

**American Radio Relay League
Proposed 2013 – 2014
Plan**

ARRL, INC.
The National Association for Amateur Radio

2013-2014 Plan

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SUMMARY

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Summary

To: ARRL Board of Directors

The Administration and Finance Committee met on November 17, 2012 and, after discussion with ARRL Senior Management, voted unanimously to recommend the 2013-2014 Plan as contained in the following report to the full Board of Directors for ratification.

The ARRL management team is pleased to present for your consideration our recommendations and financial projections for 2013, with initial projections for 2014. Included with this summary are discussions, by individual operating segment, of the respective plans and goals for each unit. We are also including the financial projections in two forms. One is the projection “by function” that we report internally on a monthly basis and the second is a more traditional income statement projection.

A Look at 2012 So Far

At this point a year ago, we were not very optimistic about the economic environment we would be dealing with in 2012. In fact, the outlook was pretty glum and we were predicting a “no growth” scenario for the year. Specifically,

“.....Simply stated, our outlook for the coming year is one that includes little or no growth. From the experience of 2011 to the continuing low expectations for any economic recovery in the country, other than sunspots there is really no basis from which to be terribly optimistic about the next 12 months and we don’t feel it would be appropriate to base any resource projections on significantly increased revenues as a result. Unemployment is still at 9% and there is no significant economic growth predicted. The global debt crisis is affecting the markets in this country and values are bouncing up and down on a daily basis. Coupled with everything else going on in the global economy, this is just another reason to dampen any expectations for the near term...”

And, given our expectations for the economy, we were no more optimistic about the outlook for Amateur Radio at the time either.

“....From an Amateur Radio perspective, the signs are not all that encouraging either. The number of new licensees is down in 2011 and we don’t expect to see any improvement in 2012. Although we had expected a total of 29,000 new licensees in 2011, through the first nine

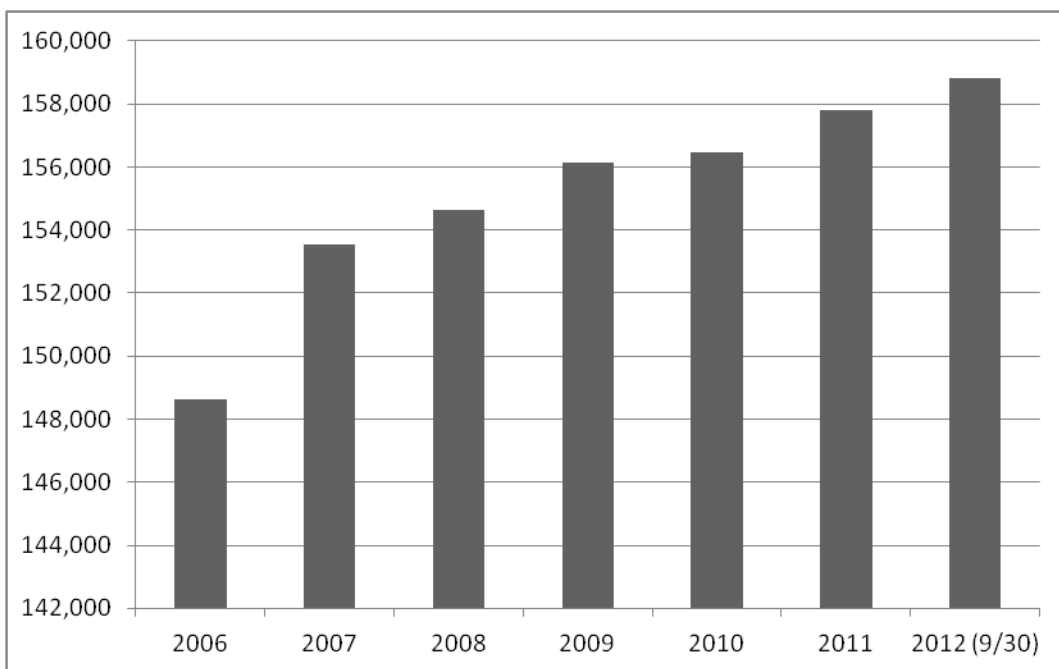
months of the year, slightly more than 18,000 have come on board. As a result, we are projecting a total of only 25,000 new licensees in 2012. Assuming that 2011 results reach this level, this would be the lowest number of new licensees since 2006.”

We are happy to report that, looking back at the first 10 months of the year, 2012 has developed better than we had expected. There are signs that the overall economy is recovering, albeit very slowly. Housing starts are up and unemployment has just dipped below 8% for the first time since January of 2009 although, in this election year, there seem to be differing opinions on why that is. The investment markets are doing better as well with the Standard & Poor’s 500 Index up over 156 points (12.2%) so far this year.

As for Amateur Radio, new licensees are running slightly ahead of our expectations, although upgrades are behind the pace we predicted. We are now projecting new Amateurs in 2012 to be around 26,000, which is about 1,000 more than we had planned coming into the year. Additional new licensees are always a good thing for the organization and we have seen the rate of entry into the Amateur Radio Service decreasing for the past several years. If we do reach 26,000 new licensees this year, it would represent a reversal of that trend.

But even with fewer numbers of new licensees, coupled with the worst overall economic conditions in decades, the past several years have turned out to be fairly positive ones for the ARRL. We have had membership growth for the five years preceding 2012 (see chart below) and positive income from operations since 2008. (Note that the bottom of the chart is not zero, so the rate of growth is exaggerated.)

**ARRL Membership Growth
2006-2012**



We were conservative with our projections for this year. The 2012 Plan included a total of \$14.5 million in revenues which represented a slight decrease from actual 2011 levels. At the mid-year point we were doing better than planned and raised our reforecast for the year to over \$14.6 million. This would be roughly equal to the 2011 results. On the bottom line, we also chose a more conservative approach, recognizing that we would be incurring some operating costs which were not on-going, and projected a small loss from operations. The outlook for this was also better in the mid-year reforecast where we projected a small gain, \$73,000, from operations. Unlike last year when improving mid-year expectations for the bottom line were mostly about under budget spending, in 2012 the improved outlook in the bottom line is from a combination of both better than planned revenues and lower expenditures than budgeted. These results have helped shape our expectations for 2013 and, as you will see in the coming pages, we again recognize the need for investment in the Second Century Campaign, the benefits of which will be felt well into the future but the costs of which will put pressure on our financial results for the year. The good news is that membership is up in 2012, sales revenues are good and we have seen fee revenues from awards programs like DXCC and the new CQ award increase. Expenses are still being managed closely and, as noted above, are still under budget in total for the year-to-date. Voluntary contributions (annual giving as distinguished from the Second Century Campaign) are the one revenue area that is not meeting our expectations in 2012.

But as is historically the case, the fourth quarter is always a pivotal period of time when it comes to the organization's finances. A new edition of the ARRL Handbook coupled with other new titles introduced at this time of the year, along with a general year-end giving surge as people do their tax planning for 2012, are all contributors to a usually strong financial quarter. Although we are well ahead of our target on the bottom line at this point, it is unlikely we will maintain the large favorable variance through the end of the year.

The positive results we have achieved so far in 2012 are expected to continue into 2013 with a large caveat. As you will see in the coming pages, we are expecting another year of small revenue growth and marginal increases in expenses which will narrow the bottom line from normal operations even further. With the investments in the Second Century Campaign and the upcoming Centennial in 2014, we are anticipating modest, but affordable deficits in the coming two years. This is not something we should continue beyond 2014 but we believe it is an appropriate strategy for the near term given our strong financial performance since 2008 and the one-time opportunities associated with the Centennial.

We have also made good progress, beyond just the financial metrics, on our major operational goals in 2012:

- Participated in a successful World Radiocommunication Conference where the Amateur service avoided undesirable sharing of HF allocations with oceanographic radars, gained a new secondary allocation at 472-479 kHz, and saw a WRC-15 agenda item created for a possible 5 MHz allocation.
- Introduced the first digital edition of QST with the June, 2012 issue and initial reactions from members have been positive. This included completing a new web service for the digital rights authentication process so members can access the product. And just

recently, an iOS app was introduced allowing access to the digital edition via iPhones and iPads. While we have yet to reap the full amount of expected savings from reduced demand for the print edition, we continue to market it aggressively as an additional member service.

- The Second Century Campaign began to build some momentum. So far we've received \$3.1 million in pledges for the campaign with additional contributions and pledges arriving almost daily.
- Introduced the first non-ARRL award, the CQ WPX award, on Logbook of the World.
- Deployed the on-line DXCC program for remote DXCC application submission. At this time, about 25% of the applications are being submitted using this facility. Coupled with this was a change in the fee structure that encourages regular participation to help spread the workload more evenly throughout the year.
- The Diamond DXCC award was introduced to mark the 75th anniversary of the program. A web application for remote submission of entries was introduced.
- We have just recently completed the long process of terminating the ARRL Defined Benefit Pension Plan and distributed all the assets in accordance with the wishes of the individual participants. This concludes a project that began in 2009 with the freezing of the benefits in the DB Plan and the introduction of the ARRL 403(b) Plan as its replacement.
- Completed an unanticipated change of ISP's in the middle of the year with minimal interruption. Once completed, this allowed the IT staff to create an off-site back-up of the Logbook of the World database "in the cloud".
- Produced another very successful ARRL Expo at the 2012 National Convention in Santa Clara, CA, our first national convention on the West Coast since 1992.
- Implemented two other major changes in the ARRL benefit plans; (1) changing from a system which included vacation, sick leave, personal time, etc. to a straight Paid Time Off system and (2) changing the League's short-term disability plan to one that is more equivalent to our market in Connecticut.
- Assisted the Treasurer in the restructuring of the investment portfolio and the change of custodians from Bank of America to Vanguard.

And while they are not completed as of the writing of this report, we have made progress on the electronic store project as well as the upgrade to the membership subscription module in the ARRL Information System (AIS).

Strategic Objectives for 2012

As requested by the Administration & Finance Committee, quarterly summary reports have been provided throughout the year on major projects including the strategic objectives selected by the Board for implementation during 2012. All of these are ongoing efforts that will continue beyond the end of the year.

B1. Make more content available in multiple media and platforms.

The introduction of digital *QST* online was the principal means of addressing this objective. Using the freedom provided by this medium, we have expanded *QST* content beyond what can be conveyed in a limited number of printed pages – for example, by producing monthly *QST Product Review* videos. The *DXCC Yearbook* was included with the August digital edition. We will continue to look for ways to expand the reach of digital *QST* in other ways, such as the Apple app added in October 2012.

C4. Improve national media and public relations exposure for Amateur Radio public service and emergency communications, not limited to traditional print and broadcast media.

We placed particular emphasis on training our field public relations volunteers and encouraging them to be in closer contact with our emergency communications volunteers. The retirement of Allen Pitts from fulltime employment creates a challenging situation with regard to maintaining the momentum of this effort.

E3. Implement procedures to improve organizational efficiency, making the continuous effort to improve efficiency a permanent element of the League's corporate culture.

Improvements this year included:

- Online DXCC application
- New DXCC rate structure to encourage more frequent, smaller submissions throughout the year
- Restructuring of awards-related email addresses
- New telephone routing procedures
- New warehouse procedures, in part to accommodate Amazon's requirements

F4. Identify non-traditional routes of entry into Amateur Radio and develop effective uses of this information.

The most promising avenue of entry identified so far is via kitbuilding (DIY). A more structured approach to the use of suggested kits to provide positive experiences and motivation for newcomers is in development for 2013.

So 2012 has been modestly successful to this point, and there is still time. Work on several projects and objectives continue apace. Financially we are in a good position going into the fourth quarter, our investment portfolio has gained value and we were able to comfortably fund the termination of the defined benefit pension plan. As a result of all these factors, we should be in reasonable shape as we head into 2013.

What Does 2013 Look Like?

At this point, although our outlook for the coming year is more upbeat than it was a year ago, we are still being fairly conservative in our financial projections and operational plans. The economy is just now only showing signs of any recovery and even that will be a slow recovery at best. Unemployment is not expected to drop much lower than it currently is for the coming year and we're in a period of historically low interest rates. And, at this point in time, it is unclear how the results of this fall's elections and the impending "fiscal cliff" will impact any of this.

The signs surrounding Amateur Radio are mixed at best as well. While we're encouraged by the increase in the number of new Amateurs, the uptick is not expected to be dramatic. Because we are seeing some increased exam activity this year, we are projecting a total of 27,000 new Amateurs in 2013. Upgrades are not expected to increase in the coming year, one without a revision to any question pools (normally a source of revenue from new editions of publications).

The Amateur Radio industry is no better off, overall, than it was a year ago. In the 2012 Plan we described the situation, in part as:

"...Concern in the industry is growing about 2012 with some advertisers rethinking their strategies for the coming year. Some Japanese manufacturers have raised their prices substantially, apparently in response to the strong yen and relatively weak dollar. Major manufacturers have cut back on their co-op advertising programs and reports from retailers are that profit margins on radio hardware continue to shrink. These conditions cannot continue for any extended period of time...."

Unfortunately, this continues to be the situation for the industry. And the toughest of times seem to be reserved for the traditional brick-and-mortar retailers that once made up a significant portion of our advertising and wholesale book revenues. They are stuck with the highest overhead while watching their margins shrink, business moving to manufacturers who sell direct and large national booksellers who now carry ARRL publications on-line at prices that are loss leaders. At this point, almost 42% of our wholesale book sales are made to Amazon, an on-line retailer with sophisticated, automated pricing models with which our traditional retailers can't compete. The second largest wholesale book buyer is Barnes and Noble who also has a significant on-line presence. This impacts the Amateur Radio industry and, while not every retailer or advertiser is in dire financial straits, it is fair to say that the overall financial condition of the industry has not improved in 2012.

And, as you would suspect, the ARRL is impacted by this overall industry condition. What we've been able to do successfully so far is to find ways to generate revenues to replace, or in some cases even grow, our business. And it all starts with membership. Members are generally active Amateurs. Members buy publications and products as well as drive advertising dollars. They also participate in ARRL programs which bring in fees to help cover, or at least defray the cost of the programs in which they participate. And, last but not least, they voluntarily donate money to a variety of our funds and activities.

On that theme, and in keeping with the recent success we've had in growing the membership, we expect the membership to finish 2012 at about 160,775. This would be an increase of almost 1.9% for the year, a very strong result. It would also be more than we had originally planned the membership to be at the end of 2012. Our original plan called for a total of 159,609. For the coming year, we are planning for a smaller increase, growing the membership by 0.85% and finishing the year with 162,143 members.

In keeping with our conservative approach, total revenues in 2013 (including voluntary contributions) are projected to increase by a modest 1% over where we now believe we will finish the current year. This translates into total revenues of slightly more than \$14.8 million. The increase comes primarily in the areas of publication sales, dues and program fees. Advertising revenues and subscriptions to our other periodicals are projected as only slightly higher than this year or basically flat. Investment income, however, will be less for two major reasons. First, the termination of the pension plan required a final contribution of about \$3.36 million which, although planned for, did reduce our total investment portfolio. In addition, the existing portfolio has fixed income securities that had been purchased in years when interest rates were more favorable. These are maturing and the proceeds must be invested in securities with lower interest rates.

Total spending in 2013 is planned to be almost \$15 million including spending for the Second Century Campaign. This represents an increase of 2.9% over our forecast for 2012. This includes the same number of positions in the organization (with an increase of 1 full time equivalent position due to restructuring of hours) and an average merit increase of 3% for the staff. As usual, there are a number of costs that are out of our control for such things as benefits (specifically health insurance), postage (the USPS is losing money), printing, ink, etc. on which we rely heavily. In some instances we've tried to reduce our need by eliminating certain mailings or transferring them to electronic means. We do have some cost reductions this coming year with no World Radiocommunication Conference or National Convention but the cost of the Second Century Campaign and the initial costs for the 2014 Centennial are included in our budgets.

All told, with the planned increases in operational revenues and expenses, plus the costs of the Second Century Campaign which, for the purposes of our planning, we view as investments for the future, we are projecting a loss of \$155,000 for 2013. Excluding the SCC costs planned for 2013, our income from operations is projected to be \$81,000, effectively break-even for the year. It should be noted that while our plans are for modest and affordable losses in the coming two years to fund the Second Century Campaign and the 2014 Centennial activities, we believe 2014 will mark the end of what by then will be a period of more than 13 years with no increase in the basic dues rate. While the decision does not have to be made for another two years and should be made based on conditions at that time, a dues increase in 2015 is likely to be imperative in order to avoid ongoing annual deficits.

Strategic Objectives for 2013

No specific strategic objectives were formally adopted by the Board to be addressed in 2013. However, as part of this Plan we offer two initiatives that we should pursue.

1. *Local clubs.* It is not a new thought that local radio clubs are a vital component in the construction of a healthy future for Amateur Radio. However, we have under-resourced our support of programs that aid local clubs. In 2012 the staffing of the Membership and Volunteer Programs Department was bolstered, permitting us to devote much-needed attention to recognizing and strengthening our affiliated clubs.

2. *DIY.* Again, this is not a new subject – but it is one on which we can claim a bit of success. We have made good progress in aligning ourselves with the DIY/maker/hacker movement. We have learned a lot from the inclusion of kit-building in ARRL Expos for several years. We have done the same for even longer through the Teachers’ Institutes. Now the pieces are coming together. It’s time to build on what we have learned.

We believe both these initiatives are important, both for the future of the organization and of Amateur Radio.

Member Programs and Expenditures in 2013

As noted above, total expenditures are expected to grow by about 2.9% in 2013 from the level of total spending currently forecast for 2012. That is less than the planned increase in operating expenses for 2012 over 2011 (although that number is likely to be less based on how we tend to historically under spend our budgets). As in the current year, we have been conservative about adding new programs in 2012 beyond those discussed here although there are several major initiatives already approved and in-progress which we are planning to continue to fund in 2013:

- **Second Century Campaign** – This major fundraising campaign, begun officially in 2010, will continue to be a major initiative. The campaign has picked up momentum in 2012, unfortunately not as much as we had hoped but commitments to the campaign total over \$3.1 million so far with other prospects on the horizon. We believe in the program and have included resources to continue it in 2013 when we will be officially announcing a formal goal for the campaign to the public.
- **2014 Centennial Celebration** – While specific plans for the Centennial celebration have not been formalized, we do need to begin preparations in 2013. A unique National Convention in Hartford, CT has been approved by the Board and the preliminary estimates for revenues and expenses have been included in this Plan. The lion’s share of these will be realized in 2014 although there is a small amount of expense included in the 2013 budgets for certain activities related to the convention. In addition, we have budgeted \$50,000 in the capital expenditure plans for a Centennial video on the assumption that such a video will be included in the formal Centennial plan and that it will have a useful life of at least three years. We also have budgeted \$25,000 of capital expenditures for as yet unspecified costs for general painting and sprucing up of the Headquarters building in anticipation of having an influx of visitors in the centennial year.

- ARRL Information System (AIS) – This project has been on-going for several years as we build a modular replacement for the current Siebel CRM system which is reaching the end of its life cycle. The Siebel system will be over 10 years old next year and this version will no longer be supported. Upgrading would be too costly (approx. \$300,000 or more) and we have the skills to complete the project in house. Completion of the e-store module and an upgrade of the Microsoft Dynamics software (ARRL's accounting software) will move the project forward significantly leaving the only major functions to be completed in 2013 as the membership subscription, Development and VEC modules.

In addition, we have several projects in the IT Department that were scheduled for completion in 2012 but will spill over into the first quarter of 2013:

- Implementation of the e-store was postponed until after the holiday selling period although we expect all the programming to be completed in 2012.
- Upgrading of the Microsoft Dynamics software was delayed until after the year-end close of the financial statements.
- Completion of the migration of the DXCC system to Logbook of the World.

New IT projects for 2013 include:

- Rewrite the programming on the web for the membership application form and create a donation form compatible with all the giving opportunities.
- Provide enhancements for user interface in Logbook of the World.
- Support for an as yet undefined 2014 Centennial operating award.
- Add another CQ award, likely WAZ, to Logbook of the World.

Other significant objectives included in this Plan for 2013:

- Grow the membership to reach 162,143 by December 21, 2013. This represents an increase of 0.85%.
- Complete 4 Teachers' Institutes including 2 basic TI's and 2 advanced TI's. Current plans for the advanced TI's include one on Satellite communications and another on Remote Sensing and Data Gathering. These plans are contingent on meeting the overall fundraising goals for the Education and Technology Fund.
- Begin the process to transition our technical periodical, *QEX*, to an all digital delivery mode in 2014.

- Implement the new VEC portal that will allow electronic submission of test session results for our VE teams.
- Continue preparations for the 2014 ARRL National Convention in Hartford, CT.
- With no National Convention as in the past two years, the ARRL Expo is planned for one stop in 2013 at the Dayton Hamvention®.
- Provide a general cleaning, repair and painting of the “common areas” of the Headquarters building in anticipation of the Centennial celebration. Common areas are defined as lobby, hallways and other facilities that may be accessed by the general public.

Overall, the planning process was a difficult one this year, as has been the case in recent years. Even with the limited growth in revenues predicted for 2013, we had to carefully review expense budgets. Even then, we are predicting losses due to expenditures surrounding the centennial and special fundraising campaign over the next two years. To achieve even these results, we made decisions to reduce spending on selected items, up to and including planning for a reduction in staff (through attrition) of a position in MVP.

We can never lose sight of the fact that the biggest resource for the organization is our people. In that regard, the 2013 Plan includes the same number of total positions that it did in 2012, although there is one more Full Time Equivalent due to the addition of hours for some part-time positions. Total compensation expense for 2013 has been budgeted at \$5.6 million, which is over 37% of our total expense budget for the coming year. Included in this estimate of compensation expense is an average merit increase of 3% in 2013. This is slightly more than the 2% budgeted in 2012 but it reflects the current market in the local area. As always, this does not mean that everyone on the staff will receive this level of compensation adjustment. The actual increase granted to each individual is based on their performance coupled with where their compensation is relative to the salary range for their Job Grade.

The costs of our benefit programs will add another \$1.45 million to our expenses, over and above the cost of compensation. Unfortunately we do not believe we will be as fortunate this year as we were last year in terms of increases in our insurance benefits. Based on the best estimates we have at the moment, and given what is being seen in the marketplace, we included an increase of 15% in the cost of health insurance for the organization and 6% for dental insurance. Although we will no longer incur the expense of a defined benefit pension plan, we are not recommending an increase in the defined contribution benefit structure at this time. We considered doing so but concluded that most staff would place greater value on a return to a 3% merit increase pool.

As noted above, total expenses for 2013 are budgeted at almost \$15 million and include estimates for the special centennial fundraising campaign and some small expenditure for preparations for the 2104 Centennial celebration. We assume that this component will grow in 2013 as plans for the Centennial crystallize. We will have to monitor this carefully as we proceed throughout the year.

Revenue Trends and Assumptions

While the programs and activities of the organization are the most important component of our mission, how to raise and allocate the money to deliver those is of critical importance as well. It is also important to describe the underlying assumptions we've used in estimating our revenues from the major sources in the coming year.

Membership and Dues

As noted above, we believe that there is going to be a slight increase in the number of new licensees entering the Amateur Radio service in 2013. We are projecting 27,000 new licensees and an additional 10,500 upgrades in 2013. We are planning to aggressively market to both groups. First, we are planning for a series of 9 direct mailings, the same as 2012. Then there are license expirations, historically a good source of members (approx. 2% return rate), that will rise to about 53,000 in 2013, the 20th anniversary of the first no-code license. In addition, the increase in new Amateurs provides more opportunities for first time members and is another good source of prospects where the response rate is almost 17%. And finally, field recruitment is showing improvement as well. All of these impact our ability to attract members, either new or former, into the organization. The Plan projects a total of 162,143 members by year-end 2013, an increase of 1,368 over year-end 2012. This represents an increase of about 0.85% which is less than 2012 (where we estimate the increase to be 1.85%) because of the initial impact of the new Digital QST membership benefit in 2012. We don't expect that level of growth to be maintained as we get further away from the initial introduction of the digital edition and the response caused by it. In addition, our expectations for the renewal rate (those members renewing on time) is expected to stay the same, around 74%-75% on average.

Our focus for 2013 will be to continue to increase the membership through various promotions and a continuing emphasis on Digital QST. As has been stated before, the 2013-2014 Plan is predicated on a possible dues increase in 2015, not in the current planning horizon. Given the recent introduction of Digital QST and the impending Centennial celebration, we don't believe this would be the right time to impose an increase in dues on the membership, despite the fact that it has been over a decade since there was an increase in the basic dues rate.

Publication Sales

Total publication sales revenues are projected to be \$3.74 million in 2013 representing an increase of 4.6% over where we currently expect to finish in 2012, which we expect to be flat in comparison with the prior year. As in the past, much of the increase in publication sales is predicated on the introduction of new titles and 2013 is no different. What makes 2013 unique is that almost all of the increase in sales is based on our projections for the 2014 edition of our flagship title, the *ARRL Handbook*, which will be a special Centennial Edition. This will be the most comprehensive update to this title since the 2010 edition and we plan to promote it with an aggressive marketing campaign. This presents some risk to meeting our objectives as sales of this new title are focused in the final quarter of the year with no room to make up the difference if sales are not as strong as anticipated. We are also planning for 7 new titles in addition to updates of several other titles, but not all of the new titles are expected to have broad appeal.

As in the past product marketing will continue to encompass several channels and sources including direct mail, catalogs, e-mail solicitations and new product bulletins, on-line e-commerce and advertising across all of ARRL's varying publishing platforms. We will continue to leverage all sales channels, direct to individuals, dealers and large wholesale outlets. The wholesale/retail mix of sales is expected to stay roughly the same in the coming year. As noted earlier in this report, our traditional brick-and-mortar dealers are struggling so an increasing percentage of our wholesale business will be through companies like Amazon and Barnes and Noble. In the long run, this may begin to erode our direct sales.

Advertising Revenues

As we have reported for the past several years, sales of print advertising and, in our industry, sales of any advertising, becomes more difficult to achieve each year. Only through a combination of continued upgrading of our customers to higher levels of advertising, and bringing in new advertisers (mostly smaller accounts) do we continue to maintain the level of advertising revenues that we do. In 2012 we experienced the loss of 27 advertisers which represented \$34,000 of advertising while 33 advertisers reduced their level of ads which cost us another \$136,000. On the positive side, we were able to produce additional revenues from about 39 existing advertisers which brought in an additional \$130,000 and identify 33 new advertisers that brought in gross revenues of \$65,000. Given the overall market for advertising and the Amateur Radio industry, these are extraordinary results.

We are hoping to continue this trend although our projections for total advertising revenues show an increase of only about \$19,000 over where we expect to finish in 2012. Total advertising revenues in 2013 are projected to be \$2.58 million.

Voluntary Contributions

With each passing year, mining our membership for voluntary contributions becomes a bit more difficult. We continue to have some success with a few, selected programs which have become staples for our Development program but, other than the Second Century Campaign, we don't plan on adding any new campaigns in the coming year. The Diamond Club, Spectrum Defense Fund and the Education and Technology Fund will continue to form the core of our on-going programs. After some analysis, we realized that the yield for some campaigns and the cost of raising the funds (including particular awards for giving levels) were beginning to go in opposite directions. We spent a considerable amount of time working on bringing these relationships back in line with a more acceptable ratio of cost to funds raised. As part of this effort, we are attempting to drive more donors to the ARRL web site and will work with the IT Department to update the donations page in a similar project to the updated membership application.

The Second Century Campaign will be rolling into the public phase of the campaign in early 2013 while at the same time we will be continuing the Leadership gift portion of the campaign which was begun in 2012. A public financial goal will be determined by the SCC Committee for the launch of the public campaign.

Another key part of the Development plan for 2013 will be the full transition of the management of the day-to-day operations management in the department to the Individual Giving Manager as our Chief Development Officer, Mary Hobart, K1MMH, concentrates all of her time on the Second Century Campaign.

For the year, we expect to use about \$1.09 million of voluntary contributions to offset operating expenses. (see page 22)

Program Fees

Although our original plans for 2012 included an overall decrease in moneys collected on our fee based programs, the actual results through the first three quarters indicate we should be able to beat last year's result. Given an estimate of this year's results, we are projecting another slight increase in fee revenues for 2013. These projections are based in part on the uptick we're seeing in activity, particularly in DXCC and Logbook of the World, but also in the addition of the CQ WPX Award that was added in 2012.

Our projections for new licensees and upgrades, as well as overall exam activity indicate a small increase in activity in 2013, hence our estimate is that VEC fees are expected to rise, but only slightly more than 1 % in the coming year.

In total, program fee revenues are expected to exceed \$1 million in 2013 which would represent an overall increase of 5.7% over 2012. Again, most of this increase will come in the award fee areas including DXCC.

Other Income

The largest component of our other sources of revenue is the income generated from the ARRL's investment portfolio. The total income on the portfolio is allocated in support of a) the Life Member program; b) the various endowment and other funds on which interest is credited and c) the regular operations of the organization. The portion included in our income statement is just the portion allocated to regular operations. As we have anticipated, the termination of the defined benefit pension plan during 2012 would require a significant amount of cash from the portfolio; it was more than \$3.3 million in the end, so this reduced the size of our overall investment portfolio. As a result, the investment income allocated to regular operations in the coming year will be less than it has been in recent years. We will eventually build the portfolio back up but, given the current interest rate environment, it will take some years before we can achieve the levels of investment income on the portfolio that we've recently enjoyed.

There are no significant increases expected in 2013 from our other small, revenue generating programs including credit card, member insurance and other royalties.

Summary

Overall, while our plans for 2013 continue several significant initiatives, there is a certain amount of "status quo" in our plans. We plan to expend resources refining, updating and

improving many of the organization's processes and programs. We also need to reserve some resources because the plans for the 2014 Centennial are still forming. We expect that activity surrounding the planning for what is expected to be a twelve month celebration will pick up as the year goes on and take some amount of both staff and volunteer resources. The cost of those plans will mostly be realized in 2014 but the consumption of staff resources should begin in earnest as we go through the next 12 months.

And, has been the case in the past several years, the small increase in total revenues does not allow us to allocate significant amounts of resources to new programs and activities. We will continue to add and refine features and improve the technology of the organization but will do so within the limitations of the overall allocation of resources. It would be nice to be able to have greater resources but that is not the reality of the situation.

Given our (1) our overall resource limitations; (2) the need to fund specific, short-term initiatives related to the 2014 Centennial and (3) our belief that the coming two years is not the right time for a dues increase, we have projected modest losses for 2013 and 2014. As noted earlier in this report, this is not something we can, nor would expect to, continue beyond 2014 and we will endeavor to do everything possible to limit those losses even further.

Capital Expenditures

The proposed capital expenditures for 2013 are much more modest than had been proposed for 2012 as the two major expenditures, HVAC and the roof have already been approved and are in progress for completion. There is the usual amount of technology related expenditures proposed in the Plan as we propose to continue our program of scheduled replacement of desktop computers. We are proposing an expenditure of \$26,000 to expand our off-site data back-up and storage capabilities.

In addition to the operational expenditures, we are proposing about \$98,000 related to the upcoming Centennial celebration including general painting and clean-up of the common areas of the Headquarters building, some minor renovations to W1AW (mainly the exterior), and a Centennial video.

In total then, total capital expenditures are proposed to be \$178,000 in 2013. Again, this may be increased as plans for the Centennial are developed but these will be brought to the Committee if they require additional spending.

Staffing

The 2013 Plan encompasses funding for a total of 105 full and part-time positions. Of this total, 95 positions are full-time and 10 are part-time. This is the same number of positions approved in 2102 (there were approved additions made during the year over and above the original 2012 Plan). And, as noted earlier in the report, this represents an increase of 1 full time equivalent over 2012.

The Plan also incorporates an average merit increase of 3% beginning April 1, 2013.

Risks and Opportunities

As always, there are risks involved in plans. Although we discuss them here, they have not changed significantly in the past several years.

1. **Bottom line** – Any time we begin the year projecting a loss from operations, this increases the risk. The goal will be to limit the loss and, if possible, eliminate it with careful expense management throughout the year. The 2013 Plan includes expenses for the Second Century Campaign and, on a much smaller scale, the 2014 Centennial. These activities will ebb and flow over the next two years but, for the planning horizon they will require resources which, if a break-even or better bottom line was the objective, would require reducing the allocation of funds to existing programs and activities. This is not something we are recommending in this Plan.
2. **Economy** – This is always a concern for the organization and, in this election year, it is even more difficult to predict which way the economy will go. Needless to say, there is still a great deal of uncertainty in the economy and it won't be resolved simply through the election process.
3. **Membership** – We have been able to increase the membership steadily, albeit slowly, in the past several years. The current year's increase has been excellent and we hope to continue to grow the membership in the coming year. If that is not the case, however, it will impact several areas of the organization. We believe it is achievable, though, particularly since we are predicting an increase in the number of new licensees in the coming year and because Digital QST is popular with International Members.
4. **Voluntary Contributions** – We have been fortunate to have a loyal and committed base of donors, both large and small. But motivating that base has been more difficult this year and we will be going public with the Second Century Campaign in 2013. Maintaining the existing level of annual giving to the organization throughout the campaign will be a challenge and represents a risk in 2013 and beyond.
5. **Advertising** – This area of our revenues is always a concern because of the continuing poor economy, the condition of the market for print advertising and the issues facing the Amateur Radio industry overall.

We believe this Plan is responsive to the current direction and objectives of the Board of Directors. It maintains the current level of our services and programs for members while meeting the objective of a balanced financial result. In addition, it provides for a major program that already has been shown to benefit the organization financially over the long term. As always, it is not without risk and will require specific attention to our financial results and careful expense management as the year unfolds.

Respectfully submitted,

David Sumner, K1ZZ
Chief Executive Officer

Barry Shelley, N1VXY
Chief Financial Officer

AMERICAN RADIO RELAY LEAGUE, INC.

SUMMARY

2013

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		(Original)	(Reforecast)		
REVENUES	\$13,594,428	\$13,409,000	\$13,572,000	\$13,727,000	\$13,991,000
EXPENSES	11,065,674	10,466,000	10,462,000	10,701,000	11,214,000
NET AVAILABLE INCOME	2,528,754	2,943,000	3,110,000	3,026,000	2,777,000
MEMBER PROGRAM EXPENDITURES	4,211,531	3,903,000	3,913,000	4,035,000	4,107,000
SUB-TOTAL	(1,682,777)	(960,000)	(803,000)	(1,009,000)	(1,330,000)
CONTRIBUTIONS	1,026,957	1,061,000	1,046,000	1,090,000	1,115,000
INCOME FROM OPERATIONS	(655,820)	101,000	243,000	81,000	(215,000)
SECOND CENTURY CAMPAIGN	(90,477)	(171,000)	(171,000)	(\$236,000)	(\$97,000)
PENSION PLAN TERMINATION	-	(850,000)	(850,000)	-	-
GAIN/(LOSS) ON INVESTMENT	27,186	-	550,000	-	-
NET EXCESS (DEFICIT)	\$ (719,111)	\$ (920,000)	\$ (228,000)	\$ (155,000)	\$ (312,000)

AMERICAN RADIO RELAY LEAGUE, INC.

INCOME

2013

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		(Original)	(Reforecast)		
REVENUES	<u>\$ 13,594,428</u>	<u>\$13,409,000</u>	<u>\$13,572,000</u>	<u>\$13,727,000</u>	<u>\$13,991,000</u>
Product Sales	3,584,803	3,578,000	3,578,000	3,741,000	3,746,000
QST and Magazines	256,978	254,000	254,000	252,000	250,000
Advertising	2,552,552	2,562,000	2,562,000	2,581,000	2,595,000
Membership Dues	5,575,076	5,542,000	5,705,000	5,756,000	5,809,000
Program Fees	1,016,531	957,000	957,000	1,012,000	1,013,000
Interest/Dividends	387,413	417,000	417,000	276,000	300,000
2014 Convention Revenue	-	-	-	-	169,000
Other	221,075	99,000	99,000	107,000	109,000
EXPENSES	<u>\$ 11,065,674</u>	<u>\$ 10,466,000</u>	<u>\$10,462,000</u>	<u>\$ 10,701,000</u>	<u>\$ 11,214,000</u>
Product Sales	2,896,659	2,753,000	2,748,000	2,850,000	2,896,000
QST and Magazines	2,872,503	2,741,000	2,813,000	2,892,000	2,990,000
Advertising	279,889	239,000	239,000	249,000	260,000
Membership Dues	938,174	915,000	910,000	925,000	954,000
Investment Advisor Fees	53,576	142,000	20,000	-	-
2014 Convention Expenses	-	-	-	13,000	208,000
Support:	<u>\$ 4,024,873</u>	<u>\$ 3,676,000</u>	<u>\$3,732,000</u>	<u>\$3,774,000</u>	<u>\$3,905,000</u>
Administration	941,117	797,000	804,000	817,000	852,000
Development/Fundraising	474,692	408,000	395,000	377,000	373,000
Controller	842,353	824,000	886,000	869,000	911,000
Information Technology	931,877	873,000	873,000	886,000	919,000
Administrative Services	265,819	241,000	241,000	247,000	254,000
Personnel	66,881	59,000	59,000	80,000	76,000
Building	502,134	474,000	474,000	497,000	518,000
NET AVAILABLE INCOME	<u>\$ 2,528,754</u>	<u>\$ 2,943,000</u>	<u>\$ 3,110,000</u>	<u>\$3,026,000</u>	<u>\$2,777,000</u>
Product Sales	688,144	825,000	830,000	891,000	849,000
QST and Magazines	(2,615,525)	(2,487,000)	(2,559,000)	(2,639,000)	(2,740,000)
Advertising	2,272,663	2,323,000	2,323,000	2,332,000	2,335,000
Membership Dues	4,636,902	4,627,000	4,795,000	4,832,000	4,855,000
Program Fees	1,016,531	957,000	957,000	1,012,000	1,013,000
Investment Income	333,837	275,000	397,000	276,000	300,000
2014 Convention	-	-	-	(13,000)	(39,000)
Other and Support	(3,803,798)	(3,577,000)	(3,633,000)	(3,666,000)	(3,796,000)

AMERICAN RADIO RELAY LEAGUE, INC.

SPENDING

2013

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		(Original)	(Reforecast)		
<u>MEMBER PROGRAM</u>					
<u>EXPENDITURES</u>	<u>\$4,211,531</u>	<u>\$3,903,000</u>	<u>\$3,913,000</u>	<u>\$4,035,000</u>	<u>\$4,107,000</u>
Advocacy	<u>\$944,141</u>	<u>\$903,000</u>	<u>\$908,000</u>	<u>\$835,000</u>	<u>\$808,000</u>
Washington	646,806	621,000	633,000	588,000	604,000
International/IARU	181,324	188,000	181,000	145,000	101,000
Public Relations	116,011	94,000	94,000	103,000	103,000
Membership/Vol Programs	<u>\$1,764,704</u>	<u>\$1,626,000</u>	<u>\$1,626,000</u>	<u>\$1,705,000</u>	<u>\$1,765,000</u>
Administration	281,939	242,000	242,000	252,000	262,000
Contest	128,254	130,000	130,000	144,000	152,000
DXCC/Awards	439,553	479,000	479,000	528,000	541,000
QSL Bureau	88,452	84,000	84,000	85,000	90,000
W1AW	145,517	132,000	132,000	136,000	142,000
Logbook*	45,593	-	-	-	-
Field Services	327,333	281,000	281,000	290,000	305,000
Emergency Preparedness & Response	181,454	150,000	150,000	148,000	151,000
Section Expenses	126,609	128,000	128,000	123,000	123,000
Educational Programs	<u>\$317,999</u>	<u>\$298,000</u>	<u>\$304,000</u>	<u>\$387,000</u>	<u>\$400,000</u>
Education Services	114,294	120,000	132,000	168,000	175,000
Educ & Technology	203,705	178,000	172,000	220,000	225,000
VEC	<u>\$411,656</u>	<u>\$360,000</u>	<u>\$359,000</u>	<u>\$357,000</u>	<u>\$377,000</u>
LAB	<u>\$464,639</u>	<u>\$394,000</u>	<u>\$394,000</u>	<u>\$410,000</u>	<u>\$432,000</u>
Governance	<u>\$308,392</u>	<u>\$322,000</u>	<u>\$322,000</u>	<u>\$340,000</u>	<u>\$325,000</u>
Divisions	111,136	119,000	119,000	115,000	115,000
Officers	33,740	40,000	40,000	40,000	42,000
Board Meetings	110,963	110,000	110,000	125,000	110,000
Committees	52,553	53,000	53,000	61,000	59,000
* Logbook combined with DXCC/Awards as of 1/1/2012.					

AMERICAN RADIO RELAY LEAGUE, INC.
CONTRIBUTIONS / INVESTMENT ACTIVITY

2013

	2011 Actual	2012 Plan (Original)	2012 Plan (Reforecast)	2013 Plan	2014 Plan
<u>CONTRIBUTIONS AND SUPPORT</u>	<u>\$1,026,957</u>	<u>\$1,061,000</u>	<u>\$1,046,000</u>	<u>\$1,090,000</u>	<u>\$1,115,000</u>
Unrestricted	<u>\$377,008</u>	<u>\$398,000</u>	<u>\$398,000</u>	<u>\$401,000</u>	<u>\$406,000</u>
Diamond Club	310,926	295,000	295,000	300,000	300,000
Miscellaneous	66,082	103,000	103,000	101,000	106,000
Member Loyalty	61	-	-		
Donor-Restricted: "Uses"	<u>\$649,949</u>	<u>\$663,000</u>	<u>\$648,000</u>	<u>\$689,000</u>	<u>\$710,000</u>
<u>Defense:</u>	<u>\$367,552</u>	<u>\$375,000</u>	<u>\$375,000</u>	<u>\$385,000</u>	<u>\$385,000</u>
Advocacy	311,918	321,000	321,000	342,000	342,000
Fundraising	55,634	54,000	54,000	43,000	43,000
<u>Education & Technology:</u>	<u>\$219,489</u>	<u>\$207,000</u>	<u>\$192,000</u>	<u>\$237,000</u>	<u>\$267,000</u>
Program	198,080	178,000	163,000	220,000	250,000
Fundraising	21,409	29,000	29,000	17,000	17,000
<u>W1AW Endowment</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Legal Research & Resources</u>	<u>\$3,140</u>	<u>\$7,000</u>	<u>\$7,000</u>	<u>\$7,000</u>	<u>\$7,000</u>
<u>Lab Fund</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>
<u>Preservation of Artifacts</u>	<u>\$2,374</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$0</u>	<u>\$0</u>
<u>W1AW</u>	<u>\$0</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$20,000</u>	<u>\$10,000</u>
<u>Ham Aid</u>	<u>\$1,842</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$0</u>
<u>ARDF</u>	<u>\$500</u>			<u>\$0</u>	<u>\$0</u>
<u>E. Smith Earnings</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>
<u>Colvin Award</u>	<u>\$13,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Project Goodwill</u>	<u>\$1,552</u>			<u>\$0</u>	<u>\$0</u>
<u>GAIN/(LOSS) ON SALE OF INVESTMENTS</u>	<u>\$27,186</u>	<u>\$0</u>	<u>\$550,000</u>	<u>\$0</u>	<u>\$0</u>

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
RECONCILIATION BY TOTALS					
REVENUES					
PUBLICATIONS & PRODUCTS	\$ 3,584,803	\$ 3,578,000	\$ 3,578,000	\$ 3,741,000	\$ 3,745,000
ADVERTISING	2,552,552	2,535,000	2,535,000	2,543,000	2,560,000
DUES & SUBSCRIPTIONS	5,832,054	5,798,000	5,961,000	6,009,000	6,059,000
PROGRAM & SERVICE FEES	1,016,531	957,000	957,000	1,012,000	1,013,000
INVESTMENT INCOME	414,599	417,000	417,000	276,000	300,000
CONTRIBUTIONS & SUPPORT	1,026,957	1,061,000	1,044,000	1,090,000	1,115,000
2014 NATIONAL CONVENTION	-	-	-	-	169,000
OTHER	221,075	127,000	127,000	145,000	144,000
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TOTAL REVENUES	14,648,571	14,473,000	14,619,000	14,816,000	15,106,000
DIRECT COSTS					
PUBLICATIONS & PRODUCTS	1,655,533	1,624,000	1,625,000	1,701,000	1,703,000
MEMBERSHIP & SUBS	2,069,450	2,033,000	2,105,000	2,167,000	2,236,000
ADVERTISING	-	1,000	1,000	-	-
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TOTAL DIRECT COSTS	3,724,983	3,658,000	3,731,000	3,868,000	3,939,000
ADMINISTRATIVE EXPENSES					
HEADQUARTERS	11,207,698	10,435,000	10,366,000	10,641,000	11,031,000
BOARD OF DIRECTORS, OFFICERS & COMMITTEES	308,393	322,000	322,000	341,000	326,000
SECTION LEVEL	126,608	128,000	128,000	123,000	123,000
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TOTAL ADMIN EXPENSES	11,642,699	10,885,000	10,816,000	11,104,000	11,479,000
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TOTAL EXPENSES	15,367,682	14,543,000	14,547,000	14,972,000	15,418,000
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NET EXCESS (DEFICIT) FROM OPERATIONS	\$ (719,111)	\$ (70,000)	\$ 72,000	\$ (155,000)	\$ (312,000)
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American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
REVENUES:					
PUBLICATION AND PRODUCT SALES:					
ARRL Handbook	\$ 447,649	\$ 521,000	\$ 521,000	\$ 707,000	\$ 707,000
Repeater Directory	160,991	200,000	200,000	166,000	166,000
Ham Radio License Manual	473,379	448,000	448,000	438,000	439,000
Training Aids	435,571	440,000	440,000	411,000	411,000
Non-ARRL Publications	198,642	165,000	165,000	169,000	169,000
Royalty Items	275,394	235,000	235,000	227,000	227,000
Other Books	896,927	892,000	892,000	888,000	889,000
RSGB	83,896	100,000	100,000	90,000	91,000
Other Pubs/Product Sales	4,269	-	-	-	-
Membership Supplies	196,822	179,000	179,000	199,000	200,000
e-download - Repeater Directories	20,282	-	-	-	-
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	3,193,822	3,180,000	3,180,000	3,295,000	3,299,000
Apparel Commissions	3,258	8,000	8,000	3,000	3,000
Other Products: Publishing Rights	10,407	25,000	25,000	25,000	25,000
On-line Courses	17,326	23,000	23,000	22,000	22,000
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	30,991	56,000	56,000	50,000	50,000
Postage/Handling Fees	394,610	384,000	384,000	432,000	432,000
Sales Returns and Allow.	(34,620)	(42,000)	(42,000)	(36,000)	(36,000)
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TOTAL PUBLICATION & PRODUCT SALES	3,584,803	3,578,000	3,578,000	3,741,000	3,745,000

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
ADVERTISING:					
QST	2,265,298	2,243,000	2,243,000	2,251,000	2,273,000
QST Specialty	50,729	62,000	62,000	66,000	66,000
Electronic Advertising	39,360	40,000	40,000	37,000	37,000
				-	-
Ham Ads	11,408	11,000	11,000	11,000	11,000
				-	-
QEX	7,275	8,000	8,000	7,000	7,000
NCJ	11,978	11,000	11,000	12,000	12,000
				-	-
WEB Banners	59,400	58,000	58,000	60,000	53,000
All Other Advertising	107,104	102,000	102,000	100,000	101,000
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TOTAL ADVERTISING	2,552,552	2,535,000	2,535,000	2,543,000	2,560,000
REVENUES:					
MEMBERSHIP DUES AND SUBSCRIPTIONS					
Term Membership Dues	\$ 5,064,905	\$ 5,033,000	\$ 5,196,000	\$ 5,247,000	\$ 5,300,000
Life Membership Dues	510,171	510,000	510,000	509,000	509,000
				-	-
QST: Dealer	20,334	21,000	21,000	16,000	14,000
				-	-
QEX Subscriptions	183,311	178,000	178,000	182,000	182,000
NCJ Subscriptions	53,333	56,000	56,000	54,000	54,000
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TOTAL DUES & SUBSCRIPTIONS	5,832,054	5,798,000	5,961,000	6,009,000	6,059,000

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
PROGRAMS & SERVICE FEES					
QSL Bureau Service	56,625	50,000	50,000	50,000	51,000
DXCC Fees and Receipts	460,479	423,000	423,000	504,000	511,000
CQ Revenue	-	-	-	27,000	25,000
Logbook Receipts	63,138	56,000	56,000	-	-
Contest Fees	22,082	22,000	22,000	20,000	21,000
Lab Fees	822	1,000	1,000	1,000	1,000
Volunteer Exam Fees	402,091	394,000	394,000	399,000	393,000
IARP Fees	1,522	1,000	1,000	1,000	1,000
Vanity Renewal Fees	8,146	9,000	9,000	9,000	8,000
Non-Member FCC changes	1,626	1,000	1,000	1,000	1,000
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TOTAL FEES	1,016,531	957,000	957,000	1,012,000	1,013,000

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
INVESTMENT INCOME					
Interest/Dividend Income	387,413	417,000	417,000	276,000	300,000
Gain/(Loss) from Sale of Investments	27,186	-	-	-	-
	-----	-----	-----	-----	-----
TOTAL INVESTMENT INCOME	414,599	417,000	417,000	276,000	300,000
CONTRIBUTIONS & SUPPORT					
Contributions - Unrestricted	\$ 66,021	\$ 103,000	\$ 103,000	\$ 101,000	\$ 106,000
Contributions - Diamond Club	310,926	295,000	295,000	300,000	300,000
Contributions - Member Loyalty	61			-	-
Contributions - Restricted	649,949	663,000	646,000	689,000	710,000
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TOTAL CONTRIBUTIONS & SUPPORT	1,026,957	1,061,000	1,044,000	1,090,000	1,115,000
TOTAL 2014 NATIONAL CONVENTION	-	-	-	-	169,000
OTHER REVENUES					
Royalties	7,919	9,000	9,000	7,000	8,000
Affinity Credit Card	38,067	38,000	38,000	34,000	34,000
Insurance Commission	17,465	17,000	17,000	14,000	14,000
Affinity Insurance Royalty	7,410	7,000	7,000	8,000	8,000
Misc. Other Income	150,214	56,000	56,000	83,000	80,000
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TOTAL OTHER REVENUES	221,075	127,000	127,000	145,000	144,000
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American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
DIRECT COSTS:					
DIRECT COSTS OF PUBLICATIONS & PRODUCTS:					
ARRL Handbook	\$ 124,767	\$ 167,000	\$ 167,000	\$ 297,000	\$ 297,000
Repeater Directory	64,288	80,000	80,000	61,000	61,000
Ham Radio License Manual	83,323	85,000	85,000	70,000	70,000
Training Aids	85,425	84,000	84,000	82,000	82,000
Non-ARRL Publications	128,403	102,000	102,000	110,000	110,000
Royalty Items	117,143	89,000	89,000	98,000	98,000
Other Books	199,547	187,000	187,000	187,000	187,000
RSGB	43,535	50,000	50,000	51,000	51,000
Other Pubs/Product COGS	2,665	-	-	-	-
Membership Supplies	74,943	68,000	68,000	80,000	80,000
On-line Course Expense	9,311	9,000	9,000	8,000	8,000
Publications Forwarding Expense	524,383	572,000	572,000	527,000	528,000
Advertising/Promotion Expense	18,489	7,000	7,000	7,000	7,000
In-House Pub Use	97,693	106,000	107,000	100,000	100,000
Obsolete Inventory	81,618	18,000	18,000	24,000	24,000
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TOTAL DIRECT PUBLICATION & PRODUCT SALES	1,655,533	1,624,000	1,625,000	1,701,000	1,703,000

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
DIRECT COSTS OF MEMBERSHIPS AND SUBSCRIPTIONS:					
QST Publication Expense	\$ 992,837	\$ 927,000	\$ 999,000	\$ 1,017,000	\$ 1,053,000
QST Insertion Costs	34,517	19,000	19,000	28,000	29,000
QST Forwarding Expense	919,154	939,000	939,000	974,000	1,003,000
QST Electronic Production Exp.	4,598	32,000	32,000	32,000	32,000
QEX Publication Expense	40,211	33,000	33,000	34,000	34,000
QEX Forwarding Expense	31,584	37,000	37,000	34,000	35,000
NCJ Publication Expense	29,495	29,000	29,000	30,000	32,000
NCJ Forwarding Expense	17,054	17,000	17,000	17,000	18,000
	-----	-----	-----	-----	-----
TOTAL DIRECT MEMBERSHIP & SUBSCRIPTION COSTS	2,069,450	2,033,000	2,105,000	2,167,000	2,236,000
DIRECT COSTS OF ADVERTISING:					
Client On-line Services	-	1,000	1,000	-	-
	-----	-----	-----	-----	-----
TOTAL DIRECT ADVERTISING COSTS	-	1,000	1,000	-	-

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
HEADQUARTERS OPERATIONS:					
Salaries Regular	\$ 5,011,913	\$ 5,300,000	\$ 5,316,000	\$ 5,563,000	\$ 5,564,000
Salaries Overtime	50,642	39,000	39,000	37,000	47,000
Commissions and Bonuses	8,775	13,000	13,000	15,000	15,000
Employee Recognition /Awards	10,167	8,000	8,000	8,000	8,000
Temporary Employees	7,140	-	-	-	-
Employee Benefits	2,596,363	1,416,000	1,416,000	1,446,000	1,545,000
Employee Relocation	-	-	-	-	-
Recruiting Advertising	2,822	2,000	2,000	2,000	2,000
Legal and Professional	132,614	111,000	111,000	108,000	108,000
Accounting/Audit Fees	48,100	50,000	50,000	50,000	52,000
Other Consultants	361,605	372,000	241,000	233,000	274,000
Education Grants	8,286	10,000	12,000	10,000	10,000
Promotional Materials	487	1,000	1,000	2,000	17,000
Donor Recognition	35,395	36,000	36,000	50,000	112,000
Office Supplies	61,755	56,000	56,000	57,000	59,000
Stationery/Printing/Forms	342,277	364,000	353,000	371,000	358,000
Exhibit Expense	63,837	66,000	66,000	52,000	153,000
Membership Recruiter Program	-	-	-	-	-
Expensed Equipment/Furniture	67,904	44,000	37,000	54,000	53,000
Computer Supplies	7,532	18,000	18,000	22,000	23,000
Purchased Software Packages	1,935	2,000	2,000	3,000	3,000
Hardware Parts	7,393	-	-	-	-
Telephone	38,442	42,000	42,000	42,000	43,000
Internet/ISP/Electronic Mail	36,492	29,000	29,000	34,000	35,000
ARRL.net	30,000	30,000	30,000	30,000	30,000
Postage	591,911	691,000	686,000	703,000	699,000
Dues and Subscriptions	29,951	33,000	33,000	32,000	32,000
IARU Dues	49,320	50,000	50,000	51,000	-
Business Travel	136,133	123,000	123,000	112,000	154,000
Overseas Travel	185,219	228,000	231,000	136,000	142,000
Member Contact Travel	29,599	39,000	39,000	42,000	42,000
Program Travel	58,260	50,000	50,000	72,000	73,000

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
Utilities	\$ 115,285	\$ 123,000	\$ 123,000	\$ 127,000	\$ 132,000
Insurance	83,318	86,000	86,000	98,000	106,000
Property Taxes	117,720	118,000	118,000	118,000	122,000
Building Maintenance	136,951	123,000	123,000	136,000	146,000
Computer Maintenance	10,861	12,000	12,000	13,000	13,000
Maintenance of Equipment	61,900	58,000	58,000	62,000	63,000
Rent/Leased - Equipment	38,927	49,000	49,000	52,000	54,000
Rent/Leased - Storage	55,906	52,000	52,000	51,000	51,000
Rent/Leased - Office Space	26,940	28,000	28,000	26,000	27,000
Vehicle Expenses	1,501	2,000	2,000	4,000	4,000
Overseas QSL Service	25,194	25,000	25,000	25,000	26,000
Awards Expense	80,694	57,000	58,000	69,000	74,000
CQ Expense	-	-	-	8,000	8,000
W1AW Station Expense	2,147	3,000	3,000	4,000	4,000
Product Review Expense	21,611	26,000	26,000	21,000	23,000
Lab Expense	4,015	4,000	4,000	5,000	6,000
Payroll Processing	8,647	7,000	7,000	8,000	8,000
Interest Expense	-	-	-	-	-
Bank Service Charges	25,710	25,000	31,000	34,000	34,000
Credit Card Fees	203,415	200,000	230,000	228,000	233,000
Credit and Collections	2,521	2,000	2,000	2,000	2,000
Bad Debt Expense	(19,292)	12,000	12,000	12,000	12,000
Other Taxes and Permits	12,686	-	-	-	-
Depreciation and Amortization	175,138	198,000	225,000	198,000	222,000
Miscellaneous	3,634	2,000	2,000	4,000	8,000
	-----	-----	-----	-----	-----
TOTAL HEADQUARTERS OPERATIONAL EXPENSES	11,209,709	10,437,012	10,368,012	10,641,000	11,031,000

American Radio Relay League
Detailed Income Statement
2013 Plan

	2011	2012	2012	2013	2014
	Actual	Plan	Plan	Plan	Plan
		Original	Reforecast		
BOARD of DIRECTORS, OFFICERS & COMMITTEES:					
Divisions	\$ 111,137	\$ 119,000	\$ 119,000	\$ 115,000	\$ 115,000
President and Officers	33,740	40,000	40,000	40,000	42,000
BOD Meetings	110,963	110,000	110,000	125,000	110,000
Committees	52,553	53,000	53,000	61,000	59,000
	-----	-----	-----	-----	-----
	308,393	322,000	322,000	341,000	326,000
Section Level Administrative Exp.	126,608	128,000	128,000	123,000	123,000
	-----	-----	-----	-----	-----
TOTAL BOARD of DIRECTORS, OFFICERS & COMMITTEES:	435,001	450,000	450,000	463,000	448,000

DEPARTMENT PLANS

SALES AND MARKETING

1. Sales and Marketing Department Mission and Goals

Our mission is to serve members and customers through effective marketing and communication strategies, and the efficient centralized administration of membership application and order processing, and circulation. Excellence in serving members and customers is our #1 priority. The department includes the following operational divisions:

- marketing
- membership and subscriptions
- publication and product direct sales
- fulfillment and warehouse

2. Staffing Updates and Changes

There are no proposed staffing changes for 2013.

3. Products and Services

A. Membership Retention and Recruitment

We predict a year-end 2013 goal of 162,143 members; net growth of 1,368 members.

2013 Membership Forecast

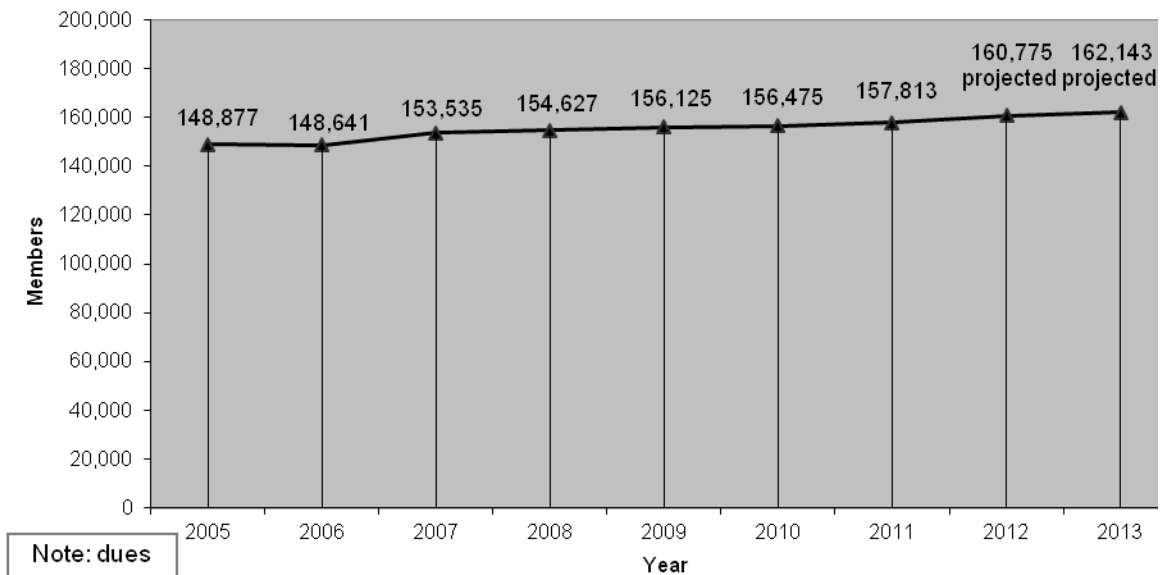
Year-end 2012	160,775
(projected)	
Projected loss	(26,325)
Projected acquisition	27,693
Year-end 2013	<u>162,143</u>

ARRL membership has experienced modest annual growth since 2007. The high level of growth experienced in 2012 is attributed to our promotion of the new digital *QST* membership benefit. That exceptional growth is not expected to be sustained as we move further away from the peak interest generated by this new membership benefit.

Membership Growth

Year	% growth
2008	.7
2009	1.0
2010	.22
2011	.86
2012	1.88
(projected)	
2013	.85
(projected)	

ARRL Membership 2005-2013 (2012 and 2013 projected)



Strategies

Our 2013 planning capitalizes on those activities that yielded growth and results throughout the last year, while applying the best practices of a mature direct marketing program:

- Improve membership acquisition and retention rates by further refining membership appeals to new licensees, upgrade licensees, lapsed members, and renewing members.
- Continue to exploit the new digital *QST* benefit to re-interest lapsed members and by promoting the benefit to new membership prospects.
- Continue to exploit the ARRL website as a source of prospective members.
- Membership growth is contingent upon a regular and sustaining source of new licensees.
- Expenses: Inflationary

Direct Mail

In 2012, we improved direct mail returns in some key areas. New mailing designs and testing have resulted in campaigns that have outperformed mailings we had been using for several years. In 2013, we will continue to test various messages, materials and methods before conducting large-scale campaigns--honing appeals, offers, formats, personalization and segmented (targeted) messaging. Major campaigns targeting lapsed and “never” members include:

- 6 mailings of 40,000 each (February, March, April, October, November and December)
- 3 mailings of 20,000 each (January, May and September)

One particularly effective membership solicitation is an appeal sent to individuals whose Amateur Radio license will soon expire. The appeal offers assistance with processing their FCC license renewal at no-charge if they choose to join ARRL. As the number of licensees receiving these mailings has increased in recent years, so has the resulting number of new members generated from this effort. We expect an even higher number of license expiries to solicit in 2013.

Membership Mailings to License Expiries

Year	License Expiries	New Members
2011	42,000	683
2012 (projected)	46,000	733
2013 (projected)	53,000	795

Web Site and Email

We use the guest user account feature of the ARRL website to promote membership to both licensed and unlicensed prospects. Membership appeals are personalized and segmented, targeting prospective members based on interests, license class and geographic location. We will continue to refine the messages and incentives to this group.

In February 2012, we developed an online form for prospects to request information about Amateur Radio and ARRL. This has proven to be a rich source of leads, generating 2,000+ membership prospects since its introduction. In 2013, we will continue solicit and refine our membership appeals to this group.

We will also continue to develop effective ways to use “sample” digital editions of *QST* to introduce prospective members to ARRL.

New Ham and Upgrade Mailings

Radio amateurs who have earned new or recently-upgraded licenses are a rich source of ongoing membership prospecting. In 2012, acquisition activities were helped by higher levels of new licensees as compared to the previous year (though upgrades were down). In 2013, we will continue to test and refine mailings to these groups.

Retention Activities

We are regularly exploring new ways to improve membership retention. A benchmark we vigorously follow is the percentage of on-time renewals:

Month	2012 (% renew on time)	2011 (% renew on time)
January	73%	75%
February	74%	72%
March	74%	74%
April	75%	72%
May	73%	68%
June	74%	74%
July	73%	73%
August	75%	73%

Over the last couple of years, our efforts to increase retention have focused on making improvements to membership renewal notices:

- In 2011, improvements were made to the 3rd, 4th and 5th renewal notices.
- In early 2012, changes to the 1st notice were tested—including a “Quick Renew” concept whereby members could check one box to renew their same membership options as the previous year. Within a 60-day timeframe, 1.55% more members responded to the test piece than to the control piece.
- Also in 2012, we aggressively promoted the new digital *QST* membership benefit in renewal mailings.

In 2013, we will test-offer premiums to members renewing with the 1st e-mail notice sent 3.5 months prior to their membership expiration. There will not be any mailing costs associated with this test as it will be offered only via e-mail, one time. We will conduct the test for 3 months to gather enough data to determine if the number of members renewing early (thereby eliminating the expense of mailing renewal notices) justifies the additional cost of fulfilling the premiums.

Additional improvements will also be tested on the 3rd renewal notice.

Field Recruitment

Field-based membership recruitment accounts for 5% of our overall annual acquisition. We have a collection of high quality collateral and display items to support volunteers and staff involved with field recruitment and promoting Amateur Radio. We will continue to develop new materials as needed and requested. These items are regularly requested by Directors, Vice Directors, Section Managers, club officials, members and staff. A portion of our field recruitment is accomplished by ARRL Volunteer Examiners who effectively use tear-off pads promoting membership to newly licensed hams at VE exam sessions.

National Events

Since 2005, we have developed a successful organizational presence for large-scale conventions such as the annual Dayton Hamvention and ARRL National Conventions. The centerpiece of our participation is ARRL EXPO, a showcase of ARRL exhibits, activities and program representatives. In 2013, we will organize our usual presence at Dayton Hamvention. We will also be laying the groundwork for the July 2014 ARRL Centennial Convention.

Hamvention	Membership Applications	Product Sales
2012	1,175	\$70,515
2011	1,158	\$67,500
2010	1,212	\$65,000

- Dayton Hamvention in Dayton, Ohio
May 17-19, 2013
 - ~20 exhibits; major exhibits include sales/membership, award card checking (DXCC, etc.), public service and EmComm, project building, ARRL Youth Lounge.
 - 20+ staff*
 - 100 volunteers
 - Speakers/Presenters (as part of the Hamvention forum slate)
 - Youth Activity and/or Youth Dinner

*Operational staff. Does not include staff officers, Media and Public Relations Manager, Regulatory Information Manager, and General Counsel.

Affinity Benefit Programs

We will support the existing suite of affinity benefit programs:

- ARRL Visa Card (US Bank)
- MetLife Home & Auto Insurance Program
- ARRL Equipment Insurance Program (Hays Affinity Group)
- Commission Junction affiliate discount program (Best Buy, HP, Crucial Technology, etc.).

Additional efforts to investigate and implement new benefits for our members are ongoing.

ARRL Tour and Visitors Program

We continue to enjoy the support of 25 volunteers as part of the HQ volunteer “Tour Guides” program. We enjoy getting regular “thank you” correspondence from members and clubs that have enjoyed tours of HQ and W1AW by these enthusiastic and dedicated volunteers. Sustaining this program in 2013 will require:

- Recruiting new volunteers as needed
- ongoing training, including training of new tour guides as necessary
- recognition events for the volunteers

B. Publication and Product Sales

The 2013 publication and product sales forecast is \$3,294,973.

Publication and Product Sales Forecast and History

2013 forecast	\$3,294,973
2012 forecast	\$3,179,604
2011	\$3,103,000

In 2011 (most recent year of complete sales history), sales to dealers and wholesalers were 42% of total sales. Direct sales to members and other individual customers were 58%.

Publication and Product Sales Forecast by Category – 2013

	<u>2013 Forecast</u>	<u>Sept 2011 to Aug 2012</u>	<u>3 Year Average</u>	<u>2011</u>
CLASS 01 HANDBOOK SALES	\$706,572	\$453,304	\$602,953	\$447,709
CLASS 02 REPEATER PUBLICATIONS	\$165,773	\$159,755	\$152,574	\$193,801
CLASS 03 BEGINNER/TECH LICENSING	\$438,464	\$434,779	\$427,866	\$474,857
CLASS 04 UPGRADE LICENSING	\$410,779	\$436,583	\$421,413	\$437,874
CLASS 05 OTHER ARRL BOOKS	\$888,222	\$944,861	\$839,367	\$898,364
CLASS 07 NON-ARRL PUB SALES	\$168,745	\$183,339	\$174,578	\$198,624
CLASS 08 RSGB	\$90,453	\$82,513	\$97,226	\$83,987
CLASS 12 OTHER BOOKS-ROYALTY	\$226,809	\$176,180	\$320,125	\$261,604
CLASS 32 MEMBERSHIP SUPPLIES	\$199,156	\$197,807	\$190,174	\$196,939
SALES RETURNS AND ALLOWANCES				-\$4430
PUBLICATION & PRODUCT TOTALS:	\$3,294,973	\$3,069,121	\$3,226,277	\$3,189,327

Strategies

New Products

Our most successful sales strategies involve the regular introduction of new products, particularly new publications, throughout the year. Sales promotions and advertising often focus on new publications, while benefiting our long tail of previously published titles and third-party offerings.

Publication opportunities in 2013 include new editions of annual flagship titles, as well as some entirely new titles. Additionally, we will continue to expand offerings of ARRL-branded merchandise, and re-sale of third-party publications, kits and other products.

Multi-Channel Product Marketing

Marketing ARRL publications and products involves a multi-channel ‘mix’ of strategies and tactics:

- Online ecommerce (ARRL e-store)
- Email solicitations and “new product” bulletins
- Annual Member birthday postcard, including a \$10 ARRL publications discount
- Advertising: *QST*, *NCJ*, *QEX*, digital *QST*, web, e-newsletters, third-party catalogs, etc.
- Copywriting: book covers and product packaging, e-store.
- Direct mail
- Catalogs and flyers (ride-along with other ARRL mailings and fulfillment)

Other Marketing Activities

Marketing attention will be given to these existing publication and product areas.

- Custom awards, specialty products and apparel
- ARRL Field Day product line (over \$73k from March-June 2012)
- *When All Else Fails*® and ARRL Volunteer Examiner product line
- ARRL Periodicals: *NCJ* and *QEX*
- Other commission, royalty and licensing agreements

Assumptions and Risks

- 1) When a new license manual is introduced, it generates a surge of sales: from individuals purchasing study materials for the new exam; from dealers and wholesalers seeking to be restocked with new editions. In 2013, however, there is no revision to the examination question pool. No new editions of license manuals and training resources will be introduced during the second quarter of the year.
- 2) In October 2013, we will introduce the 2014 *ARRL Handbook*—the special ARRL Centennial edition, which will feature the most comprehensive update to this annual publication since the 2010 edition. Sales of the *ARRL Handbook* represent 21% of the total

2013 forecast. Sales disproportionately favor the last 3 months of the year. We are already considering the best approach for introducing this highly anticipated edition into the market.

- 3) Book delays and underperforming titles add some uncertainty to sales forecasting. The forecast also assumes new titles will help drive interest for older titles (our long tail).
- 4) We regularly follow trends that split our customer base between direct sales and wholesale purchases. Some customers prefer to purchase books directly from ARRL, while others turn to Amazon, Barnes & Noble or other major book outlets who sell our manuals much cheaper (sometimes as a loss leader). The sales mix is further complicated by the fact that some titles are sold more successfully via direct promotion and fulfillment, while others are sold primarily through our wholesale buyers. We will aggressively continue to leverage all sales channels: direct, dealer and wholesale.

C. Fulfillment and Warehouse

The Fulfillment and Warehouse branches support membership application processing, circulation (*QST*, *NCJ* and *QEX*), publication sales, direct mail campaigns, sales of logo-bearing clothing and other merchandise. These branches also manage fulfillment of exhibit and event collateral (forms, brochures and handouts, display materials, and other media) and in-house inventory fulfillment and distribution (including membership signing premiums). The fulfillment team also provides “help desk” support for the digital edition of *QST* and ARRL website user accounts.

Our staff supporting these areas is adeptly cross-trained in all responsibilities to support efficient work flow among these diverse activities.

Strategies

Technology:

The 2012 budget included a capital expense for a telephone reporting application. The software was installed in the summer of 2012 and has been beneficial in quantifying call volume (daily, weekly and monthly), staff scheduling, and employee performance. 2013 will see increasing utilizing of this software and reporting metrics to refine best practices for our call center team.

Work continued throughout 2012 on a new ordering and fulfillment system. The system integrates a handful of existing systems together:

- Inventory and accounting
- shipping
- e-store
- order processing (internally processed orders)
- ARRL Information System

New efficiencies will be attained once the fulfillment team no longer has to re-key online publication orders. Members will enjoy more information about order status, package tracking, and sales history. The new system will be ready in early 2013.

Training: The member services team receives ongoing training and regular evaluation. Processing efficiencies have contributed to greater emphasis on our personal contact with members and customers (for example, using metrics from the telephone reporting application for planning). The team is trained to help educate members about benefits, and to leverage cross-selling and up-selling opportunities.

Cost Management: We are committed to serving members and customers through cost effective, customer service oriented fulfillment strategies. Cost savings is central in our consideration of carrier options, costs for materials and supplies, in contract negotiations, and all of our business dealings. Printing and mailing services are regularly sourced. Competitive pricing is solicited for all projects. Periodic reviews are made to ensure compliance with postal regulations.

4. Capital Investment Requirements

none

PUBLICATIONS

1. Mission Statement

The Publications Department is responsible for producing (writing and/or editing) ARRL publication products including books, video presentations, software, CD-ROMs, electronic newsletters and some World Wide Web content.

Operational Goal: To produce well written, technically accurate publications and other items that not only generate net revenue, but also further the educational and other objectives of the organization.

2. Staffing Changes

Joel Hallas, *QST* Senior Technical Editor, will be retiring on December 31. We are already conducting a search for his replacement. In addition, since Becky Schoenfeld has moved to *QST* Managing Editor, the position of Book Editor has become vacant and must be filled. Our hope is to fill this position before the end of 2012.

3. Products and Services

The publication department produces these periodicals and e-letters:

- A. *QST* magazine (print)
- B. *QST* magazine (digital)
- C. *QEX* magazine
- D. *NCJ* magazine
- E. E-Letters: ARRL Letter, Contest Update, ARES E-Letter

New book and CD titles for 2013, including new editions of existing titles: New Titles are in **bold type**:

<u>Title</u>	<u>Author</u>	<u>To Press</u>
<i>Getting the Most from Your Handheld Transceiver</i>	Steve Ford	12/01/2012
<i>2012 Periodicals DVD</i>	Shelly Bloom	12/15/2012
<i>CW: Efficient and Effective</i>	Brownstein/Talens	02/01/2013
<i>Repeater Directory</i>	Steve Ford	02/15/2013
<i>ARRL Arduino Cookbook</i>	Leigh Klotz	02/01/2013
<i>Understanding Your Antenna Analyzer</i>	Joel Hallas	02/01/2013

<i>Hands on Radio Compendium</i>	Ward Silver	03/01/2013
<i>TravelPlus CD-ROM</i>	Al Ambrose	04/01/2013
<i>TravelPlus Mobile GPS</i>	Al Ambrose	04/01/2013
<i>100 Years of QST Advertising</i>	Joe Veras	05/01/2013
<i>DXCC Yearbook</i>	Various	05/01/2013
<i>2014 Handbook</i>	Various	08/01/2013
<i>2014 Calendar</i>	Steve Ford	09/01/2013
<i>Understanding Transceiver Specifications</i>	Bob Allison	10/01/2013
<i>Century of Technology</i>	Ward Silver	10/01/2013

BUSINESS SERVICES

1. Mission Statement

The Business Services Department is responsible for:

- Advertising Sales
- Publication and Product Wholesale Sales
- Graphic Design
- The ARRL On-Line Auction

The group's primary activity is selling print advertising for *QST*, *NCJ*, *QEX* and other ARRL publications. We continue to expand our digital advertising sales beyond website banner advertising to include advertising sales for ARRL e-mail newsletters and the ARRL website.

Business Services is responsible for all book sales to the wholesale market that includes traditional Amateur Radio point of sales locations and mainstream wholesale booksellers.

Our group provides graphic design support to various departments at HQ, producing a variety of promotional pieces, displays, certificates and digital designs. We also work with external clients to produce many of the advertisements featured in *QST* and other advertising vehicles.

Our entire staff participates in the yearly *ARRL On-Line Auction*. Our duties include inventorying the product review equipment, customizing the software platform to meet our requirements and showcasing the products that are for sale. We also manage the event from beginning to end.

2. Staffing Changes

There are no anticipated staffing changes for 2013.

3. Products and Services

Advertising Sales

Our 2013 goal for advertising revenue is \$2,535,985. Despite the fact that mainstream and niche advertising continues to decline in the current economy, we will exceed the 2012 plan by a very small margin. Many challenges were met in meeting this goal as our advertising base continues to encounter numerous issues.

During the course of the year (ten months worth of data at this writing), the following scenario played out:

The number of new advertisers added to the rolls totaled 33, adding \$65,292 in gross sales.

The number of 2011 advertisers who did not return in 2012 totaled 27, losing \$34,057 in gross sales.

39 Advertisers increased their advertising by \$129,956.

45 Advertisers held to the same levels of advertising in 2012 as they did in 2011.

33 Advertisers decreased their advertising by \$136,407.

Although we had a number of gains and losses, our largest gains came from DX Engineering, adding \$25,883 to their previous advertising levels and Elecraft adding \$20,049. Our greatest losses came from Yaesu, dropping a page per month and skipping their yearly Z-Fold. The loss here was \$41,912. Also, after years of QST advertising, Commline (Jun's Electronics) completely dropped all advertising, causing a loss of \$32,625.

As these figures demonstrate, we were able to meet our goal by up selling current clients, bringing in 33 new clients and convincing a number of our current advertisers to maintain their advertising levels. Due to losses, although our goal was met, we were not able to provide substantial growth beyond that goal and do not expect significant growth in 2013. The reasons for this are numerous.

1. Sales of Amateur Radio equipment, especially big ticket items, have still not rebounded. These declines have caused several clients to eliminate or decrease their advertising presence and we have several advertisers who advertise multiple pages on shaky ground.
2. Manufacturers continue to cut advertising co-op programs that many advertisers rely on for expanded advertising.
3. As we experienced last year, a number of brick and mortar advertisers, seeking to cut costs, will decrease the size of their advertising.
4. Major manufacturers and retailers have not been immune to the economy and have trimmed advertising as well.

Our 2013 plans are to continue to aggressively seek out even more new advertisers, work with our present advertisers to maintain and, hopefully, expand their advertising presence and to work with our clients experiencing difficulties to maintain a presence in *QST* and other vehicles.

Publication and Product Wholesale Sales

During 2012, we achieved our goal of forming more personal relationships with our mainstream wholesale clients and adding MFJ as a book dealer. Sales to Amazon.com grew to 42% of our wholesale book business and they remain our number one client in terms of gross revenue. Other book dealers did not fare so well.

Our traditional Amateur Radio dealers have seen varied levels of success. Dealers who have primarily relied on brick and mortar marketplaces have not done as well as those dealers who have chosen to expand and upgrade their web presence for book sales.

Our 2013 plans call for the continuation of personalized relationship building with our wholesale clients. It is a challenging environment because while these clients trust us, they also view us as their competition because our retail book sales continue to take sales away from them. And many are unable financially or unwilling to change their business practices to gain market share. Based on ARRL direct sales plans for a new ARRL Handbook and other products, we estimate that wholesale revenue will comprise 41% of the total publication sales budget.

DEVELOPMENT

The coming year will serve as a transition year for Development's leadership and management as the Individual Giving Manager assumes more responsibility for day to day Development operations and the Chief Development Officer dedicates increasing time to the Second Century Campaign. During this transition period the ambitious targets for all aspects of the 2013 fund raising efforts will require maximum focus and attention to detail to manage costs and reach revenue targets in all areas.

Development has – and will continue – to take a fresh look at benefits offered to leadership donors in the Diamond Club, Maxim Society, Legacy Circle, Education & Technology, Spectrum Defense and the Member Loyalty program. Some benefits have not proven to be attractive to donors and additional benefits, due to Digital *QST* and other organizational enhancements, are no longer applicable. To that end, Development will be re-writing brochures for the Diamond Club (including details of the Diamond Terrace Program) and the Maxim Society.

Development is working to drive more donor traffic to our web pages. With the assistance of the Website Digital Content Coordinator work has progressed to streamline, update and refresh pages describing various funds and activities. All paper solicitations will note the DONATE NOW button, activated in 2012, as a quick and easy way to contribute to ARRL.

The DONATE NOW button located on the ARRL homepage is a new and highly visible giving tool for the Development Office. One click takes donors directly to the Donation Form so that they can make their contributions on-line. A flaw with the Donation Form is that it does not list the Diamond Club or Diamond Terrace as a giving option (Diamond Club donors are currently instructed to mark their gifts as such in the "Additional Comments" box). The Second Century Campaign will be added as a giving option to coincide with the public announcement of the Second Century Campaign in early 2013. Enhancements to the Donation Form are scheduled to be completed in 2013 and will also include an option for donors to split their contributions in a single transaction.

We are also extremely pleased with the placement of a Development slider on the ARRL homepage. Graphics has designed a series of sliders for the Diamond Club, Combined Federal Campaign (CFC) giving, Education & Technology, Spectrum Defense, the Second Century Campaign and others. These sliders are rotated on the website on a weekly basis to coordinate with our solicitation drives.

The Second Century Campaign

The ARRL Second Century Campaign (SCC) will go public in early 2013. The leadership giving phase will continue as new prospects are targeted from the group of Maxim Society donors and other high value prospects for major gifts (\$100,000+). A public financial goal will

be determined by the SCC Committee based on commitments received as of the first quarter of 2013 plus projections for the last two years of the campaign.

The SCC has already received more than \$3.1 million in cash and commitments. The campaign committee has reached 100% participation and the ARRL Board is expected to be at 100% before the end of 2012.

New or increased commitments to the SCC during 2013 are estimated to be \$3,000,000 to \$4,000,000. These additional commitments will come from multiple sources. Current cultivation of some leadership prospects during 2012 will be closed and produce additional commitments. In addition a fall cultivation of approximately 100 Maxim Society Donors who have not already made gifts or commitments is estimated to yield solid results with a response rate of at least 10%. In the second quarter of 2013 a major strategy to reach current ARRL major donors (with annual giving of \$1,000 per year or more) will begin. The major donor segment of 300-400 top donors is expected to produce a minimum 10% response rate. One other source of additional commitments may come in the fourth quarter of 2013 as the committee will reach out to selected campaign donors and request an increased or additional contribution to the campaign. The combination of these ambitious activities will be supported by SCC Committee members who will be assigned follow up cultivation and solicitation responsibilities for Maxim Society and major donor prospects.

Revenue projections for 2012 are estimated at \$237,000 from payments on existing pledges (which are not included in the 2013 commitment goal) and additional outright gifts to the campaign.

During 2013 regional gatherings are planned in Minnesota, Georgia, and perhaps Texas and Boston. Invitees to these gatherings will be pre-selected by the hosts as individuals or couples who make a soft commitment to the campaign that will be solidified at the gathering. Other travel for the year will involve attendance at the regional gatherings as well as trips to conventions in Orlando, Dayton, Visalia and Huntsville.

In the fourth quarter of 2013 a major step in the campaign will be developed and prepared for mailing and emailing to ARRL active members. The theme of this initiative will be to take the campaign over the goal.

Annual Giving – The Diamond Club

The Diamond Club's 2013 target is \$300,000 in unrestricted giving from 2,225 members. The Diamond Club is currently 2,000+ members strong, attributable to loyal members renewing each year and new members joining from the ARRL membership.

2012 marked the 10th anniversary of the Diamond Club. Development created a strategy around this milestone to encourage current Diamond Club members to increase their annual giving and to persuade members to step up to the Diamond Club level. This strategy will continue to be in place through the first half of 2013. Donors attaining specific giving levels are eligible to receive a 10th Anniversary decal, embroidered patch or embroidered blanket, in addition to the

traditional benefits and gifts. A buck slip conveying these distinctive, one-time 10th Anniversary gifts is included in all ARRL term members renewal notices. A flyer and return form with specific suggested gift amounts are sent with all Diamond Club renewal letters. Every Diamond Club acknowledgment letter is now personally signed by the Individual Giving Manager, the Chief Development Officer or the Chief Executive Officer.

In the last three months of the year, renewal letters to term members will include a buck slip offering a free 2014 ARRL calendar to new Diamond Club donors making a gift of \$100 or more.

As always, Development offers Diamond Club members the option of paying their pledges through monthly and quarterly installments. Donors of \$250 or more are able to place an inscribed brick in the Diamond Terrace, which continues to be a popular benefit. In 2012, 150 bricks were installed. Due to the increased number of inquiries and visitors to ARRL, staff has created a map to easily locate donors' bricks. Donors are also given the option of receiving a Lucite replica of their brick. Due to budget constraints, Development will discontinue this benefit when inventory is depleted and instead offer a newly designed certificate which the donor can display or present to the honoree.

All term members receive a Diamond Club upgrade buck slip included with their membership card when mailed.

Lapsed Diamond Club members are re-solicited in the September via either personalized email or traditional letter.

In 2012 Diamond Club letterhead was redesigned in an effort to better "brand" this leadership giving group. This same look will be applied to a new brochure, which will also include information on the Diamond Terrace.

The **ARRL Maxim Society** recognizes ARRL donors whose lifetime giving to various campaigns has reached \$10,000 or more. As noted above, Maxim Society benefits will be re-evaluated to be more cost-effective and better valued by Maxim Society members. To date, there are 111 Maxim Society members.

The Legacy Circle acknowledges members who have provided for ARRL in their estate plans. These planned giving commitments will be an important aspect of the Second Century Campaign. The Legacy Circle is regularly promoted in *QST*, on the website and through other donor contacts.

Development plans a special planned giving promotion targeted to ARRL term member segments in September. Donors to the Second Century Campaign whose commitments include an estate giving component will be welcomed into the Legacy Circle.

Other Unrestricted Giving and the Combined Federal Campaign (CFC)

ARRL will file its annual application in December 2012 to participate in the Federal government's Combined Federal Campaign for its employees. This campaign runs concurrently with the United Way Community Campaign and generates more than \$30,000 in annual revenue to ARRL with little or no effort or expense by Development staff. The Combined Federal Campaign contributions plus other unrestricted gifts are estimated to reach \$70,000 in 2013.

ARRL Funds:

The Spectrum Defense Fund

Development plans two Spectrum Defense Fund mail solicitations in April and October of 2013. In addition, e-solicitations will be sent out in February, June and September. Staff will work with CEO Dave Sumner K1ZZ to determine if these solicitations take the form of the established newsletter *Spectrum Defense Matters* or an alternative approach.

2013 Spectrum Defense mugs, pins and certificates, the final year of a four-year "series," will be produced as an incentive to higher level Defense donors.

The financial goal for 2013 is to raise \$385,000 throughout the year.

The Education & Technology Fund

One of ARRL's most important roles is to encourage interest in and a lifelong passion for, Amateur Radio in young people. ARRL's Educational Services Department runs a schedule of Teacher Institutes in Wireless Technology, and supporting Amateur Radio in Scouting and in classrooms including contact with the International Space Station through the ARISS program. Development works to create awareness of educational activities in our members and actively solicits their financial support of these critical programs. A solicitation to 50,000 members is scheduled for May of 2013 to raise funds, with appropriate personalization and follow-up. The strategy is to "tell the story" in the words of the teachers and the students of the impact our programs have had in the classroom and in their lives. A select group of donors will be solicited early in 2013 to support the Teachers Institutes.

Development hopes to raise a grand total of \$65,000 from ARRL members for Education & Technology Programs and an additional \$150,000 for the Teachers Institutes.

W1AW Endowment Fund

Development seeks member support for the W1AW Endowment Fund every other year. This endowment fund supports the historic Hiram P. Maxim Memorial Station, W1AW, and helps to maintain the building and both the active and historical equipment housed therein.

2013 is a "bye year" and no solicitation campaign planned for the W1AW Endowment. The W1AW Endowment is an optional giving target for donors to the Second Century Campaign.

Historic Preservation Fund

For several years the YASME Foundation has generously provided funding for ARRL's work to preserve its history. The Second Century Campaign will shed a greater spotlight on ARRL's collections and our story. With the development of a set of guidelines crafted by the Historic Preservation Committee of the ARRL board of Directors and the work completed by volunteer Mike Mariano, WN1M, Development plans to continue its efforts to attract funding from YASME and others to support the Historic Preservation work. No 2013 revenue is budgeted for the Historic Preservation Fund.

Year End Appeal

At the end of the calendar year, Development offers donors and members the opportunity to make a contribution to ARRL. We use primarily email solicitations to have an immediate impact and targeted bulk mail (third class non-profit mail) for those members without email addresses. This last chance effort will allow us to exceed our revenue goal using a compelling, positive message.

The goal for this effort is \$35,500 some of which may be designated towards the Diamond Club or other specific funds. Marketing has generously allowed Development to offer a \$10 Donor Rewards certificate to donors making a gift of \$50 or more to any fund.

Other Development Activities

Each year, Development asks the ARRL Officers and Directors to make a personal contribution to ARRL to the fund of their choice. As we move into the Second Century Campaign, 100 percent Board giving is crucial both annually and to the campaign to send a strong message to members that the Directors and Officers support both ARRL activities and the Second Century Campaign.

The Member Loyal program recognizes the ARRL members whose support has reached the 40-, 50-, 60-, 70- or 80-year milestone. These members receive a congratulatory letter from ARRL Chief Executive Officer David Sumner, K1ZZ, a certificate and a pin, sent in March. In 2013, more than 3,500 members will achieve one of these milestones – the largest group acknowledged since this program was moved to the Development Office. All members reaching the 40-, 50- and 60-year milestones are eligible to purchase (at cost plus shipping) a *QST* cover plaque marking their decade they originally joined ARRL. Pursuant to ARRL Board vote in July 2011, 70- and 80-year members may receive a complimentary plaque upon request.

The annual donor reception in Dayton precedes the opening of Hamvention in May. This reception is a unique opportunity to meet and personally thank our most generous supporters. More than 425 invitations are sent, and the 150 attendees include donors whose giving has reached \$1,000 or more during the previous two years, Maxim Society members, Legacy Society members, officers from contributing organizational clubs, *QST* advertisers, ARRL Officers and

Directors. The evening consists of a cocktail hour followed by a key note speaker (TBD) and the “induction” of the newest members of the Maxim Society.

Donors whose total giving and commitments for the prior year have reached \$1,000 or more, Maxim Society members and Legacy Society members are given the opportunity to be recognized in the ARRL Annual Report, on the website and in *QST* (in designated categories). Letters requesting permission for this listing are mailed during the first quarter. In 2013 the recognition of each group will be separated in each form of media and will include Second Century Campaign donors for the first time.

CONTROLLER

The Controller's Department is responsible for the day-to-day accounting functions of the organization. These include, among others, cash receipts, cash disbursements, payroll, credit/collections, general ledger maintenance, subsidiary ledger updates, fixed asset maintenance and inventory. Financial results are then distributed monthly or quarterly to all appropriate parties.

In 2013 we will maintain current staffing levels.

Due to the transfer of the investment assets to Vanguard, in 2013 we will review our banking needs and opportunities. In addition, we will continue to focus on implementing an asset tag system to more accurately track fixed assets and implement an upgrade to Great Plains, our accounting software.

MAILROOM

The Mailroom is responsible for continuous processing of outgoing mail for all departments. Some of these mailings include: membership renewal notices, membership cards, ballots, new Ham mailings, Diamond Club mailings, MVP certificates, pins, contest awards, and license renewals. The mailroom also handles incoming packages, all priority, certified and registered mail.

In 2013 we expect to maintain current staffing levels.

2012 brought the mailroom new efficiency with the new folder/insert machine. The mailroom will continue to focus on working with departments to maximize the use of the new equipment along with educating departments on all of their mailing options to ensure the most cost effective method will be utilized without compromising the services needed. The mailroom staff will also continue to help support the warehouse during peak processing times.

INFORMATION TECHNOLOGY

2012 was a productive year in the Information Technology Department. A promotion to fill the position of Network Engineer and then the hiring of a replacement Technical Support Specialist meant that IT was fully-staffed by mid-year. Sufficient department resources were available to apply to a broad array of projects as well as to begin work on the replacement for our membership management system. 2013 will be a year for continuing to build upon the successful completion and deployment of several projects in 2012 in support of all areas of the organization.

The ARRL Information System (AIS or Infosys) project planned to produce a successor membership management system for our exiting membership / customer relationship management (CRM) system, Siebel kicked-off in 2012. The new *Online DXCC* website for the user entry of QSL card information completed its testing and was deployed early in 2012. This was followed by the creation of a *Diamond DXCC* website to support user data entry for that award.

Plans for the AIS project in 2013 include completing implementation and then testing and deployment of a Membership & Subscription module for AIS as the replacement for the membership aspect of the Siebel system. Following the deployment of the Membership & Subscription module, the plan would be to move directly onto the Development, VEC and Club modules.

In addition to AIS, we have identified the follow specific projects for 2013. This is the priority list with which we will begin the year. This does not mean that priorities won't change or projects can't be added, but it must be noted that additions to the list will have to be prioritized and will impact the delivery of those projects deemed to be lower on the priority list.

High Priority Projects:

1. Deployment phase of E-Store integration project
2. Seibel Successor Membership Management System, this is the Membership & Subscription module for the AIS
3. Membership
 - a) Web membership application / renewal
 - b) Automatic renewal of membership
 - c) Membership account management issues
4. Additions to Web Donation Form
5. Migration of the remaining unique functionality of the DXCC system (ATS) into Logbook of the World which becomes the HQ Award System.

6. Remote entry portal for VE teams (Work to be performed by a contractor managed by VEC; IT to provide supporting web service for access to data: exam pool questions, VE status, etc.)
7. Upgrade Contest Databases (Work to be performed by a contractor managed by MVP. IT to provide initial technical consultation with MVP and then write specification).

Medium Priority Projects:

1. ARRL Website Enhancements
 - a) Field Day Locator
 - b) Forums / Education
 - c) VE — Exam session entry & search
 - d) Multimedia -- videos currently limited to Flash only; replacement for viewing of Power Point content online
 - e) Special Events
2. Website and remote data entry for The ARRL Centennial Operating Award
3. Add the CQ WAZ Award to Logbook
4. Logbook of the World website user interface improvements
5. Expand off-site backup capacity
6. LoTW Client Software Upgrade (*tQSL/tQSLCert* replacement) — Work to be performed by external volunteer / contractor, under direction of IT staff.

Low Priority Projects:

1. Convert remaining physical servers to virtual hosts
 - a) MS Exchange Server (e-mail)
 - b) MS SQL Server for the membership (Seibel) database
 - c) MS SQL Server for financial (Great Plains) database
 - d) Upgrade to financial system (Great Plains) and replacement of FRx reports (internal reporting application).
2. Logbook of the World
 - a) Database software upgrade
 - b) Improve integration with external logging software (award credit reporting)
 - c) Add support for multi-band awards, *e.g.* 5BDXCC & 5BWAS
3. Relocate IT equipment at W1AW
4. Web Service to support Repeater Directory Mobile App
5. Improve WiFi coverage within staff areas of HQ building

6. “Contest 2020”

Generally, it should not be assumed that these projects will be done in the order shown above. Work will be performed on higher-priority projects preference to lower-priority projects, but since there are limited resources (mostly staff time) available to be assigned to projects, the order in which projects are started, worked upon and completed will not necessarily exactly follow the list. Multiple projects will be worked on simultaneously. In addition, some of the projects shown are dependent on other projects or activities not listed. Finally, some of the listed projects will be done piecemeal.

WASHINGTON

The professional staff of the Washington office will monitor and shape the debate on six WRC-15 agenda items, a substantial increase from the WRC-12 cycle. Maintenance of the present staffing level is planned.

Aside from lines reflecting fees to General Counsel Imlay and our legislative relations contractor, the major line item is international travel. The travel line reflects attendance for one staffer at Geneva meetings of two ITU-R Study Groups and one joint task group, necessary for the most critical WRC-15 items facing Amateur Radio. Five regional CITEL meetings within the Western Hemisphere are planned.

Some WRC-15 agenda items are being covered by volunteers attending other ITU-R meetings in their professional capacities. This has permitted holding the travel line to a minimum.

MEDIA AND PUBLIC RELATIONS

Department Mission/Goals

Present Amateur Radio and ARRL in the best possible light to the public through media and news information distributed by staff and volunteer PIOs.

1. Staffing Changes: This is a department of one person - and he is retiring Oct 5, 2012. While remaining available for consultant work on special or centennial projects, a replacement manager is needed to maintain ongoing (normal) operations.
2. Products and Services
 - a. New services/products/initiatives proposed and plans for implementation by area. Any significant changes in expenses.
 1. The creation of a video to go with ARRL Centennial celebrations. \$50,000
 2. The PR Committee's creation and distribution of PR media kits and materials leading up to the Centennial year \$10,000
 3. Any other relevant information not covered by the above.

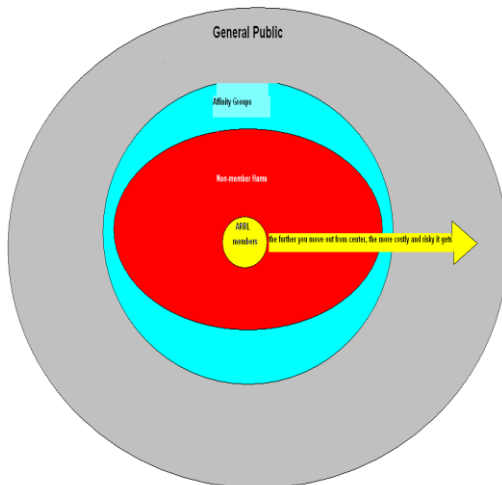
The ARRL Public Relations Committee met online the evening of August 15, 2012 and discussed plans for the 2014 Centennial. This report is a summation of the ideas and plans that were agreed upon by the members present.

While there was an ARRL polling of the clubs and members asking for ways to celebrate the Centennial, the results of that exercise were generally activities which individual clubs and groups could and should do. The vast majority of polling results were simply actions that clubs usually undertake now cast in a Centennial theme. The Public Relations Committee (PRC) will create a list of these ideas and publicize the list, encouraging clubs to pick out several of the idea for action in 2014. In addition, the PRC will host a series of Webinars beginning in 2013 with these activities as the topics and discuss how to maximize the impact of the club's event(s). The PRC will also aid in making sure appropriate, supportive PR materials will be available for these events.

The PRC recognizes that it has usually taken about 3-4 months for information to disseminate among the ARRL members and general ham population. As such, they strongly recommend that Centennial activities start in October 2013 as a build-up to the Centennial year. To accomplish this, they request that materials be available to Section Managers *no later than October 1, 2013*. These materials should include stationery, banners, Centennial logo and other items useful in gaining interest and excitement among the radio amateur groups. The materials should be at EmComm West and other large autumn events. The PRC believes that the build-up period to the Centennial year is very important and cannot wait until January 1st.

Considerable thought and discussion went into the target audience for any PR outreach. The PRC noted that other major organizations recently had Centennials and no one outside those organizations cared. If they made news at all, it was merely a mention and of no lasting effect. The world in general will little note, nor care, that ARRL is now 100. However, with proper build-up, radio amateurs will become excited. The Centennial is seen as an excellent opportunity to tell the story about ARRL's services to radio amateurs and penetrate the 530,000 or so licensees who are not ARRL members.

The PRC also noted that the next level for targeting would be the "Affinity Groups" such as Teachers, RV'ers, EmComm, DIY. The PRC members are currently making up a listing of affinity groups along with leadership contacts we may have in those groups and publications/media where ARRL information may be disseminated to such groups. The third level would be the general public. As shown in the graphic below, the further you move out from the main core the more costly and tenuous is any PR outreach. While not ignored, the PRC believes that the ARRL will "get the most bang for the buck" with a focus on the core and affinity areas.



ACTION

With this understanding, the PRC proposes to use the list of affinity groups being created as a basis for a tailored suite of articles to be placed in leading publications and Websites recognized by each of the listed groups.

The PRC is aware of the preliminary work being done to produce a video in 2013 which will show the history and value of ARRL to radio amateurs. They encourage this work to continue and be funded so that the resulting piece is of the highest quality possible as this will be a primary outreach to non-member hams.

Recognition must also be given to RAC which grew out of the ARRL. Having common history and roots, and realizing that there are a great many Canadian ARRL members, we look for ways by which cooperative work can be done with RAC encouraging *dual* memberships while not in any way "raiding" RAC memberships. There will be more discussion on this, possibly at higher levels. Any resulting actions might also be used to encourage other international memberships.

Discussion was also held on the topic of a time capsule. The PRC advocates that the ARRL membership be polled beginning in October 2013 on what items should be included in a time capsule. This will be followed in February with the donation/acquisition of the selected items and the capsule be sealed during the national convention. (A 10 cu ft time capsule of stainless steel is approximately \$4,000.)

Budgeting for these activities will cost approximately \$100,000 over a period of two years. However we note that with the strong outreach to the non-ARRL member, the result of a gain of only 2500 new members will offset that cost. The PRC strongly believes that of 580,000 non-members they should be able to gain 2500 with good activity and that “it takes money to make money.” The breakdown for this is approximately \$50,000 for the video plus \$10,000 for PR materials in 2013. \$40,000 for materials, travel, personal appearances, fees and PR related costs in 2014.

MEMBERSHIP AND VOLUNTEER PROGRAMS

MVP Department Mission:

Provide high quality and responsive service to our members and field volunteers in all service and program areas.

Overview

The Plan for 2013 includes MVP staffed with 22 full-time, 2 part-time, and 1 summer employee. As of this writing it was agreed that in 2013, when the Department loses a staff member from the Awards Branch through attrition, that that position would not be refilled.

One of the objectives of MVP management for 2013 is to continue to stress cross-training of staff across the entire department where possible. The benefits of having people on staff who can do more than one thing are many, and include being able to step-in when someone is lost to sickness or injury for an extended period; to relieve the stress and/or monotony of performing the same tasks daily; and to increase the efficiency of the entire departmental operation. We have been quite successful thus far. Most of the DXCC staff is now able to process plaque orders, assist with updating of affiliated club information, perform customer service in person and over the telephone, assist with contest log processing, and work in the QSL Bureau. Kathy Allison will take on some special projects that will be designed to collect and preserve historical data for the Department and help transition DXCC to a new system. DXCC staff has been trained to assist Sharon Taratula with many of her administrative duties. Steve Ewald is now a trained operator for W1AW, along with Norm Fusaro, Bill Moore, Chuck Skolaut and Dan Henderson.

MVP will continue to organize and locate HQ staff and/or volunteer personnel for Member Contact Travel, as well as have our staff take on Member Contact and departmental travel and convention attendance at events such as major DX conventions around the world, Dayton Hamvention, Emergency Communications conferences and meetings, and various agency and volunteer organization gatherings such as National Volunteer Organizations Active in Disasters, Red Cross, and the National Public Safety Telecommunication.

Staffing Changes

In the Awards and DXCC Branch, the following were hired in 2012: Tamara Almodovar, Mike DeChristopher, N1TA, Clare Isakson, and Sani Zanic.

For 2013, one full-time position in MVP's Awards Branch will be eliminated through attrition.

Products and Services

DXCC/Awards

The DXCC/Awards Branch (includes DXCC, WAS, WAC and other certificate programs) continues to be MVP's main source of revenue.

As of September 24, 2012, DXCC had received 9,270 applications containing 959,699 entity credits. At the same point in 2011, DXCC had received 7,080 applications with 822,790 entity credits.

As DXCC continues to work towards a system based upon LoTW, efficiency and turnaround time can be reduced. As greater efficiency occurs, new award concepts and more offerings for awards chasers can be added.

ARRL celebrated the 75th year of DXCC with a special award based upon working stations located in places that roughly correlate to the 231 places on the original DXCC list from 1937. Supported with some online tools and rapid online endorsements with accompanying live standings on ARRL's website, the award has proven to be popular with at least 1000 participants so far. Revenue generation, while not the main goal, will exceed \$10,000.

The old DXCC processing system continues running on Foxpro and is working satisfactorily, but it has developed some problems which will be relieved through eventual migration to a system based in LoTW. This will eventually lead to a significant processing-time reduction. We also expect this will decrease the potential errors which occur with manual data input. The benefits of an electronic import feature for DXCC where applicants do the majority of the work can only save DXCC staff a lot of processing time and decrease costs involved in the manual process. A digital tool will need to be released for testing and incorporation by logging program authors first.

We expect participation levels of other ARRL awards to remain consistent with previous years, and continue to experience increases in WAS awards thanks to more logs being placed into the LoTW system. This will continue in 2013.

The new fee structure introduced in 2012 has improved the efficiency of the Awards Branch processing as well improved customer service and customer comprehension of the entire Awards program offered by ARRL.

Contests

2013 will see the Contest Branch continuing good management of Customer Service issues. We have re-designed the awards certificates for the VHF family of contests; and several of the HF family. Graphics continues work on the HF family of contest certificates and those will likely see a rollout in 2013. The new certificates are 4-color design and have been sorely needed for a long time. Contesters will be very happy to see a positive change in awards certificate design.

There was no progress on the repair of the Access queries used in the Contest Branch to generate contest results tables. The \$20,000 budget remains for use in 2013 in what will likely evolve into a two-part “fix to the system”: (1) A strategic rethinking of contest management at ARRL; and (2) patches and fixes to the existing Access queries to allow work to continue while the overall process modernization is designed and implemented

Emergency Preparedness and Response

The main element of concern in the plan for Emergency Preparedness centers on travel. Mike Corey, KI1U, is frequently requested to travel and present at meetings and conventions around the country. The amount of travel in 2012 has stayed within budgeted amounts and may have achieved a good balance between Member Contact Travel and representation at agencies and associations. We also need to leave open the possibility of accommodating unplanned travel requests – especially those requests that come from government. Ken Bailey will continue to take-on travel assignments in 2013.

Field Organization

Support of the ARRL Field Organization

There are 22 different positions (including the elected Section Manager position) in the ARRL Field Organization. As of September 22, 2012, there are 7,884 Field Organization appointees. The Field Organization branch expects to have a need to print at least 12,000 ARES membership cards next year. These are not only sent to new ECs, DECs, SECs, but also to present ECs, DECs and SECs who wish to give new ARES cards to their renewed ARES members (as well as new ARES members).

Official Observer Advisory Notice cards and OO Good Operator Reports cards have been reprinted once a year for many years. Although electronic reporting and delivery of reports continues to be very common these days, it seems that some printed reporting cards and reporting forms will likely be necessary for some time to come. We wish to continue to include some amount in the budget to print a stock of OO Advisory Notice Cards and OO Good Operator Report cards for 2012.

Section Manager Elections

On average, ARRL administers between seven and ten Section Manager elections in a calendar-year. The cost of printing ballots, candidate statements, envelopes and mass mailing costs are included in the 2013 budget plan.

It is very hard to predict how many elections will be held a year in advance. For example, some SM election cycles have no contested SM elections at all, and some cycles may have as many as five.

Section Manager Workshop

The ARRL Section Managers' Workshop is held annually at ARRL HQ. For the past few years, it has been held in either October or September. ARRL Headquarters reimburses customary expenses for Section Managers to travel to Newington. This includes the transportation, lodging and main meals throughout the Workshop weekend.

On average, the ARRL Section Managers' Workshop for new Section Managers hosts around ten Section Managers per Workshop. However, the number of participants varies from year to year. For example, there were 9 SMs in 2006, 5 SMs in 2007, 14 SMs in 2008, 12 SMs in 2009, 5 SMs in 2010, 7 SMs in 2011, and 12 in 2012.

Awards

The ARRL Board of Directors has the prerogative to award several annual ARRL awards based upon nominations received each year.

Over the past several years, the Field Organization Team has helped to coordinate the plaque and recognition program and the ordering of plaques for a few of these annual awards including the International Humanitarian Award; Hiram Percy Maxim Award (with a \$1,500 cash award included); the Technical Innovation Award (with a \$500 cash award included); the Herb S. Brier Instructor of the Year Award; Joe T. Knight Service Award (for outstanding Section Managers), and the George Hart, W1NJM, Distinguished Service Award. In 2013, we once again propose to transfer responsibility for tracking and coordinating Board Awards to the VEC Department, on the advice of the COO.

Outgoing QSL Bureau

The Outgoing QSL Bureau continues to be a primary membership benefit enjoying high participation. Unfortunately, though, QSL Bureaus outside the USA are folding-up shop at an alarming rate. Some Bureaus that don't officially cease operations, continue to accept mailings of QSLs but do nothing with them.

We continue to provide good customer service in bureau operations, thanks in large part to the considerate work of volunteers, including Lisa, K1UQT and Mike Zeug, W1YM, Rich Lawrence, KB1DMX, and David Kaplan, WA1OUI. These individuals will continue in 2013.

In a continuing effort to reduce departmental postage costs, mailings to the world's QSL Bureaus are conducted on a three-month schedule.

W1AW

Operations at the station in 2013 will continue with no substantial changes. Capital investment is shown in the next paragraphs.

Capital Investment Requirements

Contests

We propose to program funds to both repair/replace the Access queries used in the Contest Branch to generate contest results tables, and to modernize/redesign the way contests are managed in the future. The original \$20,000 budgeted for this project will be used in 2013. These processes are integral to the scoring and production of contest results. Over the last several years these queries have become problematic and stopped functioning as other data issues have occurred throughout our system. We need IT to develop the work statement and identify the fixes, if there are any, and to locate a contractor if need be.

W1AW

One broadcast amplifier will be replaced with an Acom 2000A in 2013. This new amplifier – will be procured in the first quarter.

Three new computers will be procured by the third quarter to replace aging machines in the guest operator studios.

New lighting will be installed in the upstairs meeting room in the 1st quarter of 2013. The lighting has already been purchased.

EDUCATION SERVICES

The Education Services Department currently has functional responsibilities for supporting volunteer instructors, guiding the development of license instruction materials, managing the Continuing Education Program of on-line courses and emergency communications field instruction and exams, and managing the educational outreach programs. Outreach programs include Amateur Radio on the International Space Station (ARISS) and the Education & Technology Program (ETP), including the Teachers Institute on Wireless Technology (TI). Education Services also provides coordinating support for outreach activities with the Scouts.

Staff Changes

In July 2012 we welcomed Nathan McCray K9CPO as a full-time staff member. Nathan's role is as *Instructor and Resource Coordinator*. Nathan's primary responsibilities are to support licensing instruction and development of materials for instruction. Much of his work developing materials for instruction will have relevance for licensing instruction, general enrichment, ARISS program as well as for the ETP. Nathan will spend a small percentage of his time in direct support of the ETP.

Contractors

Mark Spencer WA8SME continues to provide direction for the Education & Technology Program as Program and Curriculum Director. Mark's role includes reviewing, and evaluating grants, coordinating Teachers Institute (TI) instruction and the delivery of the planned TIs next year, ETP curriculum development and production of resources, as well as all advisory support for teachers, including oversight of a teacher forum on our website. We expect Matt Severin N8MS and Tommy Gober N5DUX to continue providing their services as instructors for the Teachers Institutes.

Products and Services

The only revenue stream managed by the Education Services Department is for enrollments in online courses. Revenue is projected conservatively based on 30 enrollments per month, 8 applicants for the EC-016 final assessment /month and an average of fees associated with 20 field exams per month.

Tasks for 2013 include:

- Support 4 sessions of the Teachers Institute for 44 participants, including two sessions of the TI-2;
- Manage two grant application cycles under the ETP;
- Conduct webinars to train teachers for participation in the new MAREA program ;
- Implement changes in EmComm training program as requested by Emergency Services Manager and support development of training resource library on the website;
- Implement content changes to the Intro to Emcomm course (EC-001) and advanced emcomm course (EC-016) as needed;

- Write articles and pursue stories to report on department programs for Web news stories and for publication in QST;
- Oversee teacher forum on the website;
- Implement and oversee instructor forum on the website;
- Resume instructor newsletter;
- Maintain, update and improve areas of the website for which we are primarily responsible, or for which we are contributors, including the following: Getting Licensed, Getting on the Air, Volunteer Instructor/Mentors, Courses & Training, Amateur Radio in the Classroom, Scouting and Outreach to Teachers and Schools.

New Projects

Instructor Training Course. Develop an introductory orientation course for instructors, intended for both licensing and emcomm instructors, which will help volunteers identify the qualifications and skills needed and provide them with some basic guidance on instructional technique and strategy.

Restructure Instructor Registration Program. Under guidance from the PSC Education Committee we will design and being implementation of the instructor registration program and begin a new recognition program.

Girl Scout Patch Program. We will develop a program and instructional materials to support Girl Scout leaders and ham radio volunteers who will lead the program.

Background and Additional Information

Continuing Education Program (cost center 332). A small budget for maintenance of the Moodle on-line learning platform is included. We do not anticipate any major maintenance upgrades in 2013.

ARISS (cost center 332). In 2013 we will continue our efforts to find ways to engage ARISS schools in sustained involvement with amateur radio and to encourage more cross-pollination between ARISS and the ETP. Since changes in the US application process were implemented in 2011, inquiries from US schools and other venues are now directed to the NASA Teaching from Space Office rather than to the ARRL US program manager. Increased promotion from NASA and dedicated program leadership from NASA TFS is helping to improve access to schools across the US and provide opportunities for local hams to develop relationships with schools to support learning about ham radio in association with the ARISS event. In 2012, the ARRL Education office has become actively involved with the ARISS partners to encourage these relationships, support educational outreach from clubs and to introduce ETP resources. Our initiation of a partnership with AMSAT and NASA to focus on broader educational outreach objectives has led to the development of a new program called Mars-Lander/Marine ARISS Robotic Exploration Activity (MAREA) which combines the curriculum content of the ETP with an activity that utilizes the amateur radio station on the ISS. Our plans for 2013 include introduction of this program activity through webinar teacher training and some very limited resource support. Since there is more and more crossover between the donor-funded ETP and the ARISS program, distinguishing what should be supported by the operating budget vs. the

Education & Technology Fund becomes increasingly difficult. Development costs incurred in 2012 and costs for supporting this new program in 2013 are included in the ETP (cost center 302) budget.

Education & Technology Program (cost center 302).

The proposed budget includes offering 4 Teachers Institutes in 2013: 2 introductory Institutes (TI-1s), one at Parallax and one here at headquarters, and two advanced TIs. We have submitted a proposal to DARA to fund both of the advanced TI-2s. Our proposal includes offering the TI-2 on *Space in the Classroom* and another that would offer a new curriculum developed by Mark Spencer on *Remote Sensing and Data Gathering*. Execution of the TI-2s depends on raising dedicated funding, either from DARA or from some other source. We are relying on funds raised from other donors to support the remainder of the program budget.

In addition to the aforementioned Teachers Institutes, this budget includes a proposed on-site, cost sharing TI. We have been talking with a school district in Idaho that hopes to raise a \$5,000 contribution from a NASA grant to partially fund a TI that we would provide at their location. Should this model prove successful, we would be able to train a group of 12-14 teachers at their home location at a much lower cost than we incur when we must subsidize travel to a distant location. The cost per teacher trained with this model would be \$700 as opposed to \$2,300 for the usual TI.

The budget for 2013 includes an allocation of 25% of the Department Manager and the Administrator staff positions that provide support for the program, which includes handling communications and inquiries about the program, and managing grant and teacher applications, coordinating resource and equipment orders for TIs and grants as well as nurturing partnerships for future funding and development of the program.

The total ETP grant budget for station equipment and progress grants is maintained at the same level as 2012: \$10,000 for station equipment grants, and \$4,000 for progress grants. Teachers participating in the TI-2 receive radio station equipment as part of the program resource package. The expensed equipment budget line reflects the costs of the resources used in the TIs, which includes equipment, instructional activity boards, publication resources and robotics, as well as costs of some boards and equipment that are provided through progress grants to schools. It also reflects instructional equipment needed to support the new *Remote Sensing* TI curriculum.

The program travel budget for this cost center reflects travel expenses of teachers and participants for the Teachers Institute.

VOLUNTEER EXAM COORDINATOR

1. Department Mission and Goals

The ARRL VEC provides licensing examinations for prospective new hams and upgrade examinations for those already licensed. It also assures that a sufficient number of examination opportunities are available on a schedule that is convenient to the applicants.

The ARRL VEC will provide the examination candidate with tests that meet all applicable requirements of current Federal Communications Commission Rules and Regulations and are administered in accordance with those requirements and generally accepted educational testing principles and practices.

The ARRL VEC will provide a service level of the highest order to our customers, the Volunteer Examiners. -- Resolution of the ARRL Board of Directors (1989 Annual Meeting)

2. Staffing Changes

The ARRL VEC has met and will continue to meet our program goals using teamwork and cross training as effective tools within the department. No changes are planned for 2013.

3. Products and Services

Volunteer Examiners:

- Accredits qualified Volunteer Examiners (VE) applicants by soliciting applicants across a broad spectrum of Amateur Radio operators,
- Registers and publicizes the scheduled exam activities of ARRL VE teams,
- Supports VEC services at hamfest/conventions and
- Conducts special mailings to VEs and to new licensees.

Exam Administration:

- Supplies printed exam materials and/or software to meet the VE team's examination needs,
- Receives and processes the completed exam session results and electronically files successful applicant license data and club license data to the FCC,
- Answers exam and license related inquiries regarding the licensing process,
- Files all test session data electronically to the FCC within three (3) business days or less.
- Maintains the highest degree of service and integrity in ARRL VEC examinations.

Call Sign Administration:

- Administers the International Amateur Radio Permit (IARP) program for ARRL.
- Manages the 1x1 Special Event call sign program for ARRL, as one of five such coordinators.
- Administer the FCC Club Call Sign Administrator program for ARRL, as one of three such coordinators and to provide an electronic filing mechanism for FCC Club Station License applications.
- Provides FCC-license renewal notices to ARRL members. We will process vanity license renewal requests received from members for a modest fee and will process non-vanity license renewals for members at no charge.
- Manages the electronic filing mechanism for FCC License modifications (changes in name/call/address). The service is available to ARRL members for free and to non-members for a fee.
- Participates as a member of the National Conference of VECs Question Pool Committee.

In 2012 we met our program goals (table 1) and we have exceeded the VEC market share goal (table 2).

TABLE 1: ARRL VEC RESULTS AND PROJECTIONS			
ARRL VEC ACTIVITY	2011	2012 through 3rd Qtr	2013 projected
Exam Sessions Held	6,352	5,207	6,400
Exam Applicants Served	32,187	25,254	34,000
Exam Elements Administered	41,096	32,191	44,000
New VEs Accredited	1,868	1,727	1,800
New and Upgraded License Application Forms Transmitted to FCC	26,136	21,171	28,500
License Renewals and Changes Transmitted to FCC	5,954	5,088	5,200
Club License Applications Transmitted to FCC	902	819	1,000

TABLE 2: ARRL VEC MARKET SHARE					
FCC LICENSES ISSUED	2009	2010	2011	2012 through 3rd Qtr	2013 projected
NCVEC License Activity	40,940	38,254	34,409	28,690	37,500
ARRL VEC License Activity	29,736	27,591	26,136	21,171	28,500
ARRL Market Share of Exams Given	72.63%	72.13%	75.96%	73.79%	76.00%

4. New Initiatives and Services

The VEC exam fee will remain at \$15 in 2013. With increasing shipping, printing and fuel charges, expense control will be a priority for us. VEs will be encouraged to use the software for exam delivery and web based forms in order to decrease spending on printed materials and supply shipments.

The ARRL VEC market share of total Amateur Radio exams administered varies between 72 and 76 percent (see chart). A significant challenge facing us is to remain competitive in the Amateur Radio examination market while keeping our expenses down. We can meet this challenge and increase VE activity by offering web based exam generating and transmission software that will replace our current ARRL VE Exam Maker software. The current software (produced in-house) has limited functionality for the VEC and does not adequately serve our volunteer examiners.

Therefore, in 2013, we will begin a process improvement program including developing and implementing:

- A system for delivering exams to VE Teams using web technology,
- A mechanism so that applicants can take Amateur Radio exams via computer,
- An electronic information transmission system for VEs in the field to send exam information to HQ. This system is also known as a remote entry portal.

As noted in the IT section of this plan, this is a high priority project. The work will be performed by a contractor and managed by VEC. ARRL IT will provide support in areas such as VE credential verification and integration with the ARRL website. The projected budget is \$30,000.

FCC Activity

We anticipate increasing our share of total exams given to approximately 74%. We are cautiously optimistic about the number of new licensees. We forecast 27,000 new licensees and 10,500 upgrade licensees in 2013 (table 3).

The total number of US Amateurs continues to grow each year. As of August 31, 2012 the amount of licensees reached an all time high of 706,592 (year-end totals were 702,056 for 2011 and 696,041 for 2010).

NEW AND UPGRADED FCC LICENSES BY YEAR

FCC ACTION	2006	2007 (Restructure Feb)	2008	2009	2010	2011	2012 (through 3rd qtr)	2013 (Projected)
New Licenses								
Technicians	20,461	24,249	25,598	27,464	24,752	21,316	18,132	24,600
Generals	506	2,156	2,109	2,307	2,351	2,318	1,949	2,000
Extras	146	323	359	373	425	438	380	400
TOTAL NEW	21,113	26,728	28,066	30,144	27,528	24,072	20,461	27,000
Upgraded Licenses								
To General	3,411	18,698	9,752	7,590	7,617	7,349	6,045	7,500
To Extra	2,867	5,655	5,749	3,206	3,109	2,988	2,184	3,000
TOTAL UPGRADED	6,278	24,353	15,501	10,796	10,726	10,337	8,229	10,500
GRAND TOTALS	27,391	51,081	43,567	40,940	38,254	34,409	28,690	37,500

LAB

1. Mission Statement

The ARRL Lab provides members and the Amateur Radio community with technical information services, trusted product-review testing, spectrum-protection engineering, professional industry contact and a comprehensive RFI/EMC program.

2. Staffing Changes

No staffing changes are proposed for the Lab. The Lab is making more use of volunteers to handle technical projects of mutual interest and to perform routine administrative tasks.

3. Products and Services

- a. Current products/services w/projections by area:
 - i. Product Review testing
 - ii. Technical Information Service and ARRL web page
 - iii. RFI Program
 - iv. Support of spectrum protection activities
 - v. Support of publications
 - vi. Production of videos on various technical subjects.

Product Review remains among the most popular past of *QST*. The Lab expects to test approximately 75 pieces of equipment for Product Review in 2013.

Led by Zack Lau, the Lab will continue to respond to member technical inquiries.

The Lab staff will continue to update web pages as needed. More than the usual amount of staff time will be required to do this, as some of the pages contain links to other sites that are no longer working. The Lab will continue to seek volunteers to maintain specific web pages.

Power-line cases continue to dominate the RFI work done, and the Lab has been supporting efforts by Kay Craigie and Chris Imlay to improve the way that the FCC handles power-line cases. Lab staff continues to serve on industry committees, especially in the RFI area. In one major committee, the Lab staff has moved a draft standard with distance-extrapolation provisions in measurements made below 30 MHz out of the Working Group and on to the Main Committee for balloting.

Although planned for 2012, but not done because opportunities were not present at the FCC, the Lab staff will prepare a short tutorial suitable for FCC field offices and electric utility personnel. This will be available by the 2nd quarter, to be presented at opportunities throughout 2013.

The Lab has been working with the IEEE on a standard on the ways to handle power-line cases and although driven by IEEE timelines, it is expected that this standard can be in IEEE ballot by the end of 2013. The Lab staff will continue to improve ARRL's relationship with the IEEE, in areas ranging from local Section and Regional participation to EMC and pursuing opportunities to facilitate the IEEE re-selling ARRL books.

4. New initiatives

Several new initiatives are planned for the Lab for 2013:

- Bob Allison is now attending most editorial meetings related to the content of publications. Bob will bring his own expertise to the editorial process, but will also ensure that appropriate articles are called to the attention of other Lab staff and Technical Advisors.
- Bob is also going to lead the Lab staff and outside volunteers to produce videos on subjects of interest to ARRL members. The Lab expects to complete a video on power-line noise by the 2nd quarter of 2013 and an additional video on Product Review testing by the 4th quarter. Other videos will be developed as staff time permits.

5. Fees

The Lab expects to generate \$825.00 in revenue from the making of photocopies and related services.

CAPITAL AQUISITIONS

ARRL, Inc.
The National Association for Amateur Radio

2013 Plan

Proposed Capital Expenditures

Department	Description of Item	Cost
Information Technology	Desktop Computers – 11	\$ 8,580
	Desktop Computers – W1AW – 3	2,100
	Laptop Computers	2,600
	On-site/Off-site Back-up Expansion	26,000
	Server Rack/UPS for W1AW	4,950
	Network Storage	3,000
	CA ArcsServe D2D Back-up and Recovery	4,000
	Dual Network Firewalls	2,200
W1AW	Amplifier – replace Harris RF-3230	6,800
	Repoint Building Mortar	11,000
	Lighting/Ceiling Fans (Installation)	2,500
HQ Building	Centennial Preparations	25,000
	IT/Telecom Generator	10,000
Contest	Contest Scoring Software	20,000
Public Relations	Centennial Video	50,000
Total		\$ 177,950

ARRL, Inc.
The National Association for Amateur Radio

2013 Plan

Proposed Capital Expenditures

A. Replace Desktop/Laptop Computers

As we do each year, we plan to replace older desktop computers (approximately 5 years old). We continue to be diligent about our replacement goals which allow us to replace a modest amount each year rather than have one year with a significant expenditure. This year's proposal encompasses 11 desktop computers and 2 laptop computers. Of this contingent, three desktop computers are allocated to replace the older machines in the guest operating studios at W1AW and one desktop and the two laptop computers are allocated for the Washington Office to replace older machines in use by the staff there.

B. On-site/Off-site Back-up Expansion

The growth of our business-critical databases: Siebel (membership), Great Plains (financial) and MS Exchange (e-mail) is now approaching the 2 TB capacity of the hardware that is used to backup these databases off-site. Either an expansion or a replacement of our current backup system is necessary in order to continue backing up all business-critical data off-site.

Reconfiguring our current backup storage "grid" by adding a single Exagrid device of the next higher capacity to one site and then placing both of our existing Exagrid devices at the other site has the lowest cost of the expand/replace options for providing the increased capacity.

C. Server Rack/UPS for W1AW

This equipment is to be used to reconfigure our back-up and restore functionality, currently located in the basement of W1AW which is prone to water related incidents in situations of heavy rains. The server rack is a half-height (18U) rack that will hold our critical backup devices. The rack would be located upstairs at W1AW so these valuable devices can be relocated from their current location in the basement of W1AW. The UPS is a 2.2 kVA UPS which will provide power to the equipment in the new W1AW rack during a power interruption for the time that it takes the W1AW generator to come on line. Providing an appropriately sized UPS avoids having the backup devices and associated network equipment being abruptly powered off if ARRL HQ loses commercial power. Failure to mitigate such abrupt power cutoffs risks data corruption and damage to valuable hardware.

D. Network Storage

There remains an ever increasing demand for additional long-term (archival) storage capacity for saving files, e-mails, images, graphics, etc. within HQ. Drawing upon the successful deployment of a network attached storage (NAS) device in 2012, this is an additional NAS which will provide 12 TB more space.

E. CA ArcsServe D2D Back-up and Recovery

This request encompasses the CA ArcServe D2D image software and six server licenses. Acquisition of this software adds image backup to our current file oriented backup and recovery solutions. This software provides a “bare-metal” restore point to dissimilar hardware, a capability that allows IT to more quickly and efficiently configure a new computer or to move a user and their files from one computer to another. It also allows single file restore to be accomplished throughout the company while allowing very granular incremental snapshots throughout the day. The latter capability makes it easier for IT to provide support to users who delete files by accident.

F. Dual Network Firewalls

The ARRL HQ firewalls currently run on repurposed hardware that are under neither warranty nor hardware support agreement. Adding new devices to perform this critical function (Cisco ASA 5500 firewall appliances) improves reliability and maintainability.

In addition, the Cisco firewalls provide additional capabilities not present in the exiting firewall software. These include being able to implement a fail-over arrangement that would allow us to utilize the Cox optical fiber as a backup in the event of trouble with the AT&T Internet connection. The Cisco firewalls provide much greater flexibility for dynamically routing traffic to either AT&T or Cox in response to demand, congestion or type of traffic. As one example, we would be able to switch HQ web browsing over to the Cox connection at times when the bulk email system is busy sending out newsletters or marketing messages over the AT&T connection. This would minimize the network congestion and delays that are experienced within HQ from time to time.

G. W1AW Amplifier

An Acom 2000A was purchased in 2012 and placed into service. To date, this amplifier has demonstrated itself to be quite the work-horse. In addition to being able to handle 1.5kW without difficulty, it also has automatic tuning and an internal antenna tuner.

There is one of the original Harris amplifiers that remain in service. We propose to replace this final amplifier with an Acom 2000A amplifier in 2013 to complete the transition.

H. W1AW Building Repair

The brickwork on W1AW dates back to 1938. Over the past 7 decades, it can be assumed – given that available information on the work is at best spotty - the building had been repointed when needed. However, based on current information, repointing has certainly taken place twice in the past 21+ years. As can readily be seen, there are holes already present - and in the process of forming - in the old mortar. Not taking into consideration the unsightliness of the holes, of more serious concern is the exposure to both the elements and insects. The last time the station was professionally repointed, the cost was approximately \$9500. Therefore, it is recommended that the building be repointed in 2013. Not only will the look be aesthetically pleasing, it won't be susceptible to weather/insect damage.

I. W1AW Interior Upgrades

New lighting was purchased for installation in the W1AW conference room in 2012. The assumption was that the ARRL staff would install these lights. This did not occur for a variety of reasons and money is being proposed to install both the lighting and ceiling fans using an outside electrical contractor.

J. HQ Building Centennial Preparations

With the upcoming Centennial year in 2014 and the expectation that there will be many visitors to Headquarters, we want to put our best foot forward. A general clean-up, painting and refurbishing of the common areas (lobby, hallways, etc.) in the building should be undertaken in 2013 to prepare for the celebration. We are estimating that a budget of \$25,000 will be enough to fund these preparations.

K. IT/Telecom Generator

We are at the near or at the capacity of generator which provides backup power for operating and cooling the central computing, networking and telephone equipment at HQ. This generator is a 10Kw capacity and was installed six years ago as part of the disaster response recommendations after Hurricane Katrina.

A replacement generator with higher output power capacity is needed to reliably power the current load attached to it. In addition, a reasonable expectation is that the load on this generator is only going to increase over time as more equipment requiring backup power is added to the room.

We have identified a suitable replacement generator (a Generac 18kW, natural gas powered model) with sufficient capacity to handle the current demand as well as allow for modest near term growth. The cost estimate for this item includes the new generator, new automatic transfer switch and the installation of both.

L. Contest Scoring Software

This item is the carry-over of an item from the 2012 Plan to repair/replace the Access queries used in the Contest Branch to generate contest results tables and to modernize/redesign the way contests are managed in the future. These processes are integral to the scoring and production of contest results. Over the last several years these queries have become problematic and stopped functioning as other data issues have occurred throughout our system. The IT Department will have to assist MVP in developing the work statement, identifying the fixes, if there are any, and locating a contractor to do the work.

M. Centennial Video

A video of the ARRL's history and value to Radio Amateurs is being planned to be ready for the Centennial year. While still in the works, it is intended to be both a historical piece as well as an outreach to non-members for promotional purposes. Given those objectives, it is intended that the video be of the highest production qualities we can achieve within the budget, hence the proposed cost of \$50,000.

STAFFING

ARRL, Inc.

The National Association for Amateur Radio

2013 Plan

Staffing

The total staffing complement proposed in this Plan for 2013 includes 95 full time and 10 part-time staff for a total of 105 total employees. This represents a total of 102 Full Time Equivalent (FTE) positions. This is the same number of positions approved in the 2012 Plan (including subsequent additions approved by the A&F Committee during the year) and represents an increase of 1 FTE due to the restructuring of hours for some of the part-time positions.

As we do every year, we have reviewed the staffing levels and believe that this staffing is appropriate for the amount of resources we expect to have available in the coming year.

While the total number of positions remains the same, there are a couple of changes in the staffing that should be noted:

1. During 2012, because of the increasing demands on the Warehouse, it was proposed and approved to increase the part-time position to a full-time position.
2. An additional part-time position was approved in DXCC due to the workload.
3. During the planning process we reviewed the additional workload in the DXCC Department and, with the on-line DXCC application fully functional, coupled with the expected level of fees in the coming year, made the decision to eliminate one full time position through attrition in the coming year. We are not planning to eliminate the position immediately, but the situation is such that it is likely that at least one person will be leaving the department in the coming year and, if this is the case, they will not be replaced.

Also included in the Plan is an average increase of 3% for the staff, effective on April 1, 2013. This does not mean that everyone will get a raise, or even if they do, one that will equal 3%. Each individual's performance will be reviewed and any merit increase in their compensation will be based on this review as well as where their current compensation is within the appropriate salary range.

AMERICAN RADIO RELAY LEAGUE, INC.

STAFFING SUMMARY

<u>Function/Department</u>	2012 Plan			2013 Plan		
	<u>FT</u>	<u>PT</u>	<u>Total</u>	<u>FT</u>	<u>PT</u>	<u>Total</u>
<u>Production</u>						
Editorial/Production						
Administration	2	1	3	2	1	3
Graphics	3		3	3		3
Composition	2		2	2		2
Editorial	6		6	6		6
Laboratory	4	1	5	4	1	5
<u>Sales & Marketing</u>						
Marketing	2		2	2		2
Business Services	5		5	5		5
Fulfillment	6	1	7	6	1	7
Warehouse	3	1	4	4		4
Membership	1		1	1		1
<u>Support</u>						
Executive VP	4	1	5	4	1	5
CFO	2		2	2		2
Development	3		3	3		3
2nd Century	1		1	1		1
Controllers	4	1	5	4	1	5
Information Technology	8	1	9	8	1	9
Administrative Services	4		4	4		4
Maintenance	1		1	1		1
<u>Advocacy</u>						
Washington D.C.	2	1	3	2	1	3
Public Relations	1		1	1		1
<u>Member Services</u>						
MVP Administration	3		3	3		3
Field Services	4		4	4		4
Contests	1		1	1		1
DXCC	9	1	10	8	2	10
QSL Bureau	1		1	1		1
W1AW	2		2	2		2
Logbook*	0		0	0		0
Emergency Preparedness	2		2	2		2
Education	3		3	3		3
VEC	6	1	7	6	1	7
Total Staff	95	10	105	95	10	105
FTE's			100			101