The American Radio Relay League, Incorporated

Report on Financial Statements
(With Supplementary Information)

Years Ended December 31, 2008 and 2007

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

Index

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Accountants and Consultants since 1919

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Report of Independent Public Accountants

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

We have audited the accompanying statements of financial position of The American Radio Relay League, Incorporated (the "League") as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, effective December 31, 2007 the League adopted FAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.”

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 21 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J.H. Cohn LLP

Glastonbury, Connecticut
May 15, 2009

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS

	2008	2007 (Restated)
Current assets:		
Cash	**$ 256,521**	$ 324,905
Accounts receivable, net of allowance for doubtful accounts of $109,855 and $92,073	**479,357**	366,878
Inventories, net	**760,167**	616,979
Prepaid expenses and other current assets	**155,209**	159,897
Other receivables	**96,827**	98,935
Contribution receivable	**-**	600,000
Total current assets	**1,748,081**	2,167,594
Other assets:		
Investments	**12,471,562**	15,053,094
Land, building and equipment, net	**643,677**	815,073
Total other assets	**13,115,239**	15,868,167
Total assets	**$ 14,863,320**	$ 18,035,761

LIABILITIES AND NET ASSETS

	2008	2007 (Restated)
Current liabilities:		
Accounts payable	**$ 209,014**	$ 263,385
Accrued liabilities	**219,663**	169,351
Deferred revenue	**6,258**	6,063
Subtotal operational current liabilities	**434,935**	438,799
Deferred life membership dues - current portion	**504,048**	503,298
Deferred term membership dues - current portion	**2,295,415**	2,287,973
Total current liabilities	**3,234,398**	3,230,070
Long-term liabilities:		
Deferred life membership dues - less current portion	**5,427,356**	5,443,978
Deferred term membership dues - less current portion	**667,264**	607,910
Accrued pension liability	**5,943,680**	1,803,187
Total long-term liabilities	**12,038,300**	7,855,075
Total liabilities	**15,272,698**	11,085,145
Commitments		
Net assets:		
Unrestricted	**(3,365,079)**	3,681,751
Unrestricted - Board designated	**941,100**	961,375
Temporarily restricted	**1,506,777**	1,866,839
Permanently restricted	**507,824**	440,651
Total net assets	**(409,378)**	6,950,616
Total liabilities and net assets	**$ 14,863,320**	$ 18,035,761

See Notes to Financial Statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**
Revenues and contributions:				
Membership dues	$ 5,316,844	$ -	$ -	**$ 5,316,844**
Net publication sales	3,766,117	-	-	**3,766,117**
Advertising	2,638,970	-	-	**2,638,970**
Investment income	256,873	66,390	-	**323,263**
Examination fees and other	415,503	-	-	**415,503**
Program and service fees	526,331	-	-	**526,331**
Contributions and support	452,787	544,816	67,173	**1,064,776**
Net assets released from restrictions	645,717	(645,717)	-	**-**
	14,019,142	(34,511)	67,173	**14,051,804**
Expenditures:				
Programs and services	8,315,973	-	-	**8,315,973**
Publications	4,052,922	-	-	**4,052,922**
Administration	1,087,961	-	-	**1,087,961**
Fundraising	486,673	-	-	**486,673**
Governance	176,601	-	-	**176,601**
	14,120,130	-	-	**14,120,130**
Increase (decrease) in net assets before other income (expense)	(100,988)	(34,511)	67,173	**(68,326)**
Other income (expense):				
Bequests - Board designated functioning as an endowment	141,925	-	-	**141,925**
Unrealized losses on investments	(2,804,620)	(325,551)	-	**(3,130,171)**
Defined benefit pension plan actuarial loss	(4,303,422)	-	-	**(4,303,422)**
	(6,966,117)	(325,551)	-	**(7,291,668)**
Change in net assets	(7,067,105)	(360,062)	67,173	**(7,359,994)**
Net assets, beginning of year	4,643,126	1,866,839	440,651	**6,950,616**
Net assets, end of year	$ (2,423,979)	$ 1,506,777	$ 507,824	**$ (409,378)**

See Notes to Financial Statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total (Restated)**
Revenues and contributions:				
Membership dues	$ 5,187,781	$ -	$ -	**$ 5,187,781**
Net publication sales	3,839,849	-	-	**3,839,849**
Advertising	2,628,880	-	-	**2,628,880**
Investment income	308,385	79,618	-	**388,003**
Examination fees and other	535,433	-	-	**535,433**
Program and service fees	412,949	-	-	**412,949**
Contributions and support	644,916	730,926	17,604	**1,393,446**
Net assets released from restrictions	672,321	(672,321)	-	**-**
	14,230,514	138,223	17,604	**14,386,341**
Expenditures:				
Programs and services	8,042,906	-	-	**8,042,906**
Publications	3,941,968	-	-	**3,941,968**
Administration	1,596,995	-	-	**1,596,995**
Fundraising	474,652	-	-	**474,652**
Governance	167,682	-	-	**167,682**
	14,224,203	-	-	**14,224,203**
Increase in net assets before other income	6,311	138,223	17,604	**162,138**
Other income:				
Bequests - Board designated functioning as an endowment	617,633	-	-	**617,633**
Unrealized gains on investments	130,452	17,135	-	**147,587**
	748,085	17,135	-	**765,220**
Change in net assets	754,396	155,358	17,604	**927,358**
Net assets, beginning of year, as previously reported	3,970,421	1,676,098	423,047	**6,069,566**
Cumulative effect of adoption of provisions of FSP FAS 117-1	(35,383)	35,383	-	**-**
Cumulative effect of adoption of provisions of SFAS No. 158	(46,308)	-	-	**(46,308)**
	(81,691)	35,383	-	**(46,308)**
Net assets, beginning of year, as restated	3,888,730	1,711,481	423,047	**6,023,258**
Net assets, end of year	$ 4,643,126	$ 1,866,839	$ 440,651	**$ 6,950,616**

See Notes to Financial Statements.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Operating activities:		
Change in net assets	**$ (7,359,994)**	$ 927,358
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipts to establish or increase permanent endowment	**(67,173)**	(17,604)
Depreciation	**332,464**	594,660
Bad debt expense	**18,000**	18,000
Change in inventory reserve	**1,712**	17,327
Unrealized loss (gain) on investments	**3,130,171**	(147,587)
Realized loss (gain) on investments allocated to the general fund	**10,653**	(37,603)
Changes in operating assets and liabilities:		
Accounts receivable	**(130,479)**	58,936
Contribution receivable	**600,000**	(600,000)
Other receivables	**2,108**	(1,689)
Inventories	**(144,900)**	27,368
Prepaid expenses and other current assets	**4,688**	16,133
Accounts payable and accrued liabilities	**(4,059)**	(69,671)
Deferred revenue	**195**	389
Deferred life membership dues, net of allocated realized gains and losses	**(4,844)**	44,872
Deferred term membership dues	**66,796**	116,404
Accrued pension liability	**4,140,493**	(85,401)
Net cash provided by operating activities	**595,831**	861,892
Investing activities:		
Purchase of equipment	**(161,068)**	(210,442)
Net purchases of investments	**(570,320)**	(882,709)
Net cash used in investing activities	**(731,388)**	(1,093,151)
Financing activities:		
Receipts to establish or increase permanent endowment	**67,173**	17,604
Net decrease in cash	**(68,384)**	(213,655)
Cash, beginning of year	**324,905**	538,560
Cash, end of year	**$ 256,521**	$ 324,905

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

The American Radio Relay League, Incorporated (the "League") is a not-for-profit organization formed to promote interest in amateur radio communication, experimentation and the advancement of radio art, further the public welfare and foster education in the field of electronic communication. The League also publishes documents, books, magazines and pamphlets necessary or incidental to its purpose. The League's operations are primarily supported by membership dues, publication sales, advertising and contributions. The League's members are primarily located throughout the United States.

Note 2 - Summary of significant accounting policies:

Fair value measurements:

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157 "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. In early 2008, the FASB issued Staff Position ("FSP") FAS-157-2, "Effective Date of FASB Statement No. 157", which delays by one year, the effective date of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities. The League has adopted the portion of SFAS 157 that has not been delayed as of the beginning of its 2008 calendar year and plans to adopt the balance of its provisions as of the beginning of its 2009 calendar year.

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 balances associated with investment accounts are included with investments in these financial statements. There were no cash equivalents as of December 31, 2008 or 2007.

Allowance for doubtful accounts:

Trade accounts receivable and contribution receivable are 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.

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 $113,178 and $111,466 as of December 31, 2008 and 2007, respectively.

Note 2 - Summary of significant accounting policies (continued):

Investments:

The League reports investments at their current fair value and reflects any gain or loss in the statement of activities. Investment income and gains and losses are considered unrestricted unless temporarily restricted by donor stipulation.

Land, building and equipment:

The League capitalizes expenditures for building and equipment with a useful life greater than one year and a cost of $1,000 or more. Purchased land, building and equipment are carried at cost. 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 income for the period.

Donations of land, building and equipment are recorded as support at their estimated fair market 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.

Expenses amounting to $52,840 relate to web development costs that were incurred but will not be placed into service until 2009. These amounts are shown as construction in progress.

Pension liability:

During 2007, the League adopted FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132 (R)" ("SFAS No. 158"). This statement requires retirement benefit accruals or prepaid benefit costs on the statements of financial position to be adjusted to the difference between the benefit obligations and the plan assets at fair value. The offset to the adjustment is recorded to income. The amount recorded in income represents the unrecognized actuarial gains or losses and unamortized service costs, which have previously been disclosed in the notes to the annual financial statements.

Note 2 - Summary of significant accounting policies (continued):

Net assets:

To ensure observance of limitations and restrictions placed on the use of resources available to the League, the accounts of the League are maintained in the following net asset categories:

Unrestricted - Unrestricted net assets represent available resources other than donor-restricted contributions. The Board of Directors of the League has earmarked certain of those funds which are shown as designated unrestricted net assets in the accompanying statements of financial position.

Temporarily Restricted - Temporarily restricted net assets represent contributions and earnings thereon that are restricted by the donor either as to purpose or as to time of expenditure.

Permanently Restricted - Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity while the income earned thereon is made available for operations.

Revenue recognition:

Membership Dues - Revenue from term membership dues is recognized to the extent of acquisition costs when memberships are received. The remaining portion is recognized as revenue on the straight-line basis ratably over the applicable membership period.

The by-laws of the League provide for life membership in the League for 25 times the term membership annual dues rate. Life member dues are deferred upon receipt. Investment earnings on allocated life member investments are deferred. Revenue is recognized at an amount representative of the estimated cost to the League for providing services to the life members.

Publication Sales - Revenue from publication sales is recognized when the earnings process is complete and the risks and rewards of ownership have transferred to the customer, which is generally considered to have occurred upon shipment of the publication.

Advertising - Advertising revenue from magazines is recorded, net of agency commissions, during the period the magazines are sold.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets even if the restrictions expire in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Note 2 - Summary of significant accounting policies (concluded):

Income taxes:

The League is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the League is subject to any Federal and state income tax as a result of unrelated business income arising from net advertising income from its magazines. The League did not have unrelated business income tax during the years ended December 31, 2008 and 2007.

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.

New accounting pronouncements:

Accounting for uncertainty in income taxes:

In July 2006, FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of SFAS No. 109," was issued. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FASB Staff Position ("FSP") FIN 48-3 deferred adoption for most nonpublic enterprises to annual periods beginning after December 15, 2008. Many not-for-profit entities have not previously applied the provisions of SFAS No. 109 and during the deferral period the FASB plans to issue guidance on how to apply the provisions of FIN 48 to these entities. The League, pursuant to the FSP, has elected to defer its application until its required effective date of January 1, 2009. Management does not expect the adoption of FIN 48 to have a material effect on the financial condition or the results of operations of the League.

Endowment fund accounting:

In August 2008, FASB issued FSP FAS 117-1 "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" which provides guidance on the net asset classification of donor-restricted endowment funds for applicable entities and improves disclosures about the League's endowment funds. The provisions of this FSP are effective for fiscal years ending after December 15, 2008.

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:

	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
Cash and cash equivalents	**$ 2,151,984**	**$ 2,149,970**	$ 971,609	$ 971,609
Fixed maturities	**5,412,295**	**6,093,499**	7,695,187	7,957,687
Equity securities	**4,907,283**	**5,920,350**	6,386,298	4,685,884
	$ 12,471,562	**$ 14,163,819**	$ 15,053,094	$ 13,615,180

The League allocates its investments as those related to regular operations, life memberships, temporarily restricted and endowment funds. The following summarizes the market value of investments related to each category as of December 31:

	2008	2007
Life membership	**$ 5,931,404**	$ 5,947,276
Regular operations	**3,617,085**	5,879,127
Temporarily restricted	**1,506,777**	1,866,839
Functioning as an endowment	**908,472**	919,201
Permanently restricted	**507,824**	440,651
	$ 12,471,562	$ 15,053,094

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

	2008	2007
Unrealized appreciation, beginning of year:		
Fair value	**$ 15,053,094**	$ 13,985,195
Cost	**13,615,180**	12,694,868
Net gain	**1,437,914**	1,290,327
Unrealized (depreciation) appreciation, end of year:		
Fair value	**12,471,562**	15,053,094
Cost	**14,163,819**	13,615,180
Net (loss) gain	**(1,692,257)**	1,437,914
Net unrealized (loss) gain for the year	**$ (3,130,171)**	$ 147,587

Investment income is summarized as follows for the years ended December 31:

	2008	2007
Interest and dividend income	**$ 586,269**	$ 659,825
Net realized (loss) gain on investments	**(22,133)**	81,216
Gross investment income	**564,136**	741,041
Less:		
Net investment income allocated to deferred life liability	**(240,873)**	(353,038)
Total investment income	**$ 323,263**	$ 388,003

Note 4 - Fair value measurements:

As stated in Note 2, on January 1, 2008, the League adopted the methods of fair value as described in SFAS 157 to value its financial assets and liabilities. As defined in SFAS 157, fair value is 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, SFAS 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs 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 and liabilities carried at fair value at December 31, 2008 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,151,984	$ -	$ -	$ 2,151,984
Fixed maturities	893,930	4,518,365	-	5,412,295
Equity securities	4,907,283	-	-	4,907,283
Total assets at fair value	$ 7,953,197	$ 4,518,365	$ -	$ 12,471,562

The fair value of cash and cash equivalents is estimated using third party quotations.

The fair value of fixed maturities, which consists principally of corporate bonds and tax exempt 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.

Note 4 - Fair value measurements (concluded):

Investments in equity securities 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.

Note 5 - Land, building and equipment:

Land, building and equipment, and related accumulated depreciation are comprised of the following at December 31, 2008 and 2007:

	2008	2007
Land and building	**$ 1,094,693**	$ 1,094,693
Furnishings, equipment and building improvements	**4,854,667**	4,675,193
Construction in progress	**52,840**	71,248
	6,002,200	5,841,134
Less accumulated depreciation	**(5,358,523)**	(5,026,061)
	$ 643,677	$ 815,073

Note 6 - Pension liability:

The League has a noncontributory group annuity retirement plan which covers all full-time employees. The assets of the plan are primarily invested in a group annuity contract with Massachusetts Mutual Life Insurance Company, which executes investment transactions and pays all benefits.

The League's funding policy is to contribute annually the amount necessary to meet the minimum funding standards established by the Employee Retirement Income Security Act. This contribution is based on a method that recognizes estimated future salary levels and service.

During 2007, the League adopted SFAS No. 158. This statement requires retirement benefit accruals or prepaid benefit costs on the statements of financial position to be adjusted to the difference between the benefit obligations and the plan assets at fair value. The offset to the adjustment is recorded to income. The amount recorded in income represents the unrecognized actuarial gains or losses and unamortized service costs.

The League uses a December 31 measurement date for its plan.

Note 6 - Pension liability (continued):

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

	2008	2007
Accumulated benefit obligation at end of year	**$ 10,005,036**	$ 8,341,416
Projected benefit obligation at beginning of year:	**$ 10,586,222**	$ 10,384,319
Service cost	**420,953**	505,426
Interest cost	**676,185**	644,004
Assumption changes	**908,352**	(802,509)
Actuarial (gain) loss	**(114,683)**	298,341
Benefits paid	**(163,304)**	(443,359)
Projected benefit obligation at end of year	**12,313,725**	10,586,222
Fair value of plan assets at beginning of year:	**8,783,035**	8,025,203
Actual return on plan assets	**(2,827,464)**	611,560
Employer contributions	**606,550**	619,093
Expenses	**(28,772)**	(29,462)
Benefits paid	**(163,304)**	(443,359)
Fair value of plan assets at end of year	**6,370,045**	8,783,035
Unfunded status	**(5,943,680)**	(1,803,187)
Net accrued benefit cost	**$ (5,943,680)**	$ (1,803,187)

Accrued benefit cost is presented in the statements of financial position as a long-term liability.

	2008	2007
Net unrecognized actuarial loss	**$ 4,349,730**	$ 46,310

The amount of amortization of unrecognized actuarial loss that will be amortized as a component of pension cost in 2009 will be $272,584.

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

	2008	2007
Benefit obligation:		
Discount rate	**6.00%**	6.50%
Rate of compensation increase	**4.00%**	4.00%
Benefit cost:		
Discount rate	**6.50%**	6.00%
Expected return on plan assets	**7.50%**	7.50%
Rate of compensation increase	**4.00%**	4.00%
Net periodic benefit cost	**$ 443,621**	$ 533,692
Employer contribution	**606,550**	619,093
Benefits paid	**(163,304)**	(443,359)

Note 6 - Pension liability (continued):

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. Estimation of this rate is derived using a building block method where appropriate consideration is given to the returns being 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 is 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 are based primarily on historical data, with modest adjustments to take into account additional relevant information that is 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.

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.

Retiree benefit payments, which reflect expected future service, are expected to be paid as follows:

Year Ending December 31,	
2009	$ 250,278
2010	258,852
2011	312,963
2012	336,716
2013	439,767
2014 – 2018	3,903,333

The asset allocations by category as of December 31 are as follows:

	2008		2007	
	Amount	**%**	Amount	%
Equity securities	**$3,758,327**	**59%**	$ 5,708,973	65%
Debt securities	**2,611,718**	**41**	3,074,062	35
	$6,370,045	**100%**	$ 8,783,035	100%

Note 6 - Pension liability (concluded):

The League sets investment guidelines with the assistance of investment professionals. These guidelines are 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. As pension liabilities are long-term in nature, the League employs 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 is conducted to justify the expected long-term rate of return assumption.

The investment portfolio contains a diversified portfolio of investment categories, including equities and fixed income securities. Securities are 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. Presently, the guidelines require that investments in securities range as follows:

	Investment Range	**Target**
Equity securities	40-70%	65%
Debt securities	25-50%	33%
Money market	0-15%	2%

Based on the facts and circumstances that existed at the date of the financial statements, the League expects to contribute $224,034 to the plan next fiscal year. The League believes with prudent risk tolerance and asset diversification, the plan should be able to meet its pension obligations in the future.

The League adopted the recognition provisions of SFAS No. 158 as of December 31, 2007, which requires that the funded status of defined benefit pension plans be fully recognized in the statements of financial position. The incremental effects of applying SFAS No. 158 on individual line items in the statements of financial position as of that date are as follows:

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Accrued pension liability	$1,756,879	$46,308	$1,803,187
Total liabilities	11,038,837	46,308	11,085,145
Unrestricted net assets	4,689,434	(46,308)	4,643,126
Total net assets	6,996,924	(46,308)	6,950,616

Note 7 - Board designated unrestricted funds:

The League's Board of Directors has designated funds for the purpose of acquiring, restoring and preserving amateur radio related artifacts, defending the use of radio frequencies by amateur radio operators and for future maintenance on the League's administrative building. As of December 31, 2008 and 2007, the Board has designated $32,628 and $42,174, respectively, for these purposes.

Since the beginning of 2004, the League has received bequests in the amount of $1,044,247. The League's Board of Directors intent is to treat these unrestricted bequests as funds functioning as an endowment. As of December 31, 2008 and 2007, the balance of the bequests, net of investment income and unrealized gains and losses, are $908,472 and $919,201, respectively.

Note 8 - Temporarily restricted net assets:

Temporarily restricted net assets as of December 31, 2008 are available for the following purposes:

Exceptional Merit	Education and Research
Defense of Frequencies	Other Specific Purposes

Individual fund activities are disclosed on pages 22 and 23.

Note 9 - Permanently restricted funds:

The permanently restricted funds are those funds received from donors with the stipulation that the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income. The income earned on the funds may be expended by the League if the income is unrestricted or expended in accordance with the gift instrument if restricted.

In 1993, the League became entitled, as beneficiary, to proceeds from a life insurance policy on one of its members. This endowment specifies that the principal is to be maintained in a fund and invested for the purpose of producing future income. The income from this endowment will be expended to reward deserving radio amateurs. The principal of $154,340 is reflected as permanently restricted net assets in the accompanying statements of financial position at both December 31, 2008 and 2007.

In 2002, an endowment fund was set up for W1AW maintenance and upkeep. The principal of $353,484 and $286,311 is reflected as permanently restricted net assets in the accompanying statements of financial position at December 31, 2008 and 2007, respectively.

Note 10 - Endowment:

As stated in Note 2, the League has adopted the guidance in FSP FAS 117-1 to classify its net assets of donor restricted endowment funds. 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 League in a manner consistent with the standard of prudence prescribed by applicable laws and regulations.

Changes in endowment net assets for the year ended December 31, 2007 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2007	$ 284,689	$ 51,984	$ 423,047	$ 759,720
Net asset reclassification from adoption of FSP FAS 117-1	-	35,383	-	35,383
Endowment net assets after reclassification	284,689	87,367	423,047	795,103
Investment income, net	13,856	22,874	-	36,730
Net unrealized appreciation	3,023	4,320	-	7,343
Contributions	617,633	165	17,604	635,402
Amounts appropriated for expenditure	-	(25,306)	-	(25,306)
Endowment net assets, December 31, 2007	$ 919,201	$ 89,420	$ 440,651	$ 1,449,272

Endowment net asset composition by type of fund as of December 31, 2007 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 89,420	$ 440,651	$ 530,071
Board-Designated Endowment Funds	919,201	-	-	919,201
Total funds	$ 919,201	$ 89,420	$ 440,651	$ 1,449,272

Note 10 - Endowment (concluded):

Changes in endowment net assets for the year ended December 31, 2008 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2008	$ 919,201	$ 89,420	$ 440,651	$ 1,449,272
Investment income, net	38,107	18,626	-	56,733
Net unrealized depreciation	(190,761)	(69,778)	-	(260,539)
Contributions	141,925	-	67,173	209,098
Amounts appropriated for expenditure	-	(38,268)	-	(38,268)
Endowment net assets, December 31, 2008	$ 908,472	$ -	$ 507,824	$ 1,416,296

Endowment net asset composition by type of fund as of December 31, 2008 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 507,824	$ 507,824
Board-Designated Endowment Funds	908,472	-	-	908,472
Total funds	$ 908,472	$ -	$ 507,824	$ 1,416,296

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the League to retain as a fund of perpetual duration. In accordance with FSP FAS 117-1, deficiencies of this nature that are reported in unrestricted net assets were $57,678 as of December 31, 2008. These deficiencies resulted from unfavorable market fluctuations that occurred during 2008. There were no such deficiencies as of December 31, 2007.

Note 11 - Lease obligations:

The League leases warehouse space, office space and office equipment under operating leases with monthly payments ranging from $464 to $4,265 which expire at various times through January 2011. Total operating lease expense was $91,123 and $96,241 for the years ended December 31, 2008 and 2007, respectively.

Note 11 - Lease obligations (concluded):

The following are future minimum lease payments due under noncancelable operating leases as of December 31, 2008:

Year Ending December 31,	
2009	$ 71,389
2010	56,409
2011	4,265
	$ 132,063

Note 12 - Concentrations of credit risk:

Financial instruments which potentially subject the League to concentrations of credit risk consist primarily of cash, trade receivables and investments. The League maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed the Federally insured limit of $250,000.

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 credit base. The League does not generally require collateral from customers. The League evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The League invests in various debt and equity securities. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the League's investments which could materially affect amounts reported in the financial statements.

Note 13 - Related party transactions:

The League has some common directors with The ARRL Foundation, Inc. The League performs administrative services for The ARRL Foundation, Inc. and was reimbursed for these services in the amount of $13,200 for the years ended December 31, 2008 and 2007.

A member of the Board of Directors provided investment advisory services to the League in the amount $40,323 and $38,896 during the years ended December 31, 2008 and 2007, respectively.

Note 14 - Subsequent events:

In April 2009, the League's Board of Directors voted to freeze the noncontributory group annuity retirement plan effective May 31, 2009. In addition, the League has created a 403(b) plan. There will be a plan curtailment on May 31, 2009 resulting in a decrease in the pension liability of approximately $2,000,000.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

SCHEDULES OF EXPENDITURES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Salaries, compensation and benefits	**$ 6,112,775**	$ 6,136,346
Publication costs	**2,507,664**	2,380,816
Shipping and forwarding costs	**1,557,319**	1,395,261
Communication and postage	**660,085**	615,934
Office supplies and expenditures	**563,363**	512,497
Legal and professional fees	**525,743**	612,009
Other	**514,075**	519,796
Occupancy costs	**438,636**	434,138
Administrative expenses	**408,041**	383,182
Depreciation	**332,464**	594,660
Travel	**327,169**	415,279
Rentals and equipment maintenance	**172,796**	224,285
	$ 14,120,130	$ 14,224,203

See Report of Independent Public Accountants.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

TEMPORARILY RESTRICTED FUND SUMMARY
YEAR ENDED DECEMBER 31, 2008

Fund Name	Balance 01/01/08	Contributions	Investment Income, net	Change in Unrealized Loss	Released from Restriction	Balance 12/31/08
H.P. Maxim Award	$ 33,885	$ -	$ 1,467	$ -	$ -	$ 35,352
Project Goodwill	12,233	-	-	-	-	12,233
Exceptional Merit	1,233,185	-	45,369	(255,773)	(40,000)	982,781
Legal Research & Resource	156,561	1,055	-	-	(2,700)	154,916
Starr Technology	4,081	-	-	-	-	4,081
Rinaldo Technology	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	-	-	-	6,709
Educational Activities	3,580	-	-	-	-	3,580
Ham Aid Fund	1,325	2,232	-	-	-	3,557
Defense of Frequencies	-	303,405	928	-	(304,333)	-
Lab Fund	7,382	2,591	-	-	-	9,973
Education and Technology	307,437	235,533	-	-	(260,416)	282,554
Steven Rich Fund	10,000	-	-	-	-	10,000
Direction Finding	41	-	-	-	-	41
Colvin Fund earnings	30,481	-	6,545	(34,026)	(3,000)	-
W1AW Fund earnings	58,939	-	12,081	(35,752)	(35,268)	-
Total Temporarily Restricted Funds	**$ 1,866,839**	**$ 544,816**	**$ 66,390**	**$ (325,551)**	**$ (645,717)**	**$ 1,506,777**

See Report of Independent Public Accountants.

THE AMERICAN RADIO RELAY LEAGUE, INCORPORATED

TEMPORARILY RESTRICTED FUND SUMMARY
YEAR ENDED DECEMBER 31, 2007

Fund Name	Balance 01/01/07 As Originally Reported	Reclassification From Adoption of FSP FAS 117-1	Balance 01/01/07 As Restated	Contributions	Investment Income, net	Change in Unrealized Gain	Released from Restriction	Balance 12/31/07
H.P. Maxim Award	$ 34,905	$ -	$ 34,905	$ -	$ 1,980	$ -	$ (3,000)	$ 33,885
Project Goodwill	12,133	-	12,133	100	-	-	-	12,233
Exceptional Merit	1,206,927	-	1,206,927	-	53,443	12,815	(40,000)	1,233,185
Legal Research & Resource	154,738	-	154,738	2,543	-	-	(720)	156,561
Starr Technology	4,081	-	4,081	-	-	-	-	4,081
Rinaldo Technology	1,000	-	1,000	-	-	-	-	1,000
ARRL SAREX	6,709	-	6,709	-	-	-	-	6,709
Educational Activities	3,580	-	3,580	-	-	-	-	3,580
Ham Aid Fund	185	-	185	1,140	-	-	-	1,325
Defense of Frequencies	-	-	-	441,031	1,321	-	(442,352)	-
Lab Fund	7,030	-	7,030	352	-	-	-	7,382
Education and Technology	190,222	-	190,222	275,595	-	-	(158,380)	307,437
DARA CEP Project	2,563	-	2,563	-	-	-	(2,563)	-
Steven Rich Fund	-	-	-	10,000	-	-	-	10,000
Direction Finding	41	-	41	-	-	-	-	41
Colvin Fund earnings	12,328	23,237	35,565	100	8,303	1,513	(15,000)	30,481
W1AW Fund earnings	39,656	12,146	51,802	65	14,571	2,807	(10,306)	58,939
Total Temporarily Restricted Funds	**$ 1,676,098**	**$ 35,383**	**$ 1,711,481**	**$ 730,926**	**$ 79,618**	**$ 17,135**	**$ (672,321)**	**$ 1,866,839**

See Report of Independent Public Accountants.