



## Fundraising & Art Auction Guidelines

### Overview

Artists are often asked to participate (donate) their work to raise funds for worthy causes. This outline is intended to help artists to make an informed business decision when a request is made of them, by evaluating the pros and cons of participation. It is also intended to help organizations wishing to use art auctions as a fund raising mechanism to understand the effect of these fundraisers on the art market and the artists involved. There are ways that fund raising art auctions can be done well and help the arts community and the organization and ways which are abusive to artists and damage the local and regional art market.

### Guidelines For Art Auctions

- The artist sets a minimum bid and reserve price for their work. This allows the artist to protect their galleries and clients. If a work were to sell below market/retail, a client or gallery might ask, “Why should I buy/sell at retail?”
- The price on the artwork should be at retail or higher. Any markdown or “discount” of the retail price is deducted from the fundraiser’s percentage, not the artist’s.
- A minimum of 50% of the sale should go to the artist. Artists Equity regards requests for donations greater than 50% as an abuse to the artist and an unfair business practice.
- A qualified auctioneer should be hired to insure the best results for live auctions. The auctioneer should be supplied sufficient background on the artist and the art work to get the best results.
- The work should be displayed and lit to its best advantage.

- The work should be insured and protected from theft or damage.
- An agreement between the host and the artist covering the topics above should be in writing, including insurance in case of theft or damage.

### **Guidelines For Artists Considering a Donation**

**Evaluate the opportunity as it relates to your goals as an artist. These guidelines have been prepared to facilitate your decision-making:**

- How will participation affect my gallery, agent, collectors, and existing market?
- Is the audience one who will be willing to pay market value or above market to support the charity or cause?
- Is at least some of the audience made up of collectors who buy art at other times and may become collectors of your work?
- Has the organization conducted art fundraisers in the past? If yes, how long and how successfully? What type of art has sold well in the past? Who are some of the other artists donating? What is the price range art usually goes for in their auction? Do they have a list of previous buyers available that you can see? Are there catalogs of past works and what they sold for? If no, what are their plans to make this successful for them and the artists donating?
- Will the fund raiser cover my expenses and not undercut my work?
- Will there be a skilled auctioneer?
- Will the auctioneer present my work in an informed manner?
- Will my work be displayed to its best advantage?
- Will this be an all art auction or will the art be mixed in with other merchandise. This type of fundraiser is usually a bad idea for artists as they do not usually attract art lovers and collectors.

- Will a published artists statement or catalogue be available to the audience? A published catalog or artist's statement can communicate value and quality. It can also act as a minimal source of advertising. Consider supplying your own if one is not available.
- What costs of time and resources will I incur? Can you afford the time and costs associated with participation in the event?
- What is my tax situation and how valuable is any tax write off really? Do some math. Talk to your accountant or use tax planning software. If you are in the 10% tax bracket a \$100 donation is worth \$10 to you. If you are in the 28% bracket a \$100 donation is worth \$28. So the higher your income the more valuable a tax write off is. If you do a 50/50 split where you are paid 100% and donate half back, you have effectively wiped out your tax liability on the income.
- What is the level of the other artwork to be included in the auction? Poor quality artwork may affect the perception of your work.
- Will I be invited to the event as a guest (free) and identified as one of the artists during the event? You should be.

### ADDITIONAL CONSIDERATIONS

Organizations are asking collectors to donate artwork instead of artists. Collectors are able to take a full deduction in the U.S., whereas artists are only allowed to deduct the costs of materials. (Artists who donate their own work, for either sale or exhibition, may deduct only the cost of materials.)

An alternative is to create an agreement between the artist and the organization that the artist will receive the full amount of the sale of the work and then donate back a percentage to the organization. This allows the artist to sell the work and receive the full value of the amount donated back as a tax write off thus avoiding the "cost of materials" limitation of a write off.

Benefit sales are usually conducted in three ways.

1. The raffle, for which collectors buy a fixed-price ticket and choose an artwork as their names are called.
2. The silent auction, with bidding sheets posted beside each work.
3. Live auction which provides an additional entertainment component.

In the silent auctions and raffles, a lot of the art goes for well below market value. In any auction the minimum bid should be close to gallery retail pricing of the artist. If the artist share is above 50% of the final sale the initial bid price can be lowered in relationship to the artists expected gallery take home. Work not bid at or above the minimum bid should be retained and returned to the artist. In the raffle model the artist should be paid retail for the work and agree to donate some money back. All work in any auction should be labeled with actual retail gallery pricing to help educate the audience.

Auctioning work at less than retail value, or using a raffle model where tickets are not priced at least in the range of the lowest price work damages the local and regional art market and, likely, the artists future sales. If potential art buyers know there will be opportunities to acquire art at less than market value they have no incentive to buy at retail prices. They may well learn that there is no point in buying at retail since they will have opportunities to “buy cheap” at auctions.

Artist can attach a resale rider to the work. If the work is being sold for \$5,000, and then resold for \$10,000, the profit should be split between the artist and the original charity. A rider can be stipulated to last for a certain period of time. A rider can also stipulate that the artist or gallery has first refusal rights whenever the work next changes hands.

If you decide to donate work, give a piece that represents you well. Do not provide a “reject” that will give viewers the wrong impression of your art.

**Who is this guideline for?** Artists, institutions, businesses, & organizations engaged in fundraising or auctions who utilize artists and their artwork.

Based on guidelines published by Philadelphia/Tri State Artists Equity Association, Inc as modified by Denn Santoro, Photographer and owner of S&G Project Gallery in Rochester, MA