

**SETI INSTITUTE**

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

**YEARS ENDED  
SEPTEMBER 30, 2021 AND 2020**

**SETI INSTITUTE**  
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**SEPTEMBER 30, 2021 AND 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of SETI Institute (Institute), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SETI Institute as of September 30, 2021, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Institute's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### *Other 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* (CFR) 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 information 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 March 28, 2022, 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.

*Gilbert CPAs*

**GILBERT CPAs  
Sacramento, California**

**March 28, 2022**

# SETI INSTITUTE

## STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2021 AND 2020

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	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,953,162	\$ 4,220,879
Investments	925,848	
Grants receivable, net	2,083,252	2,084,920
Pledges receivable, net	84,395	400,332
Prepaid expenses, deposits and other assets	397,322	136,297
Note receivable	169,011	168,112
Charitable remainder unitrust assets	162,667	139,505
Operating lease right-of-use asset, net	353,072	316,295
Property and equipment, net	<u>9,107,210</u>	<u>7,070,251</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,235,939</u>	<u>\$ 14,536,591</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 1,195,618	\$ 811,629
Accrued expenses	1,432,821	1,408,611
Deferred revenue	240,567	575,796
Unitrust payable	32,676	39,275
Operating lease liability	354,351	487,693
Paycheck Protection Program loan	<u>                    </u>	<u>2,254,000</u>
Total liabilities	<u>3,256,033</u>	<u>5,577,004</u>
 <b>NET ASSETS:</b>		
Without donor restrictions	10,522,049	6,277,170
With donor restrictions	<u>2,457,857</u>	<u>2,682,417</u>
Total net assets	<u>12,979,906</u>	<u>8,959,587</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 16,235,939</u>	<u>\$ 14,536,591</u>

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

# SETI INSTITUTE

## STATEMENTS OF ACTIVITIES YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>2021 Total</b>	<b>2020 Total</b>
<b>REVENUES:</b>				
Federal grants and cooperative agreements	\$ 18,571,084		\$ 18,571,084	\$ 20,591,405
Contributions	451,537	\$ 3,506,816	3,958,353	1,523,263
Paycheck Protection Program loan	2,254,000		2,254,000	
Other grants and support	1,080,442		1,080,442	565,122
Investment and other income	58,164	(517)	57,647	376
Change in value of split interest agreements		29,760	29,760	(38,738)
Net assets released from restrictions	<u>3,760,619</u>	<u>(3,760,619)</u>		
Total revenues	<u>26,175,846</u>	<u>(224,560)</u>	<u>25,951,286</u>	<u>22,641,428</u>
<b>EXPENSES:</b>				
Program services:				
Science, research and development	14,868,671		14,868,671	15,610,493
Educational programs	1,474,640		1,474,640	1,363,909
SETI research	482,320		482,320	461,486
Other programs	<u>70,907</u>		<u>70,907</u>	<u>144,553</u>
Total program services	<u>16,896,538</u>		<u>16,896,538</u>	<u>17,580,441</u>
Supporting services:				
Management and general	4,686,257		4,686,257	5,239,689
Fundraising	<u>348,172</u>		<u>348,172</u>	<u>317,909</u>
Total supporting services	<u>5,034,429</u>		<u>5,034,429</u>	<u>5,557,598</u>
Total expenses	<u>21,930,967</u>		<u>21,930,967</u>	<u>23,138,039</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
	4,244,879	(224,560)	4,020,319	(496,611)
<b>NET ASSETS, Beginning of Year</b>	<u>6,277,170</u>	<u>2,682,417</u>	<u>8,959,587</u>	<u>9,456,198</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 10,522,049</u>	<u>\$ 2,457,857</u>	<u>\$ 12,979,906</u>	<u>\$ 8,959,587</u>

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

# SETI INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2021

	<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	\$ 10,076,571	\$ 580,219		\$ 34,942	\$ 10,691,732	\$ 3,286,579	\$ 236,280	\$ 3,522,859	\$ 14,214,591
Subcontracts	2,827,206	584,915			3,412,121				3,412,121
Professional services	1,138,458	181,686	\$ 18,750	29,114	1,368,008	368,792	18,936	387,728	1,755,736
Depreciation and amortization	249,449		457,207		706,656	33,034		33,034	739,690
Occupancy	6,793				6,793	654,055		654,055	660,848
Supplies	290,602	21,087		25	311,714	89,391	2,337	91,728	403,442
Travel and conferences	158,255	98,449	105		256,809	14,468	2,535	17,003	273,812
Postage and printing	43,318	6,290	991	125	50,724	5,139	64,054	69,193	119,917
Insurance						106,766		106,766	106,766
Telecommunications	36,265	207			36,472	30,608		30,608	67,080
Subscriptions and membership	10,644	1,510		50	12,204	7,369	56	7,425	19,629
Equipment and maintenance	15,156				15,156	1,372		1,372	16,528
Other expenses	15,954	277	5,267	6,651	28,149	88,684	23,974	112,658	140,807
<b>Total</b>	<b><u>\$ 14,868,671</u></b>	<b><u>\$ 1,474,640</u></b>	<b><u>\$ 482,320</u></b>	<b><u>\$ 70,907</u></b>	<b><u>\$ 16,896,538</u></b>	<b><u>\$ 4,686,257</u></b>	<b><u>\$ 348,172</u></b>	<b><u>\$ 5,034,429</u></b>	<b><u>\$ 21,930,967</u></b>

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

# SETI INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2020

	<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	\$ 10,277,818	\$ 526,468	\$ 410	\$ 86,458	\$ 10,891,154	\$ 3,582,312	\$ 224,623	\$ 3,806,935	\$ 14,698,089
Subcontracts	3,400,794	698,221			4,099,015				4,099,015
Professional services	1,038,701	24,935	4,496	44,121	1,112,253	323,431	23,623	347,054	1,459,307
Depreciation and amortization	173,808		443,250		617,058	33,217		33,217	650,275
Occupancy	18,886		803		19,689	662,160		662,160	681,849
Supplies	249,069	13,848	6,643	148	269,708	96,842	5,074	101,916	371,624
Travel and conferences	366,593	94,956	300	491	462,340	73,524	5,036	78,560	540,900
Postage and printing	61,851	2,293	35	53	64,232	18,506	38,527	57,033	121,265
Insurance						70,397		70,397	70,397
Telecommunications	9,431	146	5,072	7,797	22,446	35,853		35,853	58,299
Subscriptions and membership	8,821	2,628	12	241	11,702	19,412	2,817	22,229	33,931
Equipment and maintenance	1,106				1,106	9,686		9,686	10,792
Bad debt expense						209,754		209,754	209,754
Other expenses	<u>3,615</u>	<u>414</u>	<u>465</u>	<u>5,244</u>	<u>9,738</u>	<u>104,595</u>	<u>18,209</u>	<u>122,804</u>	<u>132,542</u>
<b>Total</b>	<b><u>\$ 15,610,493</u></b>	<b><u>\$ 1,363,909</u></b>	<b><u>\$ 461,486</u></b>	<b><u>\$ 144,553</u></b>	<b><u>\$ 17,580,441</u></b>	<b><u>\$ 5,239,689</u></b>	<b><u>\$ 317,909</u></b>	<b><u>\$ 5,557,598</u></b>	<b><u>\$ 23,138,039</u></b>

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





# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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### 1. ORGANIZATION

The SETI Institute (Institute) is a not-for-profit research organization whose mission is to explore, understand, and explain the origin and nature of life in the universe, and to apply the knowledge gained to inspire and guide present and future generations. It aims for discovery and for sharing knowledge as scientific ambassadors to the public, the press, and the government. The Institute consists of three primary centers: the **Carl Sagan Center**, devoted to the study of life in the universe, the **Center for Education**, focused on astronomy, astrobiology, and space science for students and educators, and the **Center for Public Outreach**, producing “Big Picture Science,” the Institute's general science radio show and podcast, and the “SETI Talks” weekly colloquium series.

The **Carl Sagan Center** is named in honor of Carl Sagan, former trustee of the Institute, astronomer, prolific author, and host of the original “Cosmos” television series. The Carl Sagan Center is home to over 80 scientists and researchers organized around six Research Thrusts: 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, while SETI endeavors are funded exclusively by private philanthropy. The Institute's SETI Researchers use both 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 with emphasis on 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 Airborne Astronomy Ambassadors program brings the excitement of hands-on research to middle and high school teachers throughout the United States. Selected science educators take a crash-course in astronomy and experience two sorties on the SOFIA (Stratospheric Observatory for Infrared Astronomy) modified 747 aircraft, operated by NASA and the German Space Agency. The excitement of this “science-in-action” experience is brought back to their school districts and classrooms, promoting interest in STEM learning. In 2016, the Institute received a 5-year grant from NASA for an Institute-conceived STEM program for the Girl Scouts of America. In partnership with the University of Arizona, the Girl Scouts of Northern California and the Girl Scouts of America, the SETI Institute launched “Reaching for the Stars: NASA Science for Girl Scouts.” This landmark project will develop a new series of merit badges based on a STEM curriculum for girls aged 5 to 18. The program will ultimately reach hundreds of thousands of girls and open new doors for both educational and career pursuits in the sciences. 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) 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.

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 broadcast and podcast, “Big Picture Science,” and the weekly lecture series “SETI Talks”. “Big Picture Science” is hosted by the Institute's Senior Astronomer, Seth Shostak, and co-hosted by Executive Producer Molly Bentley.

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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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 show mixes engaging and topical science with a dash of humor and proves the thesis that science radio doesn't have to be dull! The Institute's weekly colloquium series, "SETI Talks," is an in-depth one-hour lecture 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 at Microsoft's Silicon Valley Campus in Mountain View, California. All SETI Talks are video-taped and archived on YouTube. Over 350 lectures are available online and indexed on the Institute's website.

## 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 2020 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, 2020, 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 \$2,155,149 and \$3,314,522 at September 30, 2021 and 2020, 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.

**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

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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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 and \$167,716 at September 30, 2021 and 2020, respectively.

**Equipment and furniture** 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, 2021, assets acquired through funding from grant resources totaled \$1,968,440.

**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.

**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 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 to 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 \$16,852,410 and \$15,615,340 as of September 30, 2021 and 2020, respectively, and will be recognized as revenue as the conditions are met.

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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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 personnel, professional services, 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).

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, 2021 and 2020 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.

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

**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 March 28, 2022, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since September 30, 2021 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,953,162	\$ 4,220,879
Investments	925,848	
Grants receivable, net	2,083,252	2,084,920
Pledges receivable, net	84,395	400,332
Total financial assets	<u>6,046,657</u>	<u>6,706,131</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restriction by donors for time or purpose	1,988,969	2,408,028
Restricted by donors in perpetuity	<u>328,597</u>	<u>150,487</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,729,091</u>	<u>\$ 4,147,616</u>

Federally funded awards (contracts, grants and cooperative agreements) make up approximately 80% 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 September 30, 2021, "Total Unexpired Funds" from federal agencies (NASA, NSF, NIH and USGS) amounted to \$15,500,000 and additional amounts of approximately \$12,000,000 have been awarded but not yet funded. The Institute can draw on this system to provide liquidity to cover all permitted costs for its federal awards.

Non-federal programs, the remaining 20% of revenues and expenditures, include both donor-restricted and unrestricted sources and uses of funds. Donor-restricted funds carried over from the prior year have been a significant source of funding for restricted program activities, but the majority of the funds for all non-federal programs historically have come from current year donations or program revenues.

The Institute has a policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, and invests cash in excess of near term requirements in a short-term money market accounts or CD's. The Institute has a Line of Credit in the amount of \$450,000, available as needed to meet its financial obligations.

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

### 4. PLEDGES RECEIVABLE

The Institute recognizes pledges receivable at their estimated fair value, on a nonrecurring basis, at the time the pledge is made. Fair value is determined by calculating the net present value of the estimated future cash flows. The discount rates used in determining the net present value of pledges receivable was 5.6% for the years ended September 30, 2021, and 2020.

Pledges receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Gross pledges receivable	\$ 92,794	\$ 410,957
Less: Unamortized discount	<u>(8,399)</u>	<u>(10,625)</u>
Pledges receivable, net	<u>\$ 84,395</u>	<u>\$ 400,332</u>

Pledges receivable are due to be collected as follows:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 68,000	\$ 373,902
In one to five years	12,797	22,806
More than five years	<u>3,598</u>	<u>3,624</u>
Pledges receivable, net	<u>\$ 84,395</u>	<u>\$ 400,332</u>

### 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, 2021 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 statement 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, 2021, non-marketable equity securities had a carrying value of \$750,000. No remeasurement was deemed necessary during the year ended September 30, 2021. The private equity is fully redeemable at the discretion of the Institute starting 18 months after its purchase in November 2020.

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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 deemed necessary at September 30, 2021.

Investments as of September 30, 2021 consist of the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash, Deposits & Money Market Funds	\$ 175,848		\$ 175,848
Private Equity		\$ 750,000	750,000
Total	<u>\$ 175,848</u>	<u>\$ 750,000</u>	<u>\$ 925,848</u>

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 756,167	\$ 756,167
Scientific equipment, including ATA	10,036,589	11,289,919
Leasehold improvements	320,948	320,948
Office equipment and furniture	371,574	371,574
Construction in progress	4,448,201	418,222
Total	<u>15,933,479</u>	<u>13,156,830</u>
Less accumulated depreciation	<u>(6,826,269)</u>	<u>(6,086,579)</u>
Property and equipment, net	<u>\$ 9,107,210</u>	<u>\$ 7,070,251</u>

Construction in progress includes work done on Optical SETI 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, 2021 AND 2020

### 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>2021</u>	<u>2020</u>
Purpose restrictions:		
Allen Telescope Array and Very Large Array	\$ 548,289	\$ 640,611
Antarctic expedition	770,635	578,964
Deep space quantum experiment	88,050	359,936
Optical SETI		275
Humpback whale research project	147,988	206,166
Other projects	370,990	245,416
Time restrictions:		
Remainder interest in unitrusts	129,991	100,230
Very Large Array		239,376
Unconditional promises to give	14,876	160,956
Other projects	<u>58,441</u>	<u>          </u>
Total purpose or time restrictions	<u>2,129,260</u>	<u>2,531,930</u>
Perpetual restrictions:		
SETI Forward endowment	24,662	25,179
SETI Institute endowment	<u>303,935</u>	<u>125,308</u>
Total perpetually restricted net assets	<u>328,597</u>	<u>150,487</u>
Total net assets with donor restrictions	<u>\$ 2,457,857</u>	<u>\$ 2,682,417</u>

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, 2021 AND 2020

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:

<b>Year ending:</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Endowment net assets, beginning of year	\$ 150,487	\$ 30,260
Contributions	178,518	120,000
Investment return	<u>(408)</u>	<u>227</u>
Endowment net assets, end of year	<u>\$ 328,597</u>	<u>\$ 150,487</u>

### 9. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020 the Institute received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$2,254,000. The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPPFA) signed into law in June 2020. Under the CARES Act, as modified by PPPFA, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained. The Institute received forgiveness of the entire loan based on the outlined PPP requirements on June 10, 2021, and the forgiveness is presented as revenue on the statement of activities.

### 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 2.250% with a floor of 5.50%. 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, 2022. There were no amounts outstanding on this line of credit at September 30, 2021 and 2020.

### 11. LEASES

The Institute leases its facility located at North Bernardo Avenue in Mountain View, California, terminating October 31, 2021. During the year ended September 30, 2021, the Institute executed a new lease at a new building also on North Bernardo Avenue terminating September 30, 2029. Although this lease was executed in the current fiscal year, commencement of occupancy did not occur until after year end. As such, no lease liability or right-of-use asset related to the new lease are included on the statements of financial position.

# SETI INSTITUTE

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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%.

Future minimum lease payments are as follows:

2022	\$ 576,797
2023	901,174
2024	926,117
2025	953,901
2026	982,518
Thereafter	<u>2,147,466</u>
Total future minimum payments	<u>6,487,973</u>
Less: lease commencing after 9/30/21	(6,107,081)
Present value discount	<u>(26,541)</u>
Operating lease liability	<u>\$ 354,351</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, 2021 and 2020, including related operating charges, was \$622,082 and \$624,768, respectively. During the year ended September 30, 2021, 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, 2021 and 2020 was \$694,637 and \$700,417, respectively.

### 13. CONCENTRATIONS

During the fiscal years ending September 30, 2021 and 2020, 69% and 84%, 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.

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

# SETI INSTITUTE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2021

	<u>CFDA Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
<b>Research and Development Cluster:</b>			
National Aeronautics Space Administration (NASA):			
NASA Direct Programs:			
	43.001	80HQTR20D0005	\$ 558,454
	43.001	80HQTR21F0064 Task 2	2,976
	43.001	80HQTR21F0176 Task 3	117,693
	43.001	80NSSC17M0017	65,878
	43.001	80NSSC21M0233	2,987
	43.001	NNX17AH40A	21,146
	43.001	NNA15BB01A	422,448
	43.001	NNX17AK23A	360,743
	43.001	80NSSC21M0234	2,169
	43.001	80NSSC17M0066	136,958
	43.001	80NSSC17M0074	63,434
	43.001	NNX15AG18A	24,009
	43.001	NNX15AW19A	13,271
	43.001	80NSSC19M0121	169,418
	43.001	NNX14AR92G	26,133
	43.001	80NSSC18M0135	332,589
	43.001	80NSSC19M0002	175,702
	43.001	NNX14AT27A	704,093
	43.001	NNX15AP13A	38,145
	43.001	NNX17AC30A	78,377
	43.001	80NSSC17K0658	179,595
	43.001	80NSSC19M0163	356,692
	43.001	80NSSC20K1095	164,855
	43.001	80NSSC18M0068	387,352
	43.001	80NSSC19M0089	455,365
	43.001	80NSSC21M0079	692,894
	43.001	80NSSC20K1088	149,757
	43.001	80NSSC17M0081	16,640
	43.001	80NSSC20M0238	57,227
	43.001	80NSSC21M0067	40,011
	43.001	80NSSC18M0014	(13,939)
	43.001	NNX17AL60A	65,214
	43.001	80NSSC19M0127	110,382
	43.001	80NSSC20K0273	201,221
	43.001	80NSSC19M0072	12,065
	43.001	02298-02	14,003
	43.009	NNX17AC46A	454,154
	43.000	NNG16PJ27C	561,653
	43.001	80NSSC20K1358	9,591
	43.001	80NSSC19K0750	191,740
	43.001	80NSSC19K1714	4,199
	43.001	80NSSC21M0009	294,107
	43.001	80NSSC20K0432	49,687
	43.001	80NSSC18K1094	26,839
	43.001	NNX16AC51A	575,493
	43.001	80NSSC20K0143	185,427
	43.001	80NSSC21K0537	12,304
	43.001	80NSSC18K0549	61,545
	43.001	80NSSC18K1384	78,123
	43.001	80NSSC19K0424	112,546

# SETI INSTITUTE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2021

<u>CFDA Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
43.001	80NSSC19K1230	169,393
43.001	80NSSC21K0406	45,960
43.001	80NSSC19K0670	37,204
43.001	80NSSC21K0398	145,473
43.001	80NSSC21K0633	68,148
43.001	80NSSC19K0544	209,826
43.001	80NSSC19K0512	64,219
43.001	80NSSC21K0145	13,495
43.001	NNX16AI18G	85,481
43.001	NNX17AF01G	3,062
43.001	80NSSC19K1068	136,367
43.001	NNX16AB90A	715,405
43.001	80NSSC19K0025	172,998
43.001	80NSSC19K0350	143,735
43.001	80NSSC19K0015	56,785
43.001	80NSSC18K0854	80,641
43.001	80NSSC18M0069	54,895
43.001	80NSSC19K0538	76,791
43.001	80NSSC20M0023	30,206
43.001	80NSSC18K1591	187,425
43.001	NNX17AF81G	27,532
43.001	80NSSC18K0007	50,598
43.001	80NSSC19M0038	266,625
43.001	80NSSC21K0536	2,284
43.001	80NSSC21K0776	3,191
43.001	80NSSC21K0391	111,497
43.001	NNX15AM95G	76,164
43.001	NNX16AB14A	1,277,324
43.001	80NSSC18K1651	657,825
43.001	80NSSC19K0568	536,590
43.001	80NSSC18K0862	(2,537)
43.001	80NSSC19K0423	105,008
43.001	80NSSC20K0142	27,162
43.001	80NSSC21K1371	200,000
43.001	80NSSC19K0513	119,678
43.001	80NSSC19K0563	22,769
43.001	80NSSC19K0774	33,261
43.001	80NSSC19K1101	10,627
43.001	80NSSC19K1124	35,318
43.001	80NSSC20K0053	14,191
43.001	80NSSC20K0054	35,648
43.001	80NSSC20K0850	6,000
43.001	80NSSC21K0351	30,506
43.001	80NSSC21K0631	81,760
43.001	80NSSC20K0584	74,480
43.001	80NSSC21K1833	6,073
43.001	SOF 07-0047	196,431
43.001	80NSSC19K1265	32,625
Total NASA Direct Programs		15,359,504

# SETI INSTITUTE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2021

	<u>CFDA Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
Arizona Board of Regents, University of Arizona, pass through from:			
NASA Prime Contract NNN13D947T	43.000	Y502574	55,139
NASA Prime Contract NNM10AA11C	43.000	Y603260	35,057
Subtotal, Arizona Board of Regents, University of Arizona, pass through			90,196
Arkansas Tech, pass through from:			
NASA Prime Contract SOFIA Grant 07-0189	43.000	063021-b	8,323
Bay Area Environmental Research Institute, pass through from:			
NASA Prime Contract 80NSSC18K1082	43.001	None	9,500
Board of Trustees of the Leland Stanford Junior University, pass through from:			
NASA Prime Contract 80NSSC17K0535	43.001	61678245-124927	30,193
Board of Trustees of the University of Central Florida, pass through from:			
NASA Prime Contract 80NSSC20K0480	43.001	24086A07	21,951
Cornell University			
NASA Prime Contract 80NSSC19K1307	43.001	87941-20334	6,625
Jet Propulsion Laboratory (JPL), pass through from:			
NASA Prime Contract (None)	43.000	RSA 1657186	25,297
NASA Prime Contract NNH18ZDA001	43.000	1642784	87,024
NASA Prime Contract (None)	43.001	RSA 1657181	53,000
NASA Prime Contract NNN12AA01C	43.001	1614608	7,833
NASA Prime Contract (None)	43.001	1655977	3,066
NASA Prime Contract (None)	43.001	1649375	31,906
Subtotal, Jet Propulsion Laboratory (JPL) pass through			208,126
John Hopkins University Applied Physics Lab, pass through from:			
NASA Prime Contract 80NSSC17K0451	43.001	143964	11,741
Lockheed Martin Corporation, pass through from:			
NASA Prime Contract 80NSSC18K1126	43.000	PO 4103824193	33,729
NASA Prime Contract NNG04EA00C	43.000	PO 4103865863	87,851
NASA Prime Contract (None)	43.001	NO 4105098394	60,008
Subtotal, Lockheed Martin Corporation pass through			181,588
Northern Arizona University, pass through from:			
NASA Prime Contract 80NSSC20k0292	43.001	1004260-01	13,557
NASA Prime Contract 80N55C20K0212	43.001	1004334-01	2,737
Subtotal, Northern Arizona University pass through			16,294
Planetary Science Institute (PSI), pass through from:			
NASA Prime Contract 80NSSC17K0505	43.001	1541-SETI-Bishop	25,902
NASA Prime Contract 80NSSC19K1222	43.001	1665-SETI	56,145
NASA Prime Contract 80NSSC20K1412	43.001	1762-SETI	30,866
NASA Prime Contract 80NSSC18K0497	43.001	1579-SETI	1,325
NASA Prime Contract 80NSSC20K1066	43.001	C-1741-01	28,134
NASA Prime Contract 80NSSC21K1096	43.001	C-1815-01	5,627
NASA Prime Contract 80NSSC21K0212	43.001	1775-SETI	6,276
Subtotal, Planetary Science Institute (PSI) pass through			154,275

# SETI INSTITUTE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2021

	<u>CFDA Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
Regents of New Mexico State University			
NASA Prime Contract 80NSSC21K0497	43.001	Q02262	11,746
Smithsonian Astrophysical Observatory			
NASA Prime Contract 80NSSC21K0497	43.001	Q02262	28,776
Southwest Research Institute, pass through from:			
NASA Prime Contract NASW-02008	43.000	1415FC0038	106,870
NASA Prime Contract NASW-02008	43.000	E99013LM	54,157
NASA Prime Contract NNN12AA01C	43.001	J99082CT	6,793
NASA Prime Contract NNX12AA01C	43.001	J99083CT	2,289
NASA Prime Contract 80ARC017M0008	43.001	K99091JRG	90,738
NASA Prime Contract 80NSSC20K0858	43.001	N99062ZO	22,280
Subtotal, Southwest Research Institute pass through			283,127
Space Telescope Science Institute (STSci), pass through from:			
NASA Prime Contract NAS5-26555	43.000	HST-GO-15424.004-A	(151)
NASA Prime Contract NAS5-26555	43.000	HST-GO-14672.001-A	3,674
NASA Prime Contract NAS5-26555	43.000	HST-GO-15179.001-A	100,144
NASA Prime Contract NAS5-26555	43.000	HST-GO-15261.003-A	49,899
NASA Prime Contract NAS5-26555	43.000	HST-GO-15424.010-A	46,163
NASA Prime Contract NAS5-26555	43.000	HST-AR-16153.001-A	23,351
NASA Prime Contract NAS5-26555	43.000	HST-GO-16281.002-A	3,572
NASA Prime Contract NAS5-26555	43.001	HST-AR-15803.012-A	16,902
Subtotal, Space Telescope Science Institute (STSci) pass through			243,554
Stanford Research Institute International pass through, pass through from:			
NASA Prime Contract 80NSSC20K0258	43.001	62335576-148494	14,281
Stone Aerospace, Inc.			
NASA Prime Contract 80NSSC18K1738	No CFDA	ProjectTHOR	19,722
The Regents of the University of Colorado, pass through from:			
NASA Prime Contract 80NSSC20K0858	43.001	1559164	33,581
NASA Prime Contract 80NSSC20K0875	43.001	1559149	27,191
Subtotal, The Regents of the University of Colorado pass through			60,772
Universities Space Research Association, pass through from:			
NASA Prime Contract 80NSSC20K0552	43.001	G19AC00023	17,597
NASA Prime Contract NNA17BF53C	43.001	08700-12	44,607
NASA Prime Contract NAS2-97001	43.001	SOF 04-0112	598
NASA Prime Contract NAS2-97001	43.001	SOF 04-0058	1,762
NASA Prime Contract 80NSSC19K0898	43.001	USRA-02303-01	21,979
NASA Prime Contract NAS2-97001	43.001	SOF 05-0082 Simpson	239
NASA Prime Contract 80NSSC18K1317	43.001	02290-01 SETI	14,119
Subtotal, Universities Space Research Association pass through			100,901
The Trustees of Princeton University, pass through from:			
NASA Prime Contract 80NSSC21K0608	43.001	SUB0000491	6,327
University of California, Santa Cruz, pass through from:			
NASA Prime Contract 80NSSC19K0446	43.001	A19-04446-S003-P0707	13,908

# SETI INSTITUTE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2021

	<u>CFDA Number</u>	<u>Grant or Pass- Through Number</u>	<u>Final Federal Expenditures</u>
University of Idaho, pass through from:			
NASA Prime Contract 80NSSC18K1518	43.001	SL3072-SB-804895	26,797
NASA Prime Contract 80NSSC21K0527	43.001	SP5233-880962	23,468
Subtotal, University of Idaho pass through			<u>50,265</u>
University of Michigan, Ann Arbor, pass through from:			
NASA Prime Contract 80NSSC18K1208	43.000	SUBK00009678	31,258
University of New York, New York, pass through from:			
NASA Prime Contract 80NSSC19K0021	43.001	83061	60,556
Wyle Laboratories, Inc., pass through from:			
NASA Prime Contract	No CFDA	(blank)	870,274
<b>Total National Aeronautics Space Administration (NASA)</b>			<u>18,893,783</u>
Department of Health and Human Services			
National Institutes of Health, pass through from:			
DHHS Prim Contract RGM065440E	93.859	7R01GM065440	263,448
<b>Total Department of Health and Human Services</b>			<u>263,448</u>
National Science Foundation (NSF):			
Georgia Institute of Technology pass through from:			
NSF Prime Contract CHE-1504217	47.049	RG173-G6	1,138
National Radio Astronomy Observatory			
NSF Prime Contract 1925090	47.049	371723	26,000
NSF Direct Programs			
	47.049	AST-1713780	240
	47.049	AST-1743015	14,551
	47.050	1935587	67,575
	47.049	AST-2051007	123,992
Total, National Science Foundation Direct Programs			<u>206,358</u>
<b>Total National Science Foundation (NSF)</b>			<u>233,496</u>
Department of the Interior			
United States Geological Survey Flagstaff Science Center			
Department of the Interior Contract G19AC0023	15.808	G19AC00023	81,991
Department of the Interior Contract G20AC0027	15.808	G20AC00207	103,637
<b>Total Department of the Interior</b>			<u>185,628</u>
<b>Total Research and Development Cluster</b>			<u>18,576,355</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 18,576,355</u>



# SETI INSTITUTE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2021

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>
Space Telescope Science Institute	\$ 62,699	NNG16PJ27C	43.000
University of Wisconsin	118,404	NNG16PJ27C	43.000
University of California, Riverside	60,174	NNG16PJ27C	43.000
Subtotal 43.000	<u>241,277</u>		
ARIES Scientific	36,956	NNX16AB90A	43.001
Arizona State University	16,925	80NSSC19K0423	43.001
Astronomical Society of the Pacific	104,151	NNX16AB90A	43.001
AURA, Telescope Science Institute	1,535	80NSSC21K0631	43.001
Citrus Community College	72,603	80NSSC18K1651	43.001
Cornell University	92,023	80NSSC19K0544	43.001
Girl Scouts of Northern California	27,910	NNX16AB90A	43.001
Girl Scouts of the USA	295,366	NNX16AB90A	43.001
Honeybee Robotics, Ltd.	43,195	80NSSC18K1591	43.001
Honeybee Robotics, Ltd.	8,994	80NSSC20K1095	43.001
Honeybee Robotics, Ltd.	163,653	80NSSC18K1651	43.001
Honeybee Robotics, Ltd.	127,099	80NSSC20K1095	43.001
Honeybee Robotics, Ltd.	322,192	80NSSC19K0568	43.001
Howard University	26,407	80NSSC19K0025	43.001
Parisa Technologies	15,692	80NSSC21M0009	43.001
Planetary Science Institute	4,813	80NSSC20K0142	43.001
Planetary Science Institute	5,590	80NSSC20K0054	43.001
Planetary Science Institute	12,599	80NSSC21K0351	43.001
Planetary Science Institute	3,809	80NSSC21K0537	43.001
Planetary Science Institute	4,813	80NSSC18K0862	43.001
Purdue University	63,053	80NSSC19K0512	43.001
San Diego State University	24,194	80NSSC21K0631	43.001
Smithsonian Astrophysical Observatory	82,723	80NSSC19K0750	43.001
Southwest Research Institute (SWRI)	7,328	80NSSC19K0423	43.001
Space Telescope Science Institute	21,885	NNX17AK23A	43.001
The Rector & Visitors of the University of Virginia	13,365	80NSSC21K0631	43.001
The Regents Of The University of California Berkeley (Contracts & Grants)	3,088	80NSSC18K0854	43.001
The University of Arizona	23,164	80NSSC20K0273	43.001
The University of Arizona	41,331	80NNX16AB90A	43.001
Trillium	393,435	NNX14AT27A	43.001
Trillium	50,000	80NSSC21K1371	43.001
UC Regents - Davis	3,844	80NSSC18K0854	43.001
Univ of Hawaii	97,416	80NSSC18K1651	43.001
University of Maryland, Baltimore	3,166	80NSSC20K1088	43.001
University of Texas	51,032	80NSSC20K0449	43.001
USC	28,587	80NSSC18K1651	43.001
Villanova University	11,591	80NSSC21K0631	43.001
University of Washington	276,856	80NSSC18K1651	43.001
Georgia Tech Research Corporation	16,654	NNA15BB01A	43.001
The University of Montana	3,175	NNA15BB01A	43.001
The University of Tennessee	179	NNA15BB01A	43.001
Fibernetics LLC	24,741	80NSSC18K1384	43.001
Georgetown University	59,743	80NSSC18K1094	43.001
Universities Space Research Association (USRA)	17,138	80NSSC18K0549	43.001
West Ed	35,509	80NSSC21M0009	43.001
West Ed	28,000	NNX16AC51A	43.001
Subtotal 43.001	<u>2,767,522</u>		
Williams College	<u>1,242</u>	1935587	47.050
Trillium	<u>83,000</u>	G20AC00207	15.808
<b>Total</b>	<u>\$ 3,093,041</u>		

# SETI INSTITUTE

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SEPTEMBER 30, 2021

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### 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*.

### 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.

**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**

**Independent Auditor's Report**

**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, 2021, and the related statements of activities, functional expenses and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2022.

**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 the 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 may exist that have not been identified.

### **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*

**GILBERT CPAs**  
**Sacramento, California**

**March 28, 2022**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited SETI Institute's (Institute) compliance with the types of compliance requirements described 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, 2021. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Institute's major federal program based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Institute's major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

### ***Opinion on Each Major Federal Program***

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, 2021.

### **Report on Internal Control Over Compliance**

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*

**GILBERT CPAs  
Sacramento, California**

**March 28, 2022**

# SETI INSTITUTE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2021

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### 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:

Name of Federal Program or Cluster	CFDA Number
Research and Development Cluster	43.000, 43.001, 43.009, 47.049, 47.050 15.808, 93.859

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, 2021**

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**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.