

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Associated Students
of the University of California, Berkeley:

We have audited the accompanying financial statements of the Associated Students of the University of California, Berkeley "ASUC" (a California, not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students of the University of California, Berkeley as of June 30, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We draw attention to Note 6, which discloses the economic uncertainties that have arisen as a result of the declared outbreak of a coronavirus (COVID-19) a pandemic by the World Health Organization. Our opinion is not modified with respect to this matter.

Mah & Associates, LLP

San Francisco, California
May 2, 2022

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 12,851,245	\$ 9,870,524
Receivable from UC Berkeley	137,580	382,221
Prepaid expenses	6,328	3,290
Short-term investments	264,137	264,110
Investment with University of California Berkeley Foundation Endowment Fund	812,986	624,957
Other long-term investments	3,468,401	2,760,216
Property and equipment, net of accumulated depreciation of \$111,479 and \$111,345, respectively	70,705	84,086
Rights in Eshleman Hall	1,315,000	1,315,000
Total assets	18,926,382	15,304,404
 LIABILITIES AND NET ASSETS:		
Student fund liabilities	9,428,733	7,445,333
Payables and accrued expenses	580,120	268,535
Other liabilities	5,127	17,576
Total liabilities	10,013,980	7,731,444
 NET ASSETS:		
Without donor restrictions	8,912,402	7,572,960
Total liabilities and net assets	\$ 18,926,382	\$ 15,304,404

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 and 2020

	Without Donor Restrictions	
	2021	2020
REVENUES, GAINS, AND OTHER SUPPORT:		
Mandatory student fees	\$ 3,374,962	\$ 3,464,910
Realized/unrealized gain, net	860,897	80,811
Campus grants	535,490	731,872
Sponsorship and donation revenue	429,971	707,937
Consulting, travel and service fees	277,480	423,504
Other income	152,354	248,221
Interest & dividend income	55,432	58,196
GA Endowment interest payout	46,195	-
Blue & gold income	51,091	33,555
Superb income	38,500	60,690
Merchandising revenue	6,711	26,716
Commercial revenue	5,162	250,000
	5,834,245	6,086,412
EXPENSES:		
Program services -		
Student activities	4,378,555	4,908,116
Support services -		
Management and general	116,248	136,654
	4,494,803	5,044,770
INCREASE IN NET ASSETS	1,339,442	1,041,642
NET ASSETS - BEGINNING OF YEAR	7,572,960	6,531,318
NET ASSETS - END OF YEAR	\$ 8,912,402	\$ 7,572,960

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Student Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES AND LOSSES:				
Stipends	\$ 1,276,404	\$ 20,000	\$ -	\$ 1,296,404
Programs and Events	947,941	-	-	947,941
Supplies	444,509	3,927	-	448,436
Salary	237,059	24,505	-	261,564
Donations	186,482	-	-	186,482
Scholarships	179,525	-	-	179,525
Publications and Subscriptions	176,701	-	-	176,701
Meetings and Meals	174,363	26	-	174,389
Advertising	171,417	-	-	171,417
Professional Services	139,518	31,405	-	170,922
Memberships and Dues	105,223	-	-	105,223
Travel	83,171	-	-	83,171
Photo Copying and Printing	59,700	260	-	59,960
Concert	45,680	-	-	45,680
Entertainment	43,752	-	-	43,752
Merchandising	39,323	-	-	39,323
Postage	24,069	2,864	-	26,933
Depreciation	21,661	-	-	21,661
Miscellaneous	9,778	6,432	-	16,210
Repairs and Maintenance	8,765	-	-	8,765
Insurance	2,535	14,080	-	16,615
Communications and Utilities	849	-	-	849
Bad Debt	130	-	-	130
Legal	-	12,749	-	12,749
Total expenses	<u>\$ 4,378,555</u>	<u>\$ 116,248</u>	<u>\$ -</u>	<u>\$ 4,494,803</u>

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Student Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES AND LOSSES:				
Programs and Events	\$ 1,377,256	\$ -	\$ -	\$ 1,377,256
Stipends	909,114	20,000	-	929,114
Meetings and Meals	540,856	334	-	541,190
Travel	535,195	-	-	535,195
Supplies	361,106	784	-	361,890
Salary	240,901	53,250	-	294,151
Scholarships	138,520	-	-	138,520
Concert	113,963	-	-	113,963
Memberships and Dues	109,226	-	-	109,226
Donations	108,594	-	-	108,594
Photo Copying and Printing	101,061	11	-	101,072
Publications and Subscriptions	96,367	-	-	96,367
Professional Services	73,797	21,726	-	95,523
Advertising	87,299	-	-	87,299
Legal	18,132	27,110	-	45,242
Entertainment	33,524	-	-	33,524
Insurance	15,436	12,326	-	27,762
Depreciation	21,685	-	-	21,685
Merchandising	12,691	-	-	12,691
Miscellaneous	6,405	1,113	-	7,518
Postage	6,313	-	-	6,313
Repairs and Maintenance	609	-	-	609
Communications and Utilities	66	-	-	66
Total expenses	<u>\$ 4,908,116</u>	<u>\$ 136,654</u>	<u>\$ -</u>	<u>\$ 5,044,770</u>

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,339,442	\$ 1,041,642
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	21,661	21,684
Unrealized and realized gain on investments	(860,897)	(80,811)
Changes in assets and liabilities:		
Receivable from UC Berkeley	244,641	45,330
Prepaid expenses	(3,038)	9,431
Student fund liabilities	1,983,400	1,315,292
Payables and accrued expenses	311,585	26,956
Other liabilities	(12,449)	14,471
Total adjustments	1,684,903	1,352,353
Net cash provided by operating activities	3,024,345	2,393,995
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	861,120	729,790
Purchase of short-term investments	(27)	(2,270)
Purchase of long-term investments	(896,437)	(784,526)
Purchase of property and equipment	(8,280)	(28,097)
Net cash used in investing activities	(43,624)	(85,103)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,980,721	2,308,892
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,870,524	7,561,632
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,851,245	\$ 9,870,524

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF THE UNIVERSITY
OF CALIFORNIA, BERKELEY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. Description of Organization

The Associated Students of the University of California, Berkeley (“ASUC” or “Association”) is a California not-for-profit organization that provides a wide range of programs, services and facilities to the students of the University of California Berkeley (the “University”). Its primary source of revenue is derived from mandatory student fees.

Programs, services, and facilities provided by ASUC for the benefit of students of the University are summarized as follows:

- Opportunity for participation in student government, various student clubs and organizations.
- Opportunity to participate in student outreach programs, community outreach programs, minority student programs and services, student orientation and counseling, and mini grants.

2. Summary of Significant Accounting Policies

The significant accounting and reporting policies used by ASUC are described below to enhance the usefulness and understandability of the financial statements.

Basis of Accounting -- ASUC prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations.

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ASUC. ASUC’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -- Cash consists of bank accounts. Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Short-Term Investments -- Investments consist primarily of a money market mutual fund.

Receivables -- Management believes that all outstanding receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Long-Term Investments -- Investments including endowment funds (Note 3) are primarily mutual funds, debt and equity securities and are measured at fair value. Gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income and gains restricted by a donor, if any, are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and Equipment -- Purchased property and equipment are capitalized at cost (see Note 8). ASUC's policy is to capitalize property and equipment over \$2,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

<u>Type of Property</u>	<u>Life</u>
Office and computer equipment	3 – 5 years
Furniture and fixtures	7 years
Building and improvements	15 to 40 years

Rights in Eshleman Hall -- This intangible asset has no finite life and is subject to impairment testing in accordance with FASB ASC 350, Intangibles – Goodwill and Other. Any impairment loss will be recognized and charged against earnings in the year in which it becomes impaired (see Note 7).

Impairment of Long-Lived Assets -- Management periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the property, improvements, and other long-lived assets or render them not recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Through June 30, 2021, there have been no such losses.

Financial Investments with Off-Balance Sheet Risk -- Boston Trust & Investment Management Company manages the investments of ASUC. Investment managers are allowed to use derivatives to achieve investment objectives. It is the investment managers' responsibility to understand the potential impact of derivatives on the total investment funds under various market scenarios. As with other marketable securities, all derivatives are in the custody of the investment company and valued daily. As of and during the years ended June 30, 2021 and 2020, ASUC held no direct investments in derivatives.

Fair Value of Financial Instruments -- The carrying amounts of financial instruments including cash, receivable from UC Berkeley, prepaid expenses, payables and accrued expenses, approximate fair value as of June 30, 2021 and 2020, because of the relatively short maturity of these instruments.

Revenue Recognition – ASUC recognizes revenue and other support when they are nonreciprocal transactions and unconditional in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-605, *Not-for-Profit Entities – Revenue Recognition*, and are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions.

Campus grants are derived from the UC Regent for supporting the student group activities.

Sponsorship and donation revenues are derived from non-campus businesses, community organizations, individuals, and campus affiliates not related to offering goods or services.

Certain support received during the year contain restrictions by the donors. However, such support is also spent in the year it is received. Accordingly, any support with donor restrictions that is also spent in the same year is presented in the Statement of Activities as without donor restrictions. Therefore, all support is classified as without donor restrictions.

ASUC recognizes other revenues in accordance with FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, codified as ASC Topic 606 and the related amendments (“ASC 606”). Pursuant to ASC 606, revenues are recognized upon applying the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction prices to performance obligations in the contract;
- Recognition of revenues when, or as, the contractual obligations are satisfied.

Mandatory student fees are collected by the University from the students at each period of student registration and are transferred to ASUC for the support of authorized student government activities at the University. These mandatory student fees are recognized as revenue when collected.

Consulting, travel and service fees are recognized when the contractual obligations with outside unrelated parties are satisfied by the student groups.

Merchandising and commercial revenues are recognized when the related contractual obligations with the related party, UC Regent, to offer goods and services within ASUC commercial facilities are satisfied.

Other revenues are recognized when the related contractual obligations are satisfied. Other revenues of ASUC include the Blue & Gold income and the SUPERB income. Blue & Gold is the official yearbook for the University of California, Berkeley. Income from Blue & Gold is earned from book and advertising sales. SUPERB income is income earned by the Student Union Program, Entertainment, and Recreation Board (SUPERB), a student-run, non-profit branch of ASUC that is dedicated to providing entertainment for the campus and community. The program includes activities such as Friday Film Series, free Noon Concerts, Comedy Competitions, Poker Tournaments, and free Sneak Previews of upcoming movies.

In addition, other income is coming from student group activity sales.

Advertising -- Advertising costs are expensed as incurred. Advertising costs were \$171,417 and \$87,299 during the years ended June 30, 2021 and 2020, respectively.

Functional allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Costs directly associated with student activities are recorded as program expenses. Management and general expenses are based on direct costs which are allocated to their specified functions.

Income Taxes -- The Association has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) and the California Franchise Tax Board.

Use of Estimates -- The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, ASUC's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. ASUC's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

New Accounting Pronouncements Adopted -- The Association adopted FASB Accounting Standards Update (“ASU”) 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, effective July 1, 2020. The new guidance modifies the disclosure requirements for fair value measurements by removing disclosure requirements for transfers between levels in the fair value hierarchy and modifying disclosure and valuation processes for level 3 measurements, among other changes. The adoption of this new guidance had no impact on the financial statements.

The Association also adopted ASU 2014-09, *Revenue from Contracts with Customers*, and the subsequent amendments to the initial guidance, effective July 1, 2020. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the Association expects to receive in exchange for those goods or services (see Revenue Recognition). The Association believes that this guidance does not change their existing revenue recognition policy, and therefore its impact was not significant to the financial statements.

New Accounting Pronouncements Not Yet Adopted -- In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under the new guidance, not-for-profit entities (“NFP”) is required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The new guidance also requires the NFP to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets and the following: 1) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; 2) accounting policy about monetizing rather than utilizing contributed nonfinancial assets; 3) any donor-imposed restriction associated with the contributed nonfinancial assets; 4) valuation techniques and inputs used to arrive at a fair value measure, in accordance with ASC 820 at initial recognition; 5) the principal market used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The Association will adopt the new standard in its annual reporting period beginning July 1, 2021. The Association believes the impact of adopting this guidance will be immaterial to the financial statements and related disclosures.

3. Investment with Berkeley Foundation Endowment Fund

ASUC invests a portion of the Graduate Assembly's funds with the University of California, Berkeley Foundation Endowment Fund ("UCBF"). The Graduate Assembly ("GA") designated that the Endowment Fund hold the investments in two separate funds, the Restricted Operational Support Fund and the Operational Support Fund. Principal investments in the Restricted Operational Support Fund are board designated restricted funds while principal investments in the Operational Support Fund may be board designated with or without restrictions and any use is subject to the approval of the GA. The annual payout of the funds is without restriction and set by the UCBF policy to be 4.00% of a twelve-quarter (three year) moving average market value of the endowment pool. The Executive Committee may, at its discretion, recommend for approval by the Board an alternative payout percentage, within a range of 3.50% to 4.50% for a specific payout year. Prior 2020, the payouts were 100% reinvested, however, effective in 2020, the payouts were paid 75% in cash and 25% reinvested.

In 2015, the GA officers granted \$300,000 to ASUC to be invested in UCBF. ASUC invested in the Operational Support Fund the total principal amount of \$85,000 and invested in the Restricted Operational Support Fund the total principal amount of \$365,000 (which includes the \$300,000 grant). There has been no additional investment in UCBF since 2015.

The fair value of the investment at June 30, 2021 and 2020, including reinvested income, realized and unrealized gains and losses, was \$841,696 and \$624,957, respectively.

The stated investment objectives of the UCBF are to maintain the purchasing power of the current assets and all future contributions; maximize return within reasonable and prudent levels of risk; maintain an appropriate asset allocation policy that is compatible with the objectives of GEP (maintaining liquidity needed to support spending in prolonged down markets), while still having the potential to produce positive real returns; control costs of administering the GEP assets and managing the investments; provide investment results equal or superior to an appropriate peer universe; limit the risk of large losses by diversification among broad asset classes (e.g., domestic stocks, international stocks, fixed income) and among the various styles within individual asset classes (e.g., "growth" and "value" within domestic equity); achieve a rate of return which exceeds that of a target weighted composite index based on the target asset allocation policy adopted which includes a mix of Global Equity, Marketable Alternatives, Private Equity, Real Estate, Energy/Commodities/Other and Fixed Income; and produce a sufficient total fund return to provide for the payouts described above.

As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the GA to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Because the funds used for the endowment fund are that of the GA's and the absence of any donor-imposed restriction, the endowment fund is treated as net assets without donor restrictions on the statement of financial position.

Changes in ASUC's investment with Berkeley Foundation Endowment Fund during the years ended June 30, 2021 and 2020 are as follows:

	Without donor restrictions	
	2021	2020
Endowment net assets, beginning of year	\$ 624,957	\$ 623,933
Investment return (Realized and unrealized gains)	239,297	5,055
Interest payout 2019 - 2020	(17,485)	-
Interest payout 2020 - 2021	(28,710)	-
Investment expense	(5,073)	(4,031)
Endowment net assets, end of year	<u>\$ 812,986</u>	<u>\$ 624,957</u>

4. Other Long-Term Investments

Other long-term investments are stated at fair value and consist of mutual funds, debt and equity securities (see Note 5). Fair values and unrealized appreciation (depreciation) at June 30, 2021 and 2020 are summarized as follows:

	2021			2020		
	Cost	Fair Value	Unrealized Appreciation	Cost	Fair Value	Unrealized Appreciation
Money market funds	\$ 180,390	\$ 180,390	\$ -	\$ 170,074	\$ 170,074	\$ -
U.S. government securities	342,279	361,864	19,585	397,944	441,735	43,791
U.S. corporate bonds	272,259	281,212	8,953	202,364	215,329	12,965
Foreign corporate bonds	-	-	-	49,895	50,340	445
Fixed income funds	160,000	179,448	19,448	150,000	163,183	13,183
U.S. equity securities	1,008,664	2,304,495	1,295,831	880,222	1,622,721	742,499
Foreign equity securities	90,906	160,992	70,086	60,622	96,834	36,212
Total	<u>\$ 2,054,498</u>	<u>\$ 3,468,401</u>	<u>\$ 1,413,903</u>	<u>\$ 1,911,121</u>	<u>\$ 2,760,216</u>	<u>\$ 849,095</u>

The following schedule summarizes the investment income from other long-term investments and its classification in the statement of activities for the years ended June 30:

	2021		2020	
	Without Donor Restrictions	Total	Without Donor Restrictions	Total
Interest and dividends	\$ 53,467	\$ 53,467	\$ 55,519	\$ 55,519
Realized and unrealized gain	671,373	671,373	93,981	93,981
Investment expense	(15,990)	(15,990)	(14,194)	(14,194)
Total investment return, net	<u>\$ 708,851</u>	<u>\$ 708,851</u>	<u>\$ 135,305</u>	<u>\$ 135,305</u>

All other long-term investments were originally surplus funds made available to ASUC after the termination and distribution of its prior pension plan. The investments are private funds for the benefit of ASUC.

5. Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that ASUC has the ability to access.

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and other inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Net Asset Value (NAV) – Investments with Berkeley foundation endowment fund whose fair value is measured at NAV are excluded from the fair value hierarchy.

Following is a description of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Money market funds: Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the fiscal year.

Equity securities traded on the over-the-counter market: Determined by the last reported bid price, if actively traded.

Financial assets measured at fair value on a recurring basis are summarized below:

Description	June 30, 2021	Fair Value Measurement at Reporting Date Using			NAV
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable (Level 3)	
Assets:					
Berkeley foundation endowment fund	\$ 812,986	\$ -	\$ 52,817	\$ -	\$ 760,169
Short-term investments - money market funds	264,137	264,137	-	-	-
Long-term investments:					
Money market funds	180,390	180,390	-	-	-
U.S. government securities	361,864	-	361,864	-	-
U.S. corporate bonds	281,212	-	281,212	-	-
Fixed income securities	179,448	-	179,448	-	-
U.S. equity securities	2,304,495	2,304,495	-	-	-
Foreign equity securities	160,992	160,992	-	-	-
	3,468,401	2,645,877	822,524	-	-
Total assets	\$ 4,545,524	\$ 2,910,014	\$ 875,341	\$ -	\$ 760,169

Description	June 30, 2020	Fair Value Measurement at Reporting Date Using			NAV
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable (Level 3)	
Assets:					
Berkeley foundation endowment fund	\$ 624,957	\$ -	\$ 58,359	\$ -	\$ 566,598
Short-term investments - money market funds	264,110	264,110	-	-	-
Long-term investments:					
Money market funds	170,074	170,074	-	-	-
U.S. government securities	441,735	-	441,735	-	-
U.S. corporate bonds	215,329	-	215,329	-	-
Foreign corporate bonds	50,340	-	50,340	-	-
Fixed income securities	163,183	-	163,183	-	-
U.S. equity securities	1,622,721	1,622,721	-	-	-
Foreign equity securities	96,834	96,834	-	-	-
	2,760,216	1,889,629	870,587	-	-
Total assets	\$ 3,649,283	\$ 2,153,739	\$ 928,946	\$ -	\$ 566,598

The following table presents significant terms of investments in Berkeley foundation endowment fund measured at NAV as of June 30, 2021:

Investment Type	Fair Value	Unfunded Commitments	Redemption terms and restrictions
Absolute return	\$ 146,588	\$ 808	Redemptions are available on a rolling basis and require 60 to 90 days' prior notification.
Equity funds	432,482	1,401	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days' prior notification.
Private equities	137,468	44,899	Not eligible for redemption
Real estate investments trusts	11,836	5,173	Not eligible for redemption
Real assets	31,795	536	Not eligible for redemption
Total	<u>\$ 760,169</u>	<u>\$ 52,817</u>	

6. Risks and Uncertainties

Financial instruments, which potentially subject ASUC to concentration of credit risk, consist principally of securities greater than \$500,000 and cash deposits greater than \$250,000 with each financial institution that is a member of Securities Investor Protection Corporation (“SIPC”). ASUC had \$3,468,401 and \$2,760,216 of securities with a financial institution at June 30, 2021 and 2020, respectively, that exceeded the balance insured by SIPC.

Credit risk also exists for cash in bank deposit accounts and certificates of deposit greater than \$250,000 with each financial institution that is a member of Federal Deposit Insurance Corporation (“FDIC”). ASUC held \$12,851,245 and \$9,867,976 in cash balances on deposits at June 30, 2021 and 2020, respectively, that exceeded the balance insured by FDIC. The management of ASUC periodically reviews its cash policies and believes any potential accounting loss is minimal.

A significant portion, approximately 57 percent, of ASUC’s annual revenue comes from the mandatory student fees.

The majority of ASUC’s revenues and grants are received from within the activities of the University of California at Berkeley. As such, ASUC’s ability to generate resources via fees and grants is dependent upon the economic health of the University and the State of California. An economic downturn could cause a decrease in revenues, fees and grants that coincides with an increase in demand for ASUC’s services.

ASUC's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to ASUC's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes (see Notes 3 and 4) should mitigate the impact of changes in any one class.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which have negatively impacted the operations and financial statements of ASUC, primarily campus grants, sponsorship and donation revenue, consulting, travel and service fees, other income, merchandizing and commercial revenues. Other financial impacts could occur though such potential impacts are unknown at this time.

7. Rights in Eshleman Hall

During the 1960's, ASUC transferred its rights in old Eshleman Hall in the amount of \$1,315,000 to the University for the rights in the new Eshleman Hall. The title to these rights is held by the University for the exclusive use of ASUC.

The value of ASUC's rights in Eshleman Hall presents the intangible value of the University's commitment to provide facilities for ASUC's student government activities and student groups. Management determined that there was no impairment to this intangible asset for the years ended June 30, 2021 and 2020 (see Note 2).

8. Property and Equipment

The following is a summary of property and equipment as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office and computer equipment	\$ 178,161	\$ 191,408
Furniture and fixtures	4,023	4,023
	<u>182,184</u>	<u>195,431</u>
Less: accumulated depreciation	<u>(111,479)</u>	<u>(111,345)</u>
	<u>\$ 70,705</u>	<u>\$ 84,086</u>

Depreciation expense was \$21,661 and \$21,684 during the years ended June 30, 2021 and 2020, respectively.

9. Liquidity

ASUC's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 12,851,245
Receivables from UC Berkeley	137,580
Prepaid expenses	6,328
Short-term investments	264,137
Other long-term investments	<u>3,468,401</u>
Financial assets, at year end	<u>\$ 16,727,691</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,727,691</u>

As part of ASUC's liquidity management plan, management invest cash in excess of daily requirements in a money market fund.

10. Student Fund Liabilities

ASUC held funds totaling \$9,428,733 and \$7,445,333 as of June 30, 2021 and 2020, respectively, on behalf of the students. The funds are unrestricted and available for the future use of the students.

Student fund liabilities are the surplus funds from the student organizations. Any excess or deficit of revenues over expenses from the student activities reported on the Statement of Activities during the current year are closed to the student fund liabilities at year-end.

11. Related Party Transactions

ASUC has a payable of \$351,496 and \$196,814 to the University as of June 30, 2021 and 2020, respectively, for various operating and program service expenses. ASUC also has a receivable of \$165,139 and \$382,221 from the University as of June 30, 2021 and 2020, respectively, for mandatory student fees and commercial revenues.

During the years ended June 30, 2021 and 2020, ASUC received \$3,374,962 and \$3,464,910, respectively, from the University for mandatory student fees and recruitment and retention programs and incurred expenses totaling \$1,051,071 and \$1,317,606, respectively, for operating and program services provided by the University.

12. Contingency

A complaint has been filed in court by a student of the University against the Regents of the University and a number of individuals including a previous volunteer student advocate working under the auspices of the ASUC. The student asserted claims for negligent and intentional infliction of emotional distress arising out of claims of plagiarism asserted against him by a Professor during a summer school class. The previous volunteer student advocate has not been served and the other defendants who were served successfully obtained a dismissal through demurrer. Legal counsel has not formed a professional conclusion that an unfavorable outcome in any of the foregoing matters is either remote or probable.

13. Subsequent Events

ASUC evaluated subsequent events through May 2, 2022, the date on which the financial statements were available to be issued and except as discussed above, noted no subsequent events that would require recognition in the financial statements or the notes thereto as of and for the year ended June 30, 2021.