


2018

# KODA: Business Plan

Klaudia Draber

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# Sotheby's INSTITUTE OF ART

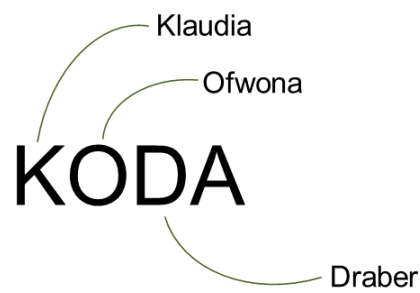
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Master's Project in Art Business

Sotheby's Institute of Art

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cross-disciplinary creative lab  
for creators, entrepreneurs and thinkers

## Business Plan

New York, December 2018 ©

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## Executive Summary

High costs of real estate prevent artists and social entrepreneurs from unleashing their curiosity. Secluded working spaces limit inspiration and the ability to cross-pollinate ideas. Traditional entrepreneurship is often disconnected from local realities, and fails to address the pressing societal and communal challenges. KODA provides space for collaborative work and enables synergy. It is a laboratory of creative concepts and a platform to advance the careers of artists and social entrepreneurs in an experimental manner to enable mutual learning and co-creation.

KODA will launch in two locations. The primary exhibition and co-working space will open in 2021 in Crown Heights, Brooklyn. The 3,000 SF space will host museum-quality solo shows of mid-career artists inspired by socio-political topics. The co-working space will offer a walk-in and a subscription-based office to social entrepreneurs who will be encouraged to collaborate with artists on remote and international projects. The space will engage the Crown Heights community of residents, schools, museums and a wider community of thinkers to engage in and experience KODA's programming. The second location will be a working space in the form of a residency and will open remotely in the third year of KODA's operation. The residency will offer six month-long access to studios and accommodation for three artists at a time. It will also extend the co-working space.

The industry of residency spaces has been around since 1900s, expressed in a form of direct art patronage or the forming of art colonies. Nowadays, the industry is formalized and allows for residencies to focus on their topics of their interest. There are approximately 500 residencies in the US and only 15% of them are defined as social-practice residencies. Their primary goal is to enable artists to engage in community-

based work in significant ways. KODA is a part of that niche industry, additionally introducing a unique model of creating an adjacent space for social entrepreneurs working collaboratively with artists. Business model was designed based on in-depth conversations with artists, the main customers of KODA. There are several other residency spaces in Brooklyn. KODA however is the only one located in Crown Heights, with a remote studios, accommodation and social projects involving artists and art. The key resources that KODA offers are the space, partnerships and financial resources. Support to artists will be offered through exhibitions, events, studio visits, social projects and publications. KODA vision will be defined and delivered by the Founder and Chief Curator and a three-person management team consisting of a Development Manager, Production Manager and a Program Manager.

Marketing strategy will be based on individual and personalized experience. Scholars will be involved in producing exhibition content, which will make artists interested in being a part of KODA. Key communication platforms will include a website, social media and publications. Online presence will be the cornerstone of the marketing strategy, as KODA will have two locations and multiple remote projects with an international reach. Collaboration with PR agents will support building the community and ensuring press presence for the artists. Community picnics, galas and dinners will be organized respectively to build the community, fundraise, provide exposure and build relationships between artists and patrons. KODA will also form strategic partnerships with private sector, government and civic society.

KODA is seeking \$500,000 funding in four yearly tranches with a projected 10% ROI achieved in year 10. The funding will contribute to the costs of staff and exhibitions. KODA's real estate expenditure is provided by an Angel Investor. The estimated

average real estate cost of the two locations is \$240,000 annually. The remaining costs will be executed as part of a funding strategy including government funding, philanthropy and strategic partnerships.

The projected annual turnover for year 1 is \$287,650, including launching costs for the organization and the production of the first six months long exhibition. The projected annual turnover for year 2 is \$321,750, including two six month-long exhibitions. The projected annual turnover for year 3 onwards is \$512,050, including the opening of the remote residency program with artists' studios and accommodation. Four yearly interests of \$137,500 will be paid back to the investor starting in year 7.

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# 1 Company Description

## 1.1 Mission Statement

KODA is a laboratory of creative concepts available for artists and socially engaged businesses to experiment with their ideas. KODA grants residencies to mid-career artists, hosts a co-working space for creative entrepreneurs and welcomes thinkers of all fields to gather and engage in exhibitions and events.

## 1.2 Values

The values of KODA are curiosity, growth, experimentation, collaboration and balance.

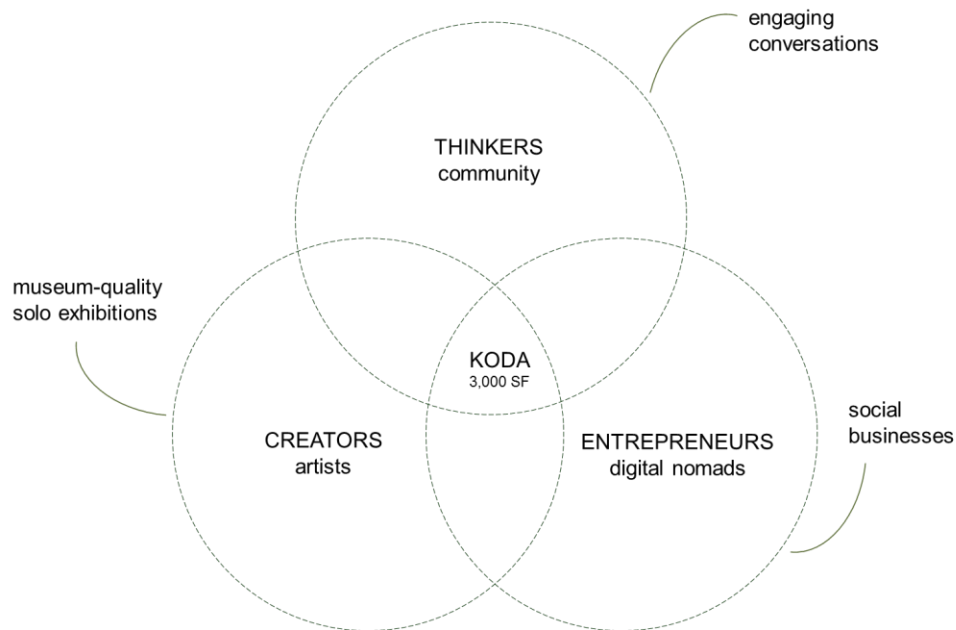
## 1.3 Overview

Diagram 1-1 depicts the unique value and the synergy KODA enables. The primary 3,000 SF location will open in 2021 in Crown Heights, the creative frontier of Brooklyn. Creators are mid-career artists who primarily explore socio-political concerns through conceptual and installation art. The exhibition space will provide due exposure to artists through surveys and retrospectives in museum-quality six months long exhibitions. The exhibitions will be developed in partnership with independent curators. The shows will be complemented by a program of smaller visual, experimental, conversational and music events. The programming will engage the thinkers, the community, schools, museums, other artists and art world professionals who are seeking to engage in meaningful and impactful conversations. The office space of KODA will be extended to host a co-working space for socially engaged entrepreneurs, on a walk-in and subscription-basis. The digital nomads will be encouraged to collaborate with artists on projects including public

installations, international social endeavors and Corporate Social Responsibility (CSR) initiatives. Remote and international projects will be formed as well.

The second location will be a remote working space in a form of residency and will open in the third year of KODA existence. The residency will offer six months long access to studios and accommodations for three artists at a time. Selected artists-in-residence will have an opportunity to have a solo show at KODA exhibition space in Brooklyn.

Additionally, they will have an opportunity to collaborate with social entrepreneurs in an extended co-working space that will offer a remote office location. The spaces and programming will be supported by formed strategic partnerships with interested institutions and direct funding. Residency is the primary activity of KODA and will serve as the working space and the backbone for the exhibition space. The growth of the residency program will lead to international exchanges with a network of studio spaces in Poland, Kenya, Hawaii and China.



**Diagram 1.3-1: KODA concept.**

## **1.4 Competitive Advantage**

The uniqueness of KODA as an exhibition and residency space is that it invites social entrepreneurs and fosters strategic partnerships with corporate partners to advance the creative career in an experimental manner by enabling mutual learning and collaboration on projects. Furthermore, market entry strategy involves Angel Investment covering real estate expenses. Real estate is the primary reason for art spaces closing and KODA is mitigating this risk. Finally, KODA is not only a space where visitors can see art, KODA is a creative workspace formed with diligently sourced partners that create art historically significant work and lead socially impactful projects. The strategic partnerships to support artists and creative projects are planned in the realm of Corporate Social Responsibility (CSR) and Creative Shared Value (CSV) in the areas of art, collection management, culture, socio-political creative work and technology.

## 2 Market Analysis

### 2.1 History of the Industry<sup>1</sup>

The industry of residency spaces has been around since 1900s. Art-loving benefactors then offered guest studios to individual artists as a new kind of direct and romantic patronage. Furthermore, around that time artists formed their first colonies. In the 1960s there were two key movements associated with artist communities. The artists either wanted to withdraw temporarily from a bourgeois society and live their utopia in seclusion or they were living on the other side of the spectrum advocating for social action and having guest studios in villages and cities, creating work for social and political change. In the 1990s various models of artist residencies existed around the globe offering hospitality and creating alternative, locally based centers of knowledge and experience in the arts. In the year of 2000, the era of new technology, residencies starting working together to support artists' careers. Residencies became a standard and indispensable aspect of the art world, obtaining funding from various sources including government funding and throughout strategic partnerships. New models started offering nomadic projects and interdisciplinary workshops. Starting from 2010 residencies became more research-driven peer-to-peer, global and focused on important topics in human lives and the world economy. New spaces were created with new models for the development of knowledge and understanding in arts and society. No longer have residencies focused on the why of their existence. Nowadays it has been what that counts. Residencies can be created around certain themes and be tailored to particular artists.

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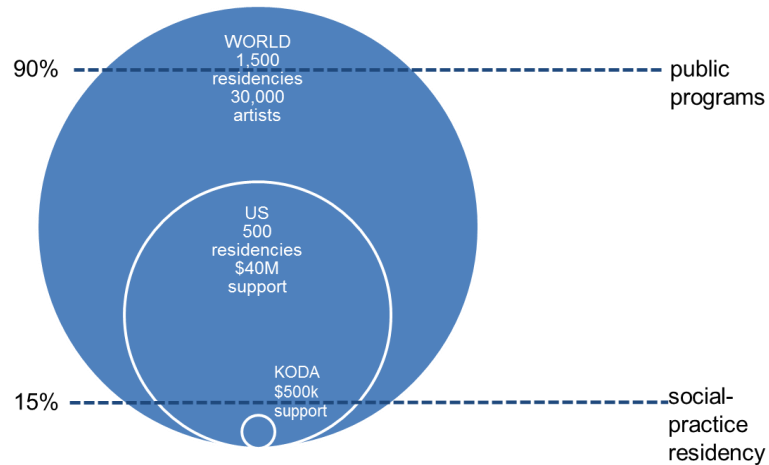
<sup>1</sup> <https://www.transartists.org/residency-history>

There are approximately 500 residencies in the US and only 15% of them are defined as social-practice residencies. Their primary goal is to enable artists to engage in community-based work in significant ways. KODA is a part of that niche industry, additionally introducing a unique model of creating an adjacent space for social entrepreneurs working collaboratively with artists. There are several other residency spaces in Brooklyn. KODA however is the only one located in Crown Heights, with a remote studios, accommodation and social projects involving artists and art.

## **2.2 Industry at a Glance**

Alliance of Artists Communities is the US leading association for residency spaces. In their research they underline the significance of residencies as research-and-development labs for artists, those that provide *“time, space and support for the creation of new work and the exploration of new ideas”*.

Diagram 2-1 depicts the structure of the industry. There are around 1,500 residencies world-wide, supporting approximately 30,000 artists every year. 90% of the global residencies have public programs that engage the local community. There are around 500 residencies in the US, providing approximately \$40 million support to artists annually. Only 15% of the US residencies are defined as social-practice residencies. These are residency programs that, as a primary goal, enable artists-in-residence to engage in community-based work in significant ways throughout a residency. KODA falls in the social-practice residency category. Assuming \$500,000 annual cash flow and work with at least eight artists annually, KODA’s indirect financial impact of around \$64,000 per artist.



**Diagram 2.2-1: Industry at a glance<sup>2</sup>.**

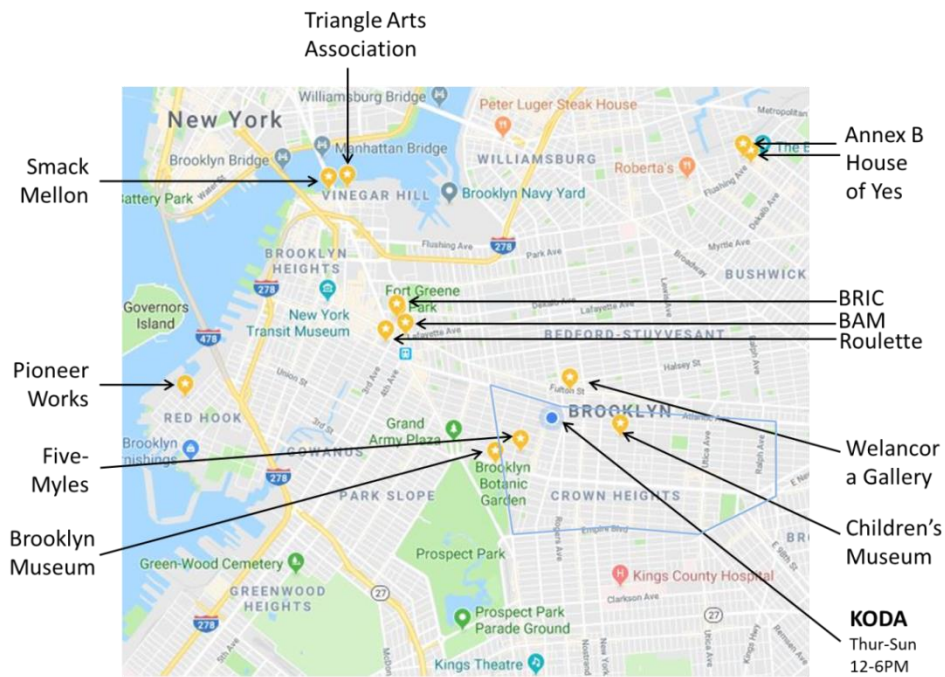
## 2.3 Community and Competitive Landscape

Crown Heights is a rapidly developing area of new creatives and artists. Diagram 2-2 depicts the community and competitive landscape of KODA. Art and culture operate in a community-driven rather than competitive approach. In Crown Heights there are two new contemporary art galleries. FiveMyles was founded in 1999 as an exhibition and performance space where art and community connect. FiveMyles opened their space with a performance marathon involving 20 artists. The programming includes community-oriented events. Welancora gallery opened in 2014, it is located in a townhouse. The focus of the gallery is to represent artists from around the world by placing their works with collectors and museums, holding major exhibitions and publishing scholarly catalogues. Medium Tings was founded in 2017 and is an apartment gallery and project space dedicated to emerging contemporary artists and seeks to expand creative engagement through programming, publications and collaborations. KODA unlike the abovementioned galleries focuses on mid-career

<sup>2</sup> Author created illustration based on research and data from Alliance of Artist Communities (AAC): <http://www.artistcommunities.org/>

artists, who have had accomplishments in their life and wish to experiment further, create new art and showcase their new concepts. Additionally, KODA hosts a working space for the artists and social entrepreneurs.

The wider Brooklyn landscape constitutes of several multipurpose residency spaces. Triangle Arts Association is an artist-founded non-profit art institution in New York City, working locally and globally since 1982. The organization provides up to four studios at a time and does not have an exhibition space. The program of Triangle Arts Association emphasizes research, dialogue and experimentation. Smack Mellon launched their studio program in 2000 providing working space for up to six artists at a time. The organization has an exhibition space and offers public programming. Finally, Pioneer Works was founded in 2012 and is a cultural center dedicated to experimentation, education, and production across disciplines. Pioneer Works hosts a large scale residency program with up to ten artists at a given time.



**Diagram 2.3-1: KODA community and competitive landscape.**

## 2.4 Crown Heights

KODA will be a destination for creatives of all fields to engage with the space, the work exhibited events and collaborate on projects. KODA will be located in walking distance from Brooklyn Museum and Prospect Park. Visitors coming from other parts of Brooklyn or other boroughs of New York City may also plan their trip in association with nearby cultural performance institutions, e.g. BAM, BRIC, Roulette Intermedium. KODA will be an active member of Community Board 8 and engage with the 96,317<sup>3</sup> population of Crown Heights.

## 2.5 SWOT Analysis

<b>Strengths</b> <ul style="list-style-type: none"><li>- Unique business model with emphasis on experimentation, collaboration and co-creation</li><li>- Social-practice focused residency</li><li>- Social entrepreneurs</li><li>- Hospitality and creating a sense of belonging</li></ul>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>- Complex business model, required special attention and clarity in conveying the vision of the space and in building reputation</li><li>- Might not be suitable for all artists</li><li>- Relying on multiple sources of external funding</li></ul>
<b>Opportunities</b> <ul style="list-style-type: none"><li>- Strategic partnerships addressing socio-political concerns</li><li>- Impact investment</li><li>- Venture philanthropy</li><li>- Corporate Social Responsibility (CSR)</li><li>- Creating Shared Value (CSV)</li><li>- Economic empowerment</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>- Competitive environment of Brooklyn</li><li>- Advancement of the residency and exhibition industry</li><li>- Political climate, regulations and international policies of the US</li><li>- Government funding constraints</li><li>- City zoning</li></ul>

<sup>3</sup> <http://www.brooklyn8.org/maps/>



## 2.6 Benchmark

Table 2-1 below depicts several non-profit institutions with a similar profile to the core business of KODA. The mission statements are included to provide an overview of each institution. Further, notes on model example are made in comparison to aspects appealing to KODA and aligning with KODA business model. The key finding from a benchmark analysis is that although the institutions welcome visitors, they do not provide a dedicated co-working space that would enable the visitors to spend hours in the space, explore, get inspired and at the same time create their own work, whether creative, business or otherwise.

**Table 2.6-1: Benchmark of non-profit institutions**

Space	Model example
<a href="#">Pioneer Works</a>	Own building and very spacious studio spaces with natural light. The wood and brick structure is very welcoming. Programming and music. Not constructed for the visitors to spend extensive amounts of their free time at the space.
<a href="#">The Shed</a>	Extensive event programming, multidisciplinary. Strong curatorial team. Incredible building design with moveable structure. The space is not open yet, opening in 2019, some events and programming has commenced.
<a href="#">MOMA PS1</a>	Curatorial practice and international studio/residencies. Focused on contemporary art. Exhibition space, not collecting institution. Experimental art, new ideas, new discourses and trends. Site-specific art. An innovative artistic laboratory. No co-working space that would enable the visitors to spend time in the space.
<a href="#">Triangle Arts Association</a>	Residency program for emerging but strongly positioned visual artists. Studio visits and cooperation with schools for workshops, education. Only representing visual artists. Not accessible for public on a daily basis.
<a href="#">Powerhouse Workshop in Gowanus</a>	Own building being re-designed and renovated by world class architects, the architects of Tate Modern in London. Spacious and multiple-purpose space by the water. The space is not open yet, opening in 2020.
<a href="#">Project for Empty Space</a>	Cultivating discourse around important social issues through contemporary art as a medium. Social impact work. Residency program. Located outside of the city. No chill out lounge, no co-working area, not interdisciplinary.

<a href="#"><u>59 Rivoli in Paris</u></a>	Ownership of the building, co-founded by the city. Used to be an artist squat, turned into artist studios. Has its own exhibition space with musical performance programming. Visual arts and music focused, not interdisciplinary. Does not have co-working possibilities.
<a href="#"><u>Greenpoint Gallery</u></a>	Collective for emerging artists, group exhibitions and sales. Small scale event programming. Visual arts and music focused, not interdisciplinary. Does not have co-working possibilities.
<a href="#"><u>Knockdown Center</u></a>	Art center, performance space, unusual projects and collaborations. Cross-disciplinary space with high reactivity to the site and the environment. 50,000 SF building. Event space with café, bar and food area. No co-working space, mainly focused on performances, not residencies.
<a href="#"><u>ISCP</u></a>	Curatorial practice and international studio/residencies. Ministry of Culture for each country contributes to financial support of the artists in residencies and the spaces. Thirty five work studios and two galleries. No co-working area. Focused on visual art and curating, not interdisciplinary.
<a href="#"><u>Five Myles</u></a>	Community oriented exhibition and performance space in Crown Heights. Innovative and experimental work. No co-working area, no residencies.

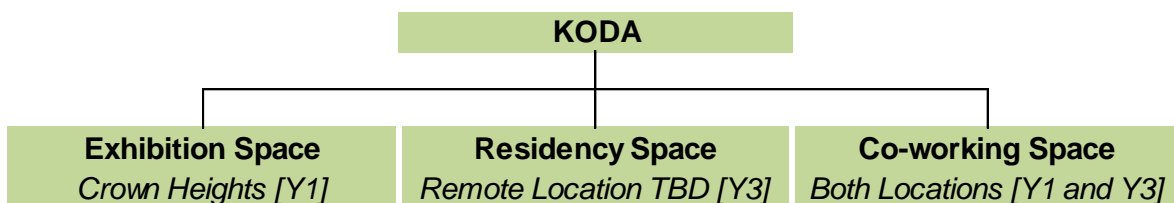
# 3 Company and Product Description

## 3.1 Vision and Product

KODA is the career-changing residency that takes artists' careers to the next level by providing time, space and support for exploration of new ideas and creation of new work with inspiration and in collaboration with other artists and social entrepreneurs. KODA is the inspiring working space that opens new possibilities to social businesses by providing them inspiration and opportunity for a direct social impact. KODA is the go-to thinking spot for thinkers to engage socially and explore their curiosity.

Vision will be met in stages. Stage one is the creation of the exhibition space to start promoting KODA vision and engage the community in programming, workshops and educational activities. The next stage in year three is the opening of the remote residency space. The co-working space will be active from day one in both locations.

Figure 4-1 depicts the structure of the organization.



**Diagram 3.1-1: Organization structure**

## 3.2 Customer Segments

The vision of the customer segmentation assumes the third year of KODA existence, including the fully operational residency space in a remote location.

### *Creators*

The key customers of KODA are the creators. The mid-career conceptual and installation artists, who have had successful careers with international and institutional shows and are now entering the brick-and-mortar art world. They are seeking for an intimate and community-oriented institution that will provide them an opportunity to showcase experimentation in their work and discovery of new concepts. The artists can engage with KODA primarily through the remote residency spaces, where they can work in a peaceful and inspiring remote location in their own studios with provided accommodation. The artists are offered studio visits, collaboration opportunities with other artists and career support. Additionally, selected artists based on curatorial program, will be invited to have surveys and solo-shows in KODA exhibition space, where they gain due visibility due to museum-quality long-term exhibitions.

Multidisciplinary artists of all genres including music, dance, design, film or writing will be invited to take part in exhibition-related programming and to collaborate with the exhibited artists. Finally, artists will have an opportunity to engage in create projects outside of the roams of fine arts, at the forefront of social businesses. This allows the artists to contribute to social impact directly through their work.

Figures 3-1 and 3-2 depict artists whose work, interests and working practices were a basis of the underlying analysis for KODA business model and business plan.

Teresa Margolles (1963)  
Mexican conceptual artist,  
photographer, videographer  
and performance artist.

Wu Tsang (1982) filmmaker,  
artist, and performer based in  
Los Angeles.

Renee Cox (1960) Jamaican-  
American artist, photographer,  
lecturer, political activist and  
curator.

Liz Glynn (1981) sculpture,  
large-scale installations, and  
participatory performances.

Kenseth Armstead (1968)  
artist installation video multi-  
media.

Emma Sulkowicz (1992)  
performance artist and anti-  
rape activist.



Diagram 3.2-1: Artists part 1 out of 2.

Elana Herzog (1954)  
installation artist and sculptor.

Christopher Myers (1974)  
artist, writer and award-  
winning illustrator.

Jacek Sroka (1957) painter,  
graphic designer, drawings.

Blane De St. Croix sculpture,  
installation, and work on  
paper.

Pamela Council (1986)  
sculpture, textiles, print-based  
media.



Diagram 3.2-2: Artists part 1 out of 2.

## *Thinkers*

Thinkers create the community around KODA. They are offered a space to think, explore and satisfy their curiosity. They are the direct neighbors of the exhibition and residency spaces but also the schools and museums around. They are invited to participate in exhibition-related and studio-spaces related programming activities. At the residency location the thinkers are invited to participate in studio visits and periodic events. The main space that thinkers will be engaging with is the exhibition space in Crown Heights, where on an ongoing basis they can explore the exhibitions, unfold their ideas and concepts, and participate in performances and events to satisfy their aesthetical and intellectual needs in one place. Thinkers extend also to other artists, art students and professors as well as scholars and professionals involved in art, culture, social studies, society and politics. The space will also welcome any other art lover and art critic.

## *Entrepreneurs*

Entrepreneurs are customers who are social entrepreneurs and digital nomads, who are involved in or interested in arts and culture. They work remotely and travel around the world to follow their passions. Social entrepreneurs are offered a co-working space in both KODA locations. They are encouraged to collaborate with artists on social projects that are aligned with the themes an artist is exploring and the strategy of the business the entrepreneur is involved in. Entrepreneurs also extend to individuals who work with international corporations and would like to engage with arts and culture as part of their Corporate Social Responsibility (CSR) and Creating Shared Value (CSR) policies. Entrepreneurs will be welcomed on a walk-in basis to use the inspiring office space and on a subscription basis to have long-term access to creative working premises of KODA.

## 4 Marketing Plan

Marketing strategy will be based on individual and personalized experience of each customer. Market research and detailed interviews with mid-career artists served as a basis for the design of the business model to ensure the key customer will be interested in being a part of KODA. Key communication platforms will include a website, social media and publications. KODA's visual identity will convey the message of the organization values and will be expressed throughout the logo, website (Figure 4-1), social media, publications and all written communications. The online presence is the key marketing aspect as KODA will have two locations and multiple remote projects with an international reach. KODA locations will be designed by prominent art-involved architects and the customer experience will be designed using service design approach. The space will be organized in a way to make the visitors feel encouraged to wonder and inspired to create.

Communication will be targeted to customers to ensure personalized experience with the services KODA provides. Scholars will be involved in producing all content for the publications and a digital archive of all exhibitions and projects will be preserved. Already established partnership with PR agents will support building the community and ensuring press presence for the artists. Press strategy will be further developed with the PR agents. Community picnics, galas and dinners will be organized respectively to build community, fundraise, provide exposure and build relationships between artists and patrons. The Board of Directors of KODA will be involved in promotional and funding activities. Funding and marketing campaigns will be periodically run as Kickstarter campaigns to reach new audiences and raise awareness of the socio-political issues

explored at KODA. Organized groups of collectors, e.g. Guggenheim Young Collectors Council or Friends of MOMA will be invited for private curatorial tours of exhibitions.

Social media will be fully utilized to reach millennial and younger generation audiences, including Facebook fan page, Instagram (Figure 4-2), Twitter and Flickr. Daily communication on social media will be informing the audiences about the interesting facts from the world of arts and culture, the new about the artists and alumni involved in KODA and sharing invitation to events. Newsletter is planned quarterly to share news and informative and inspiring content about the artists and KODA programming, workshops and educational activities.

Individual relationships will be the key marketing aspect, KODA will get recommended within the community that will build around it. Individual emails will be send out to curators and art patrons to invite them to engage with new experimental and collaborative work of artists they are interested in or topics they follow. Printed scholarly catalogues will be mailed to KODA friends and institutions.

Dedicated marketing campaigns will be developed for the residency program to promote the development of artists work and invite individuals to studio visits and general public to open studio events. KODA bus will be organized to periodically transport participants from New York City to the remote location of the residency spaces. Partnerships with professional arts and culture institutions will be formed and organized groups will be invited for studio visits as well.



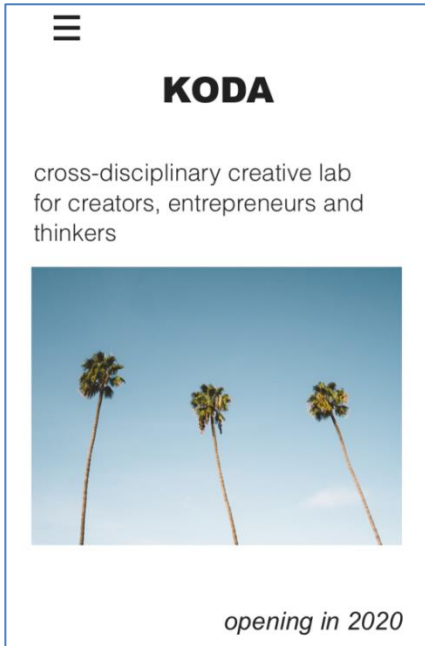


Diagram 3.2-1: KODA website:  
[www.kodalab.org](http://www.kodalab.org)

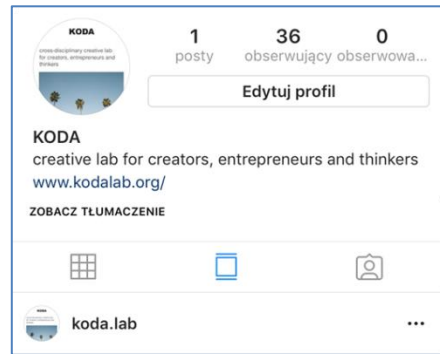


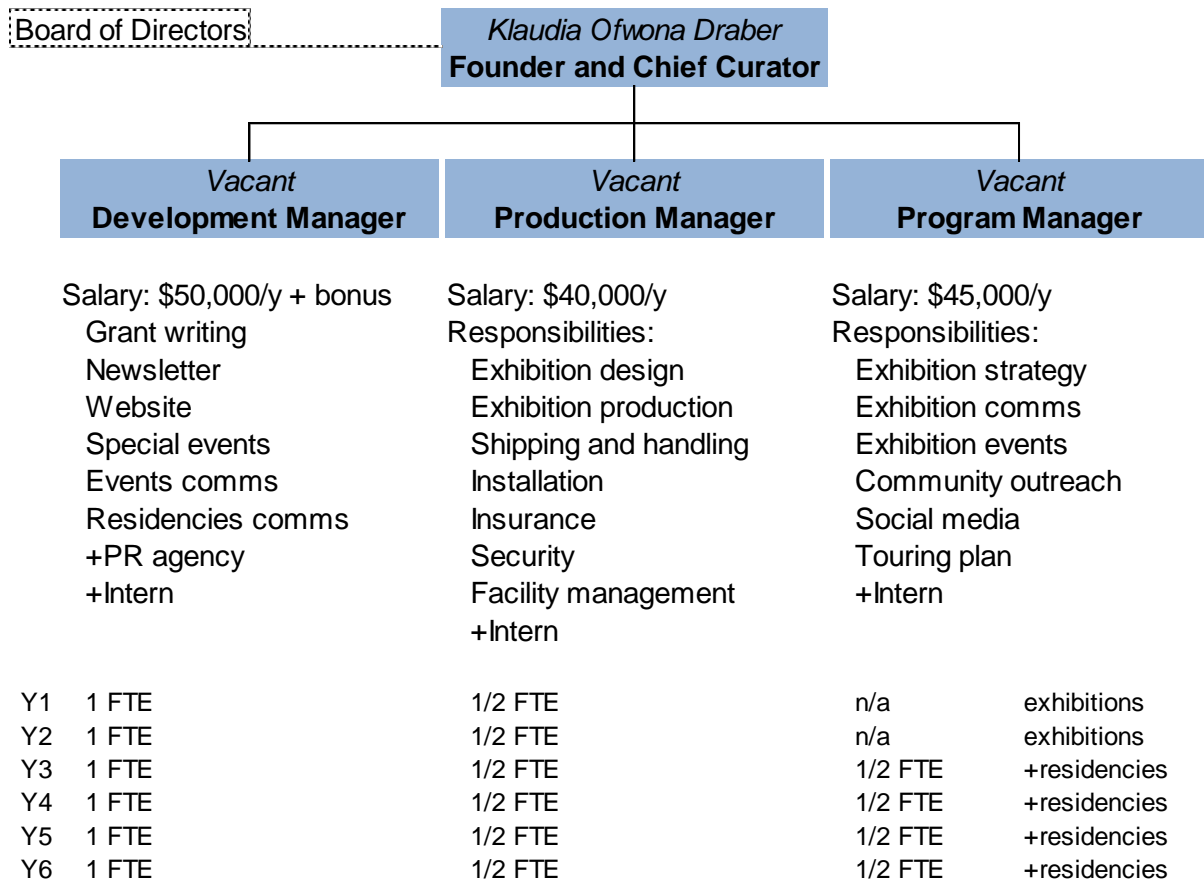
Diagram 3.2-2: Figure 4-2. KODA  
Instagram profile: @koda.lab

## 5 Operation and Development Plan

### 5.1 Staff

Figure 6-1 depicts the organization chart of KODA including roles, responsibilities, salaries and planned engagement within the first six years of KODA. The leadership team consisting of a full time Development Manager and a part time Production Manager will be established to open and operate the exhibition space. The operations of the organization will be limited by the long duration of exhibitions. Hence, the Production Manager will be working on a project basis. In the first two years the responsibilities of the Program Manager will be handled by the Founder and Chief Curator and a part time Program Manager will be hired in year 3 of KODA, when the remote residency space will be opening. Founder and Chief Curator will be mainly responsible for business development, building and liaising with the Board of Directors, finance and operations of the organization, strategic partnerships, chief curating and collaborating with external curators. KODA will offer internship opportunities in supporting each of the leadership roles. Interns will be mainly the Sotheby's Institute of Art Master's students. Interns will be offered mentoring and career advice.

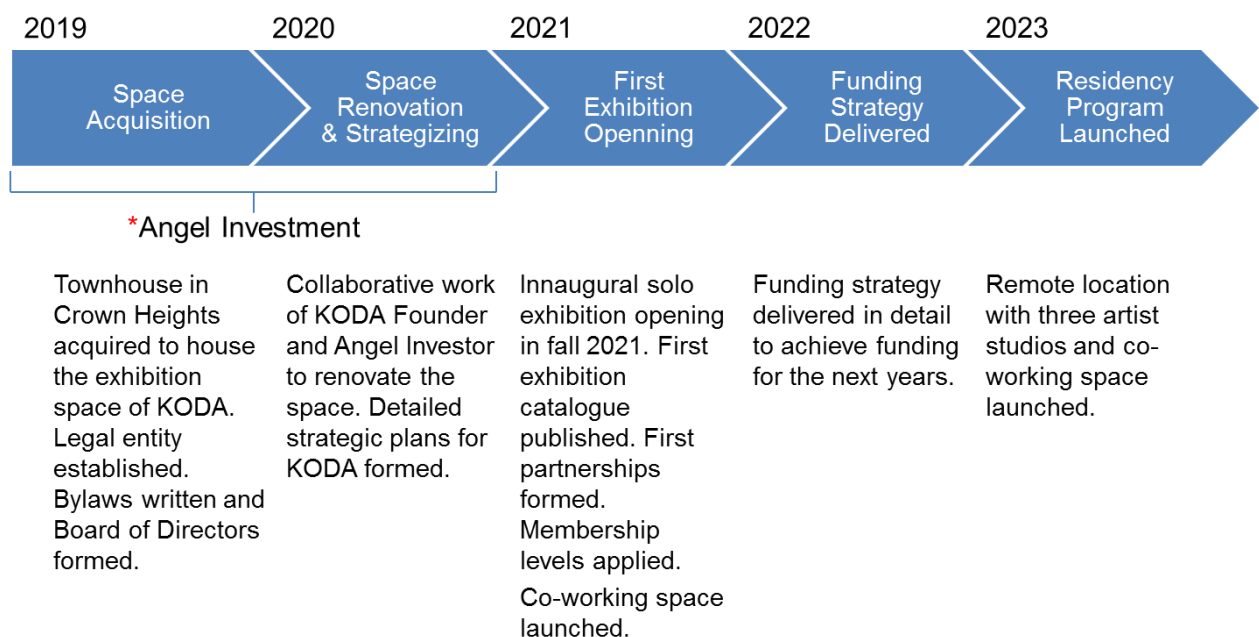
KODA staffing model assumes minimum 50% of women being hired and minimum 50% people of color. KODA is a platform for career enhancement and freedom in the same way it offers that to artists.



**Diagram 5.1-1: Org chart.**

## 5.2 Development Plan

Figure 7-1 depicts the schedule of KODA implementation. The Founder and Chief Curator has partnered with an Angel Investor who will provide KODA real estate. In 2019 a townhouse in Crown Heights will be acquired to house the exhibition space of KODA. The Board of Directors will be formed and KODA will be registered as a 501(c)(3) non-profit organization. Renovation of the space and detailed strategies to be consulted with the advisory board for KODA operations are scheduled for 2020. Two bottom floors of a townhouse and a backyard will be dedicated to exhibitions, events, programming and an office and co-working space. The first exhibition will open in 2021 with a solo show of an African-American mid-career artist. Events, programming and community building activities will commence. The funding strategy, outside of real estate Angel Investment and the impact investment will be delivered in detail to achieve funding for the next years. In year three the remote location will be opened with three artist studios and an extension of the co-working space.



**Diagram 5.2-1: Implementation schedule.**

### **5.3 Partnerships**

Strategic partnerships will be formed in all areas of KODA operations and will be structured to advance the career of artists and form the basis of long lasting artist to institution and intra-institutional dialogue. Furthermore, the social-practice of KODA projects will be aligned with the Sustainable Development Goals as defined by the United Nations. Public art entities will be the key strategic partner to engage KODA artists in public installation projects. KODA supports global and nomadic lifestyle and will further partner with international artist residencies in Poland, Kenya, Hawaii and China to form residency exchanges.

Partnership with the Sotheby's Institute of Art will ensure that KODA staff is well educated and working within the same frame of reference.

## 6 Basic Financials

### 6.1 Projections

Figure 8-1 depicts projected expenditure and revenue developed in a comparative analysis. Projected cash flow increases in value in year three as the remote location of KODA is established. The highest fixed cost that will be provided by the Angel Investor is rent. The requested impact or direct investment will cover staffing and exhibitions costs.

The requested impact or direct investment of \$500,000 can be delivered in four installments, \$150,000 in year 1, \$150,000 in year 2, \$100,000 in year 3 and \$100,000 in year 4. Four yearly interests of \$137,500 will be paid back to the investor starting in year 7. The total returned value will be \$550,000 adjusted for inflation. That is a 10% ROI achieved in 10 years.

#### Projected Expenditure

#	Item	Cost Type	Y1 2021	Y2 2022	Y3 2023	Y4 2024	Y5 2025	Y6 2026
1	Rent \$40/SF/y	Fixed	120,000	120,000	240,000	240,000	240,000	240,000
2	Utilities	Fixed	1,500	1,500	3,000	3,000	3,000	3,000
3	Insurance	Fixed	10,000	10,000	20,000	20,000	20,000	20,000
4	Staff	Fixed	70,000	70,000	92,500	92,500	92,500	92,500
5	PR	Fixed	24,000	24,000	36,000	36,000	36,000	36,000
6	Maintenance	Variable	5,000	10,000	15,000	15,000	15,000	15,000
7	Exhibitions	Variable	27,000	50,000	50,000	50,000	50,000	50,000
8	Shipping	Variable	2,000	5,000	5,000	5,000	5,000	5,000
9	Administrative	Variable	2,000	2,000	4,000	4,000	4,000	4,000
#	Contingency 10%	Variable	26,150	29,250	46,550	46,550	46,550	46,550
	Total		287,650	321,750	512,050	512,050	512,050	512,050

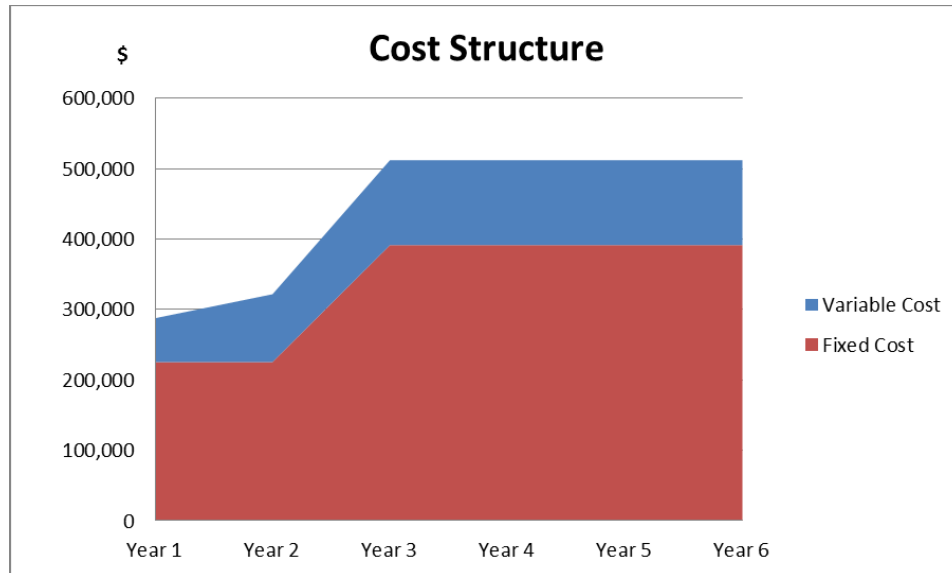
#### Projected Revenue

#	Item	Y1 2021	Y2 2022	Y3 2023	Y4 2024	Y5 2025	Y6 2026
1	Investor #1	120,000	120,000	204,000	204,000	204,000	204,000
2	Investor #2	150,000	150,000	100,000	100,000	0	0
3	Funding	17,650	51,750	208,050	208,050	308,050	308,050
	Total	287,650	321,750	512,050	512,050	512,050	512,050

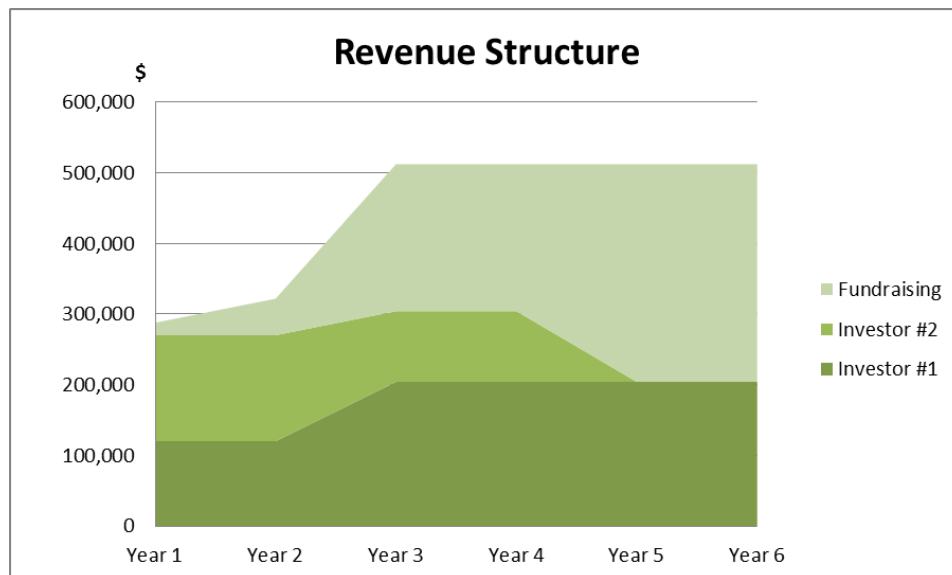
**Table 6.1-1: Projected expenditure and revenue.**

## 6.2 Financial Structure<sup>4</sup>

Figure 8-2 depicts cost structure. Figure 8-3 depicts the revenue structure of KODA.



Graph 6.2-1: Cost structure.



Graph 6.2-2: Revenue structure.

<sup>4</sup> <https://www.irs.gov/> - statement of expenditure and revenue as mandated by: Form 990 – the US Internal Revenue Service (IRS) tax return form used by organization that are claiming tax-exempt status.

The projected expenditure was calculated taking into account possible benefits and other assistance provided to artists, compensation of leadership team and staff, pension plan accruals and contributions, payroll taxes, fees for non-employees services, e.g. legal, advertising and promotion, office expenses, information technology, royalties, occupancy, travel, payments of travel or entertainment expenses for any federal, state, or local public officials; conferences, conventions, and meetings, interest starting year 7, payments to affiliates, depreciation, depletion, and amortization, insurance and other expenses not covered above.

The projected revenue includes contributions, gifts, grants and other similar amounts, federated campaigns, membership dues, fundraising events, related organizations, government grants, all other contributions, gifts, grants, and similar amounts not included above, noncash contributions, investment income (including dividends, interest, and other similar amounts), royalties, sales of assets other than inventory, sales of inventory, other.



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## *Online Resources*

<http://www.artistcommunities.org/>

<http://www.brooklyn8.org/maps/>

<https://www.irs.gov/>

<https://www.transartists.org/residency-history>