

**WRITERS GUILD OF AMERICA, WEST, INC.**

**ANNUAL FINANCIAL REPORT**

JUNE 29, 2014



## **WRITERS GUILD OF AMERICA, WEST, INC.**

### **BOARD OF DIRECTORS**

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**EXECUTIVE DIRECTOR**

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### **AFFILIATED WITH:**

Writers Guild of America, East

Irish Playwrights & Screenwriters Guild

La Guilde Française des Scénaristes

Scriptwriters Guild of Israel (R.A.)

Seccion de Autores y Adaptors de Cine, Mexico

Société Des Auteurs De Radio, Télévision Et Cinema

Writers Guild of Canada

Writers Guild of Great Britain

Writers Guild of New Zealand

## STATEMENT OF THE MEMBERSHIP AND FINANCE COMMITTEE

June 6, 2014

Dear Fellow Members:

We are pleased to present the Guild's annual financial report. It is a positive picture. The Guild remains financially strong, with growing revenues and a significant operating surplus.

In this booklet, you will find the WGAW's financial statement for the fiscal year ending March 31, 2014, along with a summary of employment data and a description of the Guild's contract enforcement efforts over the last year. These are the highlights:

- The Guild ended the fiscal year with total net assets of \$45 million. Our investments stand at \$24.6 million, including a total of \$15.7 million in our Strike and Good & Welfare Funds.
- The Guild had an operating surplus for the fiscal year of \$5.9 million based on total revenues of \$29.8 million, up from \$28.8 million last year. The surplus was the product of a 3.4% growth in total revenue, attributable to an overall increase in writer compensation, led by the television sector, and investment gains generated from a strong equities market. Total expenditures declined slightly.
- The supplemental schedule on page 25 reflects that the Guild's Foreign Levies Program distributed over \$13 million to writers and their heirs during the last fiscal year. This annual review is also posted on the Foreign Levies page of the Guild's website, [www.wga.org/foreignlevies](http://www.wga.org/foreignlevies), along with other information about the program.
- The Guild's contract enforcement efforts yielded record collections during the fiscal year, including a comprehensive settlement of claims for unpaid Nickelodeon residuals totaling over \$10.5 million.

We publish this financial information each year in the interest of transparency and to ensure an informed membership. The Membership and Finance Committee is a constitutional body, made up of five members appointed by the Board of Directors. The Committee oversees the annual audit conducted by the independent accounting firm of Miller Kaplan Arase LLP, whose report is contained in this booklet.

Sincerely,

The Membership and Finance Committee

Carl Gottlieb (chair), Tony DeSena, Carleton Eastlake, Cynthia Riddle and Adam Rodman

## THE MARKETPLACE FOR WRITING

### EMPLOYMENT AND EARNINGS

Reports of employment in all work areas combined declined 0.5% in 2013, though late reports collected in coming months will likely result in a slight increase in employment levels compared to 2012. Total earnings declined 6.4% but remained over \$1 billion for the second year in a row.

#### TOTAL EARNINGS FOR WGAW WRITERS AND NUMBER OF WRITERS REPORTING EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2008	4,416	-	839.9	-
2009	4,522	2.4%	968.8	15.3%
2010	4,516	-0.1%	981.6	1.3%
2011	4,628	2.5%	985.7	0.4%
2012	4,767	3.0%	1,081.2	9.7%
2013	4,745	-0.5%	1,012.5	-6.4%

Source: WGAW records, prior years updated to include late reporting; current year figures can be expected to rise similarly.

Earnings of television writers reported to date for 2013 are down from a very strong 2012, but late reports should bring 2013 earnings in line with the prior year. Total television employment was even with 2012, with 3,681 writers reporting income from television. New Media earnings totaled \$3.6 million for 120 writers in 2013, and are reported here as part of television earnings.

#### EARNINGS AND EMPLOYMENT IN TELEVISION

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2008	3,063	-	457.5	-
2009	3,157	3.1%	521.6	14.0%
2010	3,277	3.8%	567.0	8.7%
2011	3,477	6.1%	608.3	7.3%
2012	3,703	16.6%	712.4	17.1%
2013	3,681	-0.6%	668.5	-6.2%

Source: WGAW records, prior years updated to include late reporting; current year figures can be expected to rise similarly.

Employment and earnings in screen declined for the fourth year in a row in 2013, but the 1,595 writers reporting screen earnings was down only 1.9% from 2012. While 2013 earnings are down 7.2% from 2012, late reports will offset this decline.

### EARNINGS AND EMPLOYMENT IN SCREEN

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2008	1,810	-	373.0	-
2009	1,848	2.1%	437.1	17.2%
2010	1,735	-6.1%	403.1	-7.8%
2011	1,662	-4.2%	365.3	-9.4%
2012	1,626	-2.2%	356.5	-2.4%
2013	1,595	-1.9%	331.0	-7.2%

Source: WGAW records, prior years updated to include late reporting; current year figures can be expected to rise similarly.

Employment in news, promotion, informational and interactive programming dipped slightly, with 176 writers reporting earnings. However, earnings grew almost 7% to \$13 million.

### EARNINGS AND EMPLOYMENT IN TELEVISION & RADIO NEWS & PROMOTION, INFORMATIONAL AND INTERACTIVE

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2008	168	-	9.5	-
2009	184	9.5%	10.1	6.3%
2010	193	4.9%	11.4	12.9%
2011	201	4.1%	12.2	7.0%
2012	187	-7.0%	12.2	-
2013	176	-5.9%	13.0	6.6%

Source: WGAW records, prior years updated to include late reporting; current year figures can be expected to rise similarly.

### RESIDUALS

Residuals collected by the WGA in 2013 grew to a record high of \$373.8 million, a 7.2% increase over 2012. This is the fourth consecutive year receipts exceeded \$300 million. Residuals increased 9.9% in television and 3.0% in screen.

Television continues to be the stronger area, with \$233.7 million in receipts, representing 63% of the total residuals collected in 2013. The most notable increase came in New Media reuse with \$15.9 million collected, a 47.2% increase from last year. Significant gains were also made in residuals for Pay TV reuse with an increase of 34.4% over last year on projects made-for-pay television and a 31% increase for non-made-for-pay television programs. Since 2010, foreign television residuals remain the area with the highest dollar receipts, \$47.2 million collected and a 20.2% increase from last year. Network prime time was steady with a 1% increase over 2012 with \$24.03 million collected. Basic cable reuse of made-for-basic cable programs increased 12.2% from 2012 with \$36.8 million collected while basic cable reuse of non-made-for-basic programs fell slightly with a 1% decrease over last year.

Total feature film residuals grew 3% to \$140.08 million. As with television, New Media reuse had the most notable increase with \$9.37 million collected and a 58.5% increase over last year. The Script Publication Fee increased 35.3% over 2012. DVD and Blu-ray revenue dropped 8.2% continuing the trend of declines since 2009. A modest gain was made in Worldwide Television receipts with \$45.07 million collected, a 3.9% increase over 2012.

**TOTAL RESIDUALS COLLECTED  
(MILLIONS OF DOLLARS)**

	2008	2009	2010	2011	2012	2013	2013 VS. 2012	2013 VS. 2008
<b>TELEVISION PROGRAMS</b>								
Prime Time Network	23.13	23.77	24.76	25.53	23.80	24.03	1.0%	3.9%
Domestic Synd./WB/UPN/CW	25.61	19.95	26.26	29.83	32.71	35.73	9.2%	39.5%
Foreign Free TV & Basic Cable	27.32	25.10	29.03	46.14	39.26	47.20	20.2%	72.8%
Basic Cable (Non Basic Cable Programs)	27.29	29.11	30.45	26.37	27.90	27.61	-1.0%	1.2%
Basic Cable for Made-for-Basic	12.63	15.85	20.88	24.70	32.79	36.80	12.2%	191.4%
Pay TV for Made-for Pay	2.62	2.89	3.65	4.46	4.94	6.64	34.4%	153.4%
Home Video	10.65	12.56	10.31	9.46	8.80	6.72	-23.6%	-36.9%
Pay TV (for Non-Pay Programs)	2.19	3.37	4.34	5.42	8.03	10.52	31.0%	380.4%
New Media Reuse	0.10	2.12	2.63	3.71	10.80	15.90	47.2%	-
Network Late Night/Weekend Day	6.41	5.81	6.25	6.40	5.03	4.24	-15.7%	-33.9%
TV Creator Royalties	8.95	9.18	12.46	12.98	14.05	14.25	1.4%	59.2%
Misc. TV Program Reuse	3.97	3.28	3.26	5.38	4.63	4.07	-12.1%	2.5%
<b>Total Television Residuals</b>	<b>150.87</b>	<b>152.99</b>	<b>174.28</b>	<b>200.38</b>	<b>212.74</b>	<b>233.71</b>	<b>9.9%</b>	<b>54.9%</b>
<b>THEATRICAL FILM RESIDUALS</b>								
Worldwide Television	45.60	43.28	44.49	42.78	43.38	45.07	3.9%	-1.2%
Home Video	47.69	41.58	39.32	30.20	30.29	27.82	-8.2%	-41.7%
Pay TV	42.93	45.64	52.87	50.45	54.29	55.47	2.2%	29.2%
Script Publication Fee	1.18	1.43	1.15	1.36	1.02	1.38	35.3%	16.9%
New Media Reuse	-	0.74	1.21	3.37	5.91	9.37	58.5%	-
Misc. Theatrical Film Reuse	1.10	1.72	3.34	1.80	1.07	0.97	-9.3%	-11.8%
<b>Total Theatrical Film Residuals</b>	<b>138.50</b>	<b>134.39</b>	<b>142.38</b>	<b>129.96</b>	<b>135.96</b>	<b>140.08</b>	<b>3.0%</b>	<b>1.1%</b>
<b>Misc. Payments/Settlements</b>	<b>0.08</b>	<b>0.08</b>	<b>0.06</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>-</b>	<b>-87.5%</b>
<b>TOTAL RESIDUALS</b>	<b>289.45</b>	<b>287.46</b>	<b>316.72</b>	<b>330.36</b>	<b>348.71</b>	<b>373.80</b>	<b>7.2%</b>	<b>29.1%</b>

## CONTRACT ENFORCEMENT

The Guild's Residuals Department enforces residuals provisions of the contract by investigating potential under-payment or non-payment, and referring cases not resolved during the investigation to the Legal Services Department. Amounts collected and total open cases by year are as follows:

### RESIDUALS DEPARTMENT TOTAL AMOUNTS COLLECTED

	2007	2008	2009	2010	2011	2012	2013	2014 (THRU 5/5/14)	2013 VS. 2012	2013 VS. 2007
Residuals	\$9,293,791	\$19,664,444	\$11,973,234	\$22,388,010	\$25,782,503	\$28,710,320	\$30,168,459	\$6,982,958	5.1%	224.6%
Residuals Interest	645,959	759,005	422,396	518,406	838,735	578,791	227,141	178,519	-60.8%	-70.1%
<b>Total Amounts</b>	<b>\$9,939,750</b>	<b>\$20,423,449</b>	<b>\$12,395,630</b>	<b>\$22,906,416</b>	<b>\$26,621,238</b>	<b>\$29,289,111</b>	<b>\$30,395,600</b>	<b>\$7,161,477</b>	<b>3.8%</b>	<b>205.8%</b>
<b>TOTAL OPEN CASES</b>	<b>576</b>	<b>632</b>	<b>489</b>	<b>346</b>	<b>384</b>	<b>383</b>	<b>357</b>	<b>205</b>	<b>-6.8%</b>	<b>-43.5%</b>

The primary function of the Guild's Legal Services Department is to enforce employer obligations under the WGA's collective bargaining agreements, normally through the filing of grievances and arbitration claims. The amount collected through these enforcement efforts has grown steadily in recent years. The chart below reflects total annual collections, broken down by type of damages collected:

### LEGAL DEPARTMENT TOTAL AMOUNTS COLLECTED

	2007	2008	2009	2010	2011	2012	2013	2014 (THRU 5/5/14)	2013 VS. 2012	2013 VS. 2007
Initial Compensation	\$1,097,327	\$745,397	\$568,192	\$903,456	\$1,550,866	\$1,428,175	\$1,971,161	\$563,604	38.0%	79.6%
Compensation Interest	50,774	117,248	139,207	100,385	208,909	161,976	172,299	61,477	6.4%	239.3%
Residuals	215,013	1,527,616	977,867	530,794	1,612,032	1,967,801	2,843,412	10,585,506	44.5%	1222.4%
Residuals Interest	39,867	320,096	74,162	123,826	333,468	457,738	553,867	952,930	21.0%	1289.3%
P&H	63,922	85,510	65,010	248,291	296,766	267,089	311,385	139,896	16.6%	387.1%
P&H Interest	6,147	4,964	6,251	6,093	28,405	25,901	26,357	23,685	1.8%	328.8%
Credits Damages	97,000	145,737	131,500	76,300	116,251	268,681	266,251	12,650	-0.9%	174.5%
<b>TOTAL AMOUNTS</b>	<b>\$1,570,050</b>	<b>\$2,946,569</b>	<b>\$1,962,189</b>	<b>\$1,989,145</b>	<b>\$4,146,697</b>	<b>\$4,577,361</b>	<b>\$6,144,732</b>	<b>\$12,339,748</b>	<b>34.2%</b>	<b>291.4%</b>

### LEGAL DEPARTMENT TOTAL OPEN CASES

	2007	2008	2009	2010	2011	2012	2013	2014 (THRU 5/5/14)	2013 VS. 2012	2013 VS. 2007
Compensation	97	120	168	161	125	74	182	204	145.9%	87.6%
Credits	39	49	54	65	54	57	48	51	-15.8%	23.1%
Miscellaneous	23	13	99	93	90	87	11	11	-87.4%	-52.2%
Residuals	112	123	206	371	314	274	262	254	-4.4%	133.9%
Separation of Rights	37	37	41	41	33	32	32	30	0.0%	-13.5%
<b>TOTAL OPEN CASES</b>	<b>308</b>	<b>342</b>	<b>568</b>	<b>731</b>	<b>616</b>	<b>524</b>	<b>535</b>	<b>550</b>	<b>2.1%</b>	<b>73.7%</b>

**WRITERS GUILD OF AMERICA, WEST, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Writers Guild of America, West, Inc.  
7000 West Third Street  
Los Angeles, California 90048

Members of the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statement of Writers Guild of America, West, Inc. ("WGAW"), which comprise the statement of financial position as of March 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

WGAW's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Edwin Kanemaru, CPA  
Kenneth R. Holmer, CPA  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WGAW as of March 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

As described in Note 12 to the financial statements, WGAW established a political action committee (the "WGAW PAC"). The financial statements referred to above do not include the financial information of the WGAW PAC.

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Foreign Levies Funds Collected, Distributed and Held by WGAW is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of WGAW's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Miller Kaplan Arase LLP*

MILLER KAPLAN ARASE LLP  
North Hollywood, California  
May 19, 2014

**WRITERS GUILD OF AMERICA, WEST, INC.**

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2014**

	<b>GUILD OPERATIONS FUND</b>	<b>THEATER OPERATIONS FUND</b>	<b>STRIKE FUND</b>	<b>GOOD &amp; WELFARE FUND</b>	<b>YEAR 2000 FUND</b>	<b>TOTAL ALL FUNDS</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$8,514,338	\$71,406	\$13,840	\$70,100	\$1,889,356	\$10,559,040
Membership Dues Receivable	5,165,000	-	-	-	-	5,165,000
Accounts Receivable, Net	1,307,328	35,050	8,278	2,138	-	1,352,794
Notes Receivable, Net	-	-	-	9,700	68,500	78,200
Prepaid Expenses	406,357	996	-	-	-	407,353
Investments, at Market Value	8,898,558	-	11,613,685	4,103,912	-	24,616,155
Funds Received On Behalf Of						
Members	22,888,503	-	-	-	-	22,888,503
Property and Equipment, Net	4,751,098	492,791	-	-	-	5,243,889
Security Deposits	-	23,477	-	-	-	23,477
Inter-Fund Borrowings	1,072,577	(1,036,794)	(17,792)	(17,451)	(540)	-
<b>TOTAL ASSETS</b>	<b>\$53,003,759</b>	<b>(\$413,074)</b>	<b>\$11,618,011</b>	<b>\$4,168,399</b>	<b>\$1,957,316</b>	<b>\$70,334,411</b>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts Payable and Accrued						
Expenses	\$904,811	\$ -	\$ 1,505	\$ 776	\$ -	\$907,092
Accrued Salaries, Vacation and						
Severance	1,593,571	-	-	-	-	1,593,571
Deferred Rent	-	21,767	-	-	-	21,767
Due To Members	22,888,503	-	-	-	-	22,888,503
<b>TOTAL LIABILITIES</b>	<b>25,386,885</b>	<b>21,767</b>	<b>1,505</b>	<b>776</b>	<b>-</b>	<b>25,410,933</b>
<b>NET ASSETS</b>						
<b>UNRESTRICTED:</b>						
Undesignated Net Assets	26,467,171	(434,841)	-	-	-	26,032,330
Designated Net Assets	1,000,000	-	11,616,506	4,167,623	1,957,316	18,741,445
	<b>27,467,171</b>	<b>(434,841)</b>	<b>11,616,506</b>	<b>4,167,623</b>	<b>1,957,316</b>	<b>44,773,775</b>
TEMPORARILY RESTRICTED	149,703	-	-	-	-	149,703
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>27,616,874</b>	<b>(434,841)</b>	<b>11,616,506</b>	<b>4,167,623</b>	<b>1,957,316</b>	<b>44,923,478</b>
<b>TOTAL LIABILITIES &amp; NET</b>						
<b>ASSETS</b>	<b>\$53,003,759</b>	<b>(\$413,074)</b>	<b>\$11,618,011</b>	<b>\$4,168,399</b>	<b>\$1,957,316</b>	<b>\$70,334,411</b>

The accompanying notes are an integral part of the financial statements

**WRITERS GUILD OF AMERICA, WEST, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2014**

	<b>GUILD OPERATIONS FUND</b>	<b>THEATER OPERATIONS FUND</b>	<b>STRIKE FUND</b>	<b>GOOD &amp; WELFARE FUND</b>	<b>YEAR 2000 FUND</b>	<b>TOTAL ALL FUNDS</b>
<b>Change in Unrestricted</b>						
<b>Net Assets:</b>						
<b>Revenues</b>						
Member Dues	\$24,014,760	\$ -	\$ -	\$ -	\$ -	\$24,014,760
Administrative Fees	1,262,474	-	-	-	-	1,262,474
Other	1,944,668	491,438	6,738	-	-	2,442,844
<b>Total Revenues</b>	<b>27,221,902</b>	<b>491,438</b>	<b>6,738</b>	<b>-</b>	<b>-</b>	<b>27,720,078</b>
<b>Expenses</b>						
Payroll and Related Expenses	15,383,579	331,983	3,249	5,030	-	15,723,841
Special Functions	2,311,556	-	-	-	-	2,311,556
Occupancy	2,096,156	416,110	-	-	-	2,512,266
Operating	1,134,517	25,593	(71,958)	(35,206)	25	1,052,971
Professional Fees	1,486,025	121,433	11,781	4,122	165,640	1,789,001
Communications	338,058	-	-	-	-	338,058
<b>Total Expenses</b>	<b>22,749,891</b>	<b>895,119</b>	<b>(56,928)</b>	<b>(26,054)</b>	<b>165,665</b>	<b>23,727,693</b>
<b>Net Operating Increase (Decrease)</b>	<b>4,472,011</b>	<b>(403,681)</b>	<b>63,666</b>	<b>26,054</b>	<b>(165,665)</b>	<b>3,992,385</b>
<b>Investment Income</b>						
Investment Income	430,101	-	240,719	87,055	88	757,963
Net Realized Gain on Sales of Investments	71,558	-	21,473	3,006	-	96,037
Net Unrealized Appreciation (Depreciation) in Market Value	(201,876)	-	1,085,988	440,913	-	1,325,025
Net Amortization of (Premiums)	(214,754)	-	(8,419)	(1,492)	-	(224,665)
<b>Total Investment Income</b>	<b>85,029</b>	<b>-</b>	<b>1,339,761</b>	<b>529,482</b>	<b>88</b>	<b>1,954,360</b>
<b>Change in Unrestricted Net Assets</b>	<b>4,557,040</b>	<b>(403,681)</b>	<b>1,403,427</b>	<b>555,536</b>	<b>(165,577)</b>	<b>5,946,745</b>
<b>Change in Temporarily Restricted Net Assets:</b>						
Contributions (Showrunner Program)	200,000	-	-	-	-	200,000
Net Assets Released from Restrictions	(202,476)	-	-	-	-	(202,476)
<b>Change in Temporarily Restricted Net Assets</b>	<b>(2,476)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,476)</b>
<b>Change in Net Assets</b>	<b>4,554,564</b>	<b>(403,681)</b>	<b>1,403,427</b>	<b>555,536</b>	<b>(165,577)</b>	<b>5,944,269</b>
<b>Net Assets, Beginning of Year</b>	<b>23,062,310</b>	<b>(31,160)</b>	<b>10,213,079</b>	<b>3,612,087</b>	<b>2,122,893</b>	<b>38,979,209</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$27,616,874</b>	<b>(\$434,841)</b>	<b>\$11,616,506</b>	<b>\$4,167,623</b>	<b>\$1,957,316</b>	<b>\$44,923,478</b>

The accompanying notes are an integral part of the financial statements

**WRITERS GUILD OF AMERICA, WEST, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2014**

	<b>GUILD OPERATIONS FUND</b>	<b>THEATER OPERATIONS FUND</b>	<b>STRIKE FUND</b>	<b>GOOD &amp; WELFARE FUND</b>	<b>YEAR 2000 FUND</b>	<b>TOTAL ALL FUNDS</b>
<b>Cash flows from operating activities:</b>						
Change in Net Assets	\$4,554,564	(\$403,681)	\$1,403,427	\$555,536	(\$165,577)	\$5,944,269
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	231,480	29,257	-	-	-	260,737
Net realized (gain) on sales of investments	(71,558)	-	(21,473)	(3,006)	-	(96,037)
Net unrealized (appreciation) depreciation in market value	201,876	-	(1,085,988)	(440,913)	-	(1,325,025)
Net amortization of premiums	214,754	-	8,419	1,492	-	224,665
Write-off of notes receivable	-	-	37,425	2,500	-	39,925
(Decrease) in allowances for doubtful accounts	(9,360)	-	(109,383)	(37,707)	-	(156,450)
(Increase) in membership dues receivable	(537,000)	-	-	-	-	(537,000)
Decrease in accounts receivable	15,568	5,550	10,129	1,024	-	32,271
(Increase) decrease in prepaid expenses	(25,523)	101	-	-	-	(25,422)
Increase (decrease) in accounts payable and accrued expenses	(366,080)	-	1,505	776	-	(363,799)
Increase in accrued salaries, vacation and severance	196,449	-	-	-	-	196,449
(Decrease) in deferred rent	-	(38,835)	-	-	-	(38,835)
<b>Net cash provided by (used in) operating activities</b>	<b>4,405,170</b>	<b>(407,608)</b>	<b>244,061</b>	<b>79,702</b>	<b>(165,577)</b>	<b>4,155,748</b>
<b>Cash flows from investing activities:</b>						
Purchase of property and equipment	(133,288)	(590,535)	-	-	-	(723,823)
Tenant Improvements Reimbursements	-	191,572	-	-	-	191,572
Issuance of notes receivable	-	-	-	(17,500)	(68,500)	(86,000)
Payments received on notes receivable	-	-	71,958	43,007	-	114,965
Purchases of investments	(6,809,470)	-	(12,085,745)	(3,675,480)	-	(22,570,695)
Maturities of investments	6,326,631	-	11,737,272	3,448,698	-	21,512,601
<b>Net cash (used in) investing activities</b>	<b>(616,127)</b>	<b>(398,963)</b>	<b>(276,515)</b>	<b>(201,275)</b>	<b>(68,500)</b>	<b>(1,561,380)</b>
<b>Cash flows from financing activities:</b>						
Increase (decrease) in inter-fund borrowings	(1,372,287)	851,547	3,249	5,030	512,461	-
<b>Net cash provided by (used in) financing activities</b>	<b>(1,372,287)</b>	<b>851,547</b>	<b>3,249</b>	<b>5,030</b>	<b>512,461</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,416,756</b>	<b>44,976</b>	<b>(29,205)</b>	<b>(116,543)</b>	<b>278,384</b>	<b>2,594,368</b>
Cash and cash equivalents, beginning of year	6,097,582	26,430	43,045	186,643	1,610,972	7,964,672
Cash and cash equivalents, end of year	<u>\$8,514,338</u>	<u>\$71,406</u>	<u>\$13,840</u>	<u>\$70,100</u>	<u>\$1,889,356</u>	<u>\$10,559,040</u>

The accompanying notes are an integral part of the financial statements

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**1. Summary of Significant Accounting Policies**

Organization

Writers Guild of America, West, Inc. (“WGAW”) is a labor union incorporated in the State of California, which exists for the purpose of negotiating the terms and conditions of employment of writers in the motion picture, television and new media industries. WGAW represents writers with respect to the collection and distribution of residuals, foreign levies or other payments attributable to the exploitation of their work. WGAW is affiliated with Writers Guild of America, East, Inc. (“WGAE”), as well as with international writers’ organizations throughout the world. WGAW’s headquarters is located at 7000 West Third Street, Los Angeles, California 90048.

Description of Funds

To ensure observance of limitations and restrictions placed on the use of resources available to WGAW, the accounts of WGAW are maintained on the accrual basis. Fund accounting provides that resources for various purposes are reclassified for accounting and reporting purposes into net asset categories established according to their nature and purposes.

The assets, liabilities, and net assets of WGAW are reported in five self-balancing fund groups as follows:

- The Guild Operations Fund includes undesignated and designated resources and represents the portion of the funds that are available for WGAW operations and member services.
- The Theater Operations Fund contains funds intended for use in connection with the Film Society and other theater operations.
- The Strike Fund was created in 1986 to provide loans or grants as determined by the Board of Directors to members adversely affected by a strike.
- The Year 2000 and Good & Welfare Funds were created in October 1992 to provide special purpose funds for WGAW operations as described more fully below.

Net Assets

Unrestricted net assets are assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Temporarily restricted net assets are assets whose use has been restricted by donors for a specific period or purpose. When a donor restriction expires (a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Interest income earned on temporarily restricted contributions received and expended in the same fiscal year is recorded as unrestricted revenues.



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**1. Summary of Significant Accounting Policies, continued**

Designated Net Assets

The Board of Directors has designated \$1,000,000 of WGAW's operating net assets as a reserve for emergency situations in accordance with the WGAW Constitution.

The Strike Fund net assets have been designated in accordance with the WGAW Constitution to provide loans or grants to members who are adversely affected by a strike. Since October 1, 1992, the Strike Fund balance has been maintained at a cost-of-living adjusted six million dollars (\$6,000,000) of funds previously allocated from member dues. Interest and investment income earned from Strike Fund investments in excess of the current year change in the cost-of-living index is transferred to the Good & Welfare and/or Year 2000 Funds. The current fiscal year cost-of-living index is 0.99%.

The Good & Welfare Fund was established to provide interest-free, short-term loans for current members in good standing who are experiencing acute financial distress in emergency situations. Loans to members are financed from the interest and investment revenue generated by the principal of the fund.

The Year 2000 Fund was established to provide WGAW with resources to more effectively meet the challenges and address the issues raised by the significant changes in the domestic and international marketplace; to ensure that writers' future participation in revenues generated by the exploitation of their literary materials is better protected and guaranteed; and to further the creative, artistic and professional standing of screen and television writers. Expenditures from this fund are approved by the Board of Directors.

Funds Received on Behalf Of Members

WGAW receives funds on behalf of members and other payees in the following segregated accounts: (1) member payments; (2) client trust; (3) foreign levies; (4) undeliverable funds; and (5) small residuals.

- Member payments include monies received from production companies and payable to writers as a result of the use of excerpts of WGAW-covered programs.
- The client trust account contains funds received by WGAW and payable to writers as damages as the result of legal proceedings to enforce WGAW's collective bargaining agreements.
- Foreign levies are monies paid under foreign laws to authors of copyrighted works. These monies are paid to WGAW by foreign collection societies for private copying, video rental and cable retransmission of audio-visual works copyrighted in the U.S. WGAW collects and distributes these levies to WGAW and WGAE members, non-members and beneficiaries. WGAW holds in trust undistributed funds from 22 countries in Europe, Latin America, and Asia for the benefit of the lawful payees.



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**1. Summary of Significant Accounting Policies, continued**

The WGAW supports the Foreign Levies Program (“FLP”) by retaining interest on funds held in trust and charging an administrative fee (currently 5%) on all funds distributed. For the fiscal year ended March 31, 2014, the total cost of administering the FLP was \$1,626,304, which exceeded the total administrative fees and interest income of \$778,664 by \$847,640.

As part of a legal settlement, WGAW has agreed to prepare an annual review of the FLP finances in connection with its regular audit process. The review will validate: (1) the amount collected by the FLP during the fiscal year, including interest earned on funds held in trust; (2) the amount distributed to writers or their heirs and (3) the amount of undistributed funds held by WGAW at the end of the fiscal year. The results of this year’s annual review appear on page 25 of these financial statements.

- Undeliverable funds include checks and other monies due to writers that are returned by the post office because the writer is unknown at the address indicated or the writer has moved without leaving a forwarding address. The funds are held in trust while WGAW makes further efforts to locate the payee.
- The small residuals trust is a repository for residuals checks with a gross amount of less than \$100 payable to writers who have enrolled in a program under which WGAW aggregates small payments for disbursement in a larger sum.

Revenues

Membership dues and assessments are recognized as revenue over the period of time in which the members perform the services upon which the dues income is based. Membership dues are payable on a quarterly basis.

WGAW administers a residuals distribution program and performs other services on behalf of writers represented by WGAE. WGAE pays to WGAW as compensation for these services 13.25% of screenwriter and certain television writer dues revenue WGAE collects each calendar quarter. Such fees totaling \$503,063 are included in the statement of activities as “administrative fees.”

Income Taxes

WGAW is a not-for-profit organization and is exempt from Federal and state income taxes under Section 501(c)(5) of the Internal Revenue Code (the “Code”) and Revenue and Taxation Code Section 23701a. Accordingly, no Federal or state income taxes have been paid or accrued. The Code provides that WGAW’s net rental and net advertising income is subject to unrelated business income tax.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**1. Summary of Significant Accounting Policies, continued**

Income Taxes, continued

The Guild has adopted guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board. Management believes that the Guild has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Certain information returns filed by the Guild are subject to examination by authorities.

Statement of Cash Flows

For purposes of the statement of cash flows, WGAW considers money market accounts and other highly liquid investments, purchased with an initial maturity of three months or less, to be cash equivalents, with the exception of those classified as investments.

Property and Equipment

As required by accounting principles generally accepted in the United States of America (“GAAP”), property and equipment are stated at cost (not fair market value). Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of assets as follows:

Building	39.5 years
Building improvements	7 years
Computers and equipment	3 years
Furniture and fixtures	7 years
Tenant improvements	Life of lease

Repairs and maintenance are charged to expense as incurred; significant improvements, which materially increase values or extend useful lives, are capitalized and depreciated over the estimated useful lives of the related assets.

The cost of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from the disposal of assets are charged to income and expense currently.

Software Development Costs

WGAW capitalizes production costs of computer software developed for internal use and amortizes such costs over a three-year estimated useful life. Cumulative costs capitalized totaling \$1,710,432 are included in “property and equipment” in the accompanying statement of financial position.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**1. Summary of Significant Accounting Policies, continued**

Severance

WGAW's severance pay policies, affecting certain WGAW employees, provide for severance payments in the event of specified terminations of employment. The severance liability is accrued in accordance with the terms of the severance pay policies.

Concentration of Credit Risk

WGAW holds investments primarily in the form of marketable debt securities, an equity mutual fund and money market funds. WGAW is exposed to credit risk for the amount of the investments in the event of nonperformance by other parties to the investment transactions. To date, WGAW has not incurred losses related to these investments and does not anticipate nonperformance by other parties.

WGAW places its cash with various financial institutions. From time to time and as of March 31, 2014, WGAW has bank deposits that exceed the general Federal Deposit Insurance Corporation's ("FDIC") insured limits of \$250,000. To date, WGAW has not incurred losses related to these deposits.

The composition of the investment portfolio as of March 31, 2014 is diversified, with holdings primarily in U.S. Agencies and government backed securities, corporate bonds and mutual funds.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**2. Investments**

GAAP establishes a fair value hierarchy which prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Quoted prices in active markets.

Level 2 – Inputs based on quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**2. Investments, continued**

The following tables represent the WGAW's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of March 31, 2014:

	Investments				
	Level 1	Level 2	Level 3	Market Value	Total Cost
U.S. Agencies and government backed securities	\$ -	\$ 6,631,634	\$ -	\$ 6,631,634	\$ 6,625,592
Corporate bonds	-	6,832,341	-	6,832,341	6,798,982
Equity mutual fund	10,792,060	-	-	10,792,060	8,191,928
Money market funds	360,120	-	-	360,120	360,120
<b>Total</b>	<b>\$11,152,180</b>	<b>\$13,463,975</b>	<b>\$ -</b>	<b>\$24,616,155</b>	<b>\$21,976,622</b>

	Funds Received on Behalf of Members				
	Level 1	Level 2	Level 3	Market Value	Total Cost
U.S. Agencies and government backed securities	\$ -	\$2,282,689	\$ -	\$ 2,282,689	\$ 2,263,842
Corporate bonds	-	2,841,331	-	2,841,331	2,820,299
Money market funds	17,764,483	-	-	17,764,483	17,764,483
<b>Total</b>	<b>\$17,764,483</b>	<b>\$5,124,020</b>	<b>\$ -</b>	<b>\$22,888,503</b>	<b>\$22,848,624</b>

Level 1 investments consist of an equity mutual fund and money market funds. Level 2 investments consist of corporate bonds, and U.S. Agencies and government backed securities. All investments except mutual funds are recorded at fair value based on the securities' year end closing value, as reported by the investment manager, based on valuations by Interactive Data Pricing and Reference Data, Inc. Mutual funds are valued at net asset value. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis.

Net realized and unrealized gains and losses are computed using investments' cost for financial statement purposes and are included in the statement of activities.

WGAW intends to reinvest all investments maturing in fiscal year 2015 into money market funds, government backed securities, or investment-grade corporate bonds.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**2. Investments, continued**

The investment return is detailed as follows:

	<u>Unrestricted</u>	<u>Funds Received On Behalf Of Members</u>	<u>Total</u>
Interest, dividend and capital gains income	\$ 447,322	\$85,976	\$ 533,298
Net realized gain on sales of investments	69,683	26,354	96,037
Net unrealized appreciation (depreciation) in market value	1,406,220	( 81,195)	1,325,025
Bank fees (included in professional fees)	( 113,058)	( 16,013)	( 129,071)
Return on investments	<u>\$1,810,167</u>	<u>\$15,122</u>	<u>\$1,825,289</u>

**3. Notes Receivable**

Strike loans were made to members in good standing who suffered direct financial hardship due to the strike that commenced on November 5, 2007 and ended on February 13, 2008, as well as due to an earlier 1988 strike. The loans are evidenced by promissory notes and are secured by written assignments of a portion of the member's future residuals income.

Good & Welfare and Year 2000 loans were made to members experiencing acute financial hardship. These non-interest bearing promissory notes have no due dates but include an assignment of residual payments in the event the loan becomes delinquent.

An allowance has been provided for estimated uncollectible amounts.

**4. Property and Equipment**

Property and equipment consisted of the following at March 31, 2014:

	<u>Total</u>
Land	\$ 700,000
Building and improvements	7,367,094
Furniture and fixtures	2,950,978
Computers and equipment	3,653,102
Tenant improvements	<u>954,577</u>
	15,625,751
Less: Accumulated depreciation and amortization	<u>10,381,862</u>
	<u>\$ 5,243,889</u>

Depreciation and amortization expense was \$260,737 for the fiscal year ended March 31, 2014.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**5. Multiemployer Defined Benefit Plans**

WGAW employees participate in the Producer-Writers Guild of America Pension Plan (the “Pension Plan”) and the Writers Guild-Industry Health Fund (the “Health Fund”), multiemployer plans existing primarily for the benefit of writers represented by WGAW.

The risks of participating in multiemployer defined benefit pension plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If an employer elects to end its participation in the Pension Plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

**Pension Plan** – WGAW’s participation in the Pension Plan for the fiscal year ended March 31, 2014 is summarized in the table below. The most recent Pension Protection Act zone status available is for the Pension Plan’s year-end at December 31, 2013. The zone status is based on information that WGAW received from the Pension Plan and is certified by the Pension Plan’s actuary.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2013	FIP/RP Status	Contributions by WGAW in 2014	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Producer-Writers Guild of America Pension Plan	95-2216351 No. 001	Green	No	\$ 993,839	No	May 1, 2017
Other				<u>4,135</u>		
<u>Total</u>				<u>\$ 997,974</u>		

Among other factors, plans in the red zone are generally less than 65 percent funded; plans in the yellow zone are less than 80 percent funded; and plans in the green zone are at least 80 percent funded. The “FIP/RP Status” column indicates plans for which a funding improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. The last column listed the expiration dates of the collective bargaining agreement pursuant to which the Pension Plan exists.

**Health Fund** – WGAW’s contributions to the Health Fund, which provides medical benefits to active employees and retirees, was \$1,084,296 for the fiscal year ended March 31, 2014.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**6. Defined Contribution Plan**

WGAW maintains a qualified contribution retirement or thrift plan (“401(k) Plan”) in which substantially all employees are eligible to participate. The 401(k) Plan provides for voluntary tax-deferred retirement contributions from employees under Section 401(k) of the Internal Revenue Code.

WGAW contributions are required as defined in the 401(k) Plan document, subject to the limitations imposed by the Internal Revenue Code and the Employee Retirement Income Security Act of 1974.

WGAW made \$230,067 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2014.

**7. Commitments and Contingencies**

WGAW has entered into operating lease agreements for its theater and office equipment through December 2026. Also, during fiscal year 2013, WGAW pledged \$50,000, to be paid over five years, for the construction of the new AMPAS museum, which will conduct screenings, lectures, filmmaking workshops and exhibitions portraying the role of organized labor in Hollywood’s history. At March 31, 2014, future minimum payments under these noncancellable obligations were as follows:

	<u>Office Equipment</u>	<u>Theater</u>	<u>AMPAS</u>	<u>Total</u>
2015	\$71,528	\$213,431	\$10,000	\$ 294,959
2016	65,512	213,431	10,000	288,943
2017	62,208	217,311	10,000	289,519
2018	53,976	234,774	-	288,750
2019	4,498	256,117	-	260,615
Thereafter	-	<u>2,112,965</u>	-	<u>2,112,965</u>
Total	<u>\$257,722</u>	<u>\$3,248,029</u>	<u>\$30,000</u>	<u>\$3,535,751</u>

For the fiscal year ended March 31, 2014, rent expense was \$309,900 (equipment and theater rental); and \$10,000 (AMPAS pledge).

WGAW is a labor organization whose primary function is to negotiate collective bargaining agreements with employers in the motion picture, television and new media industries. WGAW’s principal industry-wide agreement expires on May 1, 2017.

WGAW may from time to time be involved in various ongoing litigation matters. If judgments are made against WGAW, management does not expect that these amounts will materially exceed the amounts recoverable through WGAW’s insurance carriers. Management believes that the disposition of any such litigation will not materially affect WGAW’s financial condition or earnings.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**8. Lines of Credit**

WGAW has two lines of credit. The first is a \$5,000,000 line of credit, which bears interest at the prime rate and expires on March 1, 2015. Under the terms of this line of credit, WGAW must maintain liquid assets of at least \$2,500,000 in unrestricted cash or investment accounts. The second is a \$10,000,000 line of credit, also at prime rate, which expires on September 30, 2014. The second line of credit carries a “negative pledge clause” whereby WGAW agrees not to pledge any assets if the pledge would impair the security of the lender. As of March 31, 2014, the WGAW has not borrowed against either line of credit.

**9. Financial Core Status (“FCS”) Non-Membership Fee Obligations**

The law permits WGAW to assess FCS non-members fees up to an amount equal to its regular dues and initiation fees. During the fiscal year ended March 31, 2014, WGAW set FCS fees at 12.62% less than the regular dues. This reflects the percentage of total WGAW expenditures attributable to nonchargeable expenses during the fiscal year.

For the fiscal year ending March 31, 2015, WGAW has set FCS fees at 12.62% less than the regular dues. This reflects WGAW’s estimate of the dollar amount that will correspond to its nonchargeable expenditures. Upon review of the chargeable and nonchargeable expenditures after this fiscal year end, a FCS non-member may be entitled to an adjustment of his or her FCS non-member dues.

**10. Functional Expenses**

Expenses incurred by functional category were as follows:

Member services	\$20,123,356
Management and general	2,829,011
Programs:	
Theater Operations Fund	895,119
Strike Fund	(56,928)
Good & Welfare Fund	(26,054)
Year 2000 Fund	<u>165,665</u>
Total expenses	<u>\$23,930,169</u>

**11. Supplemental Disclosure of Cash Flow Information**

During the fiscal year ended March 31, 2014, WGAW received funds on behalf of members of \$26,227,430. WGAW made payments from funds received on behalf of members of \$26,182,167 during the fiscal year ended March 31, 2014.



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**12. Related Party**

During fiscal year 2009, the WGAW formed a political action committee (the “WGAW PAC”).

Consistent with Federal election law, WGAW assets will not be used to fund contributions to the WGAW PAC. WGAW PAC will solicit and raise voluntary contributions from the WGAW members, which will be used to support political activities on behalf of writers.

WGAW PAC is administered by a 11-member committee that includes WGAW’s elected officers and executive director. Day-to-day operations have been delegated to a firm of experienced election law attorneys, who will be responsible for compliance with recordkeeping and reporting requirements. Accordingly, WGAW’s financial statements do not reflect the activities of the WGAW PAC.

The following is selected unaudited data as to assets, liabilities, net assets, revenues and expenses pertaining to the WGAWPAC as of and for the fiscal year ended March 31, 2014:

	<u>WGAW PAC</u> <u>(Unaudited)</u>
Assets	<u>\$ 20,914</u>
Liabilities	<u>\$ -</u>
Net Assets	<u>\$ 20,914</u>
Revenues	<u>\$ 36,175</u>
Expenses	<u>\$ 26,837</u>
Net Increase	<u>\$ 9,338</u>

**13. Subsequent Events**

Management has evaluated subsequent events through May 19, 2014, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**SUPPLEMENTAL SCHEDULE**

**WRITERS GUILD OF AMERICA, WEST, INC.  
FOREIGN LEVIES FUNDS COLLECTED, DISTRIBUTED AND HELD BY WGAW  
MARCH 31, 2014**

Fiscal Year <sup>1,2</sup>	Beginning Balance <sup>A</sup>	Collected WGAW Total Funds			Investment Income/Interest			Assessed Administrative Fee <sup>6</sup>			Distributed		Held
		WGAW Funds Collected	Investment Income/Interest <sup>4</sup>	Interest <sup>3</sup>	Income/Interest <sup>5</sup>	Transferred <sup>5</sup>	Fee <sup>6</sup>	WGAW Funds Distributed to Writers <sup>7</sup>	WGAW Funds Distributed to The Actors Fund <sup>8</sup>	WGAW Funds Held			
										D = B + C	E	F	
FY 1992 - FY 2011 <sup>10</sup>	\$ -	\$ 129,235,882	\$ 8,953,324	\$ 138,189,206	\$ 7,654,451	\$ 4,989,771	\$ 103,924,891	\$ -	\$ -	\$ 21,620,093			
FY 2012	21,620,093 <sup>11</sup>	18,294,675	203,687	18,498,362	-	847,107	17,321,468	-	-	21,949,880			
FY 2013	21,949,880	17,281,607	173,094	17,454,701	681,706 <sup>12</sup>	901,815	17,136,189	-	-	19,594,000			
FY 2014	19,594,000	14,389,348	19,253	14,408,601	612,360 <sup>12</sup>	759,411	13,273,994	-	-	19,356,836			
		<u>\$ 179,201,512</u>	<u>\$ 9,349,358</u>	<u>\$ 188,550,870</u>	<u>\$ 8,948,517</u>	<u>\$ 7,498,104</u>	<u>\$ 151,656,542</u>	<u>\$ -</u>	<u>\$ 1,090,871</u>				

**Notes:**

- All values rounded to the nearest dollar.
- <sup>1</sup> WGAW initiated its foreign levies collection efforts in 1987. It received the first remittances from foreign collecting societies in 1992.
- <sup>2</sup> WGAW's fiscal year ends on March 31.
- <sup>3</sup> Remittances from foreign collection societies to WGAW on behalf of writers, net of transfers to other foreign levy payors (e.g. the DGA) and refunds to foreign collecting societies of improperly transmitted funds.
- <sup>4</sup> Investment Income/Interest on funds held is net of bank and custodial fees. Investment Income/Interest is determined by investment performance.
- <sup>5</sup> Investment Income and Interest are transferred to WGAW general fund to offset the cost of administering the Foreign Levies Program.
- <sup>6</sup> WGAW began charging an administrative fee in 2004 to offset the cost of administering the Foreign Levies Program. The fee is assessed when funds are distributed to writers.
- <sup>7</sup> Includes payments to writers and their heirs, successors or other lawful payees.
- <sup>8</sup> WGAW transfers certain undeliverable foreign levies to The Actors Fund, a 501(c)(3) charitable organization, which provides emergency assistance to writers and other entertainment industry professionals.
- <sup>9</sup> Balance as of the end of WGAW's fiscal year on March 31.
- <sup>10</sup> FY 1992 - FY 2011 data are based on the February 29, 2012 *One-Time Review of the Foreign Levies Program*, prepared by the accounting firm KPMG LLP (the "KPMG Review").
- <sup>11</sup> FY 2012 beginning balance is based on the KPMG Review.
- <sup>12</sup> Retained Investment Income and Interest transferred to offset operating costs in excess of administrative fees and interest collected during fiscal years 2012 and 2013.

## **NOTICE TO WRITERS GUILD OF AMERICA, WEST, INC. DUES PAYERS**

This notice is provided to all employees working under collective bargaining agreements between the Writers Guild of America, West, Inc. ("WGAW") and production companies. This notice provides you with information and sets forth procedures concerning implementation of your legal rights regarding "Financial Core Status" ("FCS") non-membership dues.

### **FINANCIAL CORE STATUS ("FCS") NON-MEMBERSHIP DUES OBLIGATIONS**

The law permits the WGAW to assess FCS non-member dues up to an amount equal to its regular dues. During this coming fiscal year, **April 1, 2014 through March 31, 2015**, the WGAW has set the FCS non-membership dues at 12.62% less than the regular dues. This reflects the WGAW's estimate of the dollar amount that will correspond to its nonchargeable expenditures.

Expenses germane to the collective bargaining process are chargeable. These include, but are not limited to, expenses for negotiations, contract administration, grievance adjustment, organizing, economic actions, internal union governance and administration, and litigation related to these activities. Expenses for political purposes, general community services and members-only benefits are non-chargeable. In order to reduce the fee they pay to the WGAW, FCS non-members must follow the procedure described below.

### **PROCEDURE FOR FILING NOTICE OF OBJECTION AND NOTICE OF CHALLENGE**

A procedure has been established allowing any person to (1) elect FCS non-member status by filing a "Notice of Objection" or (2) to challenge the FCS dues percentage by filing a "Notice of Challenge." A Notice of Objection may be filed without filing a Notice of Challenge. A person filing only a Notice of Challenge, however, will automatically be considered to have also filed a Notice of Objection.

#### **A. Notice of Objection and/or Notice of Challenge:**

1. The Notice of Objection may be filed separately or along with a Notice of Challenge. The postmark deadline for submitting either document is as follows:
  - (a) For members, on or before **July 31** for the upcoming fiscal year.
  - (b) For non-members, during the thirty (30) day period following receipt of the "NOTICE TO WRITERS GUILD OF AMERICA, WEST, INC. DUES PAYERS."
2. A Notice of Objection, when perfected, is irrevocable.
3. In order to be valid, a Notice of Challenge must be filed annually in writing and postmarked on or before the date set forth above.
4. The Notice of Objection or Challenge must include the following:
  - (a) Objector/Challenger name
  - (b) Objector/Challenger address
  - (c) Objector/Challenger telephone number
  - (d) Objector/Challenger social security number

**B. Address for filing objections and challenges:** The Notice of Objection or Challenge shall be filed with the person designated at the address set forth below. While not required, it is recommended that all challenges and objections be sent by certified mail, return receipt requested.

Don Gor, Chief Financial Officer  
Writers Guild of America, West, Inc.  
7000 West Third Street  
Los Angeles, CA 90048

**C. Arbitration Procedure for Notice of Challenges:** The WGAW has established an arbitration procedure for challenging the amount of the FCS dues adjustment. The procedure will result in a prompt resolution of the challenge by an impartial arbitrator. Challengers will receive complete information concerning the arbitration procedure upon receipt of a timely and properly written challenge. All challenges filed within the prescribed time period will be consolidated into a single proceeding and conducted in accordance with the American Arbitration Association's (AAA) Rules for Impartial Determination of Union Fees. The AAA will select an arbitrator, whose fees will be paid by the WGAW.

**D. Post-Arbitration Procedures:** The final recalculated FCS non-member dues rate (percentage) will apply to challengers as of March 31, 2015, and appropriate adjustments will be made in accordance with the arbitration decision. No FCS non-member dues challenges will be accepted after the challenge period specified above for the period established by the notice.

#### **PROCEDURE WHEN AN OBJECTOR AND/OR CHALLENGER FAILS TO RECEIVE A REDUCTION**

Should the dues payments of any objector and/or challenger not be reduced by the WGAW in the amount set forth in this notice, the objector and/or challenger must write to the WGAW within thirty (30) days after he or she receives the dues notice to explain the situation. The WGAW will then take immediate action to remedy the situation as warranted by the facts.

#### **FCS DUES PAYERS' REPRESENTATION RIGHTS**

As long as the FCS non-member dues payer continues to pay his or her financial obligations to the WGAW, he or she shall have the right to continue employment and to be represented by the WGAW under applicable collective bargaining agreements in the same manner as a WGAW member.

However, a FCS dues payer is **not** entitled to membership rights in the Guild, such as the right to:

1. Compete for and receive Writers Guild Awards
2. Attend membership meetings or any other WGAW events for professional writers
3. Vote on changes in the credits system
4. Run for WGAW office
5. Vote in WGAW elections
6. Participate in the formation of WGAW bargaining proposals

7. Vote to ratify or not to ratify WGA collective bargaining agreements
8. Access the members-only section of the WGAW website
9. Use the Guild script registration service at the member's rate
10. Serve on WGAW committees
11. Exercise or enjoy any other rights or privileges of WGAW membership unrelated to the negotiation and administration of collective bargaining agreements (i.e., Strike Loan, Good & Welfare Loan, and other WGAW assistance programs)

All questions concerning this notice and requests for copies of the WGAW Financial Core Status Policy Statement must be in writing and addressed or delivered to the WGAW at the address set forth above.