

THE PROJECT BUDGET: INCOME & EXPENSE CATEGORIES

Each project is different, so you can expect that project budgets will vary widely in terms of types of income and expenses. The following are definitions of some general expense and income categories used to organize this information into a working budget, as well as useful tips.

Your own budgets may include, but will not be limited to, these sample categories.

INCOME CATEGORIES

Sales: Ticket revenue or income from sales of work, recordings, souvenirs/paraphernalia, refreshments, other goods

Project earned income from sales based on reasonable estimates drawn from past experience. Be cautious about projecting income from eventual sales of artwork created through the project as a way of covering project costs. Only do so if you have a history of sales to draw upon and potential to sell the work in a timely manner to coincide with the project.

Other Earned: Other fees for goods or services. This might include artist fee income from a presenter, fee for workshop or residency associated with the project, etc.

Contributions: Income that is not earned, but rather contributed through donations, grants or sponsorships.

Estimate income conservatively from grants and other sources you must apply for. Take into account chances you will be funded when deciding to project the income at all. Then consider the average amount the funder actually awards (vs. how much you requested).

It is useful to indicate if income from a source is "secured" (by contract or in the bank) or "pending" (requested or applied for and awaiting response.)

Government: Income from government grants or contracts, from the federal level to the local level. Also referred to as "public" funds.

Foundation: Income from foundation grants

Corporate: Income from donations from businesses, grants from corporate foundations or corporate sponsorships

Individual: Income from individual donors, including through donations to a benefit or fundraising event.

If you record total, or “gross”, income from fundraising events, be sure to reflect costs related to producing the event in the expense section of your budget, or else record only net income.

In-kind Contributions: Valuation of donated goods or services, as opposed to cash

Showing the value of donated goods or services demonstrates support for you and your work just as much as cash contributions do. Value in-kind donations their fair market rate. Apply only to outright donations for which the value can be documented, rather than the difference between “market rate” and discounted rates agreed to by a vendor or colleague.

Don’t show in-kind values as income without showing the same amount as an expense to keep your budget balanced. Otherwise, you will misrepresent that amount of cash you have to raise and spend.

To avoid confusion and better track actual cash, show in-kind valuations as budget notes or in a separate section outside of their budget itself –as in the example provided.

EXPENSE CATEGORIES

Personnel: Broader expense category that includes payment to employees, consultants & incidental labor. Provide detailed breakdowns of personnel, including hours/rate/activity/number of individuals paid.

Artist Fee: Fee for the creative and administrative time of the lead artist(s) and all other artists involved the project.

This is the line item in which you designate funds to PAY YOURSELF. As an individual artist, show one artist fee line amount to cover all of your time as the lead on the project and describe your role(s) in a note or detail. Don’t divide the amount of your fee between different line items such as artist fee and administration lines.

Marketing, PR & Outreach: Costs related to project marketing and outreach activities.
Your budget tells the story of your project, including how extensive promotion/marketing will be. Provide detail.

Administration: Direct costs associated with an artist’s general management of the project, i.e., office supplies, insurance, space rental, web fees, etc. In the case of organizations, this may include the allocation of a percentage of overhead costs like office space rental/utilities.

As an individual artist, don’t include your personal life expenses (apartment rent, utilities) under this category. Instead, pay yourself an artist fee that is meant to contribute to your personal costs.

Fiscal**Sponsorship:**

Fee charged by a fiscal sponsor (if applicable) on all grants & donations raised and received on behalf of a project, ranging from 5% to 10%. Budget for it and you will remember to cover it.

Contingency:

Allocation in your budget for the unexpected, ranging from 3% to as much as 20% depending on project scope and prior experience.

Base your contingency on the likelihood something will go wrong. If your project involves significant technical or material aspects that are new to you, you may wish to budget more for contingency than for a project where you are familiar with all aspects.