

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.

	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					
13					
14					
15					
16					
17					
18					
19	Total:		\$379.96		
20	Amount Started:		\$500		
21	Amount Left:		\$120.04		
22					
23					

- 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.

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