

WRITERS GUILD OF AMERICA, WEST, INC.

ANNUAL FINANCIAL REPORT

JUNE 29, 2019



WRITERS GUILD OF AMERICA, WEST, INC.

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EXECUTIVE DIRECTOR

WGAW HEADQUARTERS

7000 West Third Street

Los Angeles, CA 90048

Telephone (323) 951-4000

Fax (323) 782-4800

www.wga.org

AFFILIATED WITH:

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STATEMENT OF THE MEMBERSHIP AND FINANCE COMMITTEE

June 29, 2019

Dear Fellow Members:

We are pleased to present the Guild's annual financial report. This year's report continues the trends recorded over the last half decade. The Guild remains financially strong, with growing revenues and a healthy operating surplus.

In this booklet, you will find the WGAW's financial statements and a summary of industry and employment data for the fiscal year that ended March 31, 2019. These are the highlights:

- The Guild ended the fiscal year with total net assets of over \$77.5 million. The Guild owns its headquarters located at the corner of Third Street and Fairfax Avenue, where long-planned building renovations are now nearing conclusion. The work includes an upgrade of the first and second floor office and meeting spaces, and expansion of the second floor Del Reisman Multipurpose Room.
- The Guild had an operating surplus for the fiscal year of \$10.1 million based on total revenues of \$42.9 million, up from \$39.2 million last year. That increase was the product of growth in overall employment and writer earnings, led by the television and new media sectors, and by investment gains generated from a strong equities market. The operating surplus is available to support Guild operations and to supplement the Strike Fund in the event of a work stoppage.
- Annual expenditures of \$32.8 million were modestly higher than FY 2018's total of \$31.0 million. The increase was the result of the ongoing building renovations, in addition to expenses related to the Guild's renegotiation of its talent agency franchise agreement.
- The supplemental schedule on page 17 reflects that the Guild's Foreign Levies Program distributed \$16.3 million to writers and heirs during the last fiscal year. The program currently collects royalties in 19 countries in Europe and South America. This annual review is also posted on the Foreign Levies page of the Guild's website, www.wga.org/foreignlevies, where you will also find other information about the program.

We publish this financial information each year in the interest of transparency and a fully 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

Aaron Mendelsohn (chair), Patti Carr, Tony DeSena, Carleton Eastlake and Michele Mulroney

THE MARKETPLACE FOR WRITING

EMPLOYMENT AND EARNINGS

TOTAL EARNINGS FOR WGAW WRITERS AND NUMBER OF WRITERS REPORTING EARNINGS

More than 6,000 writers reported employment in all work areas in 2018. Total writer earnings rose 4.2% to \$1.56 billion.

WGAW EMPLOYMENT AND EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2013	5,040	5.1%	\$ 1,101.0	-1.3%
2014	5,378	6.7%	\$ 1,220.1	10.8%
2015	5,615	4.4%	\$ 1,310.3	7.4%
2016	5,850	4.2%	\$ 1,404.9	7.2%
2017	6,095	4.2%	\$ 1,500.2	6.8%
2018	6,057	-0.6%	\$ 1,563.8	4.2%

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

EARNINGS AND EMPLOYMENT ON TELEVISION AND DIGITAL PLATFORMS

Earnings of television and digital platform writers reported to the WGAW for 2018 rose 3% to \$1.07 billion. Total employment was down 1.5% from 2017, with 4,830 writers reporting income from television and digital platforms, though this figure is likely to increase with late reporting.

WGAW TELEVISION AND DIGITAL PLATFORMS EMPLOYMENT AND EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2013	3,895	5.0%	\$ 737.2	0.3%
2014	4,264	9.5%	\$ 848.0	15.0%
2015	4,511	5.8%	\$ 903.1	6.5%
2016	4,790	6.2%	\$ 987.5	9.3%
2017	4,906	2.4%	\$ 1,038.4	5.2%
2018	4,830	-1.5%	\$ 1,069.7	3.0%

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

The increased earnings reflected in the table above largely result from Guild-negotiated increases in MBA minimums and overall employment growth. Writer-producers report their weekly salary to the Guild at Article 14 minimum, meaning the Guild's data regarding television and digital platform earnings is generally based on MBA minimums. For this reason, these figures do not reflect the downward pressure on writers' overscale income as a result of short season orders and other changes in the television and digital media industry.

WGA surveys conducted in recent years documented a 23% decline in the media weekly compensation for writer-producers between the 2013–14 and 2015–16 seasons. During the 2017–18 season, median weekly compensation improved slightly compared to 2015–16, but remains 16% lower than in 2013–14. To address declining weekly

compensation, the WGA negotiated the “span” provision in the 2017 MBA (Article 14.K.2) that regulates the episodic compensation of TV and digital platform writer-producers. For contracts entered into beginning May 2, 2018, writers at the producer level on series staffs have a cap of 2.4 weeks of work per episode that their episodic fee pays for. The limit applies to series with episode orders of 12 or fewer episodes on broadcast television, and 14 or fewer episodes on pay, basic cable, the CW and subscription video on demand platforms. Additionally, these rules apply only to writers whose episodic fee for the number of episodes ordered is less than \$350,000.

EARNINGS AND EMPLOYMENT ON THEATRICAL PROJECTS

Screenwriter earnings and employment continued to rebound in 2018, with more than 2,000 writers reporting \$481 million in earnings.

WGAW SCREEN EMPLOYMENT AND EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2013	1,742	4.7%	\$ 351.2	-4.7%
2014	1,785	2.5%	\$ 359.2	2.3%
2015	1,963	10.0%	\$ 395.3	10.1%
2016	1,911	-2.6%	\$ 404.6	2.4%
2017	2,025	6.0%	\$ 448.9	10.9%
2018	2,040	0.7%	\$ 481.0	7.2%

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

EARNINGS AND EMPLOYMENT ON TELEVISION & RADIO NEWS & PROMOTION, INFORMATIONAL AND INTERACTIVE PROGRAMS

159 writers reported employment in news, promotion, informational and interactive programming, with earnings of \$13.1 million, up 1.6% from 2017.

WGAW NEWS & PROMOTION, INFORMATIONAL AND INTERACTIVE EMPLOYMENT AND EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2013	159	-4.7%	\$ 12.7	5.8%
2014	161	1.3%	\$ 12.9	1.6%
2015	166	3.1%	\$ 11.8	-8.5%
2016	167	0.6%	\$ 12.7	7.6%
2017	157	-6.0%	\$ 12.9	1.6%
2018	159	1.3%	\$ 13.1	1.6%

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 2018 grew to a record high of \$462.37 million, a 7.2% increase over 2017. Residuals increased 10.6% in television and 1.1% in screen.

Consistent with previous years, television continues to be the stronger area, with \$307.49 million in receipts, representing 66.5% of the total residuals collected in 2018. As expected, new media is the largest residual category

overall, with 16.5% of the total residuals collected. New media is up 16.5% over last year, increasing from \$65.65 to \$76.46 million. In 2018, foreign television residuals exceeded \$59 million, making it the second largest area for television after new media. This is a 4.7% increase over last year. After two consecutive years of decreases, domestic syndication had a 43.6% increase over 2017, and is our third largest market at \$37.31 million. Made-for basic cable saw a 4.6 % decrease in 2018 to \$34.83 million, yet it is the fourth largest residuals market. Network prime time had a 3.6% increase over last year at \$20.26 million. Home video residuals continue their decline with \$2.96 million, a decrease of 22.9% from last year and a 56% decrease over the last five years.

Total feature film residuals had a slight gain of 1.1% over last year to \$154.88 million. In 2018, new media residuals became the highest earning residuals category at \$47.24 million for feature films, an increase of 57.5% over last year. Pay TV residuals fell to the second largest dollar category for film, with a 16.7% drop from last year at \$45.98 million. Although worldwide television is our third largest dollar category at \$42.56 million, this is a 5.5% drop from last year. The script publication fee had a gain of 19.4% over 2017 with \$2.96 million. As with television, home video receipts for film continue to decline, with a 23% decrease from 2017 to \$15 million.

TOTAL RESIDUALS RECEIVED 2013 THROUGH 2018
(INCLUDES COLLECTIONS AND AFFIRMATIVE POLICING TOTALS / IN MILLIONS OF DOLLARS)

	2013	2014	2015	2016	2017	2018	PERCENT CHANGE 2018 – 2017	PERCENT CHANGE 2018 – 2013
TELEVISION RESIDUALS								
Prime Time Network	\$23.98	\$22.17	\$19.43	\$19.53	\$19.56	\$20.26	3.6%	-15.5%
Domestic Synd./WB/CW	35.07	30.47	36.36	27.29	25.98	37.31	43.6%	6.4%
Foreign Free TV & Basic Cable	47.50	54.46	57.30	50.39	56.63	59.30	4.7%	24.8%
Basic Cable (Non Basic Cable Programs)	27.83	31.53	32.26	27.90	28.74	28.87	0.5%	3.7%
Basic Cable for Made-for Basic Cable	36.99	35.98	35.92	35.63	36.50	34.83	-4.6%	-5.8%
Pay TV for Made-for Pay	6.64	6.91	8.30	8.67	8.84	10.80	22.2%	62.7%
Pay TV (for Non-Pay Programs)	5.33	7.91	7.90	8.01	6.99	7.53	7.7%	41.3%
Home Video	6.72	5.73	5.23	3.66	3.84	2.96	-22.9%	-56.0%
Network Late Night/Weekend Day	4.24	3.97	5.19	5.04	8.11	10.20	25.8%	140.6%
New Media Reuse	21.07	29.21	35.92	41.63	65.65	76.46	16.5%	262.9%
Misc. TV Reuse	5.00	6.42	5.57	5.75	3.64	4.58	25.8%	-8.4%
TV Creator Royalties	14.33	14.07	16.21	13.55	13.46	14.39	6.9%	0.4%
Total Television Residuals	\$234.70	\$248.83	\$265.59	\$247.05	\$277.94	\$307.49	10.6%	31.0%
THEATRICAL RESIDUALS								
Worldwide Television	\$45.23	\$45.03	\$44.87	\$40.58	\$45.03	\$42.56	-5.5%	-5.9%
Home Video	27.86	26.74	22.99	21.37	19.49	15.01	-23.0%	-46.1%
Pay TV	54.50	51.53	51.55	55.16	55.20	45.98	-16.7%	-15.6%
Script Publication Fee	1.43	1.52	1.62	1.83	2.48	2.96	19.4%	107.0%
New Media Reuse	10.36	13.16	16.88	18.17	29.99	47.24	57.5%	356.0%
Misc. Theatrical Reuse	0.99	1.15	1.38	1.20	1.04	1.13	8.7%	14.1%
Total Theatrical Residuals	\$140.37	\$139.13	\$139.29	\$138.31	\$153.23	\$154.88	1.1%	10.3%
TOTAL RESIDUALS	\$375.07	\$387.96	\$404.88	\$385.36	\$431.17	\$462.37	7.2%	23.3%

Note: Certain new media residuals previously reported as pay TV due to ambiguous coding by certain studios have been reclassified as new media to better reflect market trends.

CONTRACT ENFORCEMENT

The Guild’s Residuals Department enforces residuals provisions of the contract by investigating and policing 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

	2012	2013	2014	2015	2016	2017	2018	2019 (THRU 4/30/19)
Residuals	\$28,710,320	\$30,168,459	\$24,731,072	\$44,566,668	\$27,580,803	\$33,261,907	\$35,927,386	\$18,821,151
Residuals Interest	578,791	227,141	509,476	1,199,915	668,284	1,176,343	1,235,684	667,013
Total Amounts	\$29,289,111	\$30,395,600	\$25,240,548	\$45,766,583	\$28,249,087	\$34,438,250	\$37,163,070	\$19,488,164
TOTAL OPEN CASES	383	357	303	285	336	414	393	405

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 chart below reflects total annual collections, broken down by type of damages collected:

LEGAL DEPARTMENT TOTAL AMOUNTS COLLECTED

	2012	2013	2014	2015	2016	2017	2018	2019 (THRU 5/24/19)
Initial Compensation	\$1,428,175	\$1,971,161	\$2,179,145	\$2,983,368	\$3,805,665	\$3,317,650	\$2,511,365	\$903,707
Compensation Interest	\$161,976	\$172,299	\$294,332	\$330,172	\$237,165	\$688,595	\$248,254	\$100,369
Residuals	\$1,967,801	\$2,843,413	\$11,444,135	\$6,174,449	\$4,161,002	\$537,859	\$6,530,028	\$14,204
Residuals Interest	\$457,738	\$553,867	\$1,269,681	\$500,343	\$1,866,141	\$66,272	\$366,366	\$9,801
P&H	\$267,089	\$311,385	\$903,668	\$341,796	\$379,411	\$856,373	\$935,734	\$189,547
P&H Interest	\$25,901	\$26,357	\$31,373	\$14,062	\$40,721	\$135,026	\$39,118	\$23,727
Credits Damages	\$268,681	\$266,250	\$88,511	\$102,300	\$41,735	\$20,750	\$259,129	\$18,550
TOTAL AMOUNTS	\$4,577,361	\$6,144,732	\$16,210,845	\$10,446,490	\$10,531,840	\$5,622,525	\$10,889,994	\$1,259,905

LEGAL DEPARTMENT TOTAL OPEN CASES

	2012	2013	2014	2015	2016	2017	2018	2019 (THRU 5/24/19)
Compensation	74	182	221	183	148	132	111	129
Credits	57	48	38	59	44	33	30	36
Miscellaneous	87	11	13	20	46	42	90	45
Residuals	274	262	229	223	266	286	239	279
Separation of Rights	32	32	24	21	12	15	18	16
TOTAL CASES	524	535	525	506	516	508	488	505

WRITERS GUILD OF AMERICA, WEST, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019

WRITERS GUILD OF AMERICA, WEST, INC.
FINANCIAL STATEMENTS
MARCH 31, 2019

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INDEPENDENT AUDITOR'S 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 statements of Writers Guild of America, West, Inc. ("WGAW"), which comprise the statement of financial position as of March 31, 2019, 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 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 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.

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, 2019, 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 11 to the financial statements, WGAW formed 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
North Hollywood, California
May 29, 2019

WRITERS GUILD OF AMERICA, WEST, INC.

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
ASSETS						
Cash and Cash Equivalents	\$18,793,490	\$41,805	\$99,041	\$90,642	\$83,723	\$19,108,701
Membership Dues Receivable	7,801,364	-	-	-	-	7,801,364
Accounts Receivable, Net	948,591	109,900	23,766	6,079	-	1,088,336
Notes Receivable, Net	-	-	-	14,000	5,000	19,000
Prepaid Expenses	532,149	1,472	-	-	-	533,621
Investments, at Market Value	22,262,146	-	15,038,064	5,423,291	1,837,049	44,560,550
Funds Received On Behalf Of						
Members	23,387,505	-	-	-	-	23,387,505
Property and Equipment, Net	8,390,906	337,478	-	-	-	8,728,384
Security Deposits	2,295	23,477	-	-	-	25,772
Inter-Fund Borrowings	1,974,872	(1,932,824)	(2,653)	(2,584)	(36,811)	-
TOTAL ASSETS	<u>\$84,093,318</u>	<u>(\$1,418,692)</u>	<u>\$15,158,218</u>	<u>\$5,531,428</u>	<u>\$1,888,961</u>	<u>\$105,253,233</u>
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued						
Expenses	\$1,927,342	\$ -	\$141	\$839	\$ -	\$1,928,322
Accrued Salaries, Vacation and						
Severance	2,370,116	-	-	-	-	2,370,116
Deferred Rent	-	62,153	-	-	-	62,153
Due To Members	23,387,505	-	-	-	-	23,387,505
TOTAL LIABILITIES	<u>27,684,963</u>	<u>62,153</u>	<u>141</u>	<u>839</u>	<u>-</u>	<u>27,748,096</u>
NET ASSETS WITHOUT RESTRICTIONS						
Undesignated Net Assets	55,220,489	(1,480,845)	-	-	-	53,739,644
Designated Net Assets	1,000,000	-	15,158,077	5,530,589	1,888,961	23,577,627
	<u>56,220,489</u>	<u>(1,480,845)</u>	<u>15,158,077</u>	<u>5,530,589</u>	<u>1,888,961</u>	<u>77,317,271</u>
NET ASSETS WITH RESTRICTIONS	187,866	-	-	-	-	187,866
TOTAL NET ASSETS (DEFICIT)	<u>56,408,355</u>	<u>(1,480,845)</u>	<u>15,158,077</u>	<u>5,530,589</u>	<u>1,888,961</u>	<u>77,505,137</u>
TOTAL LIABILITIES AND NET ASSETS						
ASSETS	<u>\$84,093,318</u>	<u>(\$1,418,692)</u>	<u>\$15,158,218</u>	<u>\$5,531,428</u>	<u>\$1,888,961</u>	<u>\$105,253,233</u>

WRITERS GUILD OF AMERICA, WEST, INC.

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS						
REVENUES						
Member Dues	\$36,275,747	\$ -	\$ -	\$ -	\$ -	\$36,275,747
Administrative Fees	1,504,483	-	-	-	-	1,504,483
Other	2,062,176	731,105	1,342	-	-	2,794,623
TOTAL REVENUES	39,842,406	731,105	1,342			40,574,853
EXPENSES						
Payroll and Related Expenses	19,200,749	332,662	2,559	2,466	-	19,538,436
Special Functions	4,338,665	-	-	-	-	4,338,665
Occupancy	3,111,256	506,545	-	-	-	3,617,801
Operating	1,520,476	109,963	(17,701)	(21,523)	(14,010)	1,577,205
Professional Fees	2,725,272	2,338	-	400	42,159	2,770,169
Communications	795,806	-	-	-	-	795,806
TOTAL EXPENSES	31,692,224	951,508	(15,142)	(18,657)	28,149	32,638,082
NET OPERATING INCREASE (DECREASE)	8,150,182	(220,403)	16,484	18,657	(28,149)	7,936,771
INVESTMENT INCOME						
Investment Income	1,081,167	-	1,143,515	440,959	39,176	2,704,817
Net Realized (Loss) on Sales of Investments	(179,452)	-	(35,127)	(10,002)	-	(224,581)
Net Unrealized Appreciation (Depreciation) in Market Value	400,155	-	(511,751)	(212,076)	2,147	(321,525)
Net Amortization of (Premiums) Discounts	(15,505)	-	2,446	740	-	(12,319)
Investment Fees	(37,770)	-	(13,132)	(4,630)	-	(55,532)
TOTAL INVESTMENT INCOME	1,248,595	-	585,951	214,991	41,323	2,090,860
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS	9,398,777	(220,403)	602,435	233,648	13,174	10,027,631
CHANGE IN NET ASSETS WITH RESTRICTIONS						
Contributions (Showrunner Program)	250,000	-	-	-	-	250,000
Net Assets Released from Restrictions	(189,016)	-	-	-	-	(189,016)
CHANGE IN NET ASSETS WITH RESTRICTIONS	60,984	-	-	-	-	60,984
CHANGE IN NET ASSETS	9,459,761	(220,403)	602,435	233,648	13,174	10,088,615
NET ASSETS (DEFICIT), BEGINNING OF YEAR	46,948,594	(1,260,442)	14,555,642	5,296,941	1,875,787	67,416,522
NET ASSETS (DEFICIT), END OF YEAR	\$56,408,355	(\$1,480,845)	\$15,158,077	\$5,530,589	\$1,888,961	\$77,505,137

WRITERS GUILD OF AMERICA, WEST, INC.

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	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	\$9,459,761	(\$220,403)	\$602,435	\$233,648	\$13,174	\$10,088,615
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:						
Depreciation and Amortization	777,448	49,313	-	-	-	826,761
Net Realized Loss on Sales of Investments	179,452	-	35,127	10,002	-	224,581
Net Unrealized (Appreciation) Depreciation in Market Value	(400,155)	-	511,751	212,076	(2,147)	321,525
Net Amortization of Premiums (Discounts)	15,505	-	(2,446)	(740)	-	12,319
Write-off of Notes Receivable	-	-	2,639	4,937	-	7,576
(Decrease) in Allowances for Doubtful Accounts	-	-	(20,340)	(26,459)	(14,010)	(60,809)
(Increase) in Membership Dues Receivable	(1,355,364)	-	-	-	-	(1,355,364)
(Increase) in Accounts Receivable	(300,107)	(34,150)	(8,014)	(1,863)	-	(344,134)
Decrease in Prepaid Expenses	41,235	59	-	-	-	41,294
(Increase) in Security Deposit	(2,295)	-	-	-	-	(2,295)
Increase (Decrease) in Accounts Payable and Accrued Expenses	513,674	-	(8,327)	(492)	-	504,855
Increase in Accrued Salaries, Vacation and Severance	82,465	-	-	-	-	82,465
(Decrease) in Deferred Rent	-	(8,020)	-	-	-	(8,020)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	9,011,619	(213,201)	1,112,825	431,109	(2,983)	10,339,369
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Property and Equipment	(3,765,260)	(20,015)	-	-	-	(3,785,275)
Issuance of Notes Receivable	-	-	-	(14,000)	(5,000)	(19,000)
Payments Received on Notes Receivable	-	-	17,701	28,922	14,010	60,633
Purchases of Investments	(25,322,951)	-	(14,499,357)	(4,262,611)	(4,783,993)	(48,868,912)
Maturities of Investments	12,870,299	-	13,366,589	3,826,605	2,949,091	33,012,584
NET CASH (USED IN) INVESTING ACTIVITIES	(16,217,912)	(20,015)	(1,115,067)	(421,084)	(1,825,892)	(19,599,970)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Increase (Decrease) in Inter-fund Borrowings	(280,099)	246,925	2,559	2,467	28,148	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(280,099)	246,925	2,559	2,467	28,148	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,486,392)	13,709	317	12,492	(1,800,727)	(9,260,601)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,279,882	28,096	98,724	78,150	1,884,450	28,369,302
CASH AND CASH EQUIVALENTS, END OF YEAR	\$18,793,490	\$41,805	\$99,041	\$90,642	\$83,723	\$19,108,701

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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

Net assets without restrictions are assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Net assets with restrictions 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), net assets with restrictions are reclassified as net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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's 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.

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 income 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 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, 2019

1. Summary of Significant Accounting Policies, continued

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, 2019, the total cost of administering the FLP was \$1,385,022, which exceeded the total administrative fees and interest income of \$1,257,585 by \$127,437.

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 17 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 \$664,385 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 advertising income is subject to unrelated business income tax.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

1. Summary of Significant Accounting Policies, continued

Income Taxes, continued

Accounting principles generally accepted in the United States of America (“GAAP”) require management to evaluate tax positions taken by the WGAW and recognize a tax liability if the WGAW has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The WGAW is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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 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
Vehicles	5 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, net” in the accompanying statement of financial position.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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, mutual funds 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, 2019, 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, 2019 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.

Liquidity

Management of the WGAW believes, that existing cash and investment resources, and expected membership and other revenues, will be sufficient to meet cash needs for general expenditures within one year of the date of the statement of financial position.

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) recently issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 provides that nonprofit organizations, among other things:

- Present amounts for two net asset classes in the financial statements rather than three;
- Provide enhanced disclosures about:
 - Amounts and purposes of board designations;
 - Qualitative information about the management of liquid resources available to meet cash needs for one year;

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

1. Summary of Significant Accounting Policies, continued

- Qualitative information about the availability of financial assets to meet cash needs for one year;
- Expenses by both their natural and functional classifications;
- Methods used to allocate costs among program and support functions;
- Underwater endowment funds;
- Report investment return net of investment expenses; and
- Use the placed in service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or constructed a long lived asset.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Earlier application is permitted. The amendments are applied retrospectively to all periods presented. The WGAW adopted ASU 2016-14 for the year ended March 31, 2019.

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.

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, 2019:

	Investments				
	Level 1	Level 2	Level 3	Market Value	Total Cost
U.S. agencies and government backed securities	\$ -	\$ 7,534,509	\$ -	\$ 7,534,509	\$ 7,450,178
Corporate bonds	-	2,237,063	-	2,237,063	2,230,716
Bond mutual funds	2,258,452	-	-	2,258,452	2,210,729
Equity mutual funds	20,506,116	-	-	20,506,116	18,056,522
Money market funds	12,024,410	-	-	12,024,410	12,024,410
Total	\$34,788,978	\$ 9,771,572	\$ -	\$44,560,550	\$41,972,555

	Funds Received on Behalf of Members				
	Level 1	Level 2	Level 3	Market Value	Total Cost
U.S. agencies and government backed securities	\$ -	\$1,997,379	\$ -	\$ 1,997,379	\$ 1,999,280
Corporate bonds	-	3,106,509	-	3,106,509	3,096,360
Money market funds	18,283,617	-	-	18,283,617	18,283,617
Total	\$18,283,617	\$5,103,888	\$ -	\$23,387,505	\$23,379,257

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

2. Investments, continued

Level 1 investments consist of mutual funds and money market funds. Level 2 investments consist of corporate bonds, and 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. Dividends are recorded on the ex-dividend date and interest income is recorded on the accrual basis.

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

WGAW intends to reinvest all investments maturing in fiscal year 2020 into money market funds, government backed securities, or investment-grade corporate bonds.

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	\$2,306,356	\$386,142	\$2,692,498
Net realized (loss) on sales of investments	(204,739)	(19,842)	(224,581)
Net unrealized appreciation (depreciation) in market value	(395,547)	74,022	(321,525)
Investment fees	(39,899)	(15,633)	(55,532)
Return on investments	<u>\$1,666,171</u>	<u>\$424,689</u>	<u>\$2,090,860</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.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

4. Property and Equipment

Property and equipment consisted of the following at March 31, 2019:

	Total
Land	\$ 700,000
Building and improvements	10,076,179
Furniture and fixtures	5,146,985
Computers and equipment	3,958,115
Tenant improvements	991,729
	20,873,008
Less: Accumulated depreciation and amortization	12,144,624
	\$ 8,728,384

Depreciation and amortization expense was \$826,761 for the fiscal year ended March 31, 2019.

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 Pension 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, 2019 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, 2018. 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 2018	FIP/RP Status	Contributions by WGAW in 2019	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Producer-Writers Guild of America Pension Plan	95-2216351 No. 001	Green	No	\$ 1,290,630	No	May 1, 2020
Other				5,193		
Total				\$ 1,295,823		

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

5. Multiemployer Defined Benefit Plans, continued

Among other factors, plans in the red zone are generally less than 65 percent funded; plans in the orange and yellow zones 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 \$1,741,724 for the fiscal year ended March 31, 2019.

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 \$277,663 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2019.

7. Commitments and Contingencies

WGAW has entered into operating lease agreements for its office equipment, theater and storage through December 2026. At March 31, 2019, future minimum payments under these non-cancellable obligations were as follows:

	Office <u>Equipment</u>	<u>Theater</u>	<u>Storage</u>	<u>Total</u>
2020	\$ 42,558	\$ 256,117	\$55,080	\$ 353,755
2021	42,035	256,117	55,080	353,232
2022	33,538	262,520	55,080	351,138
2023	28,050	281,729	55,080	364,859
2024	-	281,729	50,490	332,219
Thereafter	<u>-</u>	<u>774,753</u>	<u>-</u>	<u>774,753</u>
Total	<u>\$146,181</u>	<u>\$2,112,965</u>	<u>\$270,810</u>	<u>\$2,529,956</u>

For the fiscal year ended March 31, 2019, rent expense on operating leases was \$444,106.

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, 2020.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

7. Commitments and Contingencies, continued

On April 13, 2019, the WGAW implemented a new Code of Conduct for agencies that represent writers for working under its collective bargaining agreements. WGAW members may only be represented by agencies signed to the Code of Conduct.

WGAW may from time to time be involved in various ongoing litigation matters. Management does not expect that the monetary exposure in these matters 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.

8. 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, 2019, WGAW set FCS fees at 13.75% 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, 2020, WGAW has set FCS fees at 13.75% 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 fee.

9. Summary of Expenses by Natural and Functional Classifications

Expenses incurred by natural and functional categories were as follows:

	Member Services	Management and General	Theater	Strike Fund	Good & Welfare Fund	Year 2000 Fund	Total
Payroll and Related Expenses	\$16,718,032	\$2,482,717	\$332,662	\$ 2,559	\$ 2,466	\$ -	\$19,538,436
Special Functions	4,527,681	-	-	-	-	-	4,527,681
Occupancy Expenses	2,385,585	725,671	506,545	-	-	-	3,617,801
Operating Expenses	1,174,662	345,814	109,963	(17,701)	(21,523)	(14,010)	1,577,205
Professional Fees	2,350,728	374,544	2,338	-	400	42,159	2,770,169
Communications	<u>795,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,806</u>
Total	<u>\$27,952,494</u>	<u>\$3,928,746</u>	<u>\$951,508</u>	<u>(\$15,142)</u>	<u>(\$18,657)</u>	<u>\$28,149</u>	<u>\$32,828,098</u>

The financial statements report certain categories of expenses that are attributable to one or more functional classification of the WGAW.

- Payroll and related expenses are allocated based on estimates of the time spent by personnel on these activities.
- Special functions and communications costs are allocated based on the nature of the special function activities.
- Occupancy, operating, and professional fees are allocated based on the ratio of payroll and related expenses related to these activities.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

10. Supplemental Disclosure of Cash Flow Information

During the fiscal year ended March 31, 2019, WGAW received funds on behalf of members of \$25,127,908. WGAW made payments from funds received on behalf of members of \$26,540,599 during the fiscal year ended March 31, 2019.

11. 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 are 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 fiscal year ended March 31, 2019:

	<u>WGAW PAC</u> <u>(Unaudited)</u>
Assets	<u>\$83,558</u>
Liabilities	<u>\$ -</u>
Net Assets	<u>\$83,558</u>
Revenues	<u>\$122,513</u>
Expenses	<u>\$196,313</u>
Net Decrease	<u>\$73,800</u>

The WGAW PAC is subject to taxation under Internal Revenue Code Section 527 and Revenue and Taxation Code Section 23701r on investment income in excess of \$100.

12. Subsequent Events

Management has evaluated subsequent events through May 29, 2019, the date on which the financial statements were available to be issued. Except as described in Note 7, 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, 2019**

Fiscal Year ^{1,2}	Beginning Balance	Collected			Investment Income/Interest ⁴	Investment Income/Interest Transferred ⁵	Assessed Administrative Fee ⁶	Distributed		Held
		WGAW Funds Collected Remittances ³	WGAW Total Funds Collected including Interest	WGAW Funds Distributed to Writers ⁷				WGAW Funds Distributed to The Actors Fund ⁸		
A	B	C	D = B + C	E	F	G	H	I = A + D - E - F - G - H		
FY 1992 - FY 2011 ¹⁰	\$ -	\$ 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 ¹¹	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 ¹²	901,815	1,090,871	17,136,189	1,090,871	19,594,000
FY 2014	19,594,000	14,389,348	19,253	14,408,601	612,360 ¹²	759,411	-	13,273,994	-	19,356,836
FY 2015	19,356,836	15,914,522	110,301	16,024,823	-	770,561	235,924	14,593,763	235,924	19,781,411
FY 2016	19,781,411	13,761,663	71,864	13,833,527	512,715 ¹²	649,345	1,371,779	12,402,005	1,371,779	18,679,094
FY 2017	18,679,094	16,900,964	52,036	16,953,000	71,864 ¹²	779,900	916,237	14,568,410	916,237	19,295,683
FY 2018	19,295,683	24,540,016	163,581	24,703,597	52,036 ¹²	1,162,790	733,564	21,907,424	733,564	20,143,466
FY 2019	20,143,466	15,743,887	417,487	16,161,374	108,552 ¹²	840,098	702,925	16,313,190	702,925	18,340,075
		\$ 266,062,564	\$ 10,164,627	\$ 276,227,191	\$ 9,693,684	\$ 11,700,798	\$ -	\$ 231,441,334	\$ 5,051,300	

Notes:

All values rounded to the nearest dollar.

¹ WGAW initiated its foreign levies collection efforts in 1987. It received the first remittances from foreign collecting societies in 1992.

² WGAW's fiscal year ends on March 31.

³ Remittances from foreign collection societies to WGAW on behalf of writers, net of transfers to other foreign levies payors (e.g. the DGA) and refunds to foreign collecting societies of improperly transmitted funds: Investment Income/Interest on funds held is net of bank and custodial fees. Investment Income/Interest is determined by investment performance.

⁴ Investment Income/Interest is transferred to WGAW general fund to offset the cost of administering the Foreign Levies Program.

⁵ Investment Income/Interest is transferred to WGAW general fund to offset the cost of administering the Foreign Levies Program. The fee is assessed when funds are distributed to writers.

⁶ 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.

⁷ Includes payments to writers and their heirs, successors or other lawful payees.

⁸ 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.

⁹ Balance as of the end of WGAW's fiscal year on March 31.

¹⁰ 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").

¹¹ FY 2012 beginning balance is based on the KPMG Review.

¹² Retained Investment Income/Interest transferred to offset operating costs in excess of administrative fees and interest collected.

NOTICE TO WRITERS GUILD OF AMERICA, WEST, INC. FEE 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 fee.

FINANCIAL CORE STATUS ("FCS") NON-MEMBERSHIP FEE OBLIGATIONS

The law permits the WGAW to assess FCS non-member fee up to an amount equal to its regular dues. During this coming fiscal year, **April 1, 2019 through March 31, 2020**, the WGAW has set the FCS non-membership fee at 13.75% 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 fee 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. FEE 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 fee 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 fee rate (percentage) will apply to challengers as of March 31, 2019, and appropriate adjustments will be made in accordance with the arbitration decision. No FCS non-member fee 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 fee 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 fee notice to explain the situation. The WGAW will then take immediate action to remedy the situation as warranted by the facts.

FCS FEE PAYERS' REPRESENTATION RIGHTS

As long as the FCS non-member fee 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 fee 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.