

**THE WRITERS GUILD FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**THE WRITERS GUILD FOUNDATION**  
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**DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Writers Guild Foundation  
Los Angeles, California

We have audited the accompanying financial statements of The Writers Guild Foundation, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of 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 The Writers Guild Foundation, as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Boden Klein & Sneesby  
Certified Public Accountants  
Roseville, California  
August 3, 2020

**THE WRITERS GUILD FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2019**

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**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 213,434
Receivables	91,056
Investments	1,044,198
Prepaid expenses	<u>9,010</u>
Total current assets	1,357,698
Property and equipment, net	<u>985,677</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,343,375</u></b>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable	\$ 7,224
Accrued expenses	<u>12,999</u>
Total current liabilities	<u>20,223</u>
Net assets:	
Without donor restrictions	2,303,152
With donor restrictions	<u>20,000</u>
Total net assets	<u>2,323,152</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,343,375</u></b>

See notes to financial statements.

**THE WRITERS GUILD FOUNDATION**  
**Statement of Activities**  
**For The Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 262,213	\$ -	\$ 262,213
Grants	362,987	20,000	382,987
Fundraising, net of direct costs of \$11,377	45,429	-	45,429
Event revenue	214,319	-	214,319
Rental income	3,800	-	3,800
Other income	13,575	-	13,575
Interest and dividends	19,933	-	19,933
Realized and unrealized investment gains, net	133,681	-	133,681
Net assets released from restrictions	<u>31,050</u>	<u>(31,050)</u>	<u>-</u>
 Total Support and Revenues	 <u>1,086,987</u>	 <u>(11,050)</u>	 <u>1,075,937</u>
Expenses:			
Program	794,341	-	794,341
Management and general	89,535	-	89,535
Fundraising	<u>61,359</u>	<u>-</u>	<u>61,359</u>
 Total expenses	 <u>945,235</u>	 <u>-</u>	 <u>945,235</u>
 Change in net assets	 141,752	 (11,050)	 130,702
Net assets, beginning	<u>2,161,400</u>	<u>31,050</u>	<u>2,192,450</u>
 <b>Net Assets, Ending</b>	 <u><u>\$ 2,303,152</u></u>	 <u><u>\$ 20,000</u></u>	 <u><u>\$ 2,323,152</u></u>

See notes to financial statements.

**THE WRITERS GUILD FOUNDATION**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries	\$ 353,418	\$ 43,082	\$ 29,844	\$ 426,344
Employee benefits	74,222	9,048	6,268	89,538
Payroll taxes	28,889	3,521	2,439	34,849
Bank charges	14,388	1,734	1,213	17,335
Communication/marketing/development	27,777	2,099	5,752	35,628
Depreciation	41,522	-	-	41,522
Direct assistance	33,404	-	-	33,404
Events, seminars, and workshops	43,807	43	5,823	49,673
Insurance	-	793	-	793
Library	42,364	-	-	42,364
Occupancy	95,383	11,489	8,024	114,896
Office supplies and equipment	2,334	281	197	2,812
Other expenses	9,283	2,876	404	12,563
Postage and delivery	1,083	131	91	1,305
Printing and publications	8,010	965	676	9,651
Professional fees and services	13,839	12,917	239	26,995
Travel/mileage/parking	4,618	556	389	5,563
Total Expenses	<u>\$ 794,341</u>	<u>\$ 89,535</u>	<u>\$ 61,359</u>	<u>\$ 945,235</u>

See notes to financial statements.

**THE WRITERS GUILD FOUNDATION**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2019**

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Cash flows from operating activities:	
Change in net assets	\$ 130,702
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	41,522
Realized and unrealized investment gains, net	(133,681)
Changes in operating assets and liabilities:	
Receivables	51,561
Prepaid expenses	(9,010)
Accounts payable	(3,537)
Accrued expenses	<u>(11,664)</u>
Total adjustments	<u>(64,809)</u>
Net cash provided by operating activities	65,893
Cash flows from investing activities:	
Purchases of investments, net	<u>(15,114)</u>
Increase in cash and cash equivalents	50,779
Cash and equivalents, beginning of year	<u>162,655</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u><u>\$ 213,434</u></u></b>

See notes to financial statements.

**(1) Organization and Highlights of the Year**

**Organization**

Founded in 1966, The Writers Guild Foundation's mission is to serve the writing community and for writers to serve the community. Through its educational events, outreach programs, library and archive, the Foundation strives to educate and inspire writers as well as promote and preserve excellence in writing for the screen.

The Writers Guild Foundation Shavelson-Webb Library (Library) is the Foundation's largest and most visible program, containing more than 30,000 catalogued items. With its focus on collecting award-nominated scripts, the Library serves as a valuable resource to the community and advances the recognition of writers' unique contribution to the art of film and television. The Writers Guild Foundation Archive (Archive) contains unique and rare items, from the personal papers of prominent writers to early WGA periodicals, photographs, vintage scripts, rare books, and other ephemera including typewriters, awards, scrapbooks, and strike realia.

The Foundation's educational events include workshops, seminars, and a speaker series. Through these events, the Foundation offers the community insight and education on the craft of writing for the screen.

The Foundation's outreach programs include the Visiting Writers Program, an oral history program, and a writing program for military veterans. Through these programs the Foundation also seeks to fulfill another major goal: to establish writing for film and television as literature in its own right and to preserve that literature for posterity.

**(2) Summary of Significant Accounting Policies**

**Financial Statement Presentation** - The Foundation prepares its financial statements using the accrual basis of accounting. Additionally, the Foundation reports information regarding its assets and liabilities as net assets without donor restrictions and net assets with donor restrictions.

- (a) **Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations.
- (b) **Net Asset With Donor Restrictions** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents** - The Foundation considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

**Receivables** - Management believes that all receivables are fully collectible and therefore, no allowance for doubtful accounts has been recorded.



## THE WRITERS GUILD FOUNDATION

### Notes to Financial Statements

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**Property and Equipment** - The Foundation capitalizes all property acquisitions of \$1,000 and above. Property is recorded at cost, if purchased, or fair market value at date of donations, if contributed. Depreciation and amortization is provided on the straight-line basis over the estimated useful life of the asset.

**Collection** - The Foundation maintains a collection of writing associated memorabilia including annotated scripts, correspondence, production notes, personal papers of prominent writers, rare books, etc. This collection is made available to qualifying members of the general public for research and educational purposes. Items included in the collection are donated items accepted in accordance with the Foundation's Gift Acceptance Policy. It is the policy of the Foundation not to capitalize the value of donated collection items. Each of the donated collection items is catalogued; its condition assessed with preservation actions taken, as necessary, and cared for in perpetuity. Activities verifying the physical existence and maintenance of the collection are performed continuously; such costs of maintenance of the collection are expensed as incurred. The Foundation does not purchase collection items; however, the Foundation does purchase recently published books, DVDs, periodicals, etc. for research and educational purposes in its Library. These items are expensed and classified as library expense in the statement of functional expenses.

**Income Taxes** - No provision has been made for federal and state income taxes because the Foundation is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the Internal Revenue Service has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Code. Accounting standards requires the Foundation to evaluate its tax positions and provide for a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2019. The Foundations tax filings remain subject to examination by the various taxing authorities, generally for a three year period.

**Revenue Recognition** - Contributions and grants received are recorded as support without donor restrictions and with donor restrictions depending on the existence or absence of donor imposed restrictions. Contributions with donor restrictions are then reclassified to net assets without donor restrictions upon expiration of the time and/or satisfaction of programmatic restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Similarly, all income, gains, and losses from investments of restricted contributions are recognized as unrestricted unless specified as restricted by the donor.

**Contingencies** - Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although that is a possibility, the Foundation deems the contingency remote, since it has made its best efforts to comply in all material respects with the provisions of each grant.

**Allocation of Functional Expenses** - The costs of providing the various programs and other activities have been summarized on a program basis on the statements of activities and functional expenses. Accordingly, certain costs have been allocated between the programs

**THE WRITERS GUILD FOUNDATION**  
**Notes to Financial Statements**

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and supporting services benefitted based on actual labor hours incurred with respect to the various programs and support services.

**Donated Services and In-Kind Support** - Support arising from donated services is recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for donated services.

**Fair Value Measurement** - FASB ASC 820 (formerly SFAS No. 157), Fair Value Measurement provides guidance for measuring the fair value of assets and liabilities. The objective of a fair value measurement is to determine the price that would be received when selling an asset or paid when transferring a liability. The guidance outlines a fair value hierarchy that gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- (a) **Level 1** - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- (b) **Level 2** - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- (c) **Level 3** - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Foundation is part of an investment pool in an attempt to obtain higher returns. The fair value hierarchy levels are therefore estimates determined by financial information provided to the Foundation. As part of the pool, a substantial portion of the fair value measurements included within investments are provided by third parties and are not calculated by the Foundation. These valuations are based on the fair value based on quoted market prices, financial models of hypothetical transactions, or net asset value as determined by the fund manager. The fair value assigned to a particular security by the fund management does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund management is accurate. Information regarding changes in level 3 assets (such as purchases and sales totals) has not been provided as the information is not available due to the nature of the pooled investment fund. This omission is not deemed to be a material departure.

**Concentrations of Credit Risk** - The Foundation maintains its cash balances and certificates of deposits at various financial institutions. Balances in these accounts may exceed federally insured limits at times during the year. The Foundation has not experienced any losses and believes it is not exposed to any significant credit risk on its balances.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE WRITERS GUILD FOUNDATION**  
**Notes to Financial Statements**

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**(3) Investments**

Investments at December 31, 2019 are valued at fair value and consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities and mutual funds	\$ 636,960	\$ 371,499	\$ 262,347	\$ 3,114
Fixed income	261,050	232,334	28,716	-
Real estate and alternative	<u>146,188</u>	<u>-</u>	<u>137,147</u>	<u>9,041</u>
Totals	<u>\$1,044,198</u>	<u>\$ 603,833</u>	<u>\$ 428,210</u>	<u>\$ 12,155</u>

Net investment return for the year ended December 31, 2019 was as follows:

Realized gains	\$ 21,825
Unrealized losses	<u>111,856</u>
Realized and unrealized gains	133,681
Interest and dividend income	<u>19,933</u>
Net	<u>\$ 153,614</u>

**(4) Property and Equipment**

Property and equipment consisted of the following at December 31, 2019:

Leasehold improvements	\$1,580,304
Furniture and equipment	264,181
Computer equipment and software	<u>15,000</u>
Subtotal	1,859,485
Less accumulated depreciation	<u>(873,808)</u>
Net	<u>\$ 985,677</u>

**(5) Net Assets With Donor Restrictions**

As of December 31, 2019, the Foundation had net assets with donor restrictions totaling \$20,000 related to Ecrivain a Ecrivain, A French-American Exchange.

**(6) Related Parties**

The WGAW provides grants to the Foundation for the library, outreach programs, and for the archival project. For the year ended December 31, 2019, these grants amounted to \$303,624. Receivables at December 31, 2019 related to the WGAW totaled \$75,906. The WGAW grants

**THE WRITERS GUILD FOUNDATION**  
**Notes to Financial Statements**

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represent approximately 29% and 84% of total support and revenues and receivables, respectively.

The Foundation leases space from the WGAW for the library and its offices. The lease is approved annually. During the year ended December 31, 2019, payments under this lease amounted to \$108,120.

The WGAW and the Foundation are controlled by separate and independent boards of directors.

**(7) Health and Retirement Benefits**

Effective July 1, 2009, the Foundation became participants in the Producer-Writers Guild of America Pension Plan (Plan). Under the terms of the Plan, Foundation employees did not receive credit for work performed prior to July 1, 2009. The Plan currently provides for Foundation contributions of 8.5% of eligible employee (any employee credited with 1,000 hours of service during the year) compensation. The expenses related to these contributions amounted to \$36,742 during the year ended December 31, 2019.

The Foundation is also a participant in the Producer-Writers Guild of America Healthcare Plan (Healthcare Plan). The Healthcare Plan provides for current Foundation contributions of 11.5% of eligible employee compensation. The expenses related to these health benefits amounted to \$50,281 during the year ended December 31, 2019.

**(8) Subsequent Events**

Management has evaluated the potential for subsequent events through the available for issuance date of the financial statements, August 3, 2020.

**(9) Liquidity**

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at December 31, 2019	\$1,348,688
Less restricted by donor with time or purpose restriction	<u>(20,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,328,688</u>

The Foundation is supported by restricted and unrestricted grants and contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.