Financial Statements

For the Year Ended June 30, 2014

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Certified Public
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Independent Auditor's Report

Board of Directors
United Way of King County
Seattle, Washington

We have audited the accompanying financial statements of United Way of King County (the Organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, 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 audits. 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 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 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 Organization as of June 30, 2014, 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.

CLARK NUBER

Certified Public

Accountants

and Consultants

Report on Summarized Comparative Information

The financial statements of the Organization as of June 30, 2013, were audited by other auditors whose opinion dated October 30, 2013, expressed an unmodified opinion on those financial statements. As discussed in Note 14, the Organization has restated its 2013 financial statements during the current year. The other auditors reported on the 2013 financial statements before the restatement.

As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 14 that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements as a whole.

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements and restatement described in Note 14 from which the summarized comparative information has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization. The operating ratio data, which is presented as supplementary information on pages 19 through 22, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Clark Nuber P.S.

Certified Public Accountants
December 9, 2014

FINANCIAL STATEMENTS

UNITED WAY OF KING COUNTY

Statement of Financial Position
June 30, 2014
(With Comparative Totals for 2013)

	2014	2013 (As Restated Note 14)
Assets		
Assets:		
Cash and cash equivalents	$ 2,146,595	$ 2,187,521
Investments	14,344,816	19,391,997
Contributions and grants receivable, net	42,254,206	28,530,135
Other receivables	113,025	43,160
Other assets	275,273	299,671
Beneficial interest in trusts and assets held by others	11,681,917	10,973,086
Property and equipment, net	10,233,151	9,316,875
Total Assets	**$ 81,048,983**	**$ 70,742,445**
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ 5,350,569	$ 5,156,397
Donor designations payable	23,623,764	10,767,740
Long-term debt	3,260,000	3,600,000
Total Liabilities	**32,234,333**	**19,524,137**
Net Assets:		
Unrestricted-		
Undesignated, available for operations	9,712,057	14,458,896
Invested in property and equipment, net of related debt	6,973,151	5,716,875
Designated for endowments	6,732,733	6,454,598
Total unrestricted net assets	23,417,941	26,630,369
Temporarily restricted	20,447,525	20,069,451
Permanently restricted net assets	4,949,184	4,518,488
Total Net Assets	**48,814,650**	**51,218,308**
Total Liabilities and Net Assets	**$ 81,048,983**	**$ 70,742,445**

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*2014 Total*	*2013 Total (As Restated Note 14)*
Public Support, Revenues and Gains and Losses:					
Campaign contributions	$104,336,705	$ 5,366,466	$ -	$109,703,171	$100,650,838
Endowment contributions					91,579
Parent-Child-Home Program contributions	316,175	4,230,046		4,546,221	915,419
Basics Needs contributions	719,902	201,662		921,564	1,051,737
Campaign to End Chronic Homelessness contributions		93,977		93,977	1,596,818
Gross campaign contributions	105,372,782	9,892,151		115,264,933	104,306,391
Less donor and Administrative Endowment designations	(87,693,938)			(87,693,938)	(77,936,113)
Less provision for uncollectible pledges	(1,220,828)			(1,220,828)	(1,117,138)
Net campaign revenue	16,458,016	9,892,151		26,350,167	25,253,140
Grants	2,879,230	3,725,630		6,604,860	6,770,688
Sponsorships	1,292,351			1,292,351	1,400,220
In-kind contributions	3,216,321			3,216,321	393,278
Income distribution from Administrative Endowment	5,725,206			5,725,206	5,568,545
Other income	1,117,608	900	430,696	1,549,204	1,610,926
Net assets released from restriction	13,240,607	(13,240,607)			
Total Public Support, Revenues and Gains and Losses	**43,929,339**	**378,074**	**430,696**	**44,738,109**	**40,996,797**
Expenses:					
Program services-					
Gross funds awarded and designated	119,214,477			119,214,477	108,551,615
Less donor and Administrative Endowment designations	(87,693,938)			(87,693,938)	(77,936,113)
Net funds awarded	31,520,539			31,520,539	30,615,502
Planning	1,834,146			1,834,146	1,667,872
Distribution	962,407			962,407	810,160
Community services	1,454,398			1,454,398	1,289,522
Fiscal agent projects	8,277			8,277	7,430
Total program services	35,779,767			35,779,767	34,390,486
Supporting services-					
Management and general	3,467,275			3,467,275	3,420,004
Fundraising	7,894,725			7,894,725	7,109,690
Total supporting services	11,362,000			11,362,000	10,529,694
Total Expenses	**47,141,767**			**47,141,767**	**44,920,180**
Change in Net Assets	**(3,212,428)**	**378,074**	**430,696**	**(2,403,658)**	**(3,923,383)**
Net assets, beginning of year (as restated, Note 14)	26,630,369	20,069,451	4,518,488	51,218,308	55,141,691
Net Assets, End of Year	**$ 23,417,941**	**$ 20,447,525**	**$ 4,949,184**	**$ 48,814,650**	**$ 51,218,308**

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Functional Expenses
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	Program Services			
	Net Funds Awarded	*Planning*	*Distribution*	*Community Services*
Net funds awarded	$ 31,520,539	$ -	$ -	$ -
Salary and wages		1,151,539	606,215	809,887
Payroll taxes and employee benefits		275,889	144,562	196,739
Special events		15,136	15,844	36,553
Local transportation and other staff expenses		10,332	5,798	36,781
Professional fees and contract services		12,724	8,107	8,666
Supplies		13,069	6,395	9,582
Telephone		1,773	2,055	2,137
Postage		5,928	8,153	10,025
Occupancy		15,343	7,544	11,452
Insurance		3,426	1,729	2,622
Equipment rental and maintenance		22,183	6,995	23,594
Informational material		6,170	3,470	49,633
Newsletters and publications		2,174	1,065	10,649
Conferences, staff training and development		2,825	1,204	1,839
Miscellaneous		1,045	6,049	2,781
Interest		197	85	135
In-kind		49,241	16,701	58,238
United Way affiliates				
	31,520,539	1,588,994	841,971	1,271,313
Depreciation		245,152	120,436	183,085
Total Functional Expenses	**$ 31,520,539**	**$ 1,834,146**	**$ 962,407**	**$ 1,454,398**

See accompanying notes.

		Supporting Services				
Fiscal Agent Projects	*Total Program Services*	*Management and General*	*Fundraising*	*Total Supporting Services*	*2014 Total Expenses*	*2013 Total Expenses (As Restated Note 14)*
$ -	$ 31,520,539	$ -	$ -	$ -	$ 31,520,539	$ 30,615,502
5,357	2,572,998	1,625,079	4,127,936	5,753,015	8,326,013	7,866,846
1,331	618,521	394,651	995,537	1,390,188	2,008,709	1,922,564
27	67,560	29,759	190,092	219,851	287,411	242,796
6	52,917	15,131	71,107	86,238	139,155	131,765
42	29,539	177,048	131,392	308,440	337,979	433,880
56	29,102	30,793	138,315	169,108	198,210	205,232
2	5,967	4,105	21,934	26,039	32,006	57,534
11	24,117	18,010	38,059	56,069	80,186	86,656
73	34,412	77,209	71,035	148,244	182,656	171,387
16	7,793	32,042	16,068	48,110	55,903	53,555
139	52,911	29,547	84,183	113,730	166,641	157,926
	59,273	1,390	191,655	193,045	252,318	283,784
9	13,897	2,686	98,579	101,265	115,162	79,197
10	5,878	23,878	3,572	27,450	33,328	54,441
6	9,881	21,001	133,471	154,472	164,353	247,625
1	418	30,870	863	31,733	32,151	24,588
24	124,204	80,844	446,031	526,875	651,079	384,521
		612,321		612,321	612,321	606,829
7,110	35,229,927	3,206,364	6,759,829	9,966,193	45,196,120	43,626,628
1,167	549,840	260,911	1,134,896	1,395,807	1,945,647	1,293,552
$ 8,277	**$ 35,779,767**	**$ 3,467,275**	**$ 7,894,725**	**$ 11,362,000**	**$ 47,141,767**	**$ 44,920,180**

UNITED WAY OF KING COUNTY

Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	2014	2013 (As Restated Note 14)
Cash Flows From Operating Activities:		
Change in net assets	$ (2,403,658)	$ (3,923,383)
Adjustments to reconcile change in net assets to net cash used by operating activities-		
Depreciation	1,945,647	1,293,552
Net gains on beneficial interests	(945,129)	(806,214)
Donated software	(2,565,242)	
Interest income on investments	(45,157)	(47,874)
Changes in certain assets and liabilities:		
Contributions and grants receivable	(13,724,071)	(171,551)
Other receivables	(69,865)	125,661
Other assets	24,398	78,464
Accounts payable and accrued liabilities	194,172	1,033,284
Donor designations payable	12,856,024	2,392,889
Net Cash Used by Operating Activities	**(4,732,881)**	**(25,172)**
Cash Flows From Investing Activities:		
Purchase of investments	(23,251,450)	(17,925,990)
Proceeds from investments	28,580,086	18,780,981
Purchase of property and equipment	(296,681)	(248,251)
Net Cash Provided by Investing Activities	**5,031,955**	**606,740**
Cash Flows From Financing Activities:		
Principal payments on long-term obligations	(340,000)	(340,000)
Net Cash Used by Financing Activities	**(340,000)**	**(340,000)**
Net Change in Cash and Cash Equivalents	**(40,926)**	**241,568**
Cash and cash equivalents balance, beginning of year	2,187,521	1,945,953
Cash and Cash Equivalents Balance, End of Year	**$ 2,146,595**	**$ 2,187,521**
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 30,646	$ 23,000

See accompanying notes.

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Mission Statement and Activity - The mission of United Way of King County (the Organization) is to bring caring people together to give, volunteer and take action to help people in need and solve our community's toughest challenges.

Most of the Organization's transactions are with entities located in King County. The Organization has two major donors (including corporate and employee contributions) that account for approximately 33% and 22% of United Way of King County's support and revenue for the years ended June 30, 2014 and 2013, respectively.

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Contribution and Grant Receivables - Contributions and grants, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are substantially met. Contributions of noncash assets are recognized at their estimated fair value on the date of contribution. Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible accounts is recorded using an estimated percentage of outstanding contributions receivable. This estimate is compared to historical averages to determine its reasonableness. Donor designated balances are not reserved against for uncollectibility as an offsetting designation liability is recorded.

Cash and Cash Equivalents - The Organization considers all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of money market funds, which are not subject to withdrawal restrictions or penalties and are stated at fair value, which approximates cost. The Organization maintains its cash and cash equivalents in depository institution accounts and money market accounts that at times may exceed federally insured limits.

Note 1 - Continued

Investments - Investments are comprised of certificates of deposits all having maturity periods of greater than three months. The investments are recorded at cost plus accrued interest, which approximates fair value. The Organization engages in investment activities that are designed to maintain liquidity, maximize returns, and minimize risk within policy guidelines approved by the Organization's Board of Directors.

Property and Equipment - Property and equipment are carried at cost or, if donated, at the fair value on the date of donation and capitalizes purchases of property and equipment greater than $1,000. Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	5 - 40 years
Furniture, fixtures, and equipment	3 - 10 years

Donor Designations Payable - Funds are distributed to not-for-profit agencies in accordance with donor instructions. To be eligible to receive these funds, a not-for-profit organization must have been granted exemption under sections 501(c)(3) and 509(a) of the Internal Revenue Code and must comply with U.S. Patriot Act requirements and not be on the Internal Revenue Service’s Revocation List.

In-Kind Contributions - Donated assets and services are reflected as contributions in the accompanying statement of activities and changes in net assets at their estimated values at the date of receipt. Contributions of services are recognized if the services received create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills. A substantial number of volunteers donate significant amounts of time in the furtherance of the Organization's objectives. However, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the value of these services is not recognized in these financial statements as they do not meet the specific criteria for recognition.

For the years ending June 30, 2014 and 2013, the Organization recognized in-kind contribution revenue totaling $2,565,242 and $18,500, respectively, related to donated software.

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

Income Taxes - The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not considered to be a private foundation; accordingly, no provision has been made for federal income tax in the accompanying financial statements. The Organization files income tax returns with the U.S. government. The Organization is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

Summarized Information for 2013 - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2013, from which the summarized information was derived. The prior year summarized comparative information has been restated to include the effects of the prior period adjustments described in Note 14.

Note 1 - Continued

Use of Estimates - Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year presentation. These reclassifications had no effect on the operating results of the Organization.

Subsequent Events - The Organization has evaluated subsequent events through December 9, 2014, the date on which the financial statements were available to be issued.

Note 2 - Contributions and Grants Receivable

Contributions and grants receivable as of June 30 are expected to be received as follows:

	2014	*2013*
Within one year	$ 32,320,814	$ 20,942,441
Between one and five years	11,718,974	9,869,724
	44,039,788	30,812,165
Less-		
Discount to present value	(455,506)	(493,528)
Allowance for uncollectible accounts	(1,330,076)	(1,788,502)
Total Contributions and Grants Receivable	**$ 42,254,206**	**$ 28,530,135**

As of June 30, 2014, contributions and grants to be received between one and five years are discounted using a rate of 0.40% to 1.55% through the expected term of the contribution and grants receivable.

During fiscal year 2014, the Organization recorded as contributions receivable the donated partial interests in real property located in Seattle, Washington. The real property was sold subsequent to year end with the Organization receiving total proceeds of $10,419,873 with all funds being donor designated for the Organization’s philanthropy fund. The amounts received and related donor designations payable are both included in the statement of financial position at June 30, 2014.

Note 3 - Property and Equipment

The components of property and equipment as of June 30 are as follows:

	2014	*2013*
Land	$ 2,352,000	$ 2,352,000
Office building and improvements	7,164,258	7,029,444
Furniture, fixtures and equipment	4,482,707	5,538,681
Property and equipment not yet placed in service	9,600	
	14,008,565	14,920,125
Less accumulated depreciation	(3,775,414)	(5,603,250)
	$ 10,233,151	**$ 9,316,875**

Note 4 - Beneficial Interest in Trusts and Assets Held by Others

The Organization's beneficial interests in trusts and assets held by others included the following at June 30:

	2014	*2013 (As Restated Note 14)*
Beneficial interest in assets held by The Seattle Foundation	$ 6,732,733	$ 6,454,598
Egvedt Trust (19.16%)	4,193,337	3,827,501
Egvedt Trust (1.5%)	755,847	690,987
	$ 11,681,917	**$ 10,973,086**

The following is a summary each component of the beneficial interest in trusts and assets held by others:

Beneficial Interest in Assets Held by The Seattle Foundation - Two endowment funds are held by The Seattle Foundation for the benefit of the Organization: the United Way of King County Endowment Fund (UWKC Endowment Fund) and the United Way of King County Administrative Endowment (Administrative Endowment). The Seattle Foundation retains variance power with respect to both endowments. Gifts directly to the endowment funds at The Seattle Foundation by donors or gifts directed by donors to be transferred to endowments at The Seattle Foundation are not recorded assets of the Organization in accordance with U.S. GAAP, as The Seattle Foundation retains variance power. Transfers from the Organization to the endowment funds held by The Seattle Foundation for its benefit with no donor obligation to do so, in accordance with U.S. GAAP, are recorded as assets (beneficial interest in assets held by others) on the books of the Organization even though The Seattle Foundation retains variance power, as the Organization named itself as a beneficiary.

Note 4 - Continued

UWKC Endowment Fund - In 1982, the Organization established the UWKC Endowment Fund with The Seattle Foundation for the benefit of the Organization. Gifts from donors wishing to establish endowments in support of the Organization's mission are directed to The Seattle Foundation. The Organization typically receives annual distributions from The Seattle Foundation from the earnings of the endowment. The ending fair value of the UWKC Endowment Fund as of June 30, 2014, was $1,795,616. The Organization has recorded a beneficial interest of $159,603 in the UWKC Endowment Fund as of June 30, 2014, which represents funds transferred by the Organization to the UWKC Endowment Fund, with no donor obligation to do so.

Administrative Endowment - In 2000, the Bill & Melinda Gates Foundation gave a special gift of approximately $30 million to create the Administrative Endowment at The Seattle Foundation for the benefit of the Organization. The purpose of the Administrative Endowment is to assist the Organization with operational expenses. Additionally in 2000, the Bill & Melinda Gates Foundation announced a matching grant program (The Gates Challenge) for the Administrative Endowment that provided up to $55 million in matching gifts through June 30, 2010. The last payment on the match was received in November 2009. Distributions from the Administrative Endowment are recorded as income to the Organization when received.

The following summarizes the financial activities of the Administrative Endowment at the Seattle Foundation as of and for the year ended June 30:

	2014	*2013*
Beginning fair value	$ 145,993,635	$ 136,118,954
Contributions	6,021	31,439
Investment return	5,768,252	6,938,838
Unrealized gains	18,347,299	9,599,028
Distribution to Organization	(5,725,206)	(5,568,545)
Fees and expenses	(1,061,406)	(1,126,079)
Ending Fair Value	**$ 163,328,595**	**$ 145,993,635**

The Organization has recorded a beneficial interest of $6,573,130 in the Administrative Endowment as of June 30, 2014, which represents funds transferred by the Organization to the Administrative Endowment, with no donor obligation to do so. Also, included in the Administrative Endowment fund fair values above is a portion of the Organization’s beneficial interest in the Egtvedt Trust (19.16%), which the Organization designated to the Administrative Endowment, $1,376,297, as of June 30, 2014.

Note 4 - Continued

Egtvedt Trusts - The Organization is also the beneficiary of charitable perpetual trusts (collectively, the Egtvedt Trusts) established by Clairmont L. and Evelyn S. Egtvedt in 1965 and 1977. The Organization has estimated interest of 1.50% and 19.16% in each trust, the fair value of the Organization's beneficial interest in each trust is $755,847 and $4,193,337 as of June 30, 2014, respectively. The assets of the Egtvedt Trusts are managed by Wells Fargo Bank. The Organization typically receives annual distributions from Wells Fargo Bank from the earnings of the Trusts. In accordance with U.S. GAAP, the Organization has recognized the Trusts as an asset on the Organization's statement of financial position. Net realized and unrealized gains and losses related to the Trusts are reported as changes in permanently restricted net assets.

Note 5 - Investments

Investments are comprised of the following for the years ended June 30:

	2014	*2013*
Money market accounts	$ 4,525,809	$ 11,307,775
FDIC - insured certificates of deposit	9,819,007	8,084,222
	$ 14,344,816	**$ 19,391,997**

Investment income totaled $45,157 and $47,874 for the years ended June 30, 2014 and 2013, respectively, and was included in other income.

Note 6 - Fair Value Measurement

The Organization applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures,* which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Note 6 - Continued

At June 30, 2014, the Organization's investments consisted of money market accounts and certificates of deposits at acquisition cost plus accrued interest which approximates fair value. As such, the investment balance is not included in the tables below.

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 June 30, 2014 and 2013.

> Beneficial Interests in Trusts - The Organization is a beneficiary of a percentage interest in two perpetual charitable trusts held by a third party. The Organization's interest in each trust is recorded at the fair value of the Organization's ownership in the respective trust. This asset is valued using the net asset value (see Note 4).
>
> Beneficial Interest in Assets Held by Others - The beneficial interest in assets held at The Seattle Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of assets held by The Seattle Foundation. This asset is valued using the net asset value (see Note 4).

The underlying investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and investment contracts, and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities and changes in net assets.

The following table presents the assets that are measured at fair value on a recurring basis as of June 30, 2014 and are categorized using the three levels of the fair value hierarchy:

	Fair Value Measurements as of June 30, 2014			
	Level 1	*Level 2*	*Level 3*	*Total*
Beneficial interest in assets held by others	$ -	$ -	$ 6,732,733	$ 6,732,733
Beneficial interest in trusts			4,949,184	4,949,184
	$ -	**$ -**	**$ 11,681,917**	**$ 11,681,917**

The following table presents the assets that are measured at fair value on a recurring basis as of June 30, 2013 and are categorized using the three levels of the fair value hierarchy:

	Fair Value Measurements as of June 30, 2013 (As Restated, Note 14)			
	Level 1	*Level 2*	*Level 3*	*Total*
Beneficial interest in assets held by others	$ -	$ -	$ 6,454,598	$ 6,454,598
Beneficial interest in trusts			4,518,488	4,518,488
	$ -	**$ -**	**$ 10,973,086**	**$ 10,973,086**

Note 6 - Continued

The Organization does not have the ability to redeem its beneficial interest in trusts and assets held by others in the near term; these assets have been valued using Level 3 inputs in accordance with authoritative guidance. The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs for the years ended June 30, 2014 and 2013:

	Beneficial Interest In Trusts	*Beneficial Interest in Assets Held By Others*
Balance, June 30, 2013, as restated, Note 14	$ 4,518,488	$ 6,454,598
Total realized gains	20,443	250,644
Total unrealized gains	610,245	300,262
Distributions	(180,907)	(239,246)
Fees	(19,085)	(33,525)
Balance, June 30, 2014	**$ 4,949,184**	**$ 6,732,733**

	Beneficial Interest In Trusts	*Beneficial Interest in Assets Held By Others*
Balance, June 30, 2012, as restated, Note 14	$ 4,247,752	$ 6,009,150
Total realized gains		311,420
Total unrealized gains	453,141	412,661
Distributions	(164,587)	(239,810)
Fees	(17,818)	(38,823)
Balance, June 30, 2013, as restated, Note 14	**$ 4,518,488**	**$ 6,454,598**

Note 7 - Long-Term Debt

Long-term debt consists of a $3,940,000 variable rate term loan from U.S. Bank. Monthly interest is payable at a variable interest rate of LIBOR plus 0.70% (0.80% at June 30, 2014). Principal is payable in three installments of $340,000 on March 1st of 2013, 2014, and 2015, plus a final payment equal to all unpaid principal on December 17, 2015, the maturity date of the loan.

Note 7 - Continued

The Organization is required to comply with various restrictive covenants contained in the loan financing agreements. Among other matters, these covenants require the Organization to maintain a liquidity coverage ratio of at least 0.50 to 1, measured quarterly. The liquidity coverage ratio is calculated by dividing the Organization's unrestricted, unencumbered cash, cash equivalents and marketable securities by the Organization's total funded debt. As of June 30, 2014 and 2013, the Organization was in compliance with these covenants.

As of June 30, 2014 and 2013, the balance of the Organization's long-term obligations outstanding is $3,260,000 and $3,600,000, respectively.

The Organization has an unsecured revolving line of credit with a borrowing limit of $3,000,000. Interest is payable monthly at LIBOR plus 2.50%, with the principal due at December 31, 2014, the maturity date on the line of credit. There was no outstanding balance as of June 30, 2014.

Note 8 - Leases

The Organization has entered into various noncancelable lease agreements for equipment, which will expire through 2018. Future minimum rental payments required under leases that have initial or remaining noncancelable lease terms in excess of one year were as follows at June 30, 2014:

For the Year Ending June 30,		
2015	$	16,000
2016		15,000
2017		14,000
2018		3,000
	$	**48,000**

Rent expense under leases was $17,935 and $21,909 for the years ended June 30, 2014 and 2013, respectively.

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2014	*2013 (As Restated Note 14)*
Contributions and grants receivable (time restriction)	$ 20,416,023	$ 19,995,615
Program restriction	31,502	73,836
	$ 20,447,525	**$ 20,069,451**

Temporarily restricted net assets were released during the year ended June 30, 2014 by the passage of time and meeting of program restrictions.

Note 10 - Permanently Restricted Net Assets

At June 30, 2014 and 2013, the Organization's permanently restricted net assets consisted of beneficial interests in two trusts (the Trusts) administered by an unrelated third party. Distributions of income can be used for programs and operations in accordance with the Trust agreements.

Note 11 - Other Income

Other income is comprised of the following for the year ended June 30, 2014:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Miscellaneous income and contributions	$ 73,526	$ 900	$ -	$ 74,426
Fees for designation processing	304,133			304,133
Change in value in beneficial interest in trusts and assets held by others	428,279		430,696	858,975
Event revenue	17,975			17,975
Receipts from other fundraising organizations	231,054			231,054
Interest income	62,641			62,641
Total	**$ 1,117,608**	**$ 900**	**$ 430,696**	**$ 1,549,204**

Note 11 - Continued

Other income is comprised of the following for the year ended June 30, 2013 (as restated, Note 14):

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Miscellaneous income and contributions	$ 46,541	$ 4,125	$ -	$ 50,666
Fees for designation processing	330,667			330,667
Change in value in beneficial interest in trusts and assets held by others	661,890		270,737	932,627
Event revenue	46,215			46,215
Receipts from other fundraising organizations	177,174			177,174
Interest income	73,577			73,577
Total	**$ 1,336,064**	**$ 4,125**	**$ 270,737**	**$ 1,610,926**

Note 12 - Related Party Transactions

The Organization paid dues to the national and regional organizations, United Way Worldwide and United Ways of Washington, of $612,321 and $606,829 for the years ended June 30, 2014 and 2013, respectively.

The Organization also received campaign contributions from members of its board of directors of $9,322,349 and $1,976,599 for the years ended June 30, 2014 and 2013, respectively. Outstanding annual campaign contributions receivable due from these board members were $8,081,285 and $1,283,254 as of June 30, 2014 and 2013, respectively, some of which includes multi-year gifts.

Note 13 - Employee Benefit Plans

On January 1, 1994, the Organization established the 403(b) Plan, a defined contribution plan that covers substantially all of the Organization's employees. Participating employees contribute to the 403(b) Plan via salary reduction agreements. Effective January 1, 2008, the Organization matches 50% of each employee contribution up to 8% of the employee's compensation. The Organization made matching contributions of $203,525 and $179,491 to the 403(b) Plan for the years ended June 30, 2014 and 2013, respectively. The Organization also made a discretionary contribution of 1.50% of each participating employee's annual compensation to the 403(b) Plan. The amount of this discretionary contribution to the 403(b) Plan was $142,599 and $95,578 for the years ended June 30, 2014 and 2013, respectively.

Note 14 - Prior Period Adjustment

During the year ended June 30, 2014, the Organization determined that a beneficial interest in certain assets held by others should have been recorded and for other assets a beneficial interest should not have been recorded. As a result of the prior period adjustment posted by management, beginning of year unrestricted net assets for the year ended June 30, 2013 increased by $4,516,098 and unrestricted change in net assets increased by $334,865 for the year ended June 30, 2013. This adjustment resulted in a net increase to ending unrestricted net assets as of June 30, 2013 of $4,850,963. In addition, a reclassification between net asset categories was identified by management decreasing beginning of year ended June 30, 2013 temporarily restricted net assets and increasing permanently restricted net assets by $690,987 and decreasing change in temporarily restricted net assets and increasing change in permanently restricted net assets by $64,860 for the year ended June 30, 2013. This reclassification resulted in a net decrease to ending temporarily restricted net assets and a net increase in permanently restricted net assets as of June 30, 2013 of $755,847.

UNAUDITED SUPPLEMENTARY INFORMATION

Operating Ratio - Unaudited
June 30, 2014 and 2013

Operating Ratio

The Organization calculates an operating ratio based on the comparison of supporting services expense to campaign revenues, both of which are specifically defined by the Organization for this purpose. The operating ratio is used by the Organization to estimate the percentage of campaign dollars raised that is spent on supporting services such as fundraising and management.

Certain campaign related expenses are paid by other parties through other support and revenue. These amounts are detailed in Note 11 - Other Income of the audited financial statements. Because these amounts are directly applied to specific fundraising expenses, the Organization factors this revenue in as an offset to campaign related expenses in the calculation of the operating ratio. An explanation of these other income items follows:

For example, the Organization employs “loaned executives” on a seasonal basis to assist in the Organization’s annual workplace fundraising campaigns. The expense for these loaned executives is included in the total for gross campaign related expenses. This expense, however, is offset by donations from companies that offer workplace fundraising campaigns for their employees. These donations may take two forms: the contribution of a company employee for a period of time to serve as a loaned executive (an in-kind gift) or the contribution of money to hire a loaned executive (a sponsorship gift). Also, the cost of certain fundraising events is fully offset by sponsorship dollars. Since the additional expense of these items is covered by these gifts, the Organization reduces the gross campaign related expenses by the amount of the in-kind and sponsorship revenue.

The workplace fundraising campaigns conducted by the Organization are designed to support and encourage full donor choice. The Organization will process and pay out a gift to any certified 501(c)(3) organization. Because it costs the Organization to administer, process, and pay out a designated gift, the Organization charges a fee to perform this service. The Organization reduces the gross campaign related expenses by the amount of these processing fees.

UNITED WAY OF KING COUNTY

Operating Ratio - Unaudited
June 30, 2014 and 2013

The operating ratio for the year ended June 30, 2014, is calculated as follows:

	Program Services	*Supporting Services*	*Total*
Expenses	$ 35,779,767	$ 11,362,000	$ 47,141,767
Less:			
Net funds awarded	31,520,539		31,520,539
Planning	1,588,994		1,588,994
Distributions	841,971		841,971
Community services	1,271,313		1,271,313
Fiscal agent projects	7,110		7,110
Depreciation	549,840	1,395,807	1,945,647
	35,779,767	1,395,807	37,175,574
Campaign Related Expenses - Gross	**$ -**	**9,966,193**	**9,966,193**
Less:			
In-kind expense		(651,079)	(651,079)
Offset by certain other income			
Sponsorships		(1,292,351)	(1,292,351)
Processing fees		(304,133)	(304,133)
		(1,596,484)	(1,596,484)
Campaign Related Expenses - Net		**$ 7,718,630**	**$ 7,718,630**
Total Campaign Revenue			**$ 115,264,933**
Gross Operating Ratio			**6.7%**
Distribution from United Way of King County Administrative Endowment Fund		$ (5,725,206)	
Net Operating Ratio			**1.7%**

UNITED WAY OF KING COUNTY

Operating Ratio - Unaudited
June 30, 2014 and 2013

The operating ratio for the year ended June 30, 2013, is calculated as follows:

	Program Services	*Supporting Services*	*Total*
Expenses	$ 34,390,486	$ 10,529,694	$ 44,920,180
Less:			
Net funds awarded	30,615,502		30,615,502
Planning	1,504,367		1,504,367
Distributions	736,945		736,945
Community services	1,169,997		1,169,997
Fiscal agent projects	6,654		6,654
Depreciation	357,021	936,531	1,293,552
	34,390,486	936,531	35,327,017
Campaign Related Expenses - Gross	**$ -**	**9,593,163**	**9,593,163**
Less:			
In-kind expense		(384,521)	(384,521)
Offset by certain other income			
Sponsorships		(1,400,220)	(1,400,220)
Processing fees		(330,667)	(330,667)
		(1,730,887)	(1,730,887)
Campaign Related Expenses - Net		**$ 7,477,755**	**$ 7,477,755**
Total Campaign Revenue			**$ 104,306,391**
Gross Operating Ratio			**7.2%**
Distribution from United Way of King County Administrative Endowment Fund		$ (5,568,545)	
Net Operating Ratio			**1.8%**

Operating Ratio - Unaudited
June 30, 2014 and 2013

United Way Worldwide Overhead Reporting Standard for United Ways

United Way Worldwide has implemented the following overhead reporting standard for United Ways for all fiscal years starting on or after July 1, 2004.

United Way of King County submitted its fiscal year 2013 Form 990 (CY 2012 Form 990) to the IRS in February 2014, as required by law. United Way of King County's overhead ratio percentage (United Way Worldwide method) for fiscal year 2013 is 8.4%, as calculated below.

United Way of King County will submit its fiscal year 2014 (CY 2013) Form 990 to the IRS in February 2015, as required by law. United Way of King County's overhead ratio percentage (United Way Worldwide method) for fiscal year 2014 will be calculated at that time.

United Way of King County Overhead Ratio Percentage (United Way Worldwide Method)

The IRS Form 990 is the source for the calculation of this overhead ratio percentage.

The sum of Management and General (Part IX, Line 25, Column C) and Fundraising (Part IX, Line 25, Column D) is the numerator, and Total Revenue (Part VIII, Line 12, Column A) is the denominator for the calculation.

	CY 2012 Form 990
Management and general	$ 3,379,847
Fundraising	6,552,968
	$ 9,932,815
Total Revenue	**$ 118,071,146**
Overhead Ratio Percentage	**8.4%**