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INDEPENDENT AUDITORS' REPORT

May 23, 2003

Board of Directors and Trustees
The SETI League, Inc.
433 Liberty Street
Little Ferry, NJ 07643

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of The SETI League, Inc. (a nonprofit organization) as of December 31, 2002 and 2001 and the related statements of support, revenue and expenses - cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1b, these financial statements were prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of The SETI League, Inc. as of December 31, 2002 and 2001, and its support, revenue and expenses for the years then ended, on the basis of accounting described in Note 1b.

Respectfully submitted,

WILLIAM R. HOFFMANN, LTD.
Certified Public Accountants

THE SETI LEAGUE, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2002 AND 2001

ASSETS

	<u>2002</u>	<u>2001</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 31,551	\$ 86,739
TOTAL CURRENT ASSETS	<u>31,551</u>	<u>86,739</u>
TOTAL ASSETS	<u>\$ 31,551</u>	<u>\$ 86,739</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Credit card account	\$ 0	\$ 769
TOTAL CURRENT LIABILITIES	<u>0</u>	<u>769</u>
NET ASSETS:		
Unrestricted	<u>31,551</u>	<u>85,970</u>
TOTAL NET ASSETS	<u>31,551</u>	<u>85,970</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,551</u>	<u>\$ 86,739</u>

See accompanying notes and independent auditors' report.

THE SETI LEAGUE, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
SUPPORT AND REVENUE:		
Contributions received	\$ 159,611	\$ 151,219
Membership fees	14,736	23,998
Investment income	1,335	7,431
Other income	<u>6,153</u>	<u>3,925</u>
TOTAL SUPPORT AND REVENUE	<u>181,835</u>	<u>186,573</u>
EXPENSES:		
Salaries	128,577	131,765
Payroll taxes	9,149	10,928
Retirement plan contributions	11,700	13,074
Employee benefits	13,391	13,679
Travel and employee expenses	16,868	20,582
Equipment and related expenses	25,410	3,049
Office supplies and expenses	8,048	9,851
Bulk mailings and postage	5,973	5,111
Telephone	2,443	2,668
Professional fees	3,018	3,564
Contract labor	2,090	2,384
Lab fees	4,508	4,326
Dues and subscriptions	1,245	1,582
Advertising and promotion	131	966
Repairs and maintenance	85	144
Worker's compensation insurance	890	1,079
Meetings and seminars	1,598	1,311
Licenses and other fees	364	686
Miscellaneous	<u>766</u>	<u>928</u>
TOTAL EXPENSES	<u>236,254</u>	<u>227,677</u>
CHANGE IN NET ASSETS	(54,419)	(41,104)
NET ASSETS, JANUARY 1	<u>85,970</u>	<u>127,074</u>
NET ASSETS, DECEMBER 31	<u>\$ 31,551</u>	<u>\$ 85,970</u>

See accompanying notes and independent auditors' report.

THE SETI LEAGUE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of operations

The SETI League, Inc. (the Organization) sponsors astronomical research, education, lectures and events in the search for evidence of extra-terrestrial intelligence.

b. Basis of accounting

The Organization's policy is to prepare its financial statements on the cash basis of accounting.

c. Cash and cash equivalents

The Organization considers all highly liquid investments to be cash equivalents.

d. Support and revenue

The Organization is primarily supported by donor contributions and grants. During the years presented, more than 90% of total contributions were received from three major donors.

Contributions and grants received are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same year in which the contributions are recognized.

e. Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has no unrelated business income and accordingly the financial statements include no provision for income taxes.