

**BLM # 1**

**AVI2O Fundraising and Financial Terminology**

**Students can** search for or create their own definitions for the key terminology listed below, or use this guide as a student reference guide.

**Creative Chain:** A value chain, known in this framework as the ‘creative chain,’ has been described as “a sequence of activities during which value is added to a new product or service as it makes its way from invention to final distribution” (Botkin and Matthews 1992, p. 26). The creative chain consists of an initial creative idea, which is usually combined with other inputs to produce a culture good or service, through a series of interlinked stages between their production and use. A culture product must be created, produced, possibly manufactured or reproduced, and then distributed before it reaches, or is used by, a consumer. The distinct steps or stages of the creative chain used by business establishments are the creation, production, dissemination and use. The process between the creation of an original product and its use can be simple or complex depending upon the number of stages it goes through. The simplest form of creative chain is the creation of an original work, such as a painting, which the artist may sell directly to the consumer.

**Fundraising:** involves raising money for a specific reason, usually over a specified period of time. Examples range from hospitals selling lottery tickets for a campaign for specific programs or equipment, to Girl Guides selling cookies.

**Not-for-profit:** corporations or associations who exist solely for charitable purposes, with no intent to create profit for members or stakeholders. One example would be the Canadian Cancer Society, who seeks to support those dealing with cancer, as well as awareness and research.

**Social Justice:** often interchanged with the term ‘human rights,’ social justice seek freedom, justice and equality for all. Issues explored may be local, from finding housing for the homeless, to global issues of poverty, healthcare, and the legal status of children when it comes to labour and education.

**Philanthropic:** often, but not always, philanthropy takes shape in the form of larger scale financial commitments and support for humanitarian purposes. Well known celebrities and business persons will become spokespersons for, or founders of, agencies dedicated to assisting global efforts in terms of healthcare, education, and disaster relief.

**Income Statement:** an income statement is a snapshot in time of the financial performance of an individual, charity or business. These statements will detail the revenues and expenses of a business over a specific period of time, indicating whether or not there has been a profit or a loss of income.

**Revenue:** the income, or money coming into, a project or business venture. For a business, revenues come from sales of goods or services: for a charity or fundraiser, revenues may come from sales or donations. An individual's revenue often comes in the form of employment income, or from allowances or government assistance.

**Expenses:** money spent to acquire goods and services, also known as the cost of something. Expenses for a fundraising activity may include food, the cost of renting a space, entertainment, advertising, etc.

**Fixed Assets:** usually refers to larger purchases of products purchased for long term, repeated use. Examples in art would be the equipment used repeatedly by artists: large items like kilns, presses, drying racks. For our purposes, we will also include smaller items used for multiple projects, like paint brushes, brayers, and coloured pencils.

**Consumables:** products that are used up. Household examples include food, cleaning supplies, and gasoline for your car to pick up supplies. In art, supplies that are quickly used up, or used only once will constitute consumables. For example, if you make an acrylic painting, the paper or canvas will not be used again; if you make a clay bowl, the clay and glaze will not be used again, and you must purchase more for your next project.

**Needs:** sometimes a matter of opinion, but is usually those things that you must have in order to survive, succeed, or be successful. Businesses often need a place to operate, and employees: individuals need food and shelter to survive.

**Wants:** wants are those things that we desire, but do not necessarily need. We often want things like brand name food or clothes, but they are not needs because we can survive just fine without particular brands. For a fundraiser, you may want to provide live entertainment, but it is not necessary, and recorded music may suffice.

**Profit:** when there is more revenue than there are expenses, the remaining money is called a profit, and can be put towards future projects, or in the case of a fundraiser, used to support the initial goal of the project.

**Loss:** when expenses exceed revenues, there is less money left than when you started. This is not desirable or the goal of business or fundraising, and highlights the importance of planning and the need for realistic expectations.

**Break-even:** when revenues equal expenses, you are in a break-even situation. While you would prefer to make a profit, there is some value in the experience of planning an event or business idea: next time for sure!