.



ARRL Headquarters increased its involvement with the ARISS program in 2012 by reviewing submissions to NASA for two proposal windows and the selection of 29 US schools and organizations for contacts scheduled between July 2012 and May 2013.

Education Services participated in NASA-hosted orientation phone calls with each of the selected schools, providing the opportunity to promote Amateur Radio curriculum and ETP resources to the schools and to make introductions between schools and

representatives of their local Amateur Radio community. The program has had many shining moments; the participation of Northland Preparatory Academy in Flagstaff, AZ in the ARISS program was deemed so successful, the article "Reaching for the Stars with Radio" in the November 2012 issue of *QST* detailing their experience was incorporated into the national promotion of the ARISS program. Thanks to member support, we look forward to more success stories like these.

#### Member Education

Our online course "Introduction to Emergency Communication" is the foundation course of our training program for Amateur Radio volunteers who want to assist their communities in times when their local communications infrastructure fails. In 2012, we enrolled 313 students in 12 online sessions of the "Introduction to Emergency Communication" (EC-001) course. Twenty-five volunteer mentors were active in supporting this online course. We also offer an alternative way of completing this course through field instruction and field exams for a Course Completion Certificate; this helps address the varying needs and access capabilities of amateurs throughout the country.

On November 1, we implemented new guidelines for those wishing to volunteer as Amateur Radio Emergency Communications Course Field Instructors and Online Mentors. These adjustments bring our training program into better alignment with training programs for other emergency response organizations. During 2012, 35 students completed the course "Public Service and Emergency Communications Management for Radio Amateurs" (EC-016), showing their desire to take on leadership roles in the ARES field organization.

#### **ARRL** Publications

ARRL continues to provide the highest quality Amateur Radio publications — journals, license manuals, books, software and educational courses. 2012 saw these items added to the ARRL library:

- 2012 ARRL Periodicals DVD-ROM
- Extra Class License Manual and Extra Class Q&A
- 2012-2013 ARRL Repeater Directory
- TravelPlus CD-ROM, Version 16.0
- Short Antennas for 160 Meter Radio
- The ABCs of Software Defined Radio
- The Amateur Radio Public Service Handbook
- The 2013 ARRL Handbook for Radio Communication
- The DXCC Yearbook
- The Care and Feeding of Transmission Lines
- Hints and Kinks For the Radio Amateur, 18th edition
- Antenna Modeling for Beginners
- The ARRL Operating Manual, 10th edition

In addition to publishing educational materials, ARRL is Amateur Radio's leading news source. No other organization covers the events of Amateur Radio like ARRL. Between the pages of *QST*, the ARRL website and e-mail newsletters, ARRL remains the most authoritative source for news and information about Amateur Radio.



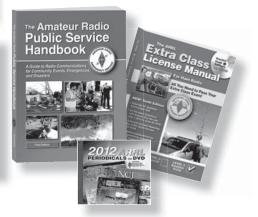
Students from Northland Preparatory Academy prepare for their successful ARISS contact by launching a high altitude balloon whose payload included a repeater that the students used to make QSOs with a neighboring school.



IANDBOOK

ABCs of Software

ARRL's online course "Introduction to Emergency Communication" provides training for Amateur Radio volunteers who want to assist their communities in times when their local communications infrastructure fails.





The ARRL Letter is a popular member benefit for keeping up with current Amateur Radio news.

> The ARRL Web home page features a "news crawl" of continually updated news that is of interest to the Amateur Radio community.

News items are posted on a daily basis, including weekends when appropriate. Items are updated as necessary and often include helpful images and maps.



*QST* Managing Editor Becky Schoenfeld, W1BXY.

#### The ARRL Letter

Sent at no charge via e-mail 50 times each year to the more than 80,000 ARRL members who elect to receive it, The ARRL Letter is the standard bearer for current Amateur Radio news. The ARRL Letter offers a thorough and reliably accurate overview of the latest news of importance to ARRL members in particular and to the Amateur Radio community in general. Other Amateur Radio news outlets often cite The ARRL Letter in their own reports.

#### Breaking, Current News on the ARRL Website

The ARRL Web home page features a "news crawl" of continually updated news that is of interest to the Amateur Radio community.

News items are posted on a daily basis, including weekends when appropriate. Items are updated as necessary and often include helpful images and maps. ARRL news items are also automatically transferred to other news platforms through Rich Site Summary (RSS) feeds. As a result, the ARRL has established itself as a news authority beyond the Amateur Radio community.

#### Amateur Radio News in QST

Each month, *QST*, the ARRL's flagship publication and membership journal, features a variety of news items. The monthly "Happenings" column includes an overall news summary, while other departments, including "Public Service," "Amateur Radio World," "How's DX?," "Eclectic Technology," "Microwavelengths," "The World Above 50 MHz" and "Exam Info," focus on special-interest news. Feature articles report on news of major events, such as the semiannual meetings of the ARRL Board of Directors.

#### The ARRL Audio News Webcast/Podcast

The weekly ARRL Audio News provides a digest of top news each week in radio newscast format for airing on repeaters and nets. This service is available free of charge from the ARRL website. Almost 250 repeaters and other Amateur Radio outlets around the world air our ARRL Audio News in full or in part. In response to member requests, the League also makes ARRL Audio News available as a downloadable podcast in MP3 format.

#### ARRL/W1AW Bulletins

News staff also prepares a full menu of general and special interest bulletins, including regular information about DX, satellites and Keplerian elements, propagation and news bulletins. ARRL/W1AW bulletins are transmitted over the air every weekday (except holidays) from the Hiram Percy Maxim Memorial Station, W1AW, and are distributed via e-mail to ARRL members who subscribe.

#### Periodicals

In addition to a wide variety of books, CDs and software, ARRL publishes three periodicals, *QST*, *QEX* and *NCJ*.

#### QST

Becky Schoenfeld, W1BXY, became *QST*'s Managing Editor in 2012 after the tragic death of Joel Kleinman, N1BKE. Ms. Schoenfeld brings over 20 years of editing and publishing experience to ARRL's monthly membership journal.

We continued to make improvements to *QST* to enhance its overall readability. Sections in the front of the magazine were consolidated for more efficient use of available page space. This allowed the publication of at least one additional article per issue. Once again in 2012, we published several theme issues that were highly popular with readers: DIY (Do It Yourself) in January, Antennas in March, Emergency Communications in September and DXing in October.

#### Digital Edition of QST -

The Sales and Marketing Department, working with Digital Content Coordinator Magdalena Owczarska, W1MGZ, introduced and supported the new Digital Edition of *QST*. In May, members were introduced to the web edition of *QST*, which can be accessed from nearly any device with an Internet browser: desktop computer, laptop, tablet, smartphone, etc. In November, the benefit was expanded to include a new *QST* app for users with Apple iOS devices. Members can now read and download the digital edition of *QST* from a dedicated app—on their iPhones, iPads and iPods. These new benefits have contributed to higher levels of membership engagement.

#### QEX

*QEX*, A Forum for Communications Experimenters, is published six times a year. Edited by Larry Wolfgang, WR1B, *QEX* continues to provide the premier technical content Amateur Radio operators worldwide have come to expect. Circulation remained stable throughout 2012 with approximately 6500 subscribers.

#### NCJ

*NCJ*, the National Contest Journal, is a bimonthly publication designed for the specific interests of the contest community. While the subscriber base is relatively small at 1800 individuals, this figure has been stable over several years, reflecting the loyalty of the readership.

## Technology

Amateur Radio has always been about technology, from the development of regeneration in the 1910s to current applications of digital communications modes and software defined transceivers. Many people become Amateur Radio operators because of their interest in radio technology and experimentation. ARRL is a leader in helping amateurs learn about technology and advance the state of the art.

#### The ARRL Lab

In 2012, the Lab staff provided technical input to our filings in the Broadband over Power Lines BPL rulemaking proceeding, filings related to 433 MHz RFID devices and a Petition for Reconsideration of an FCC ruling related to 430 MHz periodic emitters.

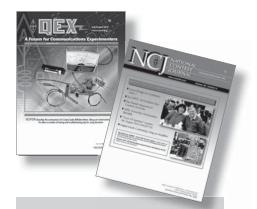
ARRL Laboratory Manager Ed Hare, W1RFI, continued his involvement with a number of industry committees. He is the ARRL representative on the ANSI accredited C63° EMC Committee and is the Secretary of the IEEE EMC Society Standards Development Committee. He also serves the IEEE locally, holding the position of Chair of the Connecticut Section.

Lab engineers held successful kit building sessions at the Dayton Hamvention and brought test equipment to the ARRL National Convention, held at Pacificon in Santa Clara, California, to test handheld transceivers for spectral purity. Both of these public outreach technical programs were extremely well received.

#### Product Reviews

According to our most recent research study, *QST* Product Reviews are among the most popular content offerings in the magazine. Members and manufacturers alike can count on ARRL test engineers to provide accurate and unbiased reviews of all types of Amateur Radio equipment and accessories.

The ARRL Lab tested 36 pieces of equipment for Product Review in 2012. ARRL's test engineer, Bob Allison, WB1GCM and Steve Ford, WB8IMY, produced in-depth video overviews of many of these items for the digital edition of *QST*. Allison also developed new testing procedures for balanced antenna tuners, a very popular product in today's Amateur Radio marketplace.



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ARRL Lab Engineer Bob Allison, WB1GCM, tests the spectral purity of Amateur Radio hand-held transceivers at the ARRL National Convention in Santa Clara, CA. [Ward Silver, NØAX, photo]





The Evolution of Amateur Radio exhibit, part of the ARRL Lab. It is one of the most popular stops on the tour of ARRL Headquarters.

The Lab also features displays of Amateur Radio satellite technology, including a working prototype of OSCAR I, the first Amateur Radio satellite, D-STAR, a modern Amateur Radio digital repeater protocol and a working software defined radio receiver demonstration.

Membership is the backbone of ARRL. Without the belief and support of our members, none of the work we do in Public Service, Advocacy, Education and Technology would be possible. Our commitment to serving members is paramount in everything we do.

ARRL offers numerous benefits, services and programs for the enjoyment and enrichment of our members.

#### **Technical Information Service**

The Lab staff provided, through their TIS (Technical Information Services), support for more than 4000 member questions in 2012. The use of the ARRL technology forums has been steady, replacing some part of the individual service provided one-on-one to members. See www.arrl.org/forum.

#### Radio Frequency Interference (RFI)

ARRL Lab Engineer Mike Gruber, W1MG, fielded 267 new inquiries from members about RFI problems, including 62 power line cases. More than 70 cases were referred to the FCC. Unfortunately, resolution of these cases by the FCC has been slow. Assisting members with RFI issues remains one of the largest roles of the ARRL Lab.

#### Modern Technology Displays

The Laboratory staff continued to create new display areas to showcase various aspects of Amateur Radio technology. Renovations were completed in 2012 and the Lab museum display area now is now called "The ARRL Evolution of Amateur Radio Exhibit: Understanding the Past to Help Develop the Future." The exhibit is one of the most popular stops on the tour of ARRL Headquarters. With the help of dedicated volunteers, a number of historical items that were stored in various parts of the building are being brought into display-ready condition. ARRL Lab Engineer Bob Allison is serving as staff liaison to the ARRL Historical Committee.

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## Membership

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#### Membership

ARRL membership ended the year on a strong note with 160,278 members — a membership high water mark not seen since March 2002. The largest sources of new member acquisition came from new Amateur Radio licensees, previous members and appeals to expiring licensees — encouraging them to become active and get on the air. Field-based recruitment — membership applications received at hamfests, conventions and through radio clubs — contributed 4% to membership acquisition.



ARRL Headquarters Lobby display celebrating our membership growth as of December of 2012.

Membership Growth

2012	1.56%

2011	0.86%
2011	0.86%

2010 0.22%

Few organizations have emerged as strongly as ARRL following the global financial challenges of these recent years. Even though costs have climbed for nearly everything, regular membership dues have not increased since 2001. While keeping costs under control is important, our goal has been to increase the value of ARRL membership through a steadfast commitment to member service and high quality publications and programs.

In October, we supported the very successful 2012 ARRL National Convention, hosted by Pacificon in Santa Clara, California. ARRL's large team included officials, staff and volunteers, including the entire Field Organization in the Pacific Division. There were approximately 2500 attendees. Convention-goers descended upon ARRL EXPO, the centerpiece of our convention activities, throughout the three day event. ARRL staff and officials supported 12 forums. CEO Dave Sumner, K1ZZ, and NASA Astronaut Lee M.E. Morin, KF5DDB, attending as ARRL's guest, both addressed a packed convention banquet.

#### HQ Volunteers

There were 901 tours given to visitors in 2012, mostly conducted by ARRL Headquarters volunteers. Tour guides regularly take pictures of visitors, which are posted to ARRL's Facebook page at **www.facebook.com/ARRL.org**. Volunteers also assist in nearly every department at ARRL, including the ARRL Lab, Membership and Volunteer Programs and the Volunteer Examiner Coordinator (VEC) departments. We also thank the countless volunteers across the country in the ARRL Field Organization for their efforts to promote Amateur Radio and serve ARRL members.

#### Digital Content

Our emphasis on providing members with information, education and technical materials continued to lean heavily on digital sources in 2012. In addition to the debut of the Digital Edition of *QST*, several improvements were made to the ARRL website. Membership is responding favorably to the changes.

#### Digital Edition of QST

Since its launch in May 2012, the digital edition of *QST* has received a total of 253,281 visits and 12,285,228 page views. The June 2012 issue had the most visits at 37,470 total, followed by December 2012 at 34,608. The day a new digital edition of *QST* was released, an average of 8,000 readers viewed it. With the launching of the *QST* iOS app in November, average daily visits in the days after a new issue was released doubled to 700/day. The iOS app is the most-used platform to read *QST* digitally, totaling 54% of all digital *QST* views, followed by the desktop and mobile browsers.

#### ARRL.org

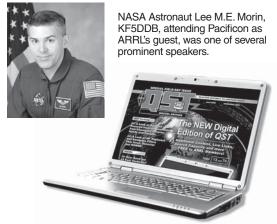
Unique page views of the **arrl.org** website have increased by 3% from 2011 to 2012. After the home page, the ARRL Login page was the second most viewed unique page in 2012 and Logbook of The World was the third most viewed page. 67% of the users were returning visitors to **arrl.org** in 2012 while 33% were new visitors. The top three browsers used to access **arrl.org** for 2012 were *Internet Explorer* (42%), *Firefox* (27%) and *Chrome* (13%).

2012 updates to the site included:

- The following pages and sections were updated: The Donation Form, The Diamond Club, The ARRL Foundation, The Scholarship Program, The Second Century Campaign, DXCC, Learning Morse Code, ARRL Divisions, Annual Reports, Member Support, A1 Operator Club, Public Service, ARRL Awards, Prospective Ham Info Requests, About ARRL and the Get Involved section.
- The Quick Links page was renamed "Site Index" and numerous topics have been added.
- The IARU website, **www.iaru.org**, was completely redone.
- Combined content from separate pages to create strong pages entitled "What is Ham Radio" and "Ham Radio History."



ARRL President Kay Craigie, N3KN, visits with two amateurs at the 2012 ARRL National Convention at Pacificon in Santa Clara, CA.



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ARRL VEC Department Manager and ARRL VE, Maria Somma, AB1FM.



Steve Ewald, WV1X— Supervisor, ARRL Field Organization Team. Steve also serves as an accredited ARRL VE.

As one of three FCC-authorized Club Station Call Sign Administrators, ARRL VEC processed and transmitted over 1100 club licenses for the FCC in 2012. ARRL is also one of five FCC-authorized 1x1 Special Event Call Sign Coordinators and has processed nearly 90% of the 9297 Special Events authorized and documented in the 1x1 database since the program's inception in September 1997.

ARRL VEC added 2108 new Volunteer examiners in 2012. The total number of Accredited ARRL VEs has reached an all time high of 36,682, up from 35,291 in 2011.

#### ARRL Volunteer Examiner Coordinator Program (VEC)

The Volunteer Examiner Coordinator (VEC) system was created to oversee licensing activities and ensure the ability of the Amateur Service to continue to grow and prosper. The ARRL VEC program is one of 14 VEC programs in the USA and has maintained a strong and visible presence in the Amateur Radio community. We have contributed more than 28 years of service, operating as a knowledgeable information source for a wide range of licensing issues.

# Amateur Radio Exams, Exam Oversight and Licensing Administrative Services

ARRL VEC is by far the largest of the Volunteer Examiner Coordinator (VEC) groups in the country, coordinating approximately 70% of all Amateur Radio exams. ARRL sponsored exam sessions were up by 8% compared to 2011. A total of 6831 exam sessions were administered in 2012 compared to 6352 in 2011. 32,866 exam applicants were served in 2012 compared to 32,187 in 2011. Exam elements were slightly up from 41,096 last year to 42,473 this year.

ARRL VEC continues to participate as a member of the National Conference of VECs Question Pool Committee. The five member committee prepared and implemented a revised Amateur Extra class question pool (Element 4) for examination use by the amateur community beginning July 1, 2012; it will remain valid until June 30, 2016.

As one of three FCC-authorized Club Station Call Sign Administrators, ARRL VEC processed and transmitted over 1100 club licenses for the FCC in 2012. ARRL is also one of five FCC-authorized 1x1 Special Event Call Sign Coordinators and has processed nearly 90% of the 9297 Special Events authorized and documented in the 1x1 database since the program's inception in September 1997.

We have issued or renewed more than 1400 International Amateur Radio Permits (IARPs) since the program was established in June 1999. IARPs permit instant operating authority by US amateurs when traveling to participating Central and South American countries.

ARRL VEC also processed and transmitted electronically to the FCC nearly 7000 address changes and license renewals for ARRL members in 2012. This service to members continues to be a strong draw.

The ARRL VEC Honor Roll recognizes the top 25 ARRL VEs according to the total number of exam sessions they have participated in since their accreditation. The VE Honor Roll appears quarterly, in the March, June, September and December issues of *QST*. Qualifying for the December Honor Roll required participation in 282 exam sessions!

ARRL VEC added 2108 new Volunteer examiners in 2012. The total number of Accredited ARRL VEs has reached an all time high of 36,682, up from 35,291 in 2011. We've seen an increase in the number of applications from General and Amateur Extra class radio amateurs who want to give back to their community by serving as ARRL examiners and instructors.

ARRL VEC manages the Amateur Extra Class Certificate Program, which acknowledges the success of licensed Amateur Extra class operators.

#### Amateur Radio Licenses: The Upward Trend Continues

The total number of US amateurs in the FCC database continues to grow each year. As of December 31, 2012, the number of licensees reached an all time high of 709,575. This is an all time high for Technician, General and Amateur Extra class licensees as well. The number of Technicians, Generals and Amateur Extras also peaked in December at 345,369, 163,370 and 130,736, respectively.

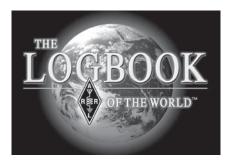
The two charts below illustrate new and upgraded FCC license activity over the past three years. Results through the end of 2012 demonstrate that successful upgrade applications have remained steady. One healthy trend is the number of new licensees has increased by 13% over the last year.

NEW FCC LICENSES						
Totals Issued Per Year: 2010 Through 2012						
YEAR	2010	2011	2012			
TOTALS	27,528	24,072	27,082			

UPGRADED FCC LICE	NSES			
Totals Issued Per Year: 2010 Through 2012				
YEAR 2010 2011				
TOTALS	10,726	10,337	10,283	

#### Radiosport

Radiosport refers to the competitive side of Amateur Radio — on-air competitions and achievement awards. Since 1935, The ARRL DX Century Club awards program has been one of the standard bearers for measuring an amateur's lifetime achievement on the air. On-air contests promote operating skill and technical expertise and foster international goodwill. Contesting and operating awards, along with the *Logbook of The World* database of over 467 million two-way contacts (QSOs), are some of the most-used benefits we offer our members.





The Diamond DXCC Award launched at the beginning of 2012.

	Award/Program	2011	2012
	DXCC		
	Credits Received Processing	1,250,864	1,337,968
	Credits Processed	1,305,960	1,491,661
	Applications Received	10,854	13,325
	Applications Processed	11,175	14,301
, 1,	Logbook of the World		
•,	Total QSO Records	391,690,570	467,138,965
	Active Certificates	69,973	82,041
	WAS		
	WAS Certificates	385	641
	WAS Triple Play	88	143
ام	CQ WPX Award		
ed e	Certificates	Not offered	303
	LoTW Credits	Not offered	149,040
nts.	VUCC		
11.3.	VUCC Applications	525	481
	Grids Credited	44,156	45,462
IS	Processing Time (Weeks)	4	4
	Outgoing QSL Bureau		
	Cards Received	802,500	808,500
	Card Shipped	799,675	731,440

#### most-used Awards

In 2012, the Membership and Volunteer Programs (MVP) Department, with the help of our IT Department, implemented the Online DXCC Application that provides an online alternative to filling out and submitting paper DXCC application forms. In 2012, 2469 applications were submitted, representing 179,853 records. Online DXCC applications now account for 17% of all DXCC applications.

The Diamond DXCC Award was launched at the beginning of the year to capture the essence and spirit of the first DXCC List coupled with a fun operating activity. There are approximately 1000 online DDXCC users who made 2100 applications including endorsements Additionally, a few hundred paper DDXCC applications have been received. The CQ WPX Award was added to LoTW in July and has worked well. American Radio Relay League





Members of the Michigan State University club station enjoy a break during the ARRL November Sweepstakes contest. [Gregg Mulder, WB8LZG, photo]



ARRL contest awards certificates were redesigned, much to the delight of contesters worldwide. Each event now has its own award, such as the ARRL DX Contest above.



Because of the Online Application, restructuring of the fees associated with DXCC processing and other process improvements, we did not experience the usual end of the year backup in DXCC applications. Processing delays are averaging two to three weeks.

#### Contest Branch

Total contest logs submitted to ARRL fell in 2012 to 26,203; down from 2011's total of 28,095. This is explained by the record number of logs submitted in the 2011 10 Meter Contest due to phenomenal propagation. 2012's 10 Meter Contest had poorer propagation and log submissions returned to normal. Without the abnormal spike of 10 Meter logs from 2011, log submissions from 2011 to 2012 were about equal. RTTY Roundup, January VHF, ARRL DX, IARU, August UHF and the 160 Meter Contest all showed larger participation in 2012.

In 2012, ARRL's IT Department began collaborating with some of the volunteer contest log checkers and other contesters with database and programming experience to evaluate the way contest results tables are created. This is the beginning of the implementation of a long-term vision for the ARRL contest program that will include better search and database capabilities for contest participants, adjudicators and results authors.

The contest awards certificates have been redesigned by Sue Fagan and Dave Pingree in the Graphics Department. The response has been very positive. Most comments express the feeling that the new designs are much better and more visually striking; in the words of one well-known HF contester: "This is worth putting on my wall."

#### Clubs

The number of ARRL Affiliated clubs has remained relatively flat with a total of 2347 after adjusting for inactive clubs. In 2012, we had 74 sanctioned conventions and 417 sanctioned hamfests.

#### W1AW

W1AW is the flagship Amateur Radio station of the ARRL. It remains the highlight of the ARRL tour. Visitors are encouraged to operate W1AW while on their visit; many of the 901 tours at ARRL HQ in 2012 included operating the station at W1AW.

#### **On-Air Activities**

Aside from the weekly bulletins and Morse code practice transmissions, W1AW operated in the Hawaii QSO Party in August, resulting in First Place in the W1 call

area. In September, W1AW played host to the new ARRL Section Managers. Scouts from Den 8 Pack 15 from Middlebury, Connecticut were active from W1AW during the Boy Scouts Jamboree On The Air (JOTA) in October. W1AW operated for a short time in the ARRL Phone Sweepstakes in November making 675 QSOs with 74 sections.

10,287 QSOs were made from W1AW in 2012, with more than 70% of those QSOs made by ARRL visitors.

The autumn antenna and tower inspections included the installation of a new 160 meter dipole; repair to the 80 meter cage antenna; repair to the Cushcraft 416TB satellite crossed Yagi; and installation of a 137 MHz quadrifilar antenna, used for weather satellite reception.

Webelos Scouts attending the Great Lakes Council's Ottawa District Unity Camporee talk with fellow Scouts across the country on the 20-meter band. The operator is Dave Edenfield, W8RIT. [Frank Maynard, NF8M, photo]



Chief Development Officer Mary Hobart, K1MMH

# Development

## Development

#### Overview

Change was the theme in the Development Department during 2012, not only in the shift of responsibilities from the Chief Development Officer to the Individual Giving Manager, but also in the fundraising techniques applied in our efforts to raise funds for programs not funded by member dues. By the end of 2012 the majority of day-to-day Development operations transferred to the capable hands of Individual Giving Manager Lauren Clarke, KB1YDD, while Chief Development Officer Mary Hobart, K1MMH, dedicated the majority of her time to the Second Century Campaign. Operational revenues from Development reached \$926,904 — 92% of the 2012 goal — by the end of 2012. Fundraising benefited from increased visibility on the ARRL Web including a permanent presence on the home page and a new "DONATE NOW" button, which took users directly to the Donation page. In addition, updates to the online donation form that added the Second Century Campaign and the Diamond Club giving options made the form easier to use. The expanded use of sophisticated and targeted e-mails not only raised revenues successfully, but enabled Development to hold expenses well under budget.

#### The Second Century Campaign

As ARRL approached the end of its first 100 years, the ARRL Board of Directors took decisive steps to launch a major fundraising initiative to build the ARRL Endowment and strengthen the organization's financial future for the next 100 years. While ARRL is certain to face challenges, the second hundred years promises to be as innovative and challenging as the first century.



The vision for the second century is an institution dedicated to attracting new young hams, engaging in partnerships to advance and promote Amateur Radio as well as building on our historic accomplishments. Launched in 2011, the ARRL Second Century Campaign progressed steadily in 2012 and contributed significant funds to the ARRL Endowment.

The Second Century Campaign got off to a solid start in 2012 as committee members made their personal commitments to the campaign and began the cultivation and solicitation of leadership prospects. During the year 100% of the SCC committee members made their commitments totaling \$620,258 in cash and pledges. Officers, Directors and Vice Directors of the ARRL Board also made their gifts and commitments by the end of 2012. The importance of 100% participation by campaign and ARRL leadership is vital to sending a strong message of support to prospects at all levels.

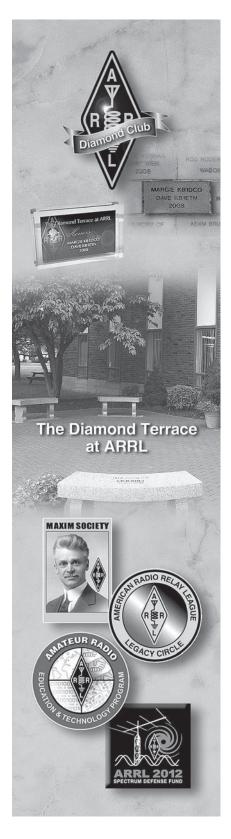
Through the end of 2012 the Second Century Campaign Committee secured cash and commitments to the campaign totaling \$3.9 million. Some donors made one-time gifts with many more extending their commitments out five years or more. Two leadership donors fulfilled portions of their commitments with transfers of stock totaling \$750,000. These gifts plus other pledge payments and donations contributed more than \$900,000 in cash to the ARRL Endowment during 2012.

There were several exciting commitments in 2012, but none more unique than one made in perpetuity (even after the passing of the donor and his spouse) of \$5,000 per quarter. This commitment is currently estimated at \$400,000 and the earnings are temporarily restricted for education.

Early in 2012 ARRL developed a presentation packet of information about the campaign to be sent to key prospects by members of the Second Century Campaign Committee or by the ARRL Development Office. Packets were mailed to prospects at the request of committee members prior to calls or visits as starting points for solicitation discussions.

#### American Radio Relay League





In autumn 2012 ARRL began work with the leadership of the 2014 World Radiosport Team Championship (WRTC 2014) to develop a cooperative VIP program to raise funds for both ARRL and WRTC 2014. The program focused on hams who are key members of the contesting community and prospects for the Second Century Campaign and WRTC. Donors who make \$15,000 contributions to both organizations may receive VIP benefits for the WRTC 2014 event to be held in Massachusetts in July 2014 and during the 2014 ARRL National Centennial Convention that will follow WRTC in Hartford the next weekend.

#### ARRL Diamond Club

The Diamond Club finished 2012 over its goal of \$295,000. The results were due in large part from the 10th Anniversary promotion designed and executed by Individual Giving Manager Lauren Clarke, KB1YDD, with help from Graphics Manger Sue Fagan, KB1OKW, and Marketing's Jackie Ferreira, KB1PWB. Solicitations requesting an increase in annual Diamond Club support were generated using targeted and personalized messaging.

The Diamond Terrace gives Diamond Club donors of \$250 or more the option of having an inscribed brick permanently set into the Terrace. This benefit is valued by many Diamond Club members, as well as individuals and clubs looking to make a one-time gift to honor an Elmer or Silent Key. In 2012, 162 new bricks were requested, bringing the total number of inscribed bricks in the Terrace to 1183.

These financial results for 2012 bring the total Diamond Club net revenue generated since 2005 to \$2,596,879.

#### ARRL Maxim Society

As of the end of 2012 The ARRL Maxim Society has 120 members whose lifetime giving has reached \$10,000 or more. Some new members qualified as a result of gifts to the ARRL Second Century Campaign. In late 2012 Development changed the process of awarding Maxim Society benefits by sending each member a checklist of benefits from which they may select the benefits they wish to receive. This process has been well-received by Maxim Society donors and will enable Development to improve management of the donor recognition expenses.

#### ARRL Legacy Circle

As of the end of 2012 The ARRL Legacy Circle has 130 participants who have included ARRL in their estate plans. In 2012 several estate gifts were realized and contributed more than \$210,000 to the ARRL Endowment. This amount added to the cash received from the Second Century Campaign brings the total contributions to the ARRL Endowment in 2012 to more than \$1,100,000.

#### ARRL Spectrum Defense Fund

The all-important Spectrum Defense Fund raised \$340,181 during 2012. Two issues of the Spectrum Defense Matters newsletter were mailed to donors and members during the year. By using carefully segmented and targeted e-mail solicitations, this campaign produced solid results.

#### **Educational Development**

The successful combination of direct mail and targeted follow-up e-mail raised more than \$200,000 to fund education activities; \$124,194 was specifically allocated to the Teachers Institutes in Wireless Technology. ARRL is fortunate to have individuals, foundations, businesses and the Dayton Amateur Radio Association provide support for ARRL educational programs.

#### W1AW Endowment

Results of a solicitation early in 2012 added more than \$55,000 to the W1AW Endowment Fund, which supports the Hiram Percy Maxim Memorial Station.

#### Other Development Efforts

The final campaign to reach 2012 goals before December 31 was conducted exclusively by e-mail. Two promotions — the offer of a 2013 ARRL Calendar for Diamond Club gifts and a \$10 Donor Rewards coupon toward a publications purchase — proved to be solid incentives for year-end contributions.

Other unrestricted gifts in 2012 totaled \$70,351.

#### Honoring ARRL's Long-Term Members

Development continued to fulfill its commitment to honor ARRL members of 40, 50, 60, 70 and 80 years with a certificate, pin and congratulatory letter from CEO Dave Sumner, K1ZZ. Development offers a complimentary QST commemorative plaque to members who have reached their 70- and 80-year milestones, produced at their request.

#### ARRL Donor Reception

The annual Donor Reception in Dayton prior to Hamvention® has become a tradition valued by our most generous donors, and 2012 was no exception. CEO Sumner's presentation honoring individuals who made significant personal and professional contributions to Amateur Radio was both moving and inspiring. One of the highlights of the evening is always the recognition of Maxim Society members who qualified after the prior year's reception.



ARRL Individual Giving Manager Lauren Clarke, KB1YDD, and ARRL Education and Technology Program Coordinator Mark Spencer, WA8SME, welcome guests.



ARRL Chief Development Officer Mary Hobart, K1MMH, talks with guests Bob Allphin, K4UEE, and Gregg Marco, W6IZT.





ARRL CEO David Sumner, K1ZZ, was the keynote speaker at the annual Donor Reception.



Rocky Mountain Division Vice Director Dwayne Allen, WY7FD, and his wife Katie, WY7KRA are committed supporters of the ARRL.



Steven Katz, N8WL, and his wife Constance Barsky, WD8ODC, are long-time Diamond Club members.

The 13th Annual ARRL Donor Recognition Reception was held at Meadowbrook Country Club in Clayton, Ohio on the Thursday evening before Hamvention<sup>®</sup>. The American Radio Relay League gratefully acknowledges the following individuals and organizations for their generous support in 2012 of \$1,000 or more. Through their gifts to the ARRL Diamond Club, Spectrum Defense Fund, Education & Technology Fund and the W1AW Endowment, ARRL is able to continue our work to promote and support Amateur Radio, and we thank all of our members who contribute to these funds.

\*Indicates individuals and organizations who are members of the ARRL Maxim Society. This distinctive program was created in 2002 to recognize donors whose lifetime contributions to the ARRL exceed \$10,000 or more. At the close of 2012, ARRL was proud to acknowledge 122 Maxim Society members.

Dwayne Allen, WY7FD and Katie Allen, WY7KRA

Allen-Heath Memorial Foundation \* K6ZIZ and K6OKO

Robert Allphin, K4UEE

Louis G. Arnold, K9ALP

Merit Arnold, W6NQ \*

Baker Family Foundation \* W5IZ and W5JKB

Sherman Banks, W4ATL \* and Mary Banks, K4MRY

Don Barber, K8GV \*

Robert Barden, MDØCCE \*

Glen Barney, NY3E \*

Richard Battles, WB4BYQ \*

Robert Beaudet, W1YRC

Steven Bense, W9SRB

Linda Bittner, K6GRL

Gerry Boudreaux, W5IC

David Brandenburg, K5RQ \*

Alan "Dale" Bredon, W6BGK

Bruce Butler, W6OSP \*

William G. Buckner, WØVZK \*

Frank Butler, W4RH \*

Brook Byers, K6TKM \*

Ken Byers, K4TEA \*

Randall Bynum, NR6CA \*

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

J. Craig Clark, Jr, K1QX

Jay Close, KØGEO

Ti-Michelle Connelly, NJ6T \*

Stephen Cornell, K4AHA \*

Kay Craigie, N3KN \* and Carter Craigie, N3AO

Gerald E. Crawford, K7UPJ

Dayton Amateur Radio Association \*

William J. Deegan III, K9XT \*

James Dicso, K2SZ \*

Richard Dievendorff, K6KR \*

Frank Donovan, W3LPL \*

In Memory of Jake McClain Driver, KC5WXA

Timothy J. Duffy, K3LR \*

Martin Ewing, AA6E \*

Frank Fallon, N2FF

Sean Fleming, K8KHZ \*

Sean Forrester, W4SFF

Bruce Frahm, KØBJ

Steve Goggans, K7LZJ \* and Lyndie Goggans, N7PKM

Craig Goldman, K2LZQ \*

Kenneth Goodwin, K5RG \*

Marty Green, K2PLF \*

Elliot Gross, KB2TZ \*

The Gryphon Fund

Ted Hannah, K3CL \*

In Memory of Gordon W. Harris, W7UIZ

Michael Hightower, KF6SJ

Mary M. Hobart, K1MMH

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Marion Jackson, N4JJ \*

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Motorola Libertyville Amateur Radio Club

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Peter Naumburg, K5HAB \* and Neida Naumburg, W5HAB

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Kurt Pauer, W6PH \*

Thomas W. Porter, W8KYZ \*

Malcolm Preston, NP2L \*

Dr. Larry E. Price, W4RA\*

Arthur Priebe, N5ART

Michael Raskin, W4UM \* and Sherry Raskin, W4SLR

Mark Ratajack, K7MTR

Bob Ravenscroft, KE7JZ \*

Jerry Redding, KA8Q

Fred Regennitter, K4IU and Judy Regennitter, KØUH

Paul Rinaldo, W4RI \*

Rick Roderick, K5UR \* and Holly Roderick

Alfred Rousseau, W1FJ

Thomas Schaefer, NY4I

Maurice L. Schietecatte, N4LZ \*

Claudie and Herb Schuler, K2HPV \*

C. Wayne Schuler, Al9Q \*

SEDCO-W4DXCC

Paul D. Sergi, NO8D \*

L. Dennis Shapiro, W1UF \*

William B. Smith, W9VA

Steven Somers, AE6SS and Robin Somers, KJ6ISJ

Jim Stratigos, WB4HYY

Roger A. Strauch, KD6UO \*

H. Dale Strieter, W4QM \*

Craig Thompson, K9CT \*

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David Topp, W5BXX \*

W. Paul Trouten, W8PI \*

John Uhl, W5ZE

Michael Valentine, W8MM \*

W4EUS ARC

James E. Weaver, K8JE \*

Dick Weber, K5IU \*

Steven West, W7SMW \* and Donna Karam, KC5FTN

Dan White, W5DNT \*

John Williams, K8JW

Tom Williams, WA1MBA

Henry Wixon, WXØN

E. Glenn Wolf, Jr, N5RN

Mitch Wolfson, DJØQN \*

Marty Woll, N6VI and Clara Woll, KJ6CNO

Walter Wooten, W1LW \*

Owen Wormser, K3CB \*

Scott Wright, KØMD \*

Allen Zimmerman, K3WGR \*

Anonymous: 33

\* Maxim Society member



**The ARRL Legacy Circle** recognizes individuals who have provided for the ARRL in their wills or other estate plans. Gifts received in this capacity—unless otherwise designated—are invested in the ARRL Endowment Fund, helping to ensure the future of ARRL and the advancement of Amateur Radio.

Robert Ahmann, W7SC

Alan Applegate, KØBG

GACY CIRC

Robert Barden, MDØCCE \*

Robert Beach, W8LCZ

Bob Beebe, GU4YOX/KX6N

Steven Bense, W9SRB

Paul Bittner, WØAIH

Alvin C. Borne, W6IVO

Clint Bradford, K6LCS

Frank Butler, W4RH \*

Kenneth Cary, K9UCX

Roberta Chamalian, WB1ADL and Peter Chamalian, W1RM

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

J. Craig Clark, Jr, K1QX

Richard Dievendorff, K6KR \*

Dennis G. Eksten, W9SS

Ronald Erickson, KØIC

Steve Goggans, K7LZJ \* and Lyndie Goggans, N7PKM

Elliot Gross, KB2TZ \*

Richard Hemingway, N5XRD

Fried Heyn, WA6WZO and Sandra Heyn, WA6WZN

Douglas Hilton, WDØUG and Diane Hilton, KI4LMO

Mary M. Hobart, K1MMH

Geoffry Howard, WØCG

Thomas Jakubec, N5ZR

Robert Kares, K3SUH

Steven Katz, N8WL and Constance Barsky, WD8ODC

Edward Lapinski, KV1P

Joshua Long, W9HT

William Marx, W2CQ

Richard Mondro, K4FQT

Dino Papas, KLØS and Toby Papas, KLØSS

Keith Pugh, W5IU

Larry Quinn, W1LDQ and Wendy Quinn, W1DY George E. Race, WB8BGY and Barbara Race, WB8UWX

John P. Rautenstrauch, N2MTG

Alfred Rousseau, W1FJ

Claudie and Herb Schuler, K2HPV \*

In Honor of Miranda K. Sears

Arnold Shatz, N6HC and Sheryl Shatz, KA6DOW

Wayne Starnes, KU4V and Cathy Starnes

John Swartz, WA9AQN

Tom Vavra, WB8ZRL

James Ward, W6AAJ and Patricia Ward

James E. Weaver, K8JE \*

Steven West, W7SMW \* and Donna Karam, KC5FTN

Dan White, W5DNT \*

Lee Wical, KH6BZF

Anonymous: 60

\* Maxim Society member

## Second Century Campaign Donors

**ARRL**, the national association for Amateur Radio, is proud to honor those donors who have made gifts and commitments of \$1000 or more to the ARRL Second Century Campaign as of December 31, 2012. Their generosity will strengthen ARRL's financial future for its second hundred years.

Cliff Ahrens, KØCA Bob Allphin, K4UEE Louis Arnold, K9ALP John Bellows, KØQB Dennis Bodson, W4PWF Diana and David Brandenburg, K5RQ Brook Byers, K6TKM Ken Byers, K4TEA Steve Chaddick, WA4ZDD Kay Craigie, N3KN and Carter Craigie, N3AO Francis Donovan, W3LPL Marjorie and Harry Flasher, AC8G Bruce Frahm, KØBJ Jim Garland, W8ZR Elliot Gross, KB2TZ Mary Hobart, K1MMH George Isely, W9GIG James Jaeger, K8RQ Glenn Johnson, WØGJ

Gregg L. Marco, W6IZT and Jenna Marco, KJ4PQV Frederick Niswander, K7GM Robert Ravenscroft, KE7JZ Holly and Rick Roderick, K5UR Dale Schwartz, K4ROZ SEDCO, Inc., W4DXCC L. Dennis Shapiro, W1UF Cathy and Wayne Starnes, KU4V James Stratigos, WB4HYY Roger Strauch, KD6UO David Sumner, K1ZZ James Treybig, W6JKV Mike Valentine, W8MM Bob Vallio, W6RGG Steven West, W7SMW and Donna Karam, KC5FTN Dan White, W5DNT Martin Woll, N6VI Scott Wright, KØMD Allen Zimmerman, K3WGR Anonymous: 2

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ARRL Headquarters Newington, Connecticut

One of the more positive trends for the organization, both operationally and financially, was the continuing growth in ARRL overall membership. Total membership at the end of the year stood at 160,278, an increase of 1.6% during the year.

## Financial Summary

While we had entered 2012 with concerns about our ability to continue to grow the organization financially due to external issues outside of our control, the ARRL was able to continue a positive upward growth trend and maintain a strong financial base. Despite taking a net charge to the bottom line for the termination of the ARRL's defined benefit pension plan, strong operational results coupled with realized gains on investment transactions and significant early contributions to the Second Century Campaign resulted in the League producing a large increase in total net assets for the year. These financial results were accomplished in the face of what some would consider a very slow recovery for the U.S. economy and a stubbornly high unemployment rate.

One of the more positive trends for the organization, both operationally and financially, was the continuing growth in ARRL overall membership. Total membership at the end of the year stood at 160,278, an increase of 1.6% during the year. This continues a trend of slow but steady membership growth for the last six years in a row. Given the economic conditions during those years, this is quite an accomplishment for the League and a testament to the continuing growth in the Amateur Radio Service. As a result, dues revenues for the year rose to \$5.7 million, increasing by 2.4%.

Revenues from all sources, including realized gains on investment transactions, totaled \$15.5 million representing an increase of 6.2% over revenues generated in 2011. The largest contributor to this increase was the restructuring of the League's investment portfolio resulting in realized gains of over \$1.3 million, a larger than usual amount. Gross revenues from publication sales were less in 2012 than they were in the prior year, while other major revenue sources for the ARRL in 2012 were relatively flat when compared with the same results in 2011. It should be noted that, in the face of a very difficult environment for print advertising in 2012. Fees derived from our various programs including DXCC and other awards, *Logbook of The World* and the ARRL Volunteer Exam Coordinator program were about the same in a year to year comparison.

Expenses increased significantly as well in 2012 but only because of a one-time charge to operations of \$2.5 million for the termination of the League's defined benefit pension plan. This was offset in part by an actuarial gain on the termination. The decision to terminate the plan eliminated some financial uncertainty for the League going forward and stabilized its balance sheet. Total operating expenditures were \$16.9 million in 2012. Overall, excluding the one-time charge of \$2.5 million, operating expenditures rose 2.1% over the prior year.

In summary, the League's net assets increased by almost \$1.2 million in 2012. While total assets on the balance sheet were down slightly, the result of the final payment to the defined benefit pension plan, liabilities decreased by about \$2.0 million, thereby strengthening the overall financial position of the organization. Although the economic turmoil of the recent years has seemed to stabilize and begin to slowly recover, ARRL remains committed to maintaining our strong financial position. As we are approaching the end of our first 100 years of existence, ARRL is positioned well financially to move forward into the next century. The financial stability that we've been able to achieve over the past several years has made this possible and we're looking forward to our Second Century with great anticipation.

American Radio Relay League

Board of Directors January 2012 Front Row: -

Bruce Frahm, Jay Bellows, Kay Craigie, Rick Roderick

Second Row:

Brian Mileshosky, Bill Edgar, Jim Fenstermaker, Kermit Carlson, David Sumner, Harold Kramer, Bob Vallio, Andrea Hartlage, Joyce Birmingham, Dennis Bodson, Mike Raisbeck, Grant Hopper, Jim Boehner

Third Row: -

Jim Weaver, Geoffrey Bawden, Dale Williams, Barry Shelley, William Hudzik, Marty Woll, Cliff Ahrens, Tom Abernethy, Jim McCobb, Tom Frenaye, Glen Clayton, David Norris, Dwayne Allen, John Robert Stratton

Top Row:

Mary Hobart, Richard Norton, David Woolweaver, Rick Niswander, Greg Widin, Dan Henderson, Chris Imlay, George Isely, Rod Blocksome, Brennan Price, Jim Tiemstra, Kent Olson, Rod Stafford, Greg Sarratt



ARRL 2012 Annual Board Meeting—Windsor, Connecticut

### Officers

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**Rick Roderick, K5UR** First Vice President Little Rock, Arkansas

Bruce Frahm, KØBJ Vice President Colby, Kansas

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Harold Kramer, WJ1B Chief Operating Officer

Mary Hobart, K1MMH Chief Development Officer

Brennan Price, N4QX Chief Technology Officer

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Marty Woll, N6VI Vice Director Chatsworth, California

West Gulf Division

Dr David Woolweaver, K5RAV Director Harlingen, Texas

John Robert Stratton, N5AUS Vice Director Austin, Texas COHN REZNICK

CohnReznick LLP

#### Independent Auditor's Report

To the Board of Directors of 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, 2012 and 2011, and the related statements of activities 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, 2012 and 2011, 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 supplementary information on pages 25 through 27 is presented for purposes of additional analysis and is 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.

Cohn Regnick LLP

Glastonbury, Connecticut May 3, 2013

#### Statements of Financial Position December 31, 2012 and 2011

#### <u>Assets</u>

		2012		2011
Current assets:	¢	1 056 040	¢	979 651
Cash Accounts receivable, net of allowance for doubtful	\$	1,056,949	\$	878,651
accounts of \$74,958 and \$75,952		369,352		430,904
Inventories, net		786,132		732,881
Pledges receivable, current		115,950		319,000
Prepaid expenses and other current assets		418,862		98,518
Other receivables		69,388		75,032
Total current assets		2,816,633		2,534,986
Other assets:		17 700 040		10 010 071
Investments Long term pledges receivable, net of discount		17,728,010		18,819,971
and allowance of \$319,156 and \$178,594		683,844		662,906
Land, building and equipment, net		451,393		502,518
Total other assets		18,863,247		19,985,395
Total assets	\$	21,679,880	\$	22,520,381
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$	243,487	\$	207,608
Accrued liabilities		418,701		339,872
Deferred revenue		12,324		30,169
Subtotal operational current liabilities		674,512 509,073		577,649 509,196
Deferred life membership dues, current Deferred term membership dues, current		2,587,493		2,511,669
Total current liabilities		3,771,078		3,598,514
		0,771,070		0,000,014
Long-term liabilities: Deferred life membership dues, less current portion		6,212,654		5,503,221
Deferred term membership dues, less current portion		757,203		729,001
Accrued pension liability		-		2,918,162
Total long-term liabilities		6,969,857		9,150,384
Total liabilities		10,740,935		12,748,898
Commitments				
Net assets:				
Unrestricted:				
Undesignated		2,612,470		2,888,583
Board designated		4,127,782		3,568,972
Temporarily restricted		1,758,457		1,712,204
Permanently restricted Total net assets		2,440,236 10,938,945		1,601,724 9,771,483
Total liabilities and net assets	\$	21,679,880	\$	22,520,381

#### Statement of Activities Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and contributions:	• • • • • -	•	•	
Membership dues	\$ 5,709,185	\$-	\$ -	\$ 5,709,185
Net publication sales	3,769,788	-	-	3,769,788
Advertising	2,563,370	-	-	2,563,370
Investment income	1,121,358	182,997	-	1,304,355
Examination fees and other	413,965	-	-	413,965
Program and service fees	639,253	-	-	639,253
Contributions and support Net assets released	480,385	571,864	74,284	1,126,533
from restrictions	647,489	(647,489)	-	-
	15,344,793	107,372	74,284	15,526,449
	· · ·	· · · · ·	· · · · ·	
Expenditures:				
Programs and services	9,426,310	-	-	9,426,310
Publications	4,492,454	-	-	4,492,454
Administration	2,069,875	-	-	2,069,875
Fundraising	717,435	-	-	717,435
Governance	189,346	-	-	189,346
	16,895,420			16,895,420
	· · · · · · · · ·			
(Decrease) increase in net assets				
before other income (expense)	(1,550,627)	107,372	74,284	(1,368,971)
Other income (expense):				
Bequests, Board designated				
functioning as an endowment	184,885	-	-	184,885
Second Century Campaign	- ,			- ,
endowment contributions	-	-	764,228	764,228
Unrealized loss on			- , -	- , -
investments	(237,406)	(61,119)	-	(298,525)
Defined benefit pension plan				( / /
termination settlement adjustment	1,885,845	-	-	1,885,845
,	1,833,324	(61,119)	764,228	2,536,433
	, , -			, ,
Change in net assets	282,697	46,253	838,512	1,167,462
	·		•	
Net assets, beginning of year	6,457,555	1,712,204	1,601,724	9,771,483
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Net assets, end of year	\$ 6,740,252	\$ 1,758,457	\$ 2,440,236	\$ 10,938,945

#### Statement of Activities Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and contributions:				
Membership dues	\$ 5,575,076	\$-	\$ -	\$ 5,575,076
Net publication sales	3,824,454	-	-	3,824,454
Advertising	2,552,553	-	-	2,552,553
Investment income	413,729	74,092	-	487,821
Examination fees and other	405,239	-	-	405,239
Program and service fees	628,618	-	-	628,618
Contributions and support Net assets released	600,452	538,031	7,212	1,145,695
from restrictions	647,576	(647,576)	-	-
	14,647,697	(35,453)	7,212	14,619,456
	, ,		· · · · ·	
Expenditures:				
Programs and services	7,739,886	-	-	7,739,886
Publications	3,934,110	-	-	3,934,110
Administration	1,675,568	-	-	1,675,568
Fundraising	539,638	-	-	539,638
Governance	188,458	-	-	188,458
	14,077,660	-	-	14,077,660
Increase (decrease) in net assets				
before other income (expense)	570,037	(35,453)	7,212	541,796
Other income (expense):				
Bequests, Board designated				
functioning as an endowment	392,630	-	-	392,630
Second Century Campaign				
endowment contributions			995,007	995,007
Unrealized loss on				
investments	(168,472)	(18,383)	-	(186,855)
Defined benefit pension plan				
actuarial loss	(1,290,027)	-		(1,290,027)
	(1,065,869)	(18,383)	995,007	(89,245)
Change in net assets	(495,832)	(53,836)	1,002,219	452,551
Net assets, beginning of year	6,953,387	1,766,040	599,505	9,318,932
Net assets, end of year	\$ 6,457,555	\$ 1,712,204	\$ 1,601,724	\$ 9,771,483

#### Statements of Cash Flows Years Ended December 31, 2012 and 2011

	 2012	 2011
Operating activities:		
Change in net assets	\$ 1,167,462	\$ 452,551
Adjustments to reconcile change in net assets to net		
cash (used in) provided by operating activities:	(000 540)	(4.000.040)
Receipts to establish or increase permanent endowment	(838,512)	(1,002,219)
Depreciation Bad debt recovery	206,415	175,139
,	210.156	(19,292)
Discount and allowance for pledges receivable Change in inventory reserve	319,156 15,413	178,594 3,949
Unrealized loss on investments	298,525	3,949 186,855
Realized gain on investments allocated	290,525	100,000
to general and permanent funds	(820,331)	(27,186)
Changes in operating assets and liabilities:	(020,331)	(27,100)
Accounts receivable	61,552	130,142
Pledges receivable	(137,044)	(1,160,500)
Other receivables	5,644	89,408
Inventories	(68,664)	(12,852)
Prepaid expenses and other current assets	(320,344)	46,673
Accounts payable and accrued liabilities	114,708	(95,547)
Deferred revenue	(17,845)	21,430
Deferred life membership dues, net of allocated		
realized loss	3,966	40,061
Deferred term membership dues	104,026	49,095
Accrued pension liability	(2,918,162)	 1,105,121
Net cash (used in) provided by operating activities	(2,824,035)	161,422
Investing activities:		
Purchase of equipment	(155,290)	(186,477)
Sales of investments	11,956,120	4,422,454
Purchases of investments	 (9,637,009)	 (5,277,371)
Net cash provided by (used in) investing activities	2,163,821	 (1,041,394)
Financing activities:		
Receipts to establish or increase permanent endowment	 838,512	 1,002,219
Net increase in cash	178,298	122,247
Cash, beginning of year	 878,651	 756,404
Cash, end of year	\$ 1,056,949	\$ 878,651

#### **Notes to Financial Statements**

#### 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 have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. To ensure observance of limitations and restrictions placed on the use of resources available to the League, the accounts of the League are maintained in the following net asset categories:

<u>Unrestricted</u> - Net assets represent available resources other than contributions restricted by donor-imposed stipulations or by operation of law. The Board of Directors of the League has earmarked certain of those funds, which are shown as board designated net assets in the accompanying statements of financial position.

<u>Temporarily Restricted</u> - Net assets represent contributions and earnings thereon that are restricted by donor-imposed stipulations or by operation of law either as to purpose or as to time of expenditure.

<u>Permanently Restricted</u> - Net assets represent contributions received that are subject to donor-imposed restrictions or to those imposed by operation of law that the principal be invested in perpetuity while the income earned thereon is made available for operations.

#### 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 2012 or 2011 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.

#### **Notes to Financial Statements**

#### Pledges and contributions receivable:

Pledges and 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 \$130,007 and \$114,594 as of December 31, 2012 and 2011, respectively.

## Investments:

The League reports investments at fair value (see Note 3) and reflects any gain or loss in the statements of activities. Investment income and gains and losses are considered unrestricted unless temporarily 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

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 of net assets for the period.

The League reviews 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, 2012 and 2011.

Donations of land, building and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire land, building and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be restricted, the League reports expirations of donor restrictions when the donated or acquired assets are placed in service. The League reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### **Notes to Financial Statements**

#### Pension liability:

The League follows the accounting standard that requires retirement benefit accruals or prepaid benefit costs reported on the statements of financial position to be adjusted to the difference between the benefit obligations and the plan assets at fair value. The adjustment is recorded as a change in net assets for the year and represents the unrecognized actuarial gains or losses and unamortized service costs, which have previously been disclosed in the notes to financial statements.

# 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 longterm 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:

<u>Membership dues</u> - 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.

#### **Notes to Financial Statements**

<u>Publication Sales</u> - 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.

<u>Contributions and Bequests</u> - Contributions and bequests received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions or those imposed by operation of law. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets even if the restrictions expire in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from 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 taxes due for the years ended December 31, 2012 and 2011.

The League's Federal information returns prior to calendar year 2009 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, 2012 and 2011.

#### 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.

### **Notes to Financial Statements**

#### 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.

## Subsequent events:

The League has evaluated events and transactions for potential recognition or disclosure through May 3, 2013, which is the date the financial statements were available to be issued.

#### Note 2 - Pledges receivable:

As of December 31, 2012, unconditional pledges receivable are expected to be realized in the following periods:

	2012	2011
In one year or less	\$ 115,950	\$ 319,000
In one to five years	417,100	741,500
In more than five years	585,900	100,000
Less: allowance for uncollectible pledges	(88,866)	(109,101)
Less: discount	 (230,290)	 (69,493)
	\$ 799,794	\$ 981,906

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

	2012	2011
Current	\$ 115,950	\$ 319,000
Long-term	683,844	662,906
	\$ 799,794	\$ 981,906

Pledges expected to be received in more than one year have been discounted using a discount rate of 3.25% at December 31, 2012 and 2011.

#### Note 3 - 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, 2012 and 2011:

		2012			2011			
	F	Fair Value Cost		Fair Value			Cost	
Cash and cash			_		_		_	
equivalents	\$	798,326	\$	798,326	\$	872,058	\$	872,059
Equities and mutual funds	1	0,786,819		9,874,327		10,948,142		9,585,567
Fixed maturities		6,142,865		6,000,993		6,999,771		7,009,456
	\$ 1	7,728,010	\$	16,673,646	\$	18,819,971	\$	17,467,082

# **Notes to Financial Statements**

The League allocates its investments into categories related to life memberships, regular operations, temporarily restricted and endowment funds. The following summarizes the fair value of investments by category as of December 31, 2012 and 2011:

	2012	2011
Life membership	\$ 6,721,727	\$ 6,012,417
Regular operations	2,634,808	5,924,654
Temporarily restricted	1,758,457	1,712,204
Functioning as an endowment	4,172,782	3,568,972
Permanently restricted	2,440,236	1,601,724
	\$ 17,728,010	\$18,819,971

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

	2012	2011
Unrealized appreciation, beginning of year:		
Fair value	\$18,819,971	\$18,099,375
Cost	17,467,082	16,559,631
Net gain	1,352,889	1,539,744
Unrealized appreciation, end of year:		
Fair value	17,728,010	18,819,971
Cost	16,673,646	17,467,082
Net gain	1,054,364	1,352,889
Net unrealized loss for the year	<u>\$ (298,525)</u>	\$ (186,855)

Investment income is summarized as follows for the years ended December 31, 2012 and 2011:

	2012	2011
Interest and dividend income	\$ 739,263	\$ 709,854
Net realized gain on investments	1,525,675	52,354
Gross investment income	2,264,938	762,208
Less:		
Net investment income allocated to deferred life liability	(960,583)	(274,387)
Total investment income	\$ 1,304,355	\$ 487,821

The investment advisory fees paid by the League for the years ended December 31, 2012 and 2011 were \$20,200 and \$53,576, respectively.

# **Notes to Financial Statements**

# Note 4 - 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.
- 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.

Financial assets carried at fair value at December 31, 2012 and 2011 are classified in the tables below in one of the three categories described above:

	2012					
	Level 1		Level 2	L	evel 3	Total
Cash and cash equivalents	\$ -	\$	798,326	\$	-	\$ 798,326
Mutual funds:						
Bond funds	614,943		-		-	614,943
Closed-end funds	228,995		-		-	228,995
Large blend fund	208,598		-		-	208,598
Open-end blended fund	215,636		-		-	215,636
Total mutual funds	1,268,172		-		-	1,268,172
Exchange traded funds	3,988,121		-		-	3,988,121
Stocks:						
Domestic large cap	4,350,915		-		-	4,350,915
Domestic mid cap	670,648		-		-	670,648
Domestic small cap	237,814		-		-	237,814
International developed	233,220		-		-	233,220
Real estate	37,929		-		-	37,929
Total stocks	5,530,526		-		-	5,530,526

# **Notes to Financial Statements**

Fixed maturities:				
Corporate bonds	\$-	\$ 5,082,945	\$ -	\$ 5,082,945
International developed bond	s -	621,919	-	621,919
Global high yield taxable	-	438,001	-	438,001
Total fixed maturities	-	6,142,865	-	 6,142,865
Total assets at fair value	\$ 10,786,819	\$ 6,941,191	\$ -	\$ 17,728,010

	2011				
	Level 1	Level 2	Level 3	Total	
Cash and cash equivalents	\$-	\$ 872,058	\$-	\$ 872,058	
Equities and mutual funds:					
Domestic large cap	6,104,010	-	-	6,104,010	
Bond funds	2,631,057			2,631,057	
International developed	653,334	-	-	653,334	
Domestic mid cap	994,929	-	-	994,929	
Domestic small cap	295,368	-	-	295,368	
Foreign large blend	115,521	-	-	115,521	
Diversified emerging markets	72,267	-	-	72,267	
Real estate	52,500	-	-	52,500	
Foreign large value	29,156	-	-	29,156	
Total equities and mutual funds	10,948,142	-	-	10,948,142	
Fixed maturities:					
Corporate bonds	-	5,444,480	-	5,444,480	
International developed bonds	-	729,802	-	729,802	
Global high yield taxable	-	739,268	-	739,268	
Fixed income other	-	86,221	-	86,221	
Total fixed maturities	-	6,999,771	-	6,999,771	
Total assets at fair value	\$10,948,142	\$ 7,871,829	\$ -	\$ 18,819,971	

The fair value of cash and cash equivalents is estimated using third party quotations (Level 2).

Investments in equity securities and exchange traded funds (Level 1) that are listed on a national securities exchange or reported on the NASDAQ national market are valued at their last sales price on the valuation date.

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.

# **Notes to Financial Statements**

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, 2012 and 2011.

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, 2012 and 2011.

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 5 - Land, building and equipment:

Land, building and equipment, and related accumulated depreciation are comprised of the following at December 31, 2012 and 2011:

	2012	2011
Land and building	\$ 1,094,693	\$ 1,094,693
Furnishings, equipment and building improvements	4,683,106	5,037,730
Construction in progress	18,913	18,913
	5,796,712	6,151,336
Less accumulated depreciation	(5,345,319)	(5,648,818)
	\$ 451,393	\$ 502,518

Construction in progress represents web development costs incurred but not yet placed into service as of December 31, 2012 and 2011. Depreciation will commence when asset is placed into service.

# Note 6 - Pension liability:

The League had a noncontributory group annuity retirement plan (the "Plan"), which covered all full-time employees. The Plan was frozen effective May 31, 2009. The Board of Directors approved a resolution to terminate the Plan effective November 1, 2011. The League received the required approvals from regulatory authorities for the plan termination in 2012. In connection with the termination of the Plan, the League recorded a charge in 2011 of \$1,290,027, which represents the amount required to write off the net unamortized actuarial loss and record an additional obligation to fully fund the Plan termination obligation. The League recorded a settlement loss of \$2,525,413 in 2012.

# **Notes to Financial Statements**

The following sets forth the Plan's funded status and amounts recognized in the League's statements of financial position at December 31, 2012 and 2011:

Accumulated benefit obligation at end of year	2012 \$	2011 \$ 14,256,142
Projected benefit obligation at beginning of year:	\$ 14,256,142	\$ 11,496,473
Service cost	35,000	35,000
Interest cost	153,230	621,080
Actuarial loss	1,020,761	2,344,077
Settlement	(15,280,689)	-
Benefits paid	(184,444)	(240,488)
Projected benefit obligation at end of year	-	14,256,142
Fair value of plan assets at beginning of year:	11,337,980	9,683,432
Actual return on plan assets	685,435	1,800,681
Employer contributions	3,463,373	122,000
Plan expenses	(21,655)	(27,645)
Settlement	(15,280,689)	-
Benefits paid	(184,444)	(240,488)
Fair value of plan assets at end of year	-	11,337,980
· · ·		
Unfunded status	-	(2,918,162)
Net accrued benefit cost	\$ -	\$ (2,918,162)

The December 31, 2011 accrued benefit cost is presented in the statements of financial position as accrued pension liability.

Net periodic benefit cost recognized in changes in unrestricted net assets for the years ended December 31, 2012 and 2011 consist of the following:

	2012	2011
Service cost	\$ 35,000	\$ 35,000
Interest cost	153,230	621,080
Expected return on plan assets	(333,162)	(718,986)
Amortization of loss	50,575	-
Settlement loss	2,525,413	-
Total net periodic benefit cost (credit)	\$ 2,431,056	\$ (62,906)

Net periodic benefit cost (credit) is included in salaries, compensation and benefits on the schedules of expenditures.

Other changes in plan assets and benefit obligations, recognized in changes in unrestricted net assets and presented under other income on the statements of activities for the years ended December 31, 2012 and 2011 consist of the following:

# **Notes to Financial Statements**

	2012	2011
Actual return on plan assets	\$ 685,435	\$ 1,800,681
Expected return	(333,162)	(718,984)
Totals	352,273	1,081,697
Other actuarial loss	(1,020,761)	(2,344,077)
Plan expenses	(21,655)	(27,645)
Totals	(1,042,416)	(2,371,722)
Settlement loss and amortization	2,575,988	
Total of other changes recognized in		
changes in unrestricted net assets	1,885,845	(1,290,025)
Net unrecognized actuarial loss, beginning of year	(1,885,845)	(595,820)
Net unrecognized actuarial loss, end of year	\$	\$ (1,885,845)

The weighted average actuarial assumptions used in the accounting for the League's pension benefit plan were:

	2012	2011
Benefit obligation: Discount rate Benefit cost:	-	4.25%
Discount rate	4.25%	5.50%
Expected return on plan assets	7.50%	7.50%
Net periodic benefit cost	\$ 2,431,056 \$	(62,906)
Employer contributions	3,463,373	122,000
Benefits and settlement paid	(15,465,133)	(240,488)

The expected long-term rate of return on plan assets reflected the average rate of return expected on the funds invested to provide for the benefits included in the projected benefit obligation. Estimation of this rate was derived using a building block method where appropriate consideration is given to the returns earned by the plan assets in the fund and the rates of return expected to be available for reinvestment. The expected rate of return on each asset class was broken down into three components: (1) inflation, (2) the real risk-free rate of return (i.e., the long-term estimate of future returns on default-free U.S. government securities) and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate).

All three components were based primarily on historical data, with modest adjustments to take into account additional relevant information that was currently available. For the inflation and risk-free return components, the most significant additional information is that provided by the market for nominal and inflation-indexed U.S. Treasury securities. That market provides implied forecasts of both the inflation rate and risk-free rate for the period over which currently available securities mature. The historical data on risk premiums for each asset class is adjusted to reflect any systemic changes that have occurred in the relevant markets; e.g., the higher current valuations for equities, as a multiple of earnings, relative to the longer-term average for such valuations.

#### **Notes to Financial Statements**

The exact expected return derived using the building block method will vary from year to year; however, as the rate is a long-term assumption, it remains constant as long as it remains within a reasonable range.

The asset allocations by category as of December 31, 2012 and 2011 were as follows:

		2012				
	Amount %		Am	ount	%	
Equity securities	\$	-	-%	\$	-	-%
Debt securities		-	-	11,0	53,867	97
Cash and cash equivalents		-	-	28	84,113	3
	\$	-	-%	\$11,3	37,980	100%

The pension assets carried at fair value at December 31, 2011 are classified in the table below. See Note 3 for definitions of levels:

	2011								
	Level 1	Level 1 Level 2		Level 3			Total		
Cash and cash equivalents Debt securities:	\$ -	\$	284,113	\$	-	\$	284,113		
Long-term bond funds	-		9,540,634		-		9,540,634		
Short-term bond funds	 -		1,513,233		-		1,513,233		
	\$ -	\$ 1	1,337,980	\$	-	\$1	1,337,980		

Investments in debt securities and cash and cash equivalents were designated as Level 2 instruments as valuations were obtained from readily-available pricing sources for comparable instruments. Investments in equity securities were valued using market prices on active markets. Level 1 instruments valuations were obtained from real-time quotes for transactions in active exchange markets involving identical assets. There were no changes in valuation techniques during the current year.

The League set investment guidelines with the assistance of investment professionals. These guidelines were established on market conditions, risk tolerance, funding requirements and expected benefit payments. The guidelines address the investment allocation process, selection of investment professionals and monitoring of asset performance. Through June 2011, the League employed a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk.

An annual analysis on the risk versus the return of the investment portfolio was conducted to justify the expected long-term rate of return assumption. In July 2011, the League adjusted its investment guidelines as a result of the Plan termination. Through June 2011, the investment portfolio contained a diversified portfolio of investment categories, including equities and fixed income securities. Securities were also diversified in terms of domestic and international securities, short and long-term securities, growth and value styles and large cap and small cap stocks.

#### **Notes to Financial Statements**

To reduce the risk of fluctuation of plan assets that was required to fund the Plan, in July 2011, the League's Board of Directors passed a resolution to reinvest the assets of the Plan in a corporate-debt-based, economic-liability matching portfolio based in accordance with the recommendation of the Plan's professional advisers.

# Note 7 - 403(b) plan:

The League established the ARRL, Inc. 403(b) Pension Plan in 2009. 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 at the rate of 50 cents per dollar contributed up to the employee's contribution of 4% of their compensation. Total employer contributions were \$180,330 and \$171,140 in 2012 and 2011, respectively.

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

The League's Board of Directors' intent is to treat unrestricted bequests as funds functioning as an endowment. Since the beginning of 2004, the League has received bequests in the amount of \$3,358,899. As of December 31, 2012 and 2011, the balance of the bequests, net of investment income and unrealized gains and losses, was \$4,127,782 and \$3,568,972, respectively.

#### Note 9 - Temporarily restricted net assets:

Temporarily restricted net assets as of December 31, 2012 and 2011 were available for the following purposes:

	2012	2011
Exceptional merit	\$ 1,270,440	\$ 1,286,410
Education and research	127,913	103,375
Other specific purposes	360,104	322,419
	\$ 1,758,457	\$ 1,712,204

# Note 10 - Permanently restricted net assets:

Permanently restricted net assets as of December 31, 2012 and 2011 were comprised of the following:

	2012	2011
W1AW fund	\$ 491,004	\$ 452,377
Colvin fund	154,340	154,340
Youth and Education fund	35,658	-
Second Century fund	1,759,234	995,007
	\$ 2,440,236	\$ 1,601,724

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

#### Notes to Financial Statements

In 1993, the League became entitled, as beneficiary, to proceeds from a life insurance policy on one of its members. This endowment specifies that the principal is to be maintained in a fund and invested for the purpose of producing future income. The income from this endowment will be expended to reward deserving radio amateurs.

In 2011, the League started the Second Century Campaign. This campaign was established for the purpose of defining a path to passionate involvement in amateur radio by new generations, and providing 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.

## Note 11 - Endowment:

The League's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors 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.

# **Notes to Financial Statements**

Changes in endowment net assets for the year ended December 31, 2012 is as follows:

	ι	Unrestricted		Temporarily Restricted		Permanently Restricted	Total	
Endowment net assets, January 1, 2012	\$	3,568,972	\$	76,810	\$	1,601,724	\$	5,247,506
Investment income, net		426,359		137,690		-		564,049
Net unrealized loss		(52,434)		(42,220)		-		(94,654)
Contributions		184,885		1,024		838,512		1,024,421
Amounts appropriated for expenditure		-		(64,281)		-		(64,281)
Endowment net assets, December 31, 2012	\$	4,127,782	\$	109,023	\$	2,440,236	\$	6,677,041

Endowment net asset composition by type of fund as of December 31, 2012 is as follows:

	ι	Inrestricted	Temporarily Restricted		Permanently Restricted		 Total
Donor-Restricted Endowment Funds	\$	-	\$	109,023	\$	2,440,236	\$ 2,549,259
Board Designated Endowment Funds		4,127,782		-		-	 4,127,782
Total funds	\$	4,127,782	\$	109,023	\$	2,440,236	\$ 6,677,041

Changes in endowment net assets for the year ended December 31, 2011 is as follows:

	ι	Temporarily Unrestricted Restricted		Permanently Restricted		Total	
Endowment net assets, January 1, 2011	\$	3,074,763	\$	70,864	\$	599,505	\$ 3,745,132
Investment income, net		129,452		26,112		-	155,564
Net unrealized loss		(27,873)		(6,666)		-	(34,539)
Contributions		392,630		-		1,002,219	1,394,849
Amounts appropriated for expenditure		-		(13,500)		-	 (13,500)
Endowment net assets, December 31, 2011	\$	3,568,972	\$	76,810	\$	1,601,724	\$ 5,247,506

#### **Notes to Financial Statements**

Endowment net asset composition by type of fund as of December 31, 2011 is as follows:

Development and	l	Unrestricted				Temporarily Restricted		Permanently Restricted		Total
Donor-Restricted Endowment Funds	\$	-	\$	76,810	\$	1,601,724	\$	1,678,534		
Board Designated Endowment Funds		3,568,972		-		-		3,568,972		
Total funds	\$	3,568,972	\$	76,810	\$	1,601,724	\$	5,247,506		

From time to time, the fair value of assets associated with individual donorrestricted 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 unrestricted net assets as of December 31, 2012 and 2011.

#### Note 12 - Lease obligations:

The League leases warehouse space, office space and office equipment under operating leases with monthly payments ranging from \$107 to \$4,265, which expire at various times through May 2016. Total operating lease expense was \$130,312 and \$121,774 for the years ended December 31, 2012 and 2011, respectively.

The following are future minimum lease payments due under noncancelable operating leases as of December 31, 2012:

Year Ending December 31,	
2013	\$ 93,160
2014	94,003
2015	78,602
2016	21,753
	\$ 287,518

# Note 13 - 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.

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. Pledges 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.

#### **Notes to Financial Statements**

## 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 14 - 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 \$13,200 for each of the years ended December 31, 2012 and 2011.

A member of the Board of Directors provided investment advisory services to the League for the year ended December 31, 2011. The fees for these services were \$53,576, and are included in administrative expenditures in the accompanying statements of activities. For the year ended December 31, 2012, there were no related party investment advisory services.

# Schedules of Expenditures Years Ended December 31, 2012 and 2011

	2012	2011
Salaries, compensation and benefits	\$ 9,153,894	\$ 6,397,773
Publication costs	2,210,428	2,230,141
Shipping and forwarding costs	1,501,512	1,492,175
Communication and postage	776,776	722,041
Office supplies and expenditures	572,328	552,636
Occupancy costs	535,031	536,121
Other	531,472	471,911
Travel	452,048	409,212
Administrative expenses	427,240	435,001
Legal and professional fees	414,037	542,320
Depreciation	206,415	175,139
Rentals and equipment maintenance	114,239	113,190
Totals	\$ 16,895,420	\$ 14,077,660

See Independent Auditor's Report.

# Temporarily Restricted Fund Summary Year Ended December 31, 2012

Fund Name	Janu	Balance January 1, 2012	Cor	Contributions		Investment Income, net		Unrealized Loss	Released from Restriction	De	Balance December 31, 2012
H.P. Maxim Award	ŝ	38,441	в	,	Ь	1,533	Ь	1	\$	ۍ ۱	39,974
Project Goodwill		8,180		ı				ı	1		8,180
Exceptional Merit		1,286,410		'		42,929		(18,899)	(40,000)	(c	1,270,44(
Legal Research & Resource		151,372		11,953		ı			(3,610)	()	159,715
Starr Technology		4,081		1					(1,360)	()	2,721
Rinaldo Technology		1,000		'							1,000
ARRL SAREX		6,709		'					'		6,709
Educational Activities		3,580		'		ı		'	'		3,580
Ham Aid Fund		13,465		3,703		'			(2,303)	3)	9,865
Defense of Frequencies		'		342,404		845			(343,249)	(6	
Lab Fund		12,320		363							12,683
Education and Technology		99,795		211,242		1,650		(009)	(187,754)	4)	124,333
Steven Rich Fund		10,000		'		'			•		10,000
Direction Finding		41		1,175		'			68	œ	1,284
Colvin Fund earnings		25,976		'		13,208		(2,981)	(12,500)	(c	23,703
W1AW Fund earnings		50,834		1,024		41,427		(9,015)			84,270
Capital Campaign Fund earnings		'		'		81,405		(29,624)	(51,781	1)	
Total temporarily											
restricted funds	ф	1,712,204	φ	571,864	Ь	182,997	ω	(61,119)	\$ (647,489)	9) 8	1,758,457

See Independent Auditor's Report.

Temporarily Restricted Fund Summary Year Ended December 31, 2011

Fund Name	Jan	Balance January 1, 2011	ပိ	Contributions	n Inc	Investment Income, net	Unrealized Loss	1	Released from Restriction	Dece	Balance December 31, 2011
H.P. Maxim Award	Ś	36,869	ŝ	,	ф	1,572	ю		' د	ŝ	38,441
Project Goodwill		9,733		'		1		·	(1,553)	_	8,180
Exceptional Merit		1,292,554		1		45,573	(11,	(11,717)	(40,000		1,286,410
Legal Research & Resource		143,318		11,194		1		ì	(3,140)		151,372
Starr Technology		4,081		'		'		ı			4,081
Rinaldo Technology		1,000		1		1		ı			1,000
ARRL SAREX		6,709		'		1		·			6,709
Educational Activities		3,580		ı		I		ı	1		3,580
Ham Aid Fund		7,901		7,407		ı		,	(1,843)	_	13,465
Defense of Frequencies				366,716		835		·	(367,551		
Lab Fund		11,518		802		I		ı			12,320
Education and Technology		167,872		151,412		1		ı	(219,489)	~	99,795
Steven Rich Fund		10,000		1		1		·			10,000
Direction Finding		41		500		'		ı	(200)	~	41
Colvin Fund eamings		34,624		'		6,698	(1,	(1,846)	(13,500)		25,976
W1AW Fund earnings		36,240		'		19,414	(4,	(4,820)			50,834
Total temporarily restricted funds	\$	1,766,040	ŝ	538,031	θ	74,092	\$ (18,	(18,383)	\$ (647,576)	\$	1,712,204

See Independent Auditor's Report.

# ARRL is the national association for Amateur Radio operators.

The seed for Amateur Radio was planted in the 1890s, when Guglielmo Marconi began his experiments in wireless telegraphy. By 1914, there were thousands of Amateur Radio operators—hams—in the United States. Hiram Percy Maxim, a leading Connecticut inventor and industrialist, saw the need for an organization to band together this fledgling group of radio experimenters.

In May 1914 he founded the American Radio Relay League (ARRL) to meet that need. Today ARRL is the largest organization of radio amateurs in the United States.

## The ARRL is proud of its continuing traditions in five key areas of action:

# PUBLIC SERVICE

ARRL members provide thousands of volunteer hours for communities and organizations requesting aid in emergency communications planning and disasters. Its ARES program is recognized by federal, state and national organizations for service in crises.

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

# ADVOCACY

The ARRL represents US radio amateurs in legislative matters.

The ARRL also represents US amateurs with the Federal Communications Commission and other government agencies in the US and abroad.

The ARRL is the International Secretariat for the International Amateur Radio Union, which is made up of similar societies in over 150 countries around the world.

# EDUCATION

The ARRL promotes interest in Amateur Radio communications and experimentation.

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

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

# TECHNOLOGY

The Amateur Radio Service frequency bands are the place on the usable radio spectrum where you as an individual can develop and experiment with wireless communication.

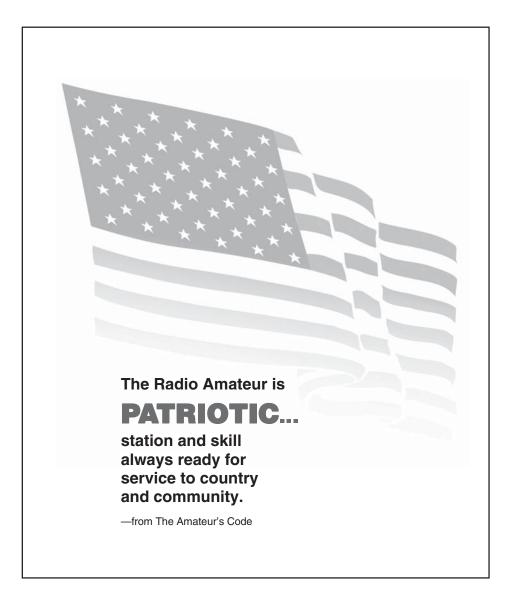
Hams not only can make and modify their own equipment, but can create whole new ways to do things.

# MEMBERSHIP

The ARRL maintains fraternalism and a high standard of conduct among Amateur Radio operators.

The ARRL provides direct services to members, such as the Volunteer Examiner Coordinator Program and a QSL bureau.

The staff at ARRL Headquarters, in the Hartford suburb of Newington, is dedicated to providing quality member services.



# 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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