

**John Gaskin Productions, LLC  
Presents**

**Film Production Accounting & Auditing  
8 Hours: AA 3, TB 5**

**Course Description:** This seminar will present the specific accounting terminology and practices of the Film Production Industry, relating the unique film production needs to the professional accountant/auditor.

**1. An overview of the Film Industry for Accountants. 90 Minutes (TB)**

- ❖ The following stages are reviewed with practical examples and situations presented applicable to the role of a professional accountant:
  - Development: the cycle from concept to pitching to financing.
  - Financing: the concept of borrowing against the rights to distribute the creative project and the importance of the ‘Chain of Title’.
  - Production: setting up a shell company for the production, pre-production, production, post-production.
  - Auditing of film production costs in post-production.
  - Distribution period and how the producer receives the net revenues.
- ❖ Within the above framework the functions of tax credit auditing, financial service contracts and employment roles are indicated with examples.
- ❖ Methods of penetrating this insulated market are presented.

**2. The Film Production Budget. 90 Minutes (TB)**

- ❖ An actual film budget is reviewed with the purpose of understanding the industry specific financial terminology used throughout the film industry.
- ❖ Managing a real Film Budget: Above-the-Line, Below-the-Line and Post-Production budget categories and line items are reviewed to demonstrate how a Producer manages a film’s cost during production.
- ❖ Discretionary & Non-discretionary costs in the budget are discussed, as well as how these may be abused or missed by the producer or the film accountant.
- ❖ An Opinion Letter on Tax Credits, acceptable to at least one lending institution, is presented and real examples of where problem areas in giving such an opinion lie.

**3. The Film Production Accounting Practices. 90 Minutes (AA)**

- ❖ The practice of using a shell company usually referred to as the “Prod-Co”, for the production of the film, and a review of the unique General Ledger system used by all film productions in North America.
- ❖ Cost control points during the Film Production are pointed out and examples given.
- ❖ The unique but universally used ‘Weekly Production Cost Report’ (the document audited for the State Tax Credit) is presented and real examples given on how to read and control the presentation.

- ❖ The accounting controls during production from a Line Producer’s point of view is discussed – the weaknesses and the strengths exposed with actual examples.
- ❖ The relevant Financial Statement Presentation of the costs of a production by the Independent Filmmaker (developer and equity owner), the Distributor and the Production Company are cycled through, showing their interrelationships.

#### **4. Auditing the Film Production Costs.**

**90 Minutes (AA)**

- ❖ This section is not a “How/What to Audit”, but rather is “How to Quickly Audit”. This section informs you the best way to have the records recorded by the film production accountant, along with written examples of instructions.
- ❖ In post-production, the audit now becomes a matter of efficiently utilizing the general ledger data and matching it to the accounting records. Written instructions to the film production accountant and how to implement them, is presented, along with real examples.
- ❖ The film production accounting records are filed in an industry specific way, giving the tax credit auditor a way to facilitate an audit from the downloaded general ledger records. This process is presented along with real examples of its application.

#### **5. Opportunities for Professional Accountants.**

**60 Minutes (TB)**

- ❖ Opinions given on the estimated tax credits are required by lenders and the State – based on budget. Examples are given.
- ❖ Independent producers require financial managers, either in their full time employ or on contract as needed. Some examples of both are given.
- ❖ Small to mid sized film/TV productions need someone to administer their tax credit for them. This is a way to stay in touch with clients.
- ❖ Film Commissions, Agencies, Bonding Companies, Banks, Tax Credit Administrators are avenues to network with producers, large and small, who need, at a minimum, annual professional accounting services.
- ❖ Performing tax credit audits.
- ❖ Becoming a Film Production Auditor/Accountant. This position is a respected role in the film production business and is performed on a contract basis from production to production. What this role entails, income range, etc is discussed.
- ❖ The expectations of Producers, Lenders and the State from accounting professionals servicing the film production industry, and how to fulfill those expectations, is summed up.

**Total number of minutes:**

**420**