

## **Guidelines for Donated Artworks**

### **Suggested Professional Guidelines for Artists and Organizations for works of art sold at organizational fundraising events**

It has long been known that, collectively, the art community in any given city or town contributes a huge amount of money to a wide variety of worthy causes, programs and institutions. The art community benefits greatly by following professional guidelines for these contributions. If the annual information and figures for financial contributions made by the art community could be collected it would be an important piece of the economic impact information that is always missing from local and state studies. Understanding the true economic value of the arts would significantly alter the way that communities perceive their local economy, giving the arts more importance in education, business planning, zoning, community recognition, etc.

The past 20 years have seen an astronomical increase in the popularity of benefit art auctions as fundraising vehicles. In many communities auctions are now the number one place people buy art. At the vast majority of these events, the artwork sells at well below its retail value. The frequency of benefit art auctions offers the public and art collectors a continual opportunity to buy art at far below market prices. This puts a strain on retail commercial galleries and in some communities the professional retail art market has been undermined to the extent that it simply cannot compete. It is little known that artists who donate their own work cannot take a tax deduction for its retail value. The artist may only deduct the cost of materials and services, like framing. Organizations known for their professionalism in running fundraising events are able to feature more valuable art and raise more money.

## **Goals**

Non-profit and community organization's intentions are recognized as honorable and their projects deserve funding. Artists, too, are validated for being generous and wanting to support worthy projects. The goals of all involved are to:

- Raise money for worthy organizations and projects.
- Maintain the value and respect accorded to artwork.
- Build stronger communities.

It is possible for artists to continue to benefit worthy organizations without killing the art industry. Organizations can partner with artists to raise money and at the same time help to

# Cultural Council of Indian River County

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replenish and grow the art resources in their community. In order to achieve these goals the Cultural Council of Indian River County has compiled professional guidelines that benefit organizations, art galleries, and artists.

## **Suggested Guidelines for Organizations**

The following are suggested professional guidelines for organizations that choose to tap the art market as a resource for fundraising.

- Adopt the intention that the event is a Benefit. By definition, a benefit is intended to raise the most funding possible for a worthy cause. The sale of art at a benefit must be perceived and promoted as professional, with defined intentions and goals.
- Make a professional commitment to those partnering with your organization to raise money. When partnering with the arts community it is very important that your event be viewed as a benefit, not a flea market. This commitment shows a respect for the value of the art and the artists, and brings in more funding for the organization—so everyone benefits.
- Educate your organizing committee and the public about the goals of the benefit, the professional contribution made by the artists, and the value of the art. This awareness is essential and should be reflected in planning the event and in all of the promotion materials.

## **Suggested Guidelines for Artists**

Donating your creative work to benefit worthy organizations is terrific. The goal is to be able to provide benefits while simultaneously building the strength of our local arts economy. A strong arts economy benefits the community in a multitude of ways, and is also a contribution to a worthy cause. Following these guidelines allows artists to contribute all the way around, while keeping the profession alive and healthy for other artists, galleries, and support services.

- Encourage organizations to follow the suggested guidelines for organizations.
- Consider participating with only organizations that follow these guidelines.
- Keep a record of the value of artwork that you have made available for fundraising purposes.
- Donating your portion of any sale back to the organization is terrific and, of course, your choice. Such a donation also provides tangible, concrete financial contribution information.

## Fundraising Methods for Organizations

### Auctions

Consider that each auction is going to either support or deplete the art resources of your community. Building a healthy professional arts community benefits your organization, and your city in countless ways. Keeping the price of art at an appropriate level brings in more money at your benefit events, and helps support artists and galleries in your city so they can continue to contribute to your organization

Please avoid silent auctions if at all possible. Part of your commitment to the arts community is to hire a professionally qualified auctioneer. By doing this, your organization is promising an event that is professional and is intended to raise money. Your organization assumes the role of the professional dealer in this partnership. The price of a good auctioneer is more than covered by the increased amount of money brought about in sales. Remember, this is a benefit; the goal is to raise as much money as possible.

### Pricing and Sales

Each artist should set the minimum bid for artwork. Insist that artists set this minimum at no less than 75% of the retail value of the piece—that is, at 75% of the retail value the artwork would sell for in a gallery. Artists should receive 50% of the retail value of each piece sold. Sales tax for the purchase of a piece is collected by the organization and paid for by the purchaser.

Artists may, at their own discretion, donate this money to the organization. Artists may not take a tax deduction for donating the artwork itself to charity, but may take the deduction for donating the cash. If the minimum bid on any piece is not met, then the artwork is returned to the artist, giving a full documentation of the location of the art.

### Auctioneer

When an auction is held with a professional auctioneer with lots of enthusiasm, patrons are reminded that the event is a benefit for a worthy cause. Artwork at such auctions can bring in more than the retail value. In such a case, the artist still received only 50% of the retail value—the organization receives the rest. At a great auction, everything sells at higher than retail value—after all the intention is to give money to a great cause, not just go shopping.

## Cultural Council of Indian River County

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Example: An artist wishes to donate a painting worth \$1,000 at gallery retail price. The artist sets the opening bid at \$750. The auctioneer is great and the piece sells for \$1,000. The artist is paid \$500, which is 50% of the retail value. The organization receives the remaining \$500. The artist may choose to donate all or part of their portion and receive a tax deduction.

### Program or catalog

Produce a program or catalog of the presented work to be auctioned. Even an inexpensively produced piece should include: each artist's name, contact information, other patrons and donors, and a brief outline of your organization's mission and programs. This provides an additional benefit to your organization by giving each patron something to take home at the end of the event.

### **Other Fundraising Methods**

There are other ways to structure an art fundraising event other than the rather generic auction. Changing the structure also offers your patrons a new experience and keeps things fresh, lively, more interesting, and more likely to attract patrons at your next fundraising event. Consider one of the following:

- A sale combined with a purchase awards program.
- A studio tour.
- Partnering with a selected artist whose images and work represent the organization and become part of the organization's promotional campaign. This symbiotic relationship is both creative advertising and builds quality and solid financial rewards for both parties.
- A Paint Out.
- Create some other type of interactive event.

It makes common sense to value your organization's event enough to present it professionally. By doing so, you are validating all concerned.

**The services of the Cultural Council of Indian River County are available in advising and assisting organizations that wish to create professional, creative events.**