

John Gaskin Productions

Recorded Webinar
#1 of 6

“MANAGING
A Film Budget &
Production Costs



Goal of This Session: #1 of 6

Fluid understanding of the Film Budget
and how the various departments inter-
relate.

Organization Chart

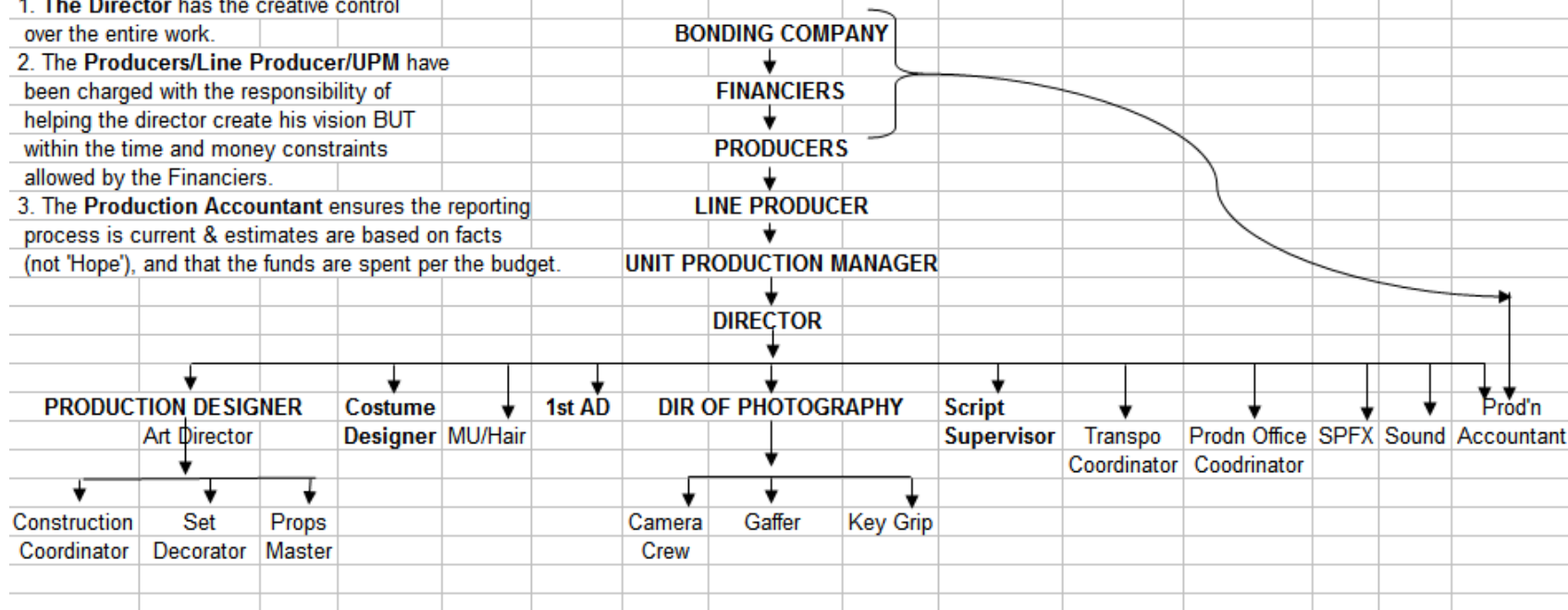
In the order of authority & responsibility

- The Completion Guarantors (Bond Co)
- The Financiers
- The Producers
- The Line Producer
- The Unit Production Manager
- Director of Photography – Prod'n Designer
 - 1st AD
- Department Heads

Organization Chart

Notes:

1. **The Director** has the creative control over the entire work.
2. The **Producers/Line Producer/UPM** have been charged with the responsibility of helping the director create his vision BUT within the time and money constraints allowed by the Financiers.
3. The **Production Accountant** ensures the reporting process is current & estimates are based on facts (not 'Hope'), and that the funds are spent per the budget.




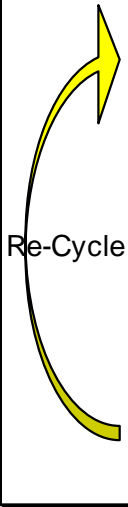

Line Producer/UPM

puters—the usual office equipment and furniture). During this stage, the groundwork for all later activities is laid.









The better the preparations during preproduction, the smoother and less risky the shoot. The closer the project gets to actual production, the more expensive the process becomes. Once principal photography begins, pressures on everyone increase dramatically. Suddenly, large amounts of money are spent every hour of every day. Delays are costly, shooting circumstances frequently get out of control, nerves are strained, and creative wishes clash with financial realities. Although the DGA's job description has a certain serenity to it, the reality of principal photography more closely resembles the conditions of a battlefield. Yet, it also is a time when all involved feel most alive, a time when all give their very best to help realize the director's vision.

Reference: **Film Production Management** By Bastian Clevé

When Film Budgets Are Used

<u>THE CREATIVE STAGE</u>		
<p>The Creative Stage: is the creative: concept - synopsis - script. Then comes the fun part of pitching the project for key talent and funding. The first question you'll get in this process is - HOW MUCH, HOW LONG AND WHERE?</p>		<p><u>ACTIONS TO GET DONE</u></p>
 	<p>CONCEPT - SYNOPSIS - SCRIPT</p> <p>↓ ↑</p>	<p>Option to Exclusive Rights</p>
	<p>BUDGET & SCHEDULE - #Days/Location</p> <p>↓ ↑</p>	<p>Clear CHAIN OF TITLE</p>
	<p>PITCH TO RAISE - Talent & Funding</p> <p>↓ ↑</p>	<p>Key Cast, Director, Estimate Tax Credits, Crew Availability</p>
	<p>Create a shell Company - "Prod. Co."</p> <p>↓</p>	<p>Circle the Wagons: Any financier, Studios, Distributor/Licensor, PreSales Domestic & Foreign</p>
	<p>FLASHING GREEN LIGHT</p> 	<p>Assignment of Rights to the ProdCo, and Ownership.</p>
		<p>Clean Chain of Title</p>
		<p>Legal: Bank Loan, Pre-Sales, Tax Cr.Applns, Bond Co</p>

When Budgets Are Used

<u>THE PRODUCTION STAGE</u>			
			
<p>The Production Stage: Prep - Shoot - Wrap - Post - Delivery. This is what most people recognize as Film Production. The functions of Directing, Cinematography, Acting, Make-Up, Costumes, Visual Effects, Music - this is the Sexy part of filmmaking.</p>			<u>ACTIONS TO GET DONE</u>
		PREP -Finalize Contracts/Agree'ts/Budget	Hire crew, update budget to bottom line, cashflow, Bond Co review
		SHOOT - Produce the "negative"	Compare costs & Estimate Costs to Complete. Compare to Budget
		WRAP - 3 to 5 weeks to wrap up records	Compare costs & Estimate Costs to Complete. Compare to Budget
		POST - create new office for post prodn	Compare costs & Estimate Costs to Complete. Compare to Budget

Budget Sections/Categories

"NO BIG DEAL BUDGET"

IATSE BUDGET - June 20, 2008

DIRECTOR: John Gaskin

EXEC PRODUCER:

PRODUCERS:

LINE PRODUCER:

POST: 24 Weeks

SCRIPT DATED: Unofficial Rev. of 4/22/08

Shoot: New York 48 days/Tulsa 2 days

Tulsa Travel 2 Days/Prep 1 day

HOLIDAYS: 2 Holidays during shoot

Labor Day (8/1) off between NY & Tulsa

Acct#	Category Title	Page	Total
1100	STORY RIGHTS		\$ 387,500
1200	WRITER		\$ 2,136,875
1300	SCENARIO MISCELLANEOUS		\$ 17,759
1400	PRODUCER		\$ 951,888
1500	DIRECTOR		\$ 2,201,671
1600	CAST		\$23,387,377
1700	BITS, DANCERS, STUNTS		\$ 479,001
1800	ATL TRAVEL & LIVING		\$ 948,063
	TOTAL ABOVE-THE-LINE		\$30,610,133
2200	EXTRAS & STAND INS	30	\$ 371,571
2300	PRODUCTION STAFF	33	\$ 1,008,239
2400	WARDROBE	39	\$ 908,758
2500	MAKEUP & HAIRDRESSING	43	\$ 232,052
2700	CAMERA	45	\$ 905,768
2800	PICTURE FILM DAILIES	48	\$ 403,852
2900	SET DRESSING	48	\$ 778,833
3000	ACTION PROPS	53	\$ 168,942
3100	PICTURE VEHICLES	54	\$ 5,100
3300	SET DESIGNING	54	\$ 379,580
3400	SET CONSTRUCTION	56	\$ 993,302
3500	SET STRIKE	61	\$ 48,014
3600	VIDEO PLAYBACK	61	\$ 92,120
3700	PRODUCTION SOUND		\$ 191,193
3800	SET LIGHTING		\$ 638,460
3900	SET OPERATION		\$ 733,080
4000	FACILITIES		\$ 337,463
4100	MECHANICAL SPECIAL EFFECTS		\$ 113,165
4200	TESTS & REHEARSALS		\$ 8,840
4300	LOCATIONS	71	\$ 721,436
4400	TRANSPORTATION	77	\$ 1,150,118
4500	SECOND UNIT	83	\$ 555,694
4700	PLATE UNIT	94	\$ 0
4900	BTL TRAVEL & LIVING	94	\$ 902,304
	TOTAL SHOOTING PERIOD		\$11,847,786
5000	SPECIAL PHOTO/VISUAL EFFECTS		\$ 20,000
5100	PROJECTION		\$ 31,539
5200	EDITING		\$ 949,597
5300	TITLES		\$ 75,500
5400	MUSIC		\$ 1,069,682
5600	POST-PRODUCTION SOUND	115	\$ 793,504
5800	PREVIEW EXPENSE	115	\$ 50,000
5900	FILM LAB EXPENSE	115	\$ 222,132
	TOTAL POST PRODUCTION PERIOD		\$3,211,863
7500	INSURANCE & MEDICAL		\$ 798,213
7700	PUBLICITY		\$ 45,316
7800	MISC UNCLASSIFIED EXPENSES		\$ 57,905
7900	CERTIFICATES & ROYALTIES		\$ 20,250
	TOTAL OTHER		\$ 921,684
	TOTAL ABOVE-THE-LINE		\$30,610,133
	TOTAL BELOW-THE-LINE		\$15,781,432
	TOTAL ABOVE & BELOW-THE-LINE		\$46,281,688
	GRAND TOTAL		\$46,281,688

Above-the-Line:
 Writer, Producers, Directors
 Cast & Stunts and their
 Travel/Living.

Shooting Period:
 Crew & Extras labor and all
 shooting related costs.

Post Production:
 All Editing, Music, Titles, Visual
 Effects, etc. mostly completed AF-
 TER the shooting period is over.

Other:
 Insurance, Publicity, Medical, etc.

Film Budget Top Sheet

Acct No		Acct No		Acct No	
11-00	STORY, RIGHTS, CONTINUITY	31-00	STORY RIGHTS	0100	STORY RIGHTS/ACQUISITIONS
12-00	PRODUCERS UNIT	32-00	WRITER	0200	SCENERIO
13-00	DIRECTOR	33-00	SCENARIO MISCELLANEOUS	0300	DEVELOPMENT COSTS
14-00	CAST	36-00	PRODUCER	0400	PRODUCER
15-00	BITS & STUNTS	37-00	DIRECTOR	0500	DIRECTOR
18-00	ATL TRAVEL & LIVING	38-00	CAST	0600	STARS
	TOTAL ABOVE-THE-LINE COSTS	39-00	BITS & STUNTS		TOTAL "A"
20-00	PRODUCTION STAFF	41-00	ATL TRAVEL & LIVING EXPEN.	1000	CAST
21-00	EXTRA STAFF		TOTAL ABOVE-THE-LINE	1100	BACKGROUND PERFORMERS
22-00	SET DESIGN	42-00	EXTRAS & STAND-INS	1200	PRODUCTION STAFF
23-00	SET CONSTRUCTION	43-00	PRODUCTION STAFF	1300	DESIGN LABOUR
24-00	SET STRIKING	44-00	WARDROBE	1400	CONSTRUCTION LABOUR
25-00	SET OPERATIONS	45-00	MAKE-UP & HAIR	1500	SET DRESSING LABOUR
26-00	SPECIAL EFFECTS	47-00	CAMERA	1600	PROPERTY LABOUR
27-00	SET DRESSING	48-00	PRODUCTION FILM & DAILIES	1700	SPECIAL EFFECTS LABOUR
28-00	PROPERTY	49-00	SET DRESSING	1800	WRANGLING LABOUR
29-00	WARDROBE	50-00	ACTION PROPS	1900	WARDROBE LABOUR
30-00	PICTURE VEHICLES	51-00	ACTION PROPS - VEHICLES	2000	MAKEUP/HAIR LABOUR
31-00	MAKEUP & HAIRDRESSING	53-00	SET DESIGN	2200	CAMERA LABOUR
32-00	LIGHTING	54-00	SET CONSTRUCTION	2300	ELECTRICAL LABOUR
33-00	CAMERA	55-00	SET STRIKE	2400	GRIP LABOUR
34-00	PRODUCTION SOUND	56-00	VIDEO	2500	PRODUCTION SOUND LABOUR
35-00	TRANSPORTATION	57-00	PRODUCTION SOUND	2600	TRANSPORTATION LABOUR
36-00	LOCATION	58-00	SET LIGHTING	2800	PRODOFFICE EXPENSES
37-00	PRODUCTION FILM & LAB	59-00	SET OPERATION	2900	STUDIO/BACKLOT EXPENSES
38-00	TRAVEL & LIVING	60-00	FACILITIES	3100	SITE EXPENSES
40-00	FACILITIES	61-00	SPECIAL EFFECTS	3200	UNIT EXPENSES
41-00	ANIMALS	62-00	TESTS & REHEARSAL	3300	TRAVEL & LIVING EXPENSES
42-00	SECOND UNIT	63-00	LOCATIONS	3400	TRANSPORTATION
44-00	AERIAL UNIT	64-00	TRANSPORTATION	3500	CONSTRUCTION MATERIALS
45-00	MARINE UNIT	65-00	NEW YORK UNIT	3600	ART SUPPLIES
48-00	RE-SHOOTS	66-00	2ND UNIT	3700	SET DRESSING
	TOTAL BELOW-THE-LINE	69-00	BTL TRAVEL & LIVING EXPEN.	3800	PROPS
50-00	POST PRODUCTION STAFF/FACIL		SHOOTING PERIOD	3900	SPECIAL EFFECTS

Types of Costs

- Labor & Non-Labor
- Discretionary & Non-Discretionary

Sections/Categories/Accounts

- Go through budget to identify if ATL or BTL
- Go through some accounts to identify which category they're usually in.

Making Changes

- Examples using leading software
- General example of managing the budget through Prep until “Locked”
 - Rental rates
 - Labor Rates
 - Vary until bottom line shows no variance.

Managing A Budget With Globals

- Use of Globals and ways to utilize in managing a budget

Managing A Budget With Groups

- Use of Groups and ways to utilize in managing a budget

Managing A Budget With Fringes

- Use of Fringes and how to manage

Tax Credits & the Budget

- NY – what expense qualifies
- <http://www.nyc.gov/html/film>

“Qualified productions” are feature length films, television films, television pilots or television series. Certain categories of productions are excluded from the program, including but not limited to documentaries, news or current affairs programs, interview or talk shows, instructional videos, sport shows or events, daytime soap operas, reality programs, commercials, music videos.

“Qualified production costs” are costs for tangible property or services used or performed within New York directly and predominantly in the production (including post production) of a qualified film. Qualified production costs generally include most below-the-line items including costs of technical and crew production, expenditures for facilities, props, makeup, wardrobe, set construction, background talent, etc., and generally exclude costs of stories and scripts, and wages for writers, directors, producers and performers (other than extras without spoken lines).

“Qualified film production facilities” are facilities in the State of New York in which television shows and films are or are intended to be regularly produced, and which contain at least one sound stage of at least 7,000 SF.

Assets - As a note to CPA's

- The “Assets” to be purchased are budgeted within the Film Budget at full cost.
- Any re-sale is considered a bonus
- Generally, the same with Tax Credits estimated.

“Deferred” Costs in a Film Budget

- Deferred right through to the “back-end”
- Deferred to a certain future date.

Cashflow Based on the Film Budget

- Example of a Cashflow

Solid Contracts

contract language, but it is important that you understand and become accustomed to it. All aspects of the motion picture business, subject to a high degree of risk and financial failure, are regulated by contracts.

All parties involved in the production of a film must have solid contracts as a working basis. The process of film financing and production is complex, full of uncertainties and possible failure, involved with high-powered and creative people and all their ambiguities. Additionally, the shooting period is so full of stress, battling egos, and possibly difficult logistical and location-related circumstances, that a clear understanding of everyone's role in a production—including his or her rights and duties—becomes vital.

Most of this book refers to theatrical motion picture production, but the procedures and principles illustrated herein are true for almost all other areas of media production. Whether you are working in television, commercials, corporate films, music videos, documentaries, or short films, you always will

Reference: **Film Production Management** By Bastian Clevé