

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

**ANNUAL FINANCIAL REPORT**

JUNE 29, 2023



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

### **BOARD OF DIRECTORS**

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**PRESIDENT**

Michele Mulroney

**VICE PRESIDENT**

Betsy Thomas

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Eric Haywood

Deric A. Hughes

Zoe Marshall

Dailyn Rodriguez

John Rogers

Nicole Yorkin

David Young

**EXECUTIVE DIRECTOR**

### **WGAW HEADQUARTERS**

7000 West Third Street

Los Angeles, CA 90048

Telephone (323) 951-4000

Fax (323) 782-4800

[www.wga.org](http://www.wga.org)

### **AFFILIATED WITH:**

La Guilde Française des Scénaristes

New Zealand Writers Guild

Script Writers Association, Mumbai

Scriptwriters' Guild of Israel

Société des auteurs de radio, télévision et cinéma

Verband Deutscher Drehbuchautoren

Writers Guild of America, East

Writers Guild of Canada

Writers' Guild of Great Britain

Writers Guild of Ireland

Writers Guild of South Africa

## STATEMENT OF THE MEMBERSHIP AND FINANCE COMMITTEE

June 29, 2023

Dear Fellow Members:

We are pleased to present the Guild's annual financial report for the fiscal year that ended March 31, 2023.

The Guild's financial position at the end of the fiscal year was strong. The Guild ended the year with total net assets of over \$99.7 million. The Guild had an operating surplus for the fiscal year of \$7.5 million, based on total revenues of just over \$45.6 million. The financial report does not reflect the financial impact of the ongoing MBA work stoppage, which began on May 2, 2023. Because of the strike, we are omitting the state-of-the-industry data that normally accompanies the financial statement.

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

Betsy Thomas (chair), Tony DeSena, Travis Donnelly, Carleton Eastlake and Peter Murrieta

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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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:

### **Opinion**

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, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WGAW as of March 31, 2023, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WGAW and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the WGAW's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WGAW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WGAW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Matter**

As described in Note 12 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 to Writers 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

June 1, 2023

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

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2023**

	<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	\$22,229,713	\$57,465	\$1,138,688	\$392,252	\$41,560	\$23,859,678
Membership Dues Receivable	10,215,864	-	-	-	-	10,215,864
Accounts Receivable, Net	1,208,989	58,400	-	-	-	1,267,389
Notes Receivable, Net	-	-	-	105,000	-	105,000
Prepaid Expenses	798,788	1,279	-	-	-	800,067
Investments, at Market Value	33,024,311	-	18,158,883	6,530,627	1,928,031	59,641,852
Funds Received on Behalf of Members	31,777,171	-	-	-	-	31,777,171
Property and Equipment, Net	7,608,072	209,965	-	-	-	7,818,037
Right-of-Use Assets, Net	104,579	1,012,612	-	-	-	1,117,191
Security Deposits	2,295	23,478	-	-	-	25,773
Inter-Fund Borrowings	3,698,324	(3,698,324)	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$110,668,106</u></b>	<b><u>(\$2,335,125)</u></b>	<b><u>\$19,297,571</u></b>	<b><u>\$7,027,879</u></b>	<b><u>\$1,969,591</u></b>	<b><u>\$136,628,022</u></b>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts Payable and Accrued Expenses	\$1,518,199	\$ -	\$ -	\$ -	\$ -	\$1,518,199
Accrued Salaries, Vacation and Related Expenses	2,519,005	-	-	-	-	2,519,005
Deferred Rent	-	30,074	-	-	-	30,074
Due To Members	31,777,171	-	-	-	-	31,777,171
Lease Liability	104,579	1,012,612	-	-	-	1,117,191
<b>TOTAL LIABILITIES</b>	<b><u>35,918,954</u></b>	<b><u>1,042,686</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>36,961,640</u></b>
<b>NET ASSETS WITHOUT RESTRICTIONS</b>						
Undesignated Net Assets (Deficit)	73,334,643	(3,377,811)	-	-	-	69,956,832
Designated Net Assets	1,000,000	-	19,297,571	7,027,879	1,969,591	29,295,041
	<b><u>74,334,643</u></b>	<b><u>(3,377,811)</u></b>	<b><u>19,297,571</u></b>	<b><u>7,027,879</u></b>	<b><u>1,969,591</u></b>	<b><u>99,251,873</u></b>
NET ASSETS WITH RESTRICTIONS	414,509	-	-	-	-	414,509
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b><u>74,749,152</u></b>	<b><u>(3,377,811)</u></b>	<b><u>19,297,571</u></b>	<b><u>7,027,879</u></b>	<b><u>1,969,591</u></b>	<b><u>99,666,382</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$110,668,106</u></b>	<b><u>(\$2,335,125)</u></b>	<b><u>\$19,297,571</u></b>	<b><u>\$7,027,879</u></b>	<b><u>\$1,969,591</u></b>	<b><u>\$136,628,022</u></b>



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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2023**

	<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 NET ASSETS WITHOUT RESTRICTIONS REVENUES</b>						
Member Dues	\$41,585,533	\$ -	\$ -	\$ -	\$ -	\$41,585,533
Administrative Fees	1,628,435	-	-	-	-	1,628,435
(Loss) on Disposal of Property and Equipment	(6,122)	-	-	-	-	(6,122)
Other	1,910,499	258,200	1,124	-	-	2,169,823
<b>TOTAL REVENUES</b>	<u>45,118,345</u>	<u>258,200</u>	<u>1,124</u>	<u>-</u>	<u>-</u>	<u>45,377,669</u>
<b>EXPENSES</b>						
Payroll and Related Expenses	23,637,837	259,252	-	-	-	23,897,089
Special Functions	4,025,910	-	-	-	-	4,025,910
Occupancy	4,477,876	526,726	-	-	-	5,004,602
Operating	1,576,045	131,246	(12,439)	103,950	-	1,798,802
Professional Fees	2,954,298	25,353	-	1,400	-	2,981,051
Communications	135,243	-	-	-	-	135,243
<b>TOTAL EXPENSES</b>	<u>36,807,209</u>	<u>942,577</u>	<u>(12,439)</u>	<u>105,350</u>	<u>-</u>	<u>37,842,697</u>
<b>NET OPERATING INCREASE (DECREASE)</b>	8,311,136	(684,377)	13,563	(105,350)	-	7,534,972
<b>INVESTMENT INCOME (LOSS)</b>						
Investment Income	1,716,817	-	1,183,735	450,923	46,917	3,398,392
Net Unrealized (Depreciation) in Market Value	(1,144,985)	-	(1,673,266)	(659,716)	(3,514)	(3,481,481)
<b>TOTAL INVESTMENT INCOME (LOSS)</b>	<u>571,832</u>	<u>-</u>	<u>(489,531)</u>	<u>(208,793)</u>	<u>43,403</u>	<u>(83,089)</u>
<b>CHANGE IN NET ASSETS WITHOUT RESTRICTIONS</b>	8,882,968	(684,377)	(475,968)	(314,143)	43,403	7,451,883
<b>CHANGE IN NET ASSETS WITH RESTRICTIONS</b>						
Contributions (Showrunner Program)	250,000	-	-	-	-	250,000
Net Assets Released from Restrictions	(228,415)	-	-	-	-	(228,415)
<b>CHANGE IN NET ASSETS WITH RESTRICTIONS</b>	<u>21,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,585</u>
<b>CHANGE IN NET ASSETS</b>	8,904,553	(684,377)	(475,968)	(314,143)	43,403	7,473,468
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<u>65,844,599</u>	<u>(2,693,434)</u>	<u>19,773,539</u>	<u>7,342,022</u>	<u>1,926,188</u>	<u>92,192,914</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u><u>\$74,749,152</u></u>	<u><u>(\$3,377,811)</u></u>	<u><u>\$19,297,571</u></u>	<u><u>\$7,027,879</u></u>	<u><u>\$1,969,591</u></u>	<u><u>\$99,666,382</u></u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2023**

	<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	\$8,904,553	(\$684,377)	(\$475,968)	(\$314,143)	\$43,403	\$7,473,468
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In)						
Operating Activities:						
Depreciation and Amortization	1,504,174	52,631	-	-	-	1,556,805
Right-of-Use Amortization	74,114	256,044	-	-	-	330,158
Loss on Disposal of Property and Equipment	6,122	-	-	-	-	6,122
Net Unrealized Depreciation in Market Value	1,144,985	-	1,673,266	659,716	3,514	3,481,481
Accrued Interest on Investments	(154,323)	-	(65,671)	(18,760)	(31,011)	(269,765)
Write-off of Notes Receivable	-	-	-	12,966	-	12,966
Increase (Decrease) In Allowances for Doubtful Accounts	-	-	(6,684)	90,984	-	84,300
(Increase) in Membership Dues Receivable	(2,026,824)	-	-	-	-	(2,026,824)
(Increase) in Accounts Receivable	(769,819)	(58,400)	-	-	-	(828,219)
(Increase) Decrease in Prepaid Expenses	(121,151)	39	-	-	-	(121,112)
Increase (Decrease) in Accounts Payable and Accrued Expenses	25,223	-	-	(2,150)	-	23,073
Increase in Accrued Salaries, Vacation and Severance	207,064	-	-	-	-	207,064
(Decrease) in Lease Liability	(74,114)	(256,044)	-	-	-	(330,158)
(Decrease) in Deferred Rent	-	(8,020)	-	-	-	(8,020)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>8,720,004</b>	<b>(698,127)</b>	<b>1,124,943</b>	<b>428,613</b>	<b>15,906</b>	<b>9,591,339</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of Property and Equipment	(1,246,222)	(36,471)	-	-	-	(1,282,693)
Issuance of Notes Receivable	-	-	-	(105,000)	-	(105,000)
Payments Received on Notes Receivable	-	-	6,684	36,050	-	42,734
Purchases of Investments	(11,921,284)	-	(5,358,670)	(1,647,367)	(1,857,393)	(20,784,714)
Maturities of Investments	11,287,485	-	5,122,367	1,563,565	1,842,345	19,815,762
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(1,880,021)</b>	<b>(36,471)</b>	<b>(229,619)</b>	<b>(152,752)</b>	<b>(15,048)</b>	<b>(2,313,911)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Increase (Decrease) in Inter-fund Borrowings	(791,101)	791,101	-	-	-	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(791,101)</b>	<b>791,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,048,882</b>	<b>56,503</b>	<b>895,324</b>	<b>275,861</b>	<b>858</b>	<b>7,277,428</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>16,180,831</b>	<b>962</b>	<b>243,364</b>	<b>116,391</b>	<b>40,702</b>	<b>16,582,250</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$22,229,713</b>	<b>\$57,465</b>	<b>\$1,138,688</b>	<b>\$392,252</b>	<b>\$41,560</b>	<b>\$23,859,678</b>

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**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 not 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.

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.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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

Designated Net Assets, continued

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 23 countries in Europe, Latin America, and Asia for the benefit of the lawful payees.

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, 2023, the total cost of administering the FLP was \$1,408,131, which was above the total administrative fees and interest income of \$1,257,320 by \$150,811.

As part of a legal settlement, WGAW has agreed to prepare an annual analysis of the FLP finances in connection with its regular audit process. The analysis 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 analysis appear on page 16 of these financial statements.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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

Funds Received on Behalf of Members, continued

- 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 \$912,075 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 state of California Revenue and Taxation Code Section 23701a. Accordingly, no federal or state income taxes have been paid or accrued.

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.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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

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 and amortization, 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 \$577,681 are included in “property and equipment, net” in the accompanying statement of financial position.

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, 2023, 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, 2023 is diversified, with holdings primarily in mutual funds.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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

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, cash equivalents 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.

**2. Investments**

GAAP establishes a fair value hierarchy that 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 table represents the WGAW’s fair value hierarchy for its financial assets measured at fair value on a recurring basis as of March 31, 2023:

	Investments				Total Cost
	Level 1	Level 2	Level 3	Market Value	
U.S. Government backed securities	\$ -	\$17,000,392	\$ -	\$17,000,392	\$16,765,544
Bond mutual funds	5,657,244	-	-	5,657,244	5,875,277
Equity mutual funds	26,334,906	-	-	26,334,906	22,355,576
Money market funds	10,649,310	-	-	10,649,310	10,649,310
<b>Total</b>	<b>\$42,641,460</b>	<b>\$17,000,392</b>	<b>\$ -</b>	<b>\$59,641,852</b>	<b>\$55,645,707</b>

Level 1 investments consist of mutual funds and money market funds. 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. Level 2 investments consist of treasury bills recorded at fair value as reported by the investment manager. 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.



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**3. Notes Receivable**

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

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

An allowance has been provided for estimated uncollectible amounts.

**4. Property and Equipment**

Property and equipment consisted of the following at March 31, 2023:

	Total
Land	\$ 700,000
Building and improvements	10,814,140
Furniture and fixtures	6,502,136
Computers and equipment	2,290,172
Tenant improvements	838,434
	21,144,882
Less: Accumulated depreciation and amortization	13,326,845
	\$ 7,818,037

Depreciation and amortization expense was \$1,556,805 for the fiscal year ended March 31, 2023.

	Total
Right-to-Use Assets	\$1,447,349
Less: Accumulated amortization	330,158
	\$1,117,191

Amortization expense was \$330,158 for the fiscal year ended March 31, 2023.

**5. Lease Liabilities**

In accounting for leases on April 1, 2022, the WGAW adopted ASC 842 Leases, which requires a lessee to record a right-of-use asset and a corresponding lease liability at the inception of the lease, initially measured at the present value of lease payments. The WGAW classified the leases as operating leases and determined that the fair value at the inception of the lease was \$1,447,349 using a discount rate of 2.23% and the amortization of right-of-use asset of \$330,158 related to the lease, resulting in a net asset balance of \$1,117,191 as of March 31, 2023.

During the fiscal year ended March 31, 2023, the WGAW made lease payments of \$477,358. ASC 2016-02 requires recognition in the statement of activities a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis.



**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**5. Lease Liabilities, continued**

Maturities of the WGAW’s lease liabilities are as follows:

	<u>Total</u>
March 31, 2024	\$ 350,248
March 31, 2025	298,587
March 31, 2026	295,992
March 31, 2027	<u>218,856</u>
	1,163,683
Less: Interest	<u>46,492</u>
	<u>\$1,117,191</u>

In addition, \$4,434 per month managed rental agreement ending June 2028.

**6. 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, 2023 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, 2022. 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 2022	FIP/RP Status	Contributions by WGAW in 2023	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Producer-Writers Guild of America Pension Plan	95-2216351/ No. 001	Green	No	\$ 2,055,381	No	May 1, 2023
Other				<u>3,652</u>		
Total				<u>\$ 2,059,033</u>		

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**6. Multiemployer Defined Benefit Plans, continued**

**Pension Plan, 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 \$2,146,992 for the fiscal year ended March 31, 2023.

**7. 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 Code.

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

WGAW made \$294,611 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2023.

**8. Commitments and Contingencies**

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.

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

The law permits WGAW to assess FCS non-members fees at a different rate than regular fees. For the fiscal year ending March 31, 2024, WGAW has set FCS fees at 11.71% 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, an FCS non-member may be entitled to an adjustment of his or her FCS non-member fee.

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**10. 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	\$21,086,191	\$2,551,646	\$259,252	\$ -	\$ -	\$ -	\$23,897,089
Special functions	4,254,325	-	-	-	-	-	4,254,325
Occupancy	3,437,138	1,040,738	526,726	-	-	-	5,004,602
Operating	1,137,800	438,245	131,246	(12,439)	103,950	-	1,798,802
Professional fees	2,567,664	386,634	25,353	-	1,400	-	2,981,051
Communications	<u>135,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,243</u>
Total	<u>\$32,618,361</u>	<u>\$4,417,263</u>	<u>\$942,577</u>	<u>(\$12,439)</u>	<u>\$105,350</u>	<u>\$ -</u>	<u>\$38,071,112</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.

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

During the fiscal year ended March 31, 2023, WGAW received funds on behalf of members of \$38,452,569. WGAW made payments from funds received on behalf of members of \$36,277,523 during the fiscal year ended March 31, 2023.

**12. Related Party**

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

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

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

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**12. Related Party, continued**

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, 2023:

	<u>WGAW PAC</u> <u>(Unaudited)</u>
Assets	<u>\$142,107</u>
Liabilities	<u>\$ -</u>
Net assets	<u>\$142,107</u>
Revenues	<u>\$144,931</u>
Expenses	<u>\$148,830</u>
Net increase	<u>\$ (3,899)</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.

**13. Subsequent Events**

Management has evaluated subsequent events through June 1, 2023, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

**SUPPLEMENTAL SCHEDULE**

**WRITERS GUILD OF AMERICA, WEST, INC.**  
**FOREIGN LEVIES FUNDS COLLECTED, DISTRIBUTED TO WRITERS AND HELD BY WGAW**  
**MARCH 31, 2023**

Fiscal Year <sup>1,2</sup>	Collected			Distributed			Held		
	A	B	C	D = B + C	E	F		G	H
	Beginning Balance	WGAW Funds Collected Remittances <sup>3</sup>	Investment Income/Interest <sup>4</sup>	Total Funds Collected including Interest	Investment Income/Interest Transferred <sup>5</sup>	Assessed Administrative Fee <sup>6</sup>	WGAW Funds Distributed to Writers <sup>7</sup>	WGAW Funds Distributed to The Actors Fund <sup>8</sup>	WGAW Funds Held Balance <sup>9</sup>
FY 1992 - FY 2011 <sup>10</sup>	\$ -	\$ 129,235,882	\$ 8,953,324	\$ 138,189,206	\$ 7,654,451	\$ 4,989,771	\$ 103,924,891	\$ -	\$ 21,620,093
FY 2012	21,620,093 <sup>11</sup>	18,294,675	203,687	18,498,362	-	847,107	17,321,468	-	21,949,880
FY 2013	21,949,880	17,281,607	173,094	17,454,701	681,706 <sup>12</sup>	901,815	17,136,189	1,090,871	19,594,000
FY 2014	19,594,000	14,389,348	19,253	14,408,601	612,360 <sup>12</sup>	759,411	13,273,994	-	19,356,836
FY 2015	19,356,836	15,914,522	110,301	16,024,823	-	770,561	14,593,763	235,924	19,781,411
FY 2016	19,781,411	13,761,663	71,864	13,833,527	512,715 <sup>12</sup>	649,345	12,402,005	1,371,779	18,679,094
FY 2017	18,679,094	16,900,964	52,036	16,953,000	71,864 <sup>12</sup>	779,900	14,568,410	916,237	19,295,683
FY 2018	19,295,683	24,540,016	163,581	24,703,597	52,036 <sup>12</sup>	1,162,790	21,907,424	733,564	20,143,466
FY 2019	20,143,466	15,743,887	417,487	16,161,374	108,552 <sup>12</sup>	840,098	16,313,190	702,925	18,340,075
FY 2020	18,340,075	16,403,365	310,965	16,714,330	482,160 <sup>12</sup>	812,783	14,858,435	507,160	18,393,867
FY 2021	18,393,867	31,574,060	3,085	31,577,145	299,901 <sup>12</sup>	1,560,559	29,131,680	610,884	18,367,988
FY 2022	18,367,988	16,223,036	1,636	16,224,672	433 <sup>12</sup>	798,318	15,146,275	300,117	18,347,517
FY 2023	18,347,517	15,334,276	540,960	15,875,236	1,636	716,360	13,068,763	739,642	19,696,352
		<b>\$ 345,597,301</b>	<b>\$ 11,021,273</b>	<b>\$ 356,618,574</b>	<b>\$ 10,477,814</b>	<b>\$ 15,588,818</b>	<b>\$ 303,646,487</b>	<b>\$ 7,209,103</b>	

**Notes:**

All values rounded to the nearest dollar.

<sup>1</sup> WGAW initiated its foreign levies collection efforts in 1987. It received the first remittances from foreign Collecting Societies in 1992.

<sup>2</sup> WGAW's fiscal year ends on March 31.

<sup>3</sup> Remittances from foreign collection societies to WGAW on behalf of writers, net of transfers to other foreign levies payors (e.g. the DGA) and refunds to foreign collecting societies of improperly transmitted funds.

<sup>4</sup> Investment Income/Interest on funds held is net of bank and custodial fees. Investment Income/Interest is determined by investment performance.

<sup>5</sup> Investment Income and Interest are transferred to WGAW general fund to offset the cost of administering the Foreign Levies Program.

<sup>6</sup> WGAW began charging an administrative fee in 2004 to offset the cost of administering the Foreign Levies Program. The fee is assessed when funds are distributed to writers.

<sup>7</sup> Includes payments to writers and their heirs, successors or other lawful payees.

<sup>8</sup> WGAW transfers certain undeliverable foreign levies to The Actors Fund, a 501(c)(3) charitable organization, which provides emergency assistance to writers and other entertainment industry professionals.

<sup>9</sup> Balance as of the end of WGAW's fiscal year on March 31.

<sup>10</sup> FY 1992 - FY 2011 data are based on the February 29, 2012 *One-Time Review of the Foreign Levies Program*, prepared by the accounting firm KPMG LLP (the "KPMG Review").

<sup>11</sup> FY 2012 beginning balance is based on the KPMG Review.

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

## 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, 2023 through March 31, 2024**, the WGAW has set the FCS non-membership fee at 11.71% 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.

Patrick Cannon, Membership Administrator  
 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, 2023, 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.