

Budgeting for a performing arts series is no different than budgeting for any other purpose – using your experience and some standard assumptions, you set your targets for your expenses and revenues.

The following breakdown is based on a fairly standard budget used when requesting grants. Using it as a guide will be helpful as you develop your series and perhaps look into making grant requests.

Expenses are generally divided into four areas:

- Artistic costs (including fees, travel, accommodation, hospitality)
- Production (including venue rental, lights, sound, custodial staff, ushers)
- Marketing (ads, promotional items, printing, photocopies)
- Administration (phone, office supplies, anything not directly covered by the above)

Revenues include:

- Government grants (federal, provincial, regional, municipal)
- Private fundraising (foundations, special events, sponsorships)
- Generated revenue (ticket/subscription sales, merchandise sales)

Questions to consider before beginning

- **Will you sell by subscription only?**

Advantages: this gives you guaranteed revenue no matter what the weather. Subscription sales also come early in your season giving you a guide for future spending.



Maderaz Latin Music
performs music from
Central and South America



Theatre Direct addresses an issue facing young people today in the production *I Met A Bully On A Hill*. Generally, established series base their ticket revenue on a 60% house. In your beginning years, you may wish to work on a 30% to 40% basis.

A separate spreadsheet should be kept for subscription revenues and expenses. The final subscription figures will then be divided and applied to each performance within the series. See the sample in the Appendices, page 54.

Disadvantages: People may hesitate to make a large financial commitment until they have developed a relationship with your series, and know what to expect. They are more likely to make a small commitment to start and then embrace you wholeheartedly.

- **Single tickets only?**

Advantages: Families have only to make a small financial commitment. (They can ‘try out’ your product before committing to the entire series.)

Disadvantages: Patrons may wait to purchase at the time of the performance. This means that in bad weather they may not make the effort to attend.

- **Combined subscription and single ticket sales?**

Advantages: Subscriptions go on sale first, guaranteeing purchasers a place at the performances. Single tickets are sold as available. This allows you to introduce potential subscribers to your series and maintain growth, as you will always be faced with families growing out of your series and the need to keep bringing in new patrons. You can offer special ticket sales to encourage new patrons to try you out.

Determining ticket prices

How do you set your ticket/subscription prices?

There is no magic formula, setting ticket prices becomes easier with experience as you learn what your community is willing to pay. In the first years you are making an educated guess by considering several factors:

- Fees charged for other activities in your community
- Talking to other young audience presenters in neighbouring and similar communities
- What would you be willing to pay for tickets?
- Talking to other families with young children
- What is the likely ratio of adults to children?

If you have a financial software programme, you can set a formula that will assist you in determining what your community can bear. Then all you have to do is change the number of tickets and and/or the price of each ticket and your total will adjust. It is a good idea to design your budget so that you are recording your actuals on the same page as your projections so that you can easily see where you met your targets. This information is very helpful in designing future budgets. The first year is always the most difficult as much of your budget will be based on guesses.

	Projected					Actual				
	# of tickets	x	price/ticket	=	total	# of tickets	x	price/ticket	=	total
Adults	5	x	10	=	50		x		=	
Children	7	x	5	=	35		x		=	
Total	12				85					

You want to encourage subscription sales. Why? Subscription sales put money in your hands earlier to help cover expenses. They are not weather dependent. Low subscription sales are an indicator that helps you determine how to spend your marketing dollars. Do you need to do extra marketing or are you sold out so you can save some marketing costs?

Assumptions can get you into trouble! “Our series sold out last year so we know that it will again this year” is one example. Unless you continue to build your audiences, drawing new patrons, you are putting off a reality – some day your audience will be less. We all lose patrons due to relocation and aging.

Marketing should be 10-30% of your overall budget.

Administration costs should be somewhere in the 10-15% range. Your largest expense will be the artist fees.

Don't forget to include **insurance** – liability and director's insurance.

Not-for-profit does not mean that your organization must break even every year. It means that the organization will use any profits for the continued benefit of the organization. It is not unusual for not-for-profits to build a reserve fund for contingencies.

Setting your budget

Once you have decided what you can expect for ticket revenue you can begin to develop your budget. List everything that you may have to pay for – including things that you expect to cover through in-kind sponsorships. Next, list every source of income you believe you have a good chance of achieving – this includes in-kind sponsorships, grants, ticket revenue, fundraising and concessions. Compare your totals. Generally you will find that you will not have enough revenue. If you do discover a shortfall you will need to review your expenses to see if you can cut costs or identify items that may be obtained through an in-kind sponsorship (materials or services provided at no cost in return for recognition as a sponsor). It is tempting to immediately cut the marketing budget. Be careful: if you can't tell people about your series you will not sell as many tickets as you need to in order to cover your costs.

It is tempting to begin by adjusting your expected ticket revenue to a higher figure. As with all budgets it is better to underestimate your revenue and overestimate your expenses. This will allow for the unexpected without putting your entire series at risk.

In-kind donations can often make the difference between success and failure. It is important that you be able to look at your budget and identify which items were covered by a donation. Someday you may have to begin paying for these items and it is helpful to know what you used in the past and how important it is to continue doing things the same way. If you have to pay for all your printing, do you need as many copies as you might use if they are free!

Making your budget work for you

- Have someone check your figures, or your formulas if you worked with a computer spreadsheet.
- Follow it and be prepared to explain why you made changes during the year.
- Have expenses outside of the budget authorized so all will know why additional money is being spent.
- Keep good records – including the value of in-kind donations.
- Keep in-kind donations as a separate section in both revenue and expenses. (Under expenses, you will find it helpful to label each item as marketing, printing, photocopying, etc.)

Your budget pages are more than a financial tool. They can help you determine future programming by helping you see which performers or types of shows attracted larger audiences.