

WRITERS GUILD OF AMERICA, WEST, INC.

ANNUAL FINANCIAL REPORT

JUNE 29, 2010



WRITERS GUILD OF AMERICA, WEST, INC.

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EXECUTIVE DIRECTOR

WGAW HEADQUARTERS

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AFFILIATED WITH:

Australian Writers Guild

Irish Playwrights & Screenwriters Guild

Writers Guild of America, East

Writers Guild of Great Britain

Société Des Auteurs De Radio, Télévision Et Cinema

Writers Guild of Canada

Writers Guild of New Zealand

Union/Gilde des Scenaristes (France)

Seccion de Autores y Adaptadores de Cine, Mexico

STATEMENT OF THE MEMBERSHIP AND FINANCE COMMITTEE

June 11, 2010

Dear Fellow Members,

Despite formidable challenges from an uncertain economy, we are pleased to report that your Guild remains financially strong and capable of pursuing our core objectives of effective contract enforcement, protecting WGA work jurisdiction and the improvement of writers' working conditions through collective bargaining.

In this annual report, you will find the WGAW's financial statements and other relevant industry and employment data for the fiscal year ending March 31, 2010. Please note these highlights:

- The Guild ended the fiscal year with total net assets of \$31 million. The Guild owns its headquarters free of mortgage debt and our investments stand at \$16.6 million, including a total of \$10.5 million in our Strike and Good & Welfare Funds.
- The Guild had an operating surplus for the fiscal year of \$4.5 million, which partially offset the deficits incurred in the last two fiscal years as a result of the 2007-08 strike and the world financial crisis.
- The operating surplus was primarily the result of three factors: a 12% aggregate increase in earnings for WGAW members; investment gains generated by a recovering equities market; and cost-containment measures undertaken by Guild management. Annual expenditures of \$22.5 million were significantly lower than FY 2009's total of \$26.0 million. The biggest contributor to these savings was a reduction in payroll expenses resulting from improved staff productivity and a significant departmental reorganization in the Spring of 2009.

We present this Annual Report to keep you informed of the Guild's financial condition. Your Membership and Finance Committee is made up of five members, as mandated by the WGAW Constitution. Among its duties, the committee oversees the annual audit process performed by the independent accounting firm of Miller, Kaplan, Arase & Co.

We look forward to reporting our financial performance to you throughout the year.

Sincerely,

The Membership and Finance Committee

David N. Weiss (chair), Tony DeSena, Christopher Keyser, Adam Rodman and Alison Taylor

THE MARKETPLACE FOR WRITING

Earnings for WGAW members increased in 2009 to \$931.4 million. This 12% annual increase was fueled largely by strong earnings among television writers. While earnings have rebounded, the impact of macro-economic pressures is reflected in the number of writers reporting earnings. That figure declined in 2009 to 4,328, a -4.7% change from 2006, the most recent pre-strike year.

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	PERCENT CHANGE VS. PRIOR YEAR
2004	4,454	---	\$872.6 million	---
2005	4,566	+2.5%	\$926.0 million	+6.1%
2006	4,542	-0.5%	\$909.8 million	-0.2%
2007	4,657	+2.5%	\$982.9 million	+8.0%
2008	4,339	-6.8%	\$831.3 million	-15.4%
2009	4,328	-0.3%	\$931.4 million	+12.0%

Source: WGAW records, prior years updated to include late reporting

Television employment grew slightly from 2008, with a 0.8% increase to 3,094, which remains about 4.2% lower than 2006. Earnings of these employed television writers were strong, however, increasing 10.1% over 2008, to reach \$502.4 million, a record level that is 6.9% higher than the previous record year of 2006.

EARNINGS AND EMPLOYMENT IN TELEVISION

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIOR YEAR
2004	3,183	---	\$433.3 million	---
2005	3,259	+ 2.4%	\$469.0 million	+ 8.2%
2006	3,230	- 0.9%	\$470.1 million	+ 0.2%
2007	3,335	+ 3.3%	\$454.0 million	- 3.4%
2008	3,067	- 8.0%	\$456.2 million	+ 0.5%
2009	3,094	+ 0.8%	\$502.4 million	+ 10.1%

Source: WGAW Records, prior years updated to include late reporting

Feature film employment remained lower in 2009, with 1,758 writers reporting earnings, down slightly from 2008, and 11.3% down from 2006. Earnings increased 14.5% over the strike-affected amounts reported in 2008, but otherwise remained lower than annual earnings of the last few years.

EARNINGS AND EMPLOYMENT IN SCREEN

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIOR YEAR
2004	1,887	---	\$436.9 million	---
2005	1,940	+ 2.8%	\$453.9 million	+ 3.9%
2006	1,984	+ 2.3%	\$436.2 million	- 3.9%
2007	2,015	+ 1.6%	\$525.4 million	+20.5%
2008	1,784	- 11.5%	\$372.4 million	- 29.1%
2009	1,758	- 1.5%	\$426.4 million	+ 14.5%

Source: WGAW Records, prior years updated to include late reporting

Employment in news, informational and interactive programming increased in 2009 by 6.3% to 102 writers, though earnings declined 7.1% to \$2.6 million.

EARNINGS AND EMPLOYMENT IN RADIO NEWS, INFORMATIONAL AND INTERACTIVE

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIOR YEAR
2004	77	---	\$2.5 million	---
2005	73	- 5.2%	\$3.1 million	+ 24.0%
2006	109	+ 49.3%	\$3.5 million	+ 12.9%
2007	104	- 4.6%	\$3.5 million	nc
2008	96	- 7.7%	\$2.8 million	- 20.0%
2009	102	+ 6.3%	\$2.6 million	- 7.1%

Source: WGAW Records, prior years updated to include late reporting

WGA RESIDUALS COLLECTED

(In millions of dollars each year)

Residuals collected by the WGA in 2009 decreased 0.7% over 2008, due to lower collections in screen offsetting gains in television. Receipts totaled \$286.06 million, down from the prior year's \$287.93, and representing a \$21.76 million gain over 2006.

For television programs the highlight was reuse of programs made-for-basic cable, which increased 23.8% to \$15.71 million. The second most notable increase also came in basic cable, from the reuse of television content made for other forms of television, which increased 7.6% to \$28.87 million. Prime time reuse fell 7.3% due to fewer repeats on the networks. Home video reuse grew 21.6% to \$11.56 million. New media reuse grew from a negligible amount in the year the agreement was reached to \$2.11 million in 2009, a figure that includes some delinquent studio payments for activity in 2008.

Feature film receipts were down due to a 13.3% decline in home video residuals, as DVD and Blu-ray revenue dropped to \$41.20 million. Pay television uses worldwide now pay more residuals than home video, growing 5.7% to \$45.42 million.

New media grew from few collections to \$690,000, a figure that does not reflect fully the revenue to the studios in this area, because many payments for Internet sales, the Electronic Sell-Through or “EST” market, are still paying at the 0.36% residual. New media remains in its financial infancy with new media residuals representing approximately 1% of traditional media residuals. People are watching more television than ever before but the online video market continues to grow rapidly. The formulae established in the 2008 MBA provide strong protections for writers as the industry evolves toward an inevitable digital distribution model.

	2009	2008	PERCENT CHANGE
TELEVISION PROGRAMS			
Prime Time Network & CW	23.96	25.84	- 7.3%
Domestic Syndication	18.88	21.74	- 13.2%
Foreign Free TV & Basic Cable	24.78	27.21	- 8.9%
Basic Cable for Non-Basic Programs	28.87	26.84	+ 7.6%
Basic Cable for Made-For-Basic	15.71	12.69	+ 23.8%
Pay TV for Made-For-Pay	3.68	2.77	+ 32.9%
Home Video	11.56	9.51	+ 21.6%
Pay TV	3.63	2.90	+ 25.2%
New Media Reuse	2.11	0.10	nm
Misc TV Program Reuse	8.31	8.01	+ 3.8%
Total Television Program Residuals	141.49	137.61	+ 2.8%
THEATRICAL FILM RESIDUALS			
Worldwide Television	43.29	45.59	- 5.0%
Home Video	41.20	47.51	- 13.3%
Pay TV	45.42	42.96	+ 5.7%
DVD Script Fee	1.41	1.16	+ 21.6%
New Media	0.69	---	nm
Misc Theatrical Reuse	1.29	0.62	+ 108.1%
Total Theatrical Film Residuals	133.30	137.84	- 3.3%
Creator Royalties	7.38	8.08	- 8.7%
Misc. Payments/Settlements	3.89	4.40	- 11.6%
TOTAL RESIDUALS	286.06	287.93	- 0.7%

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 ANDREW B. KOSKI, MBA

STANLEY L. MILLER, CPA (1921-1995)
 PAUL ARASE, CPA (RETIRED)



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INDEPENDENT AUDITORS' REPORT

Board of Directors
 Writers Guild of America, West, Inc.
 7000 West Third Street
 Los Angeles, California 90048-4321

Members of the Board:

We have audited the accompanying statement of financial position of Writers Guild of America, West, Inc. ("WGAW") as of March 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of WGAW's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 10 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WGAW as of March 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Miller, Kaplan, Arase & Co., LLP

MILLER, KAPLAN, ARASE & CO., LLP

May 25, 2010

OVER 65 YEARS OF PROFESSIONAL SERVICE TO THE PUBLIC

WRITERS GUILD OF AMERICA, WEST, INC.

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
ASSETS						
Cash and Cash Equivalents	\$3,748,516	\$248,063	\$101,750	\$68,203	\$1,605,147	\$5,771,679
Membership Dues Receivable	4,036,000					4,036,000
Accounts Receivable, Net	1,781,774	25,700	19,771	3,057		1,830,302
Notes Receivable, Net			-	-		-
Prepaid Expenses	346,661	1,851				348,512
Investments, at Market Value	5,140,607		7,846,949	2,698,215	929,507	16,615,278
Funds Received On Behalf Of Members	30,346,447					30,346,447
Property and Equipment, Net	5,316,092	32,365				5,348,457
Inter-Fund Borrowings	206,870	(33,493)			(173,377)	
TOTAL ASSETS	<u>\$50,922,967</u>	<u>\$274,486</u>	<u>\$7,968,470</u>	<u>\$2,769,475</u>	<u>\$2,361,277</u>	<u>\$64,296,675</u>
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued Expenses	\$1,189,971	\$8,000				\$1,197,971
Accrued Salaries, Vacation and Severance	1,673,226					1,673,226
Deferred Rent		108,410				108,410
Due To Members	30,346,447					30,346,447
TOTAL LIABILITIES	<u>33,209,644</u>	<u>116,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,326,054</u>
NET ASSETS						
UNRESTRICTED:						
Undesignated Net Assets	16,612,568	158,076				16,770,644
Designated Net Assets	1,000,000		\$7,968,470	\$2,769,475	\$2,361,277	14,099,222
	<u>17,612,568</u>	<u>158,076</u>	<u>7,968,470</u>	<u>2,769,475</u>	<u>2,361,277</u>	<u>30,869,866</u>
TEMPORARILY RESTRICTED	100,755					100,755
TOTAL NET ASSETS	<u>17,713,323</u>	<u>158,076</u>	<u>7,968,470</u>	<u>2,769,475</u>	<u>2,361,277</u>	<u>30,970,621</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$50,922,967</u>	<u>\$274,486</u>	<u>\$7,968,470</u>	<u>\$2,769,475</u>	<u>\$2,361,277</u>	<u>\$64,296,675</u>

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, 2010**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
Change in Unrestricted						
Net Assets:						
Revenues						
Member Dues	\$19,362,954					\$19,362,954
Other	3,651,671	\$645,440	\$3,639			4,300,750
Total Revenues	<u>23,014,625</u>	<u>645,440</u>	<u>3,639</u>			<u>23,663,704</u>
Expenses						
Payroll and Related Expenses	14,081,719	225,379				14,307,098
Special Functions	1,285,335					1,285,335
Occupancy	2,180,192	422,739				2,602,931
Operating	1,336,796	37,973	304,475	\$35,653		1,714,897
Professional Fees	1,797,309	691	8,253	3,547	\$376,301	2,186,101
Communications	295,162					295,162
Total Expenses	<u>20,976,513</u>	<u>686,782</u>	<u>312,728</u>	<u>39,200</u>	<u>376,301</u>	<u>22,391,524</u>
Net Operating Increase (Decrease)	2,038,112	(41,342)	(309,089)	(39,200)	(376,301)	1,272,180
Investment Income						
Investment Income	441,409		178,662	66,020	742	686,833
Net Realized Gain on Sales of Investments	110,413		32,774	9,409		152,596
Net Unrealized Appreciation in Market Value	334,689		1,524,942	608,852		2,468,483
Amortization of (Premiums) Discounts (Net)	(84,660)		(4,284)	(596)		(89,540)
Total Investment Income	<u>801,851</u>		<u>1,732,094</u>	<u>683,685</u>	<u>742</u>	<u>3,218,372</u>
Change in Unrestricted Net Assets	<u>2,839,963</u>	<u>(41,342)</u>	<u>1,423,005</u>	<u>644,485</u>	<u>(375,559)</u>	<u>4,490,552</u>
Change in Temporarily Restricted Net Assets:						
Contributions (Showrunner Program)	150,000					150,000
Interest Income	83					83
Net Assets Released from Restrictions	(105,533)					(105,533)
Change in Temporarily Restricted Net Assets	<u>44,550</u>					<u>44,550</u>
Change in Net Assets	<u>2,884,513</u>	<u>(41,342)</u>	<u>1,423,005</u>	<u>644,485</u>	<u>(375,559)</u>	<u>4,535,102</u>
Net Assets, Beginning of Year	14,828,810	199,418	6,545,465	2,124,990	2,736,836	26,435,519
Net Assets, End of Year	<u>\$17,713,323</u>	<u>\$158,076</u>	<u>\$7,968,470</u>	<u>\$2,769,475</u>	<u>\$2,361,277</u>	<u>\$30,970,621</u>

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, 2010**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
Cash flows from operating activities:						
Change in Net Assets	\$2,884,513	(\$41,342)	\$1,423,005	\$644,485	(\$375,559)	\$4,535,102
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	375,834	6,943				382,777
Loss on disposal of property and equipment		1,790				1,790
Net realized (gain) on sales of investments	(110,413)		(32,774)	(9,409)		(152,596)
Net unrealized (appreciation) in market value	(334,689)		(1,524,942)	(608,852)		(2,468,483)
Amortization of (premiums)/discounts (net)	84,660		4,284	596		89,540
Increase (decrease) in allowances for doubtful accounts	(17,850)		304,471	35,653		322,274
Decrease in membership dues receivable	35,000					35,000
(Increase) decrease in accounts receivable	(165,680)	31,800	(7,309)	431		(140,758)
(Increase) decrease in prepaid expenses	62,493	(362)				62,131
Increase in accounts payable and accrued expenses	50,641	1,000				51,641
(Decrease) in accrued salaries, vacation and severance	(798,257)					(798,257)
(Decrease) in deferred rent		(37,906)				(37,906)
Net cash provided by (used in) operating activities	2,066,252	(38,077)	166,735	62,904	(375,559)	1,882,255
Cash flows from investing activities:						
Purchase of property and equipment	(59,298)	(15,798)				(75,096)
Issuance of notes receivable				(28,500)		(28,500)
Payments received on notes receivable			766,385	42,192		808,577
Purchases of investments	(10,159,471)		(2,081,911)	(312,888)	(596)	(12,554,866)
Maturities of investments	9,903,250		1,162,312	247,363	2,908	11,315,833
Net cash provided by (used in) investing activities	(315,519)	(15,798)	(153,214)	(51,833)	2,312	(534,052)
Cash flows from financing activities:						
Increase (decrease) in inter-fund borrowings	(564,093)	190,700			373,393	
Net cash provided by (used in) financing activities	(564,093)	190,700			373,393	
Net increase in cash and cash equivalents	1,186,640	136,825	13,521	11,071	146	1,348,203
Cash and cash equivalents, beginning of year	2,561,876	111,238	88,229	57,132	1,605,001	4,423,476
Cash and cash equivalents, end of year	\$3,748,516	\$248,063	\$101,750	\$68,203	\$1,605,147	\$5,771,679

The accompanying notes are an integral part of the financial statements

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

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 classified 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 to 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 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.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

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 2.41%.

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 received under foreign laws to authors of copyrighted works in the United States. These monies are paid to WGAW by foreign collection societies for private copying, video rental and cable retransmission of audio-visual works. WGAW collects and distributes these levies to WGAW and WGAE members, non-members and beneficiaries. WGAW holds in trust undistributed funds from 21 countries in Europe, Latin America, and Asia for the benefit of the lawful payees. WGAW collects a fee on

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

1. Summary of Significant Accounting Policies, continued

these levies to offset the expenses of negotiating and administering the foreign levies program. Fees collected for the fiscal year ended March 31, 2010 totaled \$977,390.

- Undeliverable funds include checks and other monies due 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. Effective in 2006, 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 \$414,849 are recognized in the statement of activities as "other revenues."

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 and Revenue and Taxation Code Section 23701a. Accordingly, no Federal or state income taxes have been paid or accrued. The Internal Revenue Code provides that WGAW's net rental and net advertising income is subject to unrelated business income tax. WGAW incurred unrelated business income tax for fiscal year ended March 31, 2010 and the tax liability is included in "Accounts Payable and Accrued Expenses" in the accompanying statement of financial position, and in "Occupancy Expenses" in the accompanying statement of activities.

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.

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

1. Summary of Significant Accounting Policies, continued

Property and Equipment

As required by accounting principles generally accepted in the United States of America, 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 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.

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. At March 31, 2010, WGAW has bank deposits that meet the general Federal Deposit Insurance Corporation's ("FDIC") insured limits of \$250,000. To date, WGAW has not incurred losses related to these deposits.

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

1. Summary of Significant Accounting Policies, continued

The composition of the investment portfolio as of March 31, 2010 is diversified, with holdings primarily in U.S. Agencies and government backed securities and no other security or group of securities from the same issuer in excess of 10% of WGAW's investment portfolio.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

In September 2006, the Financial Accounting Standards Board issued new accounting standards relating to fair value measurements. The standards clarify the definition of fair value for financial reporting, establish a framework for measuring fair value and require additional disclosures about fair value measurements.

The standards establish 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 an active market.

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.

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, 2010:

	Investments			Market Value	Total Cost
	Level 1	Level 2	Level 3		
U.S. Agencies and government backed securities	\$ -	\$ 3,849,855	\$ -	\$ 3,849,855	\$ 3,797,308
Corporate bonds	-	3,298,776	-	3,298,776	3,217,635
Equity mutual fund	6,634,519	-	-	6,634,519	7,439,369
Money market funds	2,832,128	-	-	2,832,128	2,832,128
Total	<u>\$ 9,466,647</u>	<u>\$ 7,148,631</u>	<u>\$ -</u>	<u>\$ 16,615,278</u>	<u>\$ 17,286,440</u>

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

2. Investments, continued

	Funds Received On Behalf Of Members				Total Cost
	Level 1	Level 2	Level 3	Market Value	
U.S. Agencies and government backed securities	\$ -	\$ 2,982,795	\$ -	\$ 2,982,795	\$ 2,949,519
Corporate bonds	-	2,809,640	-	2,809,640	2,724,891
Money market funds	24,554,012	-	-	24,554,012	24,554,012
Total	<u>\$ 24,554,012</u>	<u>\$ 5,792,435</u>	<u>\$ -</u>	<u>\$ 30,346,447</u>	<u>\$ 30,228,422</u>

Level 1 investments consist of an equity mutual fund and money market funds. Level 2 investments consist of corporate bonds, U.S. Agencies and government backed securities. All investments 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. 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 2011 into money market funds, government backed securities, or investment-grade corporate bonds.

The investment return is detailed as follows:

	Funds Received On Behalf Of Members		
	Unrestricted	Of Members	Total
Interest, dividend and capital gains income	\$ 374,845	\$ 222,531	\$ 597,376
Net realized gain on sales of investments	73,326	79,270	152,596
Net unrealized appreciation in market value	2,297,050	171,433	2,468,483
Bank fees (included in professional fees)	(70,494)	(18,451)	(88,945)
Return on investments	<u>\$2,674,727</u>	<u>\$ 454,783</u>	<u>\$3,129,510</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.

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

3. Notes Receivable, continued

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 equal to the outstanding principal balance of the notes receivable as of March 31, 2010.

4. Property and Equipment

Property and equipment consisted of the following at March 31, 2010:

	Total
Land	\$ 700,000
Building and improvements	7,152,342
Furniture and fixtures	3,143,035
Computers and equipment	3,783,733
Tenant improvements	777,919
	15,557,029
Less: Accumulated depreciation and amortization	10,208,572
	\$ 5,348,457

Depreciation and amortization expense was \$382,777 for the fiscal year ended March 31, 2010.

5. Pension Plan

WGAW participates in the Producer-Writers Guild of America Pension Plan (the "Plan"), a defined benefit multi-employer pension plan covering WGAW members and employees of WGAW, the Plan, and the Writers Guild-Industry Health Fund.

The Plan provides retirement benefits for participants who retire at age 65 or older and have reached the tenth anniversary of participation. The Plan also provides for an early retirement pension for participants with at least five qualifying years who retire after the age of 60 but before the age of 65, death benefits and surviving spouse benefits.

Contributions are determined as a percentage of wages, and WGAW's contribution to the Plan was \$680,346 for the fiscal year ended March 31, 2010.

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.

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

5. Pension Plan, continued

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 \$183,830 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2010.

6. Commitments and Contingencies

WGAW has entered into operating lease agreements for its theater and office equipment through November 2014. At March 31, 2010, future minimum rental payments applicable to noncancellable operating leases were as follows:

	<u>Office Equipment</u>	<u>Theater</u>	<u>Total</u>
2011	\$ 64,451	\$ 232,834	\$ 297,285
2012	50,967	194,028	244,995
2013	50,967	-	50,967
2014	44,736	-	44,736
2015	<u>17,362</u>	<u>-</u>	<u>17,362</u>
Total	<u>\$228,483</u>	<u>\$ 426,862</u>	<u>\$ 655,345</u>

Rental expense was \$396,223 for the fiscal year ended March 31, 2010.

WGAW leases a portion of its building at 7000 West Third Street at a term of 5 years, with 5 additional options of 5 years each and ending in 2038, unless written notice of decision not to exercise the option is provided before each term.

At March 31, 2010, the approximate future minimum lease payments to be received under existing operating lease agreements with terms greater than one year, exclusive of contingent rentals, are as follows:

	<u>Operating</u>
2011	\$12,715
2012	12,992
2013	<u>13,043</u>
Total	<u>\$38,750</u>

Rent increases are tied to annual increases based on CPI index changes.

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, 2011.

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

6. Commitments and Contingencies, continued

WGAW is 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. Thus, management does not believe that current litigation will materially affect WGAW's financial condition or earnings.

7. Financial Core Status ("FCS") Non-Membership Dues 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, 2010, WGAW set FCS fees at 15.02% 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, 2011, WGAW has set FCS fees at 15.02% 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.

8. Functional Expenses

Expenses incurred by functional category were as follows:

Member services	\$18,604,212
Management and general	2,477,834
Programs:	
Theater Operations Fund	686,782
Strike Fund	312,728
Good & Welfare Fund	39,200
Year 2000 Fund	<u>376,301</u>
Total expenses	<u>\$22,497,057</u>

9. Supplemental Disclosure of Cash Flow Information

During the year ended March 31, 2010, WGAW received funds on behalf of members of \$24,571,788. WGAW made payments from funds received on behalf of members of \$24,526,340 for the fiscal year ended March 31, 2010.

10. 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, of which these funds will be used to support political activities on behalf of writers. WGAW PAC is

WRITERS GUILD OF AMERICA, WEST, INC.
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

10. Related Party, continued

administered by a seven-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 WGAW PAC as of and for the year ended March 31, 2010:

	WGAW PAC <u>(Unaudited)</u>
Assets	<u>\$81,387</u>
Liabilities	<u>\$ 5,000</u>
Net Assets	<u>\$76,387</u>
Revenues	<u>\$83,349</u>
Expenses	<u>\$65,321</u>
Net Increase	<u>\$18,028</u>

11. Subsequent Events

Management has evaluated subsequent events through May 25, 2010, 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.

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.

PLEASE BE ADVISED THAT THE WGAW WILL CONSIDER A PERSON'S DECISION TO ELECT "FINANCIAL CORE STATUS" ("FCS") NON-MEMBERSHIP IRREVOCABLE. THIS IS SO WHETHER A PERSON MAKES THIS DECISION UPON FIRST BECOMING ELIGIBLE TO JOIN THE WGAW, OR AT A LATER TIME UPON RESIGNATION.

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, 2010 through March 31, 2011**, the WGAW has set the FCS non-membership dues at 15.02% 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, 2011, 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. Join the WGAW's Film Society
11. Serve on WGAW committees
12. 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.