

**2021 SECOND MEETING  
ARRL BOARD OF DIRECTORS  
Windsor, CT  
July 16-17, 2021**

**Report of the Chief Financial Officer**

In the following pages there is a discussion of the financial results through June 30, 2021 along with highlights of operational activities and the 2021 Plan reforecast. You will find the financial statements and Plan reforecast statements included as Attachment #1 and Attachment #2, respectively.

**Financial Results**

**Overall**

Income from operations for the first six months of 2021 has been better than Plan. The results were due to a variety of factors, mostly resulting from lower than planned spending. Total revenues were higher than Plan while expenses were well under our original plans. While some of underspending was due to timing differences such as delays in mailings, a significant amount of the underspending was from travel restrictions and the delay in filling vacant positions. Income from operations for the first half of the year was a gain of \$323,000, in comparison to a planned loss of \$536,000, and \$420,000 greater than the same period in 2020.

Net Available Income (NAI) for the first half of the year was also greater than projected due to the large degree of underspending. Total NAI for this period was \$1.4 million about \$339,000 more than planned and \$272,000 greater than the first six months of 2020.

The value of the ARRL portfolio grew during the first half of 2021 to a total of \$36.3 million, up from \$33.0 million on December 31, 2020. The portfolio had a year-to-date unrealized gain on investments of \$291,000 as of the end of June. Sales from the portfolio also added \$619,000 in realized gains allocated to operations during the first half of 2021. Further discussion on the portfolio is deferred to the Treasurer and his report.

ARRL's balance sheet continues to be solid. Assets grew to \$42.0 million at the end of June with \$38.6 million in cash and investments. This was an increase from \$40.2 million and \$36.7 million, respectively, at the end of 2020.

**Income**

Total revenues earned through June in the Income segment were greater than Plan by \$120,000 due to strong contributions. Total revenues in the Income segment through June were \$7.3 million compared to \$6.9 for the same period last year.

Publication sales revenue was ahead of target by \$76,000 for the first six months of 2021. The major contributors to the higher sales were the *Ham Radio License Manual*, training aids and the new End-Fed Half-Wave Antenna Kit. *Ham Radio License Manual* and training aids sales exceeded target due to higher than planned sales to Amazon during the first quarter. The End-Fed kit was a huge success selling out multiple times and the Membership Supplies were ahead of target due to the launch of the spring collection including the Field Day and Cycle 25 product lines.

Offsetting these strong sales were lower than target sales of the *ARRL Handbook*, *Repeater Directory*, royalty items, other books and RSGB titles. The lower than planned volume of the royalty items and other book categories fell short of the sales forecast due to over predicting sales of titles throughout the categories in addition to the delay (due to paper supply issues) in the arrival of *Arduino for Ham Radio 2nd Edition*.

Total dealer sales for the first half of 2021 were \$600,000, with Amazon sales representing 79% of all dealer sales. Amazon began the year with very strong purchase volume but in April sales began to decline significantly after Amazon initiated a new Advance Purchase Order process. This process has resulted in smaller orders with delivery dates over the next several months.

**ARRL’s Top 2 Dealer Customers**

		<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Amazon</b>	Total Sales	\$400,024	\$249,070	\$476,272
	% of Dealer Sales	73.0%	68.0%	79.4%
<b>HRO</b>	Total Sales	\$58,909	\$39,296	\$43,208
	% of Dealer Sales	10.8%	10.7%	7.2%

Total year-to-date sales stood at \$1.7 million, \$76,000 greater than target and \$160,000 more than as of June 2020.

Although QST advertising continues to fall short of Plan, the additional revenue from the Field Day supplement and several additional advertising commitments that started in June have helped to shrink the shortfall. The success of the Field Day supplement has sparked interest in other potential supplements by advertisers. Total Advertising sales for the first half of the year was \$815,000, \$10,000 lower than planned yet \$3,000 more than the first six months of 2020.

Earned dues income fell short of expectations for the first half of the year. Year-to-date earned dues was \$3.4 million, \$158,000 less than planned and \$5,000 less than the same period last year.

As of the end of June, total membership stood at 157,791 members, 1,787 members behind forecast. The shortfall is the result of two major factors. First, approximately \$43,000 is attributed to the lower amount being amortize in 2021 that was deferred in 2020. The previous year's deferral often impacts current year revenues based on the time of year when the Plan is developed. Second, in May, it was discovered that a critical mailing to lapsed members was stopped beginning in January and resulted in the severe decline in members. These mailings typically reinstate about 400 members each month. Based on this discovery, the Marketing and Communications Director has temporarily taken the lead on member acquisition. Not only have these emails and mailings resumed, but special mailings have been produced to send to these lapsed members that should have been contacted during January through May. The first of these new mailings arrived in mailboxes in mid-June.

The magazine revenue category produced revenues of \$92,000 through June, falling short by \$10,000. QEX, NCJ and QST Dealer sales were all lower than Plan. The lower than Plan result for the month was partially from lower than planned deferred subscription revenue from last year being recognized, however, subscriptions continuing to decline.

#### Actual Subscriber Numbers

	June 2020	June 2021	Variance
NCJ	2,032	1,686	(346)
QEX	5,266	4,576	(690)

Program fees year-to-date were \$490,000, \$6,000 lower than Plan and \$85,000 lower than the first six months of last year. Awards revenue year-to-date was \$15,000 greater than planned. While DXCC award revenues are lagging expectations, WAS and VUCC revenues have exceeded targets year-to-date. With limited new DXCC country offerings and a continued strong digital-modes interest, award seekers are backfilling their WAS/VUCC Endorsement levels.

#### Award Activity January – June 2021

Award	2020	2021	% Change
DXCC	6,229	5,066	-18.7%
WAS	1,256	1,740	35.5%
VUCC	460	740	60.9%
WPX	499	528	5.8%
WAZ	443	459	3.6%
WAC	72	73	1.4%
Mobile DXCC	0	3	100%
QPR DXCC	0	1	100%
<b>Total</b>	<b>8,959</b>	<b>8,610</b>	<b>-3.9%</b>

VEC fees were lower than planned for the first half of the year by \$21,000 due to overall exam volume being down and ARRL's market share being lower than forecasted. As social distancing

restrictions were lifted, license activity dropped by 42% from March to May. When comparing first and second quarter results for 2021, testing has dropped by 24% overall in the second quarter. The record-setting first quarter numbers for new licensees has kept the 2021 six-month license activity totals ahead of previous years' totals.

Investment income allocated to regular operations was \$153,000, \$60,000 greater than planned. The greater than Plan results were attributable to actual investment cost balances being larger and interest rates being slightly higher than in the Plan year-to-date. In addition, as noted above, the portfolio experienced a realized gain on investments allocated to operations of \$619,000 and an unrealized gain of \$291,000 to date.

Voluntary contributions exceeded Plan through June by \$154,000. The greater than forecasted result was due to earnings on the Capital Campaign and Dave Bell Endowments (a function of realized portfolio gains allocated to these funds) in addition to Diamond Club and miscellaneous donations being above target. Included in the miscellaneous donations is the receipt of \$6,000 in donations through the AmazonSmile program. Since joining the program in 2014, ARRL has received \$52,000 in donations. There are 4,446 Amazon customers who have chosen ARRL as their charity.

While our six-month actual Spectrum Defense Fund contribution results were lower than planned, meeting the annual target is expected. The current variance was simply due to the timing of solicitations. The reduction in contribution revenue from the Education & Technology category is offset by corresponding reductions in spending related to in-person Teachers Institute classes.

The year-to-date total for the other revenue category was \$41,000. This was \$18,000 greater than Plan primarily due to the timing of planned IARU dues payments to ARRL.

Spending in the Income segment was well under Plan for the first six months of 2021. Year-to-date spending was \$5.3 million, \$373,000 less than planned and about the same as last year at this time. While some of this variance will be retained for the entire year, such as salaries and benefits related to temporarily vacant positions and cancelled travel, others experienced timing differences in spending. Larger variances include:

- Membership was underspent by \$146,000 due to the delayed mailings along with costs related cancelled travel to events.
- Development expenses were lower than planned by \$64,000 due to the timing of planned solicitation mailings.
- The IT department was underspent by \$214,000 due to the temporary vacancy of several positions despite an offset in temporary consulting expenses to aid in the workload.
- Personnel was overspent due to the unplanned expenses associated with using consultants in the hiring process and the filing of the Employee Retention Tax Credit.
- Building expenses were lower than planned due to timing.

## **Spend**

Spending on Advocacy, Member Programs and Governance was also under Plan for the first half of the year. Total spending on these activities stood at \$1.7 million, about \$365,000 less than planned and \$41,000 less than the same period of 2020. The underspending was due to three primary reasons:

- Costs related to cancelled travel – Governance, Washington Office, and IARU were all underspent due to travel restrictions and cancelled events.
- Temporary position vacancies - The Washington Office, Public Relations, Awards, Field Services, Lifelong Learning and Lab departments had temporary vacancies or unfilled new positions for 2021.
- Costs related to cancelled in-person Teacher Institute Classes - Education & Technology was underspent due to the lack of need to purchase equipment for the in-person classes.

As reported to the full Board in July 2020, the issue of no invoices from Attorney Siddall continues. Of great and continuing concern is, despite numerous attempts, ARRL has been unable to secure any invoices from Attorney Siddall since December 2019. While estimates have been included in the 2020 and 2021 financial statements, ARRL currently does not have a true accounting of the costs related to Attorney Siddall services for the past 18 months and, as expected, the auditors have provided a management comment related to the lack of invoices or a retainer agreement with Mr. Siddall. This issue has been continually noted in the monthly Financial Report.

## **Cash Flow**

Operating cash flow produced a negative cash flow of \$112,000 year-to-date through the month of June. The negative cash flow was not surprising with capital spending year-to-date over \$160,000 and membership dues down. We continue to operate with a healthy operating cash balance and currently have no expectation to need a transfer from the investment portfolio in the near future.

## **Paycheck Protection Program (PPP) Loan**

The PPP Loan Forgiveness Application was originally filed in late December 2020 with K Servicing as instructed by the lender with expectations that the loan would be fully forgiven in the first quarter of 2021. A request was made for additional documents that was immediately addressed. Several weeks later, the K Servicing portal simply stated they were not currently accepting forgiveness applications as they were reviewing new legislation and guidance, check back soon. This went on for months. After several email responses just reiterating the messaging on the portal, an email notification was received stating that a new platform was coming soon and that if a forgiveness application had already been filed, re-filing would be required. Notification of the new platform launch was received on June 24 and on June 25, the forgiveness application was resubmitted. The automated response to the submission stated “We are processing the

applications on a first-come, first-serve basis so please be patient due to the high volume of applications we are reviewing. One of our forgiveness verification experts will reach out to you directly with questions once your application’s verification has begun”. While there is no expected forgiveness date, full forgiveness of the loan is still expected.

**Operational Results**

Membership, Marketing and Communications  
(includes Membership, Sales and Advertising)

The top ten publications and merchandise lines make up 71% of the year-to-date publication sales.

**Top 10 Grossing Publication Titles and Merchandise Lines – January to June 2021**

<b>Product Description</b>	<b>QTY</b>	<b>Gross Sales</b>	<b>Net Sales</b>
ARRL Ham Radio License Manual	14,378	\$353,926	\$321,361
ARRL General Class License Manual	6,115	\$145,031	\$127,620
ARRL Handbook	3,071	\$127,659	\$88,681
ARRL Extra Class License Manual	4,665	\$112,838	\$107,048
ARRL Antenna Book	1,894	\$79,616	\$56,418
ARRL Field Day 2021 Merchandise (2021 items only)	6,225	\$69,892	\$37,856
ARRL Repeater Directory	4,389	\$64,560	\$51,473
ARRL Operating Manual	1,756	\$31,686	\$27,394
Antenna Physics: An Introduction	1,024	\$26,886	\$23,767
Understanding Basic Electronics	935	\$21,307	\$17,989
<b>TOTAL – Top 10</b>		<b>\$1,033,481</b>	<b>\$859,607</b>
<b>TOTAL – All Products</b>		<b>\$1,451,277</b>	<b>\$1,119,598</b>
<b>Top 10 as a percentage of total sales</b>		<b>71%</b>	<b>77%</b>

Other notables for the department include:

- The Membership team participated in two major events during the first half of the year:

- The March *QSO Today Virtual Ham Expo* which produced \$8,683 in sales, and 129 memberships (new and renewal) throughout the weekend. The real value in participating was in the hundreds of member engagements during the event.
- ARRL's At Home Event held the traditional weekend of Hamvention contributed sales of \$32,357 between May 20-23, 2021, and 1,716 memberships of which 95% were renewals.
- Introduced, marketed, and sold out of our entire 2021 ARRL Field Day line. In addition, launched and expanded our Field Day collection with Evergreen Field Day items to sell year-round and a Cycle 25 product line to align with the Solar Cycle. Both collections sold out and have been reordered since launching.
- *The Current* e-newsletter has over 119,000 subscribed members; *The Current* provides notification of digital magazine releases.
- Updated the ARRL Logo and Style Guide.
- Launched in June 2021 *On the Air* Monthly Email as a recruiting tool for new hams to help them get active as soon as they are licensed and introduce the variety of available resources through ARRL.
- The distribution for *On the Air* magazine grew to 17,673 copies from 12,132 copies a year ago.
- The Marketing and Advertising teams contributed to the successful 2021 Field Day supplement that was in the June *QST*.
- Sent over 5 million emails with 99.4% deliverability via our new *Higher Logic* email platform.

### Publications and Editorial

Besides the production of *QST*, *On the Air*, *QEX*, *NCJ*, *ARES E-Letter*, *Contest Update* and the *ARRL Letter*, additional accomplishments of the department include:

- Published -
  - *The ARRL Repeater Directory 2021 Edition*
  - *Antenna Towers for Radio Amateurs*
  - *Extra Class License Manual and Extra Q & A*
  - *Morse Code Operating for Amateur Radio*
  - *ARES Field Resources Manual*
  - *More Arduino for Ham Radio*
  - *Grounding and Bonding for the Radio Amateur*
  - *DXCC Yearbook*
  - *FCC Rules and Regulations*
  - *Portable Operating for Amateur Radio*
  - *Storm Spotting and Amateur Radio*
  - *World Grid Locator Atlas*
  - *Your First Amateur Radio HF Station*
  - *The ARRL Antenna Book*
  - *2020 Annual Report*

- Launched a new monthly column, “Ask Dave”, authored by popular ham radio YouTuber Dave Casler, KEØOG, in the July 2021 issue. ARRL members may submit their ham radio questions, which may be answered in a future column, and/or in the supplemental video that Casler creates for each column. The videos are hosted in their own playlist on ARRL’s YouTube channel.
- In March, ARRL began providing *The ARRL Letter* in text-only accessible format, which is posted weekly to blind-hams.groups.io. This is another step forward in ARRL’s goal to provide accessible materials.
- Served many other ARRL departments, offering editorial review, image research, archive research, and other services such as:
  - Provided copy and images for social media posts.
  - Provided editorial review and images for *The ARRL Current* e-newsletter.
  - Consulted on the development of the upcoming *On the Air*-related electronic mailings.
  - Performed research in the ARRL historical archives and library for background information regarding the Development Department’s 2021 Diamond Club premium related to the 1964 Alaskan Earthquake and Amateur Radio postage stamp.

### Development

Development’s first planned solicitation of the year was to be a Legacy (planned giving) campaign. With the approval to hire additional resources to focus on major donors and utilizing a consultant to perform a development assessment, the decision was made to delay this mailing until ARRL had the benefit of these resources to design the campaign.

With the digital transformation of ARRL in mind, staff collaboratively made the decision to forego the traditional spring Spectrum Defense Fund mailing and instead sent out an email solicitation targeted specifically to our loyal Defense donors. The response to the email campaign was good and the fall Spectrum Defense Fund mailing will be sent out as planned.

Due to the cancellation of Dayton Hamvention in May, ARRL unfortunately had to cancel the Donor Recognition Reception again this year. In lieu of the reception, staff worked with a local chocolate vendor to design a special dark chocolate bar featuring the ARRL logo. Each Donor Recognition Reception invitee was sent a box of chocolate with the logo bar and a variety of chocolates as a thank you for their support of ARRL. While there were a few issues of melted chocolate which were rectified by the vendor, the response was overwhelmingly positive and appreciative.

Two Diamond Club Premiums were designed for 2021 – a Diamond Club Challenge Coin and a unique First Day of Issue Cover piece to display both the Challenge Coin and stamp issued by the U.S. Postal Service in December 1964 honoring the ham radio community’s Emergency Communication efforts during the Alaska earthquake that struck earlier that year. Traditionally,



the Diamond Club Premium has been sent only to new Diamond Club Members. To encourage Diamond Club member upgrades, this year the Challenge Coin is being given to both new and renewing Diamond Club members at the \$100 level or above and the First Day of Issue display piece is being given to new and renewing members at the \$375 level or above. The response has been very positive and both premiums will be promoted throughout the year.

Below is a summary of contributions received for the first six months of 2021:

**Contribution Results versus Plan as of June 30, 2021**

2021	6 Month Actual	6 Month Plan
Diamond Club	\$193,070	\$152,405
Unrestricted Donations	105,789	48,995
Education & Technology Fund	18,422	49,800
Spectrum Defense Fund	75,527	129,306
Second Century	23,460	16,260
General Endowment	149,951	0
Other Established Funds	28,874	13,600
<b>Total to Date</b>	<b>\$593,093</b>	<b>\$410,366</b>

Included above are multiple estate bequests ARRL has received so far in 2021:

- \$149,951 received in March (unrestricted)
- \$2,300 received in April (unrestricted)

ARRL welcomed 19 new Maxim Society members in the first half of 2021:

- Clark Gesswein, N4CG, of the Roanoke Division
- Carl Young, K5HK, of the Pacific Division
- Max George, NG7M, of the Rocky Mountain Division
- Gary Audiss, N6SI, of the Pacific Division
- Jerome Baliukas, K7ENH, of the Southwestern Division
- David Daley, AC2BA, of the Atlantic Division
- Warren Fugate, W3WE, of the Atlantic Division
- Daniel Goelzer, KD3G, of the Atlantic Division
- Gary Lopes, WA6MEM, of the Southwestern Division
- Ronald McCollum, W7GTF, of the Northwestern Division
- Ronald McCombs, WA7ONE, of the Rocky Mountain Division
- John Pinkham, K3PER, of the Atlantic Division
- Scott Prather, N7NB, of the Northwestern Division
- Brian Wruble, W3BW, of the Atlantic Division
- Hollice, KB4AZR, and Dinette, KD4BJS, Hamilton of the Southeastern Division
- Robert Greenberg, W2CYK, of the Hudson Division

- Jeffrey Kostiuk, WA2RVT, of the Atlantic Division
- Thomas Zicarelli, KA1IS, of the New England Division
- Daniel McCranie, AA6GG, of the Pacific Division

Additionally, the following donors were recognized for achieving higher Maxim Society levels.

Four donors achieved Ambassador Level:

- Leon Ciereszko, N4TCW, of the Rocky Mountain Division
- Steve Goggans, K7LZJ, of the Delta Division
- Robert Loving, K9JU, of the Delta Division
- Arthur Zygielbaum, KØAIZ, of the Midwest Division

Two donors achieved Benefactor Level:

- Tim Constable, W1TCC, of the New England Division
- Thomas Hutton, N3ZZ, of the Pacific Division

Two donors reached Founder Level:

- Craig Goldman, K2LZQ, of the Hudson Division
- Craig Thompson, K9CT, of the Central Division

There are currently 316 Maxim Society Members.

### Radiosport

While HF propagation is at the low end of a new solar cycle and DXpeditions are few and far between, digital modes continued their growth in HF and VHF contests and casual operating, feeding Digital DXCC, WAS and VUCC Awards and Endorsements.

Some of the activities in the Radiosport department include:

- LoTW continues its growth in activity. There are currently approximately 147,000 users in LoTW and almost 1.4 billion QSOs entered. While sunspots are showing signs of the beginning of the new cycle, boosts in activity from digital modes continue to fuel activity and interest on the HF (and lower VHF) bands.
- Field Day again offered accommodations to allow for social distancing and adjustments for the year.
- For the 2021 ARRL DX Contest, accommodations were available to multioperator stations where social distancing or local regulations restricted the ability to have multiple operators at one location.
- A DXCC Endorsement has been created for DXCC Members who made their 100-country awards from one fixed location. Implementation to occur in late July.

- 2021 ARRL Sponsored Contests started the year off strong.

### Contest Logs Received

	2020	2021	% Change
<b>DX - CW</b>	4,380	4,820	10.00%
<b>DX - SSB</b>	3,528	3,717	5.40%
<b>SKN</b>	186	214	15.10%
<b>RTTY</b>	2,087	2,349	12.60%
<b>JAN VHF</b>	942	1,196	27.00%
<b>JUNE VHF</b>	2,148	1,570	-26.90%

### Volunteer Monitor Program

VM John Loughmiller with the assistance of Riley Hollingsworth developed the new VMTRAC database that includes additional audit and search functions.

### Volunteer Monitoring Program Activity January – June 2021

Activity	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	Total to Date
Hours Monitoring HF	4,686	3,326	8,012
Hours Monitoring VHF/UHF/Other	4,772	3,769	8,541
Incident Reports	75	88	163
Incident Reports Actionable (Some will be actionable only if repeated)	35	40	75
Discrepancy Notices/Outreach Letters/email	40	40	80
Good Operator Letters Issued	1	0	1
Referrals to FCC	3	3	6
Referrals from FCC	2	1	3
FCC Meetings	4	4	8
Club/Group Meetings	10	4	14

### Field Services

A new focus on the field organization and clubs is underway with the hiring of the new Field Services Manager, Mike Walters, W8ZY. Although it has only been a few weeks, regular meetings with Division and Section leaders are being planned to engage with this group of elected leaders to design and create ways to support their needs.

Emergency Management

Some of the activities in the Emergency Management department included:

- Virtual engagements with
  - Hamcation panel, Feb 2021
  - Vienna Wireless Society 2021 Virtual Virginia Section Convention, April 2021
  - FEMA ESF-2 Communications meetings
  - Frequent discussions with CISA AUXCOMM staff
  - NPSTC meetings
  - Presentation on Amateur Radio ARES at National Hurricane Conference, June 2021
  - Meetings John Peterson, DHS CISA AUXCOMM Manager
- With the sunseting of the ARES Connect Database, development of ARES Form 4b, SEC Activities Reporting Form and database has been taking place with a planned roll out in July.
- Maintenance of Ham Aid Kits that include:
  - 27 kits at Headquarter
  - 22 deployed kits
    - 10 kits in TX
    - 4 kits each in SLF and WCF
    - 2 kits each in WWA, OK, LA, MS, and Guam
    - 1 kit in AL and NFL
- Emergency Communication Course activity for January – June 2021 was:
  - EC-001
    - Number registered - 703
    - Courses completed - 305
  - EC-016
    - Number registered – 162
    - Courses completed – 45
  - PR-101
    - Number registered – 158
    - Courses completed – 69

- ARES activity January – June 2021 that included 15,599 registered members.

<b>Event Category</b>	<b># of Events</b>	<b># of Volunteers</b>	<b># of Hours</b>
Communications Emergency	72	89	515
Community Events	240	584	3,810
Exercise	165	1,130	1,856
Meetings	1,336	3,032	5,838
Net	8,952	26,579	27,643
Skywarn	382	576	1,616
Training	891	2,850	5,541
Miscellaneous	319	161	634
Other	13,801	33,855	39,104
<b>Total</b>	<b>26,158</b>	<b>68,856</b>	<b>86,557</b>

## VEC

The ARRL VEC continues to maintain its position as the largest VEC in the nation with market share of 67%, but lower than forecasted. ARRL's market share declined at the beginning of the pandemic and has not yet completely recaptured the loss. For online sessions, all VEC organizations in the country are using the ExamTools system, yet ARRL sessions are the most expensive at \$15. With the exam sessions processed the same way for all VECs and all licenses are issued within 24 to 48 hours, candidates are understandably going to pick the free or less expensive exam sessions until ARRL can offer more value than the other VECs. Current license statistics were higher for the first six months of the year compared to 2019 and 2020 at this time.

<b>FCC Licenses Issued Through June</b>			
<b>License Action</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
New Licenses	15,793	13,273	19,207
Upgraded Licenses	5,825	3,871	6,735
Total Licenses	21,618	17,144	25,942

Thousands of VEs stopped testing candidates at in-person sessions in March 2020 and only 3 VECs (ARRL, W5YI, and GLAARG) established online examination procedures initially with about a half dozen VE teams trained to conduct remote video-supervised exam sessions under these VECs. As 2020 progressed, hundreds of VEs were trained in the ExamTools online examination system and testing opportunities returned to near normal levels by the third quarter of 2020.

Many VE teams suspended holding in-person sessions for nearly 15 months and are now beginning to explore the possibility of restarting testing in their local areas with safety protocols in place. Most VEs fall into the at-risk category and are being cautious about resuming in-person testing.

There was a heightened interest in acquiring a new Amateur Radio license while the pandemic restricted movement and activities. In the first quarter of this year the number of new applications increased significantly over previous years at this time. There were record setting new license numbers in February and March, which were the largest numbers of new licenses seen in more than a decade. As restrictions relaxed and some normalcy began returning to many states, Amateur Radio license activity took a downturn in the second quarter and continues to decline. There has been about a 70% drop in remote video online sessions over the past couple of months as teams and candidates shift back to in-person sessions. These teams continue to use ExamTools online exams for in-person sessions.

<b>Frist and Second Quarter 2021 Comparison</b>			
<b>License Action</b>	<b>First</b>	<b>*Second</b>	<b>% Change</b>
New Licenses	11,405	7,802	-32%
Upgraded Licenses	3,353	3,382	1%
Total Licenses	14,758	11,184	-24%

*\*Note: ARRL VEC statistics for June are estimated as not all information was available.*

Other notables from the VEC department include:

- Three major FCC rule changes were established this year within months of each other:
  - Social Security numbers are no longer allowed at exam sessions effective May 20.
  - Email addresses are mandatory and manual filings to the FCC are no longer permitted effective June 29.
  - \$35 FCC application fee effective date TBD. The impact of this new fee on Amateur Radio license volume is unknown but will certainly be monitored closely.
- The NCVEC Question Pool Committee is currently reviewing the Technician pool which will take effect July 1, 2022. Maria Somma, AB1FM, represents the ARRL as a member of the committee.

License activity for the first six months of 2021 is compared to 2019 due to the impact of the pandemic on Amateur Radio testing in 2020.

- New amateur licenses issued by the FCC are up by 22% compared to 2019 (19,207 in 2021 vs. 15,793 in 2019). Record setting new ham numbers in February and March contributed to the uptick in activity.
- Upgraded licenses issued by the FCC are up by a 16% (6,735 in 2021 vs. 5,825 in 2019). Upgraded licenses remained steady in the first six months of the year.
- 17,200 license application forms were filed by ARRL, compared to 13,381 in 2019.
- A total of 4,600 exam sessions were conducted by ARRL in 2021, up from 2,893 in 2019.

- ARRL served 18,500 exam applicants in 2021, compared to 15,233 in 2019.
- Exam elements administered by ARRL increased from 20,324 in 2019 to 23,000 in 2021.
- 1,156 new Volunteer Examiners (VEs) have been added to our program.

## Lab

The ARRL Lab has been active including the following:

- The Lab has provided LABRE with considerable information about solar systems, noise levels, architecture, and interference problems. LABRE is using this information to interface with Brazilian regulators and various Brazilian national committees.
- Visits to three local large “solar farms” found, even in full sunlight, the solar farms did not create noise levels that were audible at the property line, typically 30 to 50 feet from the nearest panel. It was discovered about a 10 dB increase in noise 30 feet from one of the large inverters connecting to the medium-voltage distribution lines being fed by the solar system, but the noise dropped off rapidly from the inverter. Although not all solar farms can be guaranteed to be this quiet, it is clear, that they can be designed with excellent EMC characteristics.
- The Lab is also participating in ongoing noise studies being conducted by the IARU and the ARRL EMC Committee. Ed Hare has outfitted his van with a trailed loop antenna that is picking up only a small amount of vehicle noise, making this ideal for doing mobile or portable measurements of noise levels.
- Work supporting our IARU allies related to Wireless Power Transfer technology has been ongoing through working closely with Jon Siverling to help shape the position of the US National Committee’s work on Working Part 1A.
- Work continues developing high-speed digital capability, using the AREDN digital systems. Remote cameras have been installed in the Lab and at W1AW and several Ubiquiti RF modems have been obtained and reprogrammed to serve as mesh nodes in an internal ARRL network. Although initially managed by the Lab, the system will be transitioned to Emergency Management to be included in improvements to the emergency and public-service capabilities of amateurs.
- ARRL has received a generous donation of a Rohde and Schwarz SMVB/100A vector signal generator. This piece of test equipment can be used to do multi-signal testing of conventional analog-mode equipment as well as be expanded to do testing of various digital protocols.

## W1AW

Activity at W1AW included:

- The number of code-proficiency runs were increased from 2 to 15 runs per month. This resulted in an initial burst of new activity, but the number of code-proficiency certificates has settled at 15 per month. Most are for 10 wpm certificates.
- Although W1AW remained closed to the membership during the first half of 2021, HQ staff helped keep W1AW on the air. Staff operated on Straight Key Night, the World Amateur Radio Day event, ARRL Field Day and the ARRL VHF contest.

## Lifelong Learning

### *Course Development & Instructional Design*

In January, the Lifelong Learning department partnered with Steve Goodgame, K5ATA, as an Instructional Design consultant. Steve brings a range of skills to this role, including a background as a classroom teacher, a popular online YouTube presence, and an extensive knowledge of amateur radio. In this role, Steve is focused on helping ARRL identify subject matter experts to develop content and enhance the department's video production and editing capabilities.

### *Learning Center*

ARRL's new Learning Center is being launched for members in 2021 with an initial focus on Emergency Communications. The Learning Center will offer a selection of training courses, webinar recordings, and instructional materials, utilizing 3 primary learning paths to organize content, with the following courses anticipated for launch:

- On the Air:
  - Ham Radio 101
  - Intro to Amateur Radio Communications
  - Intro to Amateur Radio Contesting
  - Introduction to Space and Satellite Communications
  - Getting Started with Parks on the Air (POTA)
  - Getting Started with Summits on the Air (SOTA)
- Emergency Communications:
  - Intro to Radio for Disasters and Emergencies
  - EC-001
  - EC-016
  - PR-101



- Electronics & Technology:
  - Introduction to How Radio Works
  - Understanding Basic Electronics-Components
  - Understanding Basic Antennas
  - How to Choose an HF Antenna

### *Learning Network*

ARRL's Learning Network is a webinar series launched in July 2020 to help introduce members to the variety of activities and opportunities enjoyed by radio amateurs. These live presentations are given by member-volunteers, for all members. Like hamfest forums and radio club presentations, the webinars are intended to help participants get more active, involved, and engaged in amateur radio. Presentations are 30-minutes each to accommodate attendee's busy schedules, followed by a 15-minute period for questions-and-answers. Webinars that were presented from January – June 2021 were:

- QSLing in an Online World
- VHF/UHF Contesting and SOTA: A Perfect Match
- Amateur Radio Logging
- Maxim Memorial Station W1AW Tour
- Talking to Astronauts: An Elementary School's Exciting ARISS Contact
- Technicians: Life Beyond Repeaters
- The Art and Science of Operating Ultra-Portable
- Emergency Communications: Why Train?
- Interesting Stories about Ham Radio & Weather Spotting
- Easy Helical Copper Tape and PVC 2m Vertical Antenna
- Finding and Fixing RFI
- HF Noise Mitigation
- RF Exposure Rules
- Ask the Lab: How ARRL's Technical Information Service Can Help You
- Improving Your Club's 2021 Field Day Score
- Introduction to Remote HF Operation
- Antenna Zoning: 6-part series

There was a total of 3,624 attendees for the live sessions, and a total of 2,508 members who viewed recordings of these presentations.

### *Teachers Institute 2021*

ARRL's Teachers Institute will be offered virtually during the week of July 12, 2021. There will be a combination of live and recorded sessions, providing instructions for schoolteachers on a variety of activities related to wireless technology and amateur radio. These activities will provide practical lessons that they can use in their classrooms. There are 18 scheduled sessions:

- A Quick Intro to Basic Electronics
- Intro to Programming with Python part 1
- Talking to Astronauts: An Elementary School's Exciting ARISS Contact
- Satellite Tracking Basics
- Sampling, from A to D
- Getting Started with Weather Sensors
- Youth and School Club Licensing
- Learn How to Build a Working Radio from a Kit

- Taking Radio on the Go
- DIY 2-meter Yagi Antenna Building
- Intro to Programming with Python part 2
- Soldering as Art and Science
- What is Morse Code and Why Do Kids Love It
- Radio Lingo
- Software Defined Radio (SDR)
- What's That Sound?
- Dual Servos
- Guided Tour of W1AW

### Product Development

Product Development remained extremely busy during the first half of 2021 with support and participation in the following:

- *Cycle 25 Content Engagement Strategy.* Throughout this period, we have been working with subject matter experts, Dr. Nathaniel Frissell Ph.D. and Tamitha Skov, to storyboard a future ARRL video production introducing the concept of a solar cycle and the heralding of Solar Cycle 25. Filming is scheduled to begin later this summer.
- *Kits.* ARRL has taken delivery of two new kits, the *End-Fed Half-Wave Antenna Kit* and *ARRL's Intro-to- Radio Kit*. Both kits will offer the opportunity for developing additional content and engage current and future members.
- *WIHQ, The ARRL Radio Lab.* A cross-department team has been outfitting the former WIHQ station to be a working extension of the Lab. The space is undergoing a complete renovation and being turned into a demonstration of modern radio technology. The Lab is learning to use Node Red, a modern programming tool, to automate the station and to develop applications that will allow easy antenna switching, rotator control, remote control, and full integration with logging. This will not only be a demonstration of what amateur radio can be but designed in such a way that hams can envision creating the same in their own stations.
- *Increase Engagement Using Video.* This period saw us shift toward a more prolific approach to publishing video. On our YouTube channel alone, we have published 15 new videos including a Tour of the QSL Bureau and a summary of the services provided by the ARRL Lab. Subscribership is growing each day. The ARRL media room has been outfitted with new equipment to improve live streaming. The ARRL Learning Network is another regular source of new videos. These combined efforts are all contributing to our new digital video competency and capturing the interest of members and prospective members who currently seek and find Amateur Radio instruction and training.
- *Collegiate Amateur Radio Initiative.* Our regular interface with students and advisors for active campus radio clubs is contributing a regular source of content for our membership periodicals and webinar series. Students shared their experiences with Amateur Radio by

writing articles for *On the Air* magazine and presented a webinar on remote radio for the ARRL Learning Network.

### Events and Exhibits

Successful exhibits for major events require a team crossing multiple departments. Kathleen Callahan and Bob Inderbitzen co-lead the organization of the ARRL exhibits for major amateur radio events.

- *QSO Today Virtual Ham Expo*. Staff from across the organization participated in, and fulfilled our partnership with, the second *QSO Today Virtual Ham Expo*, held March 13-14, 2021. The event was staged on a fully interactive, virtual event platform allowing for dozens of presentations, exhibit halls, and the ability for participants to interact with one another. While the event organizer had significant technical issues that impacted attendees, speakers, and exhibitors – the team mustered through it. Virtual exhibits were supported with on-site staff representatives for the ARRL Lab, W1AW tours, Member Services, Radiosport, ARRL Field Day, and Field Services. Live video and audio were used, allowing participants to fully interact with our staff. A pre-recorded keynote address was delivered by David Minster, NA2AA, on Saturday afternoon

Organization and promotion of our participation in the August 2021 QSO Today event has already begun. As we move back to in-person hamfests and conventions, our continued partnership and participation with QSO Today acknowledges the hybrid-nature of ARRL's event presence.

- *2022 ARRL National Convention*. Plans are well under way for next year's ARRL National Convention at Orlando HamCation in February. A cross functional team is developing the program and exhibits. Plans for the series of day-long ARRL-sponsored Training Tracks on Thursday, February 10 preceding HamCation's 3-days at the fairgrounds are almost complete. Promotion of the program will begin later this summer.

### Public Relations and Outreach

Following the early 2020 departure of the Communications Manager, we have had the benefit of re-examining our public relations function and with the considerations offered by the PR Committee members, we have established a new department, Public Relations and Outreach. The new department includes a Public Relations and Outreach Manager and a Social Media Strategist. The Public Relations and Outreach Manager position comprises the role of previous PR and media managers, with additional areas of responsibility that include developing resources and support for Amateur Radio recruitment, and an increased emphasis on making effective use of volunteers to meet our PR and outreach goals.

A few noteworthy items included:

- Work with the PR Committee contributed to resources to engage ARRL volunteer Public Information Officers (PIOs) and Public Information Coordinators (PICs) in promoting World Amateur Radio Day.
- As IARU Secretariat, World Amateur Radio Day graphics were produced to support the IARU's promotion of the event.
- In May, staff assisted the PR Committee members in holding four webinars to provide PIOs and PICs with training for promoting 2021 ARRL Field Day.
- Support was provided for press inquiries from the Boston Globe and WFSB Channel 3 (Connecticut) generating some nice attention for Amateur Radio and ARRL in some large media markets.

### Information Technologies

While the programming aspect of the IT department is always in the forefront of discussions involving the IT department, the infrastructure group's efforts often go unnoticed until something goes awry. Below is a list of some of their accomplishments worth noting:

- Identified cross site scripting vulnerabilities on [www.arrl.org](http://www.arrl.org) and assisted in remediation.
- Configured and assisted in the deployment of a new Linux server to replace our madmen ad server.
- Installed security patch on our Exchange server to mitigate a known security vulnerability.
- Identified missing cumulative updates on the ARRL Exchange server. Planned and executed the installation of the latest cumulative update, bringing ARRL current.
- Identified and remediated the blacklisting of [arrl.org](http://arrl.org), which had been causing delivery issues from our bulk mail server.
- Assisted in the planning and execution of the upgrade of our Starship shipping server and workstations.
- Assisted in the planning and execution of the upgrade from Great Plains 2015 to Great Plains 2018.
- Identified security issues with VPN access to office. Deployed Radius server and reconfigured Cisco ASA-5520x firewall to use AD (Windows Active Directory) security. Roll-out is in progress.
- Built and configured new Windows server to house the VMTRAC database.
- Built and configured new Linux server to house the ARES and VM applications at Rackspace.
- Identified security concerns with old Windows Server 2008 R2 domain controllers. Built two (2) new Windows Server 2019 domain controllers. Have started the process of migrating all domain services to the new servers.

- Made significant progress in getting our Windows systems up to date on OS patches. We went from about 140 systems out of 180 out of date to 35 out of 180 out of date. The work is ongoing.
- Updated the anti-virus agent on all systems from 5.0 to 5.6.

### Administrative Operations

The true administrative operations in the organization generally happen behind the scenes and if things are going well, as expected, no one ever hears about them. These areas include the Controllers Department (which include the Mailroom and Purchasing), Human Resources and maintenance of the Building. Some of the accomplishments of this group for the first half of the year include:

- The annual audit was completed with no adjustments made to the financial statements, an unmodified opinion from the auditors. As expected, the auditors have provided a management comment related to the lack of invoices or a retainer agreement with Mr. Siddall. This concern was noted in the CFO Report to the Board in July 2020 in addition to almost all subsequent Financial Reports to the A & F Committee. The A&F Committee will meet with the audit partner, as they do annually, at their upcoming meeting in July.
- Delivered various required government filings including IRS Form 990, the Form 720 (PCORI Fee), Flexible Spending Non-Discriminatory testing, monthly and quarterly sales tax filings for 30 states and Canada, CT & Town business, and tax filings along with various Census filings as requested (required) by the Federal Government.
- The most important accomplishment of the Human Resource function over the last six months continued to be keeping up with the new Federal and State employment related laws and the related guidance on interpretation. This includes the American Rescue Plan Act of 2021 and Connecticut's launch of Paid Family Medical Leave Act.
- Among numerous other responsibilities the Human Resource function was involved in the hiring process of seven new employees during the first half of 2021. In addition, recruitment efforts continue in conjunction with the hiring managers for the following positions:
  - Information Technology Director
  - Business Intelligence Analyst
  - Public Relations & Outreach Manager
  - Managing Editor – position filled, start date TBD
  - Acquisitions Editor
  - EMC/RFI Engineer
- Currently in development is a new orientation process that will allow for each new hire to have scheduled appointments throughout their first few days, which will allow new hires

to have a better understanding of department functions and how these functions align with their role in support of the mission and culture of collaboration and teamwork throughout ARRL.

- Work is under way to review and update all job descriptions within the organization to ensure accuracy and adequately reflect the new culture and expectations.
- Two major projects along with regular maintenance that have been completed in the building thus far in 2021:
  - The planned upgrade to the Awards department has been completed. With the redesign, the Awards and Field Services departments now reside in this space.
  - Major repair work has been completed on the heating and air conditioning system to seal leaks throughout the system. These leaks were normal wear on joints due to years of expanding and contracting over time.
- A re-refresh is underway at W1AW with a major cleaning, a new coat of paint, and new chairs in preparation for re-opening the station to our members.

### Financial Reforecast for 2021

At the mid-point of each year, the staff reviews the financial results in comparison to the original Plan and, at a high level, reforecasts revenues and expenses. The reforecast excludes the actual year-to-date realized gains. As realized gains were not included in the initial annual Plan, for comparison purposes, we did not include it in the reforecast.

	<b>2020-21 Approved Plan</b>	<b>2020-21 Plan Reforecast</b>	<b>Change</b>
<b>Total Revenue</b>	\$15,639,000	\$15,489,000	(\$150,000)
<b>Total Expenses</b>	(15,591,000)	(14,905,000)	(686,000)
<b>Net Income</b>	<u>\$48,000</u>	<u>\$584,000</u>	<u>\$536,000</u>

Attachment #2 to this report is the financial reforecast detail in two formats, the functional statements, and the detailed income statement. These reports reflect the detail of the changes expected for the year. Below is a summary of the higher impact items in the reforecast. You will note that while some are only one-time impacts others will have longer term effects on ARRL.

#### Publication and Product Sales – reduction of \$105,000

- In April Amazon sales began to decline significantly after they initiated a new Advance Purchase Order process that provides a timeline of orders that are to be delivered over the

next several months. This new process is showing that future orders are smaller than planned.

Membership Dues – reduction of \$310,000

- The decrease in membership dues has three components.
  - Approximately \$65,000 of the reduction is from last year’s deferrals being amortized in 2021 are lower than planned.
  - In May, it was discovered that a critical mailing to lapsed members was stopped beginning in January and resulted in the severe decline in members. Although, this mailing was immediately reinstated in addition to an additional campaign to recapture those who did not receive the mailing initially, the delay in recapture will have a significant impact on dues revenue for this year.
  - Life Membership data was found to have included hundreds of silent keys. Although a complete review of all the members has not been completed yet, an estimated \$38,000 reduction for this has been included in the reforecast.

Contributions – reduction of \$53,000

- This revenue reduction is offset by the equipment and travel spending reductions related to the cancellation of the in-person Teachers Institute classes.

Employee Retention Tax Credit – increase of \$330,000

- The Employee Retention Tax Credit is a Federal refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. ARRL qualified for a credit for the period between the date the CT Governor shut down our offices and the day ARRL received the Paycheck Protection Program loan. The credit has been filed but not yet received.

QST Expenses – increase of \$67,000

- Increase in expenses for the publication and distribution of QST come from three areas:
  - Increasing paper costs.
  - The very successful Field Day insert was not originally planned and based on its success there is an expectation that another one will be done this year.
  - Postage and shipping costs have overall increased and continue to increase.

Compensation and Benefits – reduction of \$591,000

- While the hiring process continues for vacant positions like the IT Director, Public Relations and Outreach Manager, Principal Software Engineer, and Acquisitions Editor the delay in actual start dates have created one time savings in compensation and benefits expenses.

Consultant Expense – increase of \$140,000

- Consulting expenses are expected to be higher due to a combination of unplanned expenses related to the use of employment search services, assistance in filing for the Employee Retention Tax Credit, utilizing consultants instead of hiring planned employees and temporarily hiring a Personify consultant (offsetting some of the unused IT salary dollars) to aid in the conversion and go live process.

Stationary, Printing and Forms – decrease of \$27,000

- This reduction is a combination of several departments reducing their expected needs, with the largest amount coming from the Development department based on the decision to only prepare one paper solicitation for Spectrum Defense this year.

Exhibit Expense – reduction of \$39,000

- Due to the cancellation of Hamvention, spending related to the event was not incurred. In addition, ARRL will not be attending AirVenture in 2021 as originally planned.

Expensed Equipment – reduction of \$36,000

- Based on the decision to hold Teachers Institute as a virtual event this year instead of in-person, the spending related to the equipment usually purchased for the classes will not be incurred. This reduction in spending is offset in the reduction in contribution revenue for a zero-net impact.

Software License Agreements – increase of \$20,000

- With the Learning Center launching in late July, this expense (that is based on utilization) is for the platform where the system resides.

IARU Dues – reduction of \$19,000

- Based on no travel spending in 2020, IARU Region 2 made the decision to reduce 2021 dues by 50% for one year.

Travel Expense – reduction of \$182,000

- This reduction includes business, oversees, member contact and program travel. The original Plan included an assumption that travel would resume by May 2021. Although domestic travel has slowing been growing, major travel expenses related to events such as Hamvention and Teachers Institute did not take place. The reduction in travel related to Teachers Institute is offset in the reduction in contribution revenue for a zero-net impact. International meetings are remaining remote for the foreseeable future.



Depreciation – reduction of \$41,000

- The delay in going live with Personify360 and the Learning Center has delayed the beginning of depreciating the systems.

**In Summary**

We have tried to present a balanced view of ARRL's economic outlook for the remainder of the year based on the best information we have today. By line item our income statement varies from the original Plan. However, with some permanent one-time savings in 2021, the Employee Retention Tax Credit, and a continued commitment to expense and resource management, we expect to increase our original net income of \$48,000 to \$584,000 by the end of 2021.

If anyone has any questions on the content of this report, please don't hesitate to contact me prior to the meeting.

Respectfully submitted,

Diane Middleton, W2DLM  
Chief Financial Officer

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