

WRITERS GUILD OF AMERICA, WEST, INC.

ANNUAL FINANCIAL REPORT

JUNE 29, 2015



WRITERS GUILD OF AMERICA, WEST, INC.

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La Guilde Française des Scénaristes

Scriptwriters Guild of Israel (R.A.)

Seccion de Autores y Adaptors de Cine, Mexico

Société Des Auteurs De Radio, Télévision Et Cinema

Writers Guild of Canada

Writers Guild of Great Britain

Writers Guild of New Zealand

STATEMENT OF THE MEMBERSHIP AND FINANCE COMMITTEE

June 5, 2015

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, 2015. These are the highlights:

- The Guild ended the fiscal year with total net assets of almost \$50 million. The Guild owns its headquarters free of mortgage debt and has unused lines of credit totaling \$15 million. Our investments stand at \$25.7 million, including a total of \$16.6 million in our Strike and Good & Welfare Funds.
- The Guild had an operating surplus for the fiscal year of \$4.5 million based on total revenues of \$30.0 million, up slightly from \$29.8 million last year. The surplus was the product of steady growth in writer compensation, led by the television and new media sectors, and increased investment income.
- Annual expenditures of \$25.5 million were higher than FY 2014's total of \$23.9 million. This modest increase was the result of routine maintenance and depreciation expenses, and increased expenditures related to the Guild's public policy program, particularly the successful campaigns in favor of stringent net neutrality regulations and against the Comcast-Time Warner Cable merger.
- The supplemental schedule on page 25 reflects that the Guild's Foreign Levies Program distributed \$14.6 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

Carl Gottlieb (chair), Tony DeSena, Carleton Eastlake, Cynthia Riddle and Adam Rodman

THE MARKETPLACE FOR WRITING

EMPLOYMENT AND EARNINGS

A record high \$383.66 million in residuals was collected by the WGA in 2014. This is the fifth year in a row residuals receipts exceeded \$300 million and represents a 2.5% increase over 2013. Total writer earnings topped \$1 billion for the third consecutive year. It is expected that when all reports are received there will be an increase in earnings as compared to 2013. Reports of employment in all work areas combined declined 0.9% in 2014, but like total earnings, late reports should result in a slight increase in employment compared to 2013.

TOTAL EARNINGS FOR WGA WRITERS AND NUMBER OF WRITERS REPORTING EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2009	4,522	-	\$964.3	-
2010	4,515	-0.2%	\$976.9	1.3%
2011	4,646	2.9%	\$983.1	0.6%
2012	4,814	3.6%	\$1,089.1	10.8%
2013	4,942	2.7%	\$1,054.2	-3.2%
2014	4,899	-0.9%	\$1,052.6	-0.2%

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

Earnings of television writers reported to date for 2014 are up 2.3% from 2013 and above the record levels of 2012. Total television employment is up 1% over 2012, with 3,888 writers reporting income from television.

EARNINGS AND EMPLOYMENT IN TELEVISION

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIOR YEAR
2009	3,166	-	\$522.1	-
2010	3,281	3.6%	\$567.4	8.7%
2011	3,501	6.7%	\$612.9	8.0%
2012	3,745	7.0%	\$721.4	17.7%
2013	3,849	2.8%	\$709.3	-1.7%
2014	3,888	1.0%	\$725.6	2.3%

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

Employment and earnings in screen declined in 2014, although late reporting for 2013 actually led to an increase in writers reporting screen earnings as compared to the figures in last year's report. Writers reporting screen earnings in 2014 declined 5.8%, with only 1,556 writers reporting. Screen earnings fell 5.4% to \$313.9 million.

EARNINGS AND EMPLOYMENT IN SCREEN

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIORYEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIORYEAR
2009	1,836	-	\$432.2	-
2010	1,733	-5.6%	\$398.1	-7.9%
2011	1,656	-4.4%	\$358.0	-10.1%
2012	1,633	-1.4%	\$355.3	-0.8%
2013	1,652	1.2%	\$331.8	-6.6%
2014	1,556	-5.8%	\$313.9	-5.4%

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

Employment in news, promotion, informational and interactive programming rose slightly, with 185 writers reporting earnings. Earnings were flat at \$13.1 million.

EARNINGS AND EMPLOYMENT IN TELEVISION & RADIO NEWS & PROMOTION, INFORMATIONAL AND INTERACTIVE

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIORYEAR	TOTAL EARNINGS REPORTED (IN \$ MILLIONS)	PERCENT CHANGE VS. PRIORYEAR
2009	185	-	\$10.0	-
2010	192	3.8%	\$11.4	14.0%
2011	202	5.2%	\$12.2	7.0%
2012	189	-6.4%	\$12.3	0.8%
2013	180	-4.8%	\$13.1	6.5%
2014	185	2.8%	\$13.1	0.0%

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 2014 grew to a record high of \$383.66 million, a 2.5% increase over 2013. This is the fifth consecutive year receipts exceeded \$300 million. Residuals increased 4.8% in television but declined 1.5% in screen.

Consistent with previous years, television remains the stronger area, with \$245.4 million in receipts, representing 64% of the total residuals collected in 2014. As expected, the most notable gain was in new media reuse with \$22.32 million collected, a 40.6% increase from last year. For the last three years, new media residuals have exceeded pay tv and home video residuals. Since 2010, foreign television residuals have been the area with the highest dollar receipts. In 2014, foreign television

residuals exceeded \$54 million. This is a 14% increase over last year and 113.5% over the last five years. Both network prime time and domestic syndication saw decreases in 2014. Network prime time decreased to \$22.1 million and domestic syndication to \$30.52 million. While made-for-basic cable residuals saw a five year increase of 147.8%, they dropped 6.6% in 2014 to \$34.25 million. Home video residuals continue to decline with \$5.83 million, a decrease of 13.4% over last year.

Total feature film residuals fell 1.5% from last year to \$138.26 million. As with television, home video receipts continue to decline, with a 4.6% loss. Pay tv residuals also declined, coming off a record year in 2013. New media saw a healthy increase of 21.6% with \$11.41 million. Worldwide television declined slightly to \$44.5 million and the script publication fee had a modest gain of 4.9% over 2013 with \$1.49 million.

**TOTAL RESIDUALS COLLECTED
(MILLIONS OF DOLLARS)**

	2009	2010	2011	2012	2013	2014	PERCENT CHANGE 2013 - 2014	PERCENT CHANGE 2009 - 2014
TELEVISION RESIDUALS								
Prime Time Network	\$23.39	\$24.76	\$25.50	\$23.76	\$24.01	\$22.10	-8.0%	-5.5%
Domestic Synd./WB/CW	20.01	26.14	29.43	31.81	35.62	30.52	-14.3%	52.5%
Foreign Free TV & Basic Cable	25.31	29.16	48.74	39.64	47.40	54.03	14.0%	113.5%
Basic Cable (Non Basic Cable Programs)	30.93	33.19	29.01	32.72	27.92	31.65	13.4%	2.3%
Basic Cable for Made-for Basic	13.82	17.87	21.56	27.72	36.68	34.25	-6.6%	147.8%
Pay TV for Made-for Pay	2.86	3.64	4.44	4.94	6.64	6.90	3.9%	141.3%
Pay TV (for Non-Pay Programs)	3.37	4.33	5.42	7.89	10.51	14.29	36.0%	324.0%
Home Video	12.56	10.31	9.47	8.75	6.73	5.83	-13.4%	-53.6%
New Media Reuse	1.72	2.55	3.47	10.64	15.87	22.32	40.6%	1197.7%
Network Late Night/Weekend Day	5.81	6.25	6.33	5.03	4.24	3.92	-7.5%	-32.5%
Misc. TV Reuse	3.99	3.42	6.46	5.26	4.15	5.70	37.3%	42.9%
TV Creator Royalties	9.21	12.47	13.03	14.06	14.34	3.89	-3.1%	50.8%
Total Television Residuals	\$152.98	\$174.09	\$202.86	\$212.22	\$234.11	\$245.40	4.8%	60.4%
THEATRICAL RESIDUALS								
Worldwide Television	\$43.31	\$44.65	\$42.88	\$43.55	\$45.19	\$44.50	-1.5%	2.7%
Home Video	41.58	39.31	30.19	30.34	27.83	26.54	-4.6%	-36.2%
Pay TV	45.66	53.08	50.47	54.41	55.50	53.21	-4.1%	16.5%
DVD Script Fee	1.43	1.15	1.35	1.01	1.42	1.49	4.9%	4.2%
New Media Reuse	0.75	1.21	3.37	5.80	9.38	11.41	21.6%	1421.3%
Misc. Theatrical Reuse	1.75	3.23	1.86	1.39	0.99	1.13	14.1%	-35.4%
Total Theatrical Residuals	\$134.48	\$142.63	\$130.12	\$136.50	\$140.31	\$138.26	-1.5%	2.8%
TOTAL RESIDUALS	\$287.46	\$316.72	\$332.98	\$348.72	\$374.42	\$383.66	2.5%	33.5%

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

	2008	2009	2010	2011	2012	2013	2014	2015 (THRU 4/30/15)	2014 VS. 2013	2014 VS. 2008
Residuals	\$19,664,444	\$11,973,234	\$22,388,010	\$25,782,503	\$28,710,320	\$30,168,459	\$24,731,072	\$13,206,175	-18.0%	25.8%
Residuals Interest	759,005	422,396	518,406	838,735	578,791	227,141	509,476	230,873	124.3%	-32.9%
Total Amounts	\$20,423,449	\$12,395,630	\$22,906,416	\$26,621,238	\$29,289,111	\$30,395,600	\$25,240,548	\$13,437,048	-17.0%	23.6%
TOTAL OPEN CASES	632	489	346	384	383	357	303	277	-15.1%	-52.1%

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

	2008	2009	2010	2011	2012	2013	2014	2015 (THRU 5/11/15)	2014 VS. 2013	2014 VS. 2008
Initial Compensation	\$745,397	\$568,192	\$903,456	\$1,550,866	\$1,428,175	\$1,971,161	\$2,179,145	\$965,526	10.6%	192.3%
Compensation Interest	117,248	139,207	100,385	208,909	161,976	172,299	294,332	75,937	70.8%	151.0%
Residuals	1,527,616	977,867	530,794	1,612,032	1,967,801	2,843,412	11,444,135	244,305	302.5%	649.1%
Residuals Interest	320,096	74,162	123,826	333,468	457,738	553,867	1,269,681	43,920	129.2%	296.7%
P&H	85,510	65,010	248,291	296,766	267,089	311,385	903,668	52,031	190.2%	956.8%
P&H Interest	4,964	6,251	6,093	28,405	25,901	26,357	31,373	4,316	19.0%	532.0%
Credits Damages	145,737	131,500	76,300	116,251	268,681	266,251	88,511	56,808	-66.8%	-39.3%
TOTAL AMOUNTS	\$2,946,569	\$1,962,189	\$1,989,145	\$4,146,697	\$4,577,361	\$6,144,732	\$16,210,845	\$1,442,843	163.8%	450.2%

LEGAL DEPARTMENT TOTAL OPEN CASES

	2008	2009	2010	2011	2012	2013	2014	2015 (THRU 5/11/15)	2014 VS. 2013	2014 VS. 2008
Compensation	120	168	161	125	74	182	221	205	21.4%	84.2%
Credits	49	54	65	54	57	48	38	38	-20.8%	-22.4%
Miscellaneous	13	99	93	90	87	11	13	16	18.2%	0.0%
Residuals	123	206	371	314	274	262	229	236	-12.6%	86.2%
Separation of Rights	37	41	41	33	32	32	24	25	-25.0%	-35.1%
TOTAL OPEN CASES	342	568	731	616	524	535	525	520	-1.9%	53.5%

WRITERS GUILD OF AMERICA, WEST, INC.

FINANCIAL STATEMENTS

MARCH 31, 2015

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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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, 2015, 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, 2015, 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 established 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 26, 2015

WRITERS GUILD OF AMERICA, WEST, INC.

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
ASSETS						
Cash and Cash Equivalents	\$11,807,279	\$118,196	\$64,998	\$99,689	\$1,877,495	\$13,967,657
Membership Dues Receivable	5,638,000	-	-	-	-	5,638,000
Accounts Receivable, Net	867,658	146,100	7,395	1,868	-	1,023,021
Notes Receivable, Net	-	-	-	8,300	-	8,300
Prepaid Expenses	366,666	1,762	-	-	-	368,428
Investments, at Market Value	9,198,186	-	12,154,954	4,306,829	-	25,659,969
Funds Received On Behalf Of						
Members	24,343,148	-	-	-	-	24,343,148
Property and Equipment, Net	4,729,287	472,001	-	-	-	5,201,288
Security Deposits	-	23,477	-	-	-	23,477
Inter-Fund Borrowings	1,421,932	(1,376,440)	(20,693)	(22,099)	(2,700)	-
TOTAL ASSETS	\$58,372,156	(\$614,904)	\$12,206,654	\$4,394,587	\$1,874,795	\$76,233,288
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued						
Expenses	\$871,654	\$ -	\$358	\$820	\$ -	\$872,832
Accrued Salaries, Vacation and						
Severance	1,547,046	-	-	-	-	1,547,046
Deferred Rent	-	33,150	-	-	-	33,150
Due To Members	24,343,148	-	-	-	-	24,343,148
TOTAL LIABILITIES	26,761,848	33,150	358	820	-	26,796,176
NET ASSETS						
UNRESTRICTED:						
Undesignated Net Assets	30,462,765	(648,054)	-	-	-	29,814,711
Designated Net Assets	1,000,000	-	12,206,296	4,393,767	1,874,795	19,474,858
	31,462,765	(648,054)	12,206,296	4,393,767	1,874,795	49,289,569
TEMPORARILY RESTRICTED	147,543	-	-	-	-	147,543
TOTAL NET ASSETS (DEFICIT)	31,610,308	(648,054)	12,206,296	4,393,767	1,874,795	49,437,112
TOTAL LIABILITIES & NET						
ASSETS	\$58,372,156	(\$614,904)	\$12,206,654	\$4,394,587	\$1,874,795	\$76,233,288

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, 2015**

	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	\$24,859,942	\$ -	\$ -	\$ -	\$ -	\$24,859,942
Administrative Fees	1,350,503	-	-	-	-	1,350,503
Other	1,948,866	584,072	3,768	-	-	2,536,706
Total Revenues	28,159,311	584,072	3,768	-	-	28,747,151
Expenses						
Payroll and Related Expenses	15,637,409	326,277	2,900	4,648	-	15,971,234
Special Functions	2,945,955	-	-	-	-	2,945,955
Occupancy	2,370,370	431,537	-	-	-	2,801,907
Operating	1,263,682	27,753	(58,297)	(30,754)	80,475	1,282,859
Professional Fees	1,844,690	11,718	12,355	4,204	2,160	1,875,127
Communications	408,874	-	-	-	-	408,874
Total Expenses	24,470,980	797,285	(43,042)	(21,902)	82,635	25,285,956
Net Operating Increase (Decrease)	3,688,331	(213,213)	46,810	21,902	(82,635)	3,461,195
Investment Income						
Investment Income	396,098	-	418,975	158,182	114	973,369
Net Realized Gain on Sales of Investments	58,305	-	8,393	1,743	-	68,441
Net Unrealized Appreciation in Market Value	33,628	-	126,579	46,982	-	207,189
Net Amortization of (Premiums)	(182,563)	-	(10,967)	(2,665)	-	(196,195)
Total Investment Income	305,468	-	542,980	204,242	114	1,052,804
Change in Unrestricted Net Assets	3,993,799	(213,213)	589,790	226,144	(82,521)	4,513,999
Change in Temporarily Restricted Net Assets:						
Contributions (Showrunner Program)	200,000	-	-	-	-	200,000
Net Assets Released from Restrictions	(200,365)	-	-	-	-	(200,365)
Change in Temporarily Restricted Net Assets	(365)	-	-	-	-	(365)
Change in Net Assets	3,993,434	(213,213)	589,790	226,144	(82,521)	4,513,634
Net Assets (Deficit), Beginning of Year	27,616,874	(434,841)	11,616,506	4,167,623	1,957,316	44,923,478
Net Assets (Deficit), End of Year	\$31,610,308	(\$648,054)	\$12,206,296	\$4,393,767	\$1,874,795	\$49,437,112

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, 2015**

	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	\$3,993,434	(\$213,213)	\$589,790	\$226,144	(\$82,521)	\$4,513,634
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	331,617	46,702	-	-	-	378,319
(Gain) on disposal of property and equipment	(1,750)	-	-	-	-	(1,750)
Net realized (gain) on sales of investments	(58,305)	-	(8,393)	(1,743)	-	(68,441)
Net unrealized (appreciation) in market value	(33,628)	-	(126,579)	(46,982)	-	(207,189)
Net amortization of premiums	182,563	-	10,967	2,665	-	196,195
Write-off of notes receivable	-	-	18,971	9,917	-	28,888
Increase (decrease) in allowances for doubtful accounts	12,862	5,500	(77,267)	(40,671)	80,500	(19,076)
(Increase) in membership dues receivable	(473,000)	-	-	-	-	(473,000)
(Increase) decrease in accounts receivable	426,808	(116,550)	883	270	-	311,411
(Increase) decrease in prepaid expenses	39,691	(766)	-	-	-	38,925
Increase (decrease) in accounts payable and accrued expenses	(33,157)	-	(1,147)	44	-	(34,260)
(Decrease) in accrued salaries, vacation and severance	(46,525)	-	-	-	-	(46,525)
Increase in deferred rent	-	11,383	-	-	-	11,383
Net cash provided by (used in) operating activities	4,340,610	(266,944)	407,225	149,644	(2,021)	4,628,514
Cash flows from investing activities:						
Purchase of property and equipment	(308,056)	(25,912)	-	-	-	(333,968)
Issuance of notes receivable	-	-	-	(10,500)	(12,000)	(22,500)
Payments received on notes receivable	-	-	58,296	42,654	-	100,950
Purchases of investments	(7,019,694)	-	(23,426,230)	(6,656,901)	-	(37,102,825)
Maturities of investments	6,629,436	-	23,008,966	6,500,044	-	36,138,446
Net cash (used in) investing activities	(698,314)	(25,912)	(358,968)	(124,703)	(12,000)	(1,219,897)
Cash flows from financing activities:						
Increase (decrease) in inter-fund borrowings	(349,355)	339,646	2,901	4,648	2,160	-
Net cash provided by (used in) financing activities	(349,355)	339,646	2,901	4,648	2,160	-
Net increase (decrease) in cash and cash equivalents	3,292,941	46,790	51,158	29,589	(11,861)	3,408,617
Cash and cash equivalents, beginning of year	8,514,338	71,406	13,840	70,100	1,889,356	10,559,040
Cash and cash equivalents, end of year	<u>\$11,807,279</u>	<u>\$118,196</u>	<u>\$64,998</u>	<u>\$99,689</u>	<u>\$1,877,495</u>	<u>\$13,967,657</u>

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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, 2015

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 0.21%.

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, 2015

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, 2015, the total cost of administering the FLP was \$1,415,197, which exceeded the total administrative fees and interest income of \$880,862 by \$534,335.

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 \$579,942 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, 2015

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, 2015, information returns subsequent to 2011 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, 2015

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, 2015, 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, 2015 is diversified, with holdings primarily in U.S. Agencies and government backed securities, corporate bonds and mutual funds.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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, 2015

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, 2015:

	Investments				Total Cost
	Level 1	Level 2	Level 3	Market Value	
U.S. Agencies and government backed securities	\$ -	\$ 7,195,070	\$ -	\$ 7,195,070	\$ 7,137,802
Corporate bonds	-	6,592,270	-	6,592,270	6,553,816
Equity mutual fund	11,439,757	-	-	11,439,757	8,696,366
Money market funds	432,872	-	-	432,872	432,872
Total	\$11,872,629	\$13,787,340	\$ -	\$25,659,969	\$22,820,856

	Funds Received on Behalf of Members				Total Cost
	Level 1	Level 2	Level 3	Market Value	
U.S. Agencies and government backed securities	\$ -	\$2,540,111	\$ -	\$ 2,540,111	\$ 2,510,004
Corporate bonds	-	2,703,194	-	2,703,194	2,685,816
Money market funds	19,099,843	-	-	19,099,843	19,099,843
Total	\$19,099,843	\$5,243,305	\$ -	\$24,343,148	\$24,295,663

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 except mutual funds 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. Mutual funds are valued at net asset value. 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 investments' cost for financial statement purposes and are included in the statement of activities.

WGAW intends to reinvest all investments maturing in fiscal year 2016 into money market funds, government backed securities, or investment-grade corporate bonds.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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	\$693,363	\$83,811	\$777,174
Net realized gain on sales of investments	44,671	23,770	68,441
Net unrealized appreciation in market value	199,583	7,606	207,189
Bank fees (included in professional fees)	<u>(111,963)</u>	<u>(15,885)</u>	<u>(127,848)</u>
Return on investments	<u>\$825,654</u>	<u>\$99,302</u>	<u>\$924,956</u>

3. Notes Receivable

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

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

An allowance has been provided for estimated uncollectible amounts.

4. Property and Equipment

Property and equipment consisted of the following at March 31, 2015:

	<u>Total</u>
Land	\$ 700,000
Building and improvements	7,569,733
Furniture and fixtures	2,956,310
Computers and equipment	3,482,428
Tenant improvements	<u>970,050</u>
	15,678,521
Less: Accumulated depreciation and amortization	<u>10,477,233</u>
	<u>\$ 5,201,288</u>

Depreciation and amortization expense was \$378,319 for the fiscal year ended March 31, 2015.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 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, 2015 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, 2014. 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 2014	FIP/RP Status	Contributions by WGAW in 2015	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Producer-Writers Guild of America Pension Plan	95-2216351 No. 001	Green	No	\$ 1,086,176	No	May 1, 2017
Other				<u>4,670</u>		
<u>Total</u>				<u>\$ 1,090,846</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 \$1,115,015 for the fiscal year ended March 31, 2015.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 \$236,708 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2015.

7. Commitments and Contingencies

WGAW has entered into operating lease agreements for its theater and office equipment 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, 2015, future minimum payments under these noncancellable obligations were as follows:

	<u>Office Equipment</u>	<u>Theater</u>	<u>AMPAS</u>	<u>Total</u>
2016	\$69,168	\$213,431	\$10,000	\$292,599
2017	62,208	217,311	10,000	289,519
2018	53,976	234,774	-	288,750
2019	4,498	256,117	-	260,615
2020	-	256,117	-	256,117
Thereafter	-	<u>1,856,848</u>	-	<u>1,856,848</u>
Total	<u>\$189,850</u>	<u>\$3,034,598</u>	<u>\$20,000</u>	<u>\$3,244,448</u>

For the fiscal year ended March 31, 2015, rent expense was \$305,580 (equipment 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, 2015

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. 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. 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, 2015, 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, 2015, WGAW set FCS fees at 15.35% 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, 2016, WGAW has set FCS fees at 15.35% 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	\$21,507,134
Management and general	3,164,211
Programs:	
Theater Operations Fund	797,285
Strike Fund	(43,042)
Good & Welfare Fund	(21,902)
Year 2000 Fund	<u>82,635</u>
Total expenses	<u>\$25,486,321</u>

11. Supplemental Disclosure of Cash Flow Information

During the fiscal year ended March 31, 2015, WGAW received funds on behalf of members of \$23,439,238. WGAW made payments from funds received on behalf of members of \$21,984,593 during the fiscal year ended March 31, 2015.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 will be 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, 2015:

	<u>WGAW PAC</u> <u>(Unaudited)</u>
Assets	<u>\$ 65,504</u>
Liabilities	<u>\$ -</u>
Net Assets	<u>\$ 65,504</u>
Revenues	<u>\$ 153,326</u>
Expenses	<u>\$ 108,736</u>
Net Increase	<u>\$ 44,590</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 May 26, 2015, the date on which the financial statements were available to be issued. 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, 2015**

Fiscal Year ^{1,2}	Beginning Balance		WGAW Funds Collected		Investment Income/Interest		Total Funds Collected		Investment Income/Interest		Assessed Administrative Fee ⁶		WGAW Funds Distributed to Writers ⁷		WGAW Funds Distributed to The Actors Fund ⁸		WGAW Funds Held	
	A	B	B	B	C	C	D = B + C	D = B + C	E	E	F	G	H	I = A + D - E - F - G - H				
FY 1992 - FY 2011 ¹⁰	\$ -	\$ 129,235,882	\$ 8,953,324	\$ 138,189,206	\$ 7,654,451	\$ 4,989,771	\$ 103,924,891	\$ -	\$ 21,620,093									
FY 2012	21,620,093 ¹¹	18,294,675	208,657	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	14,389,948	19,253	14,408,601	612,360 ¹²	759,411	13,273,994	-	19,356,836									
FY 2015	19,356,836	15,914,522	110,301	16,024,823	-	770,561	14,593,763	235,924	19,781,411									
		<u>\$ 195,116,034</u>	<u>\$ 9,459,659</u>	<u>\$ 204,575,693</u>	<u>\$ 8,948,517</u>	<u>\$ 8,268,665</u>	<u>\$ 166,250,305</u>	<u>\$ 1,326,795</u>										

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 in 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 and 2013.

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, 2015 through March 31, 2016**, the WGAW has set the FCS non-membership fee at 15.35% 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, 2015, 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.