

The Harvard-Radcliffe Science Fiction
Alumni Networking Society

in association with

“HRSFA Hates Being Poor” SIG

presents...

HRSFA: THE ENDOWING

(Overheard in a smoke-filled back room in a Harvard Club...)

Kartik: Hey, Kevin! How's life in the real world treating you?

Kevin: Pretty well, I guess. Definitely pays better than grad school. Though I'm not sure what to spend it all on...between World of Warcraft and Guitar Hero, I'm pretty set.

Kartik: What about donating to HRSFA?

Kevin: Donating? I thought they were doing pretty well after all those Vericons.

Kartik: They've had a few successes, but you know how fickle running a con can be. Make a few thousand, lose a few thousand, it's all just a roll of the dice. And without a Loaded Die.

Kevin: What about the UC?

Kevin: You know you can't count on the UC. Some years they want more parties, other years more house events, and they've never really understood the whole Chronos thing...

Kevin: Hub. That does sound tricky. But if I give money to HRSFA, I want it to last, y'know? Help HRSFA do cool things all the time, not just for HRSFen now.

Kartik: Hey, why don't we help HRSFA get piece of Harvard's Endowment? They only need \$25,000 to get started, and they'll receive a steady stream of income as long as Harvard is around. Plus, you know how well Harvard manages their money. Not only will you help HRSFA keep doing cool things, but they'll be able to do even cooler things as their fund grows: help sci-fi fans attend more cons, or gamers play the newest boardgames, or aspiring writers be read. Or just make Milk and Cookies free.

Kevin: Mmmm, milk and cookies. I wish they had that at the Harvard Club. Oh, well. More scotch?

Kartik: Why not.

THE EXECUTIVE SUMMARY

HRSFA could do a lot more for science fiction fans at Harvard: fund more social events for its members, bring in more sci-fi authors, or provide free outings to movies and cons. While HRSFA currently has enough money for such activities in the short term, its typical sources of income (membership dues, Vericon, and the UC) cannot consistently guarantee that this funding will be available in the long term. If HRSFA uses its current cash-in-hand to do more cool stuff now, eventually they will be poor again. If we, as donors, grant them uncontrolled money to do cool stuff, eventually they will be poor again.

Harvard offers a solution to this problem in the form of endowing with the university: a student group with at least \$25k of available cash can purchase a share of the Harvard Endowment, and receive the same proceeds and rate of growth that Harvard does each year. Given the excellent performance and consistency of the Endowment over the last several decades, we expect that such an endowment would easily match the yearly needs of HRSFA (recently, around \$1000 annually). Additionally, this would provide many opportunities for future expansion into more and better sci-fi activities at Harvard.

The Harvard-Radcliffe Science Fiction Alumni Networking Society (HRSFANS) is looking for generous donors. We need to raise enough money to get HRSFA into the Endowment. Can you help?

HOW YOU CAN HELP

1. Purchase an Eternal HRSFA Membership or Eternal Vericon Membership

Eternal HRSFA memberships still are the simplest way to show your support for HRSFA's continued mission: for \$50, you can attend all HRSFA events and officially Not Let Friends Choose Wisely wherever you go. This year, we will also be offering eternal Vericon memberships, so you can come and enjoy the annual science fiction convention run by HRSFA every year.

2. Donate to the HRSFA Endowment Fund

Donations of any amount to the endowment will be gratefully accepted, and all donors will be recognized in upcoming HRSFANS publications. We suggest a minimum donation of \$25. Donations of \$50 or more will be commemorated on a shiny plaque, along with a title and an epithet of your choice. Don't miss the chance to go down in HRSFA lore as "Goldeneyes", "Silvertongue", "Dragonfriend", "Soulblinder", etc. Donors up to \$500 will receive a thirty character epithet, while those above will receive an eighty character epithet (three lines, with space for indentation). For example:

- \$50-200: BARONS AND BARONESSES
ELISABETH, THE UNBLINKING EYE
- \$200-500: VISCOUNTS AND VISCOUNTESSES
KEVIN MARTIN, THE BIG WANK
- \$500-1000: EARLS AND COUNTESSSES
EMILY MORGAN, KEEPER OF LISTS
- \$1000-2499: MARQUIS ET MARQUISES
KARTIK, DÉFENSEUR DU ROYAUME DE
CHAMPIGNON ET DE LA
VILLE DE CRAPAUD
- \$2500+: DUKES AND DUCHESSES
MICHAEL, THANE OF GLAMIS
THANE OF CAWDOR
STILL NOT KING

All the money will be overseen by HRSFANS, and it will be placed into an untouchable account until it (including HRSFA's contribution) is large enough to become an endowment.

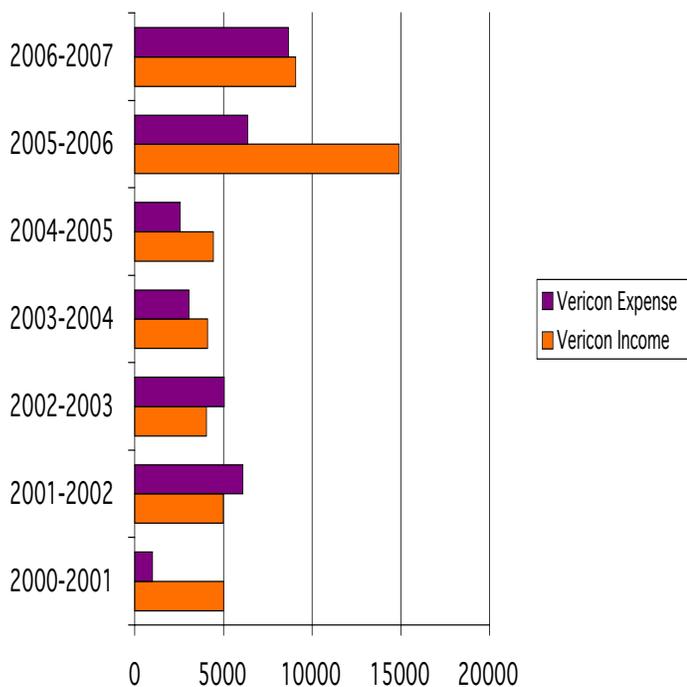
FREQUENTLY ASKED QUESTIONS

Q: I still don't quite understand. Why does HRSFA need an endowment? I do pretty well with just a bank account.

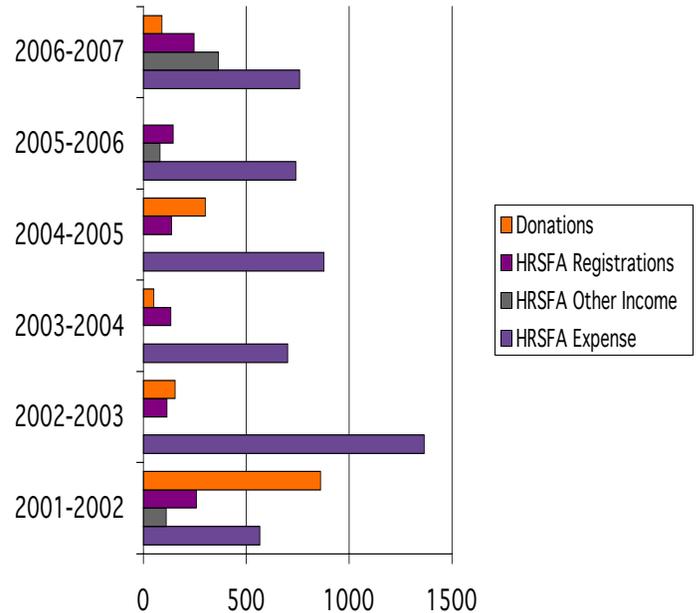
A: To understand why something like an endowment would be useful for HRSFA, one needs to look at where HRSFA gets its money, where HRSFA spends its money, and what factors influence each.

- *Expenses* - even though HRSFA's particular expenses have changed over time, the amount per member spent each year on large and small activities has been fairly steady. There were periods when HRSFA had a strong literary bent, and most of its income went into publishing newsletters and literary magazines at a fairly fixed cost; the number of members determined the frequency of publication. More recently, much of HRSFA's money goes into sponsoring attendance at other cons and at crossover events like the IgNobel prizes and Renaissance Fairs. Coupled with the regular expenditures of food and supplies for SIGs, HRSFA has seen a fairly steady budget proportionate to the size of its membership.

Vericon Proceeds



HRSFA Proceeds



- *Income* - although HRSFA gets some money from its members though yearly dues, HRSFA's income typically comes from two sources: the Undergraduate Council and outreach activities (movie showings back when; Vericon more recently). The inconsistency of UC spending is a fact of student group life, as ever new administrations bring new priorities for how to improve student life at Harvard. For outreach activities, attendance and profit has been extremely hard to estimate. Of the many movies shown by HRSFA in its first decade, a few were fabulous successes, a few abysmal failures, and most broke close to even. Of the seven Vericons held since 2001, two made massive profits, two made decent profits, and the rest almost broke even. The profitability of a given Vericon is dependent on a multitude of factors, everything from the nature of the fanbase of the Guest of Honor to the success of publicity to the weather on that weekend. An endowment with Harvard, on the other hand, would provide an independent, steady stream of income, starting at \$750/year.

Q: Aww, a thousand dollars? I wanted a cookie.

A: A thousand dollars can buy many cookies.

Q: Explain how.

A: Money can be exchanged for goods and services.

Q: Woo hoo!

A: More seriously, the initial \$1000/year output of the endowment doesn't convey its true awesomeness. The deal is this: the Harvard Endowment, like many hedge funds, automatically reinvests most of its earnings each year to grow the fund for the future. Unlike most hedge funds, however, the endowment is mandated to pay out approximately 4.3% of its earnings to the beneficiaries of the endowment. The College itself, of course, is the largest beneficiary, and uses this money to pay for its yearly expenses. Any student group that invests in the endowment also gets this percentage to pay for their expenses, while various levels of Harvard administration take a cut of approximately 30% to pay for their own fees/salaries/etc, leaving 3% for the organization. If the Harvard Corporation makes 15% in a given year, -10% will automatically be reinvested, i.e. each share is increased by 10.7%. If the Harvard Corporation makes 21%, more money may be distributed, and each share may go up -15%; if the Harvard Corporation makes nothing, each share goes down by a few percent. In any case, the organization still gets 3% of its share's value to spend that year.

ENDOWMENT DISTRIBUTION RATE

As a % of market value, as of June 30

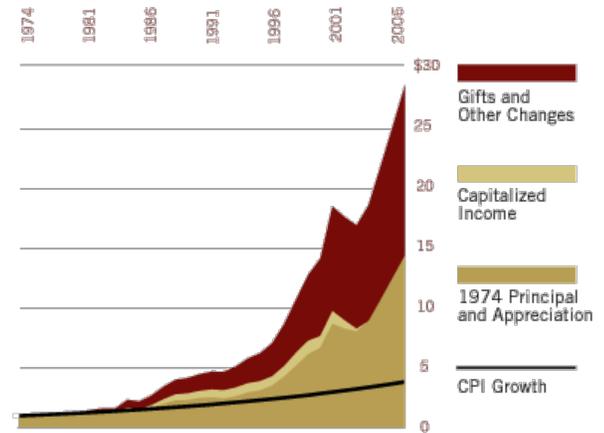
2006	4.3%
2005	4.5
2004	4.9
2003	5.1
2002	4.8
2001	3.3
2000	4.0
1999	3.3
1998	3.7
1997	3.8

SO WHAT ARE YOU WAITING FOR...

DONATE TODAY!

ENDOWMENT GROWTH*

in billions of dollars



*To allow for compatibility with years prior to fiscal 1995, this chart does not include pledge balances and interests in perpetual trusts.

REAL ENDOWMENT GROWTH

	Compound annual rate of growth			
	1974-84	1985-95	1996-06	1974-06
Total general investment return*	10.4%	12.7%	15.0%	13.5%
Average per unit income distributed as a percentage of unit value	(5.1)	(4.1)	(4.2)	(4.5)
Total return reinvested	5.3	8.6	10.8	9.0
Capital additions	3.3	1.5	1.9	2.2
Total growth in endowment	8.6	10.1	12.7	11.2
Inflation rate	(7.8)	(3.5)	(2.6)	(4.5)
REAL ENDOWMENT GROWTH	0.8%	6.6%	10.1%	6.7%

*Net of all expenses and fees, and including the impact of revenue-sharing agreements with certain fund managers.

Judging from the past couple of decades, HRSFA's total endowment (and thus its yearly allotment) should double every seven years, assuming there is no further investment in the fund. Of course, if HRSFA does have a profitable year (e.g. a well-attended Vericon), any excess proceeds can go into the endowment and make its allowance grow even faster. One important thing to note is that HRSFA will also maintain an account with a few thousand dollars to use for expenses to be reimbursed from other sources (Vericon guests reimbursed from Vericon proceeds, parties reimbursed from the UC, etc.) This amount distributed each year should be spent on improving the lives of that generation of HRSFA members. The endowment itself will take care of future generations.