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WRITERS GUILD OF AMERICA, WEST, INC.

**FINANCIAL STATEMENTS**

MARCH 31, 2006

MANNON KAPLAN, C.P.A.  
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STANLEY L. MILLER, C.P.A. (1921 - 1995)  
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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. (the "Guild") as of March 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Guild'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 the Guild as of March 31, 2006 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

May 10, 2006

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

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2006**

	<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	\$1,968,455	\$261,256	\$118,626	\$34,240	\$598,705	\$2,981,282
Membership Dues						
Receivable	4,233,000					4,233,000
Accounts Receivable, Net	435,596	49,064	35,597	8,576	22,907	551,740
Notes Receivable, Net				40,760		40,760
Prepaid Expenses and Other Assets	356,108	942				357,050
Investments, at Fair Value	5,116,276		8,665,621	2,730,804	1,831,749	18,344,450
Funds Held In Trust For Members	16,617,743					16,617,743
Undeliverable Funds	7,150,432					7,150,432
Property and Equipment, Net	6,850,754	34,696				6,885,450
Inter-Fund Borrowings	23,924	(23,924)				
<b>TOTAL ASSETS</b>	<b>\$42,752,288</b>	<b>\$322,034</b>	<b>\$8,819,844</b>	<b>\$2,814,380</b>	<b>\$2,453,361</b>	<b>\$57,161,907</b>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts Payable and Accrued						
Expenses	\$1,074,873	\$43,703				\$1,118,576
Accrued Salaries, Vacation and						
Severance	1,415,054					1,415,054
Deferred Rent		232,633				232,633
Due To Members	16,617,743					16,617,743
Undeliverable Funds	7,150,432					7,150,432
<b>TOTAL LIABILITIES</b>	<b>26,258,102</b>	<b>276,336</b>				<b>26,534,438</b>
<b>NET ASSETS</b>						
<b>UNRESTRICTED:</b>						
Undesignated Net Assets	15,434,643	45,698				15,480,341
Designated Net Assets	1,000,000		\$8,819,844	\$2,814,380	\$2,453,361	15,087,585
	<b>16,434,643</b>	<b>45,698</b>	<b>8,819,844</b>	<b>2,814,380</b>	<b>2,453,361</b>	<b>30,567,926</b>
<b>TEMPORARILY RESTRICTED</b>	<b>59,543</b>					<b>59,543</b>
<b>TOTAL NET ASSETS</b>	<b>16,494,186</b>	<b>45,698</b>	<b>8,819,844</b>	<b>2,814,380</b>	<b>2,453,361</b>	<b>30,627,469</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>						
<b>ASSETS</b>	<b>\$42,752,288</b>	<b>\$322,034</b>	<b>\$8,819,844</b>	<b>\$2,814,380</b>	<b>\$2,453,361</b>	<b>\$57,161,907</b>

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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
<b>Change in Unrestricted</b>						
<b>Net Assets:</b>						
<b>Revenues</b>						
Member Dues	\$18,670,754					\$18,670,754
Other	3,106,564	\$709,436	\$2,123	(\$42,400)		3,775,723
<b>Total Revenues</b>	<u>21,777,318</u>	<u>709,436</u>	<u>2,123</u>	<u>(42,400)</u>		<u>22,446,477</u>
<b>Expenses</b>						
Payroll and Related	15,552,353	223,282				15,775,635
Special Functions	2,413,081					2,413,081
Occupancy	2,286,491	350,737				2,637,228
Operating	1,131,383	81,494				1,212,877
Professional Fees	1,789,435	439	13,935	5,136	\$1,736	1,810,681
Communications	569,905					569,905
<b>Total Expenses</b>	<u>23,742,648</u>	<u>655,952</u>	<u>13,935</u>	<u>5,136</u>	<u>1,736</u>	<u>24,419,407</u>
<b>Net Operating Increase (Decrease)</b>	<u>(1,965,330)</u>	<u>53,484</u>	<u>(11,812)</u>	<u>(47,536)</u>	<u>(1,736)</u>	<u>(1,972,930)</u>
<b>Investment Income</b>						
Investment Income	1,242,587		339,905	101,255	75,649	1,759,396
Net Realized Losses on Sales of Investments	(49,029)		(30,498)	(8,479)		(88,006)
Net Unrealized Appreciation/ (Depreciation)	8,950		253,366	109,286	(3,127)	368,475
Amortization of Premiums/ Discounts	(178,713)		444	(925)	(1,814)	(181,008)
<b>Total Investment Income</b>	<u>1,023,795</u>		<u>563,217</u>	<u>201,137</u>	<u>70,708</u>	<u>1,858,857</u>
<b>Change in Unrestricted Net Assets</b>	<u>(941,535)</u>	<u>53,484</u>	<u>551,405</u>	<u>153,601</u>	<u>68,972</u>	<u>(114,073)</u>
<b>Change in Temporarily Restricted Net Assets:</b>						
Interest Income	418					418
Net Assets Released from Restrictions	(88,956)					(88,956)
<b>Change in Temporarily Restricted Net Assets</b>	<u>(88,538)</u>					<u>(88,538)</u>
<b>Change in Net Assets</b>	<u>(1,030,073)</u>	<u>53,484</u>	<u>551,405</u>	<u>153,601</u>	<u>68,972</u>	<u>(202,611)</u>
<b>Net Assets (Deficit), Beginning of Year</b>	<u>17,524,259</u>	<u>(7,786)</u>	<u>8,549,145</u>	<u>2,660,779</u>	<u>2,103,683</u>	<u>30,830,080</u>
<b>Mandatory Transfer To Year 2000 Fund</b>			<u>(280,706)</u>		<u>280,706</u>	
<b>Net Assets, End of Year</b>	<u>\$16,494,186</u>	<u>\$45,698</u>	<u>\$8,819,844</u>	<u>\$2,814,380</u>	<u>\$2,453,361</u>	<u>\$30,627,469</u>



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

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

	<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	(\$1,030,073)	\$53,484	\$551,405	\$153,601	\$68,972	(\$202,611)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	826,543	14,259				840,802
Loss on disposal of property and equipment	26,867					26,867
Net realized loss on sale of investments	49,029		30,498	8,479		88,006
Net unrealized (appreciation) depreciation in market value	(8,950)		(253,366)	(109,286)	3,127	(368,475)
Amortization of premiums/discounts	178,713		(444)	925	1,814	181,008
Provision for doubtful accounts	(11,805)		(2,123)	42,400		28,472
Increase in membership dues receivable	(323,000)					(323,000)
(Increase)/decrease in accounts receivable	(136,042)	43,760	(2,126)	(1,089)	(6,346)	(101,843)
(Increase)/decrease in notes receivable			2,123	(12,100)		(9,977)
(Increase) in prepaid expenses and other assets	(52,172)	(752)				(52,924)
Increase (decrease) in accounts payable and accrued expenses	214,451	43,703	(33)			258,121
Decrease in accrued salaries, vacation and severance	(19,270)					(19,270)
Decrease in deferred rent		(7,981)				(7,981)
<b>Net cash provided by (used in) operating activities</b>	<b>(285,709)</b>	<b>146,473</b>	<b>325,934</b>	<b>82,930</b>	<b>67,567</b>	<b>337,195</b>
<b>Cash flows from investing activities:</b>						
Purchase of property and equipment	(627,482)	(21,032)				(648,514)
Purchases of investments	(14,097,900)		(31,299,797)	(6,758,879)	(925,095)	(53,081,671)
Maturities of investments	14,092,762		30,969,493	6,666,108	911,856	52,640,219
<b>Net cash (used in) investing activities</b>	<b>(632,620)</b>	<b>(21,032)</b>	<b>(330,304)</b>	<b>(92,771)</b>	<b>(13,239)</b>	<b>(1,089,966)</b>
<b>Cash flows from financing activities:</b>						
Increase (decrease) in inter-fund borrowing	(116,567)	113,067	280,706	3,500	(280,706)	
Inter-fund transfers			(280,706)		280,706	
<b>Net cash provided by (used in) financing activities</b>	<b>(116,567)</b>	<b>113,067</b>	<b></b>	<b>3,500</b>	<b></b>	<b></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,034,896)</b>	<b>238,508</b>	<b>(4,370)</b>	<b>(6,341)</b>	<b>54,328</b>	<b>(752,771)</b>
Cash and cash equivalents, beginning of year	3,003,351	22,748	122,996	40,581	544,377	3,734,053
Cash and cash equivalents, end of year	<u>\$1,968,455</u>	<u>\$261,256</u>	<u>\$118,626</u>	<u>\$34,240</u>	<u>\$598,705</u>	<u>\$2,981,282</u>