

Sample Record Label Budget for New Recording Project

Recording Expenses:

Studio fee: \$ 52,500
Drum Amp, Mic and Phase: \$ 3,000
Recording tape: \$ 8,000
Equipment rental: \$ 5,000
Cartage and Transportation: \$ 5,000
Lodgings while in studio: \$ 10,000
Catering: \$ 3,000
Mastering: \$ 10,000
Tape copies, reference CDs, shipping tapes, misc. expenses: \$ 2,000
Total= \$98,500

Additional Expenses for Recording:

Professional drum kit: \$ 5,000
Professional guitars [2]: \$ 5,000
Professional guitar amp rigs [2]: \$ 4,000
Professional bass guitar: \$ 1,000
Rehearsal space rental: \$ 2000
Total= \$17,000

Video Expenses (paid from a separate recoupable advance from Record Label):

Cameras: \$ 8,000
Crew: \$ 5,000
Processing and transfers: \$ 3,000
Off-line: \$ 2,000
On-line editing: \$ 3,000
Catering: \$ 1,000
Stage and construction: \$ 3,000
Copies, couriers, transportation: \$ 2,000
Director's fee: \$ 3,000
Total= \$30,000

Promotional Expenses:

Album Artwork: \$ 5,000
Promotional photo shoot and duplication: \$ 5,000
Events: \$ 5000
Total: \$15,000

Tour Expenses (paid from a separate recoupable advance from Record Label):

Bus: \$ 25,000
Crew [3]: \$ 7,500
Food and per diems: \$ 7,875
Fuel: \$ 3,000
Consumable supplies: \$ 3,500
Wardrobe: \$ 1,000
Promotion: \$ 3,000
Agent's cut: \$ 7,500
Manager's cut: \$ 7,500
Total: \$58,375

TOTAL EXPENSES: \$316,375

Performing artist income:

Record sales: 250,000 @ \$12 =
\$3,000,000 Gross retail revenue

\$ 390,000 Artist Royalty due: [13% of retail]:

Less advances: \$317,000 (\$ 250,000- Recording Fund + 67,000 Promotional Support)
= \$73,000

Less Producer's points/royalties: -\$ 40,000 (3%-6%)

Net Artist royalty: \$ 33,000

Record company income:

Record wholesale price: \$6.50 x 250,000 =
\$1,625,000 Gross Income

Artist Royalties due: \$ 390,000 before recoupables; \$33,000 after recoupables
Manufacturing, packaging and distribution: @ \$2.20 per record: \$ 550,000

Approximate Gross profit: \$1,042,000

How each player gets paid at the end of the recording project.

Record company: \$ 1,042,000

Producer: \$ 90,000

Manager: \$ 45,000

Studio: \$ 52,500

Agent: \$ 7,500

Lawyer: \$ 12,000

Performing Artist (If in a band of 4), net income each: \$ 8250.00