

**Administration and Finance Committee
Report – July 2014**

Committee Members

Director Greg Widin, K0GW, Chairman; Directors Dennis Bodson, W4PWF; Tom Frenaye, K1KI; Bill Edgar, N3LLR; and Jim Pace, K7CEX; Vice Director Mike Lee, AA6ML; and Treasurer Rick Niswander, K7GM.

Committee Activities

The A&F Committee met on April 12, 2014 at ARRL Headquarters, with all members present. Also present were President Kay Craigie, N3KN; CEO David Sumner, K1ZZ; CFO Barry Shelley, N1VXY; CDO Mary Hobart, K1MMH; COO Harold Kramer, WJ1B; and Controller Diane Middleton, KC1BQF. The report below contains a summary of discussions at that session, along with updates from subsequent developments.

IT Project Update. The committee received a report on the state of IT projects from IT Manager Mike Keane, K1MK. Mr. Shelley noted that the demand for IT time and resources is always more than that available and that 2014 is no different. He also noted that IT projects require that resources be allocated by several areas in addition to the IT Department including user departments for creating specifications and acceptance testing once the code is written.

Mr. Keane discussed the overall approach to system development. As part of his discussion he provided a chart for the software development process which outlined a series of steps that include steps for review and documentation for incremental design. He noted that to keep control of the process, critical control gates need to be inserted. This process enables the team to develop a more accurate model of complexity, cost and time to accurately deliver the product. The fourth step in the process is the preparation for delivery, and transition to production. He noted that the estimate of overall project time is impacted by several factors including the “overhead activities” which cut into time the of the two staff developers.

As at each A&F meeting, we continue to review in detail the list of projects, progress and priorities. ARRL IT has prepared a detailed document “IT Project Status July 2014,” describing current projects. This report will be distributed as an addendum to the report of the CFO.

LoTW Study Committee. Details of the LSC activities can be found separately in Document 24, the LSC report. Since January, two programmers were hired to work on Logbook of the World. The TQSL program has reached version 2.0.2, which is in beta test at this writing. Help

documentation to appear online on the LoTW site is being written and edited. Communication with users has been improved, and the Yahoo! group ARRL-LOTW is being used as an informal communication conduit with the user community. Several hardware-related issues are being worked on as well, as detailed in the LSC's report.

The LSC has proposed for adoption by the Board a policy describing the mission and resourcing of LoTW. In addition, the committee has developed an approach to ensuring security of users' certificates when used by online services. Both developments are Appendices in LSC's report to the Board.

CEO Report. Mr. Sumner reported that activity at Headquarters has been high during the first part of the year owing to several things, not the least of which was the preparations for the upcoming Centennial National Convention in Hartford, CT. Individual projects are discussed in the sections below.

Second Century Campaign Gift. A substantial gift has been the subject of a gift agreement that has been circulated to members of the Board. This agreement will be the subject of additional discussion at the A&F meeting on 20 July. The gift would be a substantial boost to the Second Century Campaign, but involves some concepts that are new to the Board. At this point a mutually acceptable agreement has not yet been reached.

Pledges and cash received for the Second Century campaign have pushed the total campaign to \$6.4 million. Results for the all-member mailing for the Second Century Campaign will be reported at the Board meeting. There will be two Spectrum Defense Fund mailings this year.

CFO Report: The financial reports for May have been posted on the appropriate folder in the ODV section of the web site and the reports for the six months will be included in the CFO's report for the Board meeting.

In summary, through May the League's bottom line from operations shows a small gain which is better than the loss than had been planned for the period but the favorable variance in measure has been narrowing in recent months. Recent decisions have increased the spending in certain areas, for example, the IT Department related to Logbook of the World. Overall revenues are on track but the cost of goods sold is more than anticipated due to the make-up of the sales. Expenses for the National Convention, Second Century campaign and other Centennial activities are running about as expected to this point. The bulk of the convention expenses will be incurred between now and the end of July. The total bottom line from all operations showed a loss of about \$136,000 through May. In addition, we've incurred

\$153,000 of realized investment gains. Cash flow, given all the expenses of the centennial, HVAC replacement and other planned capital expenditures, has been negative for the period but the organization has the reserves to handle this as planned.

ARRL Insurance Plans. A number of issues have been raised by members in dealing with Hays Affinity Group, the program administrator for the ARRL Equipment and Club Liability insurance programs. Customer service was not being administered as well as it had once been. Mr. Shelley and Mrs. Middleton visited Hays in Minneapolis to try and resolve the issues. Though the situation has gotten a little better since then, it is still not totally resolved. There is a contract in place which runs for another two years. However, the situation will be monitored going forward and, if additional action is required, the Committee will be informed.

COO Report. There was an increase in membership for the first quarter and the operation of the e-store has been improved. Though it was a challenge, the position of Contest Manager has finally been filled. The Contest Branch is being reorganized and there will also be an assistant position hired after the manager is on board. The W1AW portable operation has been outstanding. QSL cards will be distributed through the existing local bureau system on an “opt in” basis. The sale of Centennial QSL cards has been modest at best.

Responsibility for the EmComm courses had been transferred from the Education Department to Emergency Preparedness Department and Ken Bailey, K1FUG. There has been some concern raised by members about the cost of the courses; staff will be looking at a different model longer term.

The VEC has developed exam review software, which will be available without charge. With regard to electronic books, we currently have the Technician Class Q&A in Kindle format. We will take a closer look at converting the Ham Radio License Manual in the future. VEC activity has increased this year for both new licenses and renewals.

About 25,000 ARRL members open Digital QST every month. The ARISS program is in some danger due to a combination of budget cuts, staffing at NASA and US/Russia relations.

The Lab has ordered the new test equipment planned for in the 2014 Plan and the cost was under the originally planned amounts.

Centennial Report. As of July 1, here are the statistics for the Centennial from the online registration system—

2,074 Registered

\$144,245 Registration Received
Approx - \$30,000 from exhibitors
Thursday Lunch : 796
International Reception: 691
Banquet: 802
Saturday's Presidents Breakfast 397
Wouff Hong: 522!
HQ Tours: 989

At Headquarters, there will be a video running every 30 minutes in the conference room which will be converted to a more theater style seating arrangement. Sales of publications will only be done at the Convention center and will be tax free, so HQ book displays will be removed and replaced with antique equipment. There will be two operating positions available in each of the three guest studios at W1AW. There will be a tour guide stationed outside to guide visitors and answer their questions about the property, antennas, etc. The portion of the event planned for Headquarters is likely to be more problematic than the one at the convention center because we will not have the same resources as are available downtown. There will be two 55 passenger buses used to transport visitors from the convention center to Headquarters plus one smaller bus for overflow and VIPs. Mr. Sumner noted that there will be VIPs in attendance at the opening of the convention and they will be given a tour of the convention.

Treasurer's Report. The investment markets were fairly flat in the first quarter. The overall portfolio return was 54 basis points below the benchmark, mostly because of results of the longer term bonds in the portfolio. About 65% of the portfolio holdings are in individual stocks. Most of unrealized losses were in the bond side of the portfolio. Dividend paying stocks are doing better than the market recently.

ACH Transactions. Reimbursing volunteers through ACH transaction versus check reimbursement has been a challenge in the current accounting system ("Great Plains"). Investigation with the software provider revealed that an upgrade needed to maintain support for the system also includes an upgrade which simplifies handling ACH transactions. A&F had already authorized the upgrade expenditure, to maintain software support. The Dynamics upgrade can only be scheduled after the AIS becomes available, which means ACH transactions will not be available as an integrated part of the accounting system until 2015.

Fred Fish Award. A temporarily restricted fund was approved to be a repository for already collected funds as well as future donations that would be used to fund the periodic award. Costs for the award would be approximately \$330 per recipient for a plaque for the individual recognizing the achievement.

Position Descriptions. The Ad Hoc CEO Succession Committee wishes to compile the position descriptions of the all “C” level officers and the other direct reports. The position descriptions for the officers have been provided by Mr. Sumner and he committed to providing the position descriptions of the 3 other direct reports to CEO.

2014 Dues Study. It having been 10 years since the ARRL has experienced an increase in the dues rate, two subcommittees were formed to study the aspects of any potential actions. Both subcommittees are in early stages but have some early activities to report.

Dues Study Committee – Mr. Frenaye, Mrs. Craigie, Mr. Niswander, Mrs. Middleton and Ms. Petrilli. The purpose is to study aspects of a possible overall increase in the term dues rate. The committee has compiled a substantial amount of information on past dues of the organization, including the effects of dues increases on membership in the past. There are also various survey results available which Membership Services has compiled in the past.

Life Membership Committee – Mr. Lee (Chairman), Mr. Pace, and Mrs. Middleton. Vice Director Marty Woll, N6VI, proposed a new structure for Life Membership at a past meeting of A&F. The committee has made contact with several other national membership organizations who have Life Memberships as part of their structure, with the goal of learning how their systems are structured, and about their experience.

Please see the individual reports to the Board for detailed discussions by CEO, CFO, CDO, COO and Treasurer. An update on the Committee’s 20 July 2014 meeting following the Centennial will be presented at the upcoming Board meeting.

As always, Committee members and participants are thanked for their generous help in working through the manifold issues facing A&F in this Centennial year.

Greg Widin, K0GW
Chairman

1 July 2014