

THE WRITERS GUILD FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021

THE WRITERS GUILD FOUNDATION
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Board of Directors

The Writers Guild Foundation

Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Writers Guild Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Writers Guild Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

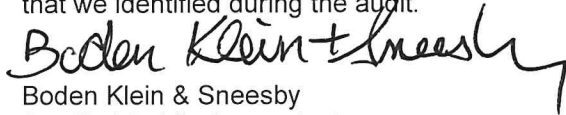
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Writers Guild Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Writers Guild Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Boden Klein & Sneesby
Certified Public Accountants
Roseville, California

June 23, 2022

THE WRITERS GUILD FOUNDATION
Statement of Financial Position
December 31, 2021

ASSETS

| | |
|-----------------------------|----------------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 513,814 |
| Receivables | 34,744 |
| Investments | 1,650,146 |
| Prepaid expenses | <u>7,212</u> |
| Total current assets | 2,205,916 |
| Property and equipment, net | <u>911,001</u> |
| TOTAL ASSETS | <u>\$ 3,116,917</u> |

LIABILITIES AND NET ASSETS

| | |
|---|----------------------------|
| Current liabilities: | |
| Accounts payable | \$ 16,621 |
| PPP loan | 100,000 |
| Funds held for others | <u>250,000</u> |
| Total current liabilities | 366,621 |
| Net assets: | |
| Without donor restrictions | <u>2,750,296</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 3,116,917</u> |

See notes to financial statements.

THE WRITERS GUILD FOUNDATION
Statement of Activities
For The Year Ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-------------------------|
| Support and Revenue: | | | |
| Contributions | \$ 524,891 | \$ - | \$ 524,891 |
| Grants | 385,274 | - | 385,274 |
| Event revenue, net | 219,260 | - | 219,260 |
| Other income | 15,704 | - | 15,704 |
| Interest and dividends | 13,614 | - | 13,614 |
| Realized and unrealized investment gains, net | 130,159 | - | 130,159 |
| Net assets released from restrictions | <u>20,000</u> | <u>(20,000)</u> | <u>-</u> |
| Total Support and Revenues | <u>1,308,902</u> | <u>(20,000)</u> | <u>1,288,902</u> |
| Expenses: | | | |
| Program | 946,262 | - | 946,262 |
| Management and general | 148,697 | - | 148,697 |
| Fundraising | <u>44,182</u> | <u>-</u> | <u>44,182</u> |
| Total expenses | <u>1,139,141</u> | <u>-</u> | <u>1,139,141</u> |
| Change in net assets | 169,761 | (20,000) | 149,761 |
| Net assets, beginning | <u>2,580,535</u> | <u>20,000</u> | <u>2,600,535</u> |
| Net Assets, Ending | <u>\$ 2,750,296</u> | <u>\$ -</u> | <u>\$ 2,750,296</u> |

See notes to financial statements.

THE WRITERS GUILD FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2021

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-------------------------------------|-------------------|-----------------------------------|--------------------|---------------------|
| Expenses | | | | |
| Salaries | \$ 376,239 | \$ 78,388 | \$ 23,928 | \$ 478,555 |
| Employee benefits | 91,939 | 19,156 | 5,847 | 116,942 |
| Payroll taxes | 33,437 | 6,966 | 2,127 | 42,530 |
| Bank charges | 14,123 | 1,702 | 1,191 | 17,016 |
| Communication/marketing/development | 31,920 | 803 | 906 | 33,629 |
| Depreciation | 42,629 | - | - | 42,629 |
| Events, seminars, and workshops | 9,144 | 192 | - | 9,336 |
| Insurance | 4,681 | 7,472 | 298 | 12,451 |
| Library | 8,312 | - | - | 8,312 |
| Occupancy | 92,736 | 11,173 | 7,821 | 111,730 |
| Office supplies and equipment | 3,820 | 460 | 322 | 4,602 |
| Other expenses | 14,122 | 2,400 | 1,052 | 17,574 |
| Postage and delivery | 2,811 | 339 | 237 | 3,387 |
| Printing and publications | 5,258 | 634 | 444 | 6,336 |
| Professional fees and services | 204,612 | 19,000 | - | 223,612 |
| Repair and maintenance | 10,377 | - | - | 10,377 |
| Travel/mileage/parking | 102 | 12 | 9 | 123 |
| Total Expenses | <u>\$ 946,262</u> | <u>\$ 148,697</u> | <u>\$ 44,182</u> | <u>\$ 1,139,141</u> |

See notes to financial statements.

THE WRITERS GUILD FOUNDATION
Statement of Cash Flows
For The Year Ended December 31, 2021

| | |
|---|--------------------------|
| Cash flows from operating activities: | |
| Change in net assets | <u>\$ 149,761</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 42,629 |
| Realized and unrealized investment gains, net | (130,159) |
| Changes in operating assets and liabilities: | |
| Receivables | 41,162 |
| Prepaid expenses | 5,818 |
| Accounts payable | (6,236) |
| Accrued expenses | (9,294) |
| Funds held for others | <u>250,000</u> |
| Total adjustments | <u>193,920</u> |
| Net cash provided by operating activities | <u>343,681</u> |
| Cash flows from investing activities: | |
| Purchases of equipment | (9,473) |
| Purchases of investments, net | <u>(376,022)</u> |
| Net cash used in investing activities | <u>(385,495)</u> |
| Cash flows from financing activities: | |
| Proceeds from PPP loan | <u>100,000</u> |
| Increase in cash and cash equivalents | 58,186 |
| Cash and equivalents, beginning of year | <u>455,628</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 513,814</u></u> |

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. All receivables are due within one year.

THE WRITERS GUILD FOUNDATION
Notes to Financial Statements

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, 2021. 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 when they are received or unconditionally pledged. 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. Other revenue is recognized when an event or service is complete.

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

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

(3) Investments

Investments at December 31, 2021 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 | \$ 891,079 | \$ 623,755 | \$ 267,324 | \$ - |
| Fixed income | 462,040 | 420,456 | 41,584 | - |
| Real estate and alternative | <u>297,027</u> | <u>-</u> | <u>288,116</u> | <u>8,911</u> |
| Totals | <u>\$1,650,146</u> | <u>\$ 1,044,211</u> | <u>\$ 597,024</u> | <u>\$ 8,911</u> |

Net investment return for the year ended December 31, 2021 was as follows:

| | |
|-------------------------------|-------------------|
| Realized gains | \$ 198,087 |
| Unrealized losses | <u>(67,928)</u> |
| Realized and unrealized gains | 130,159 |
| Interest and dividend income | <u>13,614</u> |
| Net | <u>\$ 143,773</u> |

(4) Property and Equipment

Property and equipment consisted of the following at December 31, 2021:

| | |
|---------------------------------|-------------------|
| Leasehold improvements | \$1,580,304 |
| Furniture and equipment | 273,654 |
| Computer equipment and software | <u>15,000</u> |
| Subtotal | 1,868,958 |
| Less accumulated depreciation | <u>(957,957)</u> |
| Net | <u>\$ 911,001</u> |

(5) PPP Loan

The Organization received loan proceeds of \$100,000 under the federal Payroll Protection Program (PPP). Under this program, the loan is forgivable if the loan proceeds are used for qualifying expenses, which include payroll, health benefits, mortgage and rent payments, utilities, and certain debt obligations. For any part not forgiven, the note is payable in 18 installments plus interest at 1 percent beginning 6 months after the loan date. The Organization complied with the loan agreement and received full forgiveness subsequent to year end.

THE WRITERS GUILD FOUNDATION
Notes to Financial Statements

(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, 2021, these grants amounted to \$303,624. The WGAW grants represent approximately 28% of total support and revenues.

The Foundation leases space from the WGAW for the library and its offices. The lease is approved annually. During the year ended December 31, 2021, 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 11.5% of eligible employee (any employee credited with 1,000 hours of service during the year) compensation. The expenses related to these contributions amounted to \$46,628 during the year ended December 31, 2021.

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 10.5% of eligible employee compensation. The expenses related to these health benefits amounted to \$70,314 during the year ended December 31, 2021.

(8) Subsequent Events

Management has evaluated the potential for subsequent events through the available for issuance date of the financial statements, June 23, 2022.

(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, 2021 | \$2,198,704 |
| Less funds held for others | <u>(250,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$1,948,704</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 Foundation 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 Foundation'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.