

Blue Marble Space

Financial Statements

September 30, 2021 and 2020



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Blue Marble Space
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September 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Trustees of
Blue Marble Space
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Marble Space (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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.

To the Board of Trustees of
Blue Marble Space

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Marble Space as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic 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* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 17, 2022, on our consideration of Blue Marble Space'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 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 Blue Marble Space's internal control over financial reporting and compliance.

Nisiroccia LLP

Mt. Arlington, New Jersey
January 17, 2022

Blue Marble Space
Statement of Financial Position
September 30, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 219,108	\$ 147,140
Accounts receivable, net	29,411	7,446
Grants receivable	79,645	
Investments	8,913	6,750
Prepaid expenses	6,595	3,098
Furniture and equipment, net		18
Other assets	10,425	
Security deposit	800	800
	<u> </u>	<u> </u>
Total assets	<u>\$ 354,897</u>	<u>\$ 165,252</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 159,336	\$ 95,012
Line of credit	17	1,492
Other liabilities	1,324	3,163
Total liabilities	<u>160,677</u>	<u>99,667</u>
Net assets:		
Without donor restrictions	178,372	29,052
With donor restrictions	15,848	36,533
Total net assets	<u>194,220</u>	<u>65,585</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 354,897</u>	<u>\$ 165,252</u>

See Accompanying Notes to Financial Statements

Blue Marble Space
Statement of Activities
Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Federal government grant revenue	\$ 2,014,693		\$ 2,014,693	\$ 2,107,811	\$	\$ 2,107,811
Other grant revenue	13,200		13,200	21,210		21,210
Contributions	11,635		11,635	61,312	\$ 36,533	97,845
Program service revenue	251,753		251,753	33,946		33,946
Investment income	2,163		2,163	837		837
PPP funding	83,077		83,077			
Other income	1,373		1,373	4,490		4,490
Net assets released from restriction due to satisfaction of purpose restrictions	20,685	\$ (20,685)				
Total revenue and support	<u>2,398,579</u>	<u>(20,685)</u>	<u>2,377,894</u>	<u>2,229,606</u>	<u>36,533</u>	<u>2,266,139</u>
Expenses:						
Program services:						
Research	1,907,489		1,907,489	1,989,500		1,989,500
Supporting services:						
Management and general	341,770		341,770	303,241		303,241
Total expenses	<u>2,249,259</u>		<u>2,249,259</u>	<u>2,292,741</u>		<u>2,292,741</u>
Change in net assets	149,320	(20,685)	128,635	(63,135)	36,533	(26,602)
Net assets, beginning of year	29,052	36,533	65,585	92,187		92,187
Net assets, end of year	<u>\$ 178,372</u>	<u>\$ 15,848</u>	<u>\$ 194,220</u>	<u>\$ 29,052</u>	<u>\$ 36,533</u>	<u>\$ 65,585</u>

See Accompanying Notes to Financial Statements

Blue Marble Space
Statement of Functional Expenses
Year Ended September 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Research</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 1,036,228	\$ 172,252	\$ 1,208,480
Payroll taxes and fringe benefits	88,826	38,068	126,894
Total personnel services	<u>1,125,054</u>	<u>210,320</u>	<u>1,335,374</u>
Independent contractors	729,388	75,239	804,627
Repairs and maintenance	1,189		1,189
Information technology	2,953	8,520	11,473
Bank fees	152	1,316	1,468
Dues and subscriptions	215		215
Office expense	171	9,390	9,561
Legal fees		10,945	10,945
Professional fees	417	25,667	26,084
Materials and supplies	3,169		3,169
Advertising	4		4
Travel	25,604		25,604
Rent	10,500		10,500
Utilities	3,737		3,737
Interest expense		355	355
Bad debt expense	4,936		4,936
Total expenses before depreciation	<u>1,907,489</u>	<u>341,752</u>	<u>2,249,241</u>
Depreciation		18	18
Total expenses	<u>\$ 1,907,489</u>	<u>\$ 341,770</u>	<u>\$ 2,249,259</u>

See Accompanying Notes to Financial Statements

Blue Marble Space
Statement of Functional Expenses
Year Ended September 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Research</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 748,830	\$ 97,969	\$ 846,799
Payroll taxes and fringe benefits	82,384	30,645	113,029
Total personnel services	<u>831,214</u>	<u>128,614</u>	<u>959,828</u>
Independent contractors	859,953	84,030	943,983
Equipment	1,309	365	1,674
Repairs and maintenance		2,273	2,273
Auto		899	899
Information technology	9,638	12,598	22,236
Bank fees		4,999	4,999
Dues and subscriptions	76		76
Charitable donations		10,054	10,054
Office expense		5,502	5,502
Professional fees	226,617	39,223	265,840
Meals and entertainment		2,619	2,619
Materials and supplies	5,149	55	5,204
Advertising		17	17
Postage		2,514	2,514
Travel	42,465	1,479	43,944
Rent	9,050		9,050
Utilities	4,029		4,029
Interest expense		621	621
Total expenses before depreciation	<u>1,989,500</u>	<u>295,862</u>	<u>2,285,362</u>
Depreciation		<u>7,379</u>	<u>7,379</u>
Total expenses	<u>\$ 1,989,500</u>	<u>\$ 303,241</u>	<u>\$ 2,292,741</u>

See Accompanying Notes to Financial Statements

Blue Marble Space
Statement of Cash Flows
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 128,635	\$ (26,602)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	18	7,379
Dividend income reinvested	(138)	(85)
Net unrealized gain on investments	(2,025)	(752)
Bad debt expense	4,936	
Change in allowance for doubtful accounts	3,002	
Changes in operating assets and liabilities:		
Accounts receivable	(29,903)	32,067
Grants receivable	(79,645)	
Prepaid expenses	(3,497)	(3,098)
Other assets	(10,425)	
Accounts payable and accrued expenses	64,324	75,561
Other liabilities	(1,839)	(3,318)
Net cash provided by operating activities	<u>73,443</u>	<u>81,152</u>
Cash flows from financing activities:		
Proceeds from principal borrowings on line of credit	68,274	40,680
Principal repayments on line of credit	(69,749)	(48,204)
Net cash used in financing activities	<u>(1,475)</u>	<u>(7,524)</u>
Net increase in cash and cash equivalents	71,968	73,628
Cash and cash equivalents, beginning of year	<u>147,140</u>	<u>73,512</u>
Cash and cash equivalents, end of year	<u><u>\$ 219,108</u></u>	<u><u>\$ 147,140</u></u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the year for:		
Interest	<u><u>\$ 355</u></u>	<u><u>\$ 621</u></u>
<u>Supplemental disclosure of noncash activities:</u>		
Unrealized gain on investments	<u><u>\$ 2,025</u></u>	<u><u>\$ 752</u></u>

See Accompanying Notes to Financial Statements

1. Nature of Activities

Blue Marble Space (the “Organization”) was incorporated in the State of Washington on May 3, 2009. The Organization was incorporated exclusively for charitable, scientific, technological, and educational purposes. The mission is to promote cooperative exploration of space, examine life as a planetary process, enable a sustainable future on Earth, and to cultivate scientific innovation and entrepreneurship by engaging with life-long learners.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Blue Marble Space have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are described below:

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), *Accounting for Contributions Received and Made*, and FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities*. FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. FASB ASC, *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are resources representing the portion of expendable funds available for support of the Organization’s programs and general operations. These resources are not subject to donor-imposed restrictions.

Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees.

Net Assets with Donor Restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions as of September 30, 2021 and 2020, amounted to \$15,848 and \$36,553, respectively.

Revenue and Support Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control of the sale at a specific point in time. The Organization recognizes program service revenue when the services are provided. There are no multi-year contracts and performance obligations are typically satisfied within one year or less.

The Organization recognizes contributions and pledges when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended September 30,

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied:		
at a point in time	<u>\$ 251,753</u>	<u>\$ 33,946</u>

Revenue from performance obligations satisfied at a point in time consists of program service revenue.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature within three months or less.

Accounts Receivable, Grants Receivable and Allowances for Uncollectible Accounts

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts at September 30, 2021 and 2020 amounted to \$3,002 and \$0, respectively. Bad debt expense amounted to \$4,936 and \$0 for the years then ended September 30, 2021 and 2020, respectively.

Investments

The Organization follows the provisions of FASB ASC *Accounting for Certain Investments Held by Not-for-Profit Organizations*. In accordance with this accounting standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including interest, dividends and realized gains and losses on sale of investments) are included in the statement of activities unless the income or loss is restricted by the donor or law. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized. Fair market value, at acquisition or contribution, as well as at subsequent dates, is determined based on quoted market prices as provided by the investment advisors.

A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities and a new cost basis would be established. For the years ended September 30, 2021 and 2020, the Organization did not record any impairment charge in the statement of activities.

Furniture and Equipment

Donations of furniture and equipment are recorded as support at their estimated fair value at the date of the gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Major repairs, improvements and replacements are capitalized. Maintenance and minor repairs and replacements, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if restricted, to deferred amounts restricted for fixed asset acquisition. Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets. The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*. No impairment losses were recorded for the years ended September 30, 2021 and 2020.

Intangible Assets

In accordance with FASB ASC, *Intangibles – Goodwill and Other*, software costs incurred during the application and infrastructure development stage are capitalized. Costs incurred during the planning stage and operation stage are expensed as incurred. Amortization is computed using the straight-line method over the estimated useful lives of the related assets.

Fair Value of Financial Instruments

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is 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). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The *Fair Value Measurements* Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price).

An exit price valuation will include margins for risk even if they are not observable. As the organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Cash and cash equivalents, accounts and grants receivable, other assets, accounts payable and accrued expenses, and other liabilities: the carrying amounts approximate fair value due to the short-term maturity of these instruments.

Marketable equity securities: The carrying amounts are valued at the closing price reported in the active market in which the individual securities are traded.

Line of credit: Debt is carried at cost. Management believes the Organization can obtain similar loans at similar terms; therefore, the Organization has determined it approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization believes that it has appropriate support for the positions taken on its tax returns and accordingly, has not recorded any tax provision for the years ended September 30, 2021 and 2020. However, the Organization is subject to audit by the federal and various state jurisdictions during certain statutory periods. As such, certain tax positions could be challenged and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities, may differ materially from the amounts filed.

As required by law, the Organization files informational returns with both the United States federal and states of California and Washington jurisdictions on an annual basis - Form 990 with the IRS, Form 199 with the State of California, and the Business and Occupation Excise Tax Form with the State of Washington. These returns are subject to examination by these authorities within certain statutorily defined periods for the federal and states of California and Washington.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash. At times, amounts invested with financial institutions may exceed federally insured limits. Management believes it is not exposed to any significant credit risks.

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 the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated based on estimates made by management. Program expenses are those related to research programs. Management and general expenses relate to administrative expenses associated to those programs and are allocated based on estimates of time and effort considered by management to be reasonable.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Organization. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria for recognition under U.S. generally accepted accounting principles.

Advertising

The Organization expenses the production costs of advertising the first time the advertising takes place. Advertising expense amounted to \$4 and \$17 for the years ended September 30, 2021 and 2020, respectively.

Reclassification

Certain comparative balances have been reclassified to conform with current year presentation.

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for annual periods beginning after December 15, 2021, with early adoption permitted. Accordingly, the Organization will be subject to the implementation of this standard under U.S. generally accepted accounting principles for its fiscal year ended September 30, 2023. Management is evaluating the impact this ASU will have on its financial statements.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after September 30, 2021 through the date of the independent auditors' report and the date the financial statements were available to be issued, January 17, 2022. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of the following:

Financial Assets:	2021	2020
Cash and cash equivalents	\$ 219,108	\$ 147,140
Accounts receivable, net	29,411	7,446
Grants receivable	79,645	
Investments	8,913	6,750
Total financial assets	337,077	161,336
Less amounts not available to be used within one year:		
Net assets with donor restrictions for specified purpose	(15,848)	(36,533)
Financial assets not available to be used within one year	(15,848)	(36,533)
Financial assets available to meet general expenditures over the next year	\$ 321,229	\$ 124,803

The Organization receives significant funding from government grants, and considers this funding restricted by programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unexpected liquidity needs, the Organization has a committed line of credit in the amount of \$50,000 upon which it could draw to meet short-term cash requirements. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including federal grant awards, contributions and program service revenue.

4. Furniture and Equipment

Furniture and equipment and their related estimated useful lives at September 30, 2021 and 2020 are as follows:

<u>Assets</u>	<u>Estimated Useful Lives (Years)</u>	<u>2021</u>	<u>2020</u>
Equipment	5	\$ 23,001	\$ 23,001
Furniture and fixtures	5	66	66
		<u>23,067</u>	<u>23,067</u>
Less: accumulated depreciation		<u>23,067</u>	<u>23,049</u>
		<u>\$ -</u>	<u>\$ 18</u>

Depreciation expense charged to operations for the years ended September 30, 2021 and 2020 totaled \$18 and \$7,379, respectively.

5. Intangible Assets

Intangible assets and their related estimated useful lives at September 30, 2021 and 2020 are as follows:

<u>Assets</u>	<u>Estimated Useful Lives (Years)</u>	<u>2021</u>	<u>2020</u>
Software costs	5	\$ 6,427	\$ 6,427
Less: accumulated amortization		<u>6,427</u>	<u>6,427</u>
		<u>\$ -</u>	<u>\$ -</u>

Intangible assets were fully amortized for both of the years ended September 30, 2021 and 2020, respectively.

6. Investments

The following financial instruments, measured on a recurring basis, are carried at fair value in the Organization's financial statements. The fair value measurements disclosure includes information regarding the valuation of the Organization's investments as of September 30, 2021 and 2020:

September 30, 2021			
	Cost	Fair Value (Level 1)	Unrealized Gain (Loss)
Exchange traded funds:			
Vanguard Total Stock Market ETF	\$ 6,136	\$ 8,913	\$ 2,777
Total	<u>\$ 6,136</u>	<u>\$ 8,913</u>	<u>\$ 2,777</u>
September 30, 2020			
	Cost	Fair Value (Level 1)	Unrealized Gain (Loss)
Exchange traded funds:			
Vanguard Total Stock Market ETF	\$ 5,998	\$ 6,750	\$ 752
Total	<u>\$ 5,998</u>	<u>\$ 6,750</u>	<u>\$ 752</u>

Return on investments at September 30, 2021 and 2020, is comprised of the following:

	2021	2020
Beginning balance	\$ 6,750	\$ 5,913
Unrealized gains	2,025	752
Dividends reinvested	138	85
Ending balance	<u>\$ 8,913</u>	<u>\$ 6,750</u>

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to the total investments. For the years ended September 30, 2021 and 2020, there were no significant transfers in or out of levels 1, 2 or 3.

7. Risks, Uncertainties and Funding Dependence

For the years ended September 30, 2021 and 2020, approximately 85% and 93% of the funding for the Organization came from the federal government in the form of grants. Accordingly, there is no guarantee that such funding will continue. In addition, net asset balances are dependent upon approval of disbursed monies by the granting agency.

Pursuant to the Organization's contractual relationship with governmental funding sources, the governmental agencies have the right to examine the books and records of the Organization involving transactions relating to the federal funds awarded and may request the return of funds as a result of noncompliance with specified grant provisions by the Organization, as well as loss of funding for future periods. There is no provision contained within these financial statements for any possible contingent liability which may result should the governmental agencies audit any periods through September 30, 2021.

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

8. Grant Programs

The Organization participates in federal assisted grant programs. These programs are subject to compliance audits by the grantors and their representatives. The Organization is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Organization is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

9. Commitments

At September 30, 2021, the Organization was obligated under a lease for office space which expires in 2024. Future minimum rental payments required under the operating lease is as follows:

<u>September 30th</u>	
2022	\$ 10,800
2023	10,800
2024	5,400
	<u>\$ 27,000</u>

Rent expense charged to operations for the years ended September 30, 2021 and 2020 amounted to \$10,500 and \$9,050, respectively.

10. Line of Credit

The Organization has a revolving line of credit agreement with a financial institution. The line of credit allows for borrowings up to \$50,000 and interest accrues at the Wall Street Journal Prime Rate plus 2.97%, with an interest rate of 6.22% at September 30, 2021 and 2020. The credit line is secured by certain assets owned by the Organization and is renewable at the discretion of the lending institution. As of September 30, 2021 and 2020 there was an outstanding balance of \$17 and \$1,492, respectively, on the line of credit.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Convention	<u>\$ 15,848</u>	<u>\$ 36,533</u>

Net assets were released from restrictions during the years ended September 30, 2021 and 2020 for the following purposes:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Convention	<u>\$ 20,685</u>	<u>\$ -</u>

12. PPP Funding

In March 2021, the Organization was approved and received funding in the amount of \$83,077 under the Paycheck Protection Program. On September 3, 2021, the Organization was awarded full forgiveness and accordingly recognized the funding as income on the statement of activities during the year ended September 30, 2021.

Independent Auditors' 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*

To the Board of Trustees of
Blue Marble Space
Seattle, Washington

We have audited, 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, the financial statements of Blue Marble Space (a nonprofit organization) 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, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated January 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Marble Space's internal control over financial reporting (internal control) to determine 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

To the Board of Trustees
Blue Marble Space

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 determination of financial statement amounts. 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 entity'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nisiroccia LLP". The script is cursive and fluid, with the letters "N", "i", "s", "i", "r", "o", "c", "c", "i", "a" and "L", "L", "P" clearly visible.

January 17, 2022
Mt. Arlington, New Jersey

Independent Auditors' Report on Compliance For Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees of
Blue Marble Space
Seattle, Washington

Report on Compliance for Each Major Federal Program

We have audited Blue Marble Space's 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 Organization's major federal programs for the year ended September 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Blue Marble Space's major federal programs 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 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). 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 Organization'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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

To the Board of Trustees
Blue Marble Space

Opinion on Each Major Federal Program

In our opinion, Blue Marble Space 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 Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Organization'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

The image shows a handwritten signature in black ink that reads "Nisiroccia LLP". The signature is written in a cursive, flowing style.

January 17, 2022
Mt. Arlington, New Jersey

Blue Marble Space
Schedule of Expenditures of Federal Awards
September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Grant/Project Number	Grant Period	Award Amount	Cumulative Program Disbursements	Program Disbursements	Current Year Cash Received	Provided to Subrecipients
National Aeronautics and Space Administration									
Research and Development Cluster:									
Science									
80NSSC17M0054	43.001	N/A	80NSSC17M0054	08/15/17 - 08/14/21	\$ 2,233,118	\$ 1,852,738	\$ 466,183	\$ 406,135	\$ -
80NSSC18M0064	43.001	N/A	80NSSC18M0064	04/01/18 - 08/31/22	1,863,336	1,576,562	396,312	396,312	-
80NSSC19M0010	43.001	N/A	80NSSC19M0010	11/05/18 - 11/04/21	472,993	336,022	157,223	145,367	-
NNX15AN62A	43.001	N/A	NNX15AN62A	06/16/15 - 05/30/22	1,134,714	442,466	73,160	73,160	-
NNX16AP83G	43.001	N/A	NNX16AP83G	08/05/16 - 12/31/22	755,492	323,893	29,699	29,699	-
80NSSC20K0230	43.001	N/A	80NSSC20K0230	11/05/19 - 11/04/22	155,548	91,664	52,884	52,884	-
80NSSC20K1109	43.001	N/A	80NSSC20K1109	05/21/20 - 05/20/21	11,679	11,679	7,923	7,923	-
80NSSC20K1414	43.001	N/A	80NSSC20K1414	08/01/20 - 07/31/22	68,580	34,284	33,245	33,245	-
80NSSC21K1176	43.001	N/A	80NSSC21K1176	06/01/21 - 12/31/21	35,000	31,595	31,595	31,595	-
					6,730,460	4,700,903	1,248,224	1,176,320	-
Space Operations									
80NSSC18M0060	43.007	N/A	80NSSC18M0060	04/01/18 - 03/31/24	7,107,001	2,197,909	616,429	608,688	-
Space Technology									
80NSC20M0076	43.012	N/A	80NSC20M0076	02/19/20 - 02/18/22	143,563	72,733	36,667	36,667	-
					13,981,024	6,971,545	1,901,320	1,821,675	-
Total National Aeronautics and Space Administration									
National Science Foundation									
Research and Development Cluster:									
Biological Sciences									
NSF17234300	47.074	N/A	NSF17234300	07/15/17 - 06/30/22	470,080	250,436	67,994	67,994	-
					470,080	250,436	67,994	67,994	-
Total National Science Foundation									
					\$ 14,451,104	\$ 7,221,981	\$ 1,969,314	\$ 1,889,669	\$ -
Total expenditures of federal awards									

See Independent Auditors' Report and Accompanying Notes to Schedule of Expenditures of Federal Awards

1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Blue Marble Space. 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* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal financial assistance received directly from federal agencies is included on the schedule of federal awards. Because the schedule presents only a selected portion of the operations of Blue Marble Space, it's not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting which is described in Note 2 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers have been presented where available.

3. Indirect Cost Rate

Blue Marble Space has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Sub-recipients

No federal awards were provided to sub-recipients.

5. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule of expenditures of federal awards, which is prepared on the accrual basis explained in Note 2.

6. Single Audit – Type A/Type B Program Threshold

Dollar threshold used to distinguish between Type A and Type B programs is \$750,000. Single Audit requirement is \$750,000.

Blue Marble Space
Schedule of Findings and Questioned Costs
September 30, 2021

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued:

Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified opinion

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR section
200.516(a) of the Uniform Guidance

_____ Yes X No

Identification of major programs:

CFDA Number(s)
43.001, 43.007, 43.012, 47.074

Name of Federal Program or Cluster
NASA Research & Development Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Blue Marble Space
Schedule of Prior Year Audit Findings
September 30, 2021

Status of Prior Year Findings:

There were no audit findings in the prior year.