

Green
Hasson
Janks

Entertainment



Welcome

Welcome to the first issue of our Entertainment Newsletter, containing content related to the people, news and business issues we see in our day-to-day service to the industry.

Whether your passion is for movies, television, stage performance, comedy, music, internet media or gaming, you will find what moves you in Los Angeles.

Following a passion for entertainment is what led the subject of our featured interview into his professional calling. Steven Sills has loved movies and music for as long as he can remember, growing up in a house that was built on entertainment. His story is relatable and inspiring to those that share his passion for working in entertainment.

Passion isn't always enough to get your break in entertainment. Many films see more screens after they are featured in independent film festivals. Inside this issue, we highlight a festival that recently took place which spotlights Israel's growing film and television industry.

Many would say that while movies and television are a great escape, live stage performance can make you part of the action. The LA Stage Alliance has been supporting those live events and their performers for over 20 years. Read more about their signature event, the Ovation Awards, which honors stage performers in Los Angeles.

Finally, while we recognize the fun of the industry, we also know how important it is to stay current on the business of entertainment – that's what keeps this industry thriving. Whether it's the accounting rule changes featured on the next page or other issues that impact your bottom line, staying on top of the changing business climate is critical.

We look forward to sharing more stories in future issues and welcome your comments and feedback.

Featuring people, news and business issues for the entertainment and media industry.

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News Brief

Accounting Rule Changes Could Impact Your Bottom Line

The accounting rules for revenue recognition often require significant interpretation and are among the most complex rules to apply. For entertainment and media companies, this can add chaos to what is already complex financial reporting.

As media technology evolves, companies are seeing changes in their revenue sources. Gone are the days of revenue coming exclusively from ticket sales and home video. Now companies need to account for revenues from online streaming, file sharing and other forms of virtual entertainment.

IMPACTING DEALS AND FINANCING

When deals are created between talent, production and distribution, parties often rely on accurate revenue recording to ensure all parties are satisfied. Additionally, for companies seeking loans or investors, accurate accounting is often the difference between completing or scrapping the deal.

Understanding the dynamics that affect revenue recognition will help to ensure that deal terms are appropriately evaluated prior to execution and that financial results are forecast in a more precise manner.

Key changes include considering oral or implied agreements and changes in the treatment of variable consideration of

transaction prices, which can result in an acceleration of the timing of revenue recognition.

WHEN WILL THIS TAKE EFFECT?

Although the Boards have not concluded on an effective date for the new proposed standards, there has been an indication that a final standard will be effective for fiscal years beginning in 2015. By understanding some of these revenue recognition changes today, your company will be better prepared, saving time and avoiding confusion for when these changes become final.

For more information, please contact Anant Patel, partner at Green Hasson Janks, at (310) 873-1672 or apatel@greenhassonjanks.com.

26th Israel Film Festival

The 26th Israeli Film Festival, presented by the Los Angeles based IsraFest Foundation, Inc., has celebrated Israeli culture through motion picture since 1985. Green Hasson Janks is proud to be a donor sponsor of the 2012 Festival.

The Los Angeles festival ran from March 15 through 29, 2012, and will be followed by festivals in Miami and New York in April and May. Each year, this festival brings together participants of Israeli film and television from all over the world to connect the growing Israeli film sector with American audiences and the Hollywood community

For more information on the festival, please visit: www.israelfilmfestival.com.

LA Stage Alliance Ovation Awards

While film and television may be the first types of entertainment to come to mind when you think of Los Angeles, you may or may not know that our city is also home to a vibrant stage performance community. The LA Stage Alliance has served the stage performance community since 1975. Beginning in 1989, LA Stage Alliance has hosted the highest level of peer-judged theatre awards in the Greater Los Angeles area. Over 400 productions in 35 categories are judged by voters who are all currently working theatre professionals.



Ilan Haimoff, Todd Griffith and guests

For a number of years, Green Hasson Janks has proudly performed the tabulation procedures to determine the winners. We take pride in our association with this organization and we were delighted to attend the 2011 LA Stage Alliance Ovation Awards ceremony and see the awards presented at the historic Orpheum Theater on November 14, 2011.

For more information, visit www.lastageovations.com.

Interview

Steven Sills

PASSION FOR ENTERTAINMENT

The first thing you will notice about Steve Sills when you meet him is his passion for all things entertainment. In his words, “I get to work in an industry that I love being involved in...I love going to the movies and listening to music.”

Steve’s involvement with entertainment began at home. He described growing up in a household of entertainment.

“My father was a business manager, representing various entertainment clients, like Monty Hall...and my mother was an actress and appeared on stage, in film, and on television.”

When Steve turned 14, he started singing with a rock n’ roll band, rejoining the band several times over the years. Even Steve’s military service related to entertainment. He was assigned for a year to a base in Northeast Thailand, where he had a radio and television show.

BEGINNINGS IN ENTERTAINMENT ACCOUNTING AND PARTICIPATION AUDITS

After completing his military service and graduating college, Steve found his first job in accounting at a large, national firm, Laventhol & Horwath. Steve recalls how he initially got involved in entertainment accounting.

“I remember asking the scheduling person to lunch. When I told her that I had an interest in the entertainment business, she took me under her wing and assigned me to several entertainment clients. Over time, I

A partner at Green Hasson Janks, Steve has over thirty years of entertainment accounting experience. His specialty involves audits of production and distribution of motion pictures and television programs on behalf of third party profit participants. As a consultant, he has given expert testimony in entertainment litigation, negotiated contracts for profit and royalty participants and participated in settlement negotiations of audit claims.

In celebrating the fourth year anniversary of the merger with Green Hasson Janks, we had the opportunity to interview Steve to learn more about his passion for entertainment, his start with participations accounting and his views on the state of the entertainment industry.

became the entertainment expert at the firm.”

After 5 years of being a manager in the audit department, Steve learned of the news of the firm’s acquisition of a small participation audit firm, Solomon Finger & Newman.

Steve recalls, “The managing partner asked whether I would be interested in learning the business and then eventually taking it over.”

Over time, Steve became a partner with a focus on participation audits. Laventhol & Horwath abruptly declared bankruptcy shortly after Steve’s advancement to partner in late 1990. However, this crisis also presented a new opportunity for Steve.

“The Monday after [the bankruptcy], Bill [Bill Adelman, a principal at the firm] and I negotiated the lease with the lawyer for the building, put our name on the door, and started the firm of Sills and Adelman.” *Continued on back cover...*



Q • What is your all-time favorite movie and television show?

A • I can’t name just one, but if I had to it would probably be *Godfather II*. To show you the eclecticism of my tastes, if I had to name my top 10, it would probably include *Godfather II*, *The Killing Fields*, *Grandma’s Boy*, *Back to School*, *Summer School*, *The Commitments*, *Sister Act 2: Back in the Habit*, and *Notting Hill*. There are many more that would fit into that top 10, but those are some of the ones I like.

Historically, my favorite television shows revolve around music or light comedy.

Overall, I like anything if it’s done well.

REFLECTION ON MEMORABLE EXPERIENCES AND CHALLENGES

Over the years, Steve has had many experiences with the Hollywood community. In one particularly memorable moment Steve recalled, “My most memorable experience was the first time I received a letter from a lawyer, and I noticed that Clint Eastwood was carbon copied on the bottom of the page. I just thought that was terrific!”

We asked Steve to comment on what he felt was the best part of his job. Steve shared, “Probably the best part of doing what I do is the relationships. We have clients that we’ve worked with for over 30 years!”

Of course, the work he does can be fun, but it is also very demanding. When asked what he views as the most challenging part of his job, Steve replied, “Dealing with parties on the other side of our audits...we do our best to maintain a wonderful relationship with studios... the hardest part of my job is getting them to understand that this is just business.”

STATE OF THE ENTERTAINMENT INDUSTRY

We asked Steve to share his view on the state of the entertainment industry. Steve first commented on the overall challenge for the industry to adjust to the current trend of declining DVD sales.

“We’re at a rather difficult time in the entertainment industry...the home video industry is going down very steeply, whereas the video-on-demand is moving up, but moving up rather slowly and not making up for the gap.”

Steve also shared his thoughts on piracy and its challenges.



“The real big issue is for the motion picture business to prevent the piracy that ruined the [music] record industry.”

Finally, as he looks to the future, Steve shares what he believes to be a key area of growth and challenge – digital media.

“The areas for growth are in new forms of digital media. But this also presents added challenges for preventing piracy.”

Wherever entertainment is headed, Steve plans to be along for the ride.

“I’m not sure where things are going, but I just hope that I can keep doing this work until I retire.”

For more information about Steve, or about the merger of his participations audit firm with Green Hasson Janks, visit www.greenhassonjanks.com.

To submit future topics or provide feedback, please contact Kari Schott at kschott@greenhassonjanks.com

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