



**Lower  
Manhattan  
Cultural  
Council**

EMPOWERING ARTISTS,  
INVESTED IN COMMUNITY

# BASIC FINANCE FOR ARTISTS

*Week One: Introduction to Program – March 2015*

## **THE ARTS PROJECT BUDGET: INCOME & EXPENSE CATEGORIES**

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

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

### **INCOME CATEGORIES**

#### **Sales**

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

*TIPS: 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 received 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. This can function as a broader category or heading in your budget, under which you could track contributed income by source if there are several sources: e.g. government, foundation, corporate, individual.

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

*It is useful to note 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.

*TIP: 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 (income after you subtract the costs of putting on the event).*

### **In-kind Contributions**

Valuation of donated goods or services, as opposed to cash

*TIPS: Showing the value of donated goods or services demonstrates support for you and your work just as much as cash contributions do even though no cash changes hands. 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 in your budget 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.***

## **EXPENSE CATEGORIES**

### **Personnel**

Broader expense category under which you can include 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.

*TIP: This is the line item in which you designate funds to PAY YOURSELF. As an individual artist, we recommend that you show one artist fee amount to cover all of*

*your time as the lead on the project and describe your role(s) in a note or detail (ie "includes creative fee, administration")*

- **Marketing, PR & Outreach**

Costs related to project marketing and outreach activities.

*TIP: 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 and utilities.

*TIP: 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, generally 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.

*TIP: 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. Common range is 5-10%.*