

April 20, 2017

TO: Board of Directors
FROM: Heller An Shapiro
RE: *ArtStream for Life* Book Discussion

Background:

The *ArtStream for Life* book was originally produced with a grant from the Maryland Developmental Disabilities Counsel and Tilson & Diaz Solutions, Inc.

Nicolette Stearns provided an outline to ArtStream staff, who then spent over 75 hours writing, creating the artwork, and designing the book. Nicolette was paid \$2,000 to write the book, and received full author status and recognition. However, it is also reasonable to argue that the staff turned Nicolette's notes into a successful book. For the second edition of the book, ArtStream staff spent almost 30 hours editing, revising and designing.

ArtStream's total book development expense is \$4,732.50.

Royalties for the book from Amazon, Kindle, Createspace (selling through the ArtStream website), and direct sales at events, range from \$6.94-\$12.24, (average: \$9.40). Depending on where the books sell from, ArtStream will need to sell 380-500 books to break even.

On April 12, 2017, Nicolette requested that ArtStream contract with her to split the royalties, paying her quarterly or as ArtStream receives royalty payments.

At the October 6, 2016 Board meeting, Patti Woolsey requested that the Board consider one of the following:

- Option A: Patti would write the book at no cost to ArtStream, would receive all sales up to a mutually agreed upon amount, then would divide the profits.
- Option B: Patti would be paid by ArtStream to write the book, ArtStream would own the book, recoup expenses and then divide any additional proceeds with Patti.

Proposal:

Develop a standard policy for *ArtStream for Life* and future books. A few ideas for discussion:

- a. ArtStream needs to recover all upfront costs before any royalties are divided.
- b. ArtStream could contract to pay for the book up front (\$2,000 in this case) and not offer royalty payments at all.

- c. ArtStream could offer to divide royalty payments after the book recoups expenses plus a specified amount (for example, 2 x expenses), since ArtStream will continue to manage the book's printing, distribution and marketing.

Historical Perspective:

When ArtStream produced the Knights of Glory CD, ArtStream paid for CD production, with a plan to sell a certain number of CDs. After that, ArtStream, Sally Kinka and Daniel Villar would divide any sales profits.

In this case, not enough CDs were sold to trigger the division of profits. Because the concept is now out of date, the Board voted to end this program. Knights of Glory is now fully owned by Sally Kinka and Daniel Villar (as of 7/5/16).

Rationale:

Book Sales-ArtStream for Life

Expenses:

Salaries (106 staff hours)	\$2,275.00
Legal fee (copyright statement)	\$187.50
Development fee (author)	\$2,000.00
books for Teaching Artists (50)	\$110.00
books for donor/program (50)	\$110.00
shipping fee for books	\$50.00
TOTAL:	\$4,732.50

Royalties:

Amazon	\$8.64	548
Createspace	\$12.24	387
Kindle	\$6.94	682
ArtStream Direct Sales	\$9.70	488
TOTAL:	\$37.52	
average royalty:	\$9.38	

Break Even
w/ only this
venue:

Break Even based on average: 505