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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, 2008, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WGAW as of March 31, 2008 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

June 12, 2008

OVER 65 YEARS OF PROFESSIONAL SERVICE TO THE PUBLIC

# WRITERS GUILD OF AMERICA, WEST, INC.

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2008

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
<b>ASSETS</b>						
Cash and Cash Equivalents	\$1,836,681	\$257,770	\$348,526	\$169,012	\$1,592,517	\$4,204,506
Membership Dues Receivable	3,525,000					3,525,000
Accounts Receivable, Net	1,818,855	92,200	7,744	3,330	3,420	1,925,549
Notes Receivable, Net			2,594,156	206,544	3,000	2,803,700
Prepaid Expenses	346,378	751				347,129
Investments, at Market Value	6,200,264		5,838,493	2,565,841	921,466	15,526,064
Funds Held In Trust For Members	23,791,872					23,791,872
Property and Equipment, Net	6,100,518	34,525				6,135,043
Inter-Fund Borrowings	(460,670)	(39,330)			500,000	
<b>TOTAL ASSETS</b>	<b><u>\$43,158,898</u></b>	<b><u>\$345,916</u></b>	<b><u>\$8,788,919</u></b>	<b><u>\$2,944,727</u></b>	<b><u>\$3,020,403</u></b>	<b><u>\$58,258,863</u></b>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts Payable and Accrued Expenses	\$1,044,619					\$1,044,619
Accrued Salaries, Vacation and Severance	1,715,558					1,715,558
Deferred Rent		\$185,514				185,514
Due To Members	23,791,872					23,791,872
<b>TOTAL LIABILITIES</b>	<b><u>26,552,049</u></b>	<b><u>185,514</u></b>				<b><u>26,737,563</u></b>
<b>NET ASSETS</b>						
<b>UNRESTRICTED:</b>						
Undesignated Net Assets	15,422,755	160,402				15,583,157
Designated Net Assets	1,000,000		\$8,788,919	\$2,944,727	\$3,020,403	15,754,049
	<b><u>16,422,755</u></b>	<b><u>160,402</u></b>	<b><u>8,788,919</u></b>	<b><u>2,944,727</u></b>	<b><u>3,020,403</u></b>	<b><u>31,337,206</u></b>
TEMPORARILY RESTRICTED	184,094					184,094
<b>TOTAL NET ASSETS</b>	<b><u>16,606,849</u></b>	<b><u>160,402</u></b>	<b><u>8,788,919</u></b>	<b><u>2,944,727</u></b>	<b><u>3,020,403</u></b>	<b><u>31,521,300</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$43,158,898</u></b>	<b><u>\$345,916</u></b>	<b><u>\$8,788,919</u></b>	<b><u>\$2,944,727</u></b>	<b><u>\$3,020,403</u></b>	<b><u>\$58,258,863</u></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, 2008**

	<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	\$18,903,781					\$18,903,781
Other	3,897,105	\$718,336	\$31,473	\$10,268		4,657,182
<b>Total Revenues</b>	<u>22,800,886</u>	<u>718,336</u>	<u>31,473</u>	<u>10,268</u>		<u>23,560,963</u>
<b>Expenses</b>						
Payroll and Related Expenses	15,852,075	241,635				16,093,710
Special Functions	3,602,834					3,602,834
Occupancy	2,331,608	353,471				2,685,079
Operating	1,278,987	47,819	264,000			1,590,806
Professional Fees	1,686,853	596	13,243	4,216	\$2,701	1,707,609
Communications	528,461					528,461
<b>Total Expenses</b>	<u>25,280,818</u>	<u>643,521</u>	<u>277,243</u>	<u>4,216</u>	<u>2,701</u>	<u>26,208,499</u>
<b>Net Operating Increase (Decrease)</b>	(2,479,932)	74,815	(245,770)	6,052	(2,701)	(2,647,536)
<b>Investment Income (Loss)</b>						
Investment Income	1,689,556		719,905	249,580	102,188	2,761,229
Net Realized Gain on Sales of Investments	43,948		57,975	624		102,547
Net Unrealized Appreciation (Depreciation) in Market Value	196,439		(927,164)	(356,589)	2,797	(1,084,517)
Amortization of Premiums/Discounts	(57,798)		(6,750)	(1,217)	(208)	(65,973)
<b>Total Investment Income (Loss)</b>	<u>1,872,145</u>		<u>(156,034)</u>	<u>(107,602)</u>	<u>104,777</u>	<u>1,713,286</u>
<b>Change in Unrestricted Net Assets</b>	<u>(607,787)</u>	<u>74,815</u>	<u>(401,804)</u>	<u>(101,550)</u>	<u>102,076</u>	<u>(934,250)</u>
<b>Change in Temporarily Restricted Net Assets:</b>						
Contributions (Showrunner Program)	225,000					225,000
Interest Income	589					589
Net Assets Released from Restrictions	(96,824)					(96,824)
<b>Change in Temporarily Restricted Net Assets</b>	<u>128,765</u>					<u>128,765</u>
<b>Change in Net Assets</b>	<u>(479,022)</u>	<u>74,815</u>	<u>(401,804)</u>	<u>(101,550)</u>	<u>102,076</u>	<u>(805,485)</u>
<b>Net Assets, Beginning of Year</b>	17,085,871	85,587	9,190,723	3,046,277	2,918,327	32,326,785
<b>Net Assets, End of Year</b>	<u>\$16,606,849</u>	<u>\$160,402</u>	<u>\$8,788,919</u>	<u>\$2,944,727</u>	<u>\$3,020,403</u>	<u>\$31,521,300</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, 2008**

	<b>GUILD OPERATIONS FUND</b>	<b>THEATER OPERATIONS FUND</b>	<b>STRIKE FUND</b>	<b>GOOD &amp; WELFARE FUND</b>	<b>YEAR 2008 FUND</b>	<b>TOTAL ALL FUNDS</b>
<b>Cash flows from operating activities:</b>						
Change in Net Assets	(\$479,022)	\$74,815	(\$401,804)	(\$101,550)	\$102,076	(\$805,485)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	620,659	7,808				628,467
Net realized gain on sales of investments	(43,949)		(57,975)	(623)		(102,547)
Net unrealized (appreciation) depreciation in market value	(196,439)		927,164	356,589	(2,797)	1,084,517
Amortization of premiums/discounts	57,799		6,750	1,217	207	65,973
Increase (decrease) in allowances for doubtful accounts	(23,349)		252,791	2,232		231,674
Decrease in membership dues receivable	762,000					762,000
(Increase)/decrease in accounts receivable	(1,124,998)	12,801	32,948	5,510	18,313	(1,055,426)
(Increase)/decrease in prepaid expenses	(21,153)	253				(20,900)
(Decrease) in accounts payable and accrued expenses	(78,378)	(25,286)				(103,664)
Increase in accrued salaries, vacation and severance	65,387					65,387
(Decrease) in deferred rent		(37,756)				(37,756)
<b>Net cash provided by (used in) operating activities</b>	<b>(461,443)</b>	<b>32,635</b>	<b>759,874</b>	<b>263,375</b>	<b>117,799</b>	<b>712,240</b>
<b>Cash flows from investing activities:</b>						
Purchase of property and equipment	(181,377)	(13,223)				(194,600)
Issuance of notes receivable			(2,858,156)	(200,474)	(3,000)	(3,061,630)
Payments received on notes receivable			11,209	9,000		20,209
Purchases of investments	(11,559,989)		(11,599,695)	(2,721,756)	(803,910)	(26,685,350)
Maturities of investments	11,076,739		14,354,218	2,798,851	1,757,701	29,987,509
<b>Net cash provided by (used in) investing activities</b>	<b>(664,627)</b>	<b>(13,223)</b>	<b>(92,424)</b>	<b>(114,379)</b>	<b>950,791</b>	<b>66,138</b>
<b>Cash flows from financing activities:</b>						
Increase (decrease) in inter-fund borrowings	508,737	(8,737)			(500,000)	
Inter-fund transfers			(436,566)		436,566	
<b>Net cash provided by (used in) financing activities</b>	<b>508,737</b>	<b>(8,737)</b>	<b>(436,566)</b>		<b>(63,434)</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(617,333)</b>	<b>10,675</b>	<b>230,884</b>	<b>148,996</b>	<b>1,005,156</b>	<b>778,378</b>
Cash and cash equivalents, beginning of year	<u>2,454,014</u>	<u>247,095</u>	<u>117,642</u>	<u>20,016</u>	<u>587,361</u>	<u>3,426,128</u>
Cash and cash equivalents, end of year	<u><u>\$1,836,681</u></u>	<u><u>\$257,770</u></u>	<u><u>\$348,526</u></u>	<u><u>\$169,012</u></u>	<u><u>\$1,592,517</u></u>	<u><u>\$4,204,506</u></u>

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, 2008**

**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 in accordance with the AICPA's Audit and Accounting Guide, *Not-for-Profit Organizations*. 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 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, 2008**

**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 3.62%.

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 Held in Trust

WGAW holds funds in trust for members and other payees in the following segregated trust 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 17 countries in Europe and

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**(A Not-For-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

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

Latin America for the benefit of the lawful payees. WGAW collects a fee on these levies to offset the expenses of negotiating and administering the foreign levies program. Fees collected for the fiscal year ended March 31, 2008 totaled \$950,624.

- 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

In accordance with industry practice, 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 \$734,976 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, but WGAW incurred no tax liability on net income from these sources for the year ended March 31, 2008.

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, 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 of follows:

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**(A Not-For-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

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

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 \$1,720,932 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, 2008, WGAW has bank deposits in excess of federally insured limits. To date, WGAW has not incurred losses related to these deposits.

The composition of the investment portfolio as of March 31, 2008 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.



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**(A Not-For-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

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

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**

Investments excluding “auction rate securities” (ARS) are stated at market value as reported by City National Bank, Dodge & Cox Funds and Banc of America Securities, LLC, the investment managers, and consist primarily of investments in marketable debt securities, which mature between the years 2008 and 2045, an equity mutual fund and money market funds. Market value of investments is determined based on quoted market prices.

Market value of investments (excluding ARS) at March 31, 2008 is as follows:

	<u>Investments</u>		<u>Funds Held in Trust for Members</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
U.S. Agencies and government backed securities	\$ 3,875,366	\$ 3,774,908	\$ 2,817,565	\$ 2,750,892
Corporate bonds	2,933,674	2,902,878	2,354,324	2,315,708
Equity mutual fund	6,778,017	7,122,697	-	-
Money market funds	1,939,007	1,939,007	15,119,983	15,119,983
Total	<u>\$15,526,064</u>	<u>\$15,739,490</u>	<u>\$20,291,872</u>	<u>\$20,186,583</u>

At March 31, 2008, the WGAW held \$3.5 million of ARS in student loans and municipal bonds issued by states, municipalities and corporations. Because of the turmoil in the credit markets since February 2008, the demand for ARS has been insufficient and has resulted in failed auctions preventing existing ARS investors from liquidating their holdings in the “Dutch” auction process.

All of the WGAW’s investments in ARS are currently rated Aaa, the highest rating available by an independent credit rating agency, Moody’s Investor Services and are continuing to accrue interest from the issuer at the predetermined rate, unless and until sufficient bids are received by the next auction date, which resets the rate every 28 or 35 days. If the issuers are unable successfully to close future auctions and their credit ratings deteriorate, the WGAW may in the future be required to record an impairment charge on these investments. However, substantially all of the ARS are guaranteed by the United States Department of Education.

While the auction failures noted above have affected the liquidity of these securities in the near term, WGAW believes these investments are not significantly and/or permanently impaired, due to the.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**(A Not-For-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

**2. Investments, continued**

government guarantee and cash flows from the underlying securities. In addition, WGAW has the ability and intent to hold these investments until their liquidity has been restored, which may include holding them until their respective maturity dates. Based on the WGAW's expected operating cash flows, and its other sources of cash, WGAW does not anticipate that the lack of liquidity of these investments will affect its operations.

The market value of investments in ARS are stated at par value (which equals cost), as reported by Banc of America Securities, LLC, the investment manager, at March 31, 2008 as follows:

	<u>Funds Held in Trust for Members</u>	
	<u>Market Value</u>	<u>Cost</u>
U.S. Agencies and government backed securities	\$2,500,000	\$2,500,000
Corporate bonds	<u>1,000,000</u>	<u>1,000,000</u>
Total	<u>\$3,500,000</u>	<u>\$3,500,000</u>

WGAW intends to reinvest all investments maturing in fiscal year 2009 into money market funds, government backed securities, or investment-grade corporate bonds.

The investment return is detailed as follows:

	<u>Unrestricted</u>	Funds Held in Trust	<u>Total</u>
		<u>for Members</u>	
Interest, dividend and capital gains income	\$1,402,194	\$1,293,651	\$2,695,845
Net realized gain on sales of investments	83,628	18,919	102,547
Net unrealized appreciation (depreciation) in market value	( 1,193,432)	108,915	( 1,084,517)
Bank fees (included in professional fees)	( 62,475)	( 16,499)	( 78,974)
Return on investments	<u>\$ 229,915</u>	<u>\$1,404,986</u>	<u>\$1,634,901</u>

**3. Notes Receivable**

Strike loans were made to members in good standing who have suffered direct financial hardship due to the recent strike that commenced on November 5, 2007 and ended on February 13, 2008, as well as due to the 1988 strike. The Strike Fund offered three loan repayment options. Each required repayment to begin no later than 180 days after the strike concluded: (a) the loan could be repaid in a lump sum, interest free, and discounted by 10 percent; (b) the loans could be repaid in 12 monthly installments, interest-free; or (c) the loan could be repaid in 24 monthly installments, the first 12 months interest-free, and the second 12 months at an interest rate equal to the WGAW's interest-bearing investments.

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**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.

**4. Property and Equipment**

Property and equipment consisted of the following at March 31, 2008:

	Total
Land	\$ 700,000
Building and improvements	7,141,496
Furniture and fixtures	3,141,488
Computers and equipment	3,742,962
Tenant improvements	777,919
	15,503,865
Less: Accumulated depreciation and amortization	9,368,822
	\$ 6,135,043

Depreciation and amortization expense was \$628,467 for the fiscal year ended March 31, 2008. During the fiscal year ended March 31, 2008, \$2,195,104 of fully depreciated property and equipment was disposed or retired.

**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 \$750,403 for the fiscal year ended March 31, 2008.

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.

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**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 \$201,966 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2008.

**6. Commitments and Contingencies**

WGAW has entered into operating lease agreements for its theater and office equipment through January 2012. At March 31, 2008, future minimum rental payments applicable to noncancellable operating leases were as follows:

	<u>Office Equipment</u>	<u>Theater</u>	<u>Total</u>
2009	\$ 57,661	\$ 232,834	\$ 290,495
2010	51,504	232,834	284,338
2011	9,828	232,834	242,662
2012	-	194,028	194,028
Total	<u>\$118,993</u>	<u>\$ 892,530</u>	<u>\$1,011,523</u>

Rental expense was \$355,566 for the fiscal year ended March 31, 2008.

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, 2008, 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>
2009	\$12,715
2010	12,715
2011	12,715
2012	12,992
2013	<u>14,229</u>
Total	<u>\$65,366</u>

Rent increases are tied to annual increase 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.

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**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. Lines of Credit**

WGAW has two lines of credit. The first is a \$4,000,000 line of credit, which bears interest at the prime rate and expires on December 31, 2008. Under the terms of this line of credit, WGAW must maintain liquid assets of at least \$2,000,000 in unrestricted cash or investment accounts. The second is an \$8,000,000 line of credit, which also bears interest at the prime rate and expires on December 31, 2008. This line of credit carries a "Negative Pledge Clause" whereby the WGAW agrees not to pledge any assets if such pledging would result in less security for the lender. As of March 31, 2008, the WGAW does not have any borrowings outstanding against the lines of credit.

**8. Financial Core Status ("FCS") Non-Membership Dues Obligations**

The law permits WGAW to assess FCS non-member dues up to an amount equal to its regular dues. During the fiscal year ended March 31, 2008, WGAW has set the FCS non-membership dues at 8.03% less than the regular dues. This reflects WGAW's dollar amount that corresponded to its nonchargeable expenditures.

For the fiscal year ending March 31, 2009, WGAW has set the FCS non-membership dues at 8.03% 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.

**9. Functional Expenses**

Expenses incurred by functional category were as follows:

Member services	\$22,826,405
Management and general	2,551,237
Programs:	
Theater Operations Fund	643,521
Strike Fund	277,243
Good & Welfare Fund	4,216
Year 2000 Fund	<u>2,701</u>
Total expenses	<u>\$26,305,323</u>

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

During the year ended March 31, 2008, WGAW received funds held in trust for members of \$27,506,466. WGAW made payments from funds held in trust for members of \$27,641,941 for the fiscal year ended March 31, 2008.