

WRITERS GUILD OF AMERICA, WEST, INC.

ANNUAL FINANCIAL REPORT

JUNE 29, 2016



**WRITERS
GUILD OF
AMERICA, WEST**

WRITERS GUILD OF AMERICA, WEST, INC.

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Film Writers' Association (Mumbai, India)

La Guilde Française des Scénaristes

New Zealand Writers Guild

Scriptwriters Guild of Israel (R.A.)

Seccion de Autores y Adaptors de Cine, Mexico

Société Des Auteurs De Radio, Télévision Et Cinema (Québec, Canada)

Verband Deutscher Drehbuchautoren e.V (Germany)

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, 2016

Dear Fellow Members:

We are pleased to present the Guild's annual financial report. This year's report continues the positive 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 ending March 31, 2016. These are some highlights:

- The Guild ended the fiscal year with total net assets of over \$53 million. The Guild owns its headquarters free of mortgage debt and has unused lines of credit totaling \$15 million. Our investments stand at \$25.8 million, including a total of \$16.4 million in our Strike and Good & Welfare Funds.
- The Guild had an operating surplus for the fiscal year of \$3.6 million based on total revenues of \$30.7 million, up slightly from \$30.0 million last year. The surplus was the product of growth in total writer compensation, a result of increased numbers of writers employed in the television and new media sectors.
- Annual expenditures of \$27.1 million were higher than FY 2015's total of \$25.5 million. This modest increase was the result of filling budgeted staff vacancies and increasing expenditures related to upcoming negotiations for the WGA's principal industry-wide agreement, which expires on May 1, 2017.
- The supplemental schedule on page 25 reflects that the Guild's Foreign Levies Program distributed \$12.4 million to writers and heirs during the last fiscal year. This annual review is also posted on the Foreign Levies page of the Guild's website, www.wga.org/foreignlevies, along with other information about the program.

We publish this financial information each year in the interest of transparency and to ensure an 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), Tony DeSena, Carleton Eastlake, Cynthia Riddle and Dan Wilcox

THE MARKETPLACE FOR WRITING

EMPLOYMENT AND EARNINGS

TOTAL EARNINGS FOR WGAW WRITERS AND NUMBER OF WRITERS REPORTING EARNINGS

Reports of employment in all work areas combined declined 1.6% in 2015, though late reports should result in a slight increase in employment levels compared to 2014. Total writer earnings topped \$1 billion for the fifth consecutive year, only 0.9% lower than 2014.

WGAW EMPLOYMENT AND EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIORYEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIORYEAR
2010	4,485	-0.3%	\$989.1	1.7%
2011	4,627	3.2%	\$1,007.3	1.8%
2012	4,787	3.5%	\$1,110.5	10.2%
2013	5,002	4.5%	\$1,093.3	-1.5%
2014	5,241	4.8%	\$1,187.7	8.6%
2015	5,159	-1.6%	\$1,176.4	-0.9%

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

EARNINGS AND EMPLOYMENT IN TELEVISION

Earnings of television writers reported to date for 2015 are down 2% from record levels in 2014. Total television employment is down 0.5% from 2014, with 4,129 writers reporting income from television.

WGAW TELEVISION EMPLOYMENT AND EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIORYEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIORYEAR
2010	3,242	3.7%	\$569.9	8.8%
2011	3,450	6.4%	\$619.1	8.6%
2012	3,701	7.3%	\$730.8	18.0%
2013	3,870	4.6%	\$730.2	-0.1%
2014	4,151	7.3%	\$819.4	12.2%
2015	4,129	-0.5%	\$803.0	-2.0%

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

EARNINGS AND EMPLOYMENT IN SCREEN

Employment and earnings in screen grew in 2015, with employment up 3.6% and earnings up 1.9%. Screen employment has grown over the last three years while earnings have increased over the past two. Both, however, remain lower than peak levels.

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
2010	1,733	-6.3%	\$407.7	-7.1%
2011	1,684	-2.8%	\$375.9	-7.8%
2012	1,660	-1.4%	\$367.6	-2.2%
2013	1,724	3.9%	\$350.4	-4.7%
2014	1,737	0.8%	\$355.5	1.4%
2015	1,799	3.6%	\$362.1	1.9%

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

EARNINGS AND EMPLOYMENT IN NEWS & PROMOTION, INFORMATIONAL AND INTERACTIVE

Employment in news, promotion, informational and interactive programming rose slightly, with 161 writers reporting earnings. Earnings were down 11.1%.

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
2010	190	4.4%	\$11.4	12.6%
2011	194	2.1%	\$12.2	7.5%
2012	167	-13.9%	\$12.0	-2.1%
2013	159	-4.8%	\$12.7	5.9%
2014	157	-1.3%	\$12.8	0.6%
2015	161	2.5%	\$11.3	-11.1%

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 2015 grew to a record high of \$400 million, a 3.4% increase over 2014. This is the third consecutive year receipts exceeded \$350 million. Residuals increased 5.6% in television but declined .5% in screen.

Consistent with previous years, television continues to be the stronger area, with \$261.7 million in receipts, representing 65% of the total residuals collected in 2015. Domestic syndication showed a notable gain with an 18.8 % increase over last year. New media residuals continue to increase as expected with a 13.3% increase, going from \$22.43 to \$25.41 million. Also as expected, for the fourth consecutive year new media residuals exceeded Pay TV and home video residuals. Since 2010, foreign television residuals have been the area with the highest dollar receipts. In 2015, foreign television residuals exceeded \$56.1 million. This is a 3.5% increase over last year and 93.8% over the last five

years. The only other single area that has a dollar amount comparably as high as foreign television is Pay Television residuals for theatrical projects (see below for figures). Network prime time and made-for basic cable saw decreases in 2015. Network prime time decreased to \$19.40 million and basic cable to \$37.96 million. Home video residuals continue to decline with \$5.27 million, a decrease of 9.6% from last year and 49% over the last five years.

Total feature film residuals fell less than 1% from last year to \$138.37 million. As with television, home video receipts continue to decline, with a 14.4% decrease. Pay TV residuals rose slightly with a 1.8% gain from last year at \$54.19 million. New media saw a healthy increase of 21.6% with \$13.9 million. Worldwide television declined slightly to \$44.56 million, and the script publication fee had a modest gain of 4.3% over 2014 with \$1.59 million.

TOTAL RESIDUALS RECEIVED 2010 THROUGH 2015
(INCLUDES COLLECTIONS AND AFFIRMATIVE POLICING TOTALS / IN MILLIONS OF DOLLARS)

	2010	2011	2012	2013	2014	2015	PERCENT CHANGE 2014 - 2015	PERCENT CHANGE 2010 - 2015
TELEVISION RESIDUALS								
Prime Time Network	\$24.75	\$25.50	\$23.76	\$24.01	\$22.17	\$19.40	-12.5%	-21.6%
Domestic Synd. / WB / CW	26.15	29.42	31.79	35.12	30.55	36.30	18.8%	38.8%
Foreign Free TV & Basic Cable	29.00	46.25	39.45	46.41	54.31	56.19	3.5%	93.8%
Basic Cable (Non Basic Cable Programs)	30.45	26.36	27.90	27.64	28.37	29.40	3.6%	-3.5%
Basic Cable for Made-for Basic	20.88	24.71	32.82	37.20	38.93	37.96	-2.5%	81.8%
Pay TV for Made-for Pay	3.65	6.55	4.99	7.55	6.90	8.28	19.9%	126.8%
Pay TV (for Non-Pay Programs)	4.33	5.42	7.89	10.53	14.31	17.83	24.6%	311.2%
Home Video	10.34	9.50	8.76	6.74	5.83	5.27	-9.6%	-49.0%
New Media Reuse	2.55	3.48	10.65	15.87	22.43	25.41	13.3%	896.1%
Network Late Night / Weekend Day	6.26	6.33	5.03	4.24	3.92	5.17	32.1%	-17.3%
Misc. TV Reuse	3.42	6.55	5.38	4.73	6.12	4.50	-26.5%	31.6%
TV Creator Royalties	12.47	13.03	14.06	14.35	14.02	16.00	14.1%	28.3%
Total Television Residuals	\$174.25	\$203.10	\$212.48	\$234.39	\$247.86	\$261.71	5.6%	50.2%
THEATRICAL RESIDUALS								
Worldwide Television	\$44.52	\$42.78	\$43.46	\$45.17	\$45.00	\$44.56	-1.0%	0.1%
Home Video	39.29	30.17	30.32	27.84	26.72	22.86	-14.4%	-41.8%
Pay TV	53.06	50.44	54.44	55.46	53.25	54.19	1.8%	2.1%
DVD Script Fee	1.15	1.36	1.03	1.43	1.52	1.59	4.3%	37.7%
New Media Reuse	1.22	3.38	5.84	9.38	11.43	13.90	21.6%	1043.1%
Misc. Theatrical Reuse	3.23	1.75	1.26	0.94	1.13	1.27	12.3%	-60.6%
Total Theatrical Residuals	\$142.47	\$129.88	\$136.35	\$140.22	\$139.05	\$138.37	-0.5%	-2.9%
TOTAL RESIDUALS	\$316.72	\$332.98	\$348.83	\$374.61	\$386.91	\$400.08	3.4%	26.3%

CONTRACT ENFORCEMENT

The Guild's Residuals Department enforces residuals provisions of the contract by investigating 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

	2009	2010	2011	2012	2013	2014	2015	2016 (THRU 4/30/16)
Residuals	\$11,973,234	\$22,388,010	\$25,782,503	\$28,710,320	\$30,168,459	\$24,731,072	\$44,566,668	\$4,069,694
Residuals Interest	422,396	518,406	838,735	578,791	227,141	509,476	1,199,915	221,613
Total Amounts	\$12,395,630	\$22,906,416	\$26,621,238	\$29,289,111	\$30,395,600	\$25,240,548	\$45,766,583	\$4,291,307
TOTAL OPEN CASES	489	346	384	383	357	303	285	313

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 amount collected through these enforcement efforts has grown steadily in recent years. The chart below reflects total annual collections, broken down by type of damages collected:

LEGAL DEPARTMENT TOTAL AMOUNTS COLLECTED

	2009	2010	2011	2012	2013	2014	2015	2016 (THRU 5/5/16)
Initial Compensation	\$568,192	\$903,456	\$1,550,866	\$1,428,175	\$1,971,161	\$2,179,145	\$2,983,368	\$1,450,411
Compensation Interest	139,207	100,385	208,909	161,976	172,299	294,332	330,172	71,167
Residuals	977,867	530,794	1,612,032	1,967,801	2,843,412	11,444,135	6,174,449	1,939,300
Residuals Interest	74,162	123,826	333,468	457,738	553,867	1,269,681	500,343	789,870
P&H	65,010	248,291	296,766	267,089	311,385	903,668	341,796	158,621
P&H Interest	6,251	6,093	28,405	25,901	26,357	31,373	14,063	4,337
Credits Damages	131,500	76,300	116,251	268,681	266,251	88,511	102,300	-
TOTAL AMOUNTS	\$1,962,189	\$1,989,145	\$4,146,697	\$4,577,361	\$6,144,732	\$16,210,845	\$10,446,491	\$4,413,706

LEGAL DEPARTMENT TOTAL OPEN CASES

	2009	2010	2011	2012	2013	2014	2015	2016 (THRU 5/5/16)
Compensation	168	161	125	74	182	221	183	155
Credits	54	65	54	57	48	38	59	51
Miscellaneous	99	93	90	87	11	13	20	34
Residuals	206	371	314	274	262	229	223	229
Separation of Rights	41	41	33	32	32	24	21	21
TOTAL OPEN CASES	568	731	616	524	535	525	506	490

WRITERS GUILD OF AMERICA, WEST, INC.

FINANCIAL STATEMENTS

MARCH 31, 2016

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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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, 2016, 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.

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Board of Directors
Writers Guild of America, West, Inc.

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, 2016, 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 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 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 24, 2016

WRITERS GUILD OF AMERICA, WEST, INC.

STATEMENT OF FINANCIAL POSITION MARCH 31, 2016

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
ASSETS						
Cash and Cash Equivalents	\$15,383,446	\$62,947	\$45,553	\$48,413	\$1,867,073	\$17,407,432
Membership Dues Receivable	6,051,000	-	-	-	-	6,051,000
Accounts Receivable, Net	499,602	131,400	9,167	2,397	-	642,566
Notes Receivable, Net	-	-	-	8,400	-	8,400
Prepaid Expenses	475,598	1,546	-	-	-	477,144
Investments, at Market Value	9,364,871	-	12,128,280	4,292,252	-	25,785,403
Funds Received On Behalf Of						
Members	24,735,072	-	-	-	-	24,735,072
Property and Equipment, Net	4,866,833	447,202	-	-	-	5,314,035
Security Deposits	-	23,477	-	-	-	23,477
Inter-Fund Borrowings	1,480,292	(1,479,899)	(153)	(240)	-	-
TOTAL ASSETS	\$62,856,714	(\$813,327)	\$12,182,847	\$4,351,222	\$1,867,073	\$80,444,529
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued						
Expenses	\$692,322	\$ -	\$ -	\$500	\$ -	\$692,822
Accrued Salaries, Vacation and						
Severance	1,916,430	-	-	-	-	1,916,430
Deferred Rent	-	43,527	-	-	-	43,527
Due To Members	24,735,072	-	-	-	-	24,735,072
TOTAL LIABILITIES	27,343,824	43,527		500	-	27,387,851
NET ASSETS						
UNRESTRICTED:						
Undesignated Net Assets	34,456,308	(856,854)	-	-	-	33,599,454
Designated Net Assets	1,000,000	-	12,182,847	4,350,722	1,867,073	19,400,642
	35,456,308	(856,854)	12,182,847	4,350,722	1,867,073	53,000,096
TEMPORARILY RESTRICTED	56,582	-	-	-	-	56,582
TOTAL NET ASSETS (DEFICIT)	35,512,890	(856,854)	12,182,847	4,350,722	1,867,073	53,056,678
TOTAL LIABILITIES & NET						
ASSETS	\$62,856,714	(\$813,327)	\$12,182,847	\$4,351,222	\$1,867,073	\$80,444,529

The accompanying notes are an integral part of the financial statements

WRITERS GUILD OF AMERICA, WEST, INC.

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED MARCH 31, 2016

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
Change in Unrestricted						
Net Assets:						
Revenues						
Member Dues	\$26,686,810	\$ -	\$ -	\$ -	\$ -	\$26,686,810
Administrative Fees	1,227,212	-	-	-	-	1,227,212
Other	1,931,642	623,856	18,835	-	-	2,574,333
Total Revenues	<u>29,845,664</u>	<u>623,856</u>	<u>18,835</u>	<u>-</u>	<u>-</u>	<u>30,488,355</u>
Expenses						
Payroll and Related Expenses	16,643,243	335,140	4,148	5,236	-	16,987,767
Special Functions	3,215,097	-	-	-	-	3,215,097
Occupancy	2,365,977	436,081	-	-	-	2,802,058
Operating	1,296,583	51,655	(98,809)	(25,093)	(15)	1,224,321
Professional Fees	2,055,191	9,780	13,085	5,910	7,847	2,091,813
Communications	507,364	-	-	-	-	507,364
Total Expenses	<u>26,083,455</u>	<u>832,656</u>	<u>(81,576)</u>	<u>(13,947)</u>	<u>7,832</u>	<u>26,828,420</u>
Net Operating Increase						
(Decrease)	3,762,209	(208,800)	100,411	13,947	(7,832)	3,659,935
Investment Income						
Investment Income	354,478	-	531,320	202,861	110	1,088,769
Net Realized Gain (Loss) on Sale of						
Investments	(1,235)	-	14,509	4,501	-	17,775
Net Unrealized Appreciation (Depreciation)						
in Market Value	4,068	-	(664,832)	(263,147)	-	(923,911)
Net Amortization of (Premiums)	(124,183)	-	(4,857)	(1,207)	-	(130,247)
Total Investment Income (Loss)	<u>233,128</u>	<u>-</u>	<u>(123,860)</u>	<u>(56,992)</u>	<u>110</u>	<u>52,386</u>
Change in Unrestricted Net Assets	<u>3,995,337</u>	<u>(208,800)</u>	<u>(23,449)</u>	<u>(43,045)</u>	<u>(7,722)</u>	<u>3,712,321</u>
Change in Temporarily						
Restricted Net Assets:						
Contributions (Showrunner Program)	200,000	-	-	-	-	200,000
Net Assets Released from Restrictions	(292,755)	-	-	-	-	(292,755)
Change in Temporarily						
Restricted Net Assets	<u>(92,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,755)</u>
Change in Net Assets	<u>3,902,582</u>	<u>(208,800)</u>	<u>(23,449)</u>	<u>(43,045)</u>	<u>(7,722)</u>	<u>3,619,566</u>
Net Assets (Deficit), Beginning of Year	31,610,308	(648,054)	12,206,296	4,393,767	1,874,795	49,437,112
Net Assets (Deficit), End of Year	<u><u>\$35,512,890</u></u>	<u><u>(\$856,854)</u></u>	<u><u>\$12,182,847</u></u>	<u><u>\$4,350,722</u></u>	<u><u>\$1,867,073</u></u>	<u><u>\$53,056,678</u></u>

The accompanying notes are an integral part of the financial statements

WRITERS GUILD OF AMERICA, WEST, INC.

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED MARCH 31, 2016

	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	\$3,902,582	(\$208,800)	(\$23,449)	(\$43,045)	(\$7,722)	\$3,619,566
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	349,039	47,943	-	-	-	396,982
Net realized (gain) loss on sales of investments	1,235	-	(14,509)	(4,501)	-	(17,775)
Net unrealized (appreciation) depreciation in market value	(4,068)	-	664,832	263,147	-	923,911
Net amortization of premiums	124,183	-	4,857	1,207	-	130,247
Write-off of notes receivable	-	-	35,928	11,334	-	47,262
(Decrease) in allowance for doubtful accounts	(6,908)	(5,500)	(134,737)	(36,428)	(15)	(183,588)
(Increase) in membership dues receivable	(413,000)	-	-	-	-	(413,000)
(Increase) decrease in accounts receivable	374,964	20,200	(1,772)	(529)	-	392,863
(Increase) decrease in prepaid expenses	(108,932)	216	-	-	-	(108,716)
(Decrease) in accounts payable and accrued expenses	(179,332)	-	(358)	(320)	-	(180,010)
Increase in accrued salaries, vacation and severance	369,384	-	-	-	-	369,384
Increase in deferred rent	-	10,377	-	-	-	10,377
Net cash provided by (used in) operating activities	4,409,147	(135,564)	530,792	190,865	(7,737)	4,987,503
Cash flows from investing activities:						
Purchase of property and equipment	(486,585)	(23,144)	-	-	-	(509,729)
Issuance of notes receivable	-	-	-	(17,500)	-	(17,500)
Payments received on notes receivable	-	-	98,809	42,494	15	141,318
Purchases of investments	(8,158,871)	-	(23,688,086)	(6,619,699)	-	(38,466,656)
Maturities of investments	7,870,836	-	23,059,580	6,374,423	-	37,304,839
Net cash (used in) investing activities	(774,620)	(23,144)	(529,697)	(220,282)	15	(1,547,728)
Cash flows from financing activities:						
Increase (decrease) in inter-fund borrowings	(58,360)	103,459	(20,540)	(21,859)	(2,700)	-
Net cash provided by (used in) financing activities	(58,360)	103,459	(20,540)	(21,859)	(2,700)	-
Net increase (decrease) in cash and cash equivalents	3,576,167	(55,249)	(19,445)	(51,276)	(10,422)	3,439,775
Cash and cash equivalents, beginning of year	11,807,279	118,196	64,998	99,689	1,877,495	13,967,657
Cash and cash equivalents, end of year	<u>\$15,383,446</u>	<u>\$62,947</u>	<u>\$45,553</u>	<u>\$48,413</u>	<u>\$1,867,073</u>	<u>\$17,407,432</u>

The accompanying notes are an integral part of the financial statements

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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 reclassified for accounting and reporting purposes into net asset categories established according to their nature and purposes.

The assets, liabilities, and net assets of WGAW are reported in five self-balancing fund groups as follows:

- The Guild Operations Fund includes undesignated and designated resources and represents the portion of the funds that are available for WGAW operations and member services.
- The Theater Operations Fund contains funds intended for use in connection with the Film Society and other theater operations.
- The Strike Fund was created in 1986 to provide loans or grants as determined by the Board of Directors to members adversely affected by a strike.
- The Year 2000 and Good & Welfare Funds were created in October 1992 to provide special purpose funds for WGAW operations as described more fully below.

Net Assets

Unrestricted net assets are assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Temporarily restricted net assets are assets whose use has been restricted by donors for a specific period or purpose. When a donor restriction expires (a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Interest income earned on temporarily restricted contributions received and expended in the same fiscal year is recorded as unrestricted revenues.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

1. Summary of Significant Accounting Policies, continued

Designated Net Assets

The Board of Directors has designated \$1,000,000 of WGAW's operating net assets as a reserve for emergency situations in accordance with the WGAW Constitution.

The Strike Fund net assets have been designated in accordance with the WGAW Constitution to provide loans or grants to members who are adversely affected by a strike. Since October 1, 1992, the Strike Fund balance has been maintained at a cost-of-living adjusted six million dollars (\$6,000,000) of funds previously allocated from member dues. Interest and investment income earned from Strike Fund investments in excess of the current year change in the cost-of-living index is transferred to the Good & Welfare and/or Year 2000 Funds. The current fiscal year cost-of-living index is 1.34%.

The Good & Welfare Fund was established to provide interest-free, short-term loans for current members in good standing who are experiencing acute financial distress in emergency situations. Loans to members are financed from the interest and investment revenue generated by the principal of the fund.

The Year 2000 Fund was established to provide WGAW with resources to more effectively meet the challenges and address the issues raised by the significant changes in the domestic and international marketplace; to ensure that writers' future participation in revenues generated by the exploitation of their literary materials is better protected and guaranteed; and to further the creative, artistic and professional standing of screen and television writers. Expenditures from this fund are approved by the Board of Directors.

Funds Received on Behalf Of Members

WGAW receives funds on behalf of members and other payees in the following segregated accounts: (1) member payments; (2) client trust; (3) foreign levies; (4) undeliverable funds; and (5) small residuals.

- Member payments include monies received from production companies and payable to writers as a result of the use of excerpts of WGAW-covered programs.
- The client trust account contains funds received by WGAW and payable to writers as damages as the result of legal proceedings to enforce WGAW's collective bargaining agreements.
- Foreign levies are monies 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, 2016

1. Summary of Significant Accounting Policies, continued

The 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, 2016, the total cost of administering the FLP was \$1,196,548, which exceeded the total administrative fees and interest income of \$721,209 by \$475,339.

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 25 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 \$577,867 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 rental and net advertising income is subject to unrelated business income tax.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

1. Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Guild has adopted guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board. Management believes that the Guild has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. As of March 31, 2016, information returns subsequent to 2012 were subject to examination by authorities.

Statement of Cash Flows

For purposes of the statement of cash flows, WGAW considers money market accounts and other highly liquid investments, purchased with an initial maturity of three months or less, to be cash equivalents, with the exception of those classified as investments.

Property and Equipment

As required by accounting principles generally accepted in the United States of America ("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
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, 2016

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, an equity mutual fund and money market funds. WGAW is exposed to credit risk for the amount of the investments in the event of nonperformance by other parties to the investment transactions. To date, WGAW has not incurred losses related to these investments and does not anticipate nonperformance by other parties.

WGAW places its cash with various financial institutions. From time to time and as of March 31, 2016, 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, 2016 is diversified, with holdings primarily in U.S. Agencies and government backed securities, corporate bonds and a mutual fund.

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.

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.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

2. Investments, continued

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, 2016:

	Investments				
	Level 1	Level 2	Level 3	Market Value	Total Cost
U.S. Agencies and government backed securities	\$ -	\$ 7,763,563	\$ -	\$ 7,763,563	\$ 7,710,782
Corporate bonds	-	6,469,703	-	6,469,703	6,428,193
Equity mutual fund	11,175,754	-	-	11,175,754	9,353,905
Money market funds	376,383	-	-	376,383	376,383
Total	\$11,552,137	\$14,233,266	\$ -	\$25,785,403	\$23,869,263

	Funds Received on Behalf of Members				
	Level 1	Level 2	Level 3	Market Value	Total Cost
U.S. Agencies and government backed securities	\$ -	\$2,525,222	\$ -	\$ 2,525,222	\$ 2,493,715
Corporate bonds	-	2,408,620	-	2,408,620	2,393,579
Money market funds	19,801,230	-	-	19,801,230	19,801,230
Total	\$19,801,230	\$4,933,842	\$ -	\$24,735,072	\$24,688,524

Level 1 investments consist of an equity mutual fund 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. 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 2017 into money market funds, government backed securities, or investment-grade corporate bonds.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

2. Investments, continued

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	\$871,285	\$87,237	\$958,522
Net realized gain (loss) on sale of investments	18,113	(338)	17,775
Net unrealized (depreciation) in market value	(922,973)	(938)	(923,911)
Bank fees (included in professional fees)	(108,991)	(15,684)	(124,675)
Return on investments	(\$142,566)	\$70,277	(\$72,289)

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, 2016:

	<u>Total</u>
Land	\$ 700,000
Building and improvements	7,973,014
Furniture and fixtures	2,956,310
Computers and equipment	3,450,140
Tenant improvements	991,729
	<u>16,071,193</u>
Less: Accumulated depreciation and amortization	<u>10,757,158</u>
	<u>\$ 5,314,035</u>

Depreciation and amortization expense was \$396,982 for the fiscal year ended March 31, 2016.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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, 2016 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, 2015. 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 2015	FIP/RP Status	Contributions by WGAW in 2016	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Producer-Writers Guild of America Pension Plan	95-2216351 No. 001	Green	No	\$ 1,133,388	No	May 1, 2017
Other				4,561		
<u>Total</u>				<u>\$ 1,137,949</u>		

Among other factors, plans in the red zone are generally less than 65 percent funded; plans in the yellow zone 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 \$1,231,511 for the fiscal year ended March 31, 2016.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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 \$240,960 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2016.

7. Commitments and Contingencies

WGAW has entered into operating lease agreements for its theater, office equipment and storage through December 2026. Also, during the fiscal year ended March 31, 2013, WGAW pledged \$50,000, to be paid over five years, for the construction of the new AMPAS museum, which will conduct screenings, lectures, filmmaking workshops and exhibitions portraying the role of organized labor in Hollywood's history. At March 31, 2016, future minimum payments under these non-cancellable obligations were as follows:

	Office Equipment	Theater	Storage	AMPAS	Total
2017	\$68,895	\$217,311	\$50,400	\$10,000	\$346,606
2018	60,663	234,774	50,400	-	345,837
2019	11,185	256,117	37,800	-	305,102
2020	6,687	256,117	-	-	262,804
2021	6,130	256,117	-	-	262,247
Thereafter	-	1,600,731	-	-	1,600,731
Total	<u>\$153,560</u>	<u>\$2,821,167</u>	<u>\$138,600</u>	<u>\$10,000</u>	<u>\$3,123,327</u>

For the fiscal year ended March 31, 2016, rent expense was \$363,422 (equipment, storage and theater rental); and \$10,000 (AMPAS pledge).

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, 2017.

WGAW may from time to time be involved in various ongoing litigation matters. If judgments are made against WGAW, management does not expect that these amounts will materially exceed the amounts recoverable through WGAW's insurance carriers. Management believes that the disposition of any such litigation will not materially affect WGAW's financial condition or earnings.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

8. Lines of Credit

WGAW has two lines of credit. The first is a \$5,000,000 line of credit, which bears interest at the prime rate and expires on May 15, 2016 (See Note 13). Under the terms of this line of credit, WGAW must maintain liquid assets of at least \$2,500,000 in unrestricted cash or investment accounts. The second is a \$10,000,000 line of credit, also at prime rate, which also expires on May 15, 2016 (See Note 13). The second line of credit carries a “negative pledge clause” whereby WGAW agrees not to pledge any assets if the pledge would impair the security of the lender. As of March 31, 2016, the WGAW has not borrowed against either line of credit.

9. 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, 2016, WGAW set FCS fees at 13.85% 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, 2017, WGAW has set FCS fees at 13.85% 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.

10. Functional Expenses

Expenses incurred by functional category were as follows:

Member services	\$23,065,464
Management and general	3,310,746
Programs:	
Theater Operations Fund	832,656
Strike Fund	(81,576)
Good & Welfare Fund	(13,947)
Year 2000 Fund	<u>7,832</u>
Total expenses	<u>\$27,121,175</u>

11. Supplemental Disclosure of Cash Flow Information

During the fiscal year ended March 31, 2016, WGAW received funds on behalf of members of \$25,855,037. WGAW made payments from funds received on behalf of members of \$25,463,113 during the fiscal year ended March 31, 2016.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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.

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, 2016:

	<u>WGAW PAC</u> <u>(Unaudited)</u>
Assets	<u>\$ 68,661</u>
Liabilities	<u>\$ -</u>
Net Assets	<u>\$ 68,661</u>
Revenues	<u>\$ 47,943</u>
Expenses	<u>\$ 44,786</u>
Net Increase	<u>\$ 3,157</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

On May 2, 2016, the lines of credit were extended until August 15, 2016.

Management has evaluated subsequent events through May 24, 2016, the date on which the financial statements were available to be issued. Other than as described above, 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, 2016

Fiscal Year ^{1,2}	Beginning Balance	WGAW		Collected		Investment Income/Interest Transferred ⁵	Distributed			WGAW Funds Held Balance ⁹						
		Funds Collected Remittances ³	B	Investment Income/Interest ⁴	C		Total Funds Collected including Interest D = B + C	Assessed Administrative Fee ⁶	WGAW Funds Distributed to Writers ⁷		WGAW Funds Distributed to The Actors Fund ⁸	H	I = A + D - E - F - G - H			
														A		
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	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		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		-	¹²	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	¹²	649,345		12,402,005		1,371,779		18,679,094
		\$ 208,877,697	\$	9,531,523	\$	218,409,220	\$	9,461,232		\$ 8,918,010	\$	178,652,310	\$	2,698,574		

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.

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

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

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 during fiscal years 2012 - 2014.

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, 2016 through March 31, 2017**, the WGAW has set the FCS non-membership fee at 13.85% 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, 2017, 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.