



## Colorado Office of Economic Development and International Trade Colorado Office of Film, Television & Media (COFTM)

### Performance-Based Incentive for Film, Television, and Media Production in Colorado

#### AGREED UPON PROCEDURES

##### **Purpose/Statutory Requirement:**

Pursuant to C.R.S. § 24-48.5-116, “Upon completion of production activities in Colorado, a production company that received conditional approval for a performance-based incentive from the office shall retain a certified public accountant to review and report in writing, and in accordance with professional standards, regarding the accuracy of the financial documents that detail the expenses incurred in the course of the film production activities in Colorado. The certified public accountant’s written report shall include documentation of the production company’s actual expenditures, including its actual qualified local expenditures, and any documentation necessary to show that the production company employed a workforce for the in-state production activities made up of at least fifty percent Colorado residents. When the production company provides a copy of the certified public accountant’s written report and the production company certifies in writing to the office that the amount of the production company’s actual qualified local expenditures equals or exceeds the minimum total amount of the production company’s qualified local expenditures as specified in subsection (1) of this section, the office shall conduct a review of the certified public accountant’s written report to ensure the requirement of this section are met. If the office is satisfied that the requirements of this section are met, and the office confirms that the certified public accountant who provided the written report is from the list described in subsection (2)(c)(II)(C) of this section, then the office may issue an incentive to the production company.”

The certified public account described above must be licensed to practice in the state of Colorado and must be both paid for by the production company and selected by the production company from the Colorado Office of Economic Development and International Trade’s list of approved certified public accountants, pursuant to subsection (2)(c)(II)(C), which states that “The Office shall develop a list of certified public accountants that meet the requirements of this section. Such list must be made available to all production companies and must be posted on the office of economic development’s website.” Certified public accountant reviews and written reports that do not comply with the statutory requirements above or the COFTM policies listed below will not be accepted, thus preventing the issuance of a performance-based incentive to a given production company.

Following is a *draft* report, an outline of the minimum necessary procedures and reporting to be performed by the certified public accountant, and two screenshots of the reporting templates to be filled out and used by the production company and certified public accountant.



## AGREED UPON PROCEDURES

### *DRAFT REPORT*

[CPA Firm Street Address]

[CPA Firm City, State, Zip]

#### INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

[Film, Television, Media Production Entity]

[Film, Television, Media Production Entity]

[Film, Television, Media Production City, State]

Colorado Office of Economic Development and International Trade  
Colorado Office of Film, Television and Media

In accordance with Colorado Revised Statute § 24-48.5-114 and Colorado Revised Statute § 24-48.5-116, [CPA name or CPA firm name] (“[Abbreviated CPA name or CPA firm name]” or “we”) has performed the procedures enumerated below, which were agreed to by [Film, Television, Media Production Entity] (the “Company”) and the Colorado Office of Film, Television and Media (“COFTM”), in order to report compliance with Colorado Revised Statute § 24-48.5-116 and the COFTM “Agreed Upon Procedures” document regarding actual qualified local expenditures for the period from [Start Date of Contract] (Date Contract is Signed by State Controller) through [End Date of Contract], as specified in [Contract Name/#]. The Company’s management is solely responsible for its compliance with the specified requirements. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- 1) [Abbreviated CPA name or CPA firm name] obtained the Workforce and Payroll Report as prepared and provided to us by [Film, Television, Media Production Entity] and presented as exhibit A. We performed the following procedures:
  - a. Compare the Workforce & Payroll report to determine if employees are also listed on the cast & crew list provided by [Film, Television, Media Production Entity].  
*[This procedure was performed without exception. (or list exceptions)]*
  - b. Inspect the roles of the cast and crew to determine if crew listed on the Workforce & Payroll report are “Qualified Labor and Payroll by Department,” as defined by COFTM requirements.  
*[This procedure was performed without exception. (or list exceptions)]*
  - c. Inspect payroll reports and the cast & crew list provided by [Film, Television, Media Production Entity] in order to ensure the completeness and accuracy of the Workforce and Payroll Report. Ensure that all paid employees that performed work in Colorado are included on the Workforce and Payroll Report.  
*[This procedure was performed without exception. (or list exceptions)]*
  - d. Verify that all employees listed as Colorado workforce have a fully completed and signed Colorado Declaration of Residency Form AND appropriate back-up documentation as defined by COFTM requirements.

***[This procedure was performed without exception. (or list exceptions)]***

- e. Verify that the wages reported were paid by the production company  
***[This procedure was performed without exception. (or list exceptions)]***
- f. Verify that the wage payments occurred within the contract/purchase order dates.  
***[This procedure was performed without exception. (or list exceptions)]***
- g. Verify that pay to people on the crew list by the production company is reported as wages  
***[This procedure was performed without exception. (or list exceptions)]***
- h. Verify and confirm that wages paid to cast & crew through loan-out companies and single member LLCs are counted as payroll, not vendor spend  
***[This procedure was performed without exception. (or list exceptions)]***
- i. Verify that income taxes were withheld; non-CO resident workers paid through loan-out companies/LLCs must have taxes withheld or provide proof of withholding.  
***[This procedure was performed without exception. (or list exceptions)]***

2) **[Abbreviated CPA name or CPA firm name]** obtained the Vendor Spend Report as prepared and provided to us by **[Film, Television, Media Production Entity]** and presented as exhibit B. We performed the following procedures:

- a. Verify that expenses reported were paid by the production company  
***[This procedure was performed without exception. (or list exceptions)]***
- b. Verify that expenses were paid to Colorado companies only  
***[This procedure was performed without exception. (or list exceptions)]***
- c. Verify that expenses occurred after effective date of contract/purchase order  
***[This procedure was performed without exception. (or list exceptions)]***
- d. Verify that no alcohol or dispensary expenses are included  
***[This procedure was performed without exception. (or list exceptions)]***
- e. Verify that vendor spend is for a qualified vendor category as defined by COFTM  
***[This procedure was performed without exception. (or list exceptions)]***

- 3) **[Abbreviated CPA name or CPA firm name]** obtained the Cost Report of Production Expenditure as reported to us by **[Film, Television, Media Production Entity]** and presented below.

	Non-Colorado	Colorado	Total
<b>ABOVE THE LINE PRODUCTION COSTS</b>			
Cost #1	\$ -	\$ -	\$ -
Cost #2	\$ -	\$ -	\$ -
Cost #N	\$ -	\$ -	\$ -
TOTAL ABOVE THE LINE PRODUCTION COSTS	\$ -	\$ -	\$ -
<b>BELOW THE LINE PRODUCTION COSTS</b>			
Cost #1	\$ -	\$ -	\$ -
Cost #2	\$ -	\$ -	\$ -
Cost #N	\$ -	\$ -	\$ -
TOTAL BELOW THE LINE PRODUCTION COSTS	\$ -	\$ -	\$ -
<b>POST PRODUCTION COSTS</b>			
Cost #1	\$ -	\$ -	\$ -
Cost #2	\$ -	\$ -	\$ -
Cost #N	\$ -	\$ -	\$ -
TOTAL POST PRODUCTION COSTS	\$ -	\$ -	\$ -
<b>OTHER CHARGES</b>			
Cost #1	\$ -	\$ -	\$ -
Cost #2	\$ -	\$ -	\$ -
Cost #N	\$ -	\$ -	\$ -
TOTAL OTHER CHARGES	\$ -	\$ -	\$ -
<b>TOTAL PRODUCTION COSTS</b>	\$ -	\$ -	\$ -

- a. Compared the results of our procedures over the Workforce and Payroll Report and the Vendor Spend Report to the amounts reported for Colorado costs presented in the Cost Report of Production Expenditure to determine accuracy and consistency.

***[This procedure was performed without exception. (or list exceptions)]***

- 4) **[Abbreviated CPA name or CPA firm name]** obtained the Statement of Colorado Expenditures as reported to us by **[Film, Television, Media Production Entity]** and presented below.

<b>Total Amount of Colorado Qualified Local Expenditures As Found by CPA</b>	\$	-
<b>Total Amount of Colorado Reported Expenditures</b>	\$	-
<b>Total Payroll Cost:</b>		
Non-Colorado Payroll	\$	-
Total Qualified Colorado Payroll	\$	-
Total CO Resident Payroll	\$	-
Total CO Non-Resident Payroll	\$	-
<b>Total Colorado Payroll Taxes:</b>		
Total CO Resident Payroll Taxes Withheld	\$	-
Total Non-CO Resident Payroll Taxes Withheld	\$	-
<b>Total Vendor Spend:</b>		
Non-Colorado Vendor Expenses	\$	-
Total Qualified Colorado Vendor Expenses	\$	-
<b>Total Pre-Production Spend:</b>		
Non-Colorado Pre-Production Expenses	\$	-
Total Qualified Colorado Pre-Production Expenses	\$	-
<b>Total Production Spend:</b>		
Non-Colorado Production Expenses	\$	-
Total Qualified Colorado Production Expenses	\$	-
<b>Total Post Production Spend:</b>		
Non-Colorado Post Production Expenses	\$	-
Total Qualified Colorado Post Production Expenses	\$	-

- a. Compared the results of our procedures over the Workforce and Payroll Report and the Vendor Spend Report to the Colorado qualified local expenditures included above in the Statement of Colorado Expenditures to determine their accuracy and consistency.  
***[This procedure was performed without exception. (or list exceptions)]***
- b. **[Include written statement of the Total Colorado Qualified Local Expenditure, the % rebate, and the dollar value of the rebate that the production company qualified for]**

5) **[Abbreviated CPA name or CPA firm name]** obtained the Colorado Production Workforce as reported to us by **[Film, Television, Media Production Entity]** and presented below.

<b>Total Number of Colorado Crew and Cast</b>	<b>#</b>
Number of Colorado Crew	#
Number of Colorado Cast	#
<b>Total Number of Crew and Cast</b>	<b>#</b>
Number of Crew	#
Number of Cast	#
<b>% Colorado Crew and Cast</b>	<b>%</b>
% Colorado Crew	%
% Colorado Cast	%

- a. Compared the results of our procedures over the Workforce and Payroll Report to the Colorado Production Workforce to determine accuracy and consistency.  
*[This procedure was performed without exception. (or list exceptions)]*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Because standard audit, review, and examination procedures were deemed insufficient by the Colorado Office of Film, Television, and Media in addressing the workforce, payroll, and vendor expenditure verification it requires to qualify incentive projects, we instead performed the procedures enumerated above, in compliance with the Agreed Upon Procedures document produced by the Colorado Office of Film, Television, and Media and Colorado Revised Statute § 24-48.5-116.

This report is intended solely for the use of the management of the Company and COFTM and is not intended to be, and should not be, used by anyone other than the specified parties.

[CPA Signature]  
[CPA Printed Name]  
[Report Date]



## AGREED UPON PROCEDURES

### **Expectations and Procedures for CPA Review of Performance-based Film Incentive**

**NOTE: This document is subject to change pursuant to § 24-48.5-116 (2)(d)**

#### **Introduction:**

A licensed Colorado CPA, who has completed training with the Colorado Office of Film, Television and Media, must certify both the total dollar amount of Qualified Local Expenditures and the employment of a 50% Colorado Workforce using the Workforce & Payroll Report, the Vendor Spend Report, and all required backup documentation provided by the production company. For Reporting purposes, Qualified Local Expenditure means a payment made by a production company operating in Colorado to a person or business in Colorado in connection with production activities in Colorado. Qualified Local Expenditure consists of 1) qualified wage & payroll payments and 2) qualified vendor payments. In order to certify the total dollar amount of Qualified Local Expenditure and a 50% Colorado Workforce, the CPA must verify:

- 1) Total Workforce and Colorado Workforce**
- 2) Qualified Wage & Payroll Expenses**
- 3) Qualified Vendor Expenses**

Below is a description and breakdown of all of the information necessary for the completion of the “Workforce & Payroll Report” and the “Vendor Spend Report.” In addition, the section titled “Reporting” outlines the different metrics that the COFTM requires in the written CPA report. Lastly, the section titled “Report Screenshots” contains the screenshots of the Workforce & Payroll Report and the Vendor Spend Report.

#### **Workforce & Payroll Report:**

The Workforce & Payroll Report contains all of the data required by the COFTM for reporting and verification of 1) Workforce and 2) Qualified Wage & Payroll Expenses, as defined below. The CPA must review this report, ensure completeness of the data, and verify the data using the backup documentation submitted by the production company.

**The following fields on the Workforce & Payroll Report must be completed by the production company and verified by the CPA. Following each field name is a description of the field and what must be entered:**

- **Last Name:** Enter Employee’s Last Name
- **First Name:** Enter Employee’s First Name
- **Job Title or Service Provided:** Enter Employee’s job title or service provided (ex. Make-up)
- **Cast/Crew:** Select either “Cast” or “Crew” from the drop down menu located in each cell
- **Loan Out or LLC Name:** If an individual was paid for their crew services through either a loan out company for their own LLC, enter the name of the company
- **Loan Out or LLC EIN:** If an individual was paid for their crew services through either a loan out company for their own LLC, enter the Employer Identification Number of the company
- **Address:** Enter the address of residence of the employee
- **City:** Enter the city of residence of the employee
- **State:** Enter the state of residence of the employee
- **Zip Code:** Enter the zip code of residence of the employee
- **Worked in Colorado at some point for this production?:** Select either “Y” or “N” from the drop down menu located in each cell
- **CO Residency Form Complete?:** Select either “Y” or “N” from the drop down menu located in each cell
- **Valid Proof of Residency Provided?:** Select either “Y” or “N” from the drop down menu located in each cell
- **Type of Proof of Residency:** Select either “CO Driver’s License”, “CO ID Card (Provided by Department of Revenue,” “CO Voter Registration/Information Card,” “Last year’s CO personal income tax return,” or “Other” from the drop down menu located in each cell. If “other” documentation is provided, consult with COFTM regarding whether the specific document will be accepted.
- **Hours worked on project in CO:** Enter the whole number of hours that the employee worked on the project in CO
  - Does not have to be verified by CPA
- **Days worked on project in CO:** Enter the whole number of days that the employee worked on the project in CO
  - Does not have to be verified by CPA
- **Total Wages paid for production work performed in CO (include per diems):** Enter the total wages paid to the employee for ONLY production work performed in Colorado
- **Wages Paid within effective contract dates?:** Select either “Y” or “N” from the drop down menu located in each cell
- **Amount of CO Income Tax Withheld:** Enter the total CO Income Tax Withheld for the employee
- **Medicare:** Enter the total Medicare taxes paid by the employer for the employee
- **Social Security:** Enter the total Social Security taxes paid by the employer for the employee
- **Federal Unemployment:** Enter the total Federal unemployment paid by the employer for the employee
- **State Unemployment:** Enter the total State Unemployment paid by the employer for the employee



- **Vac/Hol/Sick:** If paid separately from wages, enter the total vacation, holiday, or sick pay by the employer to the employee
- **PH&W:** If paid separately from wages, enter the total personal health and wellness pay by the employer to the employee
- **Notes:** This field is optional and can be filled in with any relevant notes or information to the employee at hand

Below are the relevant definitions, calculations, verifications, and required documents needed in order to complete the Workforce and Payroll Report. The following information has been broken out into “Qualified Workforce” and “Qualified Wage & Payroll,” both of which are contained within the Workforce and Payroll Report.

## 1) Qualified Workforce

### a. Definition of Workforce

- Workforce is defined as **ANY** crew or cast member who is paid for work performed on the incentivized production **IN** the state of Colorado. Individuals who do not perform work on the incentivized production **IN** Colorado are **NOT** counted as workforce.
- Crew or cast members who worked in Colorado but did not have CO income tax withheld are counted in the workforce total but their wages **cannot be counted** as eligible payroll.
- Individuals paid through a loan out company **OR** a single member LLC count as workforce. These individuals must be listed as cast or crew
- Extras (paid or unpaid) and any other unpaid workers (interns, volunteers, etc) **do not count** towards workforce total.

### b. Definition of Colorado Workforce

- Colorado Workforce is defined as any crew or cast member that has resided in Colorado for **at least 90 days**, who performs work on the incentivized production **IN** the state of Colorado.

### c. Definition of Total Workforce

- Total workforce includes all the Colorado residents and Non-Colorado residents that worked on production activities **IN** Colorado.
- The names and positions of the Total Workforce must be supplied to the CPA and the COFTM.

### d. Calculation of % Colorado Workforce

- Colorado Workforce divided by Total Workforce is the % Colorado Workforce
- This calculation must be greater than or equal to 50% to meet the statutory workforce requirement

### e. Definition of Cast

- COFTM considers cast (both Colorado and Non-Colorado) as any actor who is paid for their services **AND** a member of a SAG-AFTRA union. All other workforce is counted as crew.

**f. Verification of Workforce**

- Verify that all positions listed on the Workforce & Payroll report are also listed on the cast & crew list provided by the production company.
- Verify that all crew listed on the Workforce & Payroll report fall under the “Qualified Labor and Payroll by Department” list below. Every position and department on this list counts as “crew” (paid positions only, no interns or volunteers). “Cast” only includes paid SAG-AFTRA members (no extras, paid or unpaid).

▪ **Qualified Labor and Payroll by Department**

- Accounting (accounting, payroll account, 1<sup>st</sup> assistant accounting, accounting clerk)
- Acting (Non-SAG-AFTRA actor, acting coach, dialect coach)
- Animal Wranglers (handler, trainer, assistant)
- Art Department (production designer, art director, assistant art director, set designer, graphic artist, storyboard artist)
- Camera (1<sup>st</sup> & 2<sup>nd</sup> unit camera operators, 1<sup>st</sup> assistant camera, 2<sup>nd</sup> assistant camera, camera loader, digital imaging technician, director of photography, jib operator, steadicam operator, still photographer)
- Casting Directors (*can be considered either crew or vendor*)
- Choreographers
- Construction (builder, carpenter, metal fabricator, prop maker, plasterer, buyer)
- Costume/Wardrobe (wardrobe stylist, wardrobe buyer, assistant wardrobe stylist, wardrobe supervisor, costume designer, assistant costume designer, costumer, seamstress, assistant costumer)
- Craft Services
- Directors (1<sup>st</sup> and 2<sup>nd</sup> unit directors, 1<sup>st</sup> assistant director, 2<sup>nd</sup> assistant director, 2<sup>nd</sup> 2<sup>nd</sup> assistant director, technical director)
- Editors (editor, assistant editor) (*can be considered either crew or vendor*)
- Electric and Lighting (best boy electric, set lighting technician, lighting designer, rigging electric, gaffer, rigging gaffer, generator operator)
- Food Stylists
- Greensmen
- Grips (crane/job operator, key grip, best boy, dolly grip, grip, rigging grip)
- Hair (head of department, key hair stylist, assistant hair stylist)
- Make-Up (head of department, key make-up artist, assistant make-up artist, personal make-up team)
- Painters (set painter, lead scenic, paint foreman)
- Personal Assistants

- Producers (producer, associate producer, line producer, unit production manager, production supervisor)
  - Production Assistants (set, construction, art, locations, casting, wardrobe)
  - Production Office (coordinator, secretary, travel coordinator, assistant to producer)
  - Screenwriters
  - Script Supervisor
  - Set Decoration (set decorator, buyer, set dresser)
  - Sound (boom operator, studio engineer, mixer, cable puller, designer)
  - Special Effects/Visual Effects (coordinator, foreman, technician, artist, make-up/prosthetics, pyrotechnics)
  - Stunt Coordinators
  - Transportation (coordinator, captain, office coordinator, driver, picture car coordinator)
  - Tutors
- Verify that all paid workers are included in the calculation. Cross check sources of payroll reports, cast & crew list provided by the production company, and spot check call sheets in order to determine if any paid workers were not included in the calculation.
  - Verify that all employees listed as Colorado workforce have a Colorado Declaration of Residency Form AND appropriate back-up documentation as required below.

**g. Documentation Needed for Workforce Verification**

- Colorado Declaration of Residency Form & proof of residency document
  - For each individual to be considered a Colorado resident and to count as Colorado Workforce, the production company must submit to the CPA and COFTM a completed Colorado Declaration of Residency form along with one of the following proof of residency documents: a valid Colorado driver’s license, a valid Colorado identification card issued by the Department of Revenue, a current Colorado voter registration/information card, a copy of last year’s Colorado personal income tax return, or another piece of proof as deemed valid by the COFTM.
- Cast & crew list
- Call sheets

**2) Qualified Wage & Payroll**

**a. Definitions of Qualified Wage & Payroll**

- All qualified wage payments must have occurred within the effective dates of the contract or purchase order
- All wages paid to workers in Colorado – including both Colorado and non-Colorado residents – are qualified wage & payroll expenses as long as Colorado income tax is withheld (see section below for more detail).

- All wages paid to cast & crew through loan-out companies or single member LLCs count as payroll, not vendor spend. Individuals paid through either of these options should be listed on the Workforce & Payroll Report, along with any payments made to them.
- Per Diems are qualified payroll expenses for all cast & crew. These should be included in the “Total Wages paid for production work performed in CO” column of the Workforce & Payroll Report.
- Fringes (Medicare, Social Security, FUI, SUI, vacation/holiday/sick pay, PH&W) are qualified payroll expenses for CO resident cast & crew only. SUI paid for non-CO resident cast & crew is a qualified payroll expense as long as the non-CO resident withheld income taxes in CO. Fringes other than SUI paid to non-CO residents are not qualified payroll expenses.

#### **b. Taxes and Method of Payment**

- All positions from the “Qualified Labor and Payroll by Department” list are considered cast/crew members (regardless of their method of payment) and must have Colorado income tax withheld (regardless of residency) in order for their wages to be counted as a qualified expense.
- According to the Colorado Department of Revenue, employers must withhold Colorado income tax from compensation paid to any employee if:
  - The compensation is subject to federal withholding for income tax purposes;
  - AND
  - The employee is a Colorado resident (whether working inside or outside of Colorado);
  - OR
  - The employee is a nonresident of Colorado performing services in Colorado
- Cast & crew can be paid as employees using a payroll service. They may also be paid using a loan-out company or single member LLC (i.e. as a “contractor”). Any non-CO resident paid through a loan-out or single member LLC must also have CO tax withheld or provide proof of CO tax withholding. CO residents paid through loan-out companies or single member LLCs do not need to prove tax withholding
- No cast/crew members on the Qualified Labor and Payroll by Department list are ineligible for tax withholding (unless an optional vendor classification is specified below).

#### **c. Verification of Wage & Payroll**

- Verify that the wages reported were paid by the production company
- Verify that the wage payments occurred within the effective dates of the contract or purchase order Verify that pay to people on the crew list by the production company is reported as wages
- Verify and confirm that wages paid to cast & crew through loan-out companies and single member LLCs are counted as payroll, not vendor spend

- Verify that income taxes were withheld; non-CO resident workers paid through loan-out companies/LLCs must have taxes withheld or provide proof of withholding; CO residents paid through loan-out companies/LLCs do not need proof of tax withholding

**d. Exclusions from Wage & Payroll**

- Crew or cast members who did not physically work in Colorado
- Subcontractors, i.e. construction workers, caterers on set, agency/brand representatives, etc., that are employees of a contract vendor
- Crew members that are contracted through a studio lease or any other rental agreement where the production is not directly in charge of the employee
- Payments to vendors
- Unpaid extras, interns, and non-union cast members

**e. Documentation Needed for Workforce Verification**

- Cast & crew list
- Payroll documentation with dates
- Proof of CO withholding
- Loan-Out/Single Member LLC EIN
- Call sheets
- Matching Invoices and Bank Statements showing proof of transfer/withdrawal

**Vendor Spend Report:**

The Vendor Spend Report contains all of the data required by the COFTM for reporting and verification of Vendor Payments, as defined below. The CPA must review this report, ensure completeness of the data, and verify the data using the backup documentation submitted by the production company. The Vendor Spend Report should contain each distinct, qualified transaction made during the course of production.

**The following fields on the Vendor Spend Report must be completed by the production company and verified by the CPA. Following each field name is a description of the field and what must be entered:**

- **Vendor Name:** Enter the name of the vendor (ex. Sinclair, 7-Eleven, etc.)
- **Colorado ID #:** Enter the Colorado ID # of the vendor
- **Address:** Enter the address of the Vendor
- **City:** Enter the city of the vendor
- **State:** Enter the state of the vendor
- **Zip Code:** Enter the zip code of the vendor
- **Contact:** Enter the contact name of the vendor
- **Phone:** Enter the phone number of the vendor
- **Email:** Enter the email address of the vendor

- **Category:** Enter the corresponding category (Column O) of the purchase
- **Description of Expense:** Enter a description of the purchase
- **Date of Expenditure:** Enter the date the purchase was made
- **Date of Credit Balance Payment (if expenditure was made with credit card):** If a vendor purchase was made with a credit card, enter the date in which that amount was paid off of the credit card balance
- **Spend:** Enter the amount spent on the item from the vendor

Below are the relevant definitions, calculations, verifications, and required documents needed in order to complete the Vendor Spend Report.

## 1) Qualified Vendor Expenses

### a. Definitions of Qualified Vendor Expenses

- Qualified vendor expenses are defined as payments made to Colorado companies and services located in Colorado within the effective dates of the contract or purchase order in connection with production activities in Colorado. The following list includes all of the categories of purchases that would count toward qualified vendor spend.
  - Accommodations (hotels, extended stays, house rentals, short-term office leases)
  - Accounting and Payroll (payroll services, CPA services)
  - Advertising and Public Relations (publicists, advertising firms, special event coordinators)
  - Catering Services
  - Cleaning Services
  - Composer Services
  - Construction Materials and Hardware
  - Costumers and Services (dry cleaners, costume makers and rentals, uniforms, wardrobe supplies)
  - Courier and Shipping Services
  - Equipment rentals (appliances, camera systems, computers, electronics, furniture, generators, mobile restrooms, power equipment, walkie-talkies, tents, video equipment, grip & electric, lighting systems, telecommunications equipment, expendables and teleprompters)
  - Food and beverage purchases
  - Fire Safety and Firefighting Services
  - Hair and Make-Up Supplies
  - Insurance
  - Legal Services
  - Location Rental Fees
  - Medical Services (EMT services, on-set doctors)

- Music Licensing
- Nursery and Landscaping Services
- Office Supplies and Rentals (copiers, furniture rentals, short-term internet and phone service)
- Permit Fees (city, county, state, National Park Service, Bureau of Land Management, US Forest Service)
- Police and Highway Services and Rentals
- Post-Production Services (editing, audio/sound engineering facilities, music composition, sound effects, special effects, color correction, recording studios, closed captioning)
- Printing Services
- Production Companies
- Prop Rentals and Supplies (arts and crafts, firearms and weapons, flowers, plants, set construction supplies)
- Propane
- Realtors and Brokers
- Sanitation Services
- Security (guards, patrol, locksmith)
- Stages & Studios
- Storage Rentals
- Talent (cast agencies, extras casting agencies, modeling agencies, voice over talent agencies)
- Transportation (travel agencies, aerial services and pilots, auto mechanics, boat rentals, car rentals, cargo and trailer rentals, motor home rentals, film truck rental, fuel and fuel services, limousine and car services, moving services, picture cars, and taxis)
- Upholstery Services
- Water and Water Delivery Services
- Weather and Safety Consulting

**b. Verification of Vendor Expenses**

- Verify that expenses reported were paid by the production company
- Verify that expenses were paid to Colorado companies only
- Verify that expenses occurred within the effective dates of the contract or purchase order
- Verify that no alcohol or dispensary expenses are included
- Verify that vendor spend is for a qualified vendor category (see “Qualifying Vendor Spend” list)

**c. Exclusions from Qualified Vendor Expenses**

- Purchases with no receipts
- Non-Colorado vendor purchases or purchases from online retailers
- Alcohol or dispensary purchases

- Fundraising and distribution expenses

#### d. Important Cases & Considerations for Vendor Expenses

- **Airfare** – only qualified if purchased through a Colorado-based travel agent or through an airline whose corporate headquarters is located in Colorado.
- **Equipment Purchases** – if non-disposable equipment is purchased or leased longer than the incentivized production period, the full cost of the item cannot be qualified. To qualify the expense, calculate the average daily rate of the equipment and charge for the number of days the equipment is used.
- **Intermediary Companies** – Intermediary vendors like Airbnb, Lyft, and Uber are qualified expenses if the overhead fee that goes directly to the company is removed. Only fees going to Colorado homeowners or drivers who are Colorado residents can be claimed.
  - **Uber:** Generally, Uber drivers retain 75% of a total fair because Uber takes a 25% service fee. Accordingly, when providing qualified expenses for Uber fairs, deduct 25% from the total fair.
  - **Lyft:** Generally, Lyft drivers retain 75% of a total fair because Lyft takes a 25% service fee. Accordingly, when providing qualified expenses for Lyft fairs, deduct 25% from the total fair.
- **Mileage Reimbursements** – mileage may be reimbursed at the IRS rate only for travel within state lines.
- **Online Shipping Purchases** – shipping charges are qualified expenses only if the transaction takes place in a branch located in Colorado. Shipping services purchased online do not qualify.
- **Production Office Expenses** – only short term leasing of rental space, internet, and phone set-up are qualified. If the production has a permanent office operating in Colorado, these expenses are not considered qualified as they are normal operating expenses that extend past the incentivized project.
- **Rent** – Rent for a production office is only a qualified expense if the production office is temporary and rented solely for the purpose of the incentivized production.
- **Gear/Equipment Purchases** – COFTM cannot qualify equipment rentals in which a production company pays themselves for their own equipment. However, equipment can be counted under the following conditions:
  - Equipment is rented from a third party Colorado vendor
  - If the production company receiving the incentive is contracted by a third party to create the film/TV show/video game, the equipment rental rate established in the initial budget and/or contract may be included as a qualified expense. This initial, agreed upon budget or contract with the third party hiring the production company must be included as supporting documentation.
  - If a production company purchases new equipment for an incentivized production, they may not include the entire cost of the equipment. However,



they may include a daily rate based on fair market rental rates for the number of production days during which it is used.

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**e. Documentation Needed for Vendor Expense Verification**

- Original Receipts or Invoices with:
  - Dates
  - Vendor Name
  - Vendor Address
- Full vendor list from production company

**Reporting:**

The COFTM requires that certain reports/metrics are contained within the CPA review, separate from the completed Workforce & Payroll Report and the Vendor Spend Report. The COFTM requires that the following metrics and data are included in the written CPA report:

- 1) Total Budget (entire production, including non-qualified local expenditures) as reported by the production company**
  - a. **NOTE: This amount is usually reported in the initial Proof of Performance. This number should not require any review by the CPA**
- 2) Cost Report of Production Expenditure (split between 1) unaudited for Non-Colorado costs, 2) reviewed for Colorado costs, 3) Total)**
  - a. **Above the Line Production Costs**
  - b. **Below the Line Production Costs**
  - c. **Post Production Costs**
  - d. **Other Charges**
- 3) Statement of Colorado Expenditures and Findings**
  - a. **Total Amount of Qualified Local Expenditure as reported by the production company**
  - b. **Total Amount of Qualified Local Expenditure (the sum of a and b) as found in CPA review**
    - i. **Qualified Wage & Payroll Expenses**
      1. **Qualified CO Wage/Payroll Expenses**
        - a. **Qualified wage/payroll expense for CO Residents**
        - b. **Qualified wage/payroll expense for Non-CO Residents**
      2. **Non-CO/Non-Qualified Payroll Expense (unaudited for non-CO workers)**
    - ii. **Qualified Vendor Expenses**
      1. **Qualified CO Vendor Spend**
      2. **Non-CO/Non-Qualified Vendor Expenses (unaudited for non-CO expenditure)**
    - iii. **Amount of Film incentive (Up to 20% of Total Qualified Local Expenditure)**

- c. **Total Colorado Income Tax Withheld**
  - i. **Colorado Income Tax Withheld by CO Residents**
  - ii. **Colorado Income Tax Withheld by Non-CO Residents**
- 4) **Colorado Production Workforce**
  - a. **Total Workforce (Cast & Crew) – See definition above (only includes workers IN CO)**
    - i. **Total CO Resident Workforce**
    - ii. **Total Non-CO Resident Workforce**
    - iii. **% CO Workforce**
    - iv. **Total Cast**
      - 1. **Total CO Resident Cast**
      - 2. **Total Non-CO Resident Cast**
      - 3. **% CO Cast**
    - v. **Total Crew**
      - 1. **Total CO Resident Crew**
      - 2. **Total Non-CO Resident Crew**
      - 3. **% CO Crew**
    - vi. **Total hours worked by employee (as reported by production company for eligible workforce)**
    - vii. **Total days worked by employee (as reported by production company for eligible workforce)**

### **Report Screenshots:**

The following are screenshots of the Workforce & Payroll Report and the Vendor Spend Report. These documents are intended to standardize the data collection and verification process regarding production expenditure and workforce counts for production companies, certified public accountants reviewing production company expenditure, and the COFTM. The content and makeup of these documents is subject to change, and will be provided to both the Production Companies and CPAs involved with a film incentive project as those changes are implemented.

**NOTE: These documents are subject to change pursuant to § 24-48.5-116 (2)(d)**

