

Report of the Administration and Finance Committee January 2014

Committee Members

Director Tom Frenaye, K1KI, Chairman; Directors Dennis Bodson, W4PWF; Director Bill Edgar, N3LLR; Director Greg Sarratt, W4OZK; Director Greg Widin, K0GW; Vice Director Marti Woll, N6VI; and Treasurer Rick Niswander, K7GM.

Committee Activities

The Administration and Finance Committee met on November 16, 2013, in Newington CT with all committee members present. The following ARRL Officers also attended: President Kay Craigie, N3KN; CEO David Sumner, K1ZZ; CFO Barry Shelley, N1VXY; COO Harold Kramer, WJ1B; CDO Mary Hobart, K1MMH; and Comptroller Diane Middleton. Minutes from the meeting were circulated to the Board on December 20th.

A conference call was held for Directors to ask questions about the 2014 Plan was held on January 7, 2014, with Directors Frenaye, Widin, Ahrens, Fenstermaker, Vallio, Milesosky, Rehman, and Woolweaver, CEO Sumner, CFO Shelley, COO Karmer, CDO Hobart, CTO Price, President Craigie, 1VP Roderick, and IVP Bellows present. Questions focused on wholesale publication sales, capital expenses, Information Technology and Centennial projects. Notes from the conference call are attached.

November Meeting summary:

- Reviewed budget impact of new legislative action firm
- Discussed financial cost of electronic voting in light of declining participation
- Received updates on current Information Technology projects
 - Android app for QST
 - QST reader options for blind members
 - Timetable for the DXCC integration into LoTW
 - Planned cutover to automated eStore for sales orders
- Noted revised sales timing pattern for 2014 Handbooks
- Received final audit of our terminated defined benefit pension plan
- Discussed continued membership and new licensee increases
- Talked about options in light of the consolidation of wholesale publication sales outlets
- Went over progress on Spectrum Defense and Second Century campaigns
- Noted impact of financial market increases leading to \$20.8m portfolio value
- Discussed National Convention planning effort

- Received an update from the LoTW Committee and progress on changes authorized at July Board meeting
- Noted plans to update the HVAC system in the front of the building in early 2014
- Discussed changes in the commercial vendor environment and whether there were some opportunities for ARRL
- Reviewed a proposal for changes in the Life Membership program

Review of 2014-15 Plan

Staff presented the draft 2014-15 Plan to the Committee in late October and during the November meeting we discussed various sections in person. Note that the Plan projects nearly level revenues (0.2% increase), and a slight decrease in expenses (0.7% decrease), leading to a small increase (3.2%) in funds available for programs (Net Available Income). The 2014 Plan projects a loss of \$372k, primarily as a result of one-time plans for Second Century Campaign fund raising and for the Centennial National Convention.

Last year's plan projected a \$163k loss, and the Board approved some additional expenses in July. End of 2013 final numbers are not available as this is written but as of the end of November we were ahead of plan.

Several of the discussions made it clear how important Information Technology has become to the successful operation of the ARRL, with 10 staff positions and some outside consulting. This has also divided our resources as we strive to support those fully engaged in the electronic world and those who are not.

The 2014 Plan includes funding for a baseline survey of members and non-members, the first we have done since the 2003 Readex survey. This should be an important resource for our future strategic planning efforts.

Health insurance costs for 2014 turn out to be a pleasant source of good news, with a nearly 5% decrease in premium cost, after years of significant increases. For last year's budget, staff had projected a possible 15% increase, for example.

Dues Increase

The Committee has been monitoring the need for a dues increase but agreed that despite the constraints on resources for existing programs, it should not be included during budgeting for the ARRL Centennial year. We do think it will be necessary during 2015. Mr. Shelley provided some income estimates as a result of a projected dues increase of \$5 or \$10 per year and for the resulting loss of members, possibly 3% or 5%, or more. This is likely to be one of the tasks the 2015 A&F Committee will need to handle.



Tom Frenaye, K1KI
Chairman
11 January 2014