

California Film Television Tax Credit Program 2.0
AUP - Appendix B

Non-Payroll Testing - 2% Calculation

Test #1

Total Non-Payroll Population	1,500,000	A
Less Top Stratum Tested	(100,000)	B
Population for Stratum 1 and 2	1,400,000	C = A+B
Sample for Stratum 1 and 2	500,000	D
Test #1 Findings	15,000	E
Rate of Misstatement in Sample	3.00%	F = E/D
Projected Misstatement of Sampled Population	42,000	G = F x C
Projected Misstatement % in Total Population (if below 2% no additional test needed)	2.80%	H = G / A

Test #2

Total Non-Payroll Population	1,500,000	A
Less Top Stratum Tested	(100,000)	B
Population for Stratum 1 and 2	1,400,000	C = A+B
Less Stratum 1 and 2 from Test #1	(500,000)	D
Population for Stratum 1 and 2 Test #2	900,000	I = C+D
Sample for Stratum 1 and 2 Test #2	250,000	J
Test #2 Findings	8,000	K
Rate of Misstatement in Sample	3.20%	L = J / K
Projected Misstatement of Sampled Population	28,800	M = I x L
Projected Misstatement % in Total Population	1.92%	N = M / A

Average of Two Projected Misstatements (if both over 2%) **P = Average (H,N)**

Total Non-Payroll Population	1,500,000	A
Less Top Stratum Tested	(100,000)	B
Less Tested in Sample for Test #1	(500,000)	D
Less Tested in Sample for Test #2	(250,000)	J
Total Population Not Tested	650,000	Q = A+B+D+J
Projected Misstatement in Population Not Tested	#VALUE!	R = P x Q

Total Non-Payroll Population Unadjusted	1,500,000	A
Less Actual Findings Top Stratum	(5,000)	
Less Actual Findings Test #1	(15,000)	E
Less Actual Findings Test #2	(8,000)	K
Less Projected Findings Avg of Tests		R
Total Adjusted Non-Payroll Qualified Costs	1,472,000	S = A+B+F+L+R

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AUP - Appendix B

Payroll Testing 2% Calculation

Test #1

Total Payroll Population	2,500,000	A
Less Top Stratum Tested	(100,000)	B
Population for Stratum 1	2,400,000	C = A+B
Sample for Stratum 1	500,000	D
Test #1 Findings	15,000	E
Rate of Misstatement in Sample	3.00%	F = E/D
Projected Misstatement of Sampled Population	72,000	G = F x C
Projected Misstatement % in Total Population (if below 2% no additional test needed)	2.88%	H = G / A

Test #2

Total Non-Payroll Population	2,500,000	A
Less Top Stratum Tested	(100,000)	B
Population for Stratum 1	2,400,000	C = A+B
Less Stratum 1 from Test #1	(500,000)	D
Population for Stratum 1 Test #2	1,900,000	I = C+D
Sample for Stratum 1 Test #2	250,000	J
Test #2 Findings	9,000	K
Rate of Misstatement in Sample	3.60%	L = K / J
Projected Misstatement of Sampled Population	68,400	M = I x L
Projected Misstatement % in Total Population	2.74%	N = M / A
Average of Two Projected Misstatements (if both over 2%)	2.81%	P = Average (H,N)

Total Non-Payroll Population	2,500,000	A
Less Top Stratum Tested	(100,000)	B
Less Tested in Sample for Test #1	(500,000)	D
Less Tested in Sample for Test #2	(250,000)	J
Total Population Not Tested	1,650,000	Q = A+B+D+J
Projected Misstatement in Population Not Tested	46,332	R = P x Q

Total Non-Payroll Population Unadjusted	2,500,000	A
Less Actual Findings Top Stratum	-	
Less Actual Findings Test #1	(15,000)	E
Less Actual Findings Test #2	(9,000)	K
Less Projected Findings Avg of Tests	(46,332)	R
Total Adjusted Non-Payroll Qualified Costs	2,429,668	S = A+B+F+L+R