

SRI International

E.I.N. #941160950

**Reports on Consolidated Financial Statements and
Federal Award Programs in Accordance with
OMB Uniform Guidance**

December 25, 2021 and December 26, 2020

SRI International
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Report of Independent Auditors

To the Board of Directors of SRI International

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SRI International and its subsidiaries ("SRI"), which comprise the consolidated balance sheets as of December 25, 2021 and December 26, 2020, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of SRI International and its subsidiaries as of December 25, 2021 and December 26, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of SRI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SRI's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors'



report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SRI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SRI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 25, 2021 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022 except for Note 17 and with respect to the opinion on the schedule of expenditures of federal awards, as to which the date is June 29, 2022, on our consideration of SRI'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 for the year ended December 25, 2021. 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 SRI's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

San Francisco, California

May 6, 2022 except for Note 17 and with respect to the opinion on the schedule of expenditures of federal awards, as to which the date is June 29, 2022

SRI International and Subsidiaries
Consolidated Balance Sheets
December 25, 2021 and December 26, 2020

(in thousands of dollars)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 29,636	\$ 40,340
Restricted cash and cash equivalents	942	836
Investments	26,772	28,941
Receivables, net	119,337	106,801
Inventory	5,221	6,114
Prepaid expenses and other assets	8,786	15,328
Total current assets	190,694	198,360
Property and equipment, net	117,451	116,840
Deferred income taxes	6,347	4,740
Other noncurrent assets	17,935	16,304
Total assets	\$ 332,427	\$ 336,244
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 61,616	\$ 64,712
Client advances and credits	22,071	21,184
Current installments of long-term debt	5,403	1,834
Total current liabilities	89,090	87,730
Long-term debt, excluding current installments	16,122	21,525
Deferred income taxes	-	328
Other noncurrent liabilities	27,991	26,257
Total liabilities	133,203	135,840
Commitments and contingencies (Note 14)		
Net assets without donor restrictions	199,224	200,404
Total liabilities and net assets	\$ 332,427	\$ 336,244

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

SRI International and Subsidiaries
Consolidated Statements of Activities
Years Ended December 25, 2021 and December 26, 2020

<i>(in thousands of dollars)</i>	2021	2020
Project revenue	\$ 406,568	\$ 413,423
Royalty revenue	5,971	5,704
Net revenue	412,539	419,127
Direct project costs	(206,515)	(215,977)
Excess of net revenue over direct project costs	206,024	203,150
Indirect expenses		
Salaries, wages, and benefits	130,844	126,490
Property and equipment	37,716	30,362
Materials, services, travel, and other	38,108	35,572
Internal research programs	8,209	13,562
Total indirect expenses	214,877	205,986
Other income (expense)		
Interest income	638	1,796
Interest expense	(427)	(519)
Stanford University separation expense	(1,460)	(1,415)
Realized gain (loss) on investments	7,719	(2,206)
Other, net	747	5,612
Total other income (expense)	7,217	3,268
Income from operations	(1,636)	432
Unrealized gain (loss) on investments	(863)	2,748
Income before income taxes	(2,499)	3,180
Income tax benefit	1,359	136
Change in net assets without donor restrictions	(1,140)	3,316
Net assets without donor restrictions		
Beginning of year	200,404	197,126
Foreign currency translation loss	(40)	(38)
End of year	\$ 199,224	\$ 200,404

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

SRI International and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 25, 2021 and December 26, 2020

<i>(in thousands of dollars)</i>	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (1,140)	\$ 3,316
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Equity in earnings of affiliates	(3)	-
Depreciation and amortization	16,277	16,602
Provision for doubtful accounts and indirect rate reserve	3,880	(158)
Gain(loss) on investments	748	(550)
Unrealized gain from investment in affiliates	-	(88)
Loss on sale/disposal of property and equipment	1,406	593
Change in deferred income tax	(1,935)	(519)
Changes in operating assets and liabilities		
Receivables, net	(16,267)	(20,045)
Inventory	893	(398)
Prepaid expenses and other assets	215	(5,433)
Other noncurrent assets	6,344	2,064
Accounts payable and accrued expenses	(3,295)	4,876
Client advances and credits	437	4,557
Other noncurrent liabilities	1,734	7,200
Net cash provided by operating activities	<u>9,294</u>	<u>12,017</u>
Cash flows from investing activities		
Purchase of investments	(13,496)	(991)
Sale and maturity of investments	14,759	18,350
Capital expenditures	(18,459)	(20,156)
Sale of property and equipment	5	991
Other investing activities	(900)	(150)
Net cash used in investing activities	<u>(18,091)</u>	<u>(1,956)</u>
Cash flows from financing activities		
Proceeds from line of credit	-	3,500
Principal payments of long-term debt	(1,801)	(1,714)
Net provided by (cash used) in financing activities	<u>(1,801)</u>	<u>1,786</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(10,598)	11,847
Cash, cash equivalents, and restricted cash		
Beginning of year	<u>41,176</u>	<u>29,329</u>
End of year	<u>\$ 30,578</u>	<u>\$ 41,176</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest, net of amount capitalized	\$ 520	\$ 654
Income taxes	457	292
Change in accounts payable related to capital expenditures	94	(199)
Change in client advances and credits related to other noncurrent assets	450	700

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

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 25, 2021 and December 26, 2020

(in thousands of dollars, unless otherwise noted)

1. Nature of Organization and Summary of Significant Accounting Policies

Description of Business

SRI International and its subsidiaries ("SRI") include the parent company ("SRI International") and Ravenswood Solutions. SRI International is a non-profit, independent research and innovation organization serving government and industry by providing basic and applied research, laboratory and advisory services, technology development and licenses, deployable systems, products, and venture opportunities. The U.S. government, foreign governments, and some of the world's largest companies have been long-standing, major clients of SRI. SRI is headquartered in Menlo Park, California, with facilities in Arlington and Harrisonburg, Virginia; Princeton, New Jersey; Ann Arbor, Michigan; Boulder, Colorado and other offices throughout the United States and overseas.

SRI uses a fiscal year that ends on the last Saturday in December. The fiscal years ended December 25, 2021 and December 26, 2020 included 52 weeks of operations. Ravenswood Solutions uses a fiscal year that ends on December 31.

Ravenswood Solutions

Ravenswood Solutions, a Delaware corporation, is a for-profit, wholly owned subsidiary which owns two foreign subsidiaries. Ravenswood Solutions and its wholly owned subsidiaries provide military, homeland defense and other government and commercial organizations with market-leading technology and services for collective training, test and evaluation, performance assessment and policy analysis exercises. Ravenswood Solutions and its subsidiaries are included in SRI's consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of SRI International and its subsidiaries. All material intercompany balances and transactions have been eliminated in the consolidated financial statements.

Investments in other affiliated companies over which SRI has significant influence are accounted for on the equity method and are reflected as other noncurrent assets.

Net Assets Without Donor Restrictions

Revenue is reported as an increase in net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets unless their use is restricted by explicit donor stipulation or by law.

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions that expire with specific actions to be undertaken by SRI and/or the passage of time. Upon the satisfaction of donor-imposed stipulations and/or the passage of time, the associated net assets are released from the donor restricted classification and recognized as net assets without donor restrictions. As of December 25, 2021 and December 26, 2020, donor restricted net assets are immaterial. Further, net assets are not subject to additional limitations such as internal board designations or significant limits resulting from contractual agreements.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 25, 2021 and December 26, 2020

(in thousands of dollars, unless otherwise noted)

Measure of Operations

SRI considers all revenue and expenses related to operations except unrealized gains or losses from investments and unrealized gains or losses from investments in affiliates.

Revenue and Receivables

On December 30, 2018, SRI adopted ASC 606, *Revenue from Contracts with Customers* and ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). Project revenue consists principally of services performed from contracts with the U.S. government, state and local governments, private foundations and subcontracts with other contractors engaged in such work. SRI performs services under various types of contracts, including cost reimbursable, fixed-price, time-and-materials, and grants.

SRI analyzes all agreements to determine if the transaction meets the definition of an exchange or nonexchange transaction. Exchange transactions are transactions in which commensurate value is exchanged and there is a reciprocal flow of benefits between parties. Nonexchange, or contribution, arrangements exist if no commensurate benefits are received in exchange for the resources transferred. When government grants are received, the arrangement is analyzed to determine if our obligations are for the ultimate benefit of the general public. If the primary benefit is received by the general public, as opposed to the government itself, the arrangements are concluded to be nonexchange. The guidance in ASC 606 is applied to all exchange transactions and Topic 958, *Not-for-Profit Entities*, guidance is applied to all other revenue transactions.

Revenue for services performed are generally recognized when, or as, the performance obligations are satisfied under a contract. SRI enters into agreements with clients that create enforceable rights and obligations and for which it is probable that SRI will collect the consideration to which it will be entitled as services and solutions are transferred to the client. Certain project revenue arrangements include contractual restrictions such as ceilings on costs and indirect rates. SRI uses the input method of accounting to recognize revenue over time on most contracts. Only a small portion of contracts are subject to revenue recognition as of a point in time based upon actual delivery of the unit or good.

SRI records royalty revenue on the licensing and sales of intellectual property as of a point in time. Royalty revenue is recorded under the applicable technology transfer agreements which generally contains minimum royalty amounts as a stated dollar or a stated amount plus a percentage of sales. Royalty related expenses are included in indirect expenses in the consolidated statement of activities.

Contract Assets

Amounts are invoiced as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Generally, revenue recognition occurs before billing, resulting in contract assets. These contract assets are referred to as unbilled receivables and are reported within receivables, net in the consolidated balance sheet. Contract assets also include contractual retentions or fee withhold receivables reported as noncurrent assets in the consolidated balance sheet (Note 6).

Contract Liabilities

SRI receives advances and milestone payments from customers on selected contracts that exceed revenue earned to date, resulting in contract liabilities. Contract liabilities typically are not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the customer failing to adequately complete some or all of its obligations under the contract. Contract liabilities are referred to as client advances and credits

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

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(in thousands of dollars, unless otherwise noted)

and are reported in the consolidated balance sheet on a net contract basis at the end of each reporting period.

Contract balances for the years ending December 25, 2021 and December 26, 2020 are as follows:

	2021	2020
Billed receivables	\$ 40,750	\$ 53,212
Contract assets - unbilled receivables	<u>82,925</u>	<u>61,807</u>
	123,675	115,019
Less: Allowance for uncollectible accounts and rate reserve	<u>(4,338)</u>	<u>(8,218)</u>
Receivables, net	<u>\$ 119,337</u>	<u>\$ 106,801</u>
Contract assets - contractual retention and fee withhold receivables (Note 6)	\$ 7,627	\$ 13,424
Contract liability - client advances and credits	22,071	21,184

SRI does not have a material credit risk exposure as a majority of receivables are associated with the U.S. government. Remaining receivables consists primarily of contracts with private entities and foreign governments and is widely diversified. While SRI believes there is minimal credit risk given the nature of its customers, significant changes in levels of federal research funding could impact SRI. When events or conditions indicate that amounts outstanding from customers may become uncollectible, an allowance is estimated and recorded. Revenue on Federal government contracts has been recorded using provisional rates for both 2021 and 2020. In cases where the final indirect rate settlement will result in a change to recorded revenues, management has established an allowance for these indirect rate variances.

Contributions

In accordance with ASC 958-605 – *Not-for-Profit Entities – Revenue Recognition*, unconditional contributions are recognized as revenues immediately. There are no unconditional contributions received in 2021 and 2020.

SRI conducts research pursuant to grants and contracts with the federal government, private corporations, foundations, universities and others that benefit the general public. These grants or contracts are considered nonexchange transactions or conditional contributions as a result of the adoption of ASU 2018-08 which was previously considered exchange transactions under the ASC 958-605. This change did not have an impact on the revenue recognition of these grants and contracts that benefit the general public which continue to be recognized over time in accordance with the conditions of each contract or grant that are primarily based on costs incurred, completion of milestones or other obligations as specified in the contract. For the years ended December 25, 2021 and December 26, 2020, SRI recognized \$113.5 million and \$110.6 million, respectively, of conditional contributions reported as project revenues in the consolidated statement of activities. As of December 25, 2021 and December 26, 2020, SRI had \$195.8 million and \$242.5 million, respectively, awarded but not expended contributions relating to these grants and contracts.

SRI classifies donor-restricted or conditional contributions as net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

Cash Equivalents

Cash equivalents consist of short-term highly liquid investments with an original maturity of three months or less when purchased. Cash and cash equivalents consist of cash on hand, demand deposits with banks, highly liquid investments in money market funds, commercial paper, government securities, certificates of deposit, and corporate debt securities, which are readily convertible into cash.

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(in thousands of dollars, unless otherwise noted)

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist primarily of funds that are contractually restricted for certain purposes, including unspent bond proceeds and funds deposited for future bond redemption.

The following table provides a reconciliation of cash and cash equivalents, as reported on the consolidated balance sheets, to cash, cash equivalents, and restricted cash, as reported on the consolidated statements of cash flows:

	2021	2020
Cash and cash equivalents	\$ 29,636	\$ 40,340
Restricted cash and cash equivalents	942	836
Cash, cash equivalents and restricted cash	<u>\$ 30,578</u>	<u>\$ 41,176</u>

Investments

Investments are recorded at fair value. Net realized and unrealized gains and losses on investments are reflected in the consolidated statements of activities (Note 3). The investment portfolio may be exposed to various risks, including, but not limited to, interest rate, market, sovereign, concentration, counterparty, liquidity and credit risk.

Fair Value of Financial Assets and Liabilities

ASC 820, *Fair Value Measurements*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SRI's financial instruments include cash and cash equivalents, receivables, investments, accounts payable, client advances and credits and long-term debt.

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and client advances and credits approximate fair value because of the short-term maturity of these financial instruments. Long-term debt is determined using Level 2 inputs. The carrying value of SRI's long-term debt approximates fair value because interest rates reflect current market rates offered by lending institutions for loans with similar terms to companies with comparable credit risk.

Inventory

Inventory consists of product in inventory for sale to customers, as well as supplies used in research activities. Product inventory consists of raw material parts, work-in-process and finished goods.

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(in thousands of dollars, unless otherwise noted)

Inventories are valued at the lower of cost or market value, cost being determined by a method that approximates the first-in, first-out method.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their fair value at date of gift.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets. Buildings and improvements are depreciated over various lives, ranging from 10 to 40 years, principally by the straight-line method. Equipment is depreciated over various lives, ranging from 3 to 20 years, by the straight-line method. Leasehold improvements are amortized over the shorter of the term of the respective lease by the straight-line method or their economic life.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets and are not material for the years ended December 25, 2021 and December 26, 2020. Repairs and maintenance expenditures are expensed as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no material impairment losses for the years ended December 25, 2021 and December 26, 2020.

Asset Retirement Costs and Obligations

SRI reports legal obligations associated with the retirement of long-lived assets in accordance with ASC 410-20, *Asset Retirement Obligations* ("ARO"). The ARO is measured at fair value at the time the obligation is incurred. Upon initial recognition of a liability, SRI capitalizes the cost as part of the cost basis of the related long-lived asset and depreciates the asset over the useful life. AROs of \$16.0 million and \$15.5 million are included in other noncurrent liabilities (Note 9) in the consolidated balance sheets at December 25, 2021 and December 26, 2020, respectively.

Changes in the obligation due to revised estimates of the amount or timing of cash flows required to settle the future liability are recognized by increasing or decreasing the carrying amount of the ARO liability and the related long-lived asset. Changes due solely to the passage of time are recognized as an increase in the carrying amount of the liability as an accretion expense. Accretion expense for both years ended December 25, 2021 and December 26, 2020 were \$0.6 million 0.6 million, and is included in property and equipment expense in the consolidated statement of activities. Additional Environmental Obligations are noted in Note 14 Commitments and Contingencies.

Income Taxes

SRI International is a non-profit corporation and is tax-exempt under Section 501(c) (3) of the Internal Revenue Code. Activities that generate unrelated business income, as defined by the Internal Revenue Service, are subject to income taxes. Ravenswood Solutions is a taxable corporation. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit

SRI International and Subsidiaries

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(in thousands of dollars, unless otherwise noted)

carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

On December 22, 2017, the United States enacted major tax reform legislation, Public Law No. 115-97, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act made broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 % to 21 %; (2) repealing the Alternative Minimum Tax; (3) requiring tax exempt organization with more than one unrelated trade or business to compute Unrelated Business Income Tax (UBIT) separately with respect to each trade or business; and (4) creating a new excise tax, equal to the corporate tax rate of 21%, on an employer with respect to compensation paid by most non-profits (and related organizations) to certain individuals in excess of \$1.0 million. These provisions of the law were effective as of January 1, 2018.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Liquidity

The following information provided referencing the liquidity over the 12 months following the balance sheet date, December 25, 2021 and December 26, 2020, respectively. SRI's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2021	2020
Cash and cash equivalents	\$ 29,636	\$ 40,340
Investments	26,772	28,941
Receivables, net	119,337	106,801
	<u>\$ 175,745</u>	<u>\$ 176,082</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Receivables are subject to implied time restrictions that are expected to be collected within one year. SRI has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, SRI invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. As described in Note 8, SRI also has an available line of credit in the amount of \$17.8 million as of December 25, 2021, which it could draw upon in the event of an unanticipated liquidity need.

Correction of a prior period misstatement

In connection with the preparation of SRI's 2021 consolidated financial statements, SRI identified and corrected an error in 2021 that related to prior periods. The error was associated with the capitalization of costs which resulted in an understatement of expenses and overstatement of property and equipment of \$2.6 million and \$2.8 million in 2019 and 2020, respectively. The correction of the misstatement in 2021 resulted in an overstatement of expense of \$5.4 million. SRI assessed the materiality of the misstatement

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 25, 2021 and December 26, 2020

(in thousands of dollars, unless otherwise noted)

on the prior period's financial statements and the correction of the misstatement in the 2021 financial statements in accordance with Accounting Standards Codification ("ASC") 250, *Presentation of Financial Statements*, and concluded that the misstatement was not material to any period.

Recently Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This guidance requires a customer in a cloud computing arrangement that is a service contract to follow existing internal-use software guidance to determine which implementation costs to defer and recognize as an asset. ASU 2018-15 generally aligns the guidance on capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with that of implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. SRI adopted this standard effective December 27, 2020 on a prospective basis, and adoption of this standard did not have a material impact on the consolidated financial statements.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which, requires a lessee to recognize a right-of-use (ROU) asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal year 2022 for SRI. SRI will adopt the standard beginning in fiscal 2022 using the modified retrospective transition approach. The estimated impact is recognition of approximately \$14 million to \$15 million of ROU asset and \$14 million to \$15 million of lease liability.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires entities to use a forward-looking model to estimate credit losses over the contractual term of financial assets, including short-term trade receivables and contract assets. The ASU is effective for fiscal year 2023 for SRI. SRI is evaluating the impact of the new guidance on the consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments-Equity Security (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323 and Topic 815*, which clarifies the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. The ASU is effective for fiscal year 2022 for SRI. SRI is evaluating the impact of the new guidance on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contract modifications, hedging relationships, and other transactions affected by the anticipated transition away from LIBOR. The ASU applies to contract modifications beginning March 12, 2020 through December 31, 2022. This standard did not have a material impact on the consolidated financial statements in fiscal 2021. SRI will continue to evaluate the impact of the new guidance on the consolidated financials.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings and other items. The ASU is

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effective for fiscal year 2022 for SRI. SRI is evaluating the impact of the new guidance on the consolidated financial statements.

2. Revenue Recognition

The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is measured based on consideration specified in a contract with a customer. We recognize revenue when it satisfies a performance obligation by transferring control over goods and services to a customer.

Performance Obligations

SRI's customers contract for individual services or combination of services, which are outlined in the signed agreement and have discrete pricing associated with the service to be provided. Each service is accounted for as a separate performance obligation. These performance obligations are generally satisfied over time and revenue is recognized as the services are provided, as this best represents the transfer of control of the services to the customer.

Disaggregation of Revenue

SRI's revenue is disaggregated by customer type, contract type, and service type. The majority of SRI's project revenue is from contracts with the U.S. government either directly or as a subcontractor and is recognized over time as the services are performed. These contracts are primarily cost plus, cost reimbursable or fixed price. SRI also earns royalty revenues from the licensing and sales of intellectual property and is recognized at a point in time.

The following table disaggregates revenue from exchange transactions based on the timing of revenue recognition for the years ending December 25, 2021 and December 26, 2020:

	2021	2020
Over time	\$ 283,438	\$ 285,544
Point in time	15,634	22,984
	<u>\$ 299,072</u>	<u>\$ 308,528</u>

3. Investments

SRI's Investments consist of Corporate Bonds that are carried at fair value, totaling \$26.8 million and \$28.9 million as of December 25, 2021 and December 26, 2020, respectively, and were measured using Level 2 inputs.

Consistent with ASC 958-320-55-5, *Not-for-Profit Entities, Investments – Debt and Equity Securities*, SRI reports realized investment returns as operating income and unrealized investment returns as nonoperating income. As gains/losses are realized, the unrealized gains/losses from previous years are reversed.

The following table represents unrealized and realized gains and losses associated with marketable investments included above as well as investments in affiliates:

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	2021	2020
Unrealized		
Corporate bonds	\$ (863)	\$ 409
Affiliate equity securities (Note 6)	-	2,339
	<u>(863)</u>	<u>2,748</u>
Realized		
Corporate bonds	115	145
Affiliate equity securities (Note 6)	7,604	(2,351)
	<u>7,719</u>	<u>(2,206)</u>
Net gain (loss) on investments	<u>\$ 6,856</u>	<u>\$ 542</u>

4. Property and Equipment

Property and equipment consist of the following:

	2021	2020
Land and improvements	\$ 25,742	\$ 25,742
Buildings	239,934	239,398
Equipment	163,502	154,099
Leasehold improvements	13,898	14,131
Construction-in-progress	17,903	18,534
	<u>460,979</u>	<u>451,904</u>
Less: Accumulated depreciation and amortization	<u>(343,528)</u>	<u>(335,064)</u>
	<u>\$ 117,451</u>	<u>\$ 116,840</u>

Depreciation and amortization expense for the years ended December 25, 2021 and December 26, 2020 was \$16.2 million and \$16.6 million, respectively.

SRI acquires government property under federal contracts. Government property is expensed as incurred as a direct project cost and does not appear on SRI's consolidated balance sheets.

5. Internal Software

Internal Software consist of the following:

	2021
Internal Software	\$ 7,778
Less: Accumulated depreciation and amortization	(352)
	<u>\$ 7,426</u>

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Internal Software relate to the capitalized internally developed software costs and is generally amortized on a straight line basis over period of 10 years. The current portion is presented within the prepaid expenses and other assets line and the non-current portion is presented within the Other noncurrent assets of the balance sheet.

6. Other Noncurrent Assets

Other noncurrent assets consist of the following:

	2021	2020
Contractual retention and fee withhold receivable	\$ 7,627	\$ 13,424
Investments in affiliates	1,792	870
Other	8,516	2,010
	<u>\$ 17,935</u>	<u>\$ 16,304</u>

In 2016, SRI received 8,274,346 shares of Bioceryx common stock representing 21.3% ownership interest in exchange for the license of certain intellectual property. SRI recorded the investment at \$2.3 million which was accounted for under the equity method. In June 2019, Bioceryx filed for Chapter 7 bankruptcy along with SRI losing a seat on the Board which triggered a loss of significant influence resulting in a change from the equity method to the alternative measurement method under ASU 2016-01. Bioceryx's bankruptcy resulted in an impairment write-down of the investment to zero at December 28, 2019 and an unrealized loss on investment in the consolidated statement of activities of \$0.6 million for the year ending December 28, 2019. The bankruptcy process was completed in 2020. As a result, SRI recorded a realized loss of \$2.3 million with a corresponding reversal of previously recognized unrealized loss of \$2.3 million for the year ended December 26, 2020.

In 2021, SRI sold 2,296,650 shares of LeoLabs at \$3.0883 a share per the stock transfer agreement from June 3, 2021. Total payment of \$7.0 million was received from the sales and realized gain on investment was recorded for the year ended December 25, 2021.

SRI made additional investments of \$0.5 million and \$0.2 million in Latent AI, Inc. and Decoded Health, Inc. respectively. New investment of \$0.3 million was made in Xona Space Systems, inc. in 2021. The investments are recorded at cost under the alternative measurement method.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

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	2021	2020
Accounts payable	\$ 17,439	\$ 21,144
Accrued payroll, vacation and other employee related accruals	39,701	39,055
Stanford separation expense (Note 15)	1,459	1,427
Stanford lease loss accrual (Note 15)	899	-
Accrued insurance	864	1,015
Other	1,254	2,071
	<u>\$ 61,616</u>	<u>\$ 64,712</u>

Included in the accrued payroll, vacation and other employee related accruals line of the above table is employee royalty and equity sharing (RES) obligations of \$5.7 million and \$5.4 million at December 25, 2021 and December 26, 2020, respectively.

8. Long-Term Debt

Long-term debt consists of the following:

	2021	2020
California Infrastructure and Development Bank Revenue Bond Series 2018 Tax-exempt Variable Rate Bonds ("Series 2018 Bonds"); interest at 1.68727% and 1.73188% at December 25, 2021 and December 26, 2020, respectively.	\$ 8,660	\$ 9,345
California Infrastructure and Development Bank Revenue Bond Series 2012 Tax-exempt Fixed Rate Bonds ("Series 2012 Bonds") payable through 2028 interest coupon 3% to 5% and weighted average interest 3.858%.	9,365	10,514
Comerica Bank line of credit; interest at 2.25%	<u>3,500</u>	<u>3,500</u>
Total principal amounts	21,525	23,359
Less: Current installments	<u>(5,403)</u>	<u>(1,834)</u>
Long-term debt, excluding current installments	<u>\$ 16,122</u>	<u>\$ 21,525</u>

Series 2012 Bonds

In June 2012, the California Infrastructure and Economic Development Bank issued \$18.6 million Tax-Exempt Fixed Rate Bonds (the "Series 2012 Bonds") on behalf of SRI International. The proceeds from this bond issuance refinanced the Series 2003A Bonds. These bonds are administered by Union Bank, N.A., which operates as Trustee. The bonds are subject to a continuing disclosure annual report due May 31 annually and reporting of significant events as and when they occur. At December 25, 2021, SRI International is in compliance with its covenants related to the Series 2012 Bonds.

Series 2018 Bonds

In November 2018, the California Infrastructure and Economic Development Bank issued \$10.9 million Tax-Exempt Variable Rate Revenue Bonds (the "Series 2018 Bonds") on behalf of SRI International. The proceeds from this bond issuance extinguished the Series 2010 Bonds. These bonds are administered by Wells Fargo, N.A., which operates as Trustee, and are subject to continuing covenant agreement

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between the Trustee and SRI International. The covenants in this agreement include affirmative financial covenants which require the maintenance of defined levels of profit, liquidity and leverage, as well as negative covenants limiting capital expenditures, loans, advances and investments. At December 25, 2021, SRI is in compliance with its covenants related to the Series 2018 Bonds.

Revolving Credit Facility

As of December 25, 2021 and December 26, 2020, SRI International has an available line of credit of \$13.4 million and \$13.4 million, respectively, with Wells Fargo Bank, N.A. SRI International renewed its line of credit on November 28, 2018 in conjunction with the issuance of the Series 2018 Bonds and extinguishment of the Series 2010 Bonds. There was no amount outstanding as of December 25, 2021 and December 26, 2020. The interest rate on the line of credit as of December 25, 2021 and December 26, 2020 was 30-day LIBOR plus 1.5%. The line of credit expires on November 28, 2023. This credit facility is covered by the same credit agreement underlying the Series 2018 Bonds with the same covenant requirements as discussed under the Series 2018 Bonds.

In May 2017, the Ravenswood Solutions entered into a line of credit agreement with Comerica Bank. On February 18, 2020, the maturity date was extended to October 31, 2022, and the borrowing limit was increased to \$20.0 million. On May 10, 2021, the borrowing limit was reduced to \$8.0 million. The interest rate on the line of credit is LIBOR plus 2.15%. With the impending discontinuation of LIBOR, Comerica Bank has announced that it will commence using the Bloomberg Short-Term Bank Yield index as their primary replacement for LIBOR. The interest rate as of December 31, 2021 was 2.25%. Borrowings under the line of credit are collateralized by substantially all assets. The balance on the line of credit as of both December 31, 2021 and 2020 was \$3.5 million. An additional \$0.1 million of the credit facility was utilized to secure a letter of credit related to the lease agreement for the Boise facility. Available credit under the agreement as of December 31, 2021 and 2020 was \$4.4 million and \$16.4 million, respectively.

The line of credit contains financial covenants which require meeting quarterly thresholds for the funded debt to EBITDA ratio, the fixed charge coverage ratio, and the current ratio. As of December 31, 2021, Ravenswood was in compliance with all financial covenants.

Based on the borrowing rates currently available to SRI for loans with similar terms and average maturities, the carrying value of long-term debt approximated fair value as of December 25, 2021 and December 26, 2020, respectively.

Maturities of debt as of December 25, 2021 are expected to be as follows:

2022	\$	5,403
2023		1,977
2024		2,063
2025		2,156
2026		2,252
Thereafter		7,674
	\$	<u>21,525</u>

9. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following:

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	2021	2020
Long term asset retirement obligations (Note 1)	\$ 15,973	\$ 15,526
Long term lease obligations	8,744	3,918
Other	3,274	6,813
	<u>\$ 27,991</u>	<u>\$ 26,257</u>

Included in the Other line of the above table for fiscal 2020 is \$6.8 million of the employer portion of payroll tax due from March 27, 2020 to December 31, 2020 that was allowed to be deferred under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. 50% of the deferred employer payroll taxes were paid in December 2021. The remaining 50% of \$3.3 million in the Other line for 2021 will be remitted by December 31, 2022.

10. Leases

SRI is obligated under noncancelable operating leases, primarily for office space and equipment that expire through 2026. Future minimum lease payments under noncancelable operating leases as of December 25, 2021 were as follows:

	Operating Lease Payments Payable
2022	\$ 5,965
2023	6,056
2024	5,247
2025	117
2026	-
	<u>\$ 17,385</u>

Rental expense for all operating leases for the years ended December 25, 2021 and December 26, 2020 was approximately \$6.2 million and \$6.8 million, respectively, and is included in property and equipment expense in the consolidated statement of activities. Lease expense for significant leases is recorded on a straight-line basis in the case of pre-established increases in future lease payments.

Rental income for all operating leases for the years ended December 25, 2021 and December 26, 2020 was approximately \$3.8 million and \$5.7 million, respectively, and is reflected as other income on the consolidated statements of activities.

11. Expenses

Natural Presentation

SRI classifies its expenses according to the kinds of economic benefits received in incurring those expenses. Examples of natural expense classifications include salaries and wages, employee benefits, subcontractors, materials and supplies including, travel, interest expense, facilities, and depreciation.

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Functional Presentation

SRI classifies its expenses according to the purpose for which costs are incurred. The primary functional classifications used are program activities and supporting activities.

Program activities are defined as the activities which result in goods and services being distributed to beneficiaries and are identifiable with a specific project. SRI's program activities can be further segregated into activities generated for the benefit of its clients and partners, and activities for the benefit of SRI.

The second primary functional classification is supporting activities, which consist of general & administrative expenses.

The analysis of SRI's expenses, include all direct project costs, indirect expenses and the Stanford University separation expense. The costs are allocated between program and supporting activities either as costs directly attributable to projects or allocated based on overhead function. All general and administrative functions are classified as supporting activities.

Expenses, grouped by function and natural expense classification, were incurred for the following programs and supporting services for the years ended December 25, 2021 and December 26, 2020, as follows:

December 25, 2021				
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	\$ 169,962	\$ 4,257	\$ 67,565	\$ 241,784
Property and equipment expense	80,227	70	28,406	108,703
M & S, travel, and other	38,627	3,883	29,857	72,367
	<u>\$ 288,816</u>	<u>\$ 8,210</u>	<u>\$ 125,828</u>	<u>\$ 422,854</u>

December 26, 2020				
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	\$ 178,453	\$ 10,191	\$ 52,946	\$ 241,590
Property and equipment expense	44,228	44	9,682	53,954
M & S, travel, and other	86,833	3,327	37,674	127,834
	<u>\$ 309,514</u>	<u>\$ 13,562</u>	<u>\$ 100,302</u>	<u>\$ 423,378</u>

12. Income Taxes

Income tax benefit (expense) consists of:

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	2021	2020
Current		
U.S. federal	\$ (501)	\$ (129)
State	(60)	(249)
Foreign	(15)	(5)
	<u>(576)</u>	<u>(383)</u>
Deferred		
U.S. federal	1,619	370
State	(38)	149
Foreign	354	-
	<u>1,935</u>	<u>519</u>

The income tax benefit attributable to pre-tax income differs from the amounts computed by applying the U.S. federal income tax rate of 21% for 2021 and 2020 to pretax income primarily as a result of the portion of SRI income exempt from income taxes and changes in the deferred tax valuation allowance.

Deferred tax assets and deferred tax liabilities consist of the following as of December 25, 2021 and December 26, 2020:

	2021	2020
Net operating loss carryforwards	\$ 12,315	\$ 13,180
Accruals and other	174	549
Total gross deferred tax assets	<u>12,489</u>	<u>13,729</u>
Valuation allowance	(5,641)	(8,440)
Deferred tax assets	<u>6,848</u>	<u>5,289</u>
Deferred tax liabilities	(501)	(877)
Net deferred tax assets	<u>\$ 6,347</u>	<u>\$ 4,412</u>

SRI International has net operating loss carryforwards for federal and state income tax purposes of approximately \$50.3 million and \$17.2 million, respectively, which are available to offset future taxable income, if any, and expire in varying amounts between 2022 and 2039.

Ravenswood Solutions does not have net operating loss carryforwards for federal and state income tax purposes.

SRI International (parent company) has determined based upon the weight of available evidence, that it is more likely than not that the full gross deferred tax assets will not be realized and, accordingly, have provided a valuation allowance. During the years ended December 25, 2021 and December 26, 2020 the valuation allowance for SRI decreased by \$2.8 million and \$0.2 million, respectively.

Ravenswood Solutions, a for-profit entity, has determined, based upon the weight of available evidence, that it is more likely than not that the net deferred tax assets will be realized and, accordingly, has not provided a valuation allowance.

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SRI recognizes interest and penalties as incurred within income tax expense in the consolidated statements of activities.

13. Benefit Plans

Certain employees who meet eligibility requirements are covered by defined contribution plans pursuant to Sections 401(a), 401(k) and/or 403(b) of the Internal Revenue Code. Employees in Puerto Rico are covered under a defined contribution plan which is intended to meet the requirements under the 2011 Puerto Rico Code Sections 1081.01(a) and (d). Additionally, certain amounts are paid or reserved for foreign plans. The obligations under the plans are funded by SRI as necessary each year. Total retirement plan costs were \$11.9 million and \$13.1 million during the years ended December 25, 2021 and December 26, 2020, respectively.

14. Commitments and Contingencies

Letter of Credit

SRI International has outstanding standby letters of credit in the amount of \$1.6 million and \$1.6 million as of December 25, 2021 and December 26, 2020, respectively. These are drawn against the overall line of credit held with Wells Fargo which has a \$10 million sub-limit for letters of credit under the overall ceiling (Note 8). These letters of credits are renewed annually. The outstanding standby letters of credit are not reflected in the financial statements.

Government Contracting Matters

Contracts with the U.S. government are subject to extensive legal and regulatory requirements and, from time to time and in the ordinary course of business, agencies of the U.S. government investigate whether SRI's operations are conducted in accordance with these requirements and terms of the relevant contracts. Given the inherent complexities in administering federal awards, it is possible that the aforementioned matters could result in disallowances which could be material.

Payments to SRI on cost-plus-fee and time-and-materials contracts are subject to adjustment upon audit by the DCAA. DCAA has issued final indirect rate agreements relating to SRI's incurred cost submissions through the years ended 2018. In the opinion of management, adjustments that may result from audits not yet completed or started are not expected to have a material effect on SRI's financial position, results of operations, or cash flows as SRI has accrued its best estimate of potential disallowances.

Litigation Matters

SRI is also involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on SRI's consolidated financial position.

Other

SRI provides limited indemnifications in the ordinary course of business. The impact of these agreements, individually or in the aggregate, is not expected to be material to the consolidated financial statements. As a result, no liabilities related to guarantees and indemnifications have been recorded as of December 25, 2021 and December 26, 2020.

SRI filed a patent infringement lawsuit against Cisco Systems Inc. in federal district court in Delaware in 2013. In May 2016, the jury awarded SRI a \$23.7 million damages verdict. In May 2017, the judge issued rulings on post-trial motions that doubled the jury's damages award and also awarded SRI attorneys' fees of approximately \$8 million and prejudgment interest of approximately \$1.6 million. In

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2019, after the damages awarded was affirmed on appeal, Cisco paid SRI for that portion of the judgment plus interest totaling \$28.2 million. SRI recorded royalty revenue of \$25.9 million, interest income of \$2.3 million and contingent legal fees included in materials, services, travel and other of \$11.3 million for the year ended December 28, 2019. This part of the lawsuit is final.

Enhanced damages and attorneys' fees were the subject of remand proceedings in the Delaware District Court, which awarded attorneys' fees but no enhanced damages. Both parties appealed this decision. In 2021 the Court of Appeals for the Federal Circuit reinstated the award of enhanced damages and attorneys' fees. On February 9, 2022, Cisco paid SRI \$23.7 million in enhanced damages, an additional approximately \$8.0 million in attorneys' fees, plus interest. The attorneys' fee award is not subject to any further appeals. On March 16, 2022, Cisco petitioned the United States Supreme Court for a writ of certiorari challenging the enhanced damages award. Further proceedings are also pending in federal district court in Delaware challenging Cisco's calculation of the interest due, which SRI contends is approximately \$1.0 million underpaid. No amounts related to the enhanced damages and attorneys' fees appeal have been recorded in the financial statements as of December 25, 2021. However, this matter may have a material impact on SRI's consolidated financial statements in future periods.

15. Related Party Transactions

Under a separation agreement with Stanford University ("Stanford"), SRI is required to pay Stanford one half of 1% of its (and its subsidiaries') gross revenue from operations, less certain exclusions. Expense to Stanford under the separation agreement amounted to \$1.5 million and \$1.4 million for the years ended December 25, 2021 and December 26, 2020, respectively.

SRI had no receivables from Stanford as of December 25, 2021. Receivables from Stanford was \$0.04 million as of December 26, 2020. In addition, for the year ended December 25, 2021, awards amounting to \$1.5 million and \$0.3 million were made to and received from Stanford, respectively. For the year ended December 26, 2020, awards amounting to \$1.3 million and \$0.4 million were made to and received from Stanford, respectively. SRI has a lease arrangement through 2024 with Stanford for space. Lease income for the years ended December 25, 2021 and December 26, 2020 amounted to \$1.5 million and \$3.8 million, respectively. In September 2021, an amended lease was executed with Stanford which provides a rent credit of \$8.5 million against any rent due effective September 1, 2021. Any remaining rent credit at termination of lease will be paid out to Stanford. Loss accrual of \$3.0 million is recorded for the amended lease agreement which includes a move out fee of \$1.0 million.

SRI had contract revenue of approximately \$0.3 million from investee companies for both years ended December 25, 2021 and December 26, 2020, with no related receivables as of December 25, 2021 and December 26, 2020.

16. Menlo Park Campus Redevelopment

SRI engaged LPGS Menlo LLC to redevelop its Menlo Park campus located in Menlo Park, California. On December 10, 2021, SRI entered into a Ground Lease Option Agreement with LPGS Menlo LLC. This option agreement grants LPGS Menlo LLC the option to acquire a ground lease hold interest in SRI's Menlo Park campus property upon receipt of entitlements from the City of Menlo Park. SRI received \$3.4 million as the initial option payment in December 2021. This payment is recorded as lease liability and will be amortized over the period of the agreement of 3 years.

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17. Subsequent Events

SRI has evaluated subsequent events through June 29, 2022, which is the date the consolidated financial statements were available to be issued.

On May 16, 2022, the United States Supreme Court denied Cisco's petition for a writ of certiorari challenging the enhanced damages award from March 16, 2022. Further proceedings in federal district court in Delaware successfully challenged Cisco's calculation of the interest due, resulting in an additional award to SRI of \$1,248,571, which Cisco paid on May 18, 2022 and chose not to appeal. The litigation, including all appeals, is now concluded.

Schedule of Expenditures of Federal Awards

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 25, 2021

Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
Research and Development Cluster								
Department of Defense								
AIR FORCE RESEARCH LAB								
AIR FORCE RESEARCH LAB	12.800	206,384	-	FA8750-21-C-1517			206,384	40,081
AIR FORCE RESEARCH LAB	12.800	166,935	-	FA9451-21-C-0007			166,935	35,508
Leidos, Inc	12.800	-	811,933		Leidos, Inc	P010216895	811,933	-
Army Research Lab								
UNIVERSITY OF ILLINOIS	12.630	-	145,012		UNIVERSITY OF ILLINOIS	088831-16644/AE104	145,012	-
Client Private								
US GOV'T/DNP	12.630	(194)	-	17-C-0100			(194)	-
US GOV'T/DNP	12.630	2,474,984	-	17-C-3160			2,474,984	771,525
US GOV'T/DNP	12.630	433,073	-	21-C-1638			433,073	-
US GOV'T/DNP	12.630	11,401	-	21-C-8162			11,401	-
US GOV'T/DNP	12.630	204,109	-	22-C-0068			204,109	68,214
US GOV'T/DNP	12.630	147,229	-	80ARCO18D00016			147,229	-
US GOV'T/DNP	12.630	436,368	-	DNP			436,368	-
LOCKHEED MARTIN	12.630	-	480,853		LOCKHEED MARTIN	26018	480,853	-
Systems & Technology	12.630	-	173,968		Systems & Technology	2021-0011	173,968	-
Systems & Technology	12.630	-	9,358		Systems & Technology	2021-0016	9,358	-
Systems & Technology	12.630	-	94,229		Systems & Technology	2021-0027	94,229	-
DARPA								
DARPA	12.910	1,654,455	-	HR001118C0016			1,654,455	794,941
DARPA	12.910	-	-	HR001119C0034			-	81
DARPA	12.910	145,640	-	HR00112010013			145,640	-
DARPA	12.910	1,017,604	-	HR001121C0026			1,017,604	16,173
DARPA	12.910	2,057,892	-	HR001121C0035			2,057,892	788,176
DARPA	12.910	533,836	-	HR001121C0099			533,836	-
DARPA	12.910	110,806	-	HR001121C0125			110,806	-
DARPA	12.910	225,804	-	HR001121C0141			225,804	136,750
DARPA	12.910	123,108	-	HR001121C0157			123,108	-
DARPA	12.910	148,360	-	HR001121C0211			148,360	-
DARPA	12.910	9,459	-	HR001122C0043			9,459	-
DOI, Interior Business	12.910	316,915	-	D18AP00059			316,915	-
METRON INCORPORATED	12.910	-	1,316,434		METRON INCORPORATED	6H72-SRI	1,316,434	-
NIWC Pacific	12.910	20,866	-	N66001-16-C-4035			20,866	22,277
NIWC Pacific	12.910	330,581	-	N66001-18-C-4011			330,581	155,924
Systems & Technology	12.910	-	1,620,168		Systems & Technology	2020-0065	1,620,168	-
US ARMY CONTRACT COMMAND	12.910	200,836	-	911NF2010269			200,836	-
US Army RDECOM Acq Ctr	12.910	(476)	-	W911NF-12-C-0001			(476)	-
US Army Research Office	12.910	(2,259)	-	W911NF-16-C-0051			(2,259)	-
Defense Logistics Agency								
DLA Land & Maritime	12.630	1,338,029	-	SPE7MX-20-D-0013			1,338,029	55,000
DLA Land & Maritime	12.630	11,259,565	-	SPE7MX-21-D-0032			11,259,565	345,161
Dept. of Army								
AIR FORCE RESEARCH LAB	12.810	1,672,852	-	FA8650-18-C-7880			1,672,852	261,821
AIR FORCE RESEARCH LAB	12.810	2,705,747	-	FA8650-18-C-7887			2,705,747	997,706
AIR FORCE RESEARCH LAB	12.810	2,963,377	-	FA8650-19-C-9100			2,963,377	278,562
AIR FORCE RESEARCH LAB	12.810	2,634,179	-	FA8650-20-C-7026			2,634,179	-
AIR FORCE RESEARCH LAB	12.810	2,278,566	-	FA8750-16-C-0138			2,278,566	1,254
AIR FORCE RESEARCH LAB	12.810	330,404	-	FA8750-16-C-0179			330,404	236,175
AIR FORCE RESEARCH LAB	12.810	426,484	-	FA8750-17-C-0141			426,484	359,366
AIR FORCE RESEARCH LAB	12.810	901,113	-	FA8750-18-C-0036			901,113	-
AIR FORCE RESEARCH LAB	12.810	2,621,522	-	FA8750-19-C-0060			2,621,522	-
AIR FORCE RESEARCH LAB	12.810	1,314,862	-	FA8750-19-C-0079			1,314,862	954,723
AIR FORCE RESEARCH LAB	12.810	426,015	-	FA8750-19-C-0089			426,015	193,733
AIR FORCE RESEARCH LAB	12.810	1,232,539	-	FA8750-19-C-0502			1,232,539	720,809
AIR FORCE RESEARCH LAB	12.810	(2,958)	-	FA8750-19-C-1511			(2,958)	109,681
AIR FORCE RESEARCH LAB	12.810	1,369,011	-	FA8750-20-C-0002			1,369,011	217,299
AIR FORCE RESEARCH LAB	12.810	1,269,565	-	FA8750-20-C-0226			1,269,565	858,352
APOGEE RESEARCH, LLC	12.810	-	942,704		APOGEE RESEARCH, LLC	FA8750-20-C-0520	942,704	-
APOGEE RESEARCH, LLC	12.810	-	1,096,178		APOGEE RESEARCH, LLC	SWAT SUB-001	1,096,178	-

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Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
ARMY CONTRACTING COMMAND	12.810	23,928	-	W911NF-15-C-0246			23,928	37,156
ARMY CONTRACTING COMMAND	12.810	959,850	-	W911NF20C0038			959,850	408,515
ARMY CONTRACTING COMMAND	12.810	1,355,926	-	W911W620C0024			1,355,926	-
BOOZ ALLEN HAMILTON	12.810	-	16,832	FA8075-14-D-0016	BOOZ ALLEN HAMILTON	S900268BAH	16,832	-
CACI TECHNOLOGIES, INC.	12.810	-	8,970		CACI TECHNOLOGIES, INC.	A000011264	8,970	-
CACI, INC.	12.810	-	122,322		CACI, INC.	P000070989	122,322	-
CACI, INC.	12.810	-	218,797		CACI, INC.	P000097218	218,797	-
DARPA	12.910	356,001	-	HR001118C0015			356,001	173,200
DARPA	12.910	1,659,634	-	HR0011-18-C-0051			1,659,634	740,797
DARPA	12.910	813,367	-	HR001118C0082			813,367	516,642
DARPA	12.910	1,092,900	-	HR001119C0074			1,092,900	669,914
DARPA	12.910	1,427,622	-	HR001119C0075			1,427,622	469,016
DARPA	12.910	6,560,062	-	HR001119C0108			6,560,062	1,154,950
DARPA	12.910	1,465,648	-	HR001119C0112			1,465,648	315,887
DARPA	12.910	2,398,939	-	HR001120C0009			2,398,939	-
DARPA	12.910	414,213	-	HR001120C0011			414,213	373,316
DARPA	12.910	1,325,465	-	HR001120C0021			1,325,465	806,550
DARPA	12.910	1,274,731	-	HR001120C0086			1,274,731	573,732
DARPA	12.910	2,093,353	-	HR001120C0099			2,093,353	968,853
DARPA	12.910	3,030,587	-	HR001120C0124			3,030,587	1,193,259
DARPA	12.910	2,565,488	-	HR001120C0147			2,565,488	-
DARPA	12.910	1,993,542	-	HR001120C0158			1,993,542	-
DARPA	12.910	3,243,842	-	HR001121C0056			3,243,842	71,605
DARPA CMO	12.910	141	-	HR001117C0109			141	-
DLA Land & Maritime	12.300	13,745	-	SPE7MX-19-D-0025			13,745	-
DOI, Interior Business	12.300	1,565,381	-	140D6318C0020			1,565,381	724,397
DOI, Interior Business	12.300	585,819	-	140D6318C0045			585,819	-
DOI, Interior Business	12.300	204,341	-	D19AP00024			204,341	-
ECS FEDERAL LLC	12.300	-	643,682		ECS FEDERAL LLC	ATG-2020-SRI	643,682	-
ERDC CONTRACTING OFFICE	12.300	93,473	-	W912HZ-09-C-0078			93,473	-
Etegent Technologies Ltd	12.300	-	(1)		Etegent Technologies Ltd	ETE141	(1)	-
GALOIS INC	12.300	-	598,015		GALOIS INC	2017-009	598,015	-
GALOIS INC	12.300	-	259,556		GALOIS INC	2020-024	259,556	-
GRAMMA TECH, INC.	12.300	-	186,518		GRAMMA TECH, INC.	GT S18-06	186,518	-
HQ USSOCOM	12.300	2,234,973	-	H9244220C0002			2,234,973	-
HQ USSOCOM	12.300	533,492	-	H9244220C0006			533,492	-
INSTITUTE FOR HUMAN	12.300	-	(101)		INSTITUTE FOR HUMAN	2019-29-01-SC-2	(101)	-
KEYW CORPORATION	12.300	-	4,937		KEYW CORPORATION	50006840	4,937	-
Leidos, Inc	12.300	-	325,468		Leidos, Inc	P010192486	325,468	-
Leidos, Inc	12.300	-	397,245		Leidos, Inc	P010216862	397,245	-
Leidos, Inc	12.300	-	405,857		Leidos, Inc	P010216895	405,857	-
Leidos, Inc	12.300	-	950,850		Leidos, Inc	P010236800	950,850	-
LOCKHEED MARTIN	12.300	-	128,295		LOCKHEED MARTIN	PO 4104347846	128,295	-
MTEC	12.300	-	781,536		MTEC	2019-512	781,536	-
NASA-AMES RESEARCH CENTE	12.300	217,463	-	80ARC018D0016			217,463	-
NASA-AMES RESEARCH CENTE	12.300	226,974	-	80ARC018D0016			226,974	-
NATICK CONTRACTING DIVISI	12.300	(9,803)	-	W911QY19C0064			(9,803)	-
NATIONAL GEO-SPATIAL INTE	12.300	1,017,159	-	HM047620C0023			1,017,159	-
NATIONAL GEO-SPATIAL INTE	12.300	1,246,161	-	HM047620C0027			1,246,161	362,763
NAVAL RESEARCH LABORATORY	12.300	1,010,457	-	N00173-19-C-6000			1,010,457	-
NAVY ENGINEERING LOGIS	12.300	214,693	-	N4175619C3064			214,693	5,000
NAVY ENGINEERING LOGIS	12.300	2,599	-	N4175620C3030			2,599	-
NAVY ENGINEERING LOGIS	12.300	1,054,003	-	N41756-20-C-3056			1,054,003	-
NWCC Atlantic	12.300	2,110,585	-	N65236-20-C-8020			2,110,585	-
NWCC Pacific	12.300	368,127	-	N66001-15-C-4071			368,127	128,008
NWCC Pacific	12.300	342,391	-	N6600118C4044			342,391	-
NOBLIS, INC.	12.300	-	(19,154)		NOBLIS, INC.	18-S-FEL-SRI1	(19,154)	-
Northeastern University	12.300	-	14,621		Northeastern University	503381-78051	14,621	-
OFFICE OF NAVAL RESEARCH	12.300	1,448	-	N00014-17-1-2949			1,448	-
OFFICE OF NAVAL RESEARCH	12.300	1,161,309	-	N00014-17-C-7021			1,161,309	-
OFFICE OF NAVAL RESEARCH	12.300	133,316	-	N00014-18-C-1010			133,316	-

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Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
OFFICE OF NAVAL RESEARCH	12.300	338,029	-	N00014-18-C-7005			338,029	-
OFFICE OF NAVAL RESEARCH	12.300	146,450	-	N00014-19-C-1007			146,450	-
OFFICE OF NAVAL RESEARCH	12.300	1,705,220	-	N00014-19-C-2025			1,705,220	-
OFFICE OF NAVAL RESEARCH	12.300	480,103	-	N00014-20-C-2037			480,103	-
OIM	12.300	233,980	-	2020-20031700001			233,980	-
QinetiQ Inc.	12.300	-	889,629		QinetiQ Inc.	RS3-20-010	889,629	-
RAYTHEON	12.300	-	8,310		RAYTHEON	4202252268	8,310	-
SAGE TECHNOLOGIES	12.300	-	11,951		SAGE TECHNOLOGIES	81520	11,951	-
Stellant Systems, Inc.	12.300	-	256,320		Stellant Systems, Inc.	TGP015368	256,320	-
Systems & Technology	12.300	-	233,347		Systems & Technology	2019-0010	233,347	-
Systems & Technology Research	12.300	-	3,334		Systems & Technology Research	2018-0041	3,334	-
UCLA	12.300	-	429,531		UCLA	0190-S-WB481	429,531	-
UES, INC.	12.300	-	26,196		UES, INC.	S-114-007-007	26,196	-
US ARMY CONTRACT COMMAND	12.300	(1,542)	-	W56KGY-16-D-0009			(1,542)	-
US ARMY CONTRACT COMMAND	12.300	252,865	-	W56KGY20D0004			252,865	-
US Army Research Office	12.300	(4,181)	-	W911NF-15-C-0244			(4,181)	-
US GOVERNMENT/DNP	12.300	275	-	16-C-5312			275	-
US GOV'T/DNP	12.300	25,232	-	14-D-0005/0007			25,232	-
US GOV'T/DNP	12.300	786,559	-	184G001			786,559	329,091
US GOV'T/DNP	12.300	558,332	-	18-C-3157			558,332	-
US GOV'T/DNP	12.300	3,179,632	-	19-C-0405			3,179,632	-
US GOV'T/DNP	12.300	1,767,110	-	19-C-4900			1,767,110	-
US GOV'T/DNP	12.300	282,169	-	19-C-8792			282,169	-
US GOV'T/DNP	12.300	7,633,648	-	20-C-0024			7,633,648	145,431
US GOV'T/DNP	12.300	1,507,047	-	20-C-0160			1,507,047	-
US GOV'T/DNP	12.300	1,142,460	-	20-C-0355			1,142,460	-
US GOV'T/DNP	12.300	5,028,310	-	20C2001			5,028,310	-
US GOV'T/DNP	12.300	285,955	-	20-C-8995			285,955	-
US GOV'T/DNP	12.300	896,189	-	21-C-0060			896,189	-
US GOV'T/DNP	12.300	430,986	-	B20-2020260G002			430,986	203,491
US GOV'T/DNP	12.300	1,584,805	-	DNP			1,584,805	-
USAEEDC, TEC	12.300	1,820	-	W9132V19C0003			1,820	-
USAF	12.300	16,253	-	FA8650-15-C-7562			16,253	17,927
USAF	12.300	8,020	-	FA8650-18-C-7809			8,020	154,784
USAF	12.300	(588)	-	FA8750-16-C-0169			(588)	-
USAF	12.300	527,989	-	FA8750-17-C-0115			527,989	513,681
USAF AFTC/PZIE	12.300	1,982,416	-	FA2487-18-D-0001			1,982,416	159,803
USAF/AFMC	12.300	9,201	-	FA8750-16-C-0170			9,201	-
USAF/AFMC/AFRL	12.300	101,776	-	FA8650-21-C-4600			101,776	-
USAF/AFMC/AFRL	12.300	272,908	-	FA8750-19-C-0511			272,908	76,953
USAF/AFMC/AFRL	12.300	1,383,757	-	FA8750-20-C-0155			1,383,757	551,744
USAMRAA	12.300	1,157,515	-	W81XWH19C0096			1,157,515	554,097
USC	12.300	-	97,344		USC	127288550	97,344	-
ERDC CONTRACTING OFFICE	12.300	(102)	-	W912HZ-11-C-0029			(102)	-
Leidos, Inc	12.300	-	98,800		Leidos, Inc	P010261735	98,800	-
MISSION & INSTALLATION CO	12.300	25,843	-	W91151-15-D-0006			25,843	-
QinetiQ Inc.	12.300	-	450,597		QinetiQ Inc.	RS3-20-010	450,597	-
Dept. of Defense								
CACI, Inc. - Federal	12.300	-	55,482		CACI, Inc. - Federal	P000116412	55,482	-
DLA Land & Maritime	12.300	4,244,513	-	SPE7MX-15-D-0008			4,244,513	-
LOCKHEED MARTIN	12.300	-	61,846		LOCKHEED MARTIN	4104864192	61,846	-
NAVSUP FLC NORFOLK	12.300	226,095	-	N00178-14-D-7933			226,095	6,518
NAVY ENGINEERING LOGIS	12.300	552,094	-	N4175621C4357			552,094	-
SPACE DEVELOPMENT AGENCY	12.300	1,922,849	-	HQ085021C0009			1,922,849	-
USAF	12.300	(869)	-	FA8620-08-C-3008			(869)	-
USAF/AFMC/AFTC	12.300	1,324	-	FA2487-13-D-0009			1,324	-
USAMRAA	12.300	(4,146)	-	W81XWH-16-1-0262			(4,146)	-
USAMRAA	12.300	52,717	-	W81XWH2110085			52,717	-
DTRA								
Defense Threat Reduction	12.351	368,890	-	HDTRA119C0017			368,890	78,829

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Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
IARPA								
IARPA	12.910	369,329	-	2021-21060200007			369,329	103,979
IARPA	12.910	107,900	-	2022-21100600001			107,900	-
IARPA	12.910	-	-	D11PC20155			-	4,572
University of Houston	12.910	-	41,294		University of Houston	R-22-0029	41,294	-
VARIOSCALE, INC.	12.910	-	1,139,541		VARIOSCALE, INC.	FA8650-15-C-9111	1,139,541	-
Navy/Office of Naval Reserve, NRL								
OFFICE OF NAVAL RESEARCH	12.300	156,790	-	N00014-20-1-2644			156,790	-
OFFICE OF NAVAL RESEARCH	12.300	146,794	-	N00014-21-1-2754			146,794	-
UNIVERSITY OF ILLINOIS	12.300	-	77,733		UNIVERSITY OF ILLINOIS	085025-16248/AE817	77,733	-
UW-Madison	12.300	-	45,462		UW-Madison	1337	45,462	-
NRL								
OFFICE OF NAVAL RESEARCH	12.431	868,750	-	N00014-18-C-2042			868,750	-
OFFICE OF NAVAL RESEARCH	12.431	98,870	-	N00014-21-1-2579			98,870	-
OFFICE OF NAVAL RESEARCH	12.431	149,749	-	N00014-21-C-2016			149,749	-
OFFICE OF NAVAL RESEARCH	12.431	15,017	-	N00014-21-C-2034			15,017	-
U.S. Air Force								
AIR FORCE RAPID CAPABILIT	12.800	705,525	-	FA8002-21-C-0382			705,525	-
AIR FORCE RESEARCH LAB	12.800	2,199,980	-	FA8650-16-C-1707			2,199,980	363,801
ALION	12.800	-	(216,780)		ALION	SUB1148609-001	(216,780)	-
DRAPER LABORATORY	12.800	-	174,485		DRAPER LABORATORY	SC001-1168	174,485	-
GEORGIA INSTITUTE OF TECH	12.800	-	486,018		GEORGIA INSTITUTE OF TECH	D9104-S10	486,018	-
GEORGIA INSTITUTE OF TECH	12.800	-	178,224		GEORGIA INSTITUTE OF TECH	D9104-S5	178,224	-
L3HARRIS	12.800	-	386,944		L3HARRIS	A000609753	386,944	-
Leidos, Inc	12.800	-	5,153		Leidos, Inc	P010257447	5,153	-
USAF AFTC/PZIE	12.800	751,801	-	FA2487-18-D-0001			751,801	-
U.S. Army Medical								
USAMRAA	12.420	60,155	-	W81XWH2110461			60,155	8,000
Total Department of Defense		<u>140,838,501</u>	<u>16,675,843</u>				<u>157,514,344</u>	<u>21,385,553</u>
Dept of Education								
US Dept Of Education	84.324	5,390,878	-	ED-IES-17-C-0004			5,390,878	785,773
Alpha CSP	84.215	-	78,323		Alpha CSP	19-008-654-EDD	78,323	-
Amira Learning	84.305	-	48,048	R305T210038	Amira Learning	R305T210038	48,048	-
Anlar	84.215	-	8,690		Anlar	Agreement dated 9/14/21	8,690	-
BOARD OF REGENTS -U OF OK	84.324	-	34,281		BOARD OF REGENTS -U OF OK	2016-88	34,281	-
CAST, INC.	84.327	-	192,429		CAST, INC.	SR0118123122	192,429	-
CAST, INC.	84.324	-	55,863		CAST, INC.	SR070116-20	55,863	-
CHICO STATE ENTERPRISES	84.215	-	160,668		CHICO STATE ENTERPRISES	SUB19-033	160,668	-
Ctr Future of Arizona	84.411	-	172,554		Ctr Future of Arizona	2019-11-AZPTP	172,554	-
Department of Education	84.305	394,548	-	R305C210003			394,548	378,654
Department of Education	84.215	152,756	-	R324P210005			152,756	-
Department of Education	84.324	67,884	-	R324R210005			67,884	21,005
Department of Education	84.215	530	-	R305H150003			530	-
Department of Education	84.215	-	-	H373Z120002			-	(559)
DIGITAL PROMISE GLOBAL	84.411	-	2,898		DIGITAL PROMISE GLOBAL	1713	2,898	-
EDUCATION DEVELOPMENT CNT	84.295	-	16,019		EDUCATION DEVELOPMENT CNT	11972	16,019	-
EDUCATION DEVELOPMENT CNT	84.295	-	92,682		EDUCATION DEVELOPMENT CNT	12557	92,682	-
ERKSON INSTITUTE	84.215	-	13,474		ERKSON INSTITUTE	EDD 17-122	13,474	-
Hoogalit, Inc.	84.215	-	85,714		Hoogalit, Inc.	21-019-653-EDD	85,714	-
JOHNS HOPKINS UNIVERSITY	84.215	-	278,756		JOHNS HOPKINS UNIVERSITY	20-061-654-EDD	278,756	-
McREL International	84.215	-	91,341		McREL International	19-008	91,341	-
NATIONAL WRITING PROJECT	84.215	-	216,711		NATIONAL WRITING PROJECT	U411A160004	216,711	-
NEW TEACHER CENTER	84.411	-	162,887		NEW TEACHER CENTER	S411B200057	162,887	-
NEW TEACHER CENTER	84.411	-	32,606		NEW TEACHER CENTER	U411A150005	32,606	-
NEW TEACHER CENTER	84.215	-	347,126		NEW TEACHER CENTER	U411A190003	347,126	-
NEW TEACHER CENTER	84.215	-	317,857		NEW TEACHER CENTER	U423A180077	317,857	-
NEW YORK UNIVERSITY	84.305	-	130,389		NEW YORK UNIVERSITY	F0085-01	130,389	-
POLICY STUDIES ASSOCIATES	84.215	-	311,386		POLICY STUDIES ASSOCIATES	(NP) 997650	311,386	-
ROCKETSHIP EDUCATION	84.022	-	191,626		ROCKETSHIP EDUCATION	U282M170011	191,626	-
RTI INTERNATIONAL	84.215	-	131,617		RTI INTERNATIONAL	1-312-0215020-52348L	131,617	-

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Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
TEACHERS COLLEGE	84.305	-	77,556		TEACHERS COLLEGE	511147	77,556	-
TOURO COLLEGE & UNIVERSIT	84.215	-	217,254		TOURO COLLEGE & UNIVERSIT	120120-SC01	217,254	-
UNIV. OF NORTH CAROLINA	84.326	-	636,391		UNIV. OF NORTH CAROLINA	5108651	636,391	-
UNIVERSITY OF KANSAS	84.411	-	73,606		UNIVERSITY OF KANSAS	BSA20071	73,606	-
UNIVERSITY OF MISSOURI	84.215	-	117,634		UNIVERSITY OF MISSOURI	00072654-2	117,634	-
UNIVERSITY OF OKLAHOMA	84.324	-	31,090		UNIVERSITY OF OKLAHOMA	2022-03	31,090	-
US Dept Of Education	84.215	178,988	-	305U210001			178,988	-
US Dept Of Education	84.326	44,225	-	H326M210002			44,225	15,358
US Dept Of Education	84.373	6,750,960	-	H373Z190002			6,750,960	3,034,938
US Dept Of Education	84.324	266,616	-	R305A160005			266,616	-
US Dept Of Education	84.305	441,479	-	R305A180013			441,479	316,765
US Dept Of Education	84.305	244,131	-	R305A200292			244,131	27,844
US Dept Of Education	84.324	361,367	-	R324A160010			361,367	60,887
US Dept Of Education	84.411	995,461	-	U411C180070			995,461	536,208
WESTAT, INC	84.215	-	62,800		WESTAT, INC	6550-S-003	62,800	-
WESTAT, INC	84.215	-	270,278		WESTAT, INC	6729-S-005	270,278	-
WESTED	84.305	-	132,068		WESTED	S-00015917	132,068	-
WESTED	84.305	-	36,024		WESTED	S-00016177	36,024	-
WESTED	84.411	-	308,179		WESTED	S-16522	308,179	-
Total Department of Education		15,289,823	5,136,825				20,426,648	5,176,873
Dept. of Energy								
ARPA-E/DOE	81.135	305,012	-	DE-AR0001443			305,012	21,271
DEPARTMENT OF ENERGY	81.089	21,069	-	DE-FE-0031552			21,069	3,016
DEPARTMENT OF ENERGY	81.089	1,257,630	-	DE-FE0031588			1,257,630	163,835
DEPARTMENT OF ENERGY	81.089	511,830	-	DE-FE0031597			511,830	88,623
DEPARTMENT OF ENERGY	81.089	501,560	-	DE-FE0031633			501,560	164,441
Lawrence Berkeley National Laboratory	81.041	-	59,302		Lawrence Berkeley National Laboratory	7277925	59,302	-
NATIONAL ACCELERATOR LAB	81.041	-	(18,105)		NATIONAL ACCELERATOR LAB	179460	(18,105)	-
Rutgers, State University	81.041	-	17,347		Rutgers, State University	2025	17,347	-
Syracuse University	81.041	-	10,668		Syracuse University	30017-04943-S01	10,668	-
Total Department of Energy		2,597,101	69,212				2,666,313	441,186
Department of Health and Human Services								
DEPT OF HEALTH & HUMAN SV	93.859	39,338	-	47QRAA21D002R			39,338	-
DHHS/BARDA	93.859	-	-	HHSO100201500032C			-	3,722
DHHS/BARDA	93.859	-	-	HHSO100201000007C			-	2,925
HHS/OS/ASPR/BARDA	93.859	21,718	-	HHSO100201000007C			21,718	19,127
HHS/OS/ASPR/BARDA	93.859	4,532,710	-	HHSO100201600007C			4,532,710	1,922,502
NICHD/NIH	93.859	265,927	-	HHSN275201800007I			265,927	35,000
DHHS/NCI	93.859	(489)	-	HHSN261201700014I			(489)	-
DHHS/NCI	93.859	(896)	-	N02CM-2012-00028			(896)	-
DHHS/NCI	93.859	(139)	-	N02CM-2016-00017			(139)	-
DHHS/NIAD/DAIDS	93.859	(230)	-	75N93021D00001			(230)	-
DHHS/NIH	93.859	(32,919)	-	HHSN275201500002I			(32,919)	-
Wistar Institute	93.859	-	(754)	HHSN272201700057C	Wistar Institute	29903-02-307	(754)	-
DHHS/NIAD/MDM	93.859	33,296	-	HHSN272201100022I			33,296	-
DHHS/NIAD/DAIDS	93.859	111,199	-	HHSN272201400006I			111,199	-
DHHS/NIH	93.859	17,987	-	HHSN271201100004I			17,987	-
DHHS/NIH	93.859	(34,852)	-	HHSN271201400006I			(34,852)	-
NINDS/NIH	93.853	-	-	R21NS106882			-	1,249
Dept of Health & Human Se	93.575	451,325	-	90YE0218			451,325	-
SRIC-BI	93.575	265,907	-	90YE0222			265,907	119,697
DEPT OF HEALTH & HUMAN SV	93.859	4,265,255	-	HHSN272201500041I			4,265,255	1,012,081
DHHS/BARDA	93.859	825,910	-	HHSO100201700030C			825,910	23,001
DHHS/NHLBI	93.859	2,982	-	HHSN268201300022C			2,982	-
DHHS/NIAD	93.859	611	-	HHSN272201500013I			611	(4,200)
MDM/NIAD/NIH	93.859	7,142,686	-	HHSN272201800001I			7,142,686	-
Leidos, Inc	93.859	-	150,155		Leidos, Inc	16X147	150,155	-
NATIONAL OPINION RESEARCH	93.859	-	14,958		NATIONAL OPINION RESEARCH	8665.SRI.01	14,958	-
NCATS/NIH	93.859	525,526	-	HHSN271201700014I			525,526	-

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Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
NCINIH	93.859	(2,080)	-	HHSN261201700014I			(2,080)	-
NIAAA/NIH	93.273	205,880	-	R21AA028617			205,880	-
NIAAA/NIH	93.273	666,737	-	U01AA017347			666,737	418,540
NIAAA/NIH	93.859	1,255,718	-	U24AA021697			1,255,718	405,724
NIAD/NIH	93.859	6,987,282	-	75N93020D00011			6,987,282	1,231,472
NIAD/NIH	93.859	1,959,410	-	HHSN272201500013I			1,959,410	2,354,882
NIBB/NIH	93.859	12,231	-	R21EB022206			12,231	-
NICHD/NIH	93.859	3,739,789	-	75N94020D00003			3,739,789	-
NICHD/NIH	93.859	479,454	-	HHSN275201500002I			479,454	81,155
NICHD/NIH	93.859	1,238,648	-	HHSN275201800007I			1,238,648	31,598
NIDA/NIH	93.859	2,860,928	-	HHSN271201600006I			2,860,928	189,081
NIDA/NIH	93.859	1,338,500	-	HHSN271201800019I			1,338,500	-
NIDA/NIH	93.859	199,124	-	HHSN271201800041C			199,124	-
NIH	93.859	15,679	-	75N94020D00003			15,679	-
THE REGENTS OF UNIV. CA.	93.859	-	(1)		THE REGENTS OF UNIV. CA.	68534383	(1)	-
US Dept of Health & Human	93.859	994,535	-	HHSP233201500041I			994,535	347,617
Leidos, Inc	93.859	-	27,642		Leidos, Inc	16X147	27,642	-
NIH/NHGRI	93.859	(8,846)	-	1R21CA218778-01			(8,846)	-
NIH/NHGRI	93.859	132,430	-	R21CA254048			132,430	-
NCINIH	93.394	263,334	-	1R01CA214515-01			263,334	131,201
NCINIH	93.859	69,928	-	1R33CA247739-01			69,928	-
NCINIH	93.859	94,324	-	HHSN261201600017I			94,324	-
NCINIH	93.396	222,857	-	R21CA236640			222,857	-
NCINIH	93.279	6,137	-	R21DA046144			6,137	10,943
NHLBINIH	93.233	387,332	-	1R01HL150836-01			387,332	235,247
NHLBINIH	93.233	474,219	-	R01HL059658			474,219	-
NIA/NIH	93.866	908,664	-	R01AG061355			908,664	153,678
NEURONASCENT, INC.	93.866	-	86,865		NEURONASCENT, INC.	5656-1A	86,865	-
NIAAA/NIH	93.273	733,871	-	R01 AA05965			733,871	40,345
NIAAA/NIH	93.273	938,468	-	U01AA021696			938,468	66,516
Stanford University	93.273	-	30,643		Stanford University	60972142-41990	30,643	-
Stanford University	93.273	-	56,065		Stanford University	61034433-14741-E	56,065	-
NIAD/NIH	93.859	43,008	-	75N93020D00011			43,008	-
DAIDS/NIAD/NIH	93.859	24,546	-	75N93021D00001			24,546	-
DAIDS/NIAD/NIH	93.859	1,951,621	-	HHSN272201400006I			1,951,621	766,777
NIAD/NIH	93.859	75,061	-	HHSN272201500013I			75,061	-
DMID/NIAD/NIH	93.859	565,785	-	HHSN272201800001I			565,785	-
UNIVERSITY OF WASHINGTON	93.859	-	(2,002)		UNIVERSITY OF WASHINGTON	BPO9821	(2,002)	-
NIDA/NIH	93.279	1,453,009	-	U01DA041022			1,453,009	-
NIH	93.859	194,772	-	HHSN272201800001I			194,772	-
ALERE WELLBEING, INC.	93.279	-	6,987		ALERE WELLBEING, INC.	1R01DA031147-01A1	6,987	-
NIH	93.859	7,928	-	75N94020D00003			7,928	-
NINDS/NIH	93.853	440,971	-	R01NS098813			440,971	-
NINDS/NIH	93.853	966,897	-	R01NS103529			966,897	-
NINDS/NIH	93.853	221,917	-	R21NS113589			221,917	-
NIDA/NIH	93.859	362,830	-	HHSN271201600006I			362,830	-
NIH	93.859	11,997	-	HHSN271201800019I			11,997	-
NINDS/NIH	93.859	50,477	-	R21NS123495			50,477	-
NIAAA/NIH	93.273	798,391	-	U01AA013521			798,391	251,151
NIAD/NIH	93.855	635,594	-	R01AI160719			635,594	-
NIBB/NIH	93.310	536,221	-	1DP2EB024245-01			536,221	33,000
NIDDK/NIH	93.847	228,096	-	R01DK088787			228,096	57,986
NIH	93.859	997,495	-	2R01GM077678-28			997,495	180,455
NIH	93.859	714,576	-	2R01GM080746-13			714,576	-
NHLBINIH	93.837	617,325	-	1R01HL139652-01			617,325	-
Oregon Health & Science U	93.855	-	510,319		Oregon Health & Science U	1015301_SRI	510,319	-
Stanford University	93.879	-	70,256		Stanford University	62395044-140774	70,256	-
UNIVERSITY OF OREGON	93.242	-	141,715		UNIVERSITY OF OREGON	215680C	141,715	-
Total Department of Health and Human Services		55,505,922	1,092,848				56,598,770	10,122,472

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Federal Program	Assistant Listing Number	Direct (\$)	Pass Through (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure	Pass to Sub Recipients
Dept. of Homeland Security								
DEPT OF HOMELAND SECURITY	97.001	2,331,943	-	HS HQDC-16-C-00034			2,331,943	174,653
Total Department of Homeland Security		<u>2,331,943</u>	<u>-</u>				<u>2,331,943</u>	<u>174,653</u>
Department of Justice								
THE MITRE CORPORATION	16.560	-	379,641		THE MITRE CORPORATION	131424	379,641	-
THE MITRE CORPORATION	16.560	-	(2,007)		THE MITRE CORPORATION	131424-1	(2,007)	-
US DEPT OF JUSTICE	16.560	316,715	-	2016-CK-BX-0002			316,715	1,004,631
US DEPT OF JUSTICE	16.560	226,521	-	2020-YB-FX-0011			226,521	5,668
Total Department of Justice		<u>543,236</u>	<u>377,634</u>				<u>920,870</u>	<u>1,010,299</u>
Library of Congress								
NASA SHARED SERVICES CTR.	42.001	6,631	-	80NSSC20K0915			6,631	-
Total Library of Congress		<u>6,631</u>	<u>-</u>				<u>6,631</u>	<u>-</u>
National Aeronautics and Space Administration								
DARTMOUTH COLLEGE	43.001	-	125,645		DARTMOUTH COLLEGE	R1130	125,645	-
JOHNS HOPKINS UNIVERSITY	43.001	-	1,285,463		JOHNS HOPKINS UNIVERSITY	131044	1,285,463	-
JOHNS HOPKINS UNIVERSITY	43.001	-	816,023		JOHNS HOPKINS UNIVERSITY	156080	816,023	-
JOHNS HOPKINS UNIVERSITY	43.001	-	20,506		JOHNS HOPKINS UNIVERSITY	161887	20,506	-
NASA	43.001	4,955	-	80NSSC21K0302			4,955	-
NASA GLENN RESEARCH CENTE	43.001	243,914	-	80GRC018C0018			243,914	-
NASA GLENN RESEARCH CENTE	43.001	262,691	-	80GRC019C0037			262,691	-
NASA SHARED SERVICES CTR.	43.001	86,690	-	80NSSC18K0702			86,690	-
NASA SHARED SERVICES CTR.	43.001	39,877	-	80NSSC18K1237			39,877	-
NASA SHARED SERVICES CTR.	43.001	94,743	-	80NSSC19K0081			94,743	-
NASA SHARED SERVICES CTR.	43.001	233,850	-	80NSSC19K0535			233,850	37,495
NASA SHARED SERVICES CTR.	43.003	279,486	-	80NSSC20K1176			279,486	-
NASA SHARED SERVICES CTR.	43.001	1,380	-	80NSSC21K0664			1,380	16,671
NASA SHARED SERVICES CTR.	43.001	54,221	-	80NSSC21K1119			54,221	-
NASA/Ames Research Center	43.001	13,223	-	NNA10DE73C			13,223	12,897
NASA/GODDARD SPACE	43.001	75,949	-	NNX14AO79G			75,949	-
NASA-AMES RESEARCH CENTE	43.001	168,904	-	80ARC018D0016			168,904	-
NASA-AMES RESEARCH CENTE	43.001	141,724	-	80NSSC21K0458			141,724	-
National Ins of Aerospace	43.008	-	239,922		National Ins of Aerospace	C21-202017-SRI	239,922	-
UCAR	43.001	-	6,638		UCAR	SUBAWD002585	6,638	-
UNIVERSITY OF ALASKA	43.001	-	1,373		UNIVERSITY OF ALASKA	UA-21-0103	1,373	-
UNIVERSITY OF CALIFORNIA	43.001	-	91,016		UNIVERSITY OF CALIFORNIA	7591252	91,016	-
UNIVERSITY OF MICHIGAN	43.001	-	88,275		UNIVERSITY OF MICHIGAN	SUBK00011962	88,275	-
UNIVERSITY OF MICHIGAN	43.001	-	93,694		UNIVERSITY OF MICHIGAN	SUBK00016000	93,694	-
Total National Aeronautics and Space Administration		<u>1,701,607</u>	<u>2,768,555</u>				<u>4,470,162</u>	<u>67,063</u>
National Science Foundation								
National Science Foundation								
DIGITAL PROMISE GLOBAL	47.070	-	70,650		DIGITAL PROMISE GLOBAL	IS-2021159	70,650	-
EDUCATION DEVELOPMENT CNT	47.076	-	3,938		EDUCATION DEVELOPMENT CNT	2021-0107	3,938	-
ERIKSON INSTITUTE	47.076	-	43,334		ERIKSON INSTITUTE	EDD 14-179R2	43,334	3,566
GEORGIA INSTITUTE OF TECH	47.076	-	4,089		GEORGIA INSTITUTE OF TECH	AWD101123G1/5035786	4,089	-
National Science Foundati	47.070	39,030	-	NSFDACS16C1234			39,030	32,314
DIGITAL PROMISE GLOBAL	47.070	-	4,373		DIGITAL PROMISE GLOBAL	STEM+C - 1827293	4,373	-
National Science Foundation	47.070	43,017	-	IS-2139219			43,017	-
National Science Foundation	47.070	13,783	-	1514503			13,783	-
National Science Foundation	47.070	159,477	-	1547467			159,477	13,499
National Science Foundation	47.050	22,983	-	1732365			22,983	-
National Science Foundation	47.074	131,830	-	1920922			131,830	-
National Science Foundation	47.070	306	-	1940795			306	-
National Science Foundation	47.070	38,223	-	2016597			38,223	-
National Science Foundation	47.074	104,883	-	2109898			104,883	-
National Science Foundation	47.050	446	-	AGS-1239348(CA)			446	-
National Science Foundation	47.050	92,114	-	AGS-1757944			92,114	-
National Science Foundation	47.050	4,005,502	-	AGS-1840962			4,005,502	1,327,076

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National Science Foundation	47.050	302,966	-	AGS-1933013			302,966	-
National Science Foundation	47.050	8,620	-	AGS-2009960			8,620	-
National Science Foundation	47.050	93,502	-	AGS-2027300			93,502	-
National Science Foundation	47.070	53,962	-	CCF-1816936			53,962	-
National Science Foundation	47.070	39,359	-	CCF-1817204			39,359	-
National Science Foundation	47.070	6,799	-	CCF-1822342			6,799	-
National Science Foundation	47.070	27,884	-	CNS-1740079			27,884	-
National Science Foundation	47.070	137,716	-	CNS-1925616			137,716	-
National Science Foundation	47.076	21,749	-	DGE-1821666			21,749	-
National Science Foundation	47.076	159,916	-	DRL-1741956			159,916	12,313
National Science Foundation	47.076	224,688	-	DRL-1742195			224,688	139,753
National Science Foundation	47.076	317,147	-	DRL-1906490			317,147	13,810
National Science Foundation	47.076	202,538	-	DRL-1933678			202,538	-
National Science Foundation	47.076	297,620	-	DRL-2010591			297,620	7,934
National Science Foundation	47.076	184,662	-	DUE-2000881			184,662	129,833
National Science Foundation	47.076	2,122,961	-	HRD-1818635		2,122,961	1,451,821	-
National Science Foundation	47.070	312,996	-	IS 2016849		312,996	-	-
National Science Foundation	47.070	105,956	-	OAC-1835573		105,956	-	-
National Science Foundation	47.050	46,911	-	OCE-1923892		46,911	-	-
National Science Foundation	47.049	27,894	-	PHY-1659576		27,894	-	-
National Science Foundation	47.076	49,209	-	SRL-2055609		49,209	5,935	-
NORTH CAROLINA STATE UNIV	47.076	-	44,633		NORTH CAROLINA STATE UNIV	2019-3232-01	44,633	-
PURDUE UNIVERSITY	47.076	-	2,173		PURDUE UNIVERSITY	10001165-002	2,173	-
PURDUE UNIVERSITY	47.070	-	103,776		PURDUE UNIVERSITY	10001594-033	103,776	-
TECHNICAL EDUCATION RESEA	47.076	-	54,008		TECHNICAL EDUCATION RESEA	68180	54,008	-
WESTED	47.076	-	15,813		WESTED	S-00016449	15,813	-
American Museum of Natural History	47.076	-	19,642		American Museum of Natural History	B26-2020-06	19,642	-
NSF								
LISA HEALTH INC	47.070	-	105,152		LISA HEALTH INC	2111818	105,152	-
National Science Foundati	47.070	56,748	-	NSFDACS16C1234			56,748	90,897
National Science Foundation	47.070	(1,395)	-	1511852			(1,395)	-
National Science Foundation	47.070	22,079	-	2013314			22,079	-
National Science Foundation	47.070	90,057	-	2034772			90,057	-
National Science Foundation	47.070	10,344	-	2102166			10,344	-
National Science Foundation	47.070	229,421	-	49100421D0014			229,421	-
National Science Foundation	47.070	4,354,172	-	NSFDACS16C1234			4,354,172	1,861,203
NUMENTUS TECHNOLOGIES	47.070	-	22,000		NUMENTUS TECHNOLOGIES	PO1021	22,000	-
SOUTH ORANGE COUNTY	47.070	-	198,842		SOUTH ORANGE COUNTY	SN006408	198,842	-
UNIV. OF NORTH CAROLINA	47.070	-	70,207		UNIV. OF NORTH CAROLINA	5115823	70,207	-
University of Colorado Boulder	47.070	-	(854)	DRL-1503510	University of Colorado Boulder	1552995	(854)	-
Total National Science Foundation		14,158,075	761,776				14,919,851	5,089,954
Total - Research and Development Cluster		232,972,839	26,882,693				259,855,532	43,468,053

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Other Programs								
Department of Agriculture								
US AGRICULTURE	10.U01	4,800	-	19-641 ECC			4,800	-
Total Department of Agriculture		<u>4,800</u>	<u>-</u>				<u>4,800</u>	<u>-</u>
Department of Defense								
AD&TV								
USAF AFTC/PZIE	12.U01	6,937,591	-	FA2487-18-D-0001			6,937,591	380,368
ARO								
Leidos, Inc	12.U03	-	99,191		Leidos, Inc	P010245913	99,191	-
Leidos, Inc	12.U03	-	643,790		Leidos, Inc	P010252030	643,790	-
Leidos, Inc	12.U03	-	64,191		Leidos, Inc	P010252030	64,191	-
Leidos, Inc	12.U03	-	83,184		Leidos, Inc	P010252639	83,184	-
DARPA								
DARPA	12.U04	1,637	-	HR001122C0032			1,637	-
Defence Logistics Agency								
DLA Land & Maritime	12.U05	15,961,236	-	SPE7MX-19-D-0025			15,961,236	71,360
Dept. of Army								
Federal Reserve Bank	12.U06	136,642	-	C50801			136,642	-
USAF AFTC/PZIE	12.U07	1,436,070	-	FA2487-18-D-0001			1,436,070	772,791
Federal Reserve Bank	12.U08	4,263	-	PR34680			4,263	-
MISSION & INSTALLATION CO	12.U09	287,894	-	W9115121D0008			287,894	-
LINQUEST CORPORATION	12.U10	-	1,250,746		LINQUEST CORPORATION	1C003500-008	1,250,746	-
ACET	12.U11	-	40,812		ACET	2018-SRI-001	40,812	-
PMAT	12.U12	-	(2,058)		PMAT	2020-SRI-0065	(2,058)	-
L3HARRIS	12.U13	-	23,349		L3HARRIS		23,349	-
Federal Reserve Bank	12.U14	-	321,335		Federal Reserve Bank	C50801	321,335	-
KBR Wyle Services, LLC	12.U15	-	44,542		KBR Wyle Services, LLC	LX08000047	44,542	-
CACI TECHNOLOGIES, INC.	12.U16	-	2,232,229		CACI TECHNOLOGIES, INC.	P000074365	2,232,229	-
Leidos, Inc	12.U17	-	97,112		Leidos, Inc		97,112	-
PRAXIS INC	12.U18	-	63,832		PRAXIS INC	PO SC2019003	63,832	-
Booz-Allen Hamilton Engineering Services	12.U19	-	4,035		Booz-Allen Hamilton Engineering Services	S900192BAH	4,035	-
UCAR	12.U20	-	102,789		UCAR	SUBCON001633	102,789	-
Dept. of Defense								
BOOZ ALLEN HAMILTON	12.U21	-	625		BOOZ ALLEN HAMILTON	A14665	625	-
LOCKHEED MARTIN	12.U22	-	15,680		LOCKHEED MARTIN	6574050448	15,680	-
PROBITY INC.	12.U23	-	290,927		PROBITY INC.	ACACIA-SRI-2021-01	290,927	-
ALION	12.U24	-	2,269,473		ALION		2,269,473	-
U.S. Air Force								
L3HARRIS	12.U25	-	228,433		L3HARRIS	A000619713	228,433	-
Total Department of Defense		<u>24,765,333</u>	<u>7,874,217</u>				<u>32,639,550</u>	<u>1,224,519</u>
Department of Education								
Dept of Education								
McREL International	84.U01	-	10,113		McREL International	17-006	10,113	-
SANTA CLARA UNIVERSITY	84.U03	-	1,879		SANTA CLARA UNIVERSITY	21-043-654-EDD	1,879	-
WESTED	84.U04	-	347,146		WESTED	S-00018031	347,146	-
Independent Agencies								
ASTC	84.U05	-	73,172		ASTC	21-108-654-EDD	73,172	-
Total Department of Education		<u>-</u>	<u>432,310</u>				<u>432,310</u>	<u>-</u>
Department of Home Land Security								
DHS								
Dept of Home Land Security	97.U01	494,115	-	70RSAT19CB0000017			494,115	-
Total Department of Home Land Security		<u>494,115</u>	<u>-</u>				<u>494,115</u>	<u>-</u>
National Aeronautics & Space Administration								
NASA								
KBR Wyle Services, LLC	43.U01	-	212,498		KBR Wyle Services, LLC	SMS0000930	212,498	20,400
RAYTHEON VISION SYSTEMS	43.U02	-	(15,501)		RAYTHEON VISION SYSTEMS	4201846577	(15,501)	-
RAYTHEON VISION SYSTEMS	43.U02	-	(31,786)		RAYTHEON VISION SYSTEMS	4200553978	(31,786)	-
RAYTHEON VISION SYSTEMS	43.U02	-	163,704		RAYTHEON VISION SYSTEMS	4202367264	163,704	-
UNIVERSITY OF ARIZONA	43.U03	-	25,879		UNIVERSITY OF ARIZONA	532669	25,879	-
Total National Aeronautics & Space Administration		<u>-</u>	<u>354,794</u>				<u>354,794</u>	<u>20,400</u>
Total - Other Programs		<u>25,264,248</u>	<u>8,661,321</u>				<u>33,925,569</u>	<u>1,244,919</u>
Total - Expenditures of Federal Awards		<u>259,237,087</u>	<u>35,544,014</u>				<u>293,781,101</u>	<u>44,712,972</u>

The accompanying notes are an integral part of this schedule

SRI International

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 25, 2021

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of SRI International ("SRI") under programs of the federal government for the year ended December 25, 2021. SRI uses a fiscal year that ends on the last Saturday in December. The fiscal year ended December 25, 2021 and included 52 weeks of operations. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). The purpose of the Schedule is to present a summary of those activities of SRI for the year ended December 25, 2021 which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between SRI and the federal government or federal subrecipient. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in Title 48 U.S. *Code of Federal Regulations Federal Acquisition Regulations System* and the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of SRI, it is not intended to and does not present the financial position, changes in net assets, or the cash flows of SRI. Assistant listing and pass-through numbers have been included when available. Negative amounts represent adjustment to amounts reported in prior years in the normal course of business.

2. Indirect Costs

SRI International applies its negotiated indirect rates when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

Indirect costs included in this Schedule have been calculated using the lesser of allowable ceiling rates or anticipated final rates. Therefore, the amounts presented in this Schedule include direct expense charges and indirect costs at anticipated final rates.

3. Classified Contracts

During the year ended December 25, 2021, SRI expended \$28,815,679 of funds under classified contracts that are designated as Client Private or Do Not Publish ("DNP") on the Schedule. These contracts have national security interests and, in certain cases, SRI cannot provide external auditors access to facilities or information related to these certain contracts. These contracts are subject to audit by the sponsoring agency.



**Report of Independent Auditors 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 Directors of SRI International

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 consolidated financial statements of SRI International and its subsidiaries ("SRI"), which comprise the consolidated balance sheet as of December 25, 2021, and the related consolidated statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"), and have issued our report thereon dated May 6, 2022 except for Note 17 and with respect to the opinion on the schedule of expenditures of federal awards, as to which the date is June 29, 2022.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SRI'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 consolidated 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 SRI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

San Francisco, California

May 6, 2022 except for Note 17 and with respect to the opinion on the schedule of expenditures of federal awards, as to which the date is June 29, 2022



Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Directors of SRI International

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SRI International and its subsidiaries ("SRI") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of SRI's major federal programs for the year ended December 25, 2021. SRI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SRI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 25, 2021.

Basis of Opinion on Each Major Federal Program

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

We are required to be independent of SRI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SRI's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance



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

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SRI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SRI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SRI's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on SRI's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs and management's views and corrective action plan. SRI's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a



federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PricewaterhouseCoopers LLP

San Francisco, California
June 29, 2022

SRI International
Schedule of Findings and Questioned Costs
Year Ended December 25, 2021

Part I – Summary of Auditor’s Results

Consolidated Financial Statements

Type of audit report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Noncompliance which is material to the financial statements? No

Federal Awards

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

Internal control over federal awards:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Audit findings required to be reported under Uniform Guidance 200.516(a)? Yes

Identification of major federal programs:

<u>Assistant Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
Various	Research and Development Cluster (R&D Cluster)	
12.U01	USAF AFTC/PZIE	
12.U07	Linquest Corporation	
Dollar threshold for Type A program		\$3,000,000
Auditee qualifies as a low-risk auditee		Yes

SRI International
Schedule of Findings and Questioned Costs (continued)
Year Ended December 25, 2021

Part II - Financial Statement Findings

None noted

SRI International

Schedule of Findings and Questioned Costs (continued)

Year Ended December 25, 2021

Part III – Federal Award Findings and Questioned Costs

Finding 2021-001: Equipment

Assistant Listing #: 12.300 (R&D Cluster)

Contract number: Client Private

Award year: 2021

Federal Agency: Department of Army

Pass Through Entity: N/A

Criteria

OMB requirements state: “A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated” (2 CFR section 200.313(d)(3)).

Condition

The audit team was unable to access and physically inspect 1 out of 25 of the equipment selections. The equipment selection was in a restricted/classified portion of SRI’s facilities. As such, the audit team was unable to physically inspect the equipment selection and thus unable to conclude that compliance requirements were met.

Questioned Costs

None identified.

Cause

The federal funding agency and/or pass through entity has categorized certain contracts as Classified which precludes us from having the necessary access to equipment to evidence compliance with the OMB Uniform Guidance.

SRI was unable to provide the selected equipment for physical inspection. This was a repeat of finding 2020-001 in the prior year’s audit.

Effect

Due to the lack of access to the restricted/classified facilities, we are unable to obtain appropriate evidence over certain compliance requirements as a result of this limitation.

Recommendation

We recommend that SRI work with the DoD Inspector General and its funding agencies to resolve this matter and develop an audit plan to ensure compliance with 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).

Management’s Views and Corrective Action Plan

Management’s views and corrective action plan are included at the end of this report.

SRI International
Summary Schedule of Prior Year Findings
Year Ended December 25, 2021

Finding 2020-001: Equipment

Assistance Listing #: 12.RD (R&D Cluster)

Contract number: SC001-1168

Award year: 2020

Federal Agency: Air Force

Pass Through Entity: Draper Laboratory

This finding is repeated in the current year's audit as finding 2021-00. Refer to the current year corrective action plan for additional details regarding classified equipment.



Finding 2021-001: Equipment

Assistant Listing #: 12.300 (R&D Cluster)

Contract number: Client Private

Award year: 2021

Federal Agency: Department of Army

Pass Through Entity: N/A

Summary of Finding

The audit team was unable to access and physically inspect 1 out of 25 of equipment selections. The equipment selection was in a restricted/classified portion of the SRI's facilities. As such, the audit team was unable to physically inspect the equipment selection and thus unable to conclude that compliance requirements were met.

SRI's Response

SRI manages property in its control, in accordance with contractual requirements and SRI's established property control system with a goal of continuous improvement. SRI performs regular self-assessments and conducts periodic inventories that ensures SRI is a responsible contracting party who provides the customer with the best value while avoiding undue risk.

One of the equipment selections was in a restricted/classified portion of SRI's facilities. As such, PwC was unable to physically inspect the equipment selections and thus unable to conclude that compliance requirements were met.

Corrective Action

This issue does not reflect a process issue on the part of SRI rather it is a security issue of the United States Government that does not allow PwC employees to access classified equipment without proper clearance.

Prepared by:

A handwritten signature in black ink, appearing to be 'Mark Rienhart', written over a horizontal line.

Mark Rienhart
Director, Logistics
23 June 2022