

Business: Purchasing Artefacts. These are ideas about how artefacts are purchased from artists and re-sold by the art centre.

What you will need

	<p>BUY artefacts UPFRONT Or PAY for artefact when sold</p>	
<p>Artefact</p>	<p>Art Centre Policy</p>	<p>Artefact Sales Display</p>

SAFETY: How to stay safe

Understand the tax laws which affect your income.
Keep records of all income and expenses.
Never ask for or sign for someone else's money.

GLOSSARY: Words you need to understand

- Artefact** In this resource we use the word **artefact** to describe one of the art or craft objects which are sold by art centres but are usually purchased up front from the artist. Some examples are beads, punu, woven baskets and sculptures, cards, prints, or mini-canvases. These things are sometimes purchased in bulk, and they are not usually catalogued individually.
- Mark up** The difference between what the artist gets and what the art centre sells the artefact for.

Up front Money paid to the artist by the art centre or gallery as soon as they get the work from the artist.

Artefacts

Art centre purchase of artefact from artist

When the artist is paid up front for an artefact or artwork, they no longer own it.

When the art centre sells it, there is no more money paid to the artist. The payment for artefacts is different to that for artwork sold in a partnership between the artist and their art centre, or the artist, their art centre and the gallery.

This list describes some of the ways these payments are different from each other.

Artefacts	Paintings
The artist collects or buys their own materials and they own the artefact they make with these materials	The art centre gives or sells the artist their art materials. The artist is obliged to bring the art work back to the art centre to be sold in partnership.
The art centre buys the finished artefact from the artist. This is an art centre expense.	The artist leaves the art work with the art centre which then works to sell the art work
The art centre now owns the artefact. There is no more money owed to the artist for the artefact.	When the art work sells, the artist is paid and the art centre receives a payment called commission .
The art centre decides the artefact's sale price, and the sale money is art centre income. Artefacts can be sold at a wholesale or retail price.	The art centre and the artist agree on the art work price. The price is set to sell for a realistic market value . It will be set in this way for the whole of the artist's body of works .

Payments for artefacts

When the artist has supplied the art centre with their artefacts, the art centre will process their payment. The art centre should describe the payment to the artist.

- When the artist receives payment they must sign a pay sheet. No one else should sign for them.
- The pay sheet must also record the type of payment: Cash, bank transfer or the number of the cheque paid to the artist.
- The pay sheet should also record the date, the amount and the person who made the payment.
- Most art centres will also fill in some code numbers to show the bookkeeper what sort of payment is being made. This information all goes into the art centre **financial reports**.

Paperwork for payment

An artist payment form might look like this:

OFFICIAL PAYMENT FORM , ABORIGINAL ART CENTRE				
Name: <i>Kaylee Mulga</i>		Date: <i>17-09-08</i>		
Job	Code	Details	Method / Number	Amount
<i>801</i>	<i>5-1160</i>	<i>Painted and burnt beads x 6</i>	<i>cash</i>	<i>\$150-00</i>
Received By: <i>Kaylee Mulga</i>		Authorised by: <i>P. Walsh, Manager</i>		

The art centre keeps this paper work and gives it to their bookkeeper to process. This shows how much money the art centre spends on purchasing artefacts. The payment form also records how much money the artist has earned from selling their art. This is an art centre expense often called an **artist's payment**.

Art centre sells artefact

When the art centre prepares to sell an artefact, the art centre puts a new price on the artefact.

This price is often about twice as much as the artist got paid. This is called the **mark up**. The art centre needs to keep enough **operating profit** in the bank to be able to afford to make artefact purchases. The money the art centre makes from these sales helps build this **operating profit**.

Operating profit is the money that keeps the art centre business running. This is the way shops and stores work, too. The art centre also has to pay GST tax when the artefact sells.

Art centre rules about artefacts

Different art centres will have different rules about artefacts.

- How much **mark up** does the art centre add? Mark up is the difference between what the artist gets and what the art centre sells the artefact for.
- How often does the art centre purchase artefacts.? This will depend on what sort of budget or how much operating profit the art centre has.
- What kinds of objects will the art centre purchase as artefacts? This may depend on the art centre's **marketing plan**: These are the plans which guide what products to develop and sell, how many, and how much the art centre can manage. This is a decision usually made when a good business plan is formed with the art centre members. It is then a guiding policy the manager must work within.
- What **wholesale** orders the art centre is receiving guides what profits are generated to use for purchasing more artefacts
- It is not very common for expensive artworks to be purchased up-front because most art centres do not have enough **profit** in the bank (operating capital) to spend in this way.

These points are not rules. There are many different ways for art centres to build and do business.