

SETI INSTITUTE

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
SEPTEMBER 30, 2023 AND 2022**

SETI INSTITUTE
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INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
SETI Institute
Mountain View, California**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SETI Institute (Institute), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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 and *Government 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 and *Government 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 Institute'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 Institute'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024, on our consideration of the Institute’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute’s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Institute’s September 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



GILBERT CPAs
Sacramento, California

January 26, 2024

SETI INSTITUTE

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash and cash equivalents	\$ 8,842,667	\$ 3,786,402
Investments	61,454,061	1,372,282
Grants receivable, net	2,437,907	3,050,618
Pledges receivable, net	122,186,759	1,958,898
Prepaid expenses, deposits and other assets	235,702	229,461
Note receivable	172,718	169,117
Charitable remainder unitrust assets	149,730	134,827
Operating lease, right-of-use asset	4,711,047	5,443,648
Property and equipment, net	<u>10,559,062</u>	<u>10,579,147</u>
TOTAL ASSETS	<u>\$ 210,749,653</u>	<u>\$ 26,724,400</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 1,309,938	\$ 2,090,020
Accrued expenses	1,501,788	1,532,536
Deferred revenue	214,478	96,306
Line of credit	450,000	
Unitrust payable	22,860	23,057
Operating lease liability	<u>5,028,320</u>	<u>5,691,229</u>
Total liabilities	<u>8,527,384</u>	<u>9,433,148</u>
 NET ASSETS:		
Without donor restrictions	77,015,719	11,342,671
With donor restrictions	<u>125,206,550</u>	<u>5,948,581</u>
Total net assets	<u>202,222,269</u>	<u>17,291,252</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 210,749,653</u>	<u>\$ 26,724,400</u>

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

SETI INSTITUTE

STATEMENTS OF ACTIVITIES YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUES:				
Contributions	\$ 66,328,476	\$ 122,892,008	\$ 189,220,484	\$ 6,002,364
Federal grants and cooperative agreements	18,792,876		18,792,876	20,947,002
In-kind contributions				1,377,687
Employee Retention Tax Credit	1,014,490		1,014,490	
Other grants and support	782,818		782,818	1,021,305
Investment and other income	150,679	2,029	152,708	48,667
Change in value of split interest agreements		15,100	15,100	(18,221)
Net assets released from restrictions	<u>3,651,168</u>	<u>(3,651,168)</u>		
Total revenues	<u>90,720,507</u>	<u>119,257,969</u>	<u>209,978,476</u>	<u>29,378,804</u>
EXPENSES:				
Program services:				
Science, research and development	15,484,541		15,484,541	16,657,272
Educational programs	1,580,979		1,580,979	1,588,666
SETI research	1,256,133		1,256,133	765,176
Other programs	<u>338,900</u>		<u>338,900</u>	<u>207,880</u>
Total program services	<u>18,660,553</u>		<u>18,660,553</u>	<u>19,218,994</u>
Supporting services:				
Management and general	6,157,187		6,157,187	5,471,269
Fundraising	<u>229,719</u>		<u>229,719</u>	<u>377,195</u>
Total supporting services	<u>6,386,906</u>		<u>6,386,906</u>	<u>5,848,464</u>
Total expenses	<u>25,047,459</u>		<u>25,047,459</u>	<u>25,067,458</u>
INCREASE IN NET ASSETS	65,673,048	119,257,969	184,931,017	4,311,346
NET ASSETS, Beginning of Year	<u>11,342,671</u>	<u>5,948,581</u>	<u>17,291,252</u>	<u>12,979,906</u>
NET ASSETS, End of Year	<u>\$ 77,015,719</u>	<u>\$ 125,206,550</u>	<u>\$ 202,222,269</u>	<u>\$ 17,291,252</u>

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

SETI INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2023

	<u>Program services</u>					<u>Supporting services</u>			
	<u>Science, research and development</u>	<u>Educational programs</u>	<u>SETI research</u>	<u>Other programs</u>	<u>Total program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total supporting</u>	<u>Total</u>
Personnel	\$ 10,321,248	\$ 925,819	\$ 541,263	\$ 267,711	\$ 12,056,041	\$ 3,664,709	\$ 152,548	\$ 3,817,257	\$ 15,873,298
Subcontracts	2,269,197	270,515			2,539,712				2,539,712
Professional services	1,547,626	96,803	4,248	29,268	1,677,945	627,632	21,131	648,763	2,326,708
Occupancy	7,545			80	7,625	1,247,192		1,247,192	1,254,817
Depreciation and amortization	428,146		649,475		1,077,621	59,921		59,921	1,137,542
Travel and conferences	494,645	253,605	50,333	306	798,889	115,838	15,961	131,799	930,688
Supplies	314,621	20,474	6,038	1,436	342,569	132,213	10,889	143,102	485,671
Insurance	150				150	116,407		116,407	116,557
Postage and printing	64,368	10,247	1,394	14	76,023	5,978	4,784	10,762	86,785
Telecommunications	10,308	594			10,902	51,426		51,426	62,328
Interest expense						26,348		26,348	26,348
Subscriptions and membership	11,612	2,782			14,394	11,667		11,667	26,061
Equipment and maintenance	8,267				8,267	1,903		1,903	10,170
Other expenses	6,808	140	3,382	40,085	50,415	95,953	24,406	120,359	170,774
Total	<u>\$ 15,484,541</u>	<u>\$ 1,580,979</u>	<u>\$ 1,256,133</u>	<u>\$ 338,900</u>	<u>\$ 18,660,553</u>	<u>\$ 6,157,187</u>	<u>\$ 229,719</u>	<u>\$ 6,386,906</u>	<u>\$ 25,047,459</u>

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

SETI INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2022

	<u>Program services</u>					<u>Supporting services</u>			
	<u>Science, research and development</u>	<u>Educational programs</u>	<u>SETI research</u>	<u>Other programs</u>	<u>Total program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total supporting</u>	<u>Total</u>
Personnel	\$ 10,679,543	\$ 758,200	\$ 96,187	\$ 167,417	\$ 11,701,347	\$ 3,633,139	\$ 222,318	\$ 3,855,457	\$ 15,556,804
Subcontracts	2,802,261	371,039			3,173,300				3,173,300
Professional services	1,750,359	125,485		30,302	1,906,146	540,165	9,925	550,090	2,456,236
Occupancy	4,975	1,654			6,629	708,018		708,018	714,647
Depreciation and amortization	381,001		667,650		1,048,651	30,599		30,599	1,079,250
Travel and conferences	513,721	286,235		231	800,187	66,991	10,806	77,797	877,984
Supplies	446,244	32,743		565	479,552	171,189	2,691	173,880	653,432
Insurance						141,254		141,254	141,254
Postage and printing	43,596	10,498		1,784	55,878	10,117	80,821	90,938	146,816
Telecommunications	12,827	529			13,356	52,555		52,555	65,911
Subscriptions and membership	9,400	2,070			11,470	7,510		7,510	18,980
Equipment and maintenance	12,453				12,453	3,340		3,340	15,793
Other expenses	892	213	1,339	7,581	10,025	106,392	50,634	157,026	167,051
Total	<u>\$ 16,657,272</u>	<u>\$ 1,588,666</u>	<u>\$ 765,176</u>	<u>\$ 207,880</u>	<u>\$ 19,218,994</u>	<u>\$ 5,471,269</u>	<u>\$ 377,195</u>	<u>\$ 5,848,464</u>	<u>\$ 25,067,458</u>

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

SETI INSTITUTE

STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 184,931,017	\$ 4,311,346
Reconciliation to net cash provided by operating activities:		
Depreciation and amortization	1,137,542	1,079,250
Reduction in operating lease, right-of-use asset	732,601	430,423
Receipt of donated investments		(467,839)
Net realized and unrealized gain on investments	(67,565)	(22,211)
Changes in:		
Grants receivable, net	612,711	(967,366)
Pledges and notes receivable	(120,231,462)	(1,874,609)
Prepaid expenses, deposits and other assets	(6,241)	167,861
Charitable remainder unitrust assets	(14,903)	27,840
Accounts payable	(780,082)	894,402
Accrued expenses	(30,748)	99,715
Deferred revenue	118,172	(144,261)
Unitrust payable	(197)	(9,619)
Operating lease liability	(662,909)	(139,699)
Net cash provided by operating activities	<u>65,737,936</u>	<u>3,385,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(60,751,320)	(806)
Proceeds from sale of investments	737,106	
Purchases of property and equipment	(1,117,457)	(2,551,187)
Net cash used by investing activities	<u>(61,131,671)</u>	<u>(2,551,993)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit proceeds	450,000	
Net cash provided by financing activities	<u>450,000</u>	
INCREASE IN CASH AND CASH EQUIVALENTS	5,056,265	833,240
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>3,786,402</u>	<u>2,953,162</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 8,842,667</u>	<u>\$ 3,786,402</u>
NON-CASH ACTIVITY		
Acquisition of right-of-use asset through lease obligation	<u>\$</u>	<u>\$ 5,476,577</u>
SUPPLEMENTAL ACTIVITY		
Cash paid for operating lease	<u>\$ 891,019</u>	<u>\$ 238,303</u>

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

SETI INSTITUTE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

1. ORGANIZATION

The SETI Institute (Institute) is a not-for-profit research organization that aims to lead humanity's quest to understand the origins and prevalence of life and intelligence in the universe and share that knowledge with the world. It consists of three primary centers: the Carl Sagan Center for the study of life in the universe, the Center for Education for astronomy, astrobiology, and space science for students and educators, and the Center for Outreach for producing *Big Picture Science*, SETI Talks, and SETI Live. The Carl Sagan Center is home to nearly 100 scientists and researchers who are focused on understanding the nature and proliferation of life in the universe and is funded by grants from NASA and NSF. The Center for Education promotes STEM education through NASA and NSF-funded programs and the Center for Outreach brings the work of the SETI Institute to the general public through its weekly radio program and podcast, *Big Picture Science*.

The **Carl Sagan Center** is named in honor of Carl Sagan, a former trustee of the Institute, astronomer, prolific author, and host of the original *Cosmos* television series. The Carl Sagan Center is home to nearly 100 scientists and researchers organized around six research areas: Astronomy and Astrophysics, Exoplanets, Planetary Exploration, Climate and Geoscience, Astrobiology, and SETI. Guided by the astrobiology roadmap charted by the Drake Equation, the scientists of the Carl Sagan Center endeavor to understand the nature and proliferation of life in the universe and the transitions from physics to chemistry, chemistry to biology, and biology to philosophy. Most of the research undertaken within the Carl Sagan Center is funded by grants from NASA and NSF, while SETI endeavors are funded exclusively by private philanthropy. The Institute's SETI researchers use radio and optical telescope systems to search for deliberate signals from technologically advanced extraterrestrial civilizations.

The **Center for Education** promotes STEM education through NASA and NSF-funded programs aimed at teaching and inspiring children, young adults, and educators in physical sciences emphasizing astronomy and astrobiology. The efforts of the Center for Education are central to the Institute's mission of sharing knowledge as scientific ambassadors to the public. The Astronomy Activation Ambassadors program brings the excitement of hands-on research to middle, high school and community college teachers throughout the United States. Selected science educators are introduced to an intensive astronomy curriculum focused on infrared astronomy and experience a field visit to NASA's Infrared Telescope Facility on Mauna Kea, Hawaii. Educators bring the excitement of this "science-in-action" experience back to their school districts and classrooms, promoting interest in STEM learning.

In 2020, the Institute received a 5-year grant from NASA for an Institute-conceived STEM program to bring NASA science and NASA subject matter expertise into the classrooms of the nation's community college system. The NASA Community College Network (NCCN). NCCN works in three ways: targeted resource identification and development, professional development for instructors AND subject matter experts, and brokering bespoke partnerships between instructors and SMEs. Now entering its third year, NCCN engages 50 community college instructors from 20 states and works with 50 subject matter experts from NASA centers and top research universities.

Funded by the National Science Foundation, SETI Institute operates a compelling and highly competitive summer internship program for college students, Research Experiences for Undergraduates (REU). The program is an intensive 8-week summer internship that pairs students with Institute mentors/scientists. Each year, 10 to 12 interns studying physics, chemistry, biology, astronomy, astrophysics, and related disciplines work with SETI scientists, where they contribute to ongoing research and experience the life of a research scientist.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

The **Center for Public Outreach** brings the work of the SETI Institute and other leading research organizations to the general public through its weekly radio program and podcast, *Big Picture Science*, monthly public lecture series, SETI Talks, and weekly social media livestreams, SETI Live. Institute Senior Astronomer Seth Shostak and Executive Producer Molly Bentley co-host *Big Picture Science*. The award-winning general science program engages the public with modern science research through lively and intelligent storytelling and interviews with leading authors, educators, and researchers in wide-ranging disciplines. The Institute's monthly lecture series, SETI Talks, is an in-depth one-hour discussion featuring leading researchers from around the world in astronomy, astrophysics, aerospace technology, astrobiology, machine learning, and more. Lectures are free of charge, open to the public, and presented virtually with a global audience. All SETI Talks are recorded and archived on YouTube. Over 500 lectures are available online and indexed on the Institute's website. SETI Live is an informal weekly social media livestream featuring researchers in science domains relevant to the SETI Institute's work.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Institute reports information regarding its financial position and activities according to two classes of net assets:

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 the Institute. These net assets may be used at the discretion of management.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as payments are made to fulfill the purposes of the contributions), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Comparative financial information – The 2022 statement of activities presents 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Cash and cash equivalents – For financial statement purposes, the Institute considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

The Institute minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The Institute held deposits in excess of FDIC insured limits totaling \$8,062,845 and \$2,986,704 at September 30, 2023 and 2022, respectively. The Institute has not experienced any losses in such accounts and management believes The Institute is not exposed to any significant credit risk related to cash.

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

Grants receivable – The Institute records receivables from government grants and cooperative agreements at the time that draw down requests are completed for the amount of direct and indirect costs incurred. Grants receivable may, at times, include expenses that have been incurred by the Institute, but have not yet been billed to the appropriate funding sources. Grants receivable is presented net of an allowance for doubtful accounts of \$56,972, at September 30, 2023 and 2022.

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. Assets with a value of \$5,000 or more are depreciated over the estimated useful life of the asset using the following methods:

<u>Type of Assets</u>	<u>Useful Life</u>	<u>Method of Depreciation</u>
Computer & related science equipment	3 years	Straight-Line
Furniture & office equipment	5 years	Straight-Line

Assets acquired through funding from grant resources are considered to be owned by the Institute while such assets are in use under the funded program, or while they are being used for a similar program; however, certain funding sources have a reversionary interest in such assets. Any disposition of these assets or any funds derived therefrom are subject to grant regulations. As of September 30, 2023, assets acquired through funding from grant resources totaled \$2,356,605.

Charitable remainder unitrust assets include the estimated fair value of various irrevocable charitable unitrusts in which the Institute is the secondary beneficiary. The net present values of these assets were determined using investment returns consistent with the composition of the asset portfolios, life expectancies, and relevant discount rates. Irrevocable charitable unitrusts whose use by the Institute is limited due to donor-imposed restrictions increase net assets with donor restrictions.

Unitrust payable represents the present value of the liability due to primary beneficiaries of the irrevocable charitable remainder unitrust for which the Institute is both trustee and secondary beneficiary. On an annual basis, the Institute reviews the need to revalue the liability to make distributions to the designated beneficiaries based upon actual assumptions. The present value of the estimated future payments is calculated using a discount rate of 6.5% and applicable mortality tables.

Leases – The Institute determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of net position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets are also adjusted for prepaid or accrued rent. The Institute uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Institute uses its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend or terminate to the extent they are reasonably certain to be exercised. The Institute does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue recognition – Revenues from cost reimbursement type government grants and contracts, and fixed price grants and contracts, are recognized when qualifying expenses are incurred. The Institute also has federal contracts that reimburse for expenses incurred, plus a small profit percentage. Revenue from these contracts is recognized at the approved billing rate applied to allowable costs incurred. Contributions, and certain governmental and foundation grants are

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

recognized in the period received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by grantors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statement of activities as net assets released from restrictions, when time restrictions expire, or the contributions are used for the restricted purpose. Net assets with donor restrictions whose restrictions are met in the same fiscal year are reported as increases in net assets without donor restrictions.

Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition. The Institute receives certain government and foundation grants which limit spending to qualifying expenditures as defined in grant agreements. Outstanding conditional promises to give subject to such requirements were \$16,115,562 and \$11,320,043 as of September 30, 2023 and 2022, respectively, and will be recognized as revenue as the conditions are met.

Government grant proceeds received in advance of incurrence of qualifying expenditures or meeting deliverables are recorded as deferred revenue.

Functional expenses – The costs of providing the various program services 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. When appropriate, costs are allocated on a direct cost basis to the various programs or supporting services. In some cases, expenses are incurred which support the work performed under more than one award. Such expenses are allocated based upon the actual ratio of cost utilization to each applicable award. Expenses are allocated using appropriate activity measures including time and effort, square footage and base expenses, the latter as defined under Federal Uniform Guidance for use on Federal Grants and Contracts. Personnel and professional services are allocated on the basis of estimates of time and effort. Occupancy costs including rent and related expenses, depreciation and amortization, as well as supplies, telecommunications, equipment and maintenance, insurance, and other, where not directly attributable to a program, are allocated on a square footage basis to an occupancy pool, and then further divided to program using base expenses as a percentage of total base expenses.

Income taxes – The Institute is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). It is also exempt from California franchise taxes under Section 23701(d).

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

The Institute's charitable remainder unitrust assets at September 30, 2023 and 2022 are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative sources with reasonable levels of price transparency. See Note 6 for fair market value information for investments.

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

Subsequent events have been evaluated through January 26, 2024, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since September 30, 2023 that require recognition or disclosure in the financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Institute's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,842,667	\$ 3,786,402
Investments	61,454,061	1,372,282
Grants receivable, net	2,437,907	3,050,618
Pledges receivable, net	<u>122,186,759</u>	<u>1,958,898</u>
Total financial assets	194,921,394	10,168,200
Less amounts unavailable for general expenditures within one year, due to:		
Restriction by donors for time or purpose	42,682,846	4,634,444
Restricted by donors in perpetuity	<u>980,851</u>	<u>978,822</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 151,257,697</u>	<u>\$ 4,554,934</u>

Federally funded awards (contracts, grants, and cooperative agreements) make up approximately 70% of the Institute's operating revenues and expenditures. Liquidity to cover expenditures for approximately 80% of these awards is provided through the Federal Drawdown System. As of

SETI INSTITUTE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

5. NOTE RECEIVABLE

In connection with the sale of a real property investment, the Institute issued a note receivable to the buyer in the amount of \$168,000. Interest is due monthly at the rate of 6% per annum. The maturity date of the note has passed; however, the Institute expects it to ultimately be paid.

6. INVESTMENTS

The Institute's investments at September 30, 2023 includes common shares in a privately held limited liability company (LLC) without readily determinable fair value as it is not traded in active markets. As such, this investment is classified in Level 3 of the fair value hierarchy.

The Institute adjusts the carrying value of non-marketable equity securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer, and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in the statements of activities as changes in the appropriate class of net assets based on whether or not a donor-imposed restriction exists.

As of September 30, 2023 and 2022, non-marketable equity securities had a carrying value of \$1,400,000 and \$750,000, respectively. No remeasurement was deemed necessary during the year ended September 30, 2023.

One of the Institute's Board members is a principal in the investee LLC. Additionally, this Board member has guaranteed the value of the investment, by pledging to make up for any decline in value when sold through contributions. No pledge receivable has been recorded, as no decline in value was identified at September 30, 2023.

Investments as of September 30, 2023 consist of the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash, Deposits & Money Market Funds	\$ 23,831		\$ 23,831
Treasury Securities	60,030,230		60,030,230
Private Equity		\$ 1,400,000	1,400,000
Total	<u>\$ 60,054,061</u>	<u>\$ 1,400,000</u>	<u>\$ 61,454,061</u>

Investments as of September 30, 2022 consist of the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash, Deposits & Money Market Funds	\$ 622,282		\$ 622,282
Private Equity		\$ 750,000	750,000
Total	<u>\$ 622,282</u>	<u>\$ 750,000</u>	<u>\$ 1,372,282</u>

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

Changes in the Level 3 inputs for assets subject to recurring fair value measurements consist of:

	<u>2023</u>	<u>2022</u>
Beginning of year	\$ 750,000	\$ 750,000
Purchases	<u>650,000</u>	<u> </u>
End of year	<u>\$ 1,400,000</u>	<u>\$ 750,000</u>

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 703,231	\$ 703,231
Scientific equipment, including ATA	12,063,971	11,562,165
Leasehold improvements	279,923	273,647
Office equipment and furniture	240,681	240,681
Construction in progress	<u>5,683,916</u>	<u>5,074,541</u>
Total	18,971,722	17,854,265
Less accumulated depreciation	<u>(8,412,660)</u>	<u>(7,275,118)</u>
Property and equipment, net	<u>\$ 10,559,062</u>	<u>\$ 10,579,147</u>

Construction in progress includes work done on the Very Large Array and Allen Telescope Array Rejuvenation projects, as well as scientific equipment that has been purchased but not yet placed into service.

SETI INSTITUTE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources whose expenditures are perpetually or temporarily restricted by the donor or grantor for a particular purpose or time.

Net assets with donor restrictions consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Allen Telescope Array and Very Large Array	\$ 194,624	\$ 751,630
Antarctic expedition	871,296	833,201
Frontier Development Lab		815,143
Deep space quantum experiment	2,156	191,047
Unistellar App	81,563	499,169
GNU Radio	279,410	292,740
Humpback whale research project	25,859	32,028
Optical SETI	185,776	
Connecting the cosmos	89,933	
Other projects	181,453	333,577
Time restrictions:		
Remainder interest in unitrusts	126,870	111,770
Very Large Array	250,000	750,000
Antarctic expedition		70,000
Big Picture Science	100,000	
Carl Sagan Center for Research	100,000	
Unconditional promises to give	121,676,759	228,573
Other projects	60,000	60,881
Total purpose or time restrictions	124,225,699	4,969,759
Perpetual restrictions:		
SETI Forward endowment	22,916	20,887
SETI Institute endowment	957,935	957,935
Total perpetually restricted net assets	980,851	978,822
Total net assets with donor restrictions	\$ 125,206,550	\$ 5,948,581

The Institute's endowments included in perpetually restricted net assets include donor-restricted endowment funds.

The SETI Forward Endowment was established in 2019 to support student research activities, and to nurture new talent in the field of SETI research.

The SETI Institute Endowment Fund was established in 2020 to provide stable operating support to the Institute.

SETI INSTITUTE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

The primary investment objectives of the Institute's endowment investment policy, approved by the Board of Trustees, are to preserve principal, to provide a dependable and reasonable rate of return consistent with appropriate investment risk, and to maximize income within a framework of conservative risk assumptions. Each endowment's annual distribution rate is capped at 5% or 3% of the 3-year rolling average market value of the endowment, depending on whether or not the market value exceeds the historical dollar value adjusted for inflation. Distributions are set and approved by the board of directors. Changes in endowment net assets are as follows:

Year ended:	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 978,822	\$ 328,597
Contributions		654,000
Investment return	<u>2,029</u>	<u>(3,775)</u>
Endowment net assets, end of year	<u>\$ 980,851</u>	<u>\$ 978,822</u>

9. IN-KIND CONTRIBUTIONS

The institute received the following In-kind contributions for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Donated machine time		\$ 1,345,887
Professional services		<u>31,800</u>
Total In-kind contributions	<u>\$</u>	<u>\$ 1,377,687</u>

Donated machine time included machine processing time and data storage contributed for the Frontier Development Lab program. Professional services include contributed programmatic advisory services. All items were valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

The Institute's policy related to in-kind contributions is to utilize the assets given to carry out their mission, unless otherwise restricted by donors. All in-kind contributions received by the Institute for the year ended September 30, 2022 were donor restricted to be used by the Institute for the Frontier Development Lab program. In-kind contributions received and released in the same period are recorded as without donor restrictions according to entity policy. There were no in-kind contributions received by the Institute for the year ended September 30, 2023, however, in-kind services and machine time promised in the prior year were used in the year ended September 30, 2023, and recognized as expenses.

10. LINE OF CREDIT

The Institute has a \$450,000 revolving line of credit with a bank, secured by property, with variable interest payable monthly at the Prime rate plus 2.00% with a floor of 6.75%. Principal and accrued interest are due on demand, or if demand is not made by the bank, in one installment upon maturity on August 21, 2024. As of September 30, 2023, there was \$450,000 outstanding. There was no amount outstanding on this line of credit as of September 30, 2022.

SETI INSTITUTE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

11. LEASES

The Institute leases its facility located at North Bernardo Avenue in Mountain View, California terminating September 30, 2029. The asset and liability are calculated using a discount rate of 3.6%.

During the year ended September 30, 2021, the Institute entered into a one-year lease, with an option to extend for an additional five years, of the Hat Creek Radio Observatory (HCRO), including land and facilities to be used for research purposes. The Institute anticipates renewing the lease for all five optional years and has calculated the right-of-use asset and lease liability accordingly. The asset and liability are calculated using a discount rate of 3.6%.

Maturities of the lease liability for these leases are as follows:

2024	\$	917,750
2025		945,282
2026		973,641
2027		928,064
2028		955,906
Thereafter		<u>818,069</u>
Total lease payments		5,538,712
Present value discount		<u>(510,392)</u>
Operating lease liability	\$	<u>5,028,320</u>

The cash outlay in future years will differ from the recorded expense due to the requirement to record the expense on a straight-line basis and the accounting treatment of a lease incentive agreement. Total rent expense for the years ended September 30, 2023 and 2022, including related operating charges, was \$1,164,901 and \$534,869, respectively. During the year ended September 30, 2023 and 2022, the only projects undertaken at the HCRO site were upgrades to capitalizable scientific equipment. Therefore the expenses related to that lease were capitalized.

12. PENSION PLAN

The Institute has adopted a defined contribution pension plan funded through Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF). The pension plan covers all employees who meet the requirements of the plan. The Institute contributes 4% of participants' compensation, with an additional employer match of employees' contributions up to 4% of their compensation. The amount of pension plan expense for the years ended September 30, 2023 and 2022 was \$817,423 and \$768,872, respectively.

13. CONCENTRATIONS

During the fiscal years ended September 30, 2023 and 2022, 7% and 62%, respectively, of revenue for the Institute came from the National Aeronautics and Space Administration (NASA). In accordance with federal regulations, all of the Institute's government awards are subject to termination at the convenience of the government. Costs incurred under cost reimbursable contracts are also subject to audit by the government. Although unlikely, possible loss of funding or disallowed costs could have a significant impact on the Institute's future financial statements and research projects.

SETI INSTITUTE

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023 AND 2022

The Institute conducts some research at NASA Ames Research Center under the terms of cooperative grant agreements with NASA.

As of September 30, 2023, approximately 97% of the Institute's receivables and 89% of revenue was from one significant bequest. In 2023, the Institute recognized \$187,401,251 in revenue related to this bequest. There were no significant concentrations of non-federal revenue in 2022.

SETI INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2023

	<u>Assistance Listing Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
Research and Development Cluster:			
National Aeronautics Space Administration (NASA):			
NASA Direct Programs:			
	43.001	80NSSC17K0658	\$ 104,283
	43.001	80NSSC17M0074	49,390
	43.001	80NSSC19M0002	197,117
	43.001	80NSSC19M0163	355,011
	43.001	80NSSC20K1088	85,142
	43.001	80NSSC20K1095	153,053
	43.001	80NSSC20M0238	363,114
	43.001	80NSSC21M0009	675,604
	43.001	80NSSC21M0067	104,910
	43.001	80NSSC21M0234	3,558
	43.001	80NSSC21M0250	32,687
	43.001	80NSSC22M0114	160,492
	43.001	80NSSC22M0181	39,211
	43.001	80NSSC23M0046	34,132
	43.001	NNX14AT27A	143,740
	43.001	NNX15AW19A	44,670
	43.001	NNX16AB69A	49,782
	43.001	NNX17AC30A	16,828
	43.001	80NSSC20K1358	30,332
	43.001	80NSSC21K0398	192,989
	43.001	80NSSC21K0633	214,674
	43.001	80NSSC22M0277	289,304
	43.001	NNA15BB01A	23,628
	43.001	80NSSC19K0512	44,688
	43.001	80NSSC21K0145	110,743
	43.001	80NSSC22K0979	7,092
	43.001	80NSSC18K0549	57,470
	43.001	80NSSC19K1068	72,016
	43.001	80NSSC19K0424	11,646
	43.001	80NSSC19K1230	69,871
	43.001	80NSSC20K0054	5,606
	43.001	80NSSC22K1566	48,973
	43.001	80NSSC20K0143	12,010
	43.001	80NSSC20K0273	101,243
	43.001	80NSSC19K0025	15,549
	43.001	80NSSC20K0432	4,117
	43.001	80NSSC21K0406	57,522
	43.001	80NSSC21K0537	70,294
	43.001	80NSSC21K1016	196,991
	43.001	80NSSC22M0113	211,526
	43.001	80NSSC22K0780	106,783
	43.001	80NSSC21K1103	313,431
	43.001	80NSSC21K1480	214,158
	43.001	80NSSC21K1104	91,579
	43.001	80NSSC19M0121	197,800
	43.001	80NSSC22K1130	39,442
	43.001	80NSSC18K0854	21,037
	43.001	80NSSC19K0513	15,671
	43.001	80NSSC19K0563	284,747
	43.001	80NSSC21K1685	(3,717)

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2023

	<u>Assistance Listing Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
	43.001	80NSSC22K1467	46,051
	43.001	80NSSC23K0031	59,839
	43.001	80NSSC23K0032	137,902
	43.001	80NSSC23K0039	81,812
	43.001	80NSSC21K0631	99,206
	43.001	80NSSC21K1205	25,243
	43.001	80NSSC22K0190	48,365
	43.001	80NSSC22K0747	83,956
	43.001	80NSSC23K0049	52,606
	43.001	80NSSC23K0133	15,241
	43.001	80NSSC23K0220	86,519
	43.001	80NSSC18M0069	632
	43.001	80NSSC19K0538	107,787
	43.001	80NSSC20M0023	60,246
	43.001	80NSSC18K1591	152,422
	43.001	80NSSC21K1833	66,016
	43.001	80NSSC23K0374	82,283
	43.001	80NSSC23K0437	50,759
	43.001	80NSSC20K0449	80,828
	43.001	80NSSC23K0640	26,224
	43.001	80NSSC19M0038	209,952
	43.001	80NSSC21K0536	8,586
	43.001	80NSSC23K0749	92,778
	43.001	80NSSC21K1466	44,040
	43.001	80NSSC21K0391	149,123
	43.001	80NSSC23K1094	148,435
	43.001	80NSSC19M0089	509,425
	43.001	80NSSC21M0079	1,307,509
	43.001	80NSSC19K0878	14,574
	43.001	80NSSC19K0568	316,410
	43.001	80NSSC22M0022	1,755,990
	43.001	80NSSC21K1703	202,660
	43.001	NNX17AL60A	34,927
	43.001	80NSSC19K0423	76,360
	43.001	80NSSC20K0142	53,427
	43.001	80NSSC19K1265	44,057
	43.001	80NSSC18K1651	282,062
	43.001	NNX16AC51A	783,812
	43.001	NNX17AF01G	42,880
	43.001	80NSSC22K0208	198,372
	43.009	NNX17AC46A	183,403
Total NASA Direct Programs			13,564,658
Arizona Board of Regents, University of Arizona, pass through from: NASA Prime Contract NNN13D947T	43.000	Y502574	49,999
Astronomical Society of the Pacific (ASP), pass through from: NASA Prime Contract 80NSS22M0007	43.000	None	23,927
Bay Area Environmental Research Institute, pass through from: NASA Prime Contract 80NSSC20M0037	43.001	March 2020 Beyer	59,290

SETI INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2023

	<u>Assistance Listing Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
Board of Trustees of the Leland Stanford Junior University, pass through from:			
NASA Prime Contract 80NSSC17K0535	43.001	61678245-124927	21,329
Board of Trustees of the University of Central Florida, pass through from:			
NASA Prime Contract 80NSSC18K0530	43.001	66106055	1,529
NASA Prime Contract 80NSSC20K0480	43.001	24086A07	28,461
NASA Prime Contract 80NSSC20K1529	43.001	GR102601	1,467
Subtotal, Board of Trustees of the University of Central Florida pass through			31,457
Cornell University, pass through from:			
NASA Prime Contract 80NSSC19K1307	43.001	87941-20334	14,768
Honeybee Robotics, pass through from:			
NASA Prime Contract 80NSSC23K0024	43.001	PO 106767	19,226
Jet Propulsion Laboratory (JPL), pass through from:			
NASA Prime Contract (None)	43.000	1698835	8,543
NASA Prime Contract (None)	43.000	1699362	30,001
NASA Prime Contract (None)	43.001	1672140	113,023
NASA Prime Contract (None)	43.001	1686666	50,000
NASA Prime Contract NNN12AA01C	43.001	RSA 1666238	50,409
NASA Prime Contract NNN12AA01C	43.001	RSA 1671897	(1)
NASA Prime Contract (None)	43.001	1649375	46,562
Subtotal, Jet Propulsion Laboratory (JPL) pass through			298,537
Lockheed Martin Corporation, pass through from:			
NASA Prime Contract 80GSFC21C0011	43.RD	PO 4105880453	10,702
Planetary Science Institute (PSI), pass through from:			
NASA Prime Contract 80NSSC19K1222	43.001	1665-SETI	5,788
NASA Prime Contract 80NSSC18K0497	43.001	1579-SETI	11,244
NASA Prime Contract 80NSSC20K1066	43.001	C-1741-01	35,419
NASA Prime Contract 80NSSC21K1096	43.001	C-1815-01	28,247
NASA Prime Contract 80NSSC21K0212	43.001	1775-SETI	10,043
Subtotal, Planetary Science Institute (PSI) pass through			90,741
Regents of New Mexico State University, pass through from:			
NASA Prime Contract 80NSSC21K0497	43.001	Q02262	57,011
Southwest Research Institute, pass through from:			
NASA Prime Contract NASW-02008	43.000	1415FC0038	149,171
NASA Prime Contract NASW-02008	43.000	E99013LM	24,168
NASA Prime Contract NNM13AA38C	43.000	J99089LW	7,166
NASA Prime Contract NNN12AA01C	43.001	J99082CT	1,131
NASA Prime Contract NNX12AA01C	43.001	J99083CT	1,501
NASA Prime Contract 80ARC017M0008	43.001	K99091JRG	59,509
Subtotal, Southwest Research Institute pass through			242,646
Space Telescope Science Institute (STSci), pass through from:			
NASA Prime Contract NAS5-26555	43.000	HST-GO-16704.001-A	23,145
NASA Prime Contract NAS5-26555	43.000	HST-GO-15648.008-A	249,688

SETI INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2023

	Assistance Listing Number	Grant or Pass- Through Number	Final Federal Expenditures
NASA Prime Contract NAS5-26555	43.000	HST-GO-17163.001-A	26,830
NASA Prime Contract NAS5-26555	43.000	JWST-GO-02060.001-A	61,502
NASA Prime Contract NAS5-26555	43.000	JWST-ERS-01373.003-A	54,942
NASA Prime Contract NAS5-26555	43.000	HST-AR-16153.001-A	29,736
NASA Prime Contract NAS5-03127	43.000	JWST-CO-02183.025-A	5,386
NASA Prime Contract NAS5-26555	43.001	JWST-GO-01947.032-A	35,984
Subtotal, Space Telescope Science Institute (STSci) pass through			<u>487,213</u>
Stanford Research Institute International pass through, pass through from:			
NASA Prime Contract 80NSSC20K0258	43.001	62335576-148494	<u>15,965</u>
Universities Space Research Association (USRA), pass through from:			
NASA Prime Contract 80NSSC23K0659	43.001	SUBK-23-0033	3,961
NASA Prime Contract NNNA17BF53C	43.001	08700-12	2,728
NASA Prime Contract NNNA17BF53C	43.001	SOFIA Grant 10_0534	<u>5,038</u>
Subtotal, Universities Space Research Association (USRA) pass through			<u>11,727</u>
University of California, Santa Cruz, pass through from:			
NASA Prime Contract 80NSSC19K0446	43.001	A-19-0446-S003-P0707	<u>3,628</u>
University of Idaho, pass through from:			
NASA Prime Contract 80NSSC21K0527	43.001	SP5233-880962	<u>58,609</u>
University of Maryland, Baltimore County, pass through from:			
NASA Prime Contract 80NSSC21K0639	43.001	NASA0054-01	<u>22,572</u>
Total National Aeronautics Space Administration (NASA)			<u>15,084,005</u>
Department of Energy			
U.S. Department of Energy			
DOE Prime Contract DE-AI0000001	81.087	DE-AI0000001	<u>624,166</u>
Total Department of Energy			<u>624,166</u>
National Science Foundation (NSF):			
OFM Research pass through from:			
NSF Prime Contract ICER-20-16904	47.049	ICER-20-26904	<u>33,138</u>
University of Colorado, Boulder pass through from:			
NSF Prime Contract 2139964	47.049	1561244	226,927
NSF Prime Contract 1563019	47.049	1563019	<u>182,038</u>
Subtotal, University of Colorado, Boulder pass through			<u>408,965</u>
NSF Direct Programs			
	47.074	AST-2149122	108,641
	47.050	AST-2230384	49,900
	47.049	AST-2330164	61,345
	47.049	AST-2206814	148,714
	47.049	AST-2051007	<u>176,664</u>
Total, National Science Foundation Direct Programs			<u>545,264</u>
Total National Science Foundation (NSF)			<u>987,367</u>

SETI INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2023

	<u>Assistance Listing Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
Department of the Interior			
United States Geological Survey Flagstaff Science Center			
Department of the Interior Contract G19AC0023	15.808	G19AC00023	8,198
Department of the Interior Contract G22AC00194	15.808	G22AC00194	49,975
Department of the Interior Contract G20AC0027	15.808	G20AC00207	<u>7,847</u>
Total Department of the Interior			<u>66,020</u>
 Department of Health and Human Services			
National Institutes of Health, pass through from:			
DHHS Prime Contract RGM065440E	93.859	7R01GM065440	(264)
DHHS Prime Contract RGM065440F	93.859	2R01GM065440-18A1	<u>362,978</u>
Total Department of Health and Human Services			<u>362,714</u>
 Total Research and Development Cluster			<u>17,124,272</u>
Total Expenditures of Federal Awards			<u>\$ 17,124,272</u>

SETI INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2023

Of the federal expenditures presented above, SETI provided federal awards to subrecipients as follows:

<u>Name</u>	<u>Subcontracts</u>	<u>Prime Award</u>	<u>CFDA</u>
Baja Technology LLC	\$ 5,760	80NSSC19M0163	43.001
Caltech	3,953	80NSSC23K0031	43.001
Columbia University	7,325	80NSSC21K1703	43.001
Georgetown University	23,457	80NSSC18K1094	43.001
Honeybee Robotics, Ltd.	3,635	80NSSC18K1591	43.001
Honeybee Robotics, Ltd.	31,889	80NSSC19M0163	43.001
Honeybee Robotics, Ltd.	100,169	80NSSC20K1095	43.001
Howard University	362	80NSSC19K0025	43.001
Johns Hopkins University Applied Physics Laboratory, LLC	4,289	80NSSC23K0220	43.001
Johns Hopkins University Applied Physics Laboratory, LLC	31,254	80NSSC21K1480	43.001
Leiden Measurement Technology	137,103	80NSSC20M0238	43.001
Metzger Geoscience Consulting LLC	11,400	80NSSC19K0025	43.001
Million Concepts LLC	82,751	80NSSC22M0277	43.001
Oak Crest Institute of Science	67,007	80NSSC18K1651	43.001
Other Orb LLC	83,600	80NSSC22M0277	43.001
Parisa Technologies	20,932	80NSSC21M0009	43.001
Planetary Science Institute	2,630	80NSSC21K0537	43.001
Planetary Science Institute	27,320	80NSSC20K0142	43.001
Planetary Science Institute	15,270	80NSSC21K1103	43.001
Planetary Science Institute	30	80NSSC22K0190	43.001
Planetary Science Institute	22,124	80NSSC23K0220	43.001
Regents of the University of California at Riverside	100,992	80NSSC21K1703	43.001
Regents of the University of California at Riverside	25,560	80NSSC23K0039	43.001
Regents of the University of Michigan	15,603	80NSSC21K0631	43.001
Regents of the University of Michigan	(3,717)	80NSSC21K1685	43.001
Regents of the University of Michigan	19,207	80NSSC21K1703	43.001
San Deigo State University Foundation	22,389	80NSSC21K0631	43.001
Southwest Research Institute	1,121	80NSSC23K0640	43.001
Southwest Research Institute	24,220	80NSSC19K0423	43.001
Southwest Research Institute	2,116	80NSSC20K0142	43.001
Space Science Institute	2,178	80NSSC23K0220	43.001
Trillium	18,999	80NSSC22K1566	43.001
Trillium	44,469	NNX14AT27A	43.001
Universities Space Research Association (Washington DC)	9,760	80NSSC23K0640	43.001
Universities Space Research Association (Washington DC)	539	80NSSC18K0549	43.001
University of Massachusetts	74,981	80NSSC21K1103	43.001
University of Washington	81,249	80NSSC18K1651	43.001
University of Arizona	101,243	80NSSC20K0273	43.001
University of Florida Board of Trustees	72,443	80NSSC20K0208	43.001
University of Florida Board of Trustees	32,605	80NSSC23K0374	43.001
University of Georgia Research	29,093	80NSSC21K1016	43.001
University of Hawaii	41,399	80NSSC18K1651	43.001
University of Maryland, Baltimore	15,215	80NSSC20K1088	43.001
University of Massachusetts	22,404	80NSSC19K1230	43.001
University of Massachusetts	36,231	80NSSC21K1480	43.001
University of Oklahoma	9,213	80NSSC19K1230	43.001
University of Southern California	906	80NSSC18K1651	43.001
University of Virginia	39,002	80NSSC19K0631	43.001
Valdosta State University	3,187	80NSSC22K0190	43.001
Villanova University	15,259	80NSSC21K0631	43.001
West Ed	117,000	NNX16AC51A	43.001
West Ed	113,555	80NSSC21M0009	43.001
Subtotal 43.001	<u>1,770,681</u>		
Georgetown University	1,108	AST-2149122	47.074
Philadelphia College of Osteopathic Medicine	17,920	AST-2149122	47.074
Subtotal 47.074	<u>19,028</u>		
Other Orb LLC	<u>33,440</u>	NNX17AC46A	43.009
Trillium	<u>177,413</u>	DE-AI0000001	81.087
San Diego State University Foundation	<u>64,190</u>	AST-2206814	47.049
Total	<u>\$ 2,064,752</u>		

SETI INSTITUTE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SEPTEMBER 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards of the SETI Institute (Institute) is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

2. INDIRECT COST RATE

The Institute did not elect to use the 10% de minimis indirect cost rate as they received an approved federal rate from the Department of the Interior.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**Board of Trustees
SETI Institute
Mountain View, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SETI Institute (Institute), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

January 26, 2024

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Board of Trustees
SETI Institute
Mountain View, California**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SETI Institute’s (Institute) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute’s major federal programs for the year ended September 30, 2023. The Institute’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Institute’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

January 26, 2024

SETI INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Research and Development Cluster	43.000, 43.001, 43.009, 47.049, 47.050, 47.074 15.808, 93.859, 81.087

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

SETI INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – FOLLOW-UP ON PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None noted.