

John Gaskin Productions

Recorded Webinar
#4 of 6

“MANAGING
A Film Budget &
Production Costs



Goal of This Session: #4 of 6

- Introduce the Cost Report
- Compare the “Locked Budget” with our Estimates-To-Complete for some SAG Performers
- Familiarization with the SAG CBA (Codified Basic Agreement)
- Familiarization with other forms of “Estimating-To-Complete”

After the Budget Is “Locked”

- It's all about the Cost Report.
- It compares the projected costs, called the “Estimates-To-Complete”
- With the “Locked Budget”
- For every ‘Section’, ‘Category’ and ‘Account’.

Cost Report – Initial Example

1	2	3	4	5	6	7	8	9	10
Account Number	Account Description	ACTUAL THIS PERIOD	ACTUAL TO DATE	TOTAL COMMITS	TOTAL COSTS	ESTIMATE ToComplete	ESTIMATED FINAL COST	BUDGET	VARIANCE
ABOVE THE LINE									
801 01	STORY RIGHTS	-	620,000	-	620,000	-	620,000	600,000	(20,000)
801 02	OTHER RIGHTS	-	38,495	-	38,495	10,065	48,560	47,560	(1,000)
801	STORY & OTHER RIGH	-	658,495	-	658,495	10,065	668,560	647,560	(21,000)
803 01	WRITERS SALARIES	-	195,000	-	195,000	100,000	295,000	295,000	-
803 04	SECRETARIES	-	65	-	65	435	500	-	(500)
803 08	SCRIPT PRINTING	309	1,097	-	1,097	403	1,500	2,500	1,000
803 30	TRAVEL & LIVING EXP	-	5,462	-	5,462	1,712	7,174	7,174	-
803 40	RESEARCH	3,677	3,677	-	3,677	323	4,000	3,500	(500)
803	WRITING	3,986	205,301	-	205,301	102,873	308,174	308,174	-
805 01	EXECUTIVE PRO	-	112,304	-	112,304	162,696	275,000	275,000	-
805 02	PRODUCER	-	302,624	-	302,624	822,376	1,124,999	1,124,999	-
805 06	ASSISTA	-	18,240	-	18,240	10,739	28,979	28,979	-
805 30	TRAVEL	-	7,703	-	7,703	994	8,697	8,697	-
805 50	INDEP	-	1,000	-	1,000	-	1,000	1,000	-
805 51	PURCH	-	154	-	154	66	220	220	-
805 56	RENTAL	-	117	-	117	383	500	500	-
805 57	WRAP PA	-	-	-	-	6,000	6,000	6,000	-
805 58	ENTERTAIN	-	2,617	-	2,617	4,883	7,500	7,500	-
805 60	MISCELLANEOUS	-	10,000	-	10,000	3,500	13,500	13,500	-
805	PRODUCER & STAFF	132,983	559,648	385	644,181	1,139,337	1,783,481	1,780,381	(3,100)
807 01	DIRECTOR	69,565	500,000	-	500,869	1,099,131	1,600,000	1,600,000	-
807 05	CHOREOGRAPHERS	-	1,375	-	1,375	-	1,375	-	(1,375)
807 06	ASSISTANTS	625	4,563	-	4,563	19,737	24,300	24,500	200
807 30	TRAVEL & LIVING	10,250	100,931	42,019	142,950	39,635	182,585	184,585	2,000

Note that Col. 5, The Purchase Order Commitment of \$42,019, is added to Col.4 and the result is the Total Costs to date in Col. 6.

Then the Estimate To Complete of \$39,635 in Col.7 is added to the Total Costs to get the Final Estimate to Complete in Col. 8.

The Estimated Final Cost is less than the Budget resulting in an Under-Budget Variance of \$2,000 in

Cost Report – the “Product” of Accounting

- This is what’s exchangeable
- Like a baker bakes a loaf of bread and exchanges it for money
- We bake a Cost Report and exchange for our pay and future goodwill.

Behind The Cost Report

- The cost report is a reflection of three things:
 - 1. Bookkeeping (timely/accurate)
 - 2. Auditing (normally called “Internal Auditing”)
 - 3. Reporting (includes estimating through to completion)
- In film production the accountant is expected to know more about estimating future costs than, say, construction accounting.

4 Payroll Services

- Entertainment Partners – Univ/WB
- Cast & Crew -
- Ease Entertainment - Sony
- Media-Services

Example of a Weekly Cost Report

Covering memo

PRODUCTION FEATURE COST REPORT	
TO: Studio VP Production/Finance Exec Producer Producer Bond Company	DATE: <input type="text" value="03/01/10"/>
CC: (Other creative producers, director, other Studio heads)	
RE: <u>"NO BIG DEAL"</u>	
THIS COST REPORT REFLECTS THE STATUS AS OF W/E <input type="text" value="2/27/2010"/>	
THIS REPORT IS BASED ON DAY <input type="text" value="35"/> OUT OF <input type="text" value="40"/>	
THE PRODUCTION IS AHEAD - (BEHIND) SCHEDULE <input type="text" value="(0)"/> DAYS.	
THE FINISH DATE IS <input type="text" value="3/6/2010"/>	
COST TO DATE:	<input type="text" value="600,995"/>
COMMITMENTS:	<input type="text" value="310,780"/>
ESTIMATE TO COMPLETE:	<input type="text" value="8,246,777"/>
ESTIMATED FINAL COST:	<input type="text" value="9,158,552"/>
BUDGET:	<input type="text" value="9,158,552"/>
(OVER)UNDER:	<input type="text" value="0"/>
CHANGE FROM PREV. PERIOD:	<input type="text" value="0"/>
COMMENTS:	<p><u>Note: Contingency has not been Invoiced.</u></p> <p><u>All costs projected through end of production.</u></p> <p><u>The payroll is entered to the cost report through to W/E Feb 20/10</u></p>
APPROVED:	_____
_____	_____
EXECUTIVE PRODUCER	LINE PRODUCER/UPM
	PRODUCTION CONTROLLER

Example of a Weekly Cost Report

- Variance Sheet

FEATURE COST REPORT			
VARIANCE SHEET			
			DATE: 3/1/2010
RE:	"No Big Deal"		
			W/E 2/27/2010
CHANGES FROM PREVIOUS PERIOD			0
BELOW IS A BREAKDOWN OF CHANGES FROM LAST WEEK'S COST REPORT:			
DETAIL	DESCRIPTION		AMOUNT
<u>a/c#</u>	<u>Set#</u>		<u>Over/(Under)</u>
1403		(Description of over/under)	1,234
1511		(Description of over/under)	3,562
1512		(Description of over/under)	1,299
2205		(Description of over/under)	1,423
2216		(Description of over/under)	700
2299		(Description of over/under)	5,266
2315		(Description of over/under)	1,326
1355		(Description of over/under)	976
1417		(Description of over/under)	2,541
3403		(Description of over/under)	(6,756)
3403		(Description of over/under)	(4,621)
3415		(Description of over/under)	(5,000)
3417		(Description of over/under)	(3,000)
3456		(Description of over/under)	(3,562)
3485		(Description of over/under)	1,700
3603		(Description of over/under)	1,512
3701		(Description of over/under)	1,400
TOTAL -			0

Cost Report is Issued Weekly

- In all cases.
- Always at a pre-assigned day
- If late, it's a bad reflection on Accounting – cannot be late unless you're making a statement.

Cost Report Example

- Pull up the example cost report at:

Demonstrate a Cost Report

- Show Ease's software

Estimating-To-Complete

- Labor – Cast and Crew (Hrs, Days)
- Fringes – different unions (Labor, rates)
- Rentals – particularly equipment for grip, electric, camera, transport dept's (Days, Rates)
- Travel and Living – matching days travel-IN/ working/ travel-OUT with per diems, hotels, air fares, airport limos
- Special Analysis Areas – Extras, 2nd Unit, etc. (by detailed analysis)

Reflection of the Director and his Team

- Before the shoot period starts the Director and his team predict how many pages they can shoot in a day.
- If the Director is taking too long to shoot each day, or just isn't making the pages he/she should,
- Then it's a prediction problem

Example – Estimating Cost of Rentals

- Camera rentals a/c#3317
- See the Cost Report
- Compare to Budget

Camera Rentals - a/c#3317

Description	Amount	Units	X	Rate	Subtotal
CAMERA PACKAGE	0		0	0	0
HI-DEF CAM PKG-2 CAMERAS	5	Weeks	2	11,000	110,000
9.25% SALES TAX -CA	9.25 %		1	\$110,000	10,175
					\$120,175
C-CAMERA	0		0	0	0
HI-DEF CAM PKG	0	Days	1	2,500	0
9.25% SALES TAX -CA	9.25 %		1	\$0	0
					\$0
SPECIALTY RENTALS	0		0	0	0
CAMERA CRANES/MEGAMOUNTS	1	Allow	1	10,000	10,000
CAMERA CAR	3	Days	1	3,200	9,600
9.25% SALES TAX -CA	9.25 %		1	\$19,600	1,813
					\$21,413
Total					\$141,588

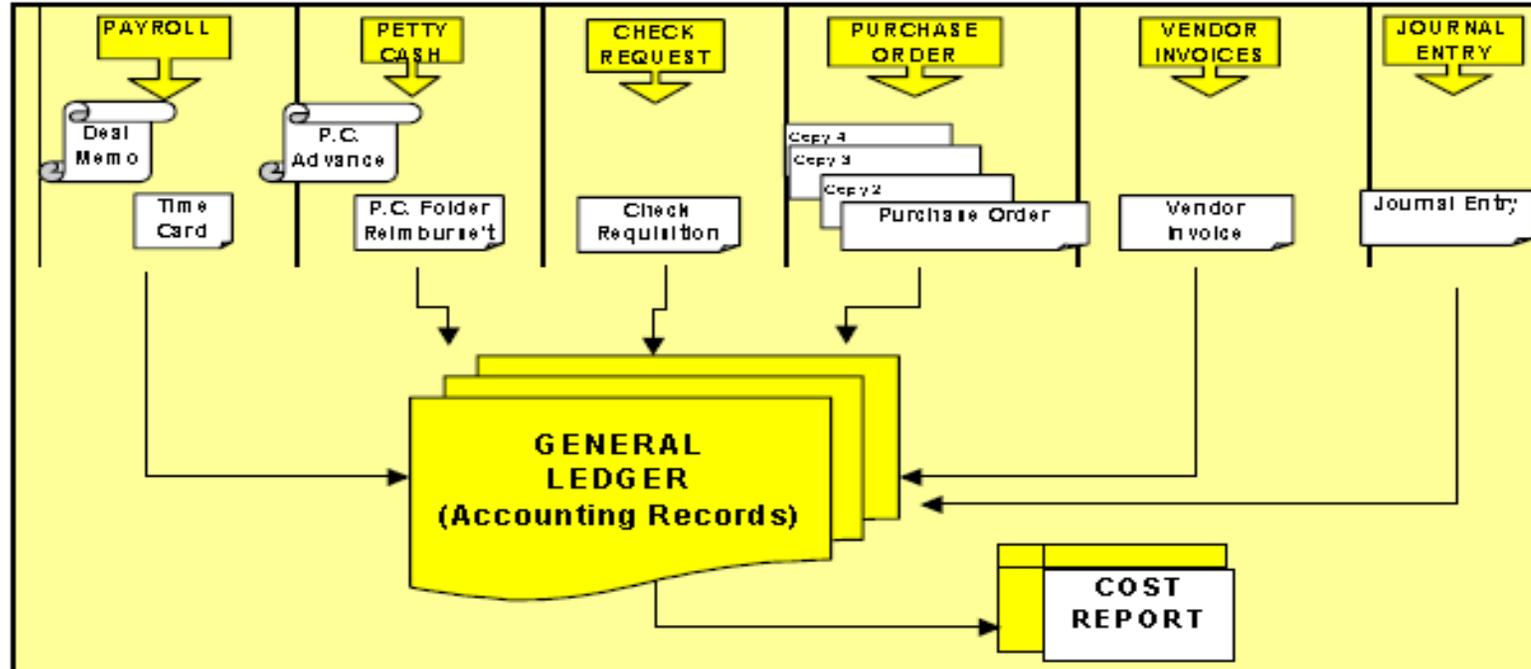
Do Some “Estimating”

- Pull from the Internet
- <http://www.talkfilm.biz/cast.xls>
- And
- <http://www.talkfilm.biz/a-12.xls>

- <http://www.talkfilm.biz/elec.xls>

1. Check Requisitions From Crew
2. Purchase Orders From Crew
3. Invoices Payable From Outside Vendors.
4. Petty Cash From Crew and Cast
5. Payroll From Crew and Cast
6. Journal Entries (not addressed in this course – see your acct't).

You can rest assured that this covers **EVERYTHING!** See the figure below (from [Pg. 114](#) of *Walk The Talk*).



The costs incurred plus the estimated costs to complete the shoot are compared to the Approved Budget. Any variances, over or under, are shown line-by-line, on the Cost Report.


The Approved Budget

Demonstrate the Effect on The Cost Report

- Ease worksheet