

WRITERS GUILD OF AMERICA, WEST, INC.

ANNUAL FINANCIAL REPORT

JUNE 29, 2012



WRITERS GUILD OF AMERICA, WEST, INC.

BOARD OF DIRECTORS

Chris Keyser

PRESIDENT

Howard A. Rodman

VICE PRESIDENT

Carl Gottlieb

SECRETARY-TREASURER

Alfredo Barrios, Jr.

John Brancato

Linda Burstyn

Ian Deitchman

Carleton Eastlake

Katherine Fugate

David A. Goodman

David S. Goyer

Mark Gunn

Kathy Kiernan

Aaron Mendelsohn

Billy Ray

Thania St. John

Robin Schiff

David Shore

Dan Wilcox

David Young

EXECUTIVE DIRECTOR

WGAW HEADQUARTERS

7000 West Third Street

Los Angeles, CA 90048

Telephone (323) 951-4000

Fax (323) 782-4800

www.wga.org

AFFILIATED WITH:

Writers Guild of America, East

Australian Writers Guild

Irish Playwrights & Screenwriters Guild

Scriptwriters Guild of Israel (R.A.)

Seccion de Autores y Adaptors de Cine, Mexico

Société Des Auteurs De Radio, Télévision Et Cinema

Union/Gilde des Scenaristes (France)

Writers Guild of Canada

Writers Guild of Great Britain

Writers Guild of New Zealand

STATEMENT OF THE MEMBERSHIP AND FINANCE COMMITTEE

June 8, 2012

Dear Fellow Members:

We are pleased to present the Guild's annual financial report. This year's report reflects that, as the economy continues its slow recovery from a deep recession, the Guild remains financially sound and strong.

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, 2012. These are the headlines:

- The Guild ended the fiscal year with total net assets of \$34.4 million. The Guild owns its headquarters free of mortgage debt and our investments stand at \$19.6 million, including a total of \$12.2 million in our Strike and Good & Welfare Funds.
- The Guild had an operating surplus for the fiscal year of \$2.8 million based on total revenues of \$26.1 million, up from \$25.3 million last year. The increased revenues were the product of a 3.1% increase in total revenue and investment gains generated by a recovering equities market.
- Annual expenditures of \$23.3 million were lower than FY 2011's total of \$24.6 million. The biggest contributor to this decrease was lower legal expenses in FY 2012.
- This year's financial statement contains a new feature: a supplemental schedule, prepared by the Guild's auditors, summarizing the financial activities of the Guild's Foreign Levies Program during the fiscal year just ended. 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, which has distributed more than \$121 million to writers and heirs since 1993.

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), Marjorie David, Tony DeSena, Adam Rodman and Ari B. Rubin

THE MARKETPLACE FOR WRITING

EMPLOYMENT AND EARNINGS

Reports of employment declined 2.3% to a recent low of 4,338 in 2011, though late reports collected in coming months will likely result in employment levels close to those of 2010. Total earnings declined, but again, the 5.9% decline to \$911.7 million will be partially recouped as late reports are collected.

TOTAL EARNINGS FOR WGAW WRITERS AND NUMBER OF WRITERS REPORTING EARNINGS

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIOR YEAR
2006	4,570	---	\$911.9 million	---
2007	4,696	+ 2.8%	\$986.4 million	+ 8.2%
2008	4,407	- 6.2%	\$840.4 million	- 14.8%
2009	4,498	+ 2.0%	\$966.8 million	+ 15.0%
2010	4,442	- 1.2%	\$969.2 million	+ 0.3%
2011	4,338	- 2.3%	\$911.7 million	- 5.9%

Source: WGAW 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 2010 fell 1.2% to \$559.2 million, from 566.2 million in 2010, which was an all-time high. With late reports, 2011 is likely to exceed that record. Total television employment grew slightly in 2011 to 3,320 writers reporting income from television, still shy of the recent high point of 3,356 writers employed in 2007, though again, late reports will likely bring 2011 near that level.

EARNINGS AND EMPLOYMENT IN TELEVISION

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIOR YEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIOR YEAR
2006	3,251	---	\$471.6 million	---
2007	3,356	+ 3.2%	\$456.2 million	- 3.3%
2008	3,121	- 7.0%	\$462.5 million	+ 1.4%
2009	3,214	+ 3.0%	\$526.2 million	+ 13.8%
2010	3,306	+ 2.9%	\$566.2 million	+ 7.6%
2011	3,320	+ 0.4%	\$559.2 million	- 1.2%

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

Employment and earnings in screen declined significantly for the second year, with employment down 8.1% to 1,562 writers, and earnings down 12.6% to \$349.1 million. While late reports will offset this decline somewhat, the last two years have resulted in 15% fewer writers employed in screen, earning 20% less in the aggregate.

EARNINGS AND EMPLOYMENT IN SCREEN

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIORYEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIORYEAR
2006	1,993	---	\$436.8 million	---
2007	2,041	+ 2.4%	\$526.6 million	+20.6%
2008	1,816	- 11.0%	\$375.1 million	- 28.8%
2009	1,844	+ 1.5%	\$437.8 million	+ 16.7%
2010	1,699	- 7.9%	\$399.4 million	-9.1%
2011	1,562	- 8.1%	\$349.1 million	-12.6%

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 remained steady with 105 writers collectively earning a healthy \$3.4 million, consistent with recent levels.

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

YEAR	NUMBER OF WRITERS REPORTING EARNINGS	PERCENT CHANGE VS. PRIORYEAR	TOTAL EARNINGS REPORTED	PERCENT CHANGE VS. PRIORYEAR
2006	109	---	\$3.5 million	---
2007	104	- 4.6%	\$3.5 million	nc
2008	96	- 7.7%	\$2.8 million	- 20.0%
2009	106	+ 10.4%	\$2.7 million	- 3.6%
2010	109	+ 2.8%	\$3.6 million	+ 33.3%
2011	105	- 3.7%	\$3.4 million	- 5.6%

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

WGA RESIDUALS COLLECTED

Residuals collected by the WGA in 2011 increased a modest 3.9% over 2010, to an all-time high of \$328.54 million. This is the second year receipts exceeded \$300 million. Residuals increased 14% in television but declined 10% in screen.

Television was the stronger area, increasing \$22.44 million to \$183.14 million. The highlight was reuse of programs in foreign territories, where the revenue-based formula added to the contract in 2001 resulted in a large increase in collections. Foreign residuals overall (including the long-standing fixed payments and the newer revenue-based payments) grew \$17.64 million, from \$29.63 million in 2010 to \$47.27 million in 2011. Steadier growth over the last five years in the volume of production drove made-for-basic cable residuals to an all-time high of \$24.73 million, an 18.6% increase in the most recent year, and a 206.1% increase over the last five years. Prime time reuse increased 3.1% due

to more repeats on the networks, pushing that category to an all-time high. Under the pressure of additional programming made for basic cable, reuse of programs off the networks generated \$26.19 million, a decline of 13.8% from 2010. New media reuse continued to grow, increasing 11.9% to \$2.91 million in the fourth year of collections in that area.

Total feature film residuals fell \$13.33 million in 2011, off the record the year before. Decreased receipts from DVD and Blu-ray revenue led the decline, with a 23.9% loss. Pay television residuals worldwide also declined, coming off a record year in 2010. New media residuals came close to tripling, but that rate of growth is based on the small level of collections for this new area, which brought in \$3.37 million in 2011.

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

	2006	2007	2008	2009	2010	2011	2011 VS. 2010	2011 VS. 2006	5 YEAR CAGR*
TELEVISION PROGRAMS									
Prime Time Network	\$22.58	\$24.32	\$23.13	\$23.69	\$24.73	\$25.49	+ 3.1%	+ 12.9%	+2.5%
Domestic Synd./WB/UPN/CW	\$28.97	\$23.01	\$24.70	\$19.56	\$25.65	\$28.77	+ 12.2%	- 0.7%	- 0.1%
Foreign Free TV & Basic Cable	\$21.38	\$23.54	\$27.37	\$24.82	\$29.63	\$47.27	+ 59.5%	+121.1%	+17.2%
Basic Cable (Non-Basic Pgms)	\$25.12	\$26.95	\$27.03	\$28.69	\$30.39	\$26.19	- 13.8%	+ 4.3%	+0.8%
Basic Cable for Made-For Basic	\$8.08	\$10.99	\$12.77	\$15.93	\$20.86	\$24.73	+ 18.6%	+206.1%	+ 25.1%
Pay TV for Made-For-Pay	\$2.59	\$2.59	\$3.54	\$4.08	\$5.39	\$6.28	+ 16.5%	+142.5%	+19.4%
Home Video	\$8.73	\$8.54	\$9.52	\$11.49	\$7.91	\$6.40	- 19.1%	- 26.7%	- 6.0%
Pay TV (for Non-Pay Pgms)	\$1.93	\$1.79	\$2.15	\$3.39	\$4.41	\$5.36	+ 21.5%	+177.7%	+ 22.6%
New Media Reuse	---	---	\$0.10	\$2.12	\$2.60	\$2.91	+ 11.9%	---	---
Network Late Night/Weekend Day	\$10.25	\$6.66	\$6.41	\$5.81	\$6.25	\$6.39	+ 2.2%	- 37.7%	- 9.0%
Misc. TV Program Reuse	\$1.47	\$2.50	\$1.72	\$2.84	\$2.88	\$3.35	+ 16.3%	+127.9%	+ 17.9%
Total TV Program Residuals	\$131.10	\$130.89	\$138.44	\$142.42	\$160.70	\$183.14	+ 14.0%	+ 39.7%	+ 6.9%
THEATRICAL FILM RESIDUALS									
Worldwide Television	\$37.99	\$42.74	\$45.62	\$43.31	\$44.56	\$42.62	- 4.4%	+ 12.2%	+ 2.3%
Home Video	\$42.78	\$42.65	\$47.53	\$41.36	\$39.36	\$29.97	- 23.9%	- 29.9%	- 6.9%
Pay TV	\$38.69	\$44.07	\$42.95	\$45.63	\$52.79	\$50.33	- 4.7%	+30.1%	+ 5.4%
DVD Script Fee	\$1.31	\$1.18	\$1.18	\$1.43	\$1.15	\$1.30	+ 13.0%	- 0.8%	- 0.2%
New Media	---	---	---	\$0.74	\$1.22	\$3.37	+ 176.2%	--	--
Misc. Reuse	\$0.80	\$0.87	\$0.61	\$1.23	\$2.72	\$0.88	- 67.7%	+ 10.0%	+ 1.9%
Total Theatrical Film Residuals	\$121.57	\$131.51	\$137.89	\$133.70	\$141.80	\$128.47	- 9.8%	+ 5.7%	+ 1.1%
Creator Royalties	\$8.64	\$7.86	\$8.15	\$7.47	\$10.62	\$11.42	+ 7.5%	+ 32.2%	+ 5.7%
Misc. Payments/Settlements	\$3.98	\$4.49	\$4.41	\$3.71	\$3.12	\$5.51	+ 76.6%	+ 38.4%	+ 6.7%
TOTAL RESIDUALS	\$265.29	\$274.75	\$288.89	\$287.30	\$316.24	\$328.54	+ 3.9%	+ 23.8%	+ 4.4%

*CAGR is the compound annual growth rate over the five year period

WRITERS GUILD OF AMERICA, WEST, INC.

FINANCIAL STATEMENTS

MARCH 31, 2012

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

CONTENTS

	<u>Page</u>
Independent Auditors' Report	7
Financial Statements	
Statement of Financial Position	8
Statement of Activities	9
Statement of Cash Flows	10
Notes to Financial Statements	11-20
Supplemental Schedule	
Foreign Levies Funds Collected, Distributed to Writers and Held by WGAW	22

MANNON KAPLAN, CPA
GEORGE NADEL RIVIN, CPA
EDWIN KANEMARU, CPA
KENNETH R. HOLMER, CPA
DOUGLAS S. WAITE, CPA
CHARLES SCHNAID, CPA
DONALD G. GARRETT, CPA
CATHERINE C. GARDNER, CPA
JEFFREY L. GOSS, CPA
RICHARD DEFONZO, JD
JOANNA BOLSKY, CPA
RONALD D. CHANDLER, CPA
MICHAEL G. KAPLAN, CPA
MICHAEL J. QUACKENBUSH, CPA
EDMOND AVANESS, CPA
CRANE CURRAN, CPA
BRIAN J. HARRIS, CPA
GREGORY E. KLEIN, CPA
LINDA BECKER, MBA
ANDREW B. KOSKI, MBA
GRANT K. MILLER, CPA

STANLEY L. MILLER, CPA (1921-1995)
PAUL ARASE, CPA (RETIRED)



Miller, Kaplan, Arase & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1941

4123 LANKERSHIM BOULEVARD
NORTH HOLLYWOOD, CALIFORNIA 91602-2828

(818) 769-2010

FAX (818) 769-3100

MEMBERS
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
THE CALIFORNIA, NEVADA, OREGON
AND WASHINGTON SOCIETIES OF
CERTIFIED PUBLIC ACCOUNTANTS
BAKER TILLY INTERNATIONAL

OTHER OFFICES:
SAN FRANCISCO
SEATTLE
LAS VEGAS

WWW.MILLERKAPLAN.COM



INDEPENDENT AUDITORS' REPORT

Board of Directors
Writers Guild of America, West, Inc.
7000 West Third Street
Los Angeles, California 90048-4321

Members of the Board:

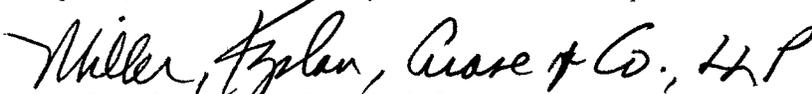
We have audited the accompanying statement of financial position of Writers Guild of America, West, Inc. ("WGAW") as of March 31, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of WGAW's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 10 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WGAW as of March 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Foreign Levies Funds Collected, Distributed to Writers and Held by WGAW is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of WGAW's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


MILLER, KAPLAN, ARASE & CO., LLP

May 24, 2012

OVER 70 YEARS OF PROFESSIONAL SERVICE TO THE PUBLIC

WRITERS GUILD OF AMERICA, WEST, INC.

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012**

	GUILD OPERATIONS FUND	THEATER OPERATIONS FUND	STRIKE FUND	GOOD & WELFARE FUND	YEAR 2000 FUND	TOTAL ALL FUNDS
ASSETS						
Cash and Cash Equivalents	\$4,174,764	\$16,313	\$106,837	\$159,280	\$1,610,878	\$6,068,072
Membership Dues Receivable	4,435,000					4,435,000
Accounts Receivable, Net	1,438,413	48,200	18,749	3,066		1,508,428
Notes Receivable, Net						-
Prepaid Expenses	369,392	1,004				370,396
Investments, at Market Value	7,414,706		9,118,513	3,040,439		19,573,658
Funds Received On Behalf Of						
Members	24,334,238					24,334,238
Property and Equipment, Net	5,040,007	83,756				5,123,763
Security Deposits		23,477				23,477
Inter-Fund Borrowings	(660,157)	(149,327)	(11,535)	(6,951)	827,970	-
TOTAL ASSETS	<u>\$46,546,363</u>	<u>\$23,423</u>	<u>\$9,232,564</u>	<u>\$3,195,834</u>	<u>\$2,438,848</u>	<u>\$61,437,032</u>
LIABILITIES AND NET ASSETS						
Accounts Payable and Accrued						
Expenses	\$1,256,594					\$1,256,594
Accrued Salaries, Vacation and						
Severance	1,349,199					1,349,199
Deferred Rent		\$49,805				49,805
Due To Members	24,334,238					24,334,238
TOTAL LIABILITIES	<u>26,940,031</u>	<u>49,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,989,836</u>
NET ASSETS						
UNRESTRICTED:						
Undesignated Net Assets	18,505,024	(26,382)				18,478,642
Designated Net Assets	1,000,000		\$9,232,564	\$3,195,834	\$2,438,848	15,867,246
	<u>19,505,024</u>	<u>(26,382)</u>	<u>9,232,564</u>	<u>3,195,834</u>	<u>2,438,848</u>	<u>34,345,888</u>
TEMPORARILY RESTRICTED	101,308					101,308
TOTAL NET ASSETS (DEFICIT)	<u>19,606,332</u>	<u>(26,382)</u>	<u>9,232,564</u>	<u>3,195,834</u>	<u>2,438,848</u>	<u>34,447,196</u>
TOTAL LIABILITIES & NET						
ASSETS	<u>\$46,546,363</u>	<u>\$23,423</u>	<u>\$9,232,564</u>	<u>\$3,195,834</u>	<u>\$2,438,848</u>	<u>\$61,437,032</u>

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, 2012**

	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	\$20,955,525					\$20,955,525
Administrative Fees	1,290,383					1,290,383
Other	2,075,917	\$665,965	\$5,824			2,747,706
Total Revenues	<u>24,321,825</u>	<u>665,965</u>	<u>5,824</u>	-	-	<u>24,993,614</u>
Expenses						
Payroll and Related Expenses	14,103,393	253,503	3,794	\$5,640		14,366,330
Special Functions	2,551,483					2,551,483
Occupancy	1,988,486	400,943				2,389,429
Operating	1,078,681	58,706	(90,824)	(81,916)		964,647
Professional Fees	2,028,699	5,892	10,160	2,738	\$395,028	2,442,517
Communications	354,886					354,886
Total Expenses	<u>22,105,628</u>	<u>719,044</u>	<u>(76,870)</u>	<u>(73,538)</u>	<u>395,028</u>	<u>23,069,292</u>
Net Operating Increase (Decrease)	2,216,197	(53,079)	82,694	73,538	(395,028)	1,924,322
Investment Income						
Investment Income	464,739		203,528	67,686	101	736,054
Net Realized Gain on Sales of Investments	60,453		9,448	4,496		74,397
Net Unrealized Appreciation in Market Value	161,208		105,423	30,931		297,562
Net Amortization of (Premiums)	(203,564)		(18,624)	(2,575)		(224,763)
Total Investment Income	<u>482,836</u>		<u>299,775</u>	<u>100,538</u>	<u>101</u>	<u>883,250</u>
Change in Unrestricted Net Assets	<u>2,699,033</u>	<u>(53,079)</u>	<u>382,469</u>	<u>174,076</u>	<u>(394,927)</u>	<u>2,807,572</u>
Change in Temporarily Restricted Net Assets:						
Contributions (Showrunner Program)	200,000					200,000
Net Assets Released from Restrictions	(198,468)					(198,468)
Change in Temporarily Restricted Net Assets	<u>1,532</u>	-	-	-	-	<u>1,532</u>
Change in Net Assets	<u>2,700,565</u>	<u>(53,079)</u>	<u>382,469</u>	<u>174,076</u>	<u>(394,927)</u>	<u>2,809,104</u>
Net Assets, Beginning of Year	17,905,767	26,697	8,850,095	3,021,758	1,833,775	31,638,092
Transfer from Guild Operations Fund	(1,000,000)				1,000,000	
Net Assets (Deficit), End of Year	<u>\$19,606,332</u>	<u>(\$26,382)</u>	<u>\$9,232,564</u>	<u>\$3,195,834</u>	<u>\$2,438,848</u>	<u>\$34,447,196</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, 2012

	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	\$2,700,565	(\$53,079)	\$382,469	\$174,076	(\$394,927)	\$2,809,104
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	333,135	12,182				345,317
Net realized (gain) on sales of investments	(60,453)		(9,448)	(4,496)		(74,397)
Net unrealized (appreciation) in market value	(161,208)		(105,423)	(30,931)		(297,562)
Net amortization of premiums	203,564		18,624	2,575		224,763
Write-off of notes receivable				5,000		5,000
Increase (decrease) in allowances for doubtful accounts	20,641		(90,824)	(86,916)		(157,099)
(Increase) in membership dues receivable	(305,000)					(305,000)
(Increase) decrease in accounts receivable	(26,068)	(5,200)	290	(64)		(31,042)
(Increase) decrease in prepaid expenses	(69,227)	91				(69,136)
(Increase) in security deposits		(23,477)				(23,477)
Increase in accounts payable and accrued expenses	99,275					99,275
Increase in accrued salaries, vacation and severance	68,967					68,967
(Decrease) in deferred rent		(36,389)				(36,389)
Net cash provided by (used in) operating activities	2,804,191	(105,872)	195,688	59,244	(394,927)	2,558,324
Cash flows from investing activities:						
Purchase of property and equipment	(93,826)	(143,487)				(237,313)
Tenant improvements reimbursements		72,012				72,012
Issuance of notes receivable				(7,000)		(7,000)
Payments received on notes receivable			90,824	88,916		179,740
Purchases of investments	(5,215,501)		(2,379,874)	(591,945)		(8,187,320)
Maturities of investments	3,925,890		1,852,510	524,848	108	6,303,356
Net cash provided by (used in) investing activities	(1,383,437)	(71,475)	(436,540)	14,819	108	(1,876,525)
Cash flows from financing activities:						
Increase (decrease) in inter-fund borrowings	1,431,573	87,272	3,794	5,640	(1,528,279)	
Inter-Fund transfers	(1,000,000)				1,000,000	
Net cash provided by (used in) financing activities	431,573	87,272	3,794	5,640	(528,279)	-
Net increase (decrease) in cash and cash equivalents	1,852,327	(90,075)	(237,058)	79,703	(923,098)	681,799
Cash and cash equivalents, beginning of year	2,322,437	106,388	343,895	79,577	2,533,976	5,386,273
Cash and cash equivalents, end of year	\$4,174,764	\$16,313	\$106,837	\$159,280	\$1,610,878	\$6,068,072

The accompanying notes are an integral part of the financial statements

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

1. Summary of Significant Accounting Policies

Organization

Writers Guild of America, West, Inc. (“WGAW”) is a labor union incorporated in the State of California, which exists for the purpose of negotiating the terms and conditions of employment of writers in the motion picture, television and new media industries. WGAW represents writers with respect to the collection and distribution of residuals, foreign levies or other payments attributable to the exploitation of their work. WGAW is affiliated with Writers Guild of America, East, Inc. (“WGAE”), as well as with international writers’ organizations throughout the world. WGAW’s headquarters is located at 7000 West Third Street, Los Angeles, California 90048.

Description of Funds

To ensure observance of limitations and restrictions placed on the use of resources available to WGAW, the accounts of WGAW are maintained on the accrual basis. Fund accounting provides that resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to their nature and purposes.

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

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

Net Assets

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, 2012

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 2.0%.

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 undistributed funds from 21 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, 2012

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, 2012, the total cost of administering the FLP was \$1,528,813, which exceeded the total administrative fees and interest income of \$1,050,794 by \$478,019.

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 15 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 \$443,276 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, but WGAW incurred no tax liability on net income from these sources for the year ended March 31, 2012.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

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. Certain information returns filed by the Guild are 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” in the accompanying statement of financial position.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

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. At March 31, 2012, 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, 2012 is diversified, with holdings primarily in U.S. Agencies and government backed securities and corporate bonds and no other security or group of securities from the same issuer in excess of 10% of WGAW's investment portfolio.

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, 2012

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, 2012:

	Investments				Total Cost
	Level 1	Level 2	Level 3	Market Value	
U.S. Agencies and government backed securities	\$ -	\$7,035,565	\$ -	\$ 7,035,565	\$ 6,882,415
Corporate bonds	-	4,164,800	-	4,164,800	4,104,058
Equity mutual fund	7,688,823	-	-	7,688,823	7,759,978
Money market funds	684,470	-	-	684,470	684,470
Total	\$8,373,293	\$11,200,365	\$ -	\$19,573,658	\$19,430,921

	Funds Received on Behalf of Members				Total Cost
	Level 1	Level 2	Level 3	Market Value	
U.S. Agencies and government backed securities	\$ -	\$3,178,666	\$ -	\$ 3,178,666	\$ 3,109,660
Corporate bonds	-	2,375,663	-	2,375,663	2,350,766
Money market funds	18,779,909	-	-	18,779,909	18,779,909
Total	\$18,779,909	\$5,554,329	\$ -	\$24,334,238	\$24,240,335

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 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 2013 into money market funds, government backed securities, or investment-grade corporate bonds.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

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	\$388,078	\$123,213	\$511,291
Net realized gain on sales of investments	47,436	26,961	74,397
Net unrealized appreciation in market value	222,988	74,574	297,562
Bank fees (included in professional fees)	(91,800)	(16,962)	(108,762)
Return on investments	<u>\$566,702</u>	<u>\$207,786</u>	<u>\$774,488</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 equal to the outstanding principal balance of the notes receivable as of March 31, 2012.

4. Property and Equipment

Property and equipment consisted of the following at March 31, 2012:

	<u>Total</u>
Land	\$ 700,000
Building and improvements	7,327,089
Furniture and fixtures	3,145,292
Computers and equipment	3,642,441
Tenant improvements	<u>822,503</u>
	15,637,325
Less: Accumulated depreciation and amortization	<u>10,513,562</u>
	<u>\$ 5,123,763</u>

Depreciation and amortization expense was \$345,317 for the fiscal year ended March 31, 2012.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

5. Retirement Plans

WGAW participates in the Producer-Writers Guild of America Pension Plan (the “Plan”), a defined benefit multi-employer pension plan covering WGAW members and employees of WGAW, the Plan, and the Writers Guild-Industry Health Fund.

The Plan provides retirement benefits for participants who retire at age 65 or older and have reached the tenth anniversary of participation. The Plan also provides for an early retirement pension for participants with at least five qualifying years who retire after the age of 60 but before the age of 65, death benefits and surviving spouse benefits.

Contributions are determined as a percentage of wages, and WGAW’s contribution to the Plan was \$862,001 for the fiscal year ended March 31, 2012.

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 \$195,142 in contributions on behalf of participants in the 401(k) Plan for the fiscal year ended March 31, 2012.

6. Commitments and Contingencies

WGAW has entered into operating lease agreements for its theater and office equipment through December 2026. At March 31, 2012, future minimum rental payments applicable to noncancellable operating leases were as follows:

	Office <u>Equipment</u>	<u>Theater</u>	<u>Total</u>
2013	\$69,629	\$213,431	\$283,060
2014	59,892	213,431	273,323
2015	32,098	213,431	245,529
2016	11,536	213,431	224,967
2017	8,232	217,311	225,543
Thereafter	-	<u>2,603,856</u>	<u>2,603,856</u>
Total	<u>\$181,387</u>	<u>\$3,674,891</u>	<u>\$3,856,278</u>

Rental expense was \$314,049 for the fiscal year ended March 31, 2012.

WGAW leases a portion of its building at 7000 West Third Street at a term of 5 years, with 5 additional options of 5 years each and ending in 2038, unless written notice of decision not to exercise the option is provided before each term.

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

6. Commitments and Contingencies, continued

At March 31, 2012, the approximate future minimum lease payments to be received under existing operating lease agreements with terms greater than one year, exclusive of contingent rentals, are as follows:

	<u>Operating</u>
2013	<u>\$12,493</u>

Rent increases are tied to annual increase based on CPI index changes.

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, 2014.

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.

7. Financial Core Status ("FCS") Non-Membership Dues 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, 2012, WGAW set FCS fees at 11.53% 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, 2013, WGAW has set FCS fees at 11.53% 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 dues.

8. Functional Expenses

Expenses incurred by functional category were as follows:

Member services	\$19,565,202
Management and general	2,738,894
Programs:	
Theater Operations Fund	719,044
Strike Fund	(76,870)
Good & Welfare Fund	(73,538)
Year 2000 Fund	<u>395,028</u>
Total expenses	<u>\$23,267,760</u>

WRITERS GUILD OF AMERICA, WEST, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

9. Supplemental Disclosure of Cash Flow Information

During the year ended March 31, 2012, WGAW received funds on behalf of members of \$30,959,589. WGAW made payments from funds received on behalf of members of \$32,007,994 for the fiscal year ended March 31, 2012.

10. 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 year ended March 31, 2012:

	<u>WGAW PAC</u> <u>(Unaudited)</u>
Assets	<u>\$83,755</u>
Liabilities	<u>\$ -</u>
Net Assets	<u>\$83,755</u>
Revenues	<u>\$57,975</u>
Expenses	<u>\$18,095</u>
Net Increase	<u>\$39,880</u>

11. Subsequent Events

Management has evaluated subsequent events through May 24, 2012, 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 TO WRITERS AND HELD BY WGAW
March 31, 2012**

Fiscal Year ^{1,2}	WGAW Funds Collected			Collected			Distributed			Held
	Beginning Balance	Funds Collected Remittances ³	Investment Income/Interest ⁴	Investment Income/Interest	Total Funds Collected including Interest	Investment Income/Interest Transferred ⁵	Assessed Administrative Fee ⁶	WGAW Funds Distributed to Writers ⁷	WGAW Funds Held Balance ⁸	H = A + D - E - F - G
	A	B	C		D = B + C	E	F	G		
FY 1992 - FY 2011 ⁹	\$ -	\$ 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 ¹⁰	18,294,675	203,687	18,498,362 ¹¹	-	847,107	17,321,468	21,949,880		
		<u>\$ 147,530,557</u>	<u>\$ 9,157,011</u>	<u>\$ 156,687,568</u>	<u>\$ 7,654,451</u>	<u>\$ 5,836,878</u>	<u>\$ 121,246,359</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 is net of bank and custodial fees. Investment Income/Interest is determined by investment performance.

⁵ Investment Income/Interest is 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 both writers and their heirs, successors or other proper payees.

⁸ Balance as of the end of WGAW's fiscal year on March 31.

⁹ 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").

¹⁰ FY 2012 beginning balance is based on the KPMG Review.

¹¹ No Investment Income/Interest was transferred during fiscal year 2012.

NOTICE TO WRITERS GUILD OF AMERICA, WEST, INC. DUES 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 dues.

PLEASE BE ADVISED THAT THE WGAW WILL CONSIDER A PERSON'S DECISION TO ELECT "FINANCIAL CORE STATUS" ("FCS") NON-MEMBERSHIP IRREVOCABLE. THIS IS SO WHETHER A PERSON MAKES THIS DECISION UPON FIRST BECOMING ELIGIBLE TO JOIN THE WGAW, OR AT A LATER TIME UPON RESIGNATION.

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

The law permits the WGAW to assess FCS non-member dues up to an amount equal to its regular dues. During this coming fiscal year, **April 1, 2012 through March 31, 2013**, the WGAW has set the FCS non-membership dues at 11.53% 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 dues 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. DUES 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 dues 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 dues rate (percentage) will apply to challengers as of March 31, 2013, and appropriate adjustments will be made in accordance with the arbitration decision. No FCS non-member dues 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 dues 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 dues notice to explain the situation. The WGAW will then take immediate action to remedy the situation as warranted by the facts.

FCS DUES PAYERS' REPRESENTATION RIGHTS

As long as the FCS non-member dues 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 dues 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. Join the WGAW's Film Society
11. Serve on WGAW committees
12. 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.