

WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.

D/B/A WRITERS GUILD INITIATIVE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2022

RB | RICH &
BANDER

CERTIFIED PUBLIC ACCOUNTANTS

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
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JUNE 30, 2022**

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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Writers Guild of America East Foundation, Inc.
d/b/a Writers Guild Initiative
New York, NY

Opinion

We have audited the accompanying financial statements of Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative as of June 30, 2022, and the changes in 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 Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative'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, including omissions, are considered material if there is a 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 Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative'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 Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative'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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended June 30, 2022, Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Rich and Bander, LLP

New York, NY
May 9, 2023

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current assets

Cash and cash equivalents	\$ 1,050,312
Grants and contribution receivables	21,445
Prepaid expenses	5,557
Total current assets	<u>1,077,314</u>

Noncurrent assets

Investments	528,992
Equipment, net of accumulated depreciation	2,198
Total other assets	<u>531,190</u>

TOTAL ASSETS	<u><u>\$ 1,608,504</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 43,388
Due to Writers Guild of America East, Inc.	40,587
Total current liabilities	<u>83,975</u>

Net assets

Without donor restrictions	783,620
With donor restrictions	740,909
Total net assets	<u>1,524,529</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,608,504</u></u>
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WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants and contributions			
Special events contributions	\$ 127,520	\$ -	\$ 127,520
Government	62,658	-	62,658
Individuals	53,369	-	53,369
Corporate	10,000	-	10,000
Contributed nonfinancial assets	9,778	-	9,778
Foundations	4,505	-	4,505
Total grants and contributions	267,830	-	267,830
Special events revenue			
Special event revenues	88,670	-	88,670
Less: cost of direct benefits to donors	(88,670)	-	(88,670)
Total special events revenue	-	-	-
Other income (loss)			
Net investment return	(71,803)	-	(71,803)
Interest income	1,158	-	1,158
Miscellaneous income	737	-	737
Total other income (loss)	(69,908)	-	(69,908)
Net assets released from restrictions	8,000	(8,000)	-
Total revenue and support	205,922	(8,000)	197,922
Expenses			
Program services	145,306	-	145,306
Supporting services			
Management and general	52,279	-	52,279
Fundraising	41,301	-	41,301
Total expenses	238,886	-	238,886
Change in net assets	(32,964)	(8,000)	(40,964)
Net assets - beginning of year	816,584	748,909	1,565,493
Net assets - end of year	\$ 783,620	\$ 740,909	\$ 1,524,529

The accompanying notes are an integral part of these financial statements.

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management & General	Fundraising	Cost of Direct Benefits to Donors	Total
Wages and benefits	\$ 96,757	\$ 23,298	\$ 7,045	\$ -	\$ 127,100
Professional fees	-	16,090	25,243	35,468	76,801
Workshop meals and facilities costs	2,116	139	221	49,612	52,088
Grant and fellowship	25,000	-	-	-	25,000
Other workshop costs	20,700	-	-	-	20,700
Travel and hotel	-	8,128	-	-	8,128
Benefit costs	-	321	1,173	3,590	5,084
Miscellaneous	394	683	3,777	-	4,854
Printing	8	-	3,622	-	3,630
Insurance	-	2,044	-	-	2,044
Office supplies and expenses	331	369	220	-	920
Depreciation	-	631	-	-	631
Website costs	-	464	-	-	464
Consulting fees	-	112	-	-	112
	<u>145,306</u>	<u>52,279</u>	<u>41,301</u>	<u>88,670</u>	<u>327,556</u>
Less expenses included with revenue on the statement of activities					
Cost of direct benefits to donors	-	-	-	(88,670)	(88,670)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,670)</u>	<u>(88,670)</u>
Total expenses included in the expense section on the statement of activities	<u><u>\$ 145,306</u></u>	<u><u>\$ 52,279</u></u>	<u><u>\$ 41,301</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 238,886</u></u>

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities:

Change in net assets	\$ (40,964)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>	
Net unrealized loss	94,512
Depreciation	631
Forgiveness of paycheck protection program loan	(23,058)
(Increase) decrease in operating assets:	
Grants and contributions receivables	(7,596)
Prepaid expenses	(2,947)
Certificate of deposits	80,650
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	6,550
Due to Writers Guild of America East	6,157
Total adjustments	<u>154,899</u>
Net cash provided by operating activities	<u><u>113,935</u></u>

Cash flows from financing activities:

Acquisition of computer equipment	(2,323)
Net cash used in financing activities	<u><u>(2,323)</u></u>

Net increase in cash and cash equivalents 111,612

Cash and cash equivalents, beginning of year 938,700

Cash and cash equivalents, end of year \$ 1,050,312

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ -
Income taxes	<u><u>\$ -</u></u>

Supplemental disclosures of non-cash activity:

Forgiveness of paycheck protection program	<u><u>\$ 23,058</u></u>
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**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1) NATURE OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Foundation

Writers Guild of America East Foundation, Inc. d/b/a Writers Guild Initiative (the “Foundation”) was created to perpetuate the art and craft of storytelling through education and practical experience. The Foundation’s goal is to increase its solidarity and power of the writing community and to work with other organizations to facilitate and expand the needs and goals of writers everywhere. The Foundation provides fellowships and grants and conducts workshops in order to promote the study, improvement and advancement of writing.

The Foundation’s programs are supported primarily by grants and contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash and cash equivalents.

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investment return are allocated to special-purpose funds based on their respective net asset balances. The portion of net realized and unrealized investment gains and losses allocated to donor restricted endowment funds, unless otherwise specified by the donor, is viewed by the Board, and accounted for, as expendable “income” (“losses”) rather than as increases (decreases) to endowment *corpus* as permitted under New York State law. Accordingly, the portion of investment return initially allocated to donor restricted endowment funds is classified as net assets with donor restriction or without donor restriction income (loss), depending upon the endowment terms.

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1) NATURE OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equipment

Equipment is recorded at cost or, if donated, the fair market value at the date of donation. Pursuant to the Foundation's policy, the Foundation capitalizes expenditures for these items in excess of \$1,000. Equipment is being depreciated over the useful life of the related assets using the straight-line method.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Contract Balances

Contract assets are recognized when the Foundation has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Foundation has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Foundation has an obligation to transfer goods or service to a customer for which the Foundation has received consideration or when payment is due prior to satisfying any or some of the performance obligations. The Foundation does not have any opening balances for contract assets nor liabilities or such balances for the year ended of June 30, 2022.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor - (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1) NATURE OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Advertising Costs

The Foundation uses advertising to promote its programs among the audience it serves. The Foundation's policy is to expense advertising costs as they are incurred. There were no advertising costs for the year ended June 30, 2022.

Revenue, Revenue Recognition, and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. A portion of contributions includes the contribution element of special events. In addition, a portion of grant revenue is derived from cost-reimbursable government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as grant advance in the statement of financial position. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

Grants and Contributions Receivable - Grants and contributions that are not yet collected are recorded as grants and contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at present value of their estimated future cash flows. The Foundation uses the allowance method to determine uncollectible grants and contributions receivable. Allowance is based on prior years' experience and management's analysis of specific promises made.

Special Events – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount received is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

Costs of Direct Benefits to Donors – The cost of the items and services furnished to donors as inducements to attend the Foundation's special events are presented in their natural expense classification in the combining statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the combining statement of activities.

WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1) NATURE OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables (cont'd)

Contributed Nonfinancial Assets – Donated assets are capitalized at fair value at the date of donation and recorded as contributed nonfinancial assets with or without donor restrictions, depending on the wishes of the donor. A number of volunteers have donated significant amounts of their time to the Foundation in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Foundation and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to purchase if not provided through donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Paycheck Protection Program

The Foundation has elected to account for the Paycheck Protection Program (“PPP”) loan under Accounting Standards Update (“ASU”) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) based on management’s continued belief from loan inception to date that forgiveness is probable. In accordance with the standard, the Foundation records the cash inflow of the PPP loan as a grant advance liability. The Foundation reduces the liability by recognizing government grant income once the conditions for the grant are substantially met. The Foundation has elected to recognize government grant income when the conditions for the grant are explicitly waived by the Small Business Administration (“SBA”). Loan proceeds expected and not expected to be forgiven are reported on the combining statement of cash flows as operating activities and financing activities, respectively. No interest or accrued interest expense is recognized.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Foundation has no obligation for any unrelated business income tax.

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1) NATURE OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax Status (cont'd)

The Foundation's Forms 990, *Return of Foundations Exempt from Income Tax*, for the years ended June 30, 2021, 2020, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Foundation has evaluated its current tax positions and has concluded that as of June 30, 2022, the Foundation does not have any significant uncertain tax positions for which a reserve would be necessary.

Endowment Investment and Spending Policies

The State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") effective September 17, 2010, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has adopted Financial Accounting Standards Board Staff Position ("FSP") Financial Accounting Standard ("FAS") 117-1. The Board of Directors has determined that the majority of the Foundation's donor restricted endowment net assets meet the definition of endowment funds under NYPMIFA.

The Board of Directors of the Foundation has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in endowment net assets with donor restrictions is classified as net assets without donor restrictions. In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective.

WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Endowment Investment and Spending Policies (cont'd)

The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 5%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments and mutual funds to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for administration and other purposes. The current spending policy is to distribute \$25,000 annually from the fund, subject to incremental cost-of-living increases for later years and management decisions of the Board.

Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow at an average rate of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Adoption of Accounting Standards

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. On July 1, 2021, the Foundation adopted ASU 2020-07, using the modified retrospective transition method. There were no material changes to the financial statements after adoption of ASU 2020-07.

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1) NATURE OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

The Foundation is currently evaluating the effect this update will have on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Foundation to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

<u>Financial assets at year-end</u>	<u>Gross amount</u>	<u>Less: Amounts not available to be used within one year</u>	<u>Financial assets available to meet general expenditures within one year</u>
Cash and cash equivalents	\$ 1,050,312	\$ 140,909	\$ 909,403
Grants and contributions receivable	21,445	-	21,445
Investments	528,992	600,000	-
Total	<u>\$ 1,600,749</u>	<u>\$ 740,909</u>	<u>\$ 930,848</u>

WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2) LIQUIDITY AND AVAILABILITY (CONT'D)

The Organization is supported by restricted 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 expenditure 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.

3) FAIR VALUE MEASUREMENTS

The Foundation is supported by restricted 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 expenditure 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.

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in mutual funds that are classified as available-for-sale on a recurring basis. The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under this Topic have been included in this note.

Determination of Fair Value

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Foundation bases its fair value on 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. It is the Foundation's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

**WRITERS GUILD OF AMERICA EAST FOUNDATION, INC.
D/B/A WRITERS GUILD INITIATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

3) FAIR VALUE MEASUREMENTS (CONT'D)

Fair Value Hierarchy (Cont'd)

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Cash and Cash Equivalents, Grants and Contributions Receivable, and Accounts Payable

The carrying amounts approximate fair value because of the short maturity of these instruments.

Investments in Mutual Funds and Exchange-Traded Funds ("ETFs")

Investments in mutual funds and ETFs that are classified as available-for-sale are recorded at fair value on a recurring basis using quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities. If quoted market prices are not available for comparable securities, fair value is based on quoted bids for the security or comparable securities.

Assets Measured and Recognized at Fair Value on a Recurring Basis

The table below presents the amounts of assets measured at fair value on a recurring basis, except those measured using NAV per share as a practical expedient as identified in the following, as of June 30, 2022:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETFs	\$ 479,027	\$ -	\$ -	\$ 479,027
Mutual funds	49,965	-	-	49,965
	<u>\$ 528,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,992</u>

4) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2022 consists of the following:

National Endowment of the Arts	\$ 10,000
Department of Cultural Affairs	5,920
Various individual donors	<u>5,525</u>
	<u>\$ 21,445</u>

These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

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5) EQUIPMENT

The following is a summary of equipment less accumulated depreciation as of June 30, 2022. Depreciation for the year ended June 30, 2022 was \$631.

Equipment	\$ 5,019
Less: accumulated depreciation	<u>2,821</u>
	<u>\$ 2,198</u>

6) INVESTMENTS – DONOR DESIGNATED ENDOWMENTS

Restricted investments represent endowment funds, which is to be used to establish the Diana King memorial Awards Fund (“the Fund”), for the purpose of awarding and administering a fellowship as part of the Writers Guild Awards each year in perpetuity. The principal endowments are restricted in use. Endowment net asset composition by type of fund and changes as of June 30, 2022 are as follows:

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 23,504	\$ 600,000	\$ 623,504
Net appreciation (realized and unrealized)	<u>(94,512)</u>	<u>-</u>	<u>(94,512)</u>
Total funds	<u>\$ (71,008)</u>	<u>\$ 600,000</u>	<u>\$ 528,992</u>

Donor-designated endowment assets consisted of the following:

ETFs and closed-end funds	\$ 479,027
Mutual funds	<u>49,965</u>
Total	<u>\$ 528,992</u>

Net investment return is summarized as follows:

Net unrealized loss	\$ (94,512)
Dividend and interest	<u>22,709</u>
Total	<u>\$ (71,803)</u>

7) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and benefits, which are allocated on the basis of estimates of time and effort.

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8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Diana King Memorial Awards Fund – Donor-designated	\$ 600,000
Endowments	
Veteran’s workshops	63,961
Comedy workshops	<u>76,948</u>
Total	<u>\$ 740,909</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended June 30, 2022:

Satisfaction of purpose restriction:	
Veteran’s Workshop	<u>\$ 8,000</u>

9) RELATED PARTY TRANSACTIONS

The Foundation’s four employees are paid through the Writers Guild of America East, Inc. (the “Guild”), a related party. The Foundation reimburses the Guild for the amounts paid to the employee as well as other payroll-related costs (employer payroll taxes, life insurance, disability insurance, pension, etc.). For the year ended June 30, 2022, the Foundation reimbursed a total of \$114,105 to the Guild. At June 30, 2022, the outstanding balance due to the Guild amounted to \$40,587.

The Guild provides office space to the Foundation on its premises at 250 Hudson Street in New York City at no cost. Because the Foundation occupies a small space within the Guild’s office, management has deemed the value of the donated rent immaterial. Accordingly, the donated rent and has not been included in the accompanying financial statements.

10) CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances at various financial institutions. The balances, at times, may exceed federally insured limits. As of June 30, 2022, uninsured balances totaled \$150,494. The Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

The Foundation maintains its investment balances with a major financial institution. The investment balances are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 for securities and cash (including a limit of \$250,000 for cash only) per customer. The SIPC does not protect investors from market risk. At June 30, 2022, the Foundation’s uninsured investment balances totaled \$661,940.

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11) GRANT ADVANCE – PAYCHECK PROTECTION PROGRAM

On April 29, 2020 the Foundation was approved for proceeds in the amount of \$23,058 from Signature Bank (“SB”) pursuant to the PPP, established as part of the Coronavirus Aid, Relief and Economic Securities Act (“CARES Act”) and administered by the SBA. The PPP provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The original terms of the loan included maturity on May 4, 2022 and bore interest at a rate of 1% per annum. As described in the CARES Act, the PPP loan and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and maintains its payroll levels.

In August 2021, SB notified the Foundation that the SBA approved forgiveness of the entire PPP loan. The Foundation is required to maintain PPP documentation for six years and must furnish them to the SBA and/or SB upon request.

12) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the revenue from the Foundation’s revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended June 30, 2022:

Revenue recognized at a point in time:	
Special events (exchange portion)	\$ 88,670
Total revenue recognized at a point in time	<u>\$ 88,670</u>

13) COVID-19 AND SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization recognized the novel strain of coronavirus COVID-19, as a pandemic. In direct response, on March 22, 2020, the Governor of New York State issued executive order *New York State on PAUSE*, which closed all non-essential businesses state-wide. The coronavirus outbreak has severely impacted economic activity across the world. The Foundation’s Board of Directors and Management are in discussion to identify and limit the negative long-term implications of this pandemic to the Foundation. Given the uncertainty of the spread and long-term impacts of COVID-19, the related financial impact to the Foundation, if any, cannot be determined at this time.

Management has evaluated subsequent events through May 9, 2023, which is the date the financial statements were available to be issued.