



**WRITERS  
GUILD  
of AMERICA  
EAST**

**WRITERS GUILD OF AMERICA, EAST, INC.  
Financial Statements  
March 31, 2020 and 2019  
With Independent Auditor's Report**

**Writers Guild of America, East, Inc.**  
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**March 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Council and Membership,  
Writers Guild of America, East, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Writers Guild of America, East, Inc. (the "Guild"), which comprise the statements of financial position as of March 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Writers Guild of America, East, Inc. as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

September 2, 2020

**Writers Guild of America, East, Inc.**  
**Statements of Financial Position**  
**March 31, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 1,339,199	\$ 1,089,547
Investments	8,822,654	9,467,092
Dues receivable	2,264,465	2,365,056
Other receivables	177,637	165,609
Prepaid expenses	77,994	69,289
Property assets - net	<u>617,931</u>	<u>683,177</u>
 Total assets	 <u>\$ 13,299,880</u>	 <u>\$ 13,839,770</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 893,802	\$ 670,145
Advance payments from members	11,153	31,205
Residuals payable	1,090	60,107
Deferred rent	<u>789,811</u>	<u>850,557</u>
Total liabilities	1,695,856	1,612,014
 Net assets without donor restrictions	 <u>11,604,024</u>	 <u>12,227,756</u>
 Total liabilities and net assets	 <u>\$ 13,299,880</u>	 <u>\$ 13,839,770</u>

The Notes to Financial Statements are an integral part of these statements.

**Writers Guild of America, East, Inc.**  
**Statements of Activities**  
**Years Ended March 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenue		
Dues	\$ 7,874,610	\$ 7,379,195
Registration of manuscripts	254,382	257,201
Net investment income (loss)	(638,270)	117,949
Awards program	291,550	270,535
Other income	<u>18,387</u>	<u>77,251</u>
Total revenue	<u>7,800,659</u>	<u>8,102,131</u>
Expenses		
Program services	6,089,160	5,643,993
Administrative and general	<u>2,335,231</u>	<u>2,471,159</u>
Total expenses	<u>8,424,391</u>	<u>8,115,152</u>
Change in net assets without donor restrictions	(623,732)	(13,021)
Net assets without donor restrictions		
Beginning of year	<u>12,227,756</u>	<u>12,240,777</u>
End of year	<u>\$ 11,604,024</u>	<u>\$ 12,227,756</u>

The Notes to Financial Statements are an integral part of these statements.

**Writers Guild of America, East, Inc.  
Statements of Functional Expenses  
Year Ended March 31, 2020**

	Program Expenses				Supporting Services		
	Awards, Events, and Activities	Membership and Dues	Contract Enforcement	Organizing	Total Program Expenses	Administrative and General	Total Expenses
Salaries, benefits, and taxes	\$ 554,749	\$ 245,668	\$ 997,981	\$ 1,117,784	\$ 2,916,182	\$ 1,366,608	\$ 4,282,790
Rent and utilities	294,134	55,650	226,067	255,971	831,822	309,569	1,141,391
WGAw settlement	-	-	778,460	-	778,460	-	778,460
Legal fees	-	-	273,895	168,230	442,125	-	442,125
Meetings	39,678	-	125,830	45,780	211,288	18,003	229,291
Database and network maintenance	21,684	9,603	39,010	48,646	118,943	53,419	172,362
Travel and lodging	18,947	-	87,482	43,168	149,597	4,827	154,424
Depreciation and amortization	19,972	8,845	35,930	39,768	104,515	49,202	153,717
Per capita dues	-	-	-	-	-	127,378	127,378
Miscellaneous	-	-	-	-	-	123,593	123,593
Bank and credit card processing fees	15,563	6,892	27,996	31,031	81,482	38,337	119,819
Insurance	9,677	4,285	17,409	19,268	50,639	23,839	74,478
Office supplies	10,001	4,180	16,981	19,411	50,573	23,253	73,826
Equipment lease	8,848	3,918	15,918	17,618	46,302	21,798	68,100
Accounting	8,368	3,706	15,053	16,661	43,788	20,614	64,402
Stationery and printing	2,915	13,012	2,129	31,687	49,743	13,012	62,755
Postage	3,525	29,583	16,674	-	49,782	6,992	56,774
Website content and maintenance	17,808	-	-	-	17,808	37,729	55,537
Lobbying	-	-	-	-	-	50,891	50,891
Public relations	41,594	-	-	2,500	44,094	-	44,094
Statues	42,000	-	-	-	42,000	-	42,000
Telephone	4,039	1,789	7,266	8,042	21,136	9,949	31,085
Payroll service fees	2,644	1,171	4,756	5,264	13,835	6,513	20,348
Education and professional activities	1,777	-	4,249	11,405	17,431	-	17,431
Dues and subscriptions	-	-	-	-	-	15,516	15,516
Storage	1,455	644	2,618	2,898	7,615	3,585	11,200
Elections	-	-	-	-	-	10,604	10,604
	<u>\$ 1,119,378</u>	<u>\$ 388,946</u>	<u>\$ 2,695,704</u>	<u>\$ 1,885,132</u>	<u>\$ 6,089,160</u>	<u>\$ 2,335,231</u>	<u>\$ 8,424,391</u>

The Notes to Financial Statements are an integral part of this statement.

**Writers Guild of America, East, Inc.**  
**Statements of Functional Expenses**  
**Year Ended March 31, 2019**

	Awards, Events, and Activities	Membership and Dues	Contract Enforcement	Organizing	Total Program Expenses	Administrative and General	Total Expenses
Salaries, benefits, and taxes	\$ 553,214	\$ 296,477	\$ 920,310	\$ 1,028,494	\$ 2,798,495	\$ 1,506,054	\$ 4,304,549
Rent and utilities	281,209	66,038	204,991	226,148	778,386	335,461	1,113,847
WGAw settlement	-	-	692,633	-	692,633	-	692,633
Legal fees	-	-	251,927	-	251,927	-	251,927
Meetings	38,036	-	192,708	72,491	303,235	34,832	338,067
Database and network maintenance	21,511	11,528	35,784	39,478	108,301	58,560	166,861
Travel and lodging	27,056	-	27,242	96,149	150,447	15,176	165,623
Depreciation and amortization	19,043	10,206	31,680	34,949	95,878	51,843	147,721
Bank and credit card processing fees	15,368	8,236	25,565	28,204	77,373	41,836	119,209
Per capita dues	-	-	-	-	-	104,734	104,734
Insurance	11,024	5,908	18,340	20,233	55,505	30,012	85,517
Miscellaneous	-	-	-	-	-	76,929	76,929
Accounting	8,637	4,629	14,369	15,852	43,487	23,514	67,001
Equipment lease	7,891	4,229	13,128	14,482	39,730	21,483	61,213
Office supplies	7,359	3,944	12,941	13,506	37,750	20,035	57,785
Stationery and printing	6,504	19,244	531	4,708	30,987	23,520	54,507
Lobbying	-	-	-	-	-	54,070	54,070
Postage	4,031	17,478	24,378	460	46,347	2,300	48,647
Public relations	32,837	-	-	-	32,837	-	32,837
Website content and maintenance	10,189	-	-	-	10,189	18,449	28,638
Statues	28,433	-	-	-	28,433	-	28,433
Telephone	3,518	1,885	5,852	6,456	17,711	9,576	27,287
Dues and subscriptions	-	-	-	-	-	22,300	22,300
Payroll service fees	2,504	1,342	4,166	4,596	12,608	6,818	19,426
Storage	1,750	938	2,911	3,212	8,811	4,764	13,575
Communications	12,101	-	700	-	12,801	-	12,801
Education and professional activities	-	-	5,122	5,000	10,122	2,073	12,195
Elections	-	-	-	-	-	6,820	6,820
	<u>\$ 1,092,215</u>	<u>\$ 452,082</u>	<u>\$ 2,485,278</u>	<u>\$ 1,614,418</u>	<u>\$ 5,643,993</u>	<u>\$ 2,471,159</u>	<u>\$ 8,115,152</u>

The Notes to Financial Statements are an integral part of this statement.

**Writers Guild of America, East, Inc.**  
**Statements of Cash Flows**  
**Years Ended March 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Change in net assets	\$ (623,732)	\$ (13,021)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	153,717	147,721
Unrealized loss (gain) on investments	1,009,079	(223,734)
Realized loss (gain) on investments	(182,514)	279,495
Changes in assets and liabilities		
Dues receivable	100,591	(49,998)
Other receivables	(12,028)	(129,936)
Prepaid expenses	(8,705)	(29,336)
Accounts payable and accrued expenses	223,657	14,162
Advance payments from members	(20,052)	(2,889)
Residuals payable	(59,017)	(258,033)
Deferred rent	<u>(60,746)</u>	<u>(46,492)</u>
Net cash provided by (used in) operating activities	<u>520,250</u>	<u>(312,061)</u>
<b>Investing activities</b>		
Purchases of property, furniture, and equipment	(88,471)	(80,642)
Sales of investments	1,595,399	900,283
Purchases of investments	<u>(1,777,526)</u>	<u>(1,190,351)</u>
Net cash used in investing activities	<u>(270,598)</u>	<u>(370,710)</u>
Net change in cash	249,652	(682,771)
<b>Cash</b>		
Beginning of year	<u>1,089,547</u>	<u>1,772,318</u>
End of year	<u>\$ 1,339,199</u>	<u>\$ 1,089,547</u>

The Notes to Financial Statements are an integral part of these statements.



**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

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**1. ORGANIZATION**

The Writers Guild of America, East, Inc. (the "Guild") is a labor union incorporated in the state of New York, formed to promote and protect the professional and artistic interests of all creators and adapters of literary material; to represent members of the Guild for the purpose of collective bargaining; and to promote fair dealings between its members and others. The Guild is affiliated with Writers Guild of America, West, Inc. ("WGAW"), as well as international writers' organizations throughout the world.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting, which means that revenue is recognized in the period that it is earned, and expenses are recognized in the period that they are incurred.

**Net Assets**

Net assets are reported as net assets with donor restrictions if they arise from contributions received with donor-imposed stipulations on their use. Some donor restrictions are temporary in nature; those restrictions will be met by the passage of time or action of the Guild pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of March 31, 2020 and 2019, the Guild had no net assets with donor restrictions.

Net assets without donor restrictions are the portion of net assets that are not subject to limitations imposed by donors. Net assets without donor restrictions may, however, be subject to limitations and allocations imposed by the Guild's Council, per its constitution. The Council delineates net assets without donor restrictions into the following categories:

- Undesignated - Represents operating activity
- Council designated - Represents amounts designated by the Council, as mandated by the Constitution, to be used at its discretion. See Note 4 for information on Council designated net assets.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Guild Council determines the Guild's valuation policies utilizing information provided by its investment advisor and custodian. See Note 6 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the realized and unrealized gains and losses on investments bought, sold, and held during the year, and is net of investment management fees.

**Deferred Rent**

The Guild recognizes rent abatements and escalating rent provisions on a straight-line basis over the lease term.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

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**Other Receivables**

Other receivables represent amounts due to the Guild from various organizations for reimbursement of expenses and payments incurred during the year. There is no allowance for uncollectible accounts because management believes that amount is collectible in its entirety.

**Dues Revenue and Receivable**

Membership dues are recognized as revenue over the membership period covered by the individual member's dues. Dues receivable consists of management's estimation of dues and initiation fees due from members for work performed prior to year-end. There is no allowance for uncollectible accounts because management believes that amount is collectible in its entirety.

**Advance Payments from Members**

Advance payments from members represents dues collected for future periods.

**Functional Classification**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management on an equitable basis and allocated based on services rendered, time and effort, and specific identification, as follows:

	<u>Method of Allocation</u>
Accounting	Time and effort
Bank and credit card processing fees	Time and effort
Communications	Specific identification
Database and network maintenance	Time and effort
Depreciation and amortization	Time and effort
Dues and subscriptions	Specific identification
Education and professional activities	Specific identification
Elections	Specific identification
Equipment lease	Time and effort
Insurance	Time and effort
Legal fees	Specific identification
Lobbying	Specific identification
Meetings	Specific identification
Miscellaneous	Specific identification
Office supplies	Time and effort
Payroll service fees	Time and effort
Per capita dues	Services received
Postage	Specific identification
Public relations	Specific identification
Rent and utilities	Time and effort
Salaries, benefits, and taxes	Time and effort
Stationery and printing	Specific identification
Statues	Specific identification
Storage	Time and effort
Telephone	Time and effort
Travel and lodging	Specific identification
Website content and maintenance	Specific identification
WGAw settlement	Specific identification

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

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**Property Assets - Net**

Property assets are stated at cost. Depreciation of furniture and equipment is computed using the straight-line method over five to seven years, the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

**Awards Program Revenue**

Awards program revenue is recognized in the period that it is earned.

**Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions that occurred after March 31, 2020 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through September 2, 2020, the date that the financial statements were available to be issued, and no items have come to the attention of management that require recognition or disclosure.

**3. INCOME TAXES**

The Guild is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code, except on unrelated business income, if any.

Accounting principles generally accepted in the United States of America require management to evaluate income tax positions taken and accrue an income tax liability if the Guild has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the income tax positions taken and concluded that as of March 31, 2020 and 2019 there are no uncertain positions taken or expected to be taken that would require recognition in the financial statements. The Guild is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. In addition, there have been no tax related interest or penalties for the periods presented in these financial statements. Should such penalties and interest be incurred, the Guild's policy is to recognize them as administrative and general expenses.

**4. COUNCIL DESIGNATED FUNDS**

As mandated by its Constitution, the Guild maintains a Reserve and Residuals Fund to be used at the discretion of the Guild Council. As of March 31, 2020 and 2019, the amount of residuals payable was \$1,090 and \$60,107, respectively, which is reflected as a liability on the statements of financial position. As of March 31, 2020 and 2019, the balance of the Reserve and Residuals Fund was \$300,000.

Additionally, a Strike Fund is maintained for the purpose of providing financial assistance to eligible members during strikes. There was no activity in the Strike Fund for the years ended March 31, 2020 and 2019. As of March 31, 2020 and 2019, the balance of the Strike Fund was \$250,000.

All assets of the Reserve and Residuals Fund and the Strike Fund are maintained in cash and investments.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

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**5. INVESTMENT INCOME (LOSS)**

For the years ended March 31, 2020 and 2019, net investment income (loss) is comprised of:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 218,430	\$ 202,386
Net realized gain (loss) on sale of investments	182,514	(279,495)
Net unrealized gain (loss) on investments	(1,009,079)	223,734
Investment management fees	<u>(30,135)</u>	<u>(28,676)</u>
Net investment income (loss)	<u>\$ (638,270)</u>	<u>\$ 117,949</u>

**6. FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (“Level 1”) and the lowest priority to unobservable inputs (“Level 3”). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date.

*Level 2* - Inputs to the valuation methodology are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2020 and 2019.

- Equity securities and mutual funds are valued using quoted market prices in active markets.
- Registered investment companies are valued at the net asset value (“NAV”) of the units of participation owned by the Guild at year end as determined by the trustees of the registered investment company based on the fair value of the underlying investments of the registered investment company. NAV is used as a practical expedient to measure fair value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. During the year ended March 31, 2020, there were no transfers in or out of levels 1, 2, or 3.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

As of March 31, 2020 and 2019, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	<b>2020</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Equity securities	\$ 4,631,733	\$ -	\$ -	\$ 4,631,733
Mutual funds	<u>1,653,856</u>	<u>-</u>	<u>-</u>	<u>1,653,856</u>
Total investments in fair value hierarchy	6,285,589	-	-	6,285,589
Registered investment companies*	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,537,065</u>
Total recurring fair value measurements	<u>\$ 6,285,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,822,654</u>

  

	<b>2019</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Equity securities	\$ 2,023,035	\$ -	\$ -	\$ 2,023,035
Mutual funds	<u>4,199,462</u>	<u>-</u>	<u>-</u>	<u>4,199,462</u>
Total investments in fair value hierarchy	6,222,497	-	-	6,222,497
Registered investment companies*	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,244,595</u>
Total recurring fair value measurements	<u>\$ 6,222,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,467,092</u>

\*These investments are valued using NAV as a practical expedient and have not been classified in the fair value hierarchy.

Registered investment companies include the following funds as of March 31, 2020 and 2019:

- One fund's objective is to seek long-term capital appreciation primarily by allocating its assets among investments in private investment vehicles, commonly referred to as hedge funds, that are managed by unaffiliated asset managers employing a broad range of investment strategies. Redemptions are made within a reasonable timeframe, contingent upon the liquidity of the underlying assets.
- One fund's objective is to manage the volatility of an equity-oriented asset allocation. Redemptions can be made daily.
- One fund's objective is to manage the volatility of a fixed-income-oriented asset allocation. Redemptions can be made daily.

There were no unfunded commitments as of March 31, 2020 and 2019.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2020 and 2019**

**7. PROPERTY ASSETS**

At March 31, 2020 and 2019, property assets consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 2,138,260	\$ 2,059,739
Leasehold improvements	<u>848,145</u>	<u>838,195</u>
	2,986,405	2,897,934
Accumulated depreciation and amortization	<u>(2,368,474)</u>	<u>(2,214,757)</u>
	<u>\$ 617,931</u>	<u>\$ 683,177</u>

For the years ended March 31, 2020 and 2019, depreciation and amortization expense amounted to \$153,717 and \$147,721, respectively.

**8. EMPLOYEE BENEFIT PLANS**

The Guild participates in the Producer-Writers Guild of America Pension Plan (the "Pension Plan"), a defined benefit multiemployer plan covering substantially all of its employees. The risks of participating in multiemployer defined benefit pension plans are different from single employer defined benefit pension plans in the following respects:

- (a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- (b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- (c) If the Guild chooses to stop participating in a multiemployer 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.

The Guild's participation in this plan for the years ended March 31, 2020 and 2019, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The most recent Pension Protection Act ("PPA") zone status available for the Pension Plan is for the plan's year ended December 31, 2018. The zone status is based on information reported on the Form 5500 for that year. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "RP Implemented" column indicates whether a rehabilitation plan ("RP") has been implemented. The last column lists the expiration date of the collective bargaining agreement to which the plan is subject. There have been no significant changes that affect the comparability of 2020 and 2019 contributions.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act</u>	<u>RP Implemented</u>	<u>Contributions</u>		<u>Surcharge Imposed</u>	<u>Expiration Date of Collective - Bargaining Agreement</u>
		<u>Zone Status 12/31/2018</u>		<u>2020</u>	<u>2019</u>		
Producer-Writers Guild of America Pension Plan	95-2216351 #001	Green	None	<u>\$ 287,593</u>	<u>\$ 288,738</u>	None	3/1/2022

For the plan year ended December 31, 2019, the Guild's contributions to the Pension Plan were not greater than 5% of the Pension Plan's total contributions.

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The Guild participates in the Writer's Guild Industry Health Fund (the "Health Fund"), which provides medical benefits for eligible participants. For the years ended March 31, 2020 and 2019, the Guild contributed \$390,307 and \$370,321, respectively, to the Health Fund.

In addition, the Guild also contributes to the 401K plan of participating employees covered under the Newspaper Guild contract through March 1, 2020 and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service workers International Union contract through June 30, 2023. For the years ended March 31, 2020 and 2019, the Guild contributed \$19,710 and \$21,257, respectively, to the 401K plan.

The Guild maintains a 401K Plan and a Sec. 125 Cafeteria Plan for those employees who are eligible and wish to participate. The Guild did not make any contributions to these plans for the years ended March 31, 2020 and 2019.

**9. AFFILIATES**

In accordance with its Constitution and By-Laws, the Guild is affiliated with the Writers Guild of America, West ("WGAW"). In exchange for services provided by WGAW to the Guild, 13.25% of dues collected for earnings covered by the minimum basic agreement by the Guild is to be paid to the WGAW. During the years ended March 31, 2020 and 2019, the Guild paid \$778,460 and \$692,633, respectively, to WGAW, and the amount is reflected as WGAW settlement expenses on the statements of functional expenses.

The WGA East Foundation Inc. (the "Foundation") derives income from other foundations and contributions from individual members. The Guild's constitution provides that the Guild may provide the Foundation with up to, but not exceeding, \$25,000 per year without the vote of the membership. Office services and space shall be offered in addition, as available, at the discretion of the Council. During the years ended March 31, 2020 and 2019, the Guild did not make any contributions to the Foundation.

**10. COMMITMENTS AND CONTINGENCIES**

The Guild leases office space under a non-cancellable operating lease in New York City expiring in 2026. Under the terms of the lease, the Guild is obligated to pay escalation rentals for certain operating expenses and real estate taxes. In addition, the Guild also leases office equipment. Minimum future rental payments under the leases for the years ending March 31 are summarized as follows:

2021	\$ 787,903
2022	804,977
2023	821,076
2024	837,497
2025	854,248
Thereafter	<u>67,647</u>
	<u>\$ 4,173,348</u>

Rent, property taxes and utilities expenses for the years ended March 31, 2020 and 2019 amounted to \$1,141,391 and \$1,113,847, respectively.

**Writers Guild of America, East, Inc.**  
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**11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Guild's financial assets available within one year of March 31, 2020 and 2019 for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,339,199	\$ 1,089,547
Investments	8,822,654	9,467,092
Dues receivable	2,264,465	2,365,056
Other receivables	<u>177,637</u>	<u>165,609</u>
Total financial assets	12,603,955	13,087,304
Council designations		
Reserve and Residuals Fund (Note 4)	(300,000)	(300,000)
Strike Fund (Note 4)	<u>(250,000)</u>	<u>(250,000)</u>
	<u>\$ 12,053,955</u>	<u>\$ 12,537,304</u>

The Guild structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Also, the Guild operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. In addition, as part of its liquidity management, the Guild may invest cash in excess of daily requirements in various short-term investments, including equity securities, mutual funds, and registered investment companies.

**12. CONCENTRATION OF CREDIT RISKS**

The Guild maintains its cash in bank deposit accounts which exceed the federally insured limit. The Guild has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Guild has significant investments which are held by a financial institution in a brokerage account. The brokerage account is protected by the Securities Investor Protection Corporation ("SIPC") which offers limited coverage up to a ceiling of \$500,000 (including a maximum of \$250,000 for claims of uninvested cash). The SIPC insurance does not protect against market losses on investments.

Investments are stated at fair value. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the market decline, and that such changes could materially affect the amounts reported in the Guild's statements of activities.

**13. LEGAL CONTINGENCY**

The Guild is a party in a lawsuit. The liability, if any, is not presently determinable. In the opinion of management, resolution of this issue will not have a material effect on the Guild's financial position or changes in net assets.

**14. RISKS AND UNCERTAINTIES**

Management is currently evaluating the introduction of the COVID-19 virus (the "Virus") to the United States and its impact on the entertainment industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Guild's financial condition and results of operations, the specific impact is not readily determinable as of the date of these financial statements.



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**15. RECLASSIFICATION OF 2019 FINANCIAL STATEMENTS**

Certain 2019 amounts have been reclassified to conform with the 2020 presentation. On the statements of activities for the year ended March 31, 2019, \$7,379,195 which was previously reported among the categories of dues based on earnings, annual basic dues, initiation fees, and bookkeeping and late fees is now shown in the aggregate as dues revenue. This reclassification had no impact on net assets as of March 31, 2019 or net income for the year then ended as stated in the previously issued financial statements.

**16. FUTURE CHANGE IN ACCOUNTING STANDARDS**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 (“ASC 606”). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements. ASC 606 is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. Management is currently evaluating the effect of the adoption of ASC 606 on its results of operations, financial position, and cash flows.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes existing lease accounting standards. Together with subsequent amendments, this created Accounting Standards Codification Topic 842 (“ASC 842”). ASC 842 requires that a lessee recognizes a right-of-use asset and a corresponding liability for its obligation under virtually all operating leases, as well as expanding disclosure requirements. ASC 842 is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted. Management is currently evaluating the effect of the adoption of ASC 842 on its results of operations, financial position, and cash flows.