



**WRITERS GUILD OF AMERICA, EAST, INC.  
Financial Statements  
March 31, 2021 and 2020  
With Independent Auditor's Report**

**Writers Guild of America, East, Inc.**  
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**March 31, 2021 and 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 2 to the financial statements, during the year ended March 31, 2021, the Guild adopted new accounting guidance in accordance with Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The statement of financial position was restated to reflect the adjustment as described in Note 2. As a result, a cumulative effect of change in accounting principle of \$1,521,199 was recognized to restate net assets without donor restrictions at April 1, 2019. Our opinion is not modified with respect to this matter.

*Withum Smith + Brown, PC*

September 2, 2021

**Writers Guild of America, East, Inc.**  
**Statements of Financial Position**  
**March 31, 2021 and 2020**

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	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
<b>Assets</b>		
Cash	\$ 1,678,392	\$ 1,339,199
Investments	11,484,028	8,822,654
Dues receivable	2,320,573	2,264,465
Other receivables	228,763	177,637
Prepaid expenses	114,720	77,994
Property assets - net	<u>488,010</u>	<u>617,931</u>
 Total assets	 <u>\$ 16,314,486</u>	 <u>\$ 13,299,880</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 754,547	\$ 893,802
Deferred revenue	1,663,786	1,577,409
Deferred rent	668,070	789,811
Residuals payable	<u>362,689</u>	<u>1,090</u>
Total liabilities	3,449,092	3,262,112
 Net assets without donor restrictions	 <u>12,865,394</u>	 <u>10,037,768</u>
 Total liabilities and net assets	 <u>\$ 16,314,486</u>	 <u>\$ 13,299,880</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
<b>Revenue</b>		
Dues	\$ 8,169,071	\$ 7,829,553
Registration of manuscripts	284,401	254,382
Net investment income (loss)	2,470,841	(638,270)
Awards program	317,425	291,550
Other income	<u>5,130</u>	<u>18,387</u>
Total revenue	<u>11,246,868</u>	<u>7,755,602</u>
<b>Expenses</b>		
Program services	5,960,781	6,089,160
Administrative and general	<u>2,458,461</u>	<u>2,335,231</u>
Total expenses	<u>8,419,242</u>	<u>8,424,391</u>
<b>Change in net assets</b>	<u>2,827,626</u>	<u>(668,789)</u>
<b>Net assets without donor restrictions</b>		
Beginning of year, as previously stated	10,037,768	12,227,756
Cumulative effect of change in accounting principle (see Note 2)	<u>-</u>	<u>(1,521,199)</u>
Beginning of year, as restated	<u>10,037,768</u>	<u>10,706,557</u>
End of year	<u>\$ 12,865,394</u>	<u>\$ 10,037,768</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, 2021**

	Program Expenses					Supporting	Total
	Awards,	Membership	Contract	Total Program	Services	Expenses	
	Events and				Administrative		
	Activities	and Dues	Enforcement	Organizing	Expenses	and General	Expenses
Salaries, benefits, and taxes	\$ 571,483	\$ 345,461	\$ 1,094,825	\$ 1,171,257	\$ 3,183,026	\$ 1,449,075	\$ 4,632,101
Rent and utilities	187,183	69,906	221,590	235,453	714,132	293,230	1,007,362
WGAw settlement	-	-	727,709	-	727,709	-	727,709
Legal fees	-	-	465,663	83,082	548,745	-	548,745
Website content and maintenance	6,950	-	-	7,980	14,930	174,185	189,115
Bank and credit card processing fees	19,967	9,086	36,096	39,825	104,974	49,295	154,269
Depreciation and amortization	17,382	10,508	33,300	35,391	96,581	44,076	140,657
Office supplies	11,872	7,177	23,714	24,173	66,936	30,105	97,041
Per capita dues	-	-	-	-	-	94,601	94,601
Insurance	11,595	7,009	22,213	23,607	64,424	29,400	93,824
Database and network maintenance	10,726	6,484	20,547	22,342	60,099	27,196	87,295
Accounting	10,635	6,429	20,374	21,653	59,091	26,966	86,057
Miscellaneous	40,276	-	5,189	(166)	45,299	40,522	85,821
Equipment lease	9,528	5,759	18,252	19,398	52,937	24,158	77,095
Statues	64,828	-	-	-	64,828	-	64,828
Postage	585	1,169	36,825	-	38,579	19,874	58,453
Lobbying	-	-	-	-	-	48,000	48,000
Dues and subscriptions	-	-	50	4,940	4,990	36,539	41,529
Telephone	5,026	3,038	9,629	10,233	27,926	12,744	40,670
Stationery and printing	572	-	-	-	572	32,777	33,349
Public relations	22,485	-	-	7,640	30,125	-	30,125
Payroll service fees	3,459	2,091	6,626	7,042	19,218	8,770	27,988
Education and professional activities	-	-	4,160	12,102	16,262	-	16,262
Storage	1,595	964	3,056	3,248	8,863	4,044	12,907
Elections	-	-	-	-	-	12,774	12,774
Meetings	(171)	-	7,591	855	8,275	84	8,359
Travel and lodging	(12)	-	2,506	(234)	2,260	46	2,306
	<u>\$ 995,964</u>	<u>\$ 475,081</u>	<u>\$ 2,759,915</u>	<u>\$ 1,729,821</u>	<u>\$ 5,960,781</u>	<u>\$ 2,458,461</u>	<u>\$ 8,419,242</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, 2020**

	Program Expenses					Supporting	Total	
					Total Program	Services		Expenses
	Awards, Events and Activities	Membership and Dues	Contract Enforcement	Organizing	Expenses	Administrative and General		
Salaries, benefit 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 Cash Flows**  
**Years Ended March 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
<b>Operating activities</b>		
Change in net assets	\$ 2,827,626	\$ (668,789)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	140,657	153,717
Unrealized loss (gain) on investments	(1,043,591)	1,009,079
Realized gain on investments	(1,290,940)	(182,514)
Changes in assets and liabilities		
Dues receivable	(56,108)	100,591
Other receivables	(51,126)	(12,028)
Prepaid expenses	(36,726)	(8,705)
Accounts payable and accrued expenses	(139,255)	223,657
Deferred revenue	86,377	25,005
Deferred rent	(121,741)	(60,746)
Residuals payable	<u>361,599</u>	<u>(59,017)</u>
Net cash provided by operating activities	<u>676,772</u>	<u>520,250</u>
<b>Investing activities</b>		
Purchases of property assets	(10,736)	(88,471)
Sales of investments	6,078,008	1,595,399
Purchases of investments	<u>(6,404,851)</u>	<u>(1,777,526)</u>
Net cash used in investing activities	<u>(337,579)</u>	<u>(270,598)</u>
Net change in cash	339,193	249,652
<b>Cash</b>		
Beginning of year	<u>1,339,199</u>	<u>1,089,547</u>
End of year	<u>\$ 1,678,392</u>	<u>\$ 1,339,199</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, 2021 and 2020**

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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 governing body of the Guild is the Council, consisting of no less than 19 members and 3 officers. 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, 2021 and 2020, 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 3 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.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

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**Deferred Rent**

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

**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, Receivable and Deferred Revenue**

Membership dues are recognized as an exchange transaction over the membership period covered by the individual member's dues. Dues receivable consist of management's estimation of dues due from members for work performed prior to year-end and initiation fees earned over the period but not yet received. There is no allowance for uncollectible accounts because management believes that amount is collectible in its entirety. As of April 1, 2020 and 2019, dues receivable balances were \$2,264,465 and \$2,365,056, respectively. Deferred revenue represents cash received for dues and initiation fees for the portion not yet earned based on the membership period.

**Revenue Recognition**

The Guild derives its revenue primarily from membership dues and initiation fees. Membership dues and initiation fees are recognized in the period earned. Membership dues and initiation fees are recognized as exchange transactions over the membership period. The performance obligation consists of providing membership benefits, which is satisfied monthly for membership dues and over the average estimated period of membership for initiation fees. In 2021, membership dues were \$40 per quarter plus 1.5% of covered compensation. Initiation fees ranged from \$100 to \$1,500. Rental income is recognized using the straight-line method over the life of the lease.

**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.

**Residuals Payable**

Residuals payable represent residuals collected on behalf of members.

**Registration of Manuscripts**

Registration of manuscripts represents amounts paid by the Guild's members to register creative materials and is recognized in the period that it is earned.

**Awards Program Revenue**

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

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

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**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

**Adoption of Accounting Principles**

*Revenue Recognition*

The Financial Accounting Standards Board (“FASB”) issued new guidance under Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. The new guidance provided in the provisions of FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all previous revenue recognition guidance according to accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

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The Guild adopted the requirements of the new guidance as of April 1, 2019, utilizing the full retrospective method of transition. Adoption of the new guidance resulted in minimal changes to the Guild's accounting policies for recognition of membership dues. Adoption of the new guidance resulted in changes to the Guild's accounting policy for recognition of initiation fees, from recognition when fees are received, to recognition during the membership period. As a result, a cumulative effect of change in accounting principle of \$1,521,199 was recognized to reduce and restate net assets without donor restrictions at April 1, 2019. Additionally, advance payments from members of \$31,205 which was presented separately as of March 31, 2020 has been reclassified to deferred revenue to be consistent with the presentation as of March 31, 2021.

**Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions that occurred after March 31, 2021 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through September 2, 2021, 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. 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 each of the years ended March 31, 2021 and 2020, 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, 2021 and 2020. As of March 31, 2021 and 2020, 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.

**4. 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, 2021 and 2020 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.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

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**5. INVESTMENT INCOME (LOSS)**

For the years ended March 31, 2021 and 2020, net investment income (loss) is comprised of:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 170,050	\$ 218,430
Net realized gain on sale of investments	1,290,940	182,514
Net unrealized gain (loss) on investments	1,043,591	(1,009,079)
Investment management fees	<u>(33,740)</u>	<u>(30,135)</u>
Net investment income (loss)	<u>\$ 2,470,841</u>	<u>\$ (638,270)</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, 2021 and 2020.

*Equity Securities and Mutual Funds:* Shares in equity securities and mutual funds are valued using quoted market prices in active markets.

*Registered Investment Companies:* Shares in 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. During the year ended March 31, 2021, there were no transfers in or out of Level 3.

**Writers Guild of America, East, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

As of March 31, 2021 and 2020, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	<b>2021</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Equity securities	\$ 4,163,072	\$ -	\$ -	\$ 4,163,072
Mutual funds	<u>7,320,956</u>	<u>-</u>	<u>-</u>	<u>7,320,956</u>
Total recurring fair value measurements	<u>\$ 11,484,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,484,028</u>
	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</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>

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

Registered investment companies include one fund with an objective to manage the volatility of an equity-oriented asset allocation and one fund with an objective 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, 2021 and 2020.

**7. PROPERTY ASSETS**

At March 31, 2021 and 2020, property assets consisted of the following:

	<b>2021</b>	<b>2020</b>
Furniture and equipment	\$ 2,148,996	\$ 2,138,260
Leasehold improvements	<u>848,145</u>	<u>848,145</u>
	2,997,141	2,986,405
Accumulated depreciation and amortization	<u>(2,509,131)</u>	<u>(2,368,474)</u>
	<u>\$ 488,010</u>	<u>\$ 617,931</u>

For the years ended March 31, 2021 and 2020, depreciation and amortization expense amounted to \$140,657 and \$153,717, respectively.

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**8. DEFERRED REVENUE**

The following table provides information about significant changes in deferred revenue for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Deferred revenue, beginning of year, as previously stated	\$ 1,577,409	\$ 31,205
Cumulative effect of change in accounting principle	-	1,521,199
Revenue recognized that was included in cumulative effect of change in accounting principle	(305,270)	(313,142)
Increase in deferred revenue due to cash received during the period	<u>391,646</u>	<u>338,147</u>
Deferred revenue, end of year	<u>\$ 1,663,785</u>	<u>\$ 1,577,409</u>

The Guild has adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended with retrospective application to prior periods. The adjustment was applied to all membership dues and initiation fees for which the duration of the membership period has not been fully realized as of the date of initial application, resulting in a \$3,473,463 increase to deferred revenue and a corresponding decrease to change in net assets and net assets without donor restrictions.

**9. 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, 2021 and 2020, 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, 2019. 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 2021 and 2020 contributions.



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Pension Fund	EIN/Pension Plan Number	Pension Protection Act	RP Implemented	Contributions		Surcharge Imposed	Expiration Date of Collective - Bargaining Agreement
		Zone Status 12/31/2019		2021	2020		
Producer-Writers Guild of America Pension Plan	95-2216351 #001	Green	None	\$ 356,170	\$ 287,593	None	3/1/2022

For the plan year ended December 31, 2020, the Guild's contributions to the Pension Plan were not greater than 5% of the Pension Plan's total contributions. The Guild's contributions to the Pension Plan increased during the year ended March 31, 2021 due to an increase in salaries and the Pension Plan's contribution rate.

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, 2021 and 2020, the Guild contributed \$409,350 and \$390,307, respectively, to the Health Fund.

In addition, the Guild also contributes to the 401(k) 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, 2021 and 2020, the Guild contributed \$29,029 and \$19,710, respectively, to the 401(k) plan.

The Guild maintains a 401(k) 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, 2021 and 2020.

**10. AFFILIATES**

In accordance with its Constitution and By-Laws, the Guild is affiliated with the 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, 2021 and 2020, the Guild paid \$727,709 and \$778,460, 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, 2021 and 2020, the Guild did not make any contributions to the Foundation.

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**11. 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:

2022	\$ 804,977
2023	821,076
2024	837,497
2025	854,248
2026	<u>67,647</u>
	<u>\$ 3,385,445</u>

Rent, property taxes and utilities expenses for the years ended March 31, 2021 and 2020 amounted to \$1,007,362 and \$1,141,391, respectively.

**12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Guild's financial assets available within one year of March 31, 2021 and 2020 for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,678,392	\$ 1,339,199
Investments	11,484,028	8,822,654
Dues receivable	2,320,573	2,264,465
Other receivables	<u>228,763</u>	<u>177,637</u>
Total financial assets	15,711,756	12,603,955
Council designations		
Reserve and Residuals Fund (Note 3)	(300,000)	(300,000)
Strike Fund (Note 3)	<u>(250,000)</u>	<u>(250,000)</u>
	<u>\$ 15,161,756</u>	<u>\$ 12,053,955</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.

**13. RISKS AND UNCERTAINTIES**

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.

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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.

The COVID-19 pandemic has had a widespread impact on global health and economies. While the Guild has not experienced a significant decline in its asset valuations or in membership dues revenues and collections as of the date of these financial statements, due to the uncertainties presented by COVID-19, it is at least reasonably possible that the pandemic could have a negative effect on the Guild's future financial position or future activities. The specific impact is not known at this time and the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**14. FUTURE CHANGE IN ACCOUNTING STANDARDS**

In February 2016, the 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 recognize a right-of-use asset and a corresponding liability for its obligation under virtually all operating leases, as well as expand 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.