



# PRODUCTION ACCOUNTING MANUAL

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## 1. Introduction

This manual outlines the financial policies and procedures to be followed for all projects produced by CBS or its subsidiaries. The policies and procedures are designed to be in compliance with a multitude of laws and company policies, including but not limited to CBS corporate policies; the Sarbanes/Oxley Act; IRS guidelines; government regulations; and labor laws. Accounting and financial reporting practices shall be fair and proper, in accordance with, as applicable, generally accepted accounting principles (GAAP) or international accounting standards (IAS). Consistent reporting of, and adequate controls over, production transactions are the objective.

The UPM and every member of the production accounting team are required to read this manual and refer to it whenever necessary. The Accountant's and Producer compliance forms must be reviewed and signed by the Line Producer, UPM and Production Accountant prior to commencement of production. See forms <https://cbs.box.com/v/Producer-UPMComplianceMemo>. <https://cbs.box.com/v/ProdAccountantComplianceCnfrm>.

If anyone in accounting is asked to pay or record any item, which appears questionable, or are requested to follow an inappropriate procedure, they should notify the Production Finance Executive. Moreover, should an issue arise that is not addressed in this manual, please address directly with your Production Finance Executive.

The policies and procedures are designed to:

- Provide accurate, consistent, complete and timely financial reporting
- Protect production/company assets
- Maintain internal controls and general compliance

These policies and procedures apply to all areas of the project, for both production (on set, production office, writers' office, etc.) as well as post production.

Network Television Finance will occasionally conduct compliance audits by visiting you at your offices or by requesting certain information via email. You will periodically be asked to provide petty cash, accounts payable, payroll and purchase order back up for transactions. UPMs and Accountants should frequently review policies and procedures within all departments and ensure that they are complying with policy. We are frequently audited by a number of corporate and non-corporate entities. These audits are an expected component of your engagement with CBS. Regardless of the type of audit, the compliancy testing is based on the policies and procedures as outlined in this manual. We will try to be as non-disruptive as possible to your daily work flow, but please understand that such audits (and timely responses) are an expected component of your engagement with CBS.

## 2. Accounting Department Set Up and Prep

### Office

The Production Accountant should have a separate, secured office. Access to the accounting office(s) is restricted if no accountant is available. The keys for the accounting office(s) should only be available to accountants and UPM. At a studio facility, the accounting offices should be set up on hot lock.

### Equipment and Technology

- Safe: A safe with combination lock is required. Keep all check stock, blank purchase orders and cash locked at all times. Cash must be handled with prudent judgement and extreme caution. The safe must be at least 200lbs and fire resistant. (If safe storage is full then remaining forms can be kept in a locked file cabinet).
- Filing Cabinets: Use lockable, fire-proof metal filing cabinets for all files. Ensure that cabinets are securely locked at the end of each day. All accounting information is confidential and must be kept in a secured office.
- Computer Hardware/Software
  - Production Accounting will use Windows 7 Desktop Computers equipped with Microsoft Office 2010 and a PDF writer. In town shows can contact George Gaiimo, phone 323-639-0480 or email [George@balboacomputer.com](mailto:George@balboacomputer.com) regarding availability of CBS owned equipment. If CBS owned equipment is not available then equipment should be rented or purchased based on the duration of the project. Any acquisition of equipment must be approved by your Production Finance Executive.
  - CBS will set up the production accounting software which will be loaded with the CBS chart of accounts. The chart of accounts should not be modified. Questions and requests regarding the chart of accounts can be directed to Production Finance.
  - Additional software may not be installed. This includes games, screen savers, etc.
  - Production Accounting files outside of Vista, need to be backed up on a daily basis. The USB flash drive(s) should be kept in the accounting safe.

### Accounting Staff

- Production Accountants and all assistants must have their deal memos, payroll start forms, timecards, petty cash and any accounts payable items forwarded to Production Finance Executive for approval. **No exceptions.**
- Log-on ID's and Passwords should be kept confidential and not shared with other employees.

- Do not leave financial or employee information or any other accounting information in plain sight.

### **Email**

- CBS email addresses will be assigned to all accounting personnel for use during the run of the show. Once CBS emails are assigned, personal emails must not be used under any circumstances when conducting CBS business.
- Accounting may create a general show email account for the purpose of receiving invoices from vendors.

### **Payroll Service**

CBS will set up the production accounting software and payroll service. Accounting shall contact the payroll service directly for documents required by the payroll service such as start forms and timecards.

### **Accounting Forms**

- CBS Production Finance will provide various accounting forms via e-mail or a link to Box for your use. See Table of Contents under Accounting Forms for the complete list. **Please use only these forms (i.e., do not use different versions that you may have used on other projects)** and do not modify the format of the forms without first discussing with your Production Finance Executive.
- Standard Purchase Order forms may be obtained from the Production Finance Coordinator. If it is determined purchase orders must be printed unique to the production, your Production Finance Executive must approve the purchase order format prior to any order.

### **Approval Signature Authority**

- Obtain the <https://cbs.box.com/v/ApprovalAuthority> form. Complete a form for the UPM and Line Producer of your project. The form is to be approved by CBS Studios Exec Vice President of Production. Forward copies of the approved form to your Finance Executive. If the authorized approval authority is unavailable for an extended period of time and chooses to delegate some of his/her approval authority, such delegation must be authorized in writing with the prior approval of the CBS Studios Exec Vice President of Production and your Production Finance Executive.  
<https://cbs.box.com/v/ApprovalAuthorityAbsence> form.
- Prepare an approval authority signature log for all production and post production employees who will have approval authority for any type of production expense. Once completed please place this in your General Files.

- Employees may not make any expenditure or otherwise make any commitments affecting the Company's assets unless they have been properly authorized to do so. All Company personnel are accountable for Company funds over which they have control.
- All invoices, check requests, petty cash vouchers, and time cards must have the signed approval of the UPM (and the Department Head, if appropriate). All approvals and coding must be in pen.
- Daily arrangements should be made for the UPM to approve paperwork. The Production Finance Executive and Production Executive should be notified if there are any problems obtaining approvals.

### **Chart of Accounts**

- The CBS Studios Chart of Accounts is NOT to be altered in any way without discussing the matter with your Production Finance Executive. Your software will come loaded with the valid Chart of Accounts. Contact the Production Finance Manager for renaming holding (7xx) episodes from "Untitled" to holding episode titles once you establish them. It is important that you not only rename titles in Vista but notify Production Finance to ensure title changes are added to CBS Studios' corporate accounting system. In addition, due to the PAL/Vista upload/download interface, it is incumbent upon the Accountant to double-check to make sure that all accounts used are valid/active on the Studio Chart.
- Please note that all accounts in the budget Chart of Accounts must be in the Vista software Chart of Accounts.
- All expenditures and accounting entries regardless of budget/EFC considerations must be coded to their respective accounts.
- Production Episode titles should be entered into the Chart of Accounts as scripts are written and appear on the production schedule.
- Script Numbering on CBS series begins with Season number, followed by the Episode number (i.e. first episode of first season is 101; first episode of second season is 201). However, in accounting, Series numbering begins with 001 for the pilot and continue sequentially forward for the duration of the series. For example, the first episode after the pilot is numbered 002. In the accounting system, use the series numbering, not the script numbering. The prefix of the script number is often referred to on CBS reports such as the SOP making a six digit number, i.e. 101-002 for the first episode of a series which had a pilot or 101-001 for the first episode of a series which had no pilot.
- Other Episodes within the Chart of Accounts include
  - 001-7xx Holding episodes which are used to temporarily "hold" or accumulate costs until such a time when these costs can be journaled to their appropriate Production episode. It is vital that holding episode costs are audited for accuracy

and accrued for in Production episodic EFC's until such a time they can be journaled. At the end of each season all Holding episode balances must be zero "0". Exceptions are to be approved by your Production Finance Executive. The following list identifies unique types of Holding episodes:

- 7xx – Story Editor/Staff Writer/Producer holding. Budgeted by Episode. (Usually paid on a weekly basis. To be journaled to Production episodes as soon as final payment has been booked.)
- 708- Publicity holding. Journal cost to episodes on a regular basis.
- 001-800 Special Items are extraordinary costs that will be applied to the show. These costs remain in the 800 episode. Do not journal into or out of this episode unless requested by Production Finance.
- 001-949 through 964
  - 949 Petty Cash Advances
  - 950 Cashet Card Advances
  - 963 Refundable Deposits
  - 964 Accounts Receivables. All receivables must be approved by Production Finance Executive.
- 001-941 through 948 Amortization Episodes
  - Amortization Episodes costs are related to a series but not specific to any particular episode. "Amortization" episodes are not to be used as "Holding" episodes. Amortization episodes like "Production" episodes have specific budgets. Only budgeted costs should be charged to these episodes. Final and complete Amortization episodic balances are to be journaled to the Production episodes during wrap. After all journaling has been completed, your Production Finance executive should be notified. Do not reflect variance (over)/under for amortization in cost reports. Variances on amortization costs should be reported on "Summary of Picture Costs" (Recap) reports only.
  - 941 Preparation costs generally consist of only labor and rental costs incurred during the series prep period prior to the start of principal photography.
  - 942 Holiday and Hiatus costs generally consist of only labor and rental costs incurred during hiatus and/or holiday periods.
  - 943 Wrap costs generally consist only of labor and rentals incurred during the series wrap period.
  - 944 Abandoned Script costs associated for scripts not assigned to a specific episode or rolled to a subsequent season.



- 945 All Shows are generally costs used for the run of the entire series. Like the other Amortization episodes, this episode has specific budgeted costs. Regarding construction costs, only budgeted permanent set costs can be charged to All Shows. Refer to the budget for details of costs to be coded to All Shows.
- 946 Music Amortization costs charged to by Music department to be spread evenly to the episodes produced.

### **Comply With Laws**

- A conflict of interest exists when a CBS Studios employee is in a position to compete with the company, or when an employee stands to profit by a decision that he or she may make on behalf of the company, or when he or she makes a business decision to his or her, or another member of the crew's, personal advantage. This practice is STRICTLY outside of CBS Studios policy. If a conflict of interest is questionable, notification to the UPM, the Senior Vice-President of Production, Production Executive and the Production Finance Executive is required. (See also Payroll section of this manual)
- It is CBS Studios policy that all applicable laws and regulations of the United States, and any other country or jurisdiction in which CBS Studios or any of its subsidiaries or affiliates conducts business be strictly and completely followed, including but not limited to, the provisions of Foreign Corrupt Practices Act adopted by the United States in 1977.
- CBS Studios mandates that the following Standards of Conduct be observed in connection with production costs:
  - No funds, assets or services shall be used for any purpose, which is unlawful in the United States or in any other jurisdiction.
  - No undisclosed or unrecorded funds or assets shall be established for any purpose.
  - No false or artificial entries shall be made in any records for any reason.
  - No payment shall be approved or made with the intention or understanding that it is to be used for any purpose other than that described by the document supporting the payment.

**ANY EMPLOYEE HAVING INFORMATION OR KNOWLEDGE OF THE EXISTENCE OF A PROHIBITED ACT MUST PROMPTLY BRING IT TO THE IMMEDIATE ATTENTION OF CBS STUDIOS SENIOR MANAGEMENT.**

In addition, the following general **ACCOUNTING STANDARDS** must be followed with respect to the recording of production costs:

- All production books, records, and accounts must be maintained in such a manner as to accurately and fairly reflect, in reasonable detail, all production related transactions and all dispositions of production assets. (This requirement applies to any transaction reflected in any production cost account – including asset, liability, expense, and/or income/cost recovery).
- Adequate precautions must be in place to ensure that **no false or deliberately inaccurate entries** are made with the intention or understanding that all or part of such payment is to be used for any purpose other than that described by the documents supporting the payment.
- Adequate internal accounting control procedures must be in effect to provide reasonable assurances that:
  - i. All transactions are executed in accordance with production management’s general or specific authorization;
  - ii. All transactions are appropriately recorded to:
    - Permit the preparation of accurate financial reports of production cost, in conformity with generally accepted accounting principles;
    - Such that the production records maintain full and accurate accountability for all assets:
  - iii. Permit access and utilization to production assets only in accordance with management’s general or specific authorization;
  - iv. Establish a basis by which assets purchased for the production can be compared at reasonable intervals with actual existing assets, so that appropriate action can be taken with respect to any differences.

Production accountants entrusted with the maintenance of internal accounting controls must ensure that the requirements set out above are fully met with respect to the production accounting records.

An exception, which may cause a deficiency in the full compliance of these Standards of Conduct, must be IMMEDIATELY notified to CBS Studios Production Finance Executive for evaluation and appropriate action.

### **Confidentiality**

Do not under any circumstances provide any ATL information (budgets, memos, contracts, and other correspondence) to anyone except Business Affairs, CBS Contract Administration, Production Management and Production Finance. In addition, Network License Fees and Agency Commissions are to be held in the strictest confidence.

### Tax Credits/Incentives/Rebates

- If the project has qualified for a tax credit/incentive/rebate/grant (“Production Credit”), it is essential that the Production Accountant regularly consult with CBS Finance Executive to ensure that all qualifying costs are properly captured and applicable guidelines are followed to maximize the Production Credit. You must ensure all proper tax withholdings and film incentive regulatory requirements have been met. The setup of tagging and fringe mapping in the accounting system is managed by CBS. Please familiarize yourself with the tags prior to posting any transactions.
- If your show qualifies for the Production Credit, **all line items**, including non-qualifying costs, must include a tag. (See also Tax Credits/Incentives/Rebates portion of this manual)
- Periodic reviews of the general ledger are to be conducted by the Production Accountant to ensure all qualifying costs are being properly tagged, and to ensure the accuracy of Production Credit estimate.
- Regular updates to estimated tax credit estimates are to be calculated against recent EFC’s during the run of the show to accurately reflect any changes to the estimated tax credit.
- Tax incentive audits may be in process while your show is in production and audit requests should be responded to by the tax credit auditor in a timely manner.

## **3. Filing and Document Management**

### Physical Files

- All labels should indicate the producing company, show name, and year produced in addition to the content type and contents. (Example: CBS Studios, “Show Name”, Year – A/P Vendor Name)

- The following documents are always maintained as hard copy files:
  - Accounts Payable
  - Approval Signature Log \*
  - Asset files \*
  - Background Actors Vouchers
  - Copies of Production Fuel Truck Daily Logs \*
  - Copies of checks sent to CBS for deposit \*
  - Competitive Bid Forms (Original: Vendor File, Copy: General File)
  - Final Cast and Crew Lists \*
  - Insurance claims \*
  - Journal Entries \*
  - Loss & Damage Reports in AP Vendor files
  - Major Agreements/Contracts/Leases \*
  - Payroll
  - Petty Cash
  - Purchase Card
  - Purchase Order Log \*
  - Pink check copies, in numeric order \*
  - Pink purchase order copies, in numeric order (including voids) \*
  - Related Party Transactions
  - Site Rental Agreements
  - Studio New Vendor Information and Correspondence \*
  - Vendor credit applications \*
  - W-9's
  - Wrap Memo \*
  - 1099 Summary Detailed Report by Year \*
  - End Credits \*

\*indicates General Files

All key documents containing required approvals should be retained in the applicable file. For example, an e-mail which approves an increase in a P-Card over suggested limits should be filed in the employee's Purchase (Cashet) Card file.

- **Accounts Payable** files by vendor in alpha order by payee name.
  - Each to contain yellow check copies attached to supporting documentation. Such documentation includes purchase orders, actual invoices, original receipts, loss and damage reports, etc. which accurately reflect the transaction.
  - All check requests must be followed up with supporting documentation.

- Please include a void check file for all yellow check copies for void, cancelled or stop payments.
- For all sub-contracted services (for example, catering, security, visual effects) file proof of Worker's Compensation Insurance coverage.
- Include signed, approved contracts, lease agreements and site rental agreements.
- Competitive bid forms originals and the additional bids must accompany the vendor's file. Note: also include a copy in the general files
- W-9's.
- **Background Actors** voucher copies should be kept with the corresponding payroll A/P billing.
- **General** files by subject/document in alpha order. Items marked \* on the list above are part of the general files.
- **Journal Entries** file in date order, with supporting documentation and journal entry posting reports attached to printout of journal entry.
- **Payroll: Above the Line** files for each individual filed in alpha order. Each file is to include the contract, all of the payroll documents included in the ATL Payroll section of the manual and weekly time sheets, with check copies attached. If an individual is engaged through a loan-out corporation, the file should be by the individual's last name, followed by the loan-out corporation name.
- **Payroll: Below the Line** files for each individual filed in alpha order. Each file is to include the Personal Services Agreement, all of the payroll documents included in the BTL Payroll section of the manual and weekly time sheets with paycheck copies attached.
- **Petty Cash** files for each individual filed in alpha order. Additional numerical file to be kept of copies of the front of each envelope.
- **Pink Check Copies** filed numeric and marked if stop payment, cancelled, or as applicable.
- **Purchasing Card** files for each individual filed in alpha order. Include application, Cashet Card information and Cashet Card receipt.
- **Related Party Transaction Forms** the original approved form and the additional obtained bids must accompany the Accounts Payable file as well as the employee's payroll file if applicable.

#### 4. Banking and Cash Forecast

### Establishment

The CBS Production Finance Department along with the CBS Treasury Department will coordinate the opening and closing of all show production disbursement bank accounts for all CBS produced projects.

### **Signature Cards**

Bank Account Signatories include Location Show Staff as well as various CBS executives and all checks require two counter signatures from the designated Panel A (Accounting & Finance) and Panel B (Production Management) groups (with a restriction of no more than one signature from group B.) There will be NO pre-signed checks under any circumstances.

The Production Accountant, Line Producer, and Unit Production Manager are the only location positions that can be authorized signatories on the account(s). CBS staff signatories include individuals from CBS Production Finance, and Production, and may include other individuals from Corporate Divisional Finance Departments.

Production Finance will provide the signature cards. Signature cards are channeled through and can only be authorized to the bank(s) by the CBS Corporate Treasury office via the Production Finance Department. Copies of signatories (signature cards) are maintained with CBS Production Finance.

### **Check Stock**

Check stock is ordered by the Production Finance and Treasury Departments and will be issued to you at the commencement of prep. You must verify, document and reply to confirm receipt of the check stock to Production Finance.

The invoice for the check stock will be forwarded to you for payment.

The banks require the testing of checks on new accounts and Production Finance or Treasury will communicate to you when an initial block of checks are pulled from your stock for testing. These checks are to be recorded as voided checks in Vista.

All checks issued to the show need to be accounted for in Vista in sequential order without gap or breaks. For example, in the event of a damaged check or check range in your print cycles, non-issued check numbers must be recorded as void in Vista.

At wrap, document and turn over remaining check stock to the wrap accountant.

### **Security**

Cash, check stock, blank purchase orders, and petty-cash cards should be kept in a locked safe or cabinet. The safe should be at least 200-300 lbs and fire resistant and should be rented through the production office. Safe access is limited to the Accountant and Assistant Accountant.

### **Funding**

**Zero Balance Bank Accounts (ZBA):** The majority of our US Domestic disbursement accounts operate with ZBA cash management. Accounts are funded daily through CBS Corporate Treasury as checks clear the banks. These checking accounts do not retain a funded “cash” balance. This is important to note to vendors that ‘credit check’ bank balance in the process of extending credit to the show. Often, vendors’ inquiry services incorrectly interpret a ‘no funds’ response from the bank as a closed or an invalid account or that our checks will not clear.

**CBS Studios Shows:** The daily funding by the Studio Treasury Department accounts for dialing funding in the Studio General Ledger and the accounting entries flow to the show via your weekly PAL/Vista downloads.

**CBS Network Shows:** Production Finance funding will communicate your monthly funding to you via a memo at the beginning of the subsequent month. You will record the month’s funding activity via a Vista Journal Entry. Network shows do not interface to the CBS ledgers with PAL uploads and downloads.

**Non-ZBA (directly funded) Bank Accounts:** The majority of Shows not using ZBAs are located outside of the US. A weekly cash flow for each currency required should be completed and submitted to Production Finance as soon as possible. An evaluation of foreign cash flows for hedging will then be completed. If buy forward contracts are executed, Production Finance will provide you with a funding log that includes the detail and date of every contract. Weekly funding requests will be made via the completion of the Funding Request Form even if buy forward contracts have been executed.

The weekly Funding Request Form should be e-mailed to Production Finance by 12:00PM PST on Fridays and will typically be processed with a value date of the following Friday. You will be notified if there is a delay in funding and will be provided with a confirmation of all funding transactions.

**CBS Studio Shows:** The Studio Finance Department accounts for all funding that is processed via wire and the transactions will be recorded to the show’s Vista system via your weekly PAL/Vista downloads (all in USD).

For CBS Network Shows: A journal entry for each funding transaction should be prepared in Vista after confirmation of the actual funding. Production Finance will communicate to you the details of each funding wire via confirmation of the funding transaction and via a Memo in the month following the transaction. <https://cbs.box.com/v/FundingRequestForm>.

### **Cash Forecasts**

Four- month cash forecasts are required of every show by the 3rd business day of every month. A forecast template will be distributed by Production Finance at the end of each month. For shows using zero balance accounts, the forecast should be based on anticipated check clearing dates whereas forecasts for traditionally funded accounts should be based on the anticipated value (i.e. currency at an estimated exchange rate) of the requested funding by value date. Any substantive change (\$200,000 or greater) in the cash forecast should be reported by e-mail to Production Finance as soon as the variance is determined.

### **Processing Deposits**

Any check received by the production should be sent to CBS Production Finance for deposit.

Do not send / return cash to Production Finance for deposit. Cash needs to be converted to check / cashier's check, before sending in the funds for deposit.

All checks should be made payable to the production entity established for the show. Do not make deposits into Zero Balance Accounts. Productions operating with a ZBA will forward checks to the Production Finance Banking contact for deposit into a CBS lockbox account.

Prior to sending original checks to Production Finance for deposit, photocopy checks & applicable back-up for general accounting "Deposit" files. Prepare a memo notating the check information for each check to be deposited with show account coding and a brief description of the refund or credit. Forward the memo and the original checks to Production Finance Banking contact.

(Studio Shows): Production Finance will enter journals for the deposits on the Studio General Ledger and the credit will be recorded in Vista via your PAL downloads.

(Network Shows): You will receive confirmation of the deposits via a Memo-to-Book from Production Finance. Cash receipts should be itemized on a journal entry form including the description and the reason for the refund.

Productions operating with a directly funded checking account (Non-ZBA's) should deposit the miscellaneous checks into the bank account WEEKLY. A minimum weekly frequency is important to minimize bank statement reconciling items and the delays in clearing receipts. All



deposits should be recorded in Vista via a journal entry. Photocopies of the deposited check(s), the deposit slip, and the original deposit receipt should be attached to the journal and maintained in the journal numerical sequence file. This will help in the event that the vendor check fails to clear (NSF, stop payments, etc.) and you need to pursue a replacement check.

<https://cbs.box.com/v/DepositForm>.

### **Location Banking**

- **Encashment:** Contact the CBS Production Finance Manager to notify him/her which local branch of the bank is most convenient for your Encashment. You will be notified of the details via email when the facility is in place and who your contacts at the branch are.
- **Custodian Petty Cash:** Check cashing privileges are authorized for the Lead and 1<sup>st</sup> Assistant Accountants only. Arrangements for cashing Payroll Checks must be coordinated with the Payroll Service. A special letter from the Payroll Company's bank may need to be sent to the Production Company's local bank branch. Payroll checks cannot be cashed against the Production Bank account. It should be made clear to the local bank manager that CBS will in no case assume any responsibility or liability for personal accounts opened by individuals working on the show.

### **Closing the Petty Cash Fund**

When you are ready to close out the production office petty cash fund or when you need to decrease the amount of cash on hand, do not send cash back to CBS Production Finance for deposit. You will convert the cash into a Cashier's Check made payable to CBS Studios Inc. (Studio Shows) or CBS Broadcasting Inc. (Network Shows) and then send the check to Production Finance for deposit. See the Cashier's Checks section that follows for instructions on obtaining the checks from the bank branch established for your encashment and the Processing Deposits section above on sending the items to Production Finance for deposit into CBS' Lockbox.

### **Cashier's Checks**

Cashier's Checks / Bank Checks should be used after all other means of payment have been exhausted (i.e., open vendor account, show check). You will obtain a cashier's check from your local bank branch where encashment has been established.

The Encashment arrangement with the local bank branch accommodates for the conversion of your Show check(s) – to Cashier's Check(s) - payable to the given vendor requesting such.

Just like arranging your Petty Cash needs with your branch contact, call ahead to notify the branch of the intent in handling these conversions. Then, (on walk-in to the branch,) the teller will convert / issue a Cashier's check to the Vendor accordingly. You will keep a copy of the cashier's check with the A/P voucher file.

Note: Our preferred procedure / method for show check conversion to cashier's check is that our show check be made payable to the Vendor to whom the cashier check is to be issued. Contact Production Finance Banking Contact for direction as to whom the Show check is to be made payable as different bank / branches have varying policies.

For example, West Coast JPMorgan Chase branches are ok with the show making the CBS check payable to the Vendor to whom the Cashier's check is to be converted. Some NYC JPMorgan Chase branches request that the CBS check be payable to the Accountant whose Encashment facility has been authorized.

If the check is issued to the Accountant, additional accounting steps are required to properly record the vendor activity.

### **Wire Transfers**

Show checks are the preferred form of payment and efforts should be made to encourage vendors to accept them in lieu of other forms of payment such as wire transfers.

Zero Balance Accounts: Wire Transfer payments (domestic or international, in USD or foreign currencies) are arranged via CBS Production Finance and executed through the CBS Treasury Departments. It can take up to 3-5 business days to execute a wire transfer. Plan ahead and communicate to the vendors accordingly.

Non-Zero Balance Accounts: In addition to the information above regarding wire transfer payments, contact CBS Production Finance for specific instruction on the possibility of executing from the Show's checking account.

## **Stop Payments**

You must receive a confirmation (that a Stop Order is in place with the bank) before you cancel and/or reissue the check. Attach a copy of the stop payment confirmation to the reissued check.

To process a stop payment, complete a Stop Payment Request Form for each check stop request and email the request to the Production Finance and Treasury Departments. *Specific email contact information is noted at the bottom of the Form.*

Use the following file naming convention to manage and track the requests:

"Stop Payment\_*show name*\_CheckNUMBER.doc"

i.x., "Stop Payment\_BestShowEver\_Check012345.doc"

Include the same or similar text in the email subject line.

The requestor will email the completed form directly to the Treasury contacts and cc Production Finance contacts (as noted within the Form.) The Treasury contact will place the stop payment with the bank and reply via email to confirm that the stop is in place (or comment accordingly if a check has already cleared.) Upon confirmation of the Stop Payment, you will proceed to Cancel / Void and Reissue the payment from Vista accordingly.

NOTE: Voiding a check in Vista and processing the record to the bank via our positive pay data file transfer is NOT the same as a Stop Payment placed on a check directly with the bank. Also note that within Vista, there are three void method-types: Void, Cancel, Stop and although the net accounting effect is the same (reversing the cash/payment accounting,) each of the three types are unique and should be applied as noted below. Contact the Production Finance Banking contact should you have questions.

- Void = any check not issued, null, or damaged & not recorded to a specific vendor payment.
  - Use the Vista "Void Vendor" to record voided checks.
- Cancel = any check recorded to a vendor payment which you physically have on hand (original check) to cancel and reissue or cancel if in full.
- Stop = any check recorded to a vendor payment which has been released to the vendor and where the original document is not in your possession to cancel.

### **Inquiries on Check Clearing or Requesting Copies of Cancelled Checks**

When you need to inquire if a check issued has cleared our bank or when you need a copy of a cancelled check (front & back,) follow the similar procedures as placing a Stop Payment (outlined above) except that a form is not required. Send an email request to the Treasury contacts and copy the Production Finance Banking contacts.

The Treasury contacts will reply via email to let you know the status of the check about which you are inquiring. If you subsequently would like to place a Stop on the check, you must reply with a completed Form requesting such (again, as outlined above.)

<https://cbs.box.com/v/StopPaymentRequestForm>.

### **Bank Account Reconciliations**

Bank Account Reconciliations are created by the Corporate Divisional Finance Departments. Production Finance distributes reconciliations to the shows upon receipt from the Finance Departments and requests that reconciling items are addressed in a timely manner. For Zero Balance Accounts, this typically includes addressing any stale-dated checks. For non ZBA's, this will typically include addressing any stale dated checks and accounting for any unrecorded deposits, bank fees and interest.

**Stale Dated Checks:** Please encourage vendors to cash their checks timely from the dated of issue. Stale-dated checks are to be researched and resolved by the location/production accounting department and Stop Payments/Voids/Reissues should be handled in a timely manner. Checks are deemed stale-dated as follows:

Network Account Checks – 90 days outstanding

Studio Account Checks – 180 days outstanding

### **Voided/Cancelled checks**

On bank accounts processing positive pay/payee, ensure that the checks are recorded as void/cancelled in Vista. If the production office has a shredder, you may directly shred the originals on location. If no shredding access is available or the bank account does not process positive pay/payee, forward the originals weekly to the Production Finance banking contact for shredding.

### **Monthly Review**

A monthly review of Bank Reconciliations should include the following:

- Checks that are more than two months old and have not cleared the bank. These checks should be addressed with vendors before they become stale dated. If a vendor attempts

to deposit a check that is stale dated, it will be rejected by the bank and the vendor will be charged a fee.

- Stale-dated checks. See “Stale-Dated Check” section above for more information.
  - Note: Before reissuing an old outstanding or stale-dated check, contact the vendor and request a new W9 to verify that the company is still in business and that the vendor’s mailing address is correct. Please contact your Production Finance Executive if the vendor cannot be reached.

**See Period Close and Reporting Section below for bank account reporting requirements.**

## 5. Period Close and Reporting

### Policy

Prior to closing the (either weekly or monthly period), ensure the following has been done:

1. All checks are issued and posted
2. Studio shows: Bring PAL Downloads into Vista. Bank account funding transactions/journals should be reflected in the same posting month in Vista.
3. Network shows: Account for funding activity and any other cash account reconciling items recorded on the Network Ledger as communicated to you by Production Finance. There will be a month delay in the Vista postings as the Memos will be distributed in the month subsequent to the posting month in the Network Ledger.

### Weekly Close

- Period Close reporting period is Sunday through Saturday and should be closed within the accounting system at the end of business on Friday of each week (or at end of business on Saturday if there is any posting done on Saturday).
- E-mail the following reports to Production Finance:
  - Summary Trial Balance for the Period (Consolidated for Canadian Shows)
  - Check Register for the Period
  - Petty Cash Reconciliation (if Estimator retains float)  
<https://cbs.box.com/v/PettyCashReconciliation1>
  - Cashet Card Reconciliation <https://cbs.box.com/v/CashetCardReconciliation>
  - Upload/Download Past Transfer Reports (CBS Studios Shows only)

### Monthly

- Monthly Close reporting period is the week in which the last day of the Month occurs.
- E-mail the following reports for the Month End Period Close to the Production Finance Banking and Treasury Contacts.
  - Check Register for all weekly periods in month
  - Summary Trial Balance
  - Ledger Report for the Cash Accounts: 961x & 962x for the Month

### Notable Exceptions

The period (either weekly or monthly) should not be closed if the Trial Balance report is out of balance. If you are unable to resolve or reconcile the out of balance amount, contact Production Finance for guidance prior to closing the period.

If an issue cannot be resolved at the time of the period close, be sure to indicate “Notable Exceptions” in the body of the email and list any out-of-balances, suspense account balances, or other amounts in any balance sheet accounts awaiting reclassifications or corrections.

## 6. Budgeting

### Formats to be utilized

- The SERIES budget sets up the “target” amount to be spent producing a “typical” episode during a season. The budgeted costs may be based upon average costs from previous seasons or average costs from other similar shows, after considering union escalations, ATL contractual increases, facility increases, etc. Once the SERIES budget has been approved and locked by the appropriate approvers, the series pattern budget is not to be changed unless special circumstances exist and approved by CBS management. Prep, Wrap, Hiatus, and All Shows allowances need to be the same on each episodic budget (see episodic budget).
- The PATTERN TEMPLATE budget is derived from the locked series budget. After the season Series budget has been locked (prior to principal photography), approved and signed off, save a copy as a working budget or pattern. The Pattern can and should be modified to reflect costs changes but you should consult with your Production Finance Executive. While this will result in a variance each episode when compared to the Series budget, it saves from the task of remembering to input the changes each time you prepare a new episodic budget. Do not adjust the amortization EFC’s within the Pattern or Episodic budgets. Amortization EFC’s should be reflected on the Summary of Picture Cost Weekly (Recap) Reports only. The Pattern budget is a working draft budget for your use only and is not distributed for approval signatures.
- The EPISODIC budget reflects the unique costs of a particular episode and uses the Pattern budget as a starting point. Episodic budgets should be locked prior to commencement of principal photography, but in certain cases when this is not possible, a solid draft should be sent no later than one day prior to commencement.
- There are CBS ALLOWANCE accounts which you may not change. They are:
  - 721 -01 Set Strike
  - 770-95 DOT Allowance for Los Angeles productions
  - 910-05 CBS Legal
  - 910-30 Insurance Premiums
  - 910-95 Other – Unclassified
  - 920-54 Social Media
  - 920-55 Publicity Department

### Accuracy of Information

The Production Accountant is responsible for ensuring that budgets include accurate and up-to-date information. Preliminary budgets will be prepared by Production Finance, and given to the Production Accountant. When you receive budget drafts from your Finance Executive during



Prep, double check all such information (including ATL & BTL deals, fringe rates and cut-offs, pay hour assumptions, facility agreements and other contracts, etc.). Careless errors or omissions cannot be tolerated, so it is imperative that you carefully review each draft of your budget and thoroughly examine all information given to you. Business Affairs, Music and Post will need to confirm and verify the budget information prior to the budget lock. During prep, prior to locking the budget, a weekly series budget pass is to be submitted on Fridays for CBS Studio review even if no material budget changes exist for that week. The final signed budget will serve as a commitment on behalf of the production that it is prepared to produce the Series or Pilot within the limitations and parameters set forth in the budget. Therefore, it is essential that the budget accurately reflects the needs and requirements of the production. It is essential that budgets are prepared and updated timely.

### **Confidentiality**

Budgets contain highly confidential information, particularly with respect to above-the-line compensation. The accounting team must always protect this confidentiality and never, under any circumstances, provide budget information to anyone not specifically authorized to receive it. You should discuss the distribution of budgets for your show with Production Finance Management.

### **Software**

All budgeting is done on Movie Magic Budgeting software, which is provided by CBS. You will import your locked Episodic and Amortization budgets into the Vista System. In Movie Magic, save it as a "Tab Delimited" export file, then import it into Vista System.

Please be sure to uninstall the software before you wrap out and/or before you return a rented computer.

### **Fringes**

CBS budgets are fringed by the production level in Movie Magic. Budgets should reflect current, accurate fringe rates, including any applicable ceilings. Consult with Production Finance Executive prior to making significant changes to fringes from the initial budget templates.

### **Currency**

Budgets are always reported in US dollars. If a budget includes expenses incurred in a foreign currency, the exchange rate shall be noted on the top sheet of the budget. Budgeted exchange rates for foreign currencies are determined by Production Finance and cannot be changed without approval.

## **Post Production**

The series post production budget is provided by the V.P. of Post Production. No alterations can be made to the post production budget without his approval. If on an episodic basis, requirements of the episode result in a need to alter the post production budget, the V.P. of Post Production should receive a copy of the episodic budget after it has been reviewed and approved by Line Producer/UPM.

## **Distribution**

- All pattern budget versions shall be directed to your Production Finance and Production Executive in Movie Magic and PDF formats. In addition, the show's Line Producer and/or UPM plus Executive Producers (if requested) shall receive budget versions in PDF form. Any questions regarding distribution should be addressed to your Production Finance Executive.
- After each draft distribution use the "Update Original Column Totals" function in Movie Magic prior to making any budget changes from the previous distribution.

Create a comparison page each time a budget is created. The comparison page compares the last draft to either the current draft or pattern and is distributed with the budget. For episodic budgets, provide an explanation for all significant variances on a separate memo.

<https://cbs.box.com/v/BudgetTopsheetComparison>.

- Post-production budgets shall be directed to the VP Post-Production. Any changes to the post-production budget are to have approval of the VP Post-Production prior to updating.

## **Budget Sign Off**

When the Pattern, Pilot or Presentation budget is locked, a Budget Signature Top Sheet is to be completed. The top of the sign-off sheet is a summary of the budget from Movie Magic. Print the signature spreadsheet onto your budget top sheet. The Production Accountant is responsible for obtaining the "show" signatures which will be followed by the Production Finance executive obtaining the "corporate" signatures.

<https://cbs.box.com/v/BudgetSignatureTopsheet>.

(No signatures are required on Episodic Budgets.)

## 7. Hot Cost

Hot Costs are due no later than 2:00 P.M. on the next business day following each shoot day. Any anticipated delays in meeting this deadline (e.g. if the previous day was an overnight shoot) should be communicated to your Production Finance Executive as soon as possible. The report should reflect those changes that have occurred since the previous day's Hot Cost, including, but not limited to, crew hours, meal penalties, background actors, unbudgeted additional day labor, cast overtime, departmental expenditures, an accrual of labor and rentals for being behind schedule. Variances, whether actual or projected, should be reported as soon as they become known.

It is essential that you communicate with the UPM for accurate estimates. The UPM should get this information from the department heads and your already processed P.O.'s and invoices. If information is not being communicated on a timely and accurate basis, please bring this to the attention of Production Finance Management immediately.

Omissions and mathematical errors will not be tolerated, so you must carefully review and recalculate this report for accuracy and completeness.

Distribute to the Production Finance Executive and Production Executive as well as the Line Producer and UPM.

Submit a Revised Hot Cost Report if you have been instructed by Production Finance Management to make changes to your original hot cost. Indicate "revised" on the changed Hot Cost Report and re-distribute.

<https://cbs.box.com/v/HotCostReports>.

## 8. Cost Reporting

To ensure timely, complete, and accurate cost reporting you must communicate on a regular basis with your UPM and department heads. Cost reports are not to be manipulated in any way to arrive at a specific EFC or variance. All variances whether actual or projected, must be reported as soon as they become known. All cost reports must be updated each week. Negative amounts must not appear in the estimate to complete unless you are anticipating a credit. Cost reports should be generated regardless if the budget is not loaded. Although the Cost Report is submitted per scheduled distribution, it is the responsibility of the Production Accountant to update EFCs when new, material information becomes available, and to communicate any significant variances to CBS. Contact your Production Finance Executive if you experience any situation in which timely and accurate information is not being communicated to accounting.

### **Cost Report “Summary of Picture Costs”/”Recap” Report**

- Complete a “Summary of Picture Costs”/”Recap” Report weekly to include all episodes, produced and not produced. <https://cbs.box.com/v/Summary-PictureCostsTemplate>.
- Include the following for each episode
  - Shooting Status (S) Shooting, (C) Completed, (A) Aired, (D) Delivered, (R) Rerun
  - Days Shot, actual days of photography
  - Wrap Date, photography wrap date

### **“Cost Report Cover Page” Report**

The Excel Spreadsheet, <https://cbs.box.com/v/CostReportCover>, is to accompany the “Summary of Picture Costs” Report. It is a variance report on which you are required to write explanations of changes (> \$1,000 vs. the previous week’s report).

### **Timing**

- Weekly during principal photography, an updated cost report is required. Cost reports are required by end of business day on Fridays.
- Every episode or pilot/presentation should be updated every week.
- For Series, the first Cost Report on an episode is due on the first Friday following one week after the Friday following completion of principal photography.
- Amortization Cost Reports are to be included weekly along with the episodic Cost Reports. (Prep, Hiatus/Holiday, Wrap and All Shows)
- The “Summary of Picture Costs”/”Recap” Report is required weekly on Fridays.
- Prior season cost reports after final delivery are due at the end of each month until all final activity has been completed and final EFC’s are reported.

### **ATL Minimum Guarantees Tracking**

- Overages for ATL talent with minimum guarantees are not reported and should remain at pattern budget until an actual over-budget situation is determined. (i.e. exceeds guarantee). Record and monitor the ATL guarantees.  
<https://cbs.box.com/v/ATLCastGuaranteesLog>.
- Actor compensation is to be coded to the actual episodes worked. The overage in the episodes worked and the savings in the episodes not worked will be reflected as a negative in the ETC when actor is used and a positive in the ETC when the talent was not used.
- If an Actor exceeds their guaranteed/budgeted episodes, the additional fee should be budgeted in the episode after which the guarantee has been exhausted. For example actor is 10/13 episodes and works 11/13, the overage of one fee will be shown in episode 11.
- Continuously monitor the ATL guarantees as to the status of the number of episodes the talent is budgeted for verses the number of episodes the talent is scheduled to work.
- The ATL Minimum Guarantees Tracking Sheet is required weekly on Fridays.

### **Music Department Cost Reporting**

The Music department at CBS budgets and tracks music cost. Your production's Music Supervisor should provide you with EFC's through your Post Production Supervisor. The EFC's you are provided should be verified with the Music department at CBS before you adjust the EFC's.

### **Post Department Cost Reporting**

The Post Production Supervisor should provide you and the CBS Post Production department with an Episodic Cost Report upon delivery of each episode. It is your responsibility to verify the accuracy of this report and change your EFC's accordingly.

### **Holding Accounts**

Holding Accounts (7xx episode) should be used for weekly payments budgeted episodically, specifically for hyphenate writers. The holding episode accounts must be reviewed weekly and costs journaled to episodes as the costs are actualized.

### **Approved Breakage**

Network approved breakage cost amounts must be reflected in show's production cost and reported in the EFC's (cost reports). Any approved breakage items approved by CBS Business Affairs should be noted in the NOTES section of the Summary Of Picture Costs.

## **Distribution**

Each Friday by the end of the day e-mail the following reports (pdf format) to the Production Executive, Production Finance Executive and Asst. Manager of Production Finance.

- Summary of Picture Costs/Recap Report
- ATL Guarantees Spreadsheet (if applicable)
- All Detail and Summary Episodic Cost Reports
- Cost Report Cover Report per Episode
- Amortization Detail and Summary Cost Reports

## 9. Payroll

### **Policy**

All ATL and BTL personnel must be paid through the payroll service, as an individual or a legitimate corporate loan-out. Allowable loan-out positions are addressed later in this section. Cash payments and/or accounts payable check payments for employee services are strictly prohibited under any circumstance. This policy must be followed due to both insurance and tax liability considerations.

### **Confidentiality**

Payroll information is confidential. Those personnel who work with or have access to payroll information must not disclose this information to anyone unless there is a legitimate need to know.

### **Prohibited Practices**

The following are strictly prohibited under any circumstances:

- Salary advances
- Cash payments for labor (including background performers)

### **Payroll Accountant Diligence**

The Payroll Accountant is responsible for reviewing all documents and required disclosures for completeness, compliance and timely reporting of all required approvals including

- BCS Related Party Disclosures
- Competitive Bids
- I-9's - must be verified by department head or employer representative. Employers must complete and sign Section 2 of Form I-9, Employment Eligibility Verification, within 3 business days of the date of hire of their employee (the hire date means the first day of work for pay). For example, if your employee began work for pay on Monday, you must complete Section 2 by Thursday of that week. If the job lasts less than 3 days, you must complete Section 2 no later than the first day of work for pay.
- Equipment Lease Forms
- Personal Services Agreement (CBS Deal Memo)

The Payroll accountant is responsible for reviewing payroll service edit reports carefully in order to avoid discrepancies prior to issuing the payroll checks (including background actors).

## **ATL Payroll**

ATL payments are not to be made without a signed payment authorization memo from Contracts Administration. Payment Authorizations must contain approvals from both the Executive Director/Manager of Contracts Administration and the SVP of Production Finance. Under no circumstances shall payments be made when a deal is unsigned and is still in active negotiation, unless authorized by Business Affairs and approved by the Production Finance Executive. Create a payment schedule for any ATL Payment Authorization from Contract Administration that will be paid out over multiple weeks.

<https://cbs.box.com/v/ATLPaymentSchedule>.

All Above the Line payments need to be thoroughly reviewed to be sure they are consistent with the payment instructions and schedules received by Contract Administration and that they are consistent with amount budgeted. Any deviations need to be communicated immediately and if deemed necessary may require a change to the Estimated Final Costs.

- Episodic Script Payments require a Business Affairs approved CBS Television Studios Deal Memorandum. The production's script coordinator communicates directly to Contracts Administration as scripts are assigned and delivered.
- Episodic Director Payment requires a signed CBS Television Studios Deal Memorandum. Once services are complete, payment is made without any additional authorization from Contracts Administration.
- Weekly Cast Payroll shall be calculated, utilizing the SAG/AFTRA Exhibit G which is transferred to the Actor's Weekly Timecard. The timecards are then approved by the UPM and Production Accountant.
- Lump-sum payments including advances against profits, signing bonuses, series commitment penalties, hold money and exclusivity payments will be processed / paid by the corporate production accounting department at the Studio unless specifically designated to be processed by the show. Please confirm with your Production Finance Executive prior to making these payments. These lump-sum payments will remain in the show's budget when appropriate. These payments will be transferred to the show via a download or via Studio transfer. Pay or play payments can be made through location production accounting but must be approved by the SVP of Production Finance.
- Casting Directors and Assistants
  - Casting Directors must be either an employee or a loan-out processed by E.P. The production is to process compensation on a weekly basis through E.P. including making PH&W contributions on their behalf.
  - Casting Associates must be employees of the production. Casting Directors may not be reimbursed a flat amount for the services of the associates. The



production is to process compensation on a weekly basis through E.P. including making PH&W contributions on their behalf.

- Casting Assistants must be an employee of production processed through E.P. No PH&W contributions are applicable to assistants.

### **BTL Payroll**

No payment should be made until an approved Personal Service Agreement (PSA)/Deal Memo and Start Form have been received. The Production Executive must approve all Personal Service Agreements. All requested payments for hours worked must be compared to the production report, any discrepancies should be resolved by the UPM.

The Prelim Production Reports, issued by production, should be approved by the UPM on a daily basis and reconciled final reports be distributed weekly.

No employee should ever be paid twice for the same work hours. For example if a P.A. worked as a background performer on a show, this person should be paid only for hours actually worked as a P.A. This person will then be paid as a background performer for hours actually worked as a background performer. Notify your Production Finance Executive when a duplication of employee services has occurred.

Weekend work during production must be noted on the production report. Prior approval from the Studio Production Executive must be obtained.

Prior approval is required from the Studio Production Executive on any P.A. working more than 14 hours in a given day.

### **IATSE**

- **Eligibility Check:** Prior to hiring an individual affiliated with an IATSE or Basic Crafts union, an employment eligibility check must be made by production using the Industry Experience Roster (IER). The IER is available online at [www.csatf.org](http://www.csatf.org). The Online Roster will contain the most up-to-date IER information available. The unrestricted access portion of the Online Roster will provide access to each roster individual's name, roster classification(s), and a truncated SS #for security purposes, I-9 status, and a list of completed Safety Pass courses. The unrestricted access requires no password and is intended for use by production and studio personnel. Should the Production Office Coordinator have any questions concerning an individual's employment eligibility status after checking the Online Roster, please contact Studio Labor Relations.
- **Rates:** Familiarize yourself with all applicable contractual requirements. Be certain to follow all relevant side letter terms on new Series and Pilots. It is important to consult

with your Production Finance Executive when any labor related contractual questions should arise on your show.

### **Background Actors**

All extras are paid through the payroll service. Under no circumstances will extras be paid in cash. The Assistant Director should approve all vouchers. The Accounting Department should confirm that the vouchers are accurately recorded on the Production Report. Extras timesheets / vouchers must be checked against final extras payroll invoice(s).

### **Minors**

Coogan Accounts (a.k.a. Blocked Trust Accounts and Trust Accounts) are required. In most instances, proof of trust is required before a work permit is supplied. The payroll service will not process payment to a child performer until trust paperwork is received.

### **Employment Procedure**

- ❖ Producer or UPM provides deal information to the production office to complete the following employment start paperwork, including the *Deal Memorandum or Personal Services Agreement, EP Start/Close Form, and other legally required forms*<sup>1</sup> The CBS Studios accounting policies and procedures, Business Conduct Statement, sexual harassment & discrimination hand-outs, safety guidelines must be given to all employees with the employee start-up packet. Before the Personal Services Agreement and EP start/Close Form are presented to the employee, they must contain:
  - Full Name of employee
  - Employee's position (Union Occupation Code, if available)
  - Employee's start date
  - Employee's base rate and overtime rate(s) and any other payments to be provided (e.g., equipment rental, a car allowance, or other conditions of deal)
  - Any and all other information to be provided on the forms.

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<sup>1</sup> For New York productions, such forms include the Notice and Acknowledgment of Pay Rate and Payday. For California productions, such forms include the Notice to Employee – Labor Code 2810.5 (“Legal Wage Notice Form”). The New York Wage Theft Prevention Act and the California Wage Theft Prevention Act both require that employees be provided with the following information: rates of pay (this includes any and all rates of pay); overtime rates; how they are paid (by the hour, shift, day, etc.); allowances (if any); the regular pay day as designated by the employer; the name of the employer (including any “doing business as” names); and the telephone number of the employer. In addition California Wage Theft Prevention Act requires that the name of the employer's workers compensation carrier be provided. Under both states' regulations, employees must be notified in writing of any changes to the required information before the change, unless the change is reflected on a timely wage statement.

- ❖ Employee reviews and completes forms by providing required personal information and signing and returning employment start paperwork. Completed and signed employment start paperwork will be collected by the department head or the UPM and returned to the production office for review and approval. *However, a carbon copy of the signed and completed Legal Wage Notice Form is to be left with the employee after he or she has signed it.*
- ❖ Completed and signed employment start paperwork, including a copy of the signed and completed Legal Wage Notice Form if applicable, is sent to Accounting. Accounting reviews to ensure that all relevant information is provided and forms are complete, accurate and signed by the employee.
- ❖ Assuming paperwork is complete, accurate, and signed, Accounting signs off on paperwork and sends to UPM/Line Producer for approval. Accountant should initial the EP Start form to signify that review is complete.
- ❖ In the event that the Accounting's review of the employment start paperwork shows that paperwork was incomplete, incorrect, or missing information, Accounting will revise the paperwork to correct or update the forms. Accounting will mail updated or corrected forms, including any updated or corrected Legal Wage Notice Form, to employee with a request that a signed copy be returned as an acknowledgment of corrections or changes. Accounting will retain a copy of the corrected and mailed form in its files.

This procedure will apply to employees employed on a weekly or run of production basis as well as daily hires, *except that in the case of daily hires*, Accounting will provide to all department heads a pre-printed list of occupation classifications and a pre-determined rate sheet to assist in the completion of the start paperwork as set forth above.

It is critical that all forms be completed correctly and that this process is adhered to in all cases. Please note that the process set forth as it relates to the Legal Wage Notice Forms is designed to comply with the applicable law. Failure to follow these processes could subject CBS to legal liability and penalties.

After each Personal Service Agreement is completed, it is then sent to the show's Production Executive for approval after which it is filed in the Employee's payroll file. Additional copies of the PSA can be made for the UPM, Production Accountant or Production Coordinator if requested provided they have secure storage for this confidential information.

A copy of the signed deal memo for a Director of Photography Local 600 member must be sent to Labor Relations.

Post Production employee's PSA's must also be sent to Studio Post department for approval in addition to the above.

<https://cbs.box.com/v/US-HB-SVOD-Union-PSA>      <https://cbs.box.com/v/US-Nonunion-PSA>  
<https://cbs.box.com/v/StartPacketHandouts>

### **Timecard Procedure**

Employees hired should record actual daily hours worked on their timecard and then sign the timecard. Department heads should approve their crew's timecards. The Payroll Accountant will calculate the gross wages and make note of any discrepancies from the Production Report. The Production Accountant initials the timecards for verification of review and finally the UPM signs as the approver of payment. (Note that the Line Producer or Production Executive must approve the UPM's timecard).

Any adjustments to a crewmember's timecard must be reviewed with the employee prior to submitting it to the payroll service. The employee must initial adjustments to his/her timecard as acknowledgment.

The payroll service is to calculate all timecards independently from submitted calculations.

### **Paycheck Distribution**

The Payroll Accountant is to establish a signature sheet weekly. Each employee (or their department head on their behalf) is required to sign for their paycheck each week. Checks that are mailed are to be indicated on the payroll signature sheets and filed in the payroll files. Keep a record of any payroll checks mailed.

### **Conflicts of Interest Policy**

During the production process, no person associated with the production may engage in any activity or have personal or financial interest which impairs, or appears to impairs, his or her independence of judgement or otherwise conflicts with his or her responsibilities. Such activities include, but are not limited to:

- a) Accepting cash or property in connection with any production transaction for unauthorized personal benefit;
- b) Accepting entertainment or gifts of more than minimal value from any current or would-be supplier;
- c) Accepting or offering unauthorized or illegal payments;
- d) Having a personal financial interest (of greater than 1%) in any customer or supplier which enters into any transaction with respect to the production;
- e) Borrowing from or lending to customers or suppliers providing goods or services to the production;
- f) Disclosing confidential information to outsiders or using inside information relating to CBS for personal financial gain;

- g) Personally taking advantage of business opportunities which might be at conflict to the production;
- h) Having transactions with CBS other than in the ordinary course of production activity;
- i) Engaging in business with, or as a competitor, customer or supplier to the production without the prior knowledge and approval of CBS Production management;
- j) Serving as an officer, director, employee, consultant or promoter of a for-profit organization which enters into transactions with the production without prior knowledge and approval of CBS Production management;
- k) Having family members (spouse, parents, children, sisters, brothers, nephews and nieces by either blood or marriage) either benefiting through conflicts of interest outlined in a. through j. above, or employed directly or indirectly by the production without prior knowledge and approval of CBS production management.

If at any time during the production process a potential conflict of interest is noted, it is the responsibility of the production accountant to bring that potential conflict to the attention of CBS management for evaluation and, when necessary, appropriate action. Refer to the CBS Business Conduct Statement for more information.

### **Cell Phone Reimbursements**

Cell phones, if reimbursed, are to be paid through payroll. Producers can reimburse an employee for a monthly amount specified on the employee's Personal Service Agreement (Deal Memo) approved by the Production Executive. Generally, cell phone reimbursement is not to exceed \$50/ month. Note that some positions with high usage may be reimbursed up to \$100/ month.

### **Equipment Leases (e.g. "Box", "Kit" or Employee Equipment Rentals)**

Actual equipment rentals payable to an employee must be paid through the payroll service. All 1099'able items must be paid by the same source (the Payroll Service). All employee equipment rentals such as vehicles, camera filters, sound equipment, etc. must be paid through the payroll service. Some exceptions may apply and must be pre-approved by Production Executive and Production Finance Executive.

All employee rentals are established by an Equipment Lease form (<https://cbs.box.com/v/EquipmentLeaseMileageReimburse>). The following terms are not consistent with a lease agreement and therefore should not be used: Box Rentals, Kit Rentals. Instead of these use Equipment Lease Form. Based on rulings by the IRS, equipment lease policy is as follows:

Leased equipment meeting the following criteria will be reported on form 1099 and not subject to payroll taxes or withholding:

- Leases must be at fair market value
- Computer rentals shall cap at \$500 for a season.
- This should be substantiated with a Competitive Bid form unless the leases fall within the pre-approved range. The initial budget received from production finance is the guide for pre-approved range. <https://cbs.box.com/v/CompetitiveBidForm>.
- All leases should be supported by the CBS agreement containing the following:
  - Stated rate, preferably weekly
  - Stated term of the lease
  - Contain a list of all equipment leased, this must be provided in the lease agreement.
  - The value of the leased equipment.
  - Indicate that the use of the equipment leased is at the discretion of the production company (Lessee)
  - Not indicate that the use of the equipment is exclusive to employee/owner of the equipment.
  - Indicate the lessor is responsible for any loss or damage to the leased equipment.
  - Indicate that the lessor is responsible for maintenance and normal wear and tear.

The Studio will not provide insurance for any items and is not responsible for loss of, damage of or regularly scheduled maintenance/service of any kind to such equipment.

Rentals are paid during production only. They are not paid on holidays, during prep, hiatus, or wrap unless otherwise agreed by the parties in writing, and such payment is approved by the Production Executive.

Qualifying rentals will be processed through Entertainment Partners (EP). An EP Box Rental Invoice must be submitted each week to E.P. E.P. will 1099 these rentals at year-end. Rentals are a continuous part of an employee's earnings and should be treated as one source of income on one W2.

Any rentals not meeting these criteria will be taxable wages subject to payroll taxes and withholding. Rentals considered taxable wages (such as makeup and hair kits) will be used as the wage base upon which OT is computed thereby increasing OT cost.

Exceptions may be made for substantive rentals such as Construction Coordinator equipment which may be owned by an employee's corporation. Notify your Production Finance Executive if any crew members request their equipment be rented through a corporation. If it is approved to pay to the corporation then it will be processed through accounts payable. Under no circumstances shall an employee's equipment rental be paid through a sole proprietor in accounts payable.

If there is no tangible equipment rented, rental agreements are not permitted.

### **Car Allowances**

While the above also applies to car rentals/allowances, the following additional guidelines should be used to determine the taxable status of car allowances:

- Rentals of vehicles that are used exclusively for production will be treated as rentals and 1099'd through EP as any other rentals that meet the above criteria.
- Flat rentals of employee's personal vehicles used both for personal and production business will be considered taxable compensation.
- Any employee receiving a car allowance should never be reimbursed for mileage or gas receipts (does not apply to Canadian shows). The car allowance covers all expenses for someone driving their own car.
- An employee not receiving a car allowance may be reimbursed via a mileage reimbursement (this must be a fee per mile not a flat reimbursement). Per the IRS this is a reimbursement of expenses not a rental.

### **Mileage**

Mileage is reimbursed at the current IRS allowable rate and is to be confirmed annually with Production Finance when changes occur to the IRS allowable limit.

<https://www.irs.gov/tax-professionals/standard-mileage-rates/>

- Mileage related to business travel for employees who are not receiving a car allowance should be itemized on a mileage log indicating distance traveled for the "to" and "from" locations, based on the odometer reading. Mileage distance should be rounded to the nearest tenth of a mile. Mileage forms are to be submitted weekly with the timecards to be processed through payroll. Payments to an employee for mileage reimbursement are allowed ONLY when the employee is traveling on company business AND provides an accounting of the actual business mileage on a mileage log.  
<https://cbs.box.com/v/MileageLog>.
- Mileage allowances merely from home to a usual place of work (i.e. regular/ongoing commuting) do not constitute "company business".
- It is Studio policy that absent the above, all other forms of mileage allowances are taxable wages includable in the employee's W-2 because they do not meet the requirements of a travel allowance without accounting. Therefore simply paying someone a mileage allowance in accordance with union requirements does not in itself exempt it from the proper accounting requirement to be "exempt" for tax.
- Any employee receiving a mileage reimbursement should never be paid a car allowance or gas reimbursement.

- The above relates primarily to U.S. persons hired. Different tax reporting/tax considerations may apply to foreign persons hired on location according to the tax requirements of that particular county.

### **Holiday Accrual Payout**

At the end of production, the Payroll Accountant will request the payroll holiday accrual report from the payroll company. This report is to be audited by the Payroll Accountant to make sure that all unworked holiday paid has been charged against the accrual. The Production Accountant will review and approve before the pay-out is authorized. After the payment process is complete, the holiday accrual liability account should be reconciled to zero.

### **DGA Deal Memos**

The DGA deal memo should be audited by the Production Accountant and approved by the UPM and Production Executive. The completed DGA deal memo is sent to the Production Executive's Assistant who is responsible for distribution. A copy of the DGA deal memo belongs in each employee's payroll file.

### **Accounting Staff Deals**

All accounting staff personnel and their deals must be approved in advance by the UPM and the Production Finance Executive. Send copies of all accounting staff personnel deal memos and start forms to the Production Finance Executive when approved. Accountant's weekly time card is to be approved by Production Finance Executive. All overtime for accounting personnel should be pre-approved by the Production Finance Executive.

<https://cbs.box.com/v/AccountingPSA>.

### **Corporate Loan-Outs**

In order to be considered a legitimate loan-out company, Articles of Incorporation must be provided by the first day of employment. As the guild mandates that the Production Company pays pension, health, and welfare payments directly to the guild, the payroll company will calculate and send the applicable fringes to the union/guild. Loan-out companies are prohibited from billing for the reimbursement of union/guild fringes or payroll taxes (federal or state).

An employee (including performers and producers) cannot be paid or reimbursed for expenses as an individual if they have been hired as a loan-out corporation and visa- versa. An employee (including performers and producers) cannot change their payroll status from being paid as an individual to a loan-out corporation and visa- versa if they have already established payroll status and have already received compensation.

Only the following positions may be paid through a loan-out corporation:

- 1<sup>st</sup> Assistant Director



- Production Designer/Art Director
- Casting Director
- Costume Designer
- Director
- Editor
- Director of Photography
- Talent
- UPM/ Line Producer
- Music Composer
- Visual Effects Consultant
- Writers

### **Tax Withholding**

Specific federal and state withholding taxes may be required and tied to various shooting states/jurisdictions tax incentive programs. Consult with your Production Finance Executive on any withholding provisions at show start up.

### **Per Diems**

Please refer to section titled “Per Diems” and section titled “Tax Reporting-Per Diems” for the handling of payroll reporting.

### **Non-Worked Compensation**

For payments that do not pertain to services performed, such as a lay-off/severance payment, bonus, or buy-out, time cards/sheets must indicate accordingly that worker’s compensation is “not applicable”

### **Exempt and Non-Exempt Classifications**

Federal and state laws require the payment of overtime for all employees unless the employee is exempt. All non-exempt employees must have an hourly rate established and be paid for all hours worked, including overtime, based upon the applicable federal and state requirements, whichever is more stringent.

No positions other than those on the following list can be exempt:

- Art Director/Production Designer
- Construction Coordinator
- Costume Designer
- Director
- Editor

- Director of Photography
- Illustrator
- Location Manager
- Make-up/ Hair Stylist (Department Head Only)
- Producer
- Production Accountant
- Production Coordinator
- Publicist (Senior)
- Set Decorator
- Still Photographer
- Transportation Coordinator
- UPM/Line Producer
- Visual Consultant
- Writer

### **Jury Duty**

Jury Duty is not paid.

### **Payroll Work Week**

The payroll work week is Sunday to Saturday regardless of the work week schedule for the production. Paychecks are available on Thursday each week for services completed the previous week. In the event that the scheduled pay date falls on a holiday, checks will be available one day later. Any exception to this pay schedule needs to be approved by the Production Accountant, UPM and Production Finance Executive.

### **Payroll Invoices**

All payroll invoices for cast and/or crew payroll should be thoroughly checked for accuracy, including fringe benefits and payroll service fee. Workers compensation rates for clerical, post, etc. must be verified.

### **Post Production Payroll**

Personal Services Agreements (Deal Memos) are generated by the Production and then sent to CBS Post Production Department for approval. Copies of all Post Production timecards (both union and non-union) should be e-mailed to CBS Post Production weekly for approval. The payroll is processed directly by the Production.

## **Residual Document Requirements**

At the beginning of production, you will be contacted by the Residuals Department who will assign you a Residuals Administrator who will process your show. They will provide you with the Residuals Check List. You will provide information and documents to the CBS Residuals Department to allow them to process residuals.

First confirm whether this television product was produced under the jurisdiction of the following collective bargaining agreements:

- Writers Guild of America
- Directors Guild of America
- SAG/AFTRA
- American Federation of Musicians
- IATSE or Basic Crafts Agreement

On an episodic basis during Series or during wrap for Pilots/Presentations, Residuals needs the following documentation (all contracts should include loan-out corp., federal i.d. and social security number as well as a current address):

- Actors
  - 3 Day & Weekly Player Contracts
  - Day Player Contracts
  - Stunt Player Contracts
  - Looping or Voice Over Contracts
  - Timesheets for all Actors
- WGA Contracts are sent to Residuals Department by Contracts Administration
- Director Contracts are sent to Residuals Department by Contracts Administration. Director Timecards and Payroll Register are to be sent by the Payroll Accountant.
- DGA UPM, AD Deal Memos are sent to Residuals Department by EVP Production's Executive Assistant. Signed copies are to be retained in the payroll files.
- Gross Earnings Report from EP (be employee by episode) for Directors, BTL DGA, Writers and all Cast including Looping. (Must include straight time, overtime, double-time and stunt adjustment payments) Residuals Department request directly from E.P.
- Production Reports and Call Sheets
- Exhibit G's
- Final Credits/End Credits
- Final Cast List
- AFM Music Session sheets or AFM Assumption Agreements
- Deletion Notices
- Checklist for Proration of Post 60's and Supplemental Markets Monies for IATSE and Basic Crafts form.

Production Accounting should arrange for the necessary documents to be sent to Residuals Department on a timely basis. If there are any questions regarding any of the above requirements, please contact the Residuals Department.

**Filing** See Section 3.

## **Affordable Care Act**

### **Administration**

The Affordable Care Act contains benefits and responsibilities for employers. Each non-union employee shall receive a “New Health Insurance Marketplace Coverage Options and Your Health Coverage” notice in their start packet.

Production employees hired under a collective bargaining agreement are covered under an existing health plan. Full time non-union employees are eligible for Cigna Insurance Plan.

### **Cigna Insurance Benefits for Non-Union Employees**

Non-Union production employees are eligible for Cigna Insurance health benefits on certain approved productions. Check with your Production Finance Executive to determine if your show is eligible. Cigna Insurance policies, procedures, and accounting are to be strictly enforced. Cigna Insurance is administered by The Henehan Company.

- **Enrollment**
  - Payroll Accountant will provide The Henehan Company with name, address, start date, division, sub-division, control number, and previous employment data of eligible employees. Complete the New Hire and Termination Notification form and e-mail it to The Henehan Company <https://cbs.box.com/v/NewHireAndTermination>. Due to Cigna’s inability to prorate monthly billing, an employee’s eligibility date is not their first day of employment but the first date of the first full month in which they work.
  - Enrollment packages are distributed with plan options to employees by mail by the Henehan Company.
  - Enrollment forms should be returned to the Production Accountant who should complete the section entitled “To be completed Employer” (Top right hand side) and e-mail to the Henehan Company. The Henehan Company will respond directly to enrollment questions from employees.
  - A copy of the enrollment form should be kept in the employee payroll file.
  - Payroll Accountant should generate a Cigna Insurance Authorization for Deduction form, have employee sign and send a copy to E.P. The original should be kept in the employee payroll file. Rates for the deduction can be obtained from the annual rate sheet provided, based on the employee’s insurance

election <https://cbs.box.com/v/CignaDeductionAuthorization>.  
<https://cbs.box.com/v/CignaRateSheet>.

- Changes to Existing Coverage

- The following information can be changed outside of the open enrollment period:
  - Name Change
  - Address Change
  - Add or delete dependent change (additions of dependents must be done within 30 days of acquisition of dependent)
  - Change in Life Insurance Beneficiary
- Employees should complete Change Information Form (same as Enrollment Form), submit to the Payroll Accountant who will e-mail directly to The Henehan Company.
- The Henehan Company can respond directly to any inquiries regarding changes to existing coverage.
- The Henehan Company is available to assist with inquiries relating to claims.

- Terminations

The Production Accountant is responsible for notifying The Henehan Company immediately, via e-mail, of any terminations. Complete the New Hire and Termination Notification form. The Production will be responsible for paying unnecessary premiums due to late termination notices. Due to Cigna's inability to prorate monthly billing, you must notify The Henehan Company immediately of the employee's final day of work as the employee's termination date. The show will have to absorb the cost of the employee's portion of the Cigna benefit as an overage if the employee's termination date is prior to the last week of the month.

- Accounting

- The "employee deduction" amount should be deducted from each individual's paycheck. The credit for this amount should be coded to a Liability account "Cigna Premiums Payable" (CBS Studios Acct = 945-966-10).
- Actual premium costs will come through as a studio download (or invoice) monthly and coded to "Cigna Premiums Paid by Studio" offset account (CBS Studios Acct = 945-966-11).
- Reconcile the monthly activity and statements that will be provided against the list of enrolled employees and their plan choice.
- Journal the net cost of the month (Month Plan Cost less Employee deductions) to the insurance cost account.

Your primary responsibility relating to Cigna Benefits will be to communicate new hires, terminations and change information to the administrator (The Henehan Company), ensure employee deductions are made accurately through Entertainment Partners and manage the accounting of both employee and employer costs. General questions relating to enrollment, premiums, coverage, claims, COBRA etc. should be referred to The Henehan Company.

## 10. California Paid Sick Leave

In 2015 the state of California, as well as labor unions under the Collective Bargaining Agreement (CBA), each introduced similar provisions mandating paid sick leave for employees working in California:

- California's *Healthy Workplaces, Healthy Families Act of 2014* became effective on January 1, 2015 (the start of the eligibility period), with accruals commencing on July 1, 2015 for eligible employees.
- The *General Memorandum of Agreement of August 1, 2015* between the AMPTP and applicable unions under the CBA became effective on August 1, 2015. This agreement includes the *California Sick Leave Act*, and covers crew employees working in California who are affiliated with, among others, IATSE (including Basic Agreement, Area Standards Agreement, Videotape Electronics Supplement, Digital Supplemental Basic Agreement)/ Basic Crafts Locals (including 40,78,399,724,755) Agreements; Local 399 (including Casting Directors, Location Managers).

In 2016, the city of Los Angeles passed additional legislation that applies in the City of Los Angeles. Read the entire section for all applicable rules.

### Eligibility

#### **Who Can Become Eligible:**

All employees working in California can become eligible for paid sick leave, including ATL, BTL, exempt, non-exempt, union, non-union, full time, part time, and temporary.

#### **How to Become Eligible:**

An employee will become eligible for paid sick time benefits after **both** of the following criteria have been satisfied:

- ✓ By working for CBS for at least 30 days (work days, not calendar days) in California within one year from the commencement of employment, **PLUS:**
- ✓ Under the law, after a 90-day (calendar days, not work days) waiting period (concurrent with the 30-day requirement above) has passed, **OR:**
- ✓ Under the CBA provision, after the 90<sup>th</sup> day of employment (based on days worked or guaranteed).

Please note the important distinction regarding the 90-day period. The California law requires 90 calendar days from the date of hire as a waiting period, while the CBA provision requires 90 days actually worked (or guaranteed) in California – meaning the CBA provision will take longer to satisfy.

## **Accrual**

### **Commencement of Accrual:**

All employees will begin to accrue sick time on the date which is their first day of work. However, such accrued time may not be used for sick leave pay until they have satisfied both criteria in the Eligibility section above.

### **Accrual Method:**

One hour of paid sick time is accrued for every 30 hours worked (including both straight time hours and overtime hours) in California.

### **Accrual Cap:**

The accrual caps at 48 hours (or 6 days) per year, but the actual use of paid sick leave by an employee is limited to 24 hours (or 3 days) per year. Unused sick time will carry over to the following year, subject to the annual cap of 48 hours.

### **Remaining Accrual at Completion of Employment:**

The unused sick time accrual is kept on file for up to one year following an employee's last day of employment (after which any unused accrued hours are deleted). If an employee is rehired by the same Common Law Employer (as defined in the section following) within one year from the date of separation, any previously accrued and unused hours will be reinstated immediately upon the rehire date (and the 30-day and 90-day eligibility requirements are waved).

## **Payment and Tracking**

### **Minimum Increments of Sick Pay:**

Under the California law, eligible employees may use their paid sick leave benefits in minimum increments of **two hours**. Under the CBA provision, eligible employees may use their paid sick leave benefits in minimum increments of **four hours**.

### **Verification of Accrued Sick Time:**

When an employee calls in sick, accounting must verify his/her accrued sick time (in order to determine if any sick pay is due). EP's email address for sick leave inquiries is [sickleave@ep.com](mailto:sickleave@ep.com).

### **Timecards:**

Write "Sick Time Paid" and the number of sick pay hours on the timecard on the applicable day. Please be sure to include the number of sick hours for all employees, regardless of their type of hire. The payroll company cannot process sick leave pay without knowing how many accrued hours are to be applied. By way of example, an "on-call" employee's timecard should indicate 8 hours of sick pay if calling in for the entire day.

### **Rate of Pay for Sick Time Used:**

For hourly employees, sick pay is paid at the normal straight time hourly rate.



Under the CBA provision, for weekly employees (including “on call” hires), a day of sick leave pay shall be equal to one-fifth of the employee’s weekly rate under the studio minimum wage scales (or one-sixth under the distant location minimum wage scales, whichever is applicable). If a weekly employee uses only four hours of sick pay instead of an entire day, pay 50% of the applicable scale wages noted above.

**No Payment for Unused Accrual:**

Employees are not entitled to payment for any sick pay hours that have accrued but have not been used at the completion of employment. Paid sick leave is provided as a benefit if needed but is not a guaranteed payment if not used (unlike, for example, accrued union holiday).

**Hours are tracked by Common Law Employer:**

The Employer obligations related to paid sick leave benefits fall under the production entity *CBS Television Studios, Inc.* An employee who works on more than one CBS project in the same year will have one overall sick pay accrual instead of separate accruals for each CBS project.

**Therefore, please be aware that it is possible for an employee to become eligible for paid sick leave on one show and use these benefits immediately on another show.**

**Account Coding**

All labor costs for sick pay are coded to the All Shows Amortization on a Series.

**Work Performed Outside of California**

All hours worked outside of California (regardless of the employee’s residency) for a show based in California **shall not be applicable** toward either the California law or the CBA provision.

**Sick Leave Los Angeles**

Ordinance became operative July 1, 2016. Any employee who works at least 2 hours in a week within the boundaries of the City of Los Angeles is covered by the Ordinance.

However, if an employee receives at least two of the following benefits, then the employee is deemed exempt from the Ordinance:

- Payment of a wage rate that is more than twice the City’s minimum wage rate.
- Additional compensation in lieu of time off
- Additional compensation for days not worked
- Holiday pay
- Health insurance for employee coverage at no cost to the employee
- Deferred compensation known as residuals

E.P has preliminarily determined that the following categories of employees are less likely to meet at least two of the criteria in the exemption. These categories include:

- Most non-union workers
- Certain associate casting directors
- Background performers

- Fire Safety Officers and Fire Safety Advisors
- LAPD & CHP

Employers will need to provide to covered employees 1 hour of paid sick leave for every 30 hours worked. Eligible employees will be able to use at least up to 48 hours of sick leave per year and bank at least up to 72 hours of unused sick leave.

EP will now capture both the city and state if it is reflected on the time card. Each time card has a place to write this information. You must include the city and state in which the work is occurring on a daily basis. (i.e. Los Angeles/ CA). If you have changed work locations throughout a particular week, this will need to be reflected on the time card.

Please note: For production locations outside of Los Angeles, this ordinance will apply to Los Angeles based post production and writing staff employees.

## **11. Purchase Orders**

### **General Policy**

Purchase Orders must be used for all purchases and rentals made on credit. Purchase Order extensions and add-ons require the re-approval of the P.O. by the Department Head and Production Manager. If a vendor used consistently by the production will not accept a P.O. this should be communicated to the Production Finance Executive. A specified dollar amount is required. No “open” P.O.’s are permitted. No verbal approvals will be honored for payment. Proper written signed agreements are the only acceptable authorizations to pay.

### **Format**

Production Finance will provide purchase order forms. P.O.’s contain three copies.

- The white copy is for the vendor.
- The yellow copy is for accounting and is attached to the invoice. Make additional photocopies if there are multiple invoices associated with one P.O.
- The pink copy is for accounting and is filed in numeric general file.

### **Distribution to Departments**

Blocks of P.O.’s should be distributed by accounting to the production office and to individual departments. Accounting is not responsible for directly assigning P.O.s to vendors but shall maintain a P.O. Log. A P.O. log must be used to record all purchase orders and should be periodically reviewed for outstanding P.O.’s assigned to departments. At the end of production all unused P.O.’s and the P.O. log must be turned over to the Production Finance.

<https://cbs.box.com/v/POLog>.

### **Issuing to Vendors**

Ensure that all department heads issue P.O. numbers to their vendors at the time of commitment for any purchase, rental, or other service. All vendors should be informed that P.O.’s are required for all committed costs, and P.O. numbers are required on all invoices. Please emphasize that failure to comply will delay payment and may result in the invoices being denied for payment. Include/document these requirements whenever establishing credit with a vendor as well.

### **P.O. Must Contain**

All purchase orders should contain the following minimum information:

- UPM approval, Production Accountant’s audit approval, and Department Head approval if/when appropriate.

- Vendor name, address, including zip code, contact name, phone number.
- Vendor status: corporation, partnership, or sole proprietorship. Departments should attach a completed W-9 form with P.O.'s for new vendors.
- Order date and date needed.
- Requester's Name
- Department placing the order
- Description of precisely what is being ordered, quantity, purchase or rental, rental period dates, purpose of item
- Unit price or dollar amount for rental period
- Any deposit information
- Budget detail coding – show number, episode number, episode title (plus set number and title if applicable)
- Include location if applicable, or character name if applicable.
- Total cost including tax and shipping. Include complete terms of the commitment.
- For vehicles obtain the Make, Model, Year, and License Plate.

#### **P.O. Distribution**

Approved purchase orders are distributed as follows:

- Original – Vendor, via scan, fax or mail.
- 1<sup>st</sup> Copy – Filed in open alphabetical accounting P.O. file until vendor invoice is received, then tracked and attached to the invoice when processed for payment
- 2<sup>nd</sup> Copy – Filed numerically in the accounting files.

#### **P.O. Computer Input**

All approved purchase orders must be entered into the accounting system DAILY.

#### **Related Party Transactions**

If a P.O. is submitted for a vendor that is a Related Party (defined as an Employee, a Relation of an Employee, or a Company in which either an Employee or a Relation of an Employee has a financial interest), please refer to the Competitive Bidding and Related Party Transactions section of this manual to ensure that the committed cost has satisfied the Related Party Transaction procedures. <https://cbs.box.com/v/RelatedPartyTransactionForm>.

#### **Competitive Bid**

A Competitive Bid form is to be completed by the departments for individual items purchased for \$10,000 or more as well as for Run-of-Show Rentals in which the total for the season is projected to be \$100,000 or more. See Competitive Bidding policy.

### **Tracking against Invoices**

A P.O. Tracking Sheet should be created by accounting for long term or run-of-show rentals/services and updated with each invoice that is applied against the P.O. Attach a P.O. copy to an invoice and include a copy of the updated tracking sheet (if applicable) as well.

<https://cbs.box.com/v/POTrackingSheet>

<https://cbs.box.com/v/RunofShowTemplatePO>.

### **P.O. Audit**

P.O.'s must be audited weekly for accuracy. Verify that ongoing rentals were properly relieved. It is the Production Accountant's responsibility to raise a flag when the approved duration of the P.O. is about to expire by notifying the appropriate person that a new P.O. is required.

## 12. Credit

### Credit Applications

New accounts are established by the Production Accounting Department only. Your Production Finance Executive will send you the Credit Application Fact Sheet for you to use. The show name, not CBS must be indicated in the account name. When establishing credit, provide supplier with a cover letter that includes the list of individuals authorized to use the account along with individual credit limits (if any), samples of their signature (if required). The UPM should review this information before it is sent to the vendor. In the event a vendor requires a letter of credit from CBS, please request such from the Production Finance Executive.

All credit agreements must be reviewed by the CBS legal department.

The show will not obtain vendor credit cards. If an exception to the policy is needed, it requires the prior approval of the Production Finance Executive. (This includes fuel accounts and hardware store accounts (such as Home Depot)).

Include a cover letter with the following information:

In regard to the opening of our account with "**Vendor**" for the television pilot "**Show Name**". I would just like to establish a couple of general conditions for our account:

This account is to be used for the CBS Studios show, "**Show Name**" only.

- The following are the names of the only employees who may use the account:

(Any changes will be forwarded to you by my office in writing).

- ALL purchases must be accompanied by a purchase order number.
- No transaction should exceed the amount specified and approved on the purchase order.
- Mail all invoices to the address above.
- We can only pay original invoices.
- All invoices must indicate a purchase order number in order to be processed.
- Our account limit should not exceed **\$XX,XXX**. Please call me if any one transaction exceeds **\$X,XXX**.
- Our last day of shooting is tentatively scheduled for **Date**.
- Upon opening account, e-mail completed W-9 to:

Please call the accounting office with any questions. We very much appreciate the expedition of the opening of this account and we look forward to doing business with you.

Sincerely,

It is also recommended to send a blank W-9 to be completed by the vendor.

### CBS Accounts

The Manager of Production establishes shipping and office supplies accounts for the shows which take advantage of CBS pricing. Employees may not use any CBS company account for personal business.

**Filing**

File all credit applications in a binder to easily determine which accounts need to be closed during wrap and include a copy in the vendor file.

**Close Vendor Account**

At the end of production, all accounts should be closed.

## 13. Accounts Payable

### Policy

Payments should be made by check rather than cash. All check disbursements must be properly supported and approved. Nothing related to Payroll may be paid through Accounts Payable.

- **Authorization for Payment.** Under no circumstances shall payments be made when a deal is unsigned and still in active negotiation, unless an approved authorization is received by UPM, Production Finance or Contracts Administration. This applies to payments for vendors, locations, and contractual payments.
- **Billings from Vendors** should be settled weekly, including hotel bills. Request weekly billing procedures with recurring suppliers.
- **Check Requests** are to be used if payment is needed before an invoice is received. A completed W-9 must accompany the check request. Keep paid check request separate, pending receipt of an invoice or supporting documentation, before filing in the appropriate vendor file. <https://cbs.box.com/v/CheckRequestForm>.
- **Competitive Bids** See Section 16.
- **Deposits** should only be set up out of necessity. Deposits should be coded to the deposit account range with a separate account for each deposit. They must be paid by check stating "Deposit". All Deposits should be deducted from the final vendor payment. An invoice is required for any deductions against a deposit. All payments involving large deposits, agreements to indemnify or hold harmless, leases should be forwarded to the Legal Department for review and approval. A copy of executed building/facility agreements should be forwarded to your Production Finance Executive. Deposits should be reviewed weekly.
- **Discounts and Late Payments** from vendors should be monitored. For vendors which offer discounts for prompt payments, pay promptly and take advantage of the discounts. Every attempt should be made to pay invoices in a timely manner. Fees incurred due to late payments are the production's responsibility. However, the accountant should contact vendors charging late payment and try to have late fees waived, based on volume and/or long term history.
- **Employee Equipment Rentals (box/car)** cannot be paid through Accounts Payable. An occasional exception can be requested from your Production Finance Executive for Employees who own legitimate corporations through which they rent equipment.



- **Expendable Purchases** are only to be made to employees upon presentation of receipts as a reimbursement. Reimbursable expendables must be used exclusively on the production making the reimbursement.
- **Gifts** for crew or crew related parties (for example sympathy flowers) must be preapproved by the Production Executive. In general, Producers should put these types of expenses through on an expense reports and approved by CBS Production Executive and CBS Production Finance.
- **Vendor Rental Agreements** terms are to be reviewed by CBS Legal prior to signing. All rental agreements that exceed more than \$25,000 must be signed by the show's Production Executive.
- **Location Site Rentals**
  - Requests for site rental payments should include a CBS Location/Site Rental agreement attached to a check request and accompanied by a W-9. If a check request is used to issue payment before a signed CBS Location/Site Rental agreement is available, the signed agreement must be obtained upon delivery of the check.
  - The CBS Location/Site Rental agreement is available from the Legal Department. It cannot be altered without approval by your show's Legal representative. In the event a vendor requires a contract in a different format, it must be reviewed and approved by Studio Legal. Verify that Studio Legal has approved any alterations prior to issuance of check. The Studio Legal representative's name is to be listed on the check request if any changes have been authorized on the standard form or if an alternative agreement has been approved. An executed agreement must be received by accounting.
  - Agreements for more than \$25,000 require the approval of your Production Executive.
  - Site rentals, etc. are considered as 1099 items and must be recorded as such if the recipient is not a corporation.
  - The Location Manager must recoup any deposit as quickly as possible upon completion of the shoot.
- **Location Gratuities** exceeding \$100 should be made by check to ensure 1099 payment information. A completed W-9 should accompany all gratuities.
- **Loss and Damage** requires a completed Loss & Damage Form filled out by the department. The approved form is attached to the related invoice. If a reportable theft occurs, a police report should also be attached. Loss and damages in excess of \$500 needs to be approved by Production Executive prior to payment.  
<https://cbs.box.com/v/LossAndDamage>.
- **Manual Checks** are not permitted.

- **Paying the Payroll Service** must be done without fail within 24 hours. Payroll cost is the largest single cost item of the entire production. Discrepancies are handled by requesting an adjustment from the payroll service. In order to verify that the adjustment is received, all adjustment requests should be tracked. Any returned checks should be copied as a record until the credit invoice is received. Request an aging report from the payroll service monthly to identify discrepancies.
- **Purchases from Employees** are not permitted. Under no circumstances can expendables be purchased from an employee or an employee owned company.
- **Pre-Signed Checks** are NOT permitted under ANY circumstances.
- **Quick Checks** are not permitted.
- **Receivables** should be set up for any amounts due to the show, whether it is an inter-company from a prior season, or monies due from an outside vendor or company. Notify your Finance Production Executive prior to setting up an accounts receivable account. Use a separate receivable account clearly identifying the receivable. Any agreements from other studios (i.e. shared labor costs, etc.) should be verified in writing from Production Finance Management. Prepare invoices to bill receivables and follow-up on outstanding balances regularly.
- **Related Party Transactions** See Section 16.
- **Specialty Coffee & Juice Drinks** cannot be purchased or reimbursed for below the line crew or production office staff. (i.e. Starbucks, Coffee Bean, Jamba Juice, etc.)
- **W-9's** are required. <https://www.irs.gov/uac/about-form-w9>. It is CBS policy to request updated W-9 forms every three years. Utilize the "Expire Date" field in the vendor entry to monitor this activity.

### **Audit Checklist**

- **Invoice Processing**
  - Payments are to be made on actual vendor invoices, never on vendor statements.
  - Ensure that each and every cost has adequate supporting documentation which accurately reflects the transaction. All check requests must be followed up with supporting documentation.
  - Review invoices for mathematical accuracy, including calculations of tax, shipping, and handling fees.
  - Include an adding machine tape on all manually processed/handwritten invoices.
  - Match the invoice to the applicable purchase order. Document any variance from the P.O. (See Purchase Order Section 12).

- In the event an invoice is incorrect, contact the vendor to request a revised invoice or a credit invoice. Do not assume adjustments without affirmation from a vendor in writing.
- Verify rental from and to dates are complete.
- Code appropriately. Ensure description of location/set or character, etc. is included.
- Review payment terms and take advantage of discounts for timely payment.
- Collect approvals from the department head, production accountant and Line Producer/UPM. See approval chart for more detail.
- All non-reoccurring invoices in excess of \$25,000 (other than E.P.) require the approvals of VP, Production Finance or above and VP, Production or above.
- Ensure W-9's are on file for all vendors paid in the U.S. Confirm studio vendor number through the Studio PAL Vendor Management system (<https://tvproductionvendors.cbs.net/vendors>).
- Identify and note 1099 status and/or recoverable asset status.
- Identify and note applicable tax incentives and coding.
- If the production is outside of California and goods are shipped to location, verify that sales tax is included on the invoice. If not, please do the following:
  - Code the net cost to the proper cost account.
  - Calculate the proper state sales tax amount of net cost and code to the cost account.
  - Code sales tax offset amount to a trial balance receivable.
  - Quarterly forward transaction history to your Production Finance Executive as well as to the Manager of Accounting.

### **Computer Entry of Accounts Payable**

A/P transaction number must be written on the invoice. After inputting, the invoice should be marked as "PAID". Ensure that all voided checks, canceled checks, and stop payments are ALL entered into the system using the applicable status code (C=Cancel, V=Void and S=Stop Payment). Audit the check registers weekly to insure that all checks are accounted for on a weekly close basis. Please note the following:

- Complete vendor information is mandatory, inclusive of Federal I.D. Number, or Social Security number, W9 on file, 1099 status, zip code, and phone number. (See vendor validation section later in this section for additional information.)
- To set up a vendor for a sole proprietor enter as taxable with the Social Security Number listed in the Tax I.D. field and type the applicable tax status in the comments section.
- When setting up a vendor's address that has an agent or manager, please use "Attention" NEVER "In Care Of".

- Ensure that all recoverable assets and 1099 items are flagged appropriately.
- Indicate precise, accurate, and consistent descriptions.
- Indicate rental periods at the beginning of the description field.
- Each invoice must be entered using an invoice number. In the event a statement agrees with the payable invoices on hand, the invoices must still be entered separately.
- To establish uniformity, and strengthen controls involving duplicate invoice numbers, the exact invoice number from the vendor should be entered into the system. Entries without invoice numbers (such as check requests) should be entered in a consistent pattern of numbering.

### **1099 Tagging**

All transactions which are subject to 1099 reporting need to be coded and classified properly. Errors or omissions could subject the company to large fines by the IRS.

Payments reportable on 1099 to **Unincorporated and LLC entities** include, but are not limited to the following:

- Rentals (i.e. Location site rentals, vehicles, animals, equipment, storage etc.)
- Services which do not produce a tangible commodity.
- Gifts in lieu of compensation (e.g. wardrobe/set dressing)
- Any payments other than salary or hourly wages which are considered income
- All physician payments, businesses providing medical services, or legal fees (regardless of whether they are incorporated or not.)
- Per Diem payments to an employed minor's guardian who is not employed by the production company, but employed minor's contract specifies that a separate per diem be paid to the guardian.
- A vendor's invoice for time and materials should be reported for the full amount even if the materials are supported by invoices.

Retail purchases are **not** subject to 1099 reporting.

All 1099'able items must be paid by the same source. In the event a crewmember is paid an equipment or miscellaneous rental, these payments are continuous earnings from the studio and the records should be reported cumulative as 1099'able. Therefore, the payroll service should process all employee rentals and payments.

### **Accounts Payable Check Copies**

All checks have three parts. The yellow copy is attached to the original documentation which is filed in the vendor's file. The pink copy is filed in a numeric file.

### **Void/Cancel/Stop Payment Check Process**

All checks must be accounted for in the accounting system.

- Enter Void checks in the accounting system as zero \$ check. Instructions for how to handle the destruction of Void checks are in the Banking Section.
- Cancelled checks are processed as cancels in the accounting system. The supporting documentation and any notes regarding the cancellation are filed in the Vendor file. All copies to be notated "CANCELED".
- Instructions for Stop Payment requests are in the Banking Section. Once written confirmation is received from CBS, process a Cancel/Reissue in the accounting system. Attach a copy of the stop payment confirmation to the documentation for the re-issued check.
- For Void or Cancelled checks, cut out the check number on the original check and attach it to the pink copy of the check (the numeric copy).  
*(see banking and cash forecast for detailed procedure)*

### **Cashier's Checks**

Cashier check requisitions should only be used after all other means of payment have been exhausted. If necessary, to obtain a cashier's check, visit the branch at which encashment has been established.

### **Vendor Verification**

All accounts payable and petty cash vendors must be assigned a studio vendor number in the accounting system. The vendor number that Vista assigns to a new vendor is not the same as the studio vendor number. Once you have obtained the W9, proceed to determine if a U.S. or foreign vendor already has a studio vendor number. Go to the VPN access site for the Studio PAL Vendor Management system (<https://tvproductionvendors.cbs.net/vendors>).

<https://cbs.box.com/v/VendorVerification>.

- Search by Federal ID# or vendor name if the vendor is foreign. If the vendor appears, verify that the information on your W9 matches what is in the system. If it does not, send the updated information per the instructions below.
- If you find a match, input the studio vendor number in Vista in the Studio Vendor Number field.

- Vendor validation requires that all new vendors with P.O. Boxes or from an unfamiliar business be researched to ascertain that the vendor is a valid entity. Efforts to validate such as internet searches or phone calls should be documented on the W-9.
- If you do not find a match, assign a studio vendor number from your vendor number range that is assigned to shows by Production Finance at [studiovendors@cbs.com](mailto:studiovendors@cbs.com).
- For new vendors, send vendor backup as outlined below on a weekly basis to the Production Finance Department at the Studio email address ([studiovendors@cbs.com](mailto:studiovendors@cbs.com)). Do not send a Vendor package unless it is complete. If sending hard copies, only use white paper. **It is important that the packages are sent regularly.** The new vendors have to be input by the studio in order for uploads to clear. **Pending uploads cause issues with corporate accounting and bank reconciliations.**
  - If you receive a new W9 for an existing vendor that reflects different data (ex. address, tax classification, business name) or you would like to re-activate an existing vendor, please note this on the vendor listing.
  - Back-up for an A/P Vendor:
    1. Vista Vendor Listing (with notes if appropriate)
    2. Copy of Check
    3. Backup to check (invoice, receipt, location agreement, etc.) Check Requests alone are not sufficient.
    4. Federal form W-9
  - Back-up for PC Vendor:
    1. Vista Vendor Listing
    2. Copy of Check, Cash Advance form or approved PC Envelope.
    3. Either Federal Form W-9, Copy of EP Start Form, I9 or Employment contract verifying Federal ID number or Social Security number.
  - Back-up for Per Diem paid by A/P check:
    1. Vista Vendor Listing
    2. Copy of Check
    3. Back-up to check (travel memo, Per Diem form, or receipt) Check Request alone is not acceptable.
    4. Copy of EP Start Form or employment contract verifying Federal ID number or Social Security number.

## 14. Positive Pay

As a deterrent to fraud, CBS uses the Positive Pay (POSPAY) system for its bank accounts. Under the POSPAY system, the bank will not honor a check without prior notification, via a POSPAY transmission, that the check has been generated.

### Procedure

To ensure no check exceptions are created, complete the following steps after each check run:

- Post the check register immediately following a check run.
- Once a day, in the Classic Vista System check cycle, run the Positive Pay Cycle. The POSPAY file is sent to the Entertainment Partners server, which transmits the file to the applicable bank at several designated times of the day. Currently EP transmits at 5:00 PM Pacific Standard Time, Monday through Friday.
- As part of the Positive Pay Cycle, a Positive Pay PDF is created. Save the POSPAY file calling it: #####\_SHOWNAME\_PosPayxx/xx/xx (#####=your Vista License Number) and (xx/xx/xx=Date).
- E-mail the Positive Pay PDF report using the header "Show Name" PosPay xx/xx/xx (date). Email to Manager Production Finance and Sr. Financial Analyst.
- There is a delay between the time the POSPAY file is created in Vista and when the information is received and processed by the bank. Any check issued during the day will not be available to be presented at the bank until the following business day.

## 15. AB32 Fuel and Energy Tracking

CBS Studios is required to provide detail information on energy consumption on an annual basis for each production. Each production will need to track amount of gallons purchased for Gasoline and Diesel in addition to Propane, Kilowatt usage for utilities such as Natural Gas and Electricity and Odometer readings for production owned or leased vehicles. These reports should be submitted to your Production Finance Executive annually no later than January 31st for reporting on the previous year's fuel and energy consumption.

### Procedure

- All fuel costs should be coded to the gas account in transportation, including propane for catering.
- Free fields for tracking should be set up as follows:
  - G – Gasoline
  - D – Diesel
  - P – Propane
- General ledger description for Fuel should include the following:
  - Gallons (i.e. 52 Gallons)
  - Date (i.e. 7/23, or 7/23-8/5)
  - Vehicle Type (i.e. Set Dressing, Construction, Various, etc.)
- All Utility bills need to be included on the AB32 Spreadsheet.
- Copies should be made of all Utility bills as back-up.
- At year end, a vendor inquiry from Vista should be run for each utility as back-up.
- Prorate all invoices that overlap from December into January.
- Note, if Utilities are included in a flat rate facility fee, then it is not required to maintain these records. If so, note on the spreadsheet that "Utilities included in Facility Deal".
- At year end, the Fuel account is exported to excel. Columns are manually added next to each free field for Gasoline, Diesel and Propane to include all data required on the AB32 spreadsheet. Because reporting is required on an annual basis, returning shows will need to be exported from two seasons to cover period January 01 through December 31. <https://cbs.box.com/v/AB32Spreadsheet>.
- A copy of the general ledger can be attached to spreadsheets as supporting back-up.
- When complete, e-mail the excel spreadsheets along with back-up to the Production Finance Executive. Include a copy in the general files.



## **Odometer Readings**

The following data is required for all production owned or leased vehicles including picture vehicles:

- Make
- Model
- Year
- VIN
- Beginning (January 1) odometer reading
- Ending (December 31) odometer reading

## 16. Fuel

All Fuel purchases must be associated with a specific production vehicle. Fuel is not to be provided by the show for personal vehicles. If a personal vehicle that is not on rental to a show is used for show-related business, the owner must submit a legitimate mileage reimbursement request. For employees receiving car allowances, mileage and fuel reimbursements are already factored into the allowance amount and therefore no additional Mileage or Fuel reimbursement requests are allowed in the U.S.

### **Fuel Cards**

A listing of all fuel card holders will be maintained by Production Accounting and approved by the Production Manager, prior to the issuance of any given card. The Fuel Card holder confirms his/her acknowledgement of the Studio's fuel policy when they sign the Personal Services Agreement. Receipt of the fuel card must be documented on <https://cbs.box.com/v/FuelCardReceipt>.

### **Fuel Truck**

The fuel truck driver is to maintain a Log Book of all fuel "In" and all fuel "Out." Fuel "In" entries in the Log should be supported by vendor receipts and state date of purchase, type of fuel, quantity, price per gallon, and total purchase price. Fuel "Out" should be logged in the Log Book noting date fuel was dispensed. Vehicle description should include license plate number, production use of vehicle (ex. Grip Truck,) and owner of vehicle.

The Log Book should be organized by week with fuel "In" and "Out" totaled by week. A copy of the Log Book should be turned into accounting weekly and approved by the UPM. Production Accounting should reconcile the Log Book to the fuel purchases to confirm that all fuel purchases have been recorded and usage has been logged. Fuel Truck Log records should be included in the general files.

### **Fuel Receipts**

All fuel purchase receipts must have the odometer reading, vehicle license, description of vehicle and driver written on the receipt. The quantity, price per gallon and total purchase must be printed from the station on the receipt.

No fuel purchases for personal vehicles are permitted.

## 17. Competitive Bidding and Related Party Transactions

### **Competitive Bid**

Any purchase, rental or service totaling \$100,000 or more over the course of the production season where the value of the commitment or the intent of the expenditures for the season exceeds \$100,000, or a single transaction of \$10,000 or more, requires three (3) written bids from competing vendors. These bids must be summarized on a Competitive Bid Form noting the reason why the vendor was chosen.

If there are circumstances that prohibit the use of competitive bids, they should be noted on a competitive bid form. If competitive bids cannot be provided prior to payment, they MUST be obtained immediately following. Competitive bids are signed by the Department Head and the UPM and filed in the vendor's related accounts payable file. In addition, a copy of the competitive bid form should be kept in the General Files.

Competitive bids for a purchase or rental of an item(s) are required every three years if being used in a subsequent season. Maintain a copy of prior season approved competitive bid in current season file noting season prepared and approved. If material changes should occur in items procured between seasons, a new bid should be prepared with the changes.

<https://cbs.box.com/v/CompetitiveBidForm>.

### **Related Party Transactions**

A Related Party Transaction is a purchase\*, rental or service provided by an employee (outside of standard box/kit rentals and auto allowances) or relations of an employee. All Related Party Transactions require written pre-approval by a Production Executive by completion of a Related Party Transaction Form. The employee will be required to submit three (3) written bids from competing vendors. These bids must be summarized on the Related Party Transaction Form.

\*Productions are prohibited from purchasing expendables from employees.

Any exceptions to this rule need to be approved in writing by Production Finance Management.

No payments are to be made until written pre-approval is received from Production Executive.

The approved form should be filed in the relevant vendor or employee file. A copy of the Related Party Transaction Form should be e-mailed to the Production Finance Executive.

## 18. Per Diem/Living Allowance

Per Diem payments are for meals and incidentals while an employee is on location. Meals and incidentals are not to be reimbursed when Per Diem is paid. Any exception needs to be approved by both the UPM and Production Executive.

### Procedures

- The UPM should approve the Per Diem payments/periods in advance.
- The Production Accountant should pre-count Per Diem and place the cash in separate envelopes. The name, daily amount, total amount, and applicable time period should be written on each envelope with the individual sign-off sheet attached.  
<https://cbs.box.com/v/PerDiemForm>.
- It is preferred that each cast and crewmember have his or her own sign-off sheet. It is important that individuals of different per diem rates do not sign on the same sign-off sheet.
- Per Diem recipients must be informed of the state allowable rate in the event that they are taxed above the state allowable amount. Include this information on the individual sign-off sheet. [www.gsa.gov/portal/content/104877](http://www.gsa.gov/portal/content/104877)
- Cash Per Diems must be recorded by the payroll company. To accomplish this Per Diem is recorded on the timecard and the signed per diem received form should be attached to the timecard. Per Diem payouts are recorded as a Per Diem advance on the timecard to properly account for the taxes.
- Both the debit and corresponding credit of the cash Per Diem should be posted to the Per Diem clearing account per the chart of accounts.
- Per Diem and Living allowances that are paid via A/P check also need to be recorded through payroll in the same manner as cash.

### Rates

- Crew – The amount is guided by IRS non-taxable allowances and approved by the CBS Production Executive.
- Cast – The amount is established by SAG contractual minimums and/or by Business Affairs and indicated on the actor's payment authorization issued by CBS Studios Contract Administration.

### Meal Allowance

Meal allowances are generally paid in advance through Saturday's dinner. Meal allowances for crew (e.g. Teamsters) can be given in cash as long as the Production Accountant ensures the

allowance is entered on the employee's timecard and taxed accordingly. If there is a partial week scheduled, or exact departure dates are unknown, allowances should be paid on a partial week's basis. It is preferred that allowances are paid as often as daily in these unknown circumstances. A meal allowance sign-off sheet is required to be signed by each crew member receiving cash meal allowances. Attach to timecard.

### **Loan-Out Corps**

All Per Diem payable to loan-out corporations must be paid by check to their corporation. Exceptions must be approved in advance by the Production Finance Executive prior to any cash payment. In the event an exception is approved, have the recipient sign an acknowledgment form. <https://cbs.box.com/v/PerDiemLoan-Out>.

### **Release to Third Party**

In the event a request is made to release per diem to another individual, a per diem release to a third party form is required. <https://cbs.box.com/v/PerDiemRelease3rdPartyAgreemnt>.

### **Accounting System Entry**

Per Diem payments made from the Production Accountant's petty cash should be input into the accounting system under the Production Accountant's custodian account, listing each name paid out, position, and the applicable time period. The per diem should be posted to the appropriate per diem expense account.

## 19. Petty Cash

Petty cash is for small miscellaneous purchases. Payment by check is mandatory for each and every initial advance and increase of advances. **PETTY CASH PURCHASES MADE WITH A CREDIT CARD ARE STRICTLY PROHIBITED ON ALL U.S. PRODUCTIONS UNLESS NO OTHER PAYMENT OPTION IS AVAILABLE.**

### Policies

- The Accountant is ultimately responsible for the show's Petty Cash float even if he/she assigns the day to day petty cash responsibilities to the Lead Assistant Accountant.
- The custodian petty cash balance should be the minimum amount necessary to conduct business.
- The custodian should exercise prudent judgement and extreme caution in handling cash while on location with the production. Never travel with large quantities of cash unless it is absolutely necessary (i.e. funding the petty cash fund). Carrying large amounts of cash may pose a potential threat to the custodian's personal safety. Always arrange for a driver and/or guard to accompany the custodian to and from the bank (i.e. cashing a large check or initiating a large cash transaction).
- All checks drawn for petty cash must be payable to the designated person cashing the check and not made payable to "cash".
- Petty cash advances can only be made to employees who have completed all payroll paperwork.
- Payments to individuals for services, additional hires, or casual labor through petty cash are strictly prohibited. All labor must be paid through payroll.
- Gratuities should be paid through accounts payable. If petty cash is paid out on location in an emergency situation, the person's name, telephone number, social security number and a receipt with a description of the payment is required. An effort should be made to obtain a W-9. If appropriate the gratuity payment should be 1099'd. Best efforts should be made for location gratuities not to exceed \$100 if paid in cash.
- No payments for rentals will be reimbursed through petty cash.
- Gasoline receipts must be printed from the station with quantity, price per gallon and total. Pre-paid gas receipts are not accepted. Gasoline receipts will only be accepted for production vehicles. The vehicle license plate and description of vehicle and the name of the driver should be written on the receipt.
- Restaurant receipts must include the name, address and phone number of the restaurant.

- The company has a strict “Tipping Policy”. Please note the following limits for reimbursement of tips for business related expenses.
  - Tips for restaurants that DELIVER should be approximately 5% but not to exceed \$10.00 assuming a delivery fee is not charged. No tips allowed on top of delivery fees.
  - For food that is PICKED UP, a tip should not be given. However, if restaurant performs special packaging services, a tip (not to exceed \$10) is permitted. If a fee is charged, no tip should be given. Ordering from restaurants charging fees on pick-up orders should be avoided if possible.
  - Business meals DINING OUT tips should not exceed 15%.
  - Skycaps/Bellman/Doorman \$1 per bag, \$2 per equipment case.
  - Housekeeping \$2-\$3 tipping based on nights stayed, does not include check in date.
  - Valet Parking Attendants - \$2 per car
  - Taxis (and other ride share services) 10%.
- Parking tickets, traffic violations and drug prescription items are not reimbursable. This includes above-the-line personnel and crew.
- Cigarette and/or alcohol purchases will only be reimbursed if purchased for on camera use. The scene number must be written on the receipt. “Wrap beer” and “cigars for \_\_\_\_\_” are not allowed.
- Cellular/mobile and home phone bills are not to be processed through petty cash. See Payroll Section 9 for cell phone allowance policy. Pre-paid cell phone minute cards will not be reimbursed.
- Expenses must be submitted on a weekly basis. Receipts over 30 days old may not be accepted.
- A single petty cash transaction may not exceed \$500. Craft Service, Set Dressing and Wardrobe are the exceptions to this policy. A single Craft Service, Set Dressing or Wardrobe purchase is allowed up to the amount of their approved advance.
- Any purchase over \$500 should be handled by a check request or a purchase order, not through petty cash (except for Craft Service, Set Dressing or Wardrobe). Exceptions to this policy require approval by the UPM.
- Personal credit cards are not authorized for use.
- Petty cash recipients are responsible for all tangible items (company assets), and maintaining a complete listing.
- Original receipts must be provided. Xeroxed or faxed copies are not acceptable. Receipts written on blank scraps of paper are not acceptable.
- Metered parking expenses must be itemized on a Miscellaneous Cash Expense log. <https://cbs.box.com/v/MiscCashExpenseLog>.

- Petty cash should not be transferred from employee to employee. If cash is divided among department personnel, the original recipient of the float is ultimately responsible for any losses or discrepancies. Each person is responsible for their own advance. If it is lost or stolen, the petty cash recipient is liable for it.
- Petty cash advances must be settled in cash by the employee's last day of employment. Personal checks will not be accepted to close out floats.

### **Procedures**

- To establish the petty cash custodian advance, the Production Finance Executive shall approve the requests (unless the Custodian is the 1<sup>st</sup> Assistant Accountant in which case the Lead Accountant can approve). See encashment in Banking section regarding cashing the custodian's petty cash check.  
<https://cbs.box.com/v/PettyCashCustodianAdvance>.
- To establish employee petty cash advance, the requestor must prepare a petty cash advance request. The requestor must sign the form agreeing to the terms and conditions outlined on the cash advance form. The UPM must approve this form. Payment by check is mandatory for each and every initial advance and increases of advances. <https://cbs.box.com/v/PettyCashRequest>.
- All petty cash reimbursements and credits must be processed by using a petty cash envelope.
- Department heads should approve their crew's envelope prior to submission to accounting.
- Review the receipts for propriety; verify that the receipts have not been altered. Verify that the dates correspond with the production period.
- Receipts are to be taped on 8 ½ by 11 inch paper. Long receipts should be folded, not cut, to fit with the borders of the paper. Discourage taping over totals, dates, vendor name, etc.
- Each receipt must be numbered, listed in pen including the date and the description, and should correspond to the line number on the petty cash envelope. Receipts may not be added together.
- Verify all amounts and totals. Two adding machine tapes are mandatory; one totals the receipts and the other totals the front of the envelope.
- Cash register receipts that do not have the vendor's information preprinted on the receipt should be called and verified.
- For all hand written receipts over \$100.00 (and odd looking receipts of any amount), you are required to call the vendor to verify this is the only type of receipt given and that the items and prices listed are consistent with the vendor inventory and prices. All hand written receipts (regardless of the amount) need to be stamped "Cash Register



Receipt Not Available". The person contacting the vendor should write their name and the date called next to the stamp

- Code the expenses to the proper episode, detail account, set, location, character name, and indicate precisely what the item was for.
- A description of any purchased item(s) as "Supplies" is not a sufficient description.
- Note any recoverable assets (\$500 or greater) and/or 1099 payments. If the receipt is for any item(s) which is a recoverable asset(s), it must include a detailed description for entry and be flagged as an asset. Items subject to 1099, including 3<sup>rd</sup> party vendors, also need to be noted on the petty cash envelope.
- The accountant will initial the petty cash envelope, indicating the audit has taken place.
- The UPM will initial the petty cash envelope indicating the approval of the expenses. If reimbursement is made prior to the UPM's approval, contact the UPM regarding a questionable receipt prior to reimbursement and on final envelopes. Provided the employee is still on payroll, discrepancies may be adjusted on a future envelope.
- All petty cash envelopes must be tracked when they leave the accounting office for production approval.
- Count out the cash corresponding to the envelope number in preparation for payment to the recipient or alternatively, issue a check. Cash recipient must sign that he/she/has received cash on the front of the petty cash envelope. If no cash is advanced, clearly mark "zero cash advanced".
- Manually log each envelope, assigning it a number. <https://cbs.box.com/v/PCDailyCashLog>.
- All petty cash envelopes should be entered into the accounting system daily.
- The petty cash custodian account should be reconciled daily.
- All petty cash receipts as well as the envelopes should be stamped "PAID".
- The petty cash employee balances should be monitored and reduced whenever possible.
- Envelopes belonging to the UPM must be sent to the Production Executive for approval.
- Producers must use an Expense Report, not a petty cash envelope. Expense reports are to be sent to CBS Production Finance analyst who will review and route for proper approvals. Expense Reports are approved by the S.V.P. of Finance as well as the E.V.P of Production. <https://cbs.box.com/v/ExpenseReport>.
- Custodian petty cash funds are to be reconciled weekly to the general ledger by someone in the accounting staff other than the Custodian and to be approved by the Production Accountant and Production Finance Executive weekly. Send weekly petty cash reconciliations to Production Finance Executive at week end period close. <https://cbs.box.com/v/PettyCashReconciliation2>

- To close the petty cash fund, all petty cash advances are to be returned and reconciled as soon as appropriate. If there are any discrepancies, the UPM, Production Finance Executive and the VP of Production Finance should be notified. Each person must account for their advance before they complete their assignment. As cash is returned to the accountant, a signed cash receipt should be given to the employee and the accountant maintains a copy with the employee's final petty cash envelope.

## 20. Caset Cards

Studio purchase Cards are issued by Caset and overseen by the Authorized Administrator(s) for the show. Petty Cash rules apply to Caset Card transactions.

### Start-up

All the necessary forms will be provided upon startup of show. The Caset Administrator Authorization Form as well as the Card Order Request Form with CBSTV DIVISION on it must be completed by the Production Accountant who will designate the administrator(s).

<https://cbs.box.com/v/CasetAdminAuthorizationForm>. <https://cbs.box.com/v/CardOrderRequest>.

Caset needs at least 1 card ordered at time of set up in order to set up the account. More cards can be ordered at a later time. **These forms should be sent to your Finance Exec for approval who will initiate the CASHET CARD set up.** The Finance Exec will email the approved forms to Caset and cc the accountant. Once the account is set up, Caset will email the account number for the show. This account number must be on all funding requests. The initial funding request should be coded to a deposit account. Each card holder will be assigned a balance sheet account in the 950-950-XX range. There is no need for a custodian account, as the funds for all cards are drawn from the same Account Balance.

### Card Limits

Suggested card limit amounts reflect totals by Department (exceptions to be approved in writing by Production Finance Executive): <https://cbs.box.com/v/CasetCardRequestandAdvance>.

Department	1 Hour	½ Hour
Initial Deposit	\$200,000	\$100,000
Art Department	\$5,000	\$2,000
Construction	\$10,000	\$5,000
Craft Services	\$7,500	\$5,000
Electric	\$2,500	\$1,500
Grip	\$2,500	\$1,500
Locations (Including Medic)	\$5,000	\$2,500
Props	\$20,000	\$10,000
Production (UPM,POC, PA's)	\$7,500	\$5,000
Set Dressing	\$50,000	\$25,000
Transportation	\$5,000	\$2,500
Post Production	\$2,500	\$2,500
Special Effects	\$5,000	\$2,500
Visual Effects	\$2,500	\$2,500
Wardrobe	\$100,000	\$75,000
Writer's Assistants	\$5,000	\$5,000

It is understood that productions shot outside of Los Angeles and New York may need higher limits. These limits are not in addition to Petty Cash. Limits must be discussed and pre-approved by UPM with careful consideration to budget and production spending needs within the department. Card limits should be monitored closely throughout production and evaluated based on production needs. Adjust/reduce limits accordingly.

### **Reconciliation Procedure**

A Weekly Reconciliation Form must be completed every week.

In addition, review and follow polices & procedures for auditing from the Petty Cash section of this manual. Please note the following additions and exceptions:

- *Under no circumstances should Petty Cash receipts and Caset Card receipts be submitted mixed together within the same envelope.*
- Prepare a separate Caset Card Log for recording the numbering of Caset Card Envelopes. (i.e. CC001, CC002, etc.) The Caset website will do this automatically.
- Caset Card receipts should be submitted in their own Petty Cash envelope and approved by the Department Head and submitted to Accounting weekly.
- After the Caset Card envelope is created in the Caset Card system, it should be attached to the hand-written Petty Cash envelope and approved by the UPM and Production Accountant.
- Once the envelopes are approved in the Caset system, download the transactions from the website and import into Vista. It is important that these costs be transferred and reflected in costs as soon as they have been approved.
- A weekly reconciliation should be prepared reconciling all Caset Card balances in the Caset system to your trial balance. Reconciling items are to be noted. Send weekly Caset reconciliation with your closing reports at the end of the week to your Production Finance Executive. <https://cbs/box.com/v/CasetRec>.

### **Reimbursement**

The Administrator shall replenish the general fund by paying the weekly invoice submitted by Caset. The Administrator will code the total for the respective transactions to the cardholders Caset Card Balance Sheet Account. **However, there is to be no automatic weekly reset of limits. All limit resets are to be done manually once receipts have been reconciled.** *It is the Accountants responsibility to monitor the card activity and to make a professional judgment as to when to reset the limit. If the accountant notices that the total of outstanding receipts is greater than the limit, the card should be block and there should be a discussion with the cardholder and the UPM about the outstanding receipts.*

### **Filing**

Cashet-Card Envelopes and forms should be filed separately from Petty Cash in alpha order by employee. Every envelope should have an approved Cashet generated “Petty Cash Card Envelope” attached to the front of the PC envelope.

### **Closing the Cashet-Card Accounts**

Cut-up and destroy all Cashet-Cards upon completion of their use. All receipts should be submitted prior to the end of the card-holder’s employment. *All Cashet cards should be deactivated at the end of each season and the Account Balance reconciled.* Send an e-mail to Cashet to deactivate the cards. As the end of the season approaches and there is no need to fund the Account Balance, the statements issued by Cashet need not be paid provided that there is enough money in the Account Balance for the Cashet Cards that have not yet been cancelled. Once the statements are no longer paid, in order to help facilitate the reconciliation, the card balances on the statements will be need to be journaled from the initial deposit account to the balance sheet account. When all receipts are turn in and the final statement from Cashet has been received and journaled, all the 950-950-XX balance sheet accounts should be ZERO and will no longer appear on the Trial Balance. At this point, the initial deposit balance on the trial balance should equal the Account Balance in Cashet. A final reconciliation should be requested from Cashet. If the Account Balance and Deposit Balance are equal, Send Cashet your approval and request that the check be sent to close out the show’s account.

## 21. Upload and Download

The following procedures assume that the user already has a PAL user ID, if you do not already have an ID please contact PAL support to obtain one.

Weekly, you must upload all financial activity into the PAL system. Run the summary check register history report for the current year period of your close. The check register should match your accounts payable upload activity. In addition, weekly, you must download from the PAL system corporate financial activity related to your show into your accounting system.

### **Information Download**

You will download various costs from CBS into your Vista system such as

- Development and Pre-Production Costs (Your Production Finance Executive can assist you in getting a print-out of all pre-production and development costs which need to be accounted for in the budget)
- Publicity
- Insurance
- ATL on overall deals

See Appendix for Upload/Download Instructions or contact CBS IT

## 22. Tax Reporting

### General

- Analyze Expenditures – The Production Accountant is responsible for analyzing each expenditure to determine if it is:
  - Non-employee compensation (i.e. Independent contractor, income reported on form 1099) – no withholding taxes required
  - Employee compensation – state and federal withholding required and reported on form W-2.
  - Direct payment subject to neither withholding taxes nor reporting (as in the case of payments made to non-medical corporations).

### 1099 Reporting

All transactions that are subject to 1099 reporting, regardless of amount (i.e., even if under \$600), are to be designated as 1099 income with the proper tax code when processing in the system. Errors or omissions could subject CBS to fines or penalties from the IRS.

- Computer Input - Ensure that when 1099 payments are entered into the Vista accounting system, they are flagged as 1099 items with the state worked and the appropriate code for rentals and non-employment compensation, etc. Clearly mark as such in pen on all documents. This detailed coding must be consistent and accurate in order to process 1099's.
- Reportable Payments – Types of payments to unincorporated taxable entities reportable on form 1099 include, but are not limited to, the following:
  - Rentals (location site rentals, vehicles, animals, storage, equipment, etc.)
  - Services that do not produce a tangible commodity, such as copyright, license, royalty, registration, and transportation
  - Gratuities
  - All physician payments, businesses providing medical services, or legal fees (regardless of whether they are incorporated or not)
  - A vendor's invoice for time and materials should be reported for the full amount even if the materials are supported by invoices
- Specific 1099 codes are as follows:
  - 01 – Rents
  - 02 – Royalties
  - 03 – Other Incomes
  - 04 – Federal Incomes Tax Withheld
  - 06 – Medical and Health Care Payments

- 07 – Non-Employee Compensation
- 14 – Gross Proceeds Paid to an Attorney
- 16 – State Incomes Tax Withheld
- Audit 1099's – As part of the year end or wrap procedures, it is the Production Accountant's responsibility to ensure that all applicable 1099 payments are flagged properly in the system and a 1099 audit has been completed.
- Issue 1099's -You will receive instructions from Production Finance regarding 1099 deadlines. 1099 Misc. forms are printed and issued directly from corporate. Keep a summary detailed 1099 report for each year in which 1099 activity existed in the general files. Please follow deadline instructions from Production Finance.

**W-9 Form** - A completed W-9 form must be obtained from all vendors. Completed W-9 forms should be filed in each a/p vendor file.

- Back-up Withholding of seven percent (7%) is required if a W-9 reveals that a corporation is not registered to do business in the state of California.
- Department heads should be instructed to assist in acquiring signed W-9 forms.
- A completed W-9 form is required to be sent to the Production Finance Department at the Studio email address ([studiovendors@cbs.com](mailto:studiovendors@cbs.com)) upon opening a new studio vendor.
- If a vendor fails to provide a completed and accurate W-9, it may be subject to 28% withholding tax on all payments.

**Domestic and Foreign Tax Information** – Contact the Production Finance Executive to assist with information regarding tax liabilities or responsibilities that may be incurred when filming outside of the Los Angeles area or when hiring employees from outside the state of California.

### **Tax Reporting: Independent Contractor vs. Employees**

Proper classification of workers as independent contractors or employees is essential. The potential financial liabilities the company could be subject to due to the misclassification of a person as an independent contractor are substantial. Contact your Production Finance Executive if you need assistance making the determination.

### **Tax Reporting: Per Diem**

- Per Diems/Loan-Out Corporations -All per diem payable to loan-out corporations must be paid by check to their corporation. Exceptions must be approved in advance by the Production Finance Executive prior to any cash payment. In the event payment in cash is approved, have the recipient sign the per diems for loan out corps. CBS.BOX.Com/v/Per Diem for Loan-Out Corporation.
- Direct Per Diem Reporting - All per diem payments to individuals must be reported to the payroll service on a weekly basis.



- Per Diem Payments to Minors / Guardians - In the event a minor is employed for which per diem and/or lodging is to be paid, the decision as to being able to bifurcate per diems/lodging to minors and guardians will depend on the language of the contract. Per Diem payments to an employed minor's guardian who is not employed by CBS Studios are subject to 1099 reporting.

**Tax Reporting: State Sales & Use Tax**

- General - Please check with your Finance Executive regarding special tax reporting requirements when filming out of California.

**Tax Reporting: Foreign Vendor Withholding (W-8BEN and IRS Form 1042)**

- General - Before making payments to a non-U.S. resident, a form W-8 should be collected instead of a form W-9. The most common form W-8 is the W-8BEN and should be appropriate for most non-residents. The W-8BEN provides important information related to the IRS reporting of the payment and whether withholding taxes should occur on the payment

## 23. Journal Entries

### Procedure

- All journal entries must be created in excel spreadsheet on a journal entry form with a complete explanation referencing documents or activities. Journal entries must be prepared listing each line item that is being reclassified and the reclassifications account number. Copies of supporting documents must be attached to the journal entry form. **ALL Journals must be approved by the UPM.**  
<https://cbs.box.com/v/JournalEntry>.
- Prepare a listing for each journal source code that includes the journal number, journal description, and amount. Journal entries should be sequentially numbered and listed on the journal entry log per source code. This listing will be in front of the journals (i.e. JE001, JE002, etc.).  
<https://cbs.box.com/v/JournalLog>.
- In the accounting system use the comments section to explain the reason for the journal (i.e. re-class account code error, or allocate writer's fees), the ledger description is used to explain what transaction is occurring (i.e. re-class office supplies to acct. #) and the reference section is used to indicate the journal number as per your journal log.
- Each journal source code should have its own numeric sequence and is entered into the accounting system and filed accordingly. Each journal source code shall have its own numeric file. Source codes are as follows:
  - JE reclassification of accounts
  - WT wire transfer (For CBS Studios – wire transfers are downloaded)
- For A/P or P/C journals, a copy of the journal should be filed in the applicable vendor's file.

### Recording Receivables

- In addition to approving all journals, the UPM will be required to review and initial a detailed listing of Accounts Receivable balances once a month to ensure that:
  - All agreements/arrangements to recoup costs have been properly recorded in the show's A/R balance
  - There are no unsupported items posted in the A/R balance

The signed (initialed by UPM) monthly trial balance will need to be filed in the general files.

## 24. Assets

### Policy

- Record all recoverable asset transactions of \$500 or more, including tax. Accountants should use their own judgement in tagging items less than \$500, and it is encouraged that they do so.
- Department Heads must be notified of their responsibility to account for all departmental purchases and instructed to keep a list of such tangible items. Ensure that the UPM and each Department Head is familiar with this policy.
- Often the Department Head has inventoried items that may not appear on the Accountant's list. Therefore, do not give a copy of the computer listing to each department; since the Department Head may only account for items provided on the Accountant's list.
- Wardrobe assets should be recorded in detail including colors, brand and character name. It is advisable to use the set field for character codes.
- Any vehicle purchased must be tracked. If a vehicle is sold, a credit is applied as a negative cost of the production. It is the Transportation Coordinator's responsibility to procure the bill of sale, pink slip, and any other documentation regarding the purchase of the vehicle and immediately forward such to the Production Accountant. Should a vehicle be purchased and used out of the state of California; the vehicle would be registered by the show in the state in which it was purchased.
- Gifts such as wardrobe or set dressing items are NOT to be given to cast or crewmembers. In a rare situation, Business Affairs may authorize such gift. In this case a 1099 must be issued for the gift.
- The Executive Vice President of Production and the Senior Vice President of Production Finance will determine the disposition of all assets.  
<https://cbs.box.com/v/AssetDispositionForm>.
- UPM's or Producers must not make deals to sell a particular asset to a specific cast or crew member.
- No assets are to be sold, given or donated without prior written approval by CBS Studios.
- If it is determined major assets will be sold, the sale of items all items must be approved in writing by the Executive Vice President of Production and the Senior Vice President Production Finance. This includes autos.
- All Loss or Damage should be documented on a Loss and Damage form.  
<https://cbs.box.com/v/LossAndDamage>.

- Any Loss or Damage of assets over \$500 requires the approval of the Production Executive.
- A police report should be submitted for all stolen assets.
- All electronics regardless of whether or not they are capital assets such as televisions, monitors, computers, printers, software, phone systems, conference speakers, cell phones, etc. are NOT for sale.
- If cast members, through contractual obligations, have the right to receive or purchase their own wardrobe, they can do so only after final delivery of all episodes to the studio/network.

### **Procedure**

- All recoverable assets must be flagged with a free field code in Vista. Use a flag of “A” for individual assets that exceed \$500 when entering accounts payable, petty cash, purchasing cards and applicable journal entry transactions.
- As paperwork is processed, indicate Assets on all documents.
- Any Electronic Asset exceeding \$500 must be tagged with a studio inventory tag. To obtain a studio inventory tag for electronics (P Tag), email a completed request form to: CBS Production Finance. <https://cbs.box.com/v/P-TagRequest>.
- A separate electronic listing must be kept indicating the Serial Number, name of person using equipment, applicable department, its whereabouts, purchase price and date purchased. The listing should be kept up to date.
- For purchased vehicles, keep a copy of the documentation in an Asset File in the general files as well as in the vendor’s A/P file.
- Asset reports from the department heads must be turned in at the end of each season. Compare the department’s inventory list to the Vista asset list and make appropriate changes. Any material discrepancies should be reported to Production Finance Executive and investigated. Immediately after a department head is replaced, an asset inventory audit is required. See <https://cbs.box.com/v/DepartmentAsset>. Departments may use their own format but must include all necessary information.
- Be aware of assets transferred from/to other shows. If assets are transferred, please make a note in the show asset file whenever possible. Record in the Vista recoverable asset module, indicating where the asset was transferred from/to and the original purchase cost, if available.
- All assets lost, damaged, donated or sold should be recorded and noted in the recoverable asset module in Vista. Indicate detailed notes as to sales price, date of lost or damaged items, name and location of donated party in disposition description. Note electronic P-Tag Number in disposition column for all items with P-Tag Numbers.

- Disposition of all assets should be coordinated through Production Finance Management. All assets and unused expendables must be returned to CBS unless otherwise approved by the Executive Vice President of Production and the Senior Vice President of Finance.
- All electronics should be returned to Production Finance Management upon show completion.

### **Final Inventory Report**

- One week prior to the completion of principal photography, each Department Head will be responsible for returning his/her inventory list to the UPM and Production Accountant, accounting for all items. Accounting should compare the department inventory to the computer inventory, noting and investigating discrepancies. The UPM should spot check assets against each department's physical inventory.
- Upon wrap, the Department Head should send copies of their complete inventory listing and storage location to the UPM, POC, and Accountant.
- The accountant should spot check assets against each department's physical inventory at the end of the season and throughout production period if a material production asset change occurs (i.e. change in department head) and is necessary.
- At the Accountant's wrap, a comprehensive report is to be prepared, listing all assets. It should include original purchase price, or sold price, individual sold to, condition, damaged, lost or their final disposition. Summarize assets by comparing the total amount of recoverable assets, total original cost, total of items sold, and total of items kept or stored. This report should be sent to Production Finance Executive, as well as kept in the accounting general files.

## **25. Travel and Living**

All travel requires pre-approval and must be processed with an approved Travel Authorization (TA) form. Please note that CBS has secured various discounted rates with airlines, hotels, and ground transportation services. Corporate policy requires that all travel be arranged by the corporate travel agent (BCD Travel). Travel Authorization Forms and approvals should be coordinated through the Production Department at CBS Studios.

An American Express BTA (Business Travel Account) will be set up by Production Finance for each show. This account is permitted for airfare charges only. Ensure that monthly American Express Statement is paid in full every month. Any items in dispute should be coded to a receivable account and discussed with American Express directly. Accounts not paid in full will incur late fees.

The Office Production Coordinator will draft and distribute Travel Memos with the specifics of travel policy and the details of each reservation.

### **Air Travel**

All travel should be booked coach class unless the specifics of a contract require a higher class of travel. Upgrades are permitted if there is no extra charge to the company.

If a cast or crewmember wants to purchase an additional personal ticket, that travel is under no circumstances to be charged to the company's account. They must provide their own form of advance payment at the time of booking.

Should there be any unused airline tickets; production will contact the travel agent directly to request a credit.

### **Ground Transportation**

- Taxis - The use of taxis is permitted when other transportation is not available or it meets the needs of a business situation. Taxi service is reimbursable when traveling to/from airport for business travel. Detailed "from" and "to" locations are required with taxi receipts. All taxis paid out-of-pocket require receipts regardless of dollar amount. Tips cannot exceed 10%.
- Car Service - The Company has entered into agreements with several car services nationwide. These preferred vendors are to be used when the need for car service arises. No tipping is allowed when taking Company approved car service, since tips have been included in the quoted fare.
- Uber – Uber is not to be used for ground transportation, specifically in NYC and other locations where surcharges are excessive. Uber X (i.e. not a black car) AND if there is no

surge pricing, it may be allowed. Receipts must be obtained on-line with detailed “from” and “to” locations and the cost of the trip.

### **Hotel**

Hotel should be booked through BCD Travel to take advantage of existing CBS discount arrangements. Accounting will establish direct billing with the hotel(s) for room and tax only. An agreement letter from the POC should be directed to the hotel stating terms and conditions. Incidentals are the sole responsibility of the individual guests, and must be paid for separately by the guest. All guests must present a personal credit card upon checking in. Bills should be settled weekly. Room and tax dates should coincide with the booking and all charges must be itemized accordingly in correct categories, on correct dates. A Receipt/Folio is required for all, regardless of amount or form of payment. Hotel receipt must be itemized and contain the name of the traveler.

### **Check Cashing**

When working on location, check cashing privileges should be established at a local bank. Contact the Production Finance Manager to request establishment of a relationship with a local bank.

## **26. Insurance**

### **Insurance Premiums**

Your actual insurance cost estimate will be provided to you from the Studio Finance Executive. For all questions regarding insurance on your Production, please contact Studio Finance Executive.

### **Worker's Compensation**

Worker's compensation is provided for all cast, crew and extras through Entertainment Partners. Entertainment Partners will provide a complete worker's compensation packet to your Production Coordinator. When an employee has been injured and wants to file a worker's compensation claim, please refer them to the POC who will give them and EP Injury Report. The POC will submit it directly to Entertainment Partners. For questions regarding claims, employees may contact EP's Workers Compensation Department at 1-800-955-4878.

### **Portfolio Declarations**

Production Finance completes a portfolio declaration and sends it to CBS Risk Management as soon as a project has been picked up. This form needs to be on file with CBS Risk Management in order for full coverage to be effective.

### **Certificate of Insurance**

Certificates provide evidence of coverage that insurance exists and may be issued to site rental property owners, equipment or services, and vehicle rentals, etc. All contracts must be approved by your project attorney before they are signed and before certificates are issued. The Production Office Coordinator must contact CBS Risk Management to obtain template certificates of insurance and procedures. It is the Lead Accountant's responsibility to ensure that the production office is complying with all insurance procedures.

### **Insurance of Sub-Contracted Service**

For all sub-contracted services (i.e. Security, Catering, Visual Effects) it is mandatory to get proof of worker's compensation insurance coverage from the vendor (a copy of this proof of coverage should be filed in the vendor's A/P file).

### **Insurance Claims**



If production is disrupted, or if sets or equipment are materially damaged, the Production Company may be able to file an insurance claim to recover losses sustained. Disruption may be caused by illness or injury of principal cast or the Director, accidents, etc. In the event of a potential claim, notification must be immediately made to the CBS Production Executive, CBS Production Finance Executive and CBS Risk Management. The UPM should also send an email to Production Executive, Production Finance Executive and CBS Risk Management explaining the claim, the sequence of events, the plan to shoot scenes lost or not completed due to the claim and the estimated claim cost (without deducting the deductible). Notification should include the trail of events, a summary of what occurred and the effect on production. If company property including sets, are damaged or destroyed, recoverable costs would include all labor, fringes and equipment as well as overhead to replace, rebuild or repair the property. Discuss the potential cost in detail with your Production Finance Executive to ensure all potential costs are estimated. CBS Studios will only process production portfolio claims that are more than the applicable deductible which is \$25,000 for most claims. The insurance claim on damage to production vehicle is \$0 with the exception of picture vehicles which are included under the \$25,000.

Any and all claims regardless of amount, involving any type of third party property damage or personal injury should be reported to the CBS Studios Legal department.

Tag all costs in the insurance field. For larger claims, a separate insurance episode may be established with the approval of the Production Finance Executive. In states receiving tax credits, please discuss applicable coding/tagging prior to posting costs. Once the costs are complete, send your Production Finance Executive and CBS Risk Management the following:

- General Ledger detail of the costs
- Applicable copies of Call Sheets and Production Reports
- Memos and Letters regarding the claim
- Memo from Line Producer or UPM explaining the claim

The insurance deductible must be reported on the following day's Hot Cost report. On the Summary of Picture Costs/Recap Report "note" the estimated amount of any claims (net of deductible), prompting attention to this amount in the event it is not recovered by insurance. Once claim costs are complete and an agreed upon reimbursable cost has been determined by Risk Management, the total cost is to be transferred to the trial balance receivable account until cost is downloaded. Please note the insurance deductible remains as production cost.

### **Personal Property and Box Rentals**

Box rentals and personal property (including computers) are NOT insured by CBS Studios. Any exceptions MUST be approved by your Production Finance Executive and a Production Executive and an itemized schedule of values is required. The deductible remains \$25,000.

### **Cast Exams**

Cast Exams are required on Main Cast. Cast Exams are coordinated by the Production and a cost to the show. Please contact your Production Finance Executive if you have any questions. Complete physicals are not required for Guest Cast.

### **Cigna Insurance Benefits for Employees**

Non-Union production employees are eligible for Cigna Insurance health benefits on certain approved productions. Check with your Production Finance Executive to determine if your show is eligible. Cigna Insurance policies, procedures, and accounting are to be strictly enforced. Cigna Insurance is administered by The Henahan Company.

*See Payroll Section 9.*

## **27. Product Placement**

### **Policy**

The Production Accountant should ensure that each Department Head is maintaining an inventory of product placed items with replacement value(s). Items not subject to return are the sole property of the studio and should be included in periodic recoverable asset reconciliations.

Department heads must submit a list of ALL promotional or product placement items used on a quarterly basis including the fair market purchase value, the company from whom the item was obtained, the date the item was received and the date the item was returned.

Product Placement items must be pre-approved/cleared in writing by CBS Studios Legal.

## **28. Wrap Procedures**

Upon close of the season, for CBS Studios productions, verify that all uploads and downloads are processed. Verify with the Manager of Production Finance that all uploads and downloads are current and have been processed clearing PAL. Any outstanding items should be noted on the wrap memo. For CBSP shows, contact the production accounting Senior Cost Analyst to ensure that all “costs paid by CBS” have been booked and confirm the bank balance for the season.

### **Above-The-Line Payments**

There are certain instances when CBS Studios Business Affairs or Contract Administration determines a portion of the final payment be held on ATL personnel. These payments are not to be made until written approval is obtained from Business Affairs or Contract Administration. Under no circumstances should a payment be made through the payroll service and the check held pending notification for release. When the Accountant concludes his/her assignment, a list of those people who have outstanding final payments yet to be made should be provided to the Post Production Accounting Department and included in the Post/Wrap Excel Checklist and Information Sheet.

### **AB 32 Fuel Tracking**

Completed AB32 Fuel Charts must be completed and submitted upon wrap to Production Finance Executive for California based productions. See Section 15 for details.

### **Accounting Data**

Verify with the Production Finance Manager that all data is successfully stored on server. Provide end date user access (Vista Exchange, VPO and PAL) for you and your accounting staff. CBS will update Data Security controls upon change of an employee’s employment status.

### **Accounts Payable/Payroll**

Close all accounts. Audit the accounting records to ensure that all checks have valid back up supporting documentation (location checks must have signed location agreements). Documentation should also include account coding, entered transaction number for VISTA shows and all required approvals. Check accounts payable files for documents misfiled. Never file any accounting document in files labeled “Miscellaneous”. Invoices should be stamped “paid”. Payroll should be filed separately by employee. Verify that all payroll documents are in the correct employee’s folder.

### **American Express/Business Travel Account**

Ensure BTA account balance is zero upon wrap.

### **Assets/Inventory**

Verify that all recoverable assets exceeding \$500, are flagged with the letter "A" in the free field. Review the Vista Recoverable Asset reports. Create a complete Asset file with detailed reports, completed departmental asset inventory lists and storage container inventory/location lists or storage box inventory/location lists. The disposition of each asset should be noted in the Vista Recoverable Asset Report.

### **Change of Address**

Verify with the Production Coordinator that a change of address and phone forwarding has been placed with post office and/or Studio lot.

### **Check Register**

Review the complete check register to verify that all checks are accounted for in Vista. Review cancelled check entries for accuracy.

### **Competitive Bids**

Competitive bid forms and/or Related Party transaction forms should be filed in the corresponding Accounts Payable or Payroll file. See Section 16.

### **Computer Hardware**

Ensure all software and data has been removed and that computers are picked up on the Accountant's last day.

### **Computer Software**

Call CBS IT to schedule un-installation of Movie Magic and Final Draft Software.

### **Courier Services (including UPS/FEDEX)**

Delete all authorized users from account

### **Shipping Insurance**

When shipping equipment, please insure items over \$100 are insured by indicating the replacement value on the air bill under total declared value for claim consideration.

### **DGA & SAG Data Reports**

See Payroll Section 9 for details. The accountant is responsible for collecting:

- DGA Employee Quarterly Gross Earnings Reports (completed by the Payroll Accountant quarterly)
- DGA Employment Data Report (completed by the Production Coordinator once per season)
- SAG Casting Data Report (completed by Casting, Production or Payroll once per episode for series or quarterly for other projects).

The accountant is to ensure that copies have gone to CBS Labor Relations, the POC (for loading to DAX) and filed in the Accounting General Files.

### **Holiday Accrual Account**

The holiday accrual should be reconciled directing the payroll service to pay off holiday on all crew who have completed employment.

### **Non-Union Health Insurance**

Terminate all Non-Union Health Insurance through The Henahan Company (909)383-7040 Phone; (909)383-7047 Fax. Reconcile and Journal insurance cost to budgeted line item for employee health insurance, offsetting 966-11 clearing accounts. Once all charges and credits from Henahan have been received and the journals are complete, the 966-11 clearing account should be zero. (See Payroll section 9 of the manual.)

### **Insurance Claims**

Completed Insurance Claims should be filed with CBS Insurance/Risk Management department. Copies of any claims should be included in the accounting files. An additional copy should be sent to your Production Finance Executive.

### **Petty Cash Advances**

All Petty Cash Advances including the Production Accountant's Petty Cash Advance should be cleared. The Production Accountant must ensure that all petty cash advances are cleared before the recipients receive their final paycheck. The final petty cash reconciliation should be submitted to the Production Finance Executive. See Banking Section 4 for instructions on returning the remainder to CBS. Do not send cash. Convert the balance to a Cashier's Check made payable to CBS Studios. <https://cbs.box.com/v/PettyCashReconciliation2>.

### **Purchase Card Advances**

Cancel and close all Cashet Cards at employee wrap. Ensure that all Cashet Card transactions have been accounted for in Cashet module and Vista. Once all transactions have been recorded and reconciled, request final reconciliation from Cashet. Note: It takes up to 30 days to receive final deposit check; therefore, you must start the process immediately at show wrap. Cashet card advances should be zero at show turnover. Any outstanding balances must be explained in Accountant's wrap memo.

### **Studio Charges**

Verify with the Production Office Coordinator that all production office equipment including water coolers have been returned. It is extremely important to obtain a receipt from vendors when each piece of equipment is returned.

### **Theft/Loss and Damage**

For any theft or loss and damage to any asset in excess of \$1,000, a police report (if applicable) and L&D report must be submitted. If theft occurs on the CBS lot, contact CBS Security.

### **Final Close Requirements**

When ready to shut down a season, please complete the following on the final close of the books:

- Post/Wrap Excel Checklist and Information Sheet.  
<https://cbs.box.com/v/PostWrapChecklistInfoSheet>.
- Do a journal entry to spread amortization costs based upon the actual costs to date. After posting the journal entry, the actual costs will be zero on the cost reports. All costs in the amortization and holding episodes must be spread to the episodes and zeroed out.
- Verify that Cost Reports "ETC" columns are zero. If estimates must be left in the "ETC", include the anticipated costs, relative vendors and expected payment date in the detail of the Accountant Wrap Memo Excel Spreadsheet. (See above.) Attach applicable supportive purchase orders. For your information, P.O.'s can also be used for anticipated credits.
- If the tax credit or labor rebate has not been received at the time of turnover to Production Finance, a Journal Entry should be prepared for the estimated rebate amount. See Section 29 & 30 in manual for proper accounting.
- Review bank reconciliations prepared by Treasury and book all reconciling entries. Research any stale dated checks and re-issue if needed. Make sure all checks have cleared the bank before shutdown.

- All suspense and accrual accounts must be reconciled and zeroed out. Holiday accrual accounts are not to be carried over and must be paid out at the end of the season.
- All deposits that are to be carried over to the next season must be transferred via the inter-company accounts (01-3600-0100-XXX or 001-205-100-01) through a journal entry. Please title the account “deposits txfr-outstanding receivables season no.” Any deposit or accounts receivable that is due and payable may not be carried over into the next season but must be retrieved. If it is difficult obtaining these monies, please contact the CBS Legal Department. No write-off of Receivables can be made without prior written approval from the SVP Production Finance. For CBS Studios productions, contact the Director of Production Finance to discuss transfer of inter-company receivables (i.e. pre-production costs, carry-over deposits, receivables, etc.) from seasons. This journal will need to be recorded at the corporate level and transferred to your production via download. Discuss the transfer and coding of inter-company journal with Production Finance Executive. Bank balances will not be transferred as new bank accounts are opened each season.
- All petty cash accounts must be closed and have a zero balance at the end of each season.
- Current year 1099’s need to be audited and free of any errors. Here at CBS we 1099 all LLC’s which are not “C” or “S” corporations. Make sure that proper tax codes are flagged, such as 01 – Rentals, 02- Royalties (Music License Fees).
- On the final close, please ensure that a recap is inclusive of the words “Final Recap Close”. This is also referred to as the “Final Summary of Picture Costs”, or “SOPC”.
- Update the Ledger Period.
- For CBSP shows, contact Mike Biser to transfer Vista data to the CBS server.
- Notify Production Finance that accountant has completed the engagement so that access can be terminated.

### **Send Final Reports (to Finance Executive and Post Production Accountant)**

- Post/Wrap Excel Spreadsheet (Accountant Wrap Memo)
- Final Summary of Picture Costs (SOPC)
- All Cost Reports (summary & detail)
- Vista Recoverable Asset Listing
- Final Crew and Cast lists. (POC should have also uploaded these to DAX)
- Trial Balance
- Check Register History
- G/L inquiry demonstrating that the Production Accountants petty cash is closed.
- Fuel Tracking Spreadsheet for AB32



- 1099 Reports
  - Print and retain a 1099 detail tax report
  - Generate by calendar year, (1-1099 tax report summary for 1099 vendors only, 2- 1099 tax report detail for 1099 vendors only, and 3 – 1099 dummy forms (CBSP Shows only print the dummy forms).
- A complete system back-up save is required for all non-Vista show related files. For shows that have access to the CBS H:/Drive on the CBS Studios network, files should be stored on the network. For stand-alone shows, distribute copies to Production Finance.

### **Files**

Accounting files should be boxed in white boxes only. CBS logo boxes and Record Center Storage forms are available by contacting Post Production Accounting. Boxes should be no higher than ten inches. Do not overstuff boxes since this creates storage and transportation problems. A Record Center storage form must be completely filled out and accompany each box. <https://cbs.box.com/v/IronMountainTransmittalBlank>. Boxes containing hanging Penda flex or binders will not be accepted. Outside file box identification should be limited for routing/tracking purposes and should only include: Show Name; Year; Estimator Name; Box # of Total Boxes and a concise description of contents (e.g. [Accounts Payable] A/P Fr-Ha, [Payroll] P/R Fr-Ja, [Petty Cash] P/C Aa-Bo). Each box should have four typed labels on it, one on each side. Please contact Post Production Accounting as to where accounting boxes should be delivered to for post wrap storage. Do not box scripts, episodic budget backup, upload/download reports, AP/PR audit reports. If shipping is required, UPS ground service may be used.

### **Forms**

Unused forms should be sorted and boxed. Include a copy of the complete Purchase Order Log and all unused Purchase Orders. Send all forms to the Production Finance Coordinator.

### **Office Supplies**

All unused production office supplies should be sorted, boxed and returned to Production Finance Coordinator.

### **Check Stock**

Return all unused check stock to assigned Post Production Accounting contact. Ensure all checks that were issued to the show are accounted for. A cover memo should be included state the unused numerical check range.

### **Final Signoff Budget**

The final locked budget with signatures should be included in the general accounting files.

### **Final Wrap Memo**

The Post/Wrap Excel Checklist and Information Report must be completed. This report requires detailed information about all estimates to complete and outstanding items on the Trial Balance. Additional information for the Post Wrap Accountant, including the Accountant's contact information should be included in a Final Wrap Memo. All outstanding issues must be communicated to Post Production Accounting.

- List employees still on payroll and their budgeted last day of employment. Indicate their title, last four digits of social security number, rate and budget coding.
- List any open purchase orders, explaining status on each.
- Attached detailed spreadsheet of outstanding music license clearance fees by episode.

### **Network Audits**

Please call CBS Billing regarding backup documentation needed for any audits or network breakage issues.

### **Residuals**

The Payroll Accountant, upon wrap, will contact CBS Residuals and request confirmation that all documentation has been received including Production Reports, Call Sheets, Cast Contracts, EP Time Cards, Final End Credits, Deletion Notices, Director Deal & AD deal memos, Writer Script Deal Memos/Contract and Post 60 Form. The Payroll Accountant will provide any missing documentation necessary.

### **Vendor Accounts**

Notify "account" vendors with whom we have been renting equipment, vehicles, set dressing, props and office equipment of the production completion date. Send vendors letters to close accounts and inform the vendor as to where to send final invoices. Confirm that there are no unanticipated charges to be invoiced and that there are no rentals that have not been returned. Make a note in the vendor file of the person and date with whom you confirmed that the account is closed and has zero balance.

### **Vendor Maintenance - PAL**

For CBS Studios productions, ensure that all uploaded studio vendor errors have cleared PAL. Contact Production Finance regarding any outstanding vendor validation issues.

## 29. Canadian Productions

### **Tax Reporting: Harmonized Sales Tax (HST)- Canadian Shows**

- Costs Subject To GST/HST - Virtually all Canadian production goods and services (not employee payroll) are subject to the HST (Harmonized Sales Tax currently at 12% for BC and 13% for Ontario). Accountants should contact CBS International Tax Department, Glen Ellegood 416-969-7070 to determine specific goods and services that are subject to HST since it varies from province to province. This value added tax is always charged and paid from an invoice. There are no exceptions. The vendor has the ultimate liability to charge and collect GST/HST.
- Registration GST/HST Number - The production is responsible for recovering HST paid over the course of doing business, provided that the production company is registered as a HST vendor. Contact CBS International Tax Department, Glen Ellegood 416-969-7070, to obtain HST registration number and specific details on filing HST to Revenue Canada.
- Filing / Booking GST/HST - The Production Accountant should file for a refund of HST on a monthly basis. The accountant must set-up a receivable account for HST and sub-accounts for the various months of the production. HST for the month should be coded to the correct sub-account. A HST ledger bible is run at the end of each month and submitted to CBS International Canada Ltd: attention Glen Ellegood, along with the appropriate filing form for review and reimbursement. CBS International will receive the refund from Revenue Canada and will send the Accountant a deposit memo with instructions on recording the HST refund. The credit should be applied to the respective month's sub account, which will balance the monthly GST/HST account to zero. Please keep a copy of the GST/HST report and the computer run as supporting documentation in a HST file. This report should always be available in case of a GST/HST audit by Revenue Canada. If you have additional questions regarding the GST/HST return, contact the CBS International Tax Department.

## 30. Tax Credit Accounting

### Policy

Tax credits are not part of a show's budget or EFC (except in rare cases). However, it is important that tax credits are tracked by show accountants in Vista. Tax credits should be accounted for in a manner so that any Vista user can ascertain its value (estimated or actual) and whether it has been received. The specific procedure outlined below will provide Vista users with this information.

### Accounting for Estimated Tax Credit

Once an estimated tax credit is known, the following entry should be made to the Vista Location that represents the currency of the tax credit (example 002 for Canadian Tax Credit):

DR. 799 964 99	A/R Tax Credit
CR. 799 910 99	Tax Credit

Any changes to the estimated value can be made as directed by Production Finance.

Some alternate valuations include:

1. Discount based on sale of tax credit
2. Discount based on the time value – expected time of receipt

### Accounting for Receipt of Tax Credit (cash or certificate)

Once you receive notification that the tax credit has been received, the following entries should be made:

#### 1<sup>st</sup> Entry

To reverse estimated tax credit

DR. 799 910 99	Tax Credit
CR. 799 964 99	A/R Tax Credit

#### 2<sup>nd</sup> Entry

To reflect receipt of tax credit

DR. 799 998 99	Intercompany Receivable – Tax Credit
CR. 799 910 99	Tax Credit

Note: Value accounted for upon receipt of tax credit should reflect actual cash received.

#### 3<sup>rd</sup> Entry

If foreign currency

DR./CR. 003 799 998 99
CR./DR. 003 799 910 99

To record f/x Gain/Loss on tax credit received

Accounting for Cash Receipt in Bank Account (if applicable)

Currently, tax credits for the Canadian shows are deposited into the shows' Canadian bank account and then swept out of the account by Corporate Treasury.

### **Budgeting for Tax Credits**

- Tax Credit Estimates are prepared in Movie Magic Budgeting prior to locking budget. It is essential that all budget tax credit tagging is consistent with the incentive jurisdiction statutes and regulations. In some circumstances, a separate excel spreadsheet may be prepared to assist in calculation of estimated tax credits based on budget. Please coordinate with your Finance Executive to coordinate proper tax credit rate discounts and audit holdback percentage amounts.
- Once the budget is locked, the tax credit estimate is set for the tax credit application and the season. It will be required to follow up with periodic tax credit estimates during the run of the production to ensure the initial tax credit estimate has not materially changed. You should submit the revised estimate quarterly or upon request.

### **Tax Credit Filings**

- Confirm in detail with your Production Finance Executive all tax credit incentive requirements and deadlines. It's helpful to arrange a kick-off meeting with CBS, the accounting department and the state to review any new guidelines. Upon wrap, consult with your Finance Executive in preparing final tax credit estimate along with final documentation obtained for final tax incentive filings either before or after audit, depending on your wrap timing.

### **31. Publicity Photo Shoots & Gallery Shoots**

Photo and gallery shoots are requested by the CBS Studios Media Relations department and the Networks airing the shows. Any photo or gallery shoot requested by a Network and all photo and gallery shoot costs must be pre-approved by the VP of Media Relations at CBS Studios.

If a photo or gallery shoot is requested and scheduled, the Production Accountant will be required to prepare a budget based on requirements outlined by the Media Relations Department and Line Producer. When complete, this budget should be sent to the VP of Media Relations for approval. Costs associated with the photo or gallery shoots should be charged to a holding episode until the end of the season at which time they should be journaled (crediting the holding episode) to the publicity holding episode. Only approved budget costs can be charged to the holding episodes set up for the shoot. All crew members required to work on the shoot are paid at their regular current show rate specified on their deal memo. All IATSE and DGA contract provisions will be followed including meal penalties, forced calls and overtime.

Photo shoots and gallery shoots are considered part of a show's regular shooting schedule. Any crew member requesting a higher rate than what is specified on their CBS Studios deal memo will need prior approval from the Production Executive and the VP of Media Relations.

## **Appendix A:**

### **Sarbanes-Oxley (“Sarbox”)**

The 107th Congress of the United States passed the Sarbanes-Oxley Act of 2002 (“Sarbox”). This law was enacted by the U.S. government to help restore investor confidence after the Enron and Worldcom financial scandals. It is the Accountant’s responsibility that accounting policies and procedures are in compliance with the “Sarbox” law. Some high level points listed below may not apply directly to production accounting duties, but it’s ideal to have a broad understanding of the law and how it relates to production accounting functions. Sarbox addresses many areas of accounting, financial reporting, and investment company relations. Here are the main points:

- Public Company Accounting Oversight Board - this board will be established to register public accounting firms that audit public companies. The board will also establish rules for auditing, ethics and quality control of those firms.
- Auditor Independence - the public accounting firm auditing the company must follow certain rules regarding reporting to the audit committee and rotation of the partner in charge. In addition, certain non-audit services may not be provided by the auditing firm, including:
  - Bookkeeping
  - Financial information system implementation and design
  - Appraisal or valuation services
  - Actuarial services
  - Internal audit outsourcing services
  - ... and several other management services
- Corporate Responsibility - the principal executive and financial officers of the company must certify in each annual and quarterly filing with the SEC that:
  - The signing officer has reviewed the report
  - The report does not contain any untrue statement of a material fact
  - The financial statements fairly present the financial condition of the company
  - The signing officers-
    - Are responsible for establishing and maintaining internal controls
    - Have designed internal controls to ensure that material information is made known to such officers
    - Have evaluated the effectiveness of internal controls within 90 days prior to the report

- Have presented in the report their conclusions about the effectiveness of their internal controls
- Enhance Financial Disclosures - this section states that new rules will be issued regarding such matters as:
  - Disclosure of off-balance sheet transactions
  - Pro Forma financial information
  - Enhanced Conflict of Interest provisions
  - Disclosures of transactions involving management and principal stockholders
  - Reporting on Management's Assessment of Internal Controls
  - Code of Ethics for Senior Financial Officers
- Analyst Conflicts of Interest - new rules will be developed to foster greater public confidence in securities research, and to protect the objectivity and independence of securities analysts.
- Corporate and Criminal Fraud Accountability - criminal penalties are defined for destruction, alteration or falsification of records by the company or by the auditors.
- White Collar Crime Penalty Enhancement - various fines and imprisonment periods have been increased for existing crimes. Criminal penalties for falsely certifying financial statements by principal executive and financial officers are defined.
- Corporate Fraud Accountability - adds possible fine and imprisonment for altering, destroying or concealing documents with the intent to impair the object for use in an official proceeding, or to otherwise obstruct any official proceeding. In addition, the United States Sentencing Commission is requested to review the sentencing guidelines applicable to securities and accounting fraud and related offenses. Section 32(a) of the Securities Exchange Act of 1934 is amended by striking "\$1,000,000, or imprisoned not more than 10 years" and inserting "\$5,000,000, or imprisoned not more than 20 years".



## **Appendix B**

### **International Business**

All employees, officers, and directors are expected to comply with the laws of the country in which they operate as well as United States laws and CBS policies governing business activities abroad. Your Company and CBS are committed to following all applicable anti-bribery laws.

#### **Foreign Corrupt Practices Act and Other Bribery Laws**

Directors, officers, and employees of CBS Corporation, and all its subsidiaries and affiliates (foreign and domestic), and their respective agents and representatives are prohibited (except as set forth below) from making any payment or offer of payment or furnishing or promising of gifts or any other benefits to any (i) foreign official, (ii) political party, (iii) candidate for foreign political office, (iv) officer or employee of an international organization or (v) immediate family members of any of the above (collectively “official”) to induce that official to affect any government act or decision or to assist CBS in obtaining or retaining business or any other unfair advantage. For example, a payment to a foreign official to obtain an operating license, a tax incentive or exemption, or a regulatory change is an improper payment under the Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act 2010, and other applicable bribery laws. CBS policy prohibits bribes, payments, or gifts to any employee or agent of a foreign government. This policy extends to indirect payments made through agents and includes the use of personal funds. CBS directors, officers, and employees are prohibited from doing through a third party intermediary that which they are prohibited from doing directly.

There are certain very limited circumstances under which payments to foreign officials, political party officials, candidates for political office, and officers or employees of an international organization are permitted by laws. In countries where United States based companies or foreign nationals are permitted to make political contributions, the term “political contributions” may include payments for fundraising dinners, the contribution of employee services, allowance of additional paid vacation time for employees who volunteer their services for a political candidate, and other similar events and activities as well as actual contributions to political parties or candidates. In all circumstances, no CBS funds, assets, services, or facilities of any kind may be contributed to any foreign official, political party official, candidate for office, or officer or employee of an international organization, whether directly or through an intermediary, without advance approval from the Executive Vice President, Government Affairs, one of your Company’s lawyers if you are an employee or officer, or CBS Corporation’s Corporate Secretary if you are a director.

Once again, remember that no payments or provision of other benefits from assets of CBS are to be made or offered, directly or indirectly, to any domestic or foreign government, official, employee, candidate for public office, or government agent for the purpose of influencing, or because of, any official act. You should always consult with a member of your Company's Law Department or the Executive Vice President, Government Affairs if you are contemplating any form of entertainment with a government official as special rules may apply to such circumstances. The law also requires that CBS's books and records accurately report all payments made by or on behalf of CBS. See also "Section IV. Financial Accounting and Improper Payments" for additional information in the CBS Business Conduct Statement 2014.