



**Lower  
Manhattan  
Cultural  
Council**

EMPOWERING ARTISTS,  
INVESTED IN COMMUNITY

# ARTISTS SUMMER INSTITUTE

## BUDGETING & CASH FLOW

### ARTS PROJECT BUDGET: INCOME & EXPENSE CATEGORIES

Each project is different, therefore project budgets will vary widely in terms of the types of income and expenses included. The following are definitions of some common expense and income categories used to organize information into a working budget, as well as useful tips in how to reflect them.

Your own budgets may include, but should not be limited to these sample categories. We do not comment here on production or technical categories, which will be highly specific to each discipline and project.

#### 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 an artist fee from a presenter, fee for workshop or residency associated with the project, etc.

**Contributions:** Income that is not earned, but contributed through donations or grants. This is often used as a broader category or heading in a budget, under which you could track contributed income by source: e.g. government, foundation, corporate, individual.

## INCOME CATEGORIES (continued)

- Contributions (continued):** *TIPS: Estimate income conservatively from grants and other sources you must apply for. Consider the chances you will be funded when deciding whether to project the income in your budget. Also consider the average amount the funder actually awards (vs. how much you requested).*
- State if contributed income from a source is “secured” (by contract or money in the bank) or “pending” (requested or applied for and awaiting response.)*
- Government:** Income from government grants, 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: Show the value of donated goods or professional services to reflect the full range of support contributed to your project, even if no cash changes hands.*
- Value in-kind donations at their fair market rate. Apply only to outright donations for which the value can be documented: for example, the professional fee waived by a lawyer.*
- Do not show in-kind values as income in your budget without showing the same amount as an expense to keep your budget balanced. Otherwise, this will cause confusion about the amount of cash you have to raise and spend.*
- To avoid confusion with actual cash, show in-kind valuations in budget notes or in a separate section outside of the 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 worked, pay rate, activity/role, number of individuals paid.

**Artist Fees:** Broader expense category under which you can include the fee for the creative and administrative time of the lead artist(s) and all other artists involved the project.

*TIP: This is the category in which you designate a line item and 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 communicates to others the plans for your project, including how extensive promotion/marketing will be. Provide detail.*

**Administration:** Broader expense category under which you can include direct costs associated with an artist's general infrastructure/needs for the management of the project, i.e., office supplies, insurance, web maintenance fees, etc. For organizations, this may also include the allocation of a percentage of overhead costs like office space rental & utilities.

*TIP: As an individual artist, don't include your personal life expenses (apartment rent, utilities) under this category, even if you have a live/work space. Instead, pay yourself an artist fee (personal income) that is meant to contribute to those 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%.*