

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

FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT

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## **INDEPENDENT AUDITOR'S REPORT**

To the Senate of the Associated Students  
of the University of California, Berkeley:

### ***Opinion***

We have audited the accompanying financial statements of the Associated Students of the University of California, Berkeley (a California, not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students of the University of California, Berkeley as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Associated Students of the University of California, Berkeley 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.

### ***Responsibility 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 the Associated Students of the University of California, Berkeley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 the Associated Students of the University of California, Berkeley 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Associated Students of the University of California, Berkeley '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.

*Mah & Associates, LLP*

San Francisco, California  
May 24, 2023

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

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 13,269,096	\$ 12,851,245
Receivable from UC Berkeley	507,385	137,580
Other receivables	117,815	-
Prepaid expenses	40,056	6,328
Short-term investments	264,263	264,137
Investment with University of California Berkeley Foundation Endowment Fund	725,924	812,986
Other long-term investments	3,141,163	3,468,401
Property and equipment, net of accumulated depreciation of \$144,416 and \$111,479, respectively	80,517	70,705
Rights in Eshleman Hall	1,315,000	1,315,000
Total assets	19,461,219	18,926,382
<b>LIABILITIES AND NET ASSETS:</b>		
Student fund liabilities	10,031,960	9,428,733
Payables and accrued expenses	449,249	580,120
Other liabilities	2,544	5,127
Total liabilities	10,483,753	10,013,980
<b>NET ASSETS:</b>		
Without donor restrictions	8,977,466	8,912,402
Total liabilities and net assets	\$ 19,461,219	\$ 18,926,382

See accompanying notes to the financial statements.

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

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2022 and 2021**

	Without Donor Restrictions	
	2022	2021
<b>REVENUES, GAINS, AND OTHER SUPPORT:</b>		
Mandatory student fees	\$ 3,512,293	\$ 3,374,962
Realized/unrealized gain (loss), net	(485,945)	860,897
Campus grants	1,675,050	535,490
Sponsorship and donation revenue	1,414,874	429,971
Consulting, travel and service fees	1,001,703	277,480
Other income	172,044	152,354
Interest & dividend income	78,760	55,432
GA Endowment interest payout	-	46,195
Blue & gold income	65,181	51,091
Superb income	73,000	38,500
Merchandising revenue	16,092	6,711
Commercial revenue	269,091	5,162
	<b>7,792,143</b>	<b>5,834,245</b>
<b>EXPENSES:</b>		
Program services -		
Student activities	7,594,714	4,378,555
Support services -		
Management and general	132,365	116,248
	<b>7,727,079</b>	<b>4,494,803</b>
<b>INCREASE IN NET ASSETS</b>	<b>65,064</b>	<b>1,339,442</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>8,912,402</b>	<b>7,572,960</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,977,466</b>	<b>\$ 8,912,402</b>

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, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Student Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>EXPENSES AND LOSSES:</b>				
Programs and Events	\$ 1,669,213	\$ -	\$ -	\$ 1,669,213
Stipends	1,286,645	20,000	-	1,306,645
Travel	900,166	-	-	900,166
Meeting and Meals	891,355	1,805	-	893,160
Supplies	884,128	3,725	-	887,853
Advertising	321,134	-	-	321,134
Entertainment	291,315	-	-	291,315
Publication and Subscriptions	220,782	-	-	220,782
Scholarship	232,123	-	-	232,123
Professional Services	186,679	31,000	-	217,679
Salary	175,909	35,865	-	211,774
Concert	146,110	-	-	146,110
Photo Copying and Printing	123,793	1,248	-	125,041
Membership and Dues	96,385	-	-	96,385
Merchandising	46,813	-	-	46,813
Insurance	8,675	13,836	-	22,511
Depreciation	32,938	-	-	32,938
Donation	27,584	-	-	27,584
Miscellaneous	27,442	-	-	27,442
Legal Expenses	-	21,231	-	21,231
Postage	14,023	3,655	-	17,678
Communications and Utilities	9,160	-	-	9,160
Repair and Maintenance	2,342	-	-	2,342
<b>Total expenses</b>	<b><u>\$ 7,594,714</u></b>	<b><u>\$ 132,365</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,727,079</u></b>

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>	
<b>EXPENSES AND LOSSES:</b>				
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	-	170,923
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
Insurance	2,535	14,080	-	16,615
Miscellaneous	9,778	6,432	-	16,210
Legal	-	12,749	-	12,749
Repairs and Maintenance	8,765	-	-	8,765
Communications and Utilities	849	-	-	849
Bad Debt	130	-	-	130
<b>Total expenses</b>	<b><u>\$ 4,378,555</u></b>	<b><u>\$ 116,248</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,494,803</u></b>

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 65,064	\$ 1,339,442
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	32,938	21,661
Unrealized and realized (gain) loss on investments	485,945	(860,897)
Changes in assets and liabilities:		
Receivable from UC Berkeley	(369,805)	244,641
Other receivables	(117,815)	-
Prepaid expenses	(33,728)	(3,038)
Student fund liabilities	603,227	1,983,400
Payables and accrued expenses	(153,563)	311,585
Other liabilities	(2,583)	(12,449)
Total adjustments	<u>444,616</u>	<u>1,684,903</u>
Net cash provided by operating activities	<u>509,680</u>	<u>3,024,345</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	839,868	861,120
Purchase of short-term investments	(126)	(27)
Purchase of long-term investments	(888,821)	(896,437)
Purchase of property and equipment	(42,750)	(8,280)
Net cash used in investing activities	<u>(91,829)</u>	<u>(43,624)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	417,851	2,980,721
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>12,851,245</u>	<u>9,870,524</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 13,269,096</u>	<u>\$ 12,851,245</u>

See accompanying notes to the financial statements.



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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**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 are 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 are 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. There have been no such losses through June 30, 2022.

**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, 2022 and 2021, 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, 2022 and 2021, 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 should have been recognized over the course of each semester, but ASUC recognizes them at the beginning of each semester and believes that it has no material impact on the financial statements.

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

Merchandising 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.

Commercial revenue is provided by the University in exchange of their right of operating the space previously owned by ASUC. Commercial revenue is recognized at the end of the fiscal year.

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 \$321,134 and \$171,417 during the years ended June 30, 2022 and 2021, 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.

### **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.

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 granted by the GA officers in 2015). There has been no additional investment in UCBF since 2015.

The fair value of the investment at June 30, 2022 and 2021, including reinvested income, realized and unrealized gains and losses, was \$725,924 and \$812,986, 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, 2022 and 2021 are as follows:

	Without donor restrictions	
	2022	2021
Endowment net assets, beginning of year	\$ 812,986	\$ 624,957
Investment return (Realized and unrealized gains or losses)	(82,999)	239,297
Interest payout 2020 - 2021	-	(17,485)
Interest payout 2021 - 2022	-	(28,710)
Investment expense	(4,063)	(5,073)
Endowment net assets, end of year	<u>\$ 725,924</u>	<u>\$ 812,986</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, 2022 and 2021 are summarized as follows:

	2022			2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation
Money market funds	\$ 113,511	\$ 113,511	\$ -	\$ 180,390	\$ 180,390	\$ -
U.S. government securities	326,144	307,651	(18,493)	342,279	361,864	19,585
U.S. corporate bonds	272,259	251,097	(21,162)	272,259	281,212	8,953
Fixed income funds	160,000	158,192	(1,808)	160,000	179,448	19,448
U.S. equity securities	1,408,236	2,153,070	744,834	1,008,664	2,304,495	1,295,831
Foreign equity securities	101,145	157,642	56,497	90,906	160,992	70,086
Total	<u>\$2,381,295</u>	<u>\$3,141,163</u>	<u>\$ 759,868</u>	<u>\$2,054,498</u>	<u>\$ 3,468,401</u>	<u>\$ 1,413,903</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:

	2022		2021	
	Without Donor Restrictions	Total	Without Donor Restrictions	Total
Interest and dividends	\$ 60,895	\$ 60,895	\$ 53,467	\$ 53,467
Realized and unrealized gain	(380,254)	(380,254)	671,373	671,373
Investment expense	(22,692)	(22,692)	(15,990)	(15,990)
Total investment return, net	<u>\$ (342,051)</u>	<u>\$ (342,051)</u>	<u>\$ 708,850</u>	<u>\$ 708,850</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, 2022 and 2021.

*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, 2022	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)	
<b>Assets:</b>					
Berkeley foundation endowment fund	\$ 725,924	\$ -	\$ 40,923	\$ -	\$ 685,001
Short-term investments - money market funds	264,263	264,263	-	-	-
Long-term investments:					
Money market funds	113,511	113,511	-	-	-
U.S. government securities	307,651	-	307,651	-	-
U.S. corporate bonds	251,097	-	251,097	-	-
Fixed income securities	158,192	-	158,192	-	-
U.S. equity securities	2,153,070	2,153,070	-	-	-
Foreign equity securities	157,642	157,642	-	-	-
	3,141,163	2,424,223	716,940	-	-
<b>Total assets</b>	<b>\$ 4,131,350</b>	<b>\$ 2,688,486</b>	<b>\$ 757,863</b>	<b>\$ -</b>	<b>\$ 685,001</b>

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)	
<b>Assets:</b>					
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	-	-
Foreign corporate bonds	-	-	-	-	-
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	-	-
<b>Total assets</b>	<b>\$ 4,545,524</b>	<b>\$ 2,910,014</b>	<b>\$ 875,341</b>	<b>\$ -</b>	<b>\$ 760,169</b>



The following table presents significant terms of investments in Berkeley foundation endowment fund measured at NAV as of June 30, 2022:

Investment Type	Fair Value	Unfunded Commitments	Redemption terms and restrictions
Absolute return	\$ 144,875	\$ 2,237	Redemptions are available on a rolling basis and require 60 to 90 days' prior notification.
Equity funds	323,293	483	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	171,460	28,302	Not eligible for redemption
Real estate investment trusts	15,865	9,603	Not eligible for redemption
Real assets	29,508	298	Not eligible for redemption
Total	\$ 685,001	\$ 40,923	

## 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 \$2,641,162 and \$3,468,401 of securities with a financial institution at June 30, 2022 and 2021, 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 \$13,269,096 and \$12,851,245 in cash balances on deposits at June 30, 2022 and 2021, 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.

The outbreak of Coronavirus (COVID) which was declared a pandemic resulted in economic uncertainties and wide-ranging days of volatility in the financial market and negatively impacted the operations and financial statements of ASUC. ASUC has recovered from COVID, and its impact on the operations and financial statements of ASUC was insignificant. 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, 2022 and 2021 (see Note 2).

**8. Property and Equipment**

The following is a summary of property and equipment as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office and computer equipment	\$ 208,673	\$ 178,161
Furniture and fixtures	<u>16,260</u>	<u>4,023</u>
	224,933	182,184
Less: accumulated depreciation	<u>(144,416)</u>	<u>(111,479)</u>
	<u>\$ 80,517</u>	<u>\$ 70,705</u>

Depreciation expense was \$32,939 and \$21,661 during the years ended June 30, 2022 and 2021, 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	\$ 13,269,096
Receivables from UC Berkeley	507,385
Other receivables	117,815
Prepaid expenses	40,056
Short-term investments	264,263
Other long-term investments	<u>3,141,163</u>
Financial assets, at year end	<u>\$ 17,339,778</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,339,778</u>

As part of ASUC'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. In addition, ASUC invests cash in excess of daily requirements in short-term investments. Other long-term investments are funds from the previous pension plan and are unrestricted. These investments can be liquidated upon a vote by the ASUC Student Leaders and can be available for general expenditure when needed.

**10. Student Fund Liabilities**

ASUC held funds totaling \$10,031,960 and \$9,428,733 as of June 30, 2022 and 2021, 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 \$316,584 and \$351,496 to the University as of June 30, 2022 and 2021, respectively, for various operating and program service expenses. ASUC also has a receivable of \$507,385 and \$137,580 from the University as of June 30, 2022 and 2021, respectively, for mandatory student fees and commercial revenues.

During the years ended June 30, 2022 and 2021, ASUC received \$3,512,293 and \$3,374,962, respectively, from the University for mandatory student fees and recruitment and retention programs and incurred expenses totaling \$1,649,830 and \$1,051,071, respectively, for operating and program services provided by the University.

**12. Subsequent Events**

ASUC evaluated subsequent events through May 24, 2023 the date on which the financial statements were available to be issued and 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, 2022.