



**Lower
Manhattan
Cultural
Council**

EMPOWERING ARTISTS,
INVESTED IN COMMUNITY

BASIC FINANCE FOR ARTISTS: DANCE EDITION

WEEK ONE: Budgeting & Cash Flow

THE ARTS PROJECT BUDGET: INCOME & EXPENSE CATEGORIES

As each project is different, 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 this information into a working budget, as well as useful tips in how to reflect them.

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

INCOME CATEGORIES

Sales: Income from sale of tickets, recordings, souvenirs or paraphernalia, refreshments, other goods

TIPS: Base projections on reasonable estimates drawn from past experience. Be cautious about projecting income from eventual sales through the project as a way of covering project costs. Only do so if you have a history of sales and potential to conduct sales in a timely manner to coincide with the project.

Other Earned: Income from fees received for goods or services. Examples include commissions, artist fees and stipends, fees for workshops associated with a project.

Contributions: Income that is not earned, but contributed through donations or grants. Track contributed income by source: e.g. government, foundation, corporate, individual.

TIPS: Estimate income conservatively from sources you must apply for. Consider likelihood you will be funded and the average amount the funder awards when deciding whether to project the income in your budget (vs. how much you requested). State if contributed income from a source is “secured” (by contract or money in the bank) or “pending” (requested and awaiting response.)

INCOME CATEGORIES (continued)

Contributions (continued):

Government: Income from government grants, federal, state and local. Also referred to as “public” funds.

Foundation: Income from foundation grants

Corporate: Income from donations from businesses 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 assign or reflect values for the difference between “market rate” and discounted rates agreed to by a vendor or colleague.

If you show in-kind values as income in your budget you must show 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: Payment to employees, consultants & incidental labor. Provide detailed breakdowns of personnel by type (artistic, technical, administrative) hours worked, pay rate, activity/role, number of individuals paid.

Artist Fees: Payment of fees for the lead artist(s) and all other artists involved the project. This can be shown under personnel.

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. Describe your role(s) in a note or detail if desired (ie "includes artistic + administration").

Marketing, PR & Outreach: Costs related to project marketing and promotional activities, including press materials, printing, postage, pro-rated costs for website, email service, etc.

TIP: Your budget communicates to others the plans for your project, including how extensive promotion/marketing will be. Provide detail.

Administrative: Broader expense category under which to track costs associated with general management of the project, i.e., office supplies, insurance, non-project space rental, 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 personal living expenses (apartment rent, utilities) under this category. Instead, pay yourself an artist fee that will help cover 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 5% to 10%. This can appear under administrative. 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% of all project costs, 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, budget more for contingency than for a project where you are familiar with all aspects.