

FESTIVAL AND EVENT PRODUCTION

Accounting / Contracting Guide

Accounting and Contracting for festivals and events is a major element that needs to be considered well ahead of any agreements, to protect the producer and the client. Having a reliable accounting method and a solid contracting policy will go a long way to ensure budgets are properly handled and there are no liability or payment term issues with vendors and artists.

Event and Festival Accounting

Creating / updating a master P & L / budget for the event / festival

Normal fixed costs for events

Venue rental, artist fees, permits

Normal variable costs for events

Staffing costs, furniture rentals, site related rentals (fencing, bike rack, etc), music licensing, insurance

Normal sources of income for events

Percentage of revenue from bar, food, art/craft, and/or merch vendors

Ticket sales

Sponsorships

Ad revenue from website, mobile app

Determining a realistic break-even point

Utilize the document below to help determine how much you need in income in order to break even given your estimated expenses - and remember that the best policy is to not rely on sponsorship income at all to hit your break-even point, because it is not a given.

Below is an example of a P & L / budget (**download it here** - .xls format) - the event information is blank but some elements have been filled in as examples so you can see how the formulas work.

It Features:

Event information

All expenses, aggregated and itemized

All income

Breakeven point if it is a ticketed / paid event

Total estimated profit or loss

The screenshot shows a detailed P&L budget spreadsheet. Key sections include:

- EVENT INFORMATION:** Fields for Event Name, Dates, Location, and Address.
- TICKET SALES:** A table with columns for 'Number of Tickets', 'Price', 'Estimated Gross Sales', 'Total Tax & Commission', and 'Net Sales'. It lists 'Ad. Ticket' and 'VP Ticket' with their respective counts and prices.
- TOTAL TICKET SALES:** A summary row showing 'Total Ticket Sales' and 'Total Ticket Revenue'.
- EXPENSES:** A list of various expenses such as 'Performance Fee', 'Other Costs (Marketing, Rental, General, Transport)', and 'Miscellaneous'. Each expense is listed with a 'Quantity' and a 'Unit Price'.
- TOTAL EXPENSES:** A summary row for all expenses.
- NET SALES:** The difference between total ticket revenue and total expenses.
- EVENT SUMMARY:** A final summary section including 'Total Estimated Profit / Loss'.

Providing petty cash / float for run of show festival needs

A necessity for most events, this is usually this is coordinated with the festival or office manager, and they will bring back any unused petty cash / float as well as all receipts to accounting for proper filing.

Sometimes debit / credit cards are used in place of petty cash.

Download a simple petty cash template in .xls format

| | A | B | C | D | E |
|----|-----------------|--------------|----------|---------|-------|
| 1 | Category | Place | Amount | Paid By | Notes |
| 2 | Site Needs | Lowes | \$96.65 | | |
| 3 | Food/Water | HEB | \$45.10 | | |
| 4 | Gas | Chevron | \$15.08 | | |
| 5 | Ice | Seven Eleven | \$5.39 | | |
| 6 | Site Needs | Home Depot | \$68.37 | | |
| 7 | Food/Water | Torchy's | \$18.40 | | |
| 8 | Office Supplies | Officemax | \$130.97 | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
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| 23 | | | | | |

| | |
|-----------------|----------|
| Total: | \$379.96 |
| Amount Started: | \$500 |
| Amount Left: | \$120.04 |

Payroll or not for employees / temp labor

Discuss the pros and cons of having your staff on payroll (and taking out taxes) vs. paying them all as independent contractors

Pros: easier to get them paid; they don't have to submit an invoice and accounting doesn't have to cut a check for each individual person

Cons: may cost more to keep the third party payroll company handling the administration of this; with contract pay, the contractor worries about taxes and other expenses.

Collecting W9s for all staff

Download the latest W9 direct from the IRS

Creating terms / conditions for vendors, artists, staff

Examples of contracting terms and conditions - coming soon

Work with the Contracting department

Determining who needs deposits and how to settle with vendors / artists

When possible, a 50% deposit with 50% paid net 30 is preferred for vendors. This allows the vendor to cover upfront costs and also gives the buyer flexibility - especially if the scope of services changes during run of show, affecting the final cost - and time to properly close out the event before having to cut final checks.

For artists, a deposit (ranges from 10% to 50% normally, and is usually agency specific) is normal with the balance paid either in cash, wire, or company check day of show.

Often accounting will cut the checks and hand them over to the stage manager for payment. Some events also require the payee to sign a receipt / proof of payment slip.

Examples of other Accounting Documents

Download an invoice template - .xlsx format

The image shows a screenshot of an Excel spreadsheet titled "Invoice". The spreadsheet is organized into several sections:

- Header Section (Rows 1-2):** Row 1 contains the title "Invoice". Row 2 contains "Address" and "Date" with "Invoice #" in the next column.
- Contact Information (Rows 3-4):** Row 3 contains "City, State, Zip" and "phone number".
- Project Information (Rows 5-6):** Row 5 is blank. Row 6 contains "Project Name:".
- Bill To (Rows 7-14):** Row 7 contains "Bill to:". Rows 8-14 are blank.
- Payment Terms (Row 15):** Row 15 contains "Payment Terms: Net 15 Days".
- Table Section (Rows 16-17):** Row 16 is blank. Row 17 contains the following table headers: "Quantity", "Description", "Rate", and "Amount".
- Table Section (Rows 18-24):** Rows 18-24 are blank rows for data entry.

Vendor and Staff Contracting

Vendor Contracting

Determine your terms and conditions for vendors to apply

Create a contract for them to sign that properly covers liability for the event

Determine insurance requirements for the vendor.

Include payment terms and any other requirements

You may wish to put a vendor on a "blanket contract" if you plan on utilizing them for multiple events, with the only things changing each time is the scope of work / services provided but all other legal and insurance related terms stay the same.

After they sign it, they will need to send you an invoice - if they have sent you just a quote previously, they will need to send a formal invoice.

After they complete their agreed upon work, accounting remits payment.

Staff Contracting

Determine your procedure; many events handle staff contracting as such:

Send the staff person an Independent Contractor's Agreement that includes

their pay and payment terms

Some events will also require the contractor to sign an NDA and/or liability waiver (especially if they do not have personal insurance)

After they sign it, they need to send you an invoice

After a properly completed job, accounting remits payment