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INDEPENDENT AUDITORS' REPORT

April 29, 2004

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, 2003 and 2002 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, 2003 and 2002, 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

WRH:alw

THE SETI LEAGUE, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2003 AND 2002

	<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
CURRENT ASSETS:			
Cash		\$ 36,441	\$ 31,551
TOTAL CURRENT ASSETS		<u>36,441</u>	<u>31,551</u>
TOTAL ASSETS		<u>\$ 36,441</u>	<u>\$ 31,551</u>
	<u>LIABILITIES AND NET ASSETS</u>		
NET ASSETS:			
Retained earnings		<u>36,441</u>	<u>31,551</u>
TOTAL NET ASSETS		<u>36,441</u>	<u>31,551</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 36,441</u>	<u>\$ 31,551</u>

See accompanying notes and accountants' report

THE SETI LEAGUE, INC.
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
SUPPORT REVENUE:		
Contributions received	\$ 175,329	\$ 159,611
Membership fees	16,281	14,736
Investment income	123	1,335
Other income	4,633	6,153
TOTAL SUPPORT AND REVENUE	196,366	181,835
EXPENSES:		
Salaries	109,420	128,577
Payroll taxes	7,423	9,149
Retirement plan contribution	11,489	11,700
Employee benefits	12,579	13,391
Travel and employee expenses	13,730	16,868
Equipment and related expenses	438	25,410
Office supplies and expenses	4,584	8,048
Bulk mailings and postage	1,787	5,973
Telephone	2,399	2,443
Professional fees	6,304	3,018
Fundraising services	2,000	0
Contract labor	9,495	2,090
Lab fees	4,670	4,508
Storage	802	0
Dues and subscriptions	657	1,245
Advertising and promotion	83	131
Repairs and maintenance	82	85
Worker's compensation insurance	849	890
Meetings and seminars	631	1,598
Licenses and other fees	1,203	364
Miscellaneous	851	766
TOTAL EXPENSES	191,476	236,254
CHANGE IN NET ASSETS	4,890	(54,419)
NET ASSETS, JANUARY 1	31,551	85,970
NET ASSETS, DECEMBER 31	\$ 36,441	\$ 31,551

See accompanying notes and accountants' report.

THE SETI LEAGUE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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.