

**The RAND Corporation**  
**Report on Financial Statements and**  
**Expenditures of Federal Awards in Accordance**  
**with the Uniform Guidance**  
**Year ended September 30, 2022**  
**EIN #95-1958142**

**The RAND Corporation**  
**Index**  
**September 30, 2022**

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## **Report of Independent Auditors**

To the Board of Trustees of The RAND Corporation

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of The RAND Corporation and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, 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 the Company as of September 30, 2022 and 2021, 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 the Company 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 the Company’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 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 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 the Company'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 the Company'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 September 30, 2022 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. As described in Note 1 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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, on the basis of accounting described in Note 1, in relation to the consolidated financial statements as a whole.

The accompanying financial responsibility supplemental schedule as of and for the year ended September 30, 2022 is presented for purposes of additional analysis as required by the Department of Education 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 financial responsibility supplemental schedule 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 January 26, 2023, except with respect to Notes 15 and 16 to the consolidated financial statements and the opinion on the financial responsibility supplemental schedule, as to which the date is June 30, 2023, on our consideration of the Company'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 September 30, 2022. 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 the Company's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

Los Angeles, California

January 26, 2023, except with respect to Notes 15 and 16 to the consolidated financial statements and the opinion on the financial responsibility supplemental schedule, as to which the date is June 30, 2023

The RAND Corporation  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(in thousands)

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 46,113	\$ 42,194
Short-term investments	861	1,040
Receivables, net		
Billed and unbilled costs	86,480	73,316
Other receivables	8,089	5,719
Prepaid expenses and other current assets	17,371	10,822
Total current assets	<u>158,914</u>	<u>133,091</u>
Property and equipment		
Land	8,804	8,804
Buildings and improvements	122,683	122,079
Leasehold improvements	24,950	24,338
Equipment	78,861	89,228
Construction in progress	9,944	4,490
	<u>245,242</u>	<u>248,939</u>
Less: Accumulated depreciation and amortization	(139,554)	(144,096)
Net property and equipment	<u>105,688</u>	<u>104,843</u>
Long-term investments	266,233	327,932
Other assets	16,399	19,906
Total assets	<u>\$ 547,234</u>	<u>\$ 585,772</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and other liabilities	\$ 24,716	\$ 25,371
Unexpended portion of grants and contracts received	8,655	12,895
Accrued compensation and vacation	26,456	26,416
Current portion of long-term debt	3,165	3,050
Total current liabilities	<u>62,992</u>	<u>67,732</u>
Deferred rent	6,210	7,801
Other long-term liabilities	7,547	18,038
Long-term debt, less current portion and bond issue cost	91,617	94,762
Total liabilities	<u>168,366</u>	<u>188,333</u>
Net assets		
Without donor restrictions	202,748	232,812
With donor restrictions		
For time or purpose	105,958	94,497
In perpetuity	70,162	70,130
	<u>176,120</u>	<u>164,627</u>
Total net assets	<u>378,868</u>	<u>397,439</u>
Total liabilities and net assets	<u>\$ 547,234</u>	<u>\$ 585,772</u>

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

The RAND Corporation  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

(in thousands)

	September 30, 2022			September 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Contracts and grants	\$ 348,133	\$ 34,165	\$ 382,298	\$ 343,455	\$ 7,376	\$ 350,831
Net assets released from restrictions - contracts and grants	5,634	(5,634)	-	3,100	(3,100)	-
Total contracts and grants revenue and other support	353,767	28,531	382,298	346,555	4,276	350,831
Investment income, net	4,506	2,782	7,288	2,869	1,689	4,558
Net realized gains on investments	4,095	2,526	6,621	7,245	4,354	11,599
Net unrealized (losses)/gains on investments	(34,638)	(21,535)	(56,173)	26,669	15,899	42,568
Contributions	401	14,371	14,772	1,390	14,730	16,120
Contributed non-financial assets	-	-	-	9,960	-	9,960
Net assets released from restrictions	15,182	(15,182)	-	16,023	(16,023)	-
Other income	1,719	-	1,719	76	-	76
Total revenues, gains, and other support	345,032	11,493	356,525	410,787	24,925	435,712
<b>EXPENSES</b>						
Research	298,677	-	298,677	289,582	-	289,582
Management and general	86,040	-	86,040	80,070	-	80,070
Total expenses	384,717	-	384,717	369,652	-	369,652
Change in net assets before other items	(39,685)	11,493	(28,192)	41,135	24,925	66,060
Other items:						
Change in fair value of derivative instruments (Note 9)	10,491	-	10,491	6,048	-	6,048
Other components of net periodic postretirement benefit costs	3,125	-	3,125	2,151	-	2,151
Adjustment to accrued postretirement benefit liability (other than net periodic postretirement benefit cost) (Note 8)	(2,431)	-	(2,431)	(2,574)	-	(2,574)
Foreign exchange gain/(loss) on revaluation (Note 2)	(1,564)	-	(1,564)	435	-	435
Change in net assets	(30,064)	11,493	(18,571)	47,195	24,925	72,120
Net assets at beginning of year	232,812	164,627	397,439	185,617	139,702	325,319
Net assets at end of year	\$ 202,748	\$ 176,120	\$ 378,868	\$ 232,812	\$ 164,627	\$ 397,439

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

The RAND Corporation  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	For the Year Ended September 30, 2022	For the Year Ended September 30, 2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (18,571)	\$ 72,120
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,231	11,265
Loss on debt extinguishment	-	850
Net realized/unrealized (gain)/loss	49,552	(54,167)
Contributions with donor restrictions for long-term purposes	(681)	(1,899)
Contributed non-financial assets	-	(9,960)
Change in postretirement benefit liability	2,431	2,574
Change in fair value of derivative instruments	(10,491)	(6,048)
Foreign exchange (gain)/loss	970	(359)
Loss on disposition of property and equipment	-	138
Changes in assets and liabilities:		
(Increase) decrease in:		
Billed and unbilled costs and fees	(13,164)	6,920
Other receivables	(4,077)	(130)
Prepaid expenses and other current assets	(6,549)	(454)
Other long-term assets	2,327	(1,127)
Increase (decrease) in:		
Accounts payable and other liabilities	(655)	(3,369)
Unexpended portion of grants and contracts received	(4,240)	(1,669)
Accrued compensation and vacation	40	(266)
Deferred rent	(1,591)	(1,261)
Accrued postretirement benefit liability	(2,431)	(2,633)
Net cash provided by operating activities	<u>5,101</u>	<u>10,525</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(32,005)	(34,900)
Sales of investments	45,157	43,457
Purchases of property and equipment	(11,870)	(8,166)
Net cash provided by investing activities	<u>1,282</u>	<u>391</u>
<b>Cash flows from financing activities:</b>		
Payments of bond issuance costs	-	506
Principal payments on long term debt	(3,050)	(2,945)
Contributions with donor restrictions for long-term purposes	681	1,899
Repayments on line-of-credit agreement	-	(5,000)
Net cash used in financing activities	<u>(2,369)</u>	<u>(5,540)</u>
Effect of currency exchange rate changes on cash	<u>912</u>	<u>(244)</u>
Net increase in cash, cash equivalents, and restricted cash	4,926	5,132
Cash, cash equivalents, and restricted cash at beginning of period	<u>44,116</u>	<u>38,984</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 49,042</u>	<u>\$ 44,116</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 2,992	\$ 3,170

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

# The RAND Corporation

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Corporate Organization:

The RAND Corporation (RAND) is a nonprofit, tax-exempt corporation performing research and analysis funded primarily by contracts, grants, and contributions. In addition, the Pardee RAND Graduate School, which is part of the RAND Corporation, confers PhD degrees in Policy Analysis.

The consolidated financial statements of RAND include the accounts of two foreign subsidiaries: RAND Europe, a Community Interest Company domiciled in the United Kingdom, and RAND Australia, a Proprietary Company limited by shares, based in Australia. RAND formed Goshen Avenue Housing, LLC for the exclusive purpose of holding title to the Goshen Avenue Housing property. All intercompany balances and transactions have been eliminated in consolidation.

### 2. Summary of Significant Accounting Policies:

**Fiscal Year.** RAND's fiscal year is from October 1<sup>st</sup> to September 30<sup>th</sup>.

**Basis of Presentation.** The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to not-for-profit organizations.

**Net Assets.** Under GAAP applicable to not-for-profit organizations, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RAND and changes therein have been classified and are reported as follows:

- Net Assets without donor restrictions – Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period as the contribution is received; and net assets designated by the Board of Trustees or management for specific purposes.
- Net Assets with donor restrictions for time or purpose – Net assets subject to donor-imposed stipulations that will be met either by actions of RAND pursuant to those stipulations and/or by the passage of time.
- Net Assets with donor restrictions in perpetuity – Net assets subject to donor-imposed stipulations that require RAND to maintain them in perpetuity. Generally, the donors of these assets permit RAND to use all or part of the income earned on related investments for general or specific purposes.

**Use of Estimates.** The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the Consolidated Statements of Financial Position. Estimates also affect the reported amount of revenues, expenses, or other changes in net assets during the reporting period. Actual results could differ from these estimates.

**Concentrations of Risk.** Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of FDIC insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

RAND derived 87% of its U.S. Contracts and grants revenues in fiscal years 2022 and 2021 from agencies of the United States Federal Government.

**Cash and Cash Equivalents.** RAND considers all highly liquid financial instruments purchased with an original maturity of three months or less, and whose purpose is not restricted, to be cash equivalents. RAND classifies cash equivalents held as part of the investment portfolio as investments. Such investments are not included in the line item "Cash, cash equivalents, and restricted cash" in the Consolidated Statements of Cash Flows. Included in the end of period cash, cash equivalents, and restricted cash amount is \$46,113,000 and \$42,194,000 in Cash and cash equivalents, \$861,000 and \$1,040,000 of restricted cash as collateral for a line of credit related to RAND Europe in Short-term investments, and \$2,068,000 and \$882,000 of cash

in the balance of the Long-term investments for the periods ended September 30, 2022 and 2021, respectively.

**Short-term Investments.** Investments with an original maturity of one year or less, whose purpose is without donor restriction, and which are not managed as part of the Long-term investment portfolio are classified as Short-term investments. RAND held Short-term investments with readily determinable fair values of \$861,000 and \$1,040,000 and an amortized cost basis of \$861,000 and \$1,040,000 as of September 30, 2022 and September 30, 2021, respectively.

**Contributions Receivable.** Contributions receivable, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in net assets with donor restrictions for time or purpose or with donor restrictions in perpetuity based upon donor-imposed stipulations. The receivables are recorded net of the discount for future cash flows and allowance for bad debt using the credit-adjusted rate of return appropriate for the expected term of the promise to give determined at the time the unconditional promise to give is initially recognized. Receivables expected to be collected in one year or less are included in Other receivables and receivables expected to be collected after one year are included in Other assets on the Consolidated Statements of Financial Position. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Property and Equipment.** Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. Leasehold improvements are amortized by the straight-line method over the shorter of the estimated useful lives of the assets or the remaining term of the lease. Construction in progress will be amortized over the estimated useful lives of the respective assets when they are ready for their intended use and placed in service. Certain computer systems and software are internally developed. Costs associated with the application development stage are capitalized and depreciated over the useful life of the system or software. All other costs are expensed as incurred.

**Investments.** All investments related to net assets without donor restriction, including Board-designated amounts, and certain net assets with time and/or purpose or perpetual donor restrictions, are pooled in Long-term investments. Income from Long-term investments is allocated to individual funds based on the average balance for each fund.

Board-designated funds distributed for use was approximately 5% in fiscal years 2022 and 2021 based on the average of the trailing 12-quarter market values of the funds. In April 2018, the Board approved a special distribution of up to 2% per year for a period of 5 years commencing with the first distribution. In fiscal year 2022 RAND made its first 2% distribution based on the average of the trailing 12-quarter market values of the funds. This 2% special distribution was in addition to the board approved 5% distribution. The total net distribution was \$11,906,000 and \$8,938,000 for fiscal years 2022 and 2021, respectively.

Gains and losses on investments and Investment income are reported as increases or decreases in net assets without donor restriction, unless otherwise stipulated by the donor.

**Other Assets.** RAND early adopted ASU 2018-15 *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* in fiscal year 2018 and had accumulated capitalizable costs of \$9,585,000 through October 1, 2019, the date the asset was placed into service. The asset has a net book value of \$6,058,000 and \$7,234,000 for the years ended September 30, 2022 and September 30, 2021, respectively. The asset has amortized costs of \$3,527,000 and \$2,351,000 for the years ended September 30, 2022 and September 30, 2021, respectively, which is recorded in Management and general expense on the Consolidated Statements of Activities.

**Income Tax Status.** RAND is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding California provisions and has qualified for the 50% charitable contributions limitation. RAND has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the U.S. Internal Revenue Code.

**Revenue and Expense Recognition.** RAND's revenue and expense recognition policies are as follows:

**Revenue.** In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers (ASC 606)*. ASU 2014-09 supersedes the revenue recognition guidance in *Revenue Recognition (ASC 605)*. Transfers of assets are first analyzed to determine if they represent a contribution or an exchange transaction. If the transfer of assets is not considered to be a contribution, then it is considered to be an exchange transaction and assessed using the five-step model in ASC 606, whereby revenue is recognized as performance obligations within the contract are satisfied. RAND adopted ASU 2014-09 on October 1, 2020, the first day of RAND's fiscal year 2021. The adoption did not result in any changes to RAND's revenue recognition for the year ended September 30, 2021.

Revenues from Contracts and grants:

- *Contracts received from governmental and non-governmental sources* - Generally are considered exchange transactions which are recognized over time using an input method as allowable expenditures under such agreements are incurred. For fixed price contracts and fee revenues associated with cost plus fixed fee contracts, revenue is recognized over time based on an input method that uses costs incurred relative to total estimated costs to satisfy the performance obligation. RAND has determined that the input methods used to recognize revenue provide a faithful depiction of the transfer of services to the customer and RAND's progress toward satisfaction of the performance obligation. RAND has determined that each research study specified in its contracts represents a performance obligation. This is supported by the fact that RAND's contracts explicitly state what work will be performed for the customer, the stages or timeline of work that will be performed by RAND, and a completion date of when the final report will be provided to the customer. Thus, RAND's contracts are defined as having a single performance obligation – the completed research study. RAND's significant payment terms generally consist of invoices due net 30 days. When it is probable that a contract will result in a loss and that loss can be reasonably estimated, the entirety of the loss is recognized in the Consolidated Statements of Activities. Substantially all United States government contracts awarded to RAND provide for the reimbursement of various indirect costs based on rates negotiated with the Defense Contract Management Agency (DCMA), RAND's federal cognizant agency for the negotiation and approval of indirect cost rates. While allowable expenditures under RAND's agreements are subject to audit by the DCMA through annual contract cost submissions, RAND has determined that no constraint on revenue is required as it is not probable that there will be a significant reversal of revenue due to cost disallowances once the audits are completed.
- *Grants received from departments or agencies of the government* - Generally are considered non-exchange transactions and are reported as increases in net assets without donor restrictions as the associated barriers are overcome, which generally is as allowable expenditures under such agreements are incurred. RAND has elected a policy to report awards where the condition and restriction are met in the same reporting period within net assets without donor restrictions. Substantially all United States government grants awarded to RAND provide for the reimbursement of various indirect costs based on rates negotiated with the DCMA, RAND's federal cognizant agency for the negotiation and approval of indirect cost rates. Conditional government non-exchange transactions that were not recorded in the consolidated financial statements totaled \$79,869,000 and \$83,616,000 as of September 30, 2022 and 2021, respectively. A majority of these conditional non-exchange transactions are related to the performance of specific research.
- *Grants received from private foundations and other non-governmental sources* - Generally are considered non-exchange transactions –
  - Conditional non-exchange transactions, which are characterized by both the presence of one or more donor-imposed barriers to RAND's entitlement to promised resources and the donor's right of return of funds or the right to be released of obligations to transfer assets in the future, are recorded when RAND overcomes such barriers. Barriers may include performance-related stipulations, limitations on RAND's discretion over the use of awarded funds, and/or other stipulations related to the purpose of the contribution. Conditional non-exchange transactions from private foundations and other non-governmental agencies that were not recorded in the Consolidated Statements of Activities were \$51,220,000 and \$23,945,000 as of September

30, 2022 and 2021, respectively. \$4,413,000 and \$2,407,000 in advance payments on such non-exchange transactions have been deferred and are recorded in Unexpended portion of grants and contracts received on the Consolidated Statements of Financial Position as of September 30, 2022 and 2021, respectively. A majority of these conditional non-exchange transactions are related to the performance of specific research.

- Unconditional non-exchange transactions are recognized as revenue in the period in which the agreement is received and as an increase in Contracts and grants revenue within the appropriate net asset category.

Contracts and grants revenue on the fiscal year 2022 and 2021 Consolidated Statements of Activities includes agreements that are accounted for as exchange transactions in accordance with ASC 606 and non-exchange transactions in accordance with the contribution accounting guidance in ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*.

Exchange and non-exchange transactions included in Contracts and grants revenue on the Consolidated Statements of Activities for years ended September 30, 2022 and 2021 are as follows (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Exchange transactions	\$ 293,475	\$ 287,824
Non-exchange transactions	88,823	63,007
Total contracts and grants revenue	<u>\$ 382,298</u>	<u>\$ 350,831</u>

Within the \$88,823,000 and \$63,007,000 of non-exchange revenues recognized in fiscal years 2022 and 2021, \$54,658,000 and \$55,631,000 was released from restriction as the associated time and/or purpose restriction was met in fiscal year 2022 and 2021, respectively.

Revenues from contributions:

- Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets.

**Contributed Non-financial Assets.** For the year ended September 30, 2021, Contributed non-financial assets recognized in the financial statements include two, nine-unit apartment buildings in Los Angeles which RAND was gifted on December 30, 2020. These buildings were appraised at \$9,960,000 and are intended to be used to support the Pardee RAND Graduate School and its graduate students and/or faculty housing or related uses (such as visiting scholars and common spaces for the Pardee RAND community). RAND formed Goshen Avenue Housing, LLC for the exclusive purpose of holding title to the Goshen Avenue Housing property. RAND estimated the fair value on the basis of the appraiser’s analysis which considered the physical aspects of the property and its competitive position in the market with the focus on the ownership interest that the lessor maintains in the property under a lease.

Contribution of this nonfinancial asset is presented as a separate revenue line item in the Consolidated Statements of Activities, apart from contributions of cash and other financial assets while any rental income will be reported as Other income. The fair market value of the nonfinancial assets is split \$7,470,000 and \$2,490,000 between Land and Buildings and improvements, respectively, under Property and equipment on the Consolidated Statements of Financial Position. The assets were placed into service on December 30, 2020 with a useful life of 40 years on a straight-line depreciation schedule. As of September 30, 2022, the net position of the apartment buildings is \$9,850,000. There were no contributions of non-financial assets for the year ended September 30, 2022.

**Expenses.** Expenses (Research expenses as well as Management and general expenses) are reported as decreases in net assets without donor restrictions.

**Foreign Currency Translation.** RAND’s foreign subsidiaries primarily transact in the local currencies. RAND translates the foreign assets and liabilities at exchange rates in effect at the Consolidated Statements of Financial Position dates and translates the revenues and expenses using average rates during the year. Gains and losses resulting from exchange rate changes on transactions denominated in a currency other than the

local currency are included in Change in net assets before other items on the Consolidated Statements of Activities.

Within Other items on the Consolidated Statements of Activities, RAND has recorded a foreign exchange loss on the revaluation of a long-term intercompany loan. RAND does not anticipate settling the long-term intercompany loan with RAND Europe in the foreseeable future, so consistent with ASC 830 *Foreign Currency Matters*, RAND has recognized foreign exchange losses of \$738,000, and \$369,000 for the years ended September 30, 2022 and September 30, 2021, respectively.

**Accounting Pronouncements Adopted.** In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU is effective for annual reporting periods beginning after December 15, 2019, with early adoption permissible. This ASU removes certain disclosures, modifies certain disclosures and adds additional disclosures related to fair value measurement. RAND adopted this guidance effective for the year ended September 30, 2021, and it did not have a material impact on RAND's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefits Plans – General*. The new guidance changes the disclosures required for defined benefit pension and other postretirement benefit plans. Certain disclosures are no longer required, including the effect of a one-percentage-point change in the assumed healthcare cost trend rate on the aggregate of the service and interest cost components of net periodic benefit cost and on the benefit obligation for postretirement healthcare benefits. Additionally, new disclosures are required, including the reasons for significant gains and losses affecting benefit obligations. RAND adopted ASU 2018-14 for the fiscal year ended September 30, 2022. Adoption did not have a material impact on RAND's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements concerning Contributed non-financial assets and includes additional disclosure requirements for recognized contributed services. Nonfinancial assets may include Land, buildings, Equipment, the use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The guidance is effective on a retrospective basis and is effective for fiscal periods beginning after June 15, 2021, with early adoption permitted. RAND elected to early adopt this guidance effective for the year ended September 30, 2021.

**New Accounting Pronouncements.** In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the Consolidated Statements of Financial Position. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021 (RAND's fiscal year 2023). RAND is currently evaluating the effect of adoption to the consolidated financial statements.

**Subsequent Events.** During the period October 2022 through January 26, 2023, RAND had capital calls related to its Private Real Asset, Private Credit, and Private Equity Funds totaling \$359,000, \$1,138,000 and \$1,987,000, respectively.

Subsequent events have been evaluated through January 26, 2023, the date the consolidated financial statements were available to be issued.

### 3. Liquidity and Availability:

RAND's financial assets available to meet its general expenditures within one year of the date of the Consolidated Statements of Financial Position are as follows (in thousands):

	September 30, 2022	September 30, 2021
Total assets at year end	\$ 547,234	\$ 585,772
Less: Financial assets not available for current use	(38,881)	(18,327)
Less: Property and equipment and other non-financial assets	(132,534)	(126,516)
Long-term investments	<u>(266,233)</u>	<u>(327,932)</u>
Total financial assets available at year end for current use	109,586	112,997
Add: Board-designated investments	<u>162,828</u>	<u>204,097</u>
Total with Board-designated investments	<u>\$ 272,414</u>	<u>\$ 317,094</u>

Although the organization does not intend to spend from its Board-designated funds other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its Board-designated funds could be made available if necessary to the extent that the underlying investments are not restricted to redemption.

RAND regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, RAND considers all expenditures related to operating expenses and scheduled principal payments on debt.

As part of RAND's liquidity management, RAND maintains an uncollateralized line of credit in the principal amount of \$50,000,000 (see Footnote 9).

#### 4. Billed and Unbilled Costs:

The following table summarizes the components of billed and unbilled contract and grant costs (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
U.S. government agencies		
Billed	\$ 18,714	\$ 42,356
Unbilled	24,647	4,074
	<u>43,361</u>	<u>46,430</u>
State, local and private sponsors		
Billed	10,241	5,485
Unbilled	33,007	21,530
	<u>43,248</u>	<u>27,015</u>
Allowance for bad debt	(129)	(129)
	<u>\$ 86,480</u>	<u>\$ 73,316</u>

Unbilled amounts principally represent recoverable costs billed in the first quarter of fiscal year 2023 and 2022, respectively.

No significant contract terminations are anticipated, and past contract terminations have not resulted in significant unreimbursed costs.

#### 5. Contributions Receivable:

Unconditional promises to give were \$14,381,000 and \$13,806,000 as of September 30, 2022 and September 30, 2021, respectively. The carrying amount of the receivables is deemed a reasonable estimate of their fair value.

Realization of the pledges is expected in the following periods (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
In one year or less	\$ 7,517	\$ 5,579
Between 1 yr. and 5 yrs.	7,515	9,055
	<u>15,032</u>	<u>14,634</u>
Less: Discount	(591)	(767)
Allowance for Bad Debt	(60)	(61)
	<u>\$ 14,381</u>	<u>\$ 13,806</u>

Contributions receivable in the following net asset with donor restrictions categories are primarily intended to be used for the purposes more fully described in Note 12 (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Restricted for time or purpose	\$ 13,128	\$ 12,812
Restricted in perpetuity	1,253	994
	<u>\$ 14,381</u>	<u>\$ 13,806</u>

RAND received payments on prior year pledges in the amount of \$4,268,000 and \$4,681,000 for years ended September 30, 2022 and 2021, respectively.

RAND had conditional promises to give of \$4,134,000 and \$2,400,000 related to the Pardee RAND graduate school and for research for the years ended September 30, 2022 and 2021, respectively. RAND has commitments totaling \$29,963,000 and \$28,188,000 for the Pardee RAND Graduate School and research as of September 30, 2022 and 2021, respectively. Revenue associated with these commitments will be recorded as they qualify for recognition.

## 6. Long-Term Investments:

Long-term investments are recorded at fair value and all related transactions are recorded on the trade date. The investments consist of cash equivalents, equity, fixed income, private equity and real assets, private credit, and alternative investments. Approximately 32% and 36% of Long-term investments consist of foreign investment holdings as of September 30, 2022 and September 30, 2021, respectively. RAND's net investment return for years ended September 30, 2022 and September 30, 2021 are a loss of (\$42,263,000) and a return of \$58,725,000, respectively.

As of September 30, 2022, RAND had commitments outstanding to purchase private credit, private equity, and real asset funds of \$38,615,000; \$14,172,000 of these commitments are estimated to be due within one year.

On the Consolidated Statements of Activities, Investment income and realized/unrealized gains are shown net of related expenses and any carried interest amount.

Long-term investments consist of the following (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cash and cash equivalents	\$ 2,376	\$ 3,528
Equity Funds, at fair value	105,353	152,675
Fixed Income Funds, at fair value	79,306	104,096
Alternative Investments		
Private Credit Funds	17,414	10,934
Private Equity and Real Asset Funds	61,283	56,209
Multi-strategy and long/short hedge funds	501	490
	<u>\$ 266,233</u>	<u>\$ 327,932</u>

## 7. Fair Value Measurements:

The authoritative accounting guidance for fair value measurement provides the definition of fair value, establishes a fair value hierarchy based on the inputs used to measure fair value, and details the required disclosures about the use of fair value measurements.

Under the guidance, fair value is defined as the price that would be received to sell an asset (or paid to transfer a liability), or the "exit price." The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into levels:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or other inputs that are observable or whose significant value drivers are observable.

Level 3 – Significant inputs are supported by little or no market activity and are thus unobservable.

Investments for which fair value is measured using the Net Asset Value (NAV) per share (or its equivalent) as a practical expedient shall not be categorized using the aforementioned levels. These investments will be classified in a separate NAV category.

As required by the guidance, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. RAND's assessment of the significance of

particular inputs to the fair value measurement requires judgment and may affect the selection of the hierarchy level and the valuation itself. RAND's own creditworthiness has been considered in the fair value measurements contained herein.

*Long-Term Investments* – Quoted market prices are used to determine fair value for fixed income funds and equity funds when available. All such investments are considered Level 1. Certain equity funds are not actively traded but the underlying investments have observable inputs valued at NAV. As such, ASC 820, *Fair Value Measurement*, defines these funds as NAV. Alternative investments include RAND's share of private credit, private equity and real asset funds, multi-strategy funds, and hedge funds, which are not actively traded. Fair value measurement for alternative investments considers all available information for each investment fund, including annual audited financial statements, known activity subsequent to the fund's audited financial statement date, and valuation information from the fund manager.

*Derivative Financial Instruments* – RAND uses two interest rate swaps to fix the interest rate on a portion of its Series 2021 variable rate bonds. These are the same swaps that were used to fix the interest rate on its Series 2008A and a portion of its Series 2008B variable rate bonds, which were refunded on April 1, 2021. Dealer quotes, based on cash flow models discounted at relevant market interest rates, are used to determine the fair value of the swaps, both of which are considered Level 2.

RAND's assets and liabilities measured and reported in the consolidated financial statements at fair value on a recurring basis as of September 30, 2022 were as follows (in thousands):

	Level 1	Level 2	Level 3	NAV	Balance as of September 30, 2022
<b>Assets</b>					
<b>Investments</b>					
Cash and cash equivalents	\$ 2,376	\$ -	\$ -	\$ -	\$ 2,376
Equity Funds	96,679	-	-	8,674	105,353
Fixed Income Funds	34,871	-	-	44,435	79,306
<b>Alternative Investments</b>					
Private Credit Funds	-	-	-	17,414	17,414
Private Equity and Real Asset Funds	-	-	-	61,283	61,283
Multi-Strategy and Long/Short Hedge Funds	-	-	-	501	501
<b>Total Assets</b>	<b>\$ 133,926</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 132,307</b>	<b>\$ 266,233</b>
<b>Liabilities</b>					
Derivatives	\$ -	\$ 7,547	\$ -	\$ -	\$ 7,547

RAND's assets and liabilities measured and reported in the consolidated financial statements at fair value on a recurring basis as of September 30, 2021 were as follows (in thousands):

	Level 1	Level 2	Level 3	NAV	Balance as of September 30, 2021
<b>Assets</b>					
<b>Investments</b>					
Cash and cash equivalents	\$ 3,528	\$ -	\$ -	\$ -	\$ 3,528
Equity Funds	132,955	-	-	19,720	152,675
Fixed Income Funds	53,406	-	-	50,690	104,096
<b>Alternative Investments</b>					
Private Credit Funds	-	-	-	10,934	10,934
Private Equity and Real Asset Funds	-	-	-	56,209	56,209
Multi-Strategy and Long/Short Hedge Funds	-	-	-	490	490
<b>Total Assets</b>	<b>\$ 189,889</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 138,043</b>	<b>\$ 327,932</b>
<b>Liabilities</b>					
Derivatives	\$ -	\$ 18,038	\$ -	\$ -	\$ 18,038

RAND uses the NAV or its equivalent to determine the fair value of all the underlying investments that (i) do not have a readily determinable fair value and (ii) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. The following table lists these investments by major category as of September 30, 2022 (in thousands):

Category	Strategy	NAV	Unfunded Commitments	Nature and Risks of the Investment
Equity	Closed-end funds, Absolute return	\$ 8,674	\$ -	Quarterly partial redemptions permitted. A shareholder request to redeem all its share will be effected in stages over four successive quarters.
Fixed Income	Global fixed income, preferred and convertible securities	44,435	-	Redemptions/withdrawals are permitted semi-monthly to quarterly.
Private Credit	Credit, non-performing loans, secured and unsecured	17,414	3,961	Investment timeframe is 7 years; time to draw down commitments is 2 years; interest in the funds can be sold only with the consent of the fund managers.
Private Equity and Private Real Asset	Private Equity: Buyouts, special situations, and venture capital Private Real Asset: Real estate and natural resources	61,283	34,654	Private Equity: Investment timeframes are 0-9 years; time to draw down commitments is 0-4 years; interest in the funds can be sold only with the consent of the fund managers. Private Real Asset: Investment timeframes are 0-8 years; time to draw down commitments is 0-2 years; interest in the funds can be sold only with the consent of the fund manager.
Multi-Strategy	Various (fixed income arbitrage, structured credit, event-driven)	501	-	Redemptions dependent upon realization of side-pocket or other underlying investment sale.
Total		<u>\$ 132,307</u>	<u>\$ 38,615</u>	

The following table lists these investments by major category as of September 30, 2021 (in thousands):

Category	Strategy	NAV	Unfunded Commitments	Nature and Risks of the Investment
Equity	Closed-end funds, Absolute return	\$ 19,720	\$ -	Quarterly partial redemptions permitted. A shareholder request to redeem all its share will be effected in stages over four successive quarters.
Fixed Income	Global fixed income, preferred and convertible securities	50,690	-	Redemptions/withdrawals are permitted semi-monthly to quarterly.
Private Credit	Credit, non-performing loans, secured and unsecured	10,934	6,742	Investment timeframe is 6 years; time to draw down commitments is 1 year; interest in the funds can be sold only with the consent of the fund managers.
Private Equity and Private Real Asset	Private Equity: Venture capital, buyouts, special situations Private Real Asset: Real estate and natural resources	56,209	35,672	Private Equity: Investment timeframes are 0-9 years; time to draw down commitments is 0-4 years; interest in the funds can be sold only with the consent of the fund managers. Private Real Asset: Investment timeframes are 1-8 years; time to draw down commitments is 0-4 years; interest in the funds can be sold only with the consent of the fund manager.
Multi-Strategy	Various (fixed income arbitrage, structured credit, event-driven)	490	-	Redemptions dependent upon realization of side-pocket or other underlying investment sale.
Total		<u>\$ 138,043</u>	<u>\$ 42,414</u>	

## 8. Postretirement Benefits Other Than Pensions:

The RAND Retiree Group Medical Benefits Plan (Plan) and the RAND Corporation Retiree HRA Plan (HRA) provide health care benefits to certain employees who retire having met the required age and years of service with RAND. This coverage also applies to their dependents. Under the Plan, retirees and their dependents under age 65 may elect RAND-sponsored group coverage under the Preferred Provider Organization and various HMOs. Retirees and dependents share substantially in the cost of group coverage. Medicare becomes the primary coverage for retirees when they reach age 65. Post-65 retirees and their post-65 dependent spouse/partner are covered under the HRA and provided health care benefits through a private exchange. A health reimbursement arrangement account is annually funded from which they can be reimbursed for eligible health care expenses, including Medicare Part B and Part D premiums, health care premiums, and co-insurance associated with individual insurance contracts purchased through the private exchange. A grandfathered group of post-65 retirees and their dependent spouse/partner are eligible for a catastrophic prescription drug plan.

RAND retains the right, subject to existing agreements, to change or eliminate these benefits.

The following table sets forth the Plan's funded status as shown in the Consolidated Statements of Financial Position (in thousands):

	September 30, 2022	September 30, 2021
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	\$ 24,372	\$ 24,213
Service cost	1,100	1,119
Increase due to passage of time	703	676
Plan participants' contributions	215	186
Actuarial (gain) loss	(5,511)	(622)
Benefits paid	(1,281)	(1,171)
Benefits paid from RAND assets	(32)	(29)
Benefit obligation at end of year	<u>\$ 19,566</u>	<u>\$ 24,372</u>
<b>Change in plan assets</b>		
Fair value of the Plan's total assets at beginning of year	\$ 27,920	\$ 24,154
Actual return on plan assets	(4,145)	4,759
Employer contributions	32	21
Plan participants' contributions	215	186
Benefits paid	(1,313)	(1,200)
Fair value of the Plan's total assets at end of year	<u>\$ 22,709</u>	<u>\$ 27,920</u>
<b>Reconciliation of funded status</b>		
Projected benefit obligation at end of year	\$ (19,566)	\$ (24,372)
Fair value of the Plan's assets at end of year	<u>22,709</u>	<u>27,920</u>
Funded status	<u>\$ 3,143</u>	<u>\$ 3,548</u>

The funded status is shown on the Consolidated Statements of Financial Position in Other assets for the year ended September 30, 2022 and September 30, 2021, respectively. As shown in the table above, the net benefit obligation is offset by the total plan assets during the year. Plan assets represent the fair value of investments stemming from contributions less any benefits paid to participants. The contributions received for the fiscal year ended September 30, 2022 were \$247,000 and the contributions expected to be received during the fiscal year ended September 30, 2023 are \$29,000.

Amounts expected to be recognized in Other components of net periodic benefit cost during fiscal year 2023, consist of (in thousands):

Net gain	\$ (1,186)
Prior service credit	(517)
Total	<u>\$ (1,703)</u>

The following table provides the relevant weighted-average assumptions used:

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Discount rate used to determine benefit obligation	5.65%	2.95%
Discount rate used to determine net periodic postretirement benefit cost	2.95%	2.85%
Long-term rate of return on the Plan's investment assets	7.00%	7.00%

The long-term rate of return on plan assets is based on management's expectation of earnings on the assets that secure RAND's funded plans, taking into account the mix of invested assets, the arithmetic average of past returns, economic and stock market conditions and future expectations, and the long-term nature of the projected benefit obligation to which these investments relate. RAND believes that the long-term rate of return on plan assets used in determining plan expense was reasonable based on historical returns.

Assumed pre-65 healthcare cost trend rates are as follows:

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Health care cost trend rate assumed for the next year	7.00%	6.00%
Rate to which the cost trend rate is assumed to decline	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2029	2025

Future increases for the post-65 Individual Marketplace HRA contributions are assumed to be 2.50% based on the normative level of CPI for October 1, 2021 U.S. Capital Market Assumptions.

The net periodic postretirement benefit cost for fiscal years ended September 30, 2022 and September 30, 2021 included the following components (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Service cost-benefits attributed to service during the period	\$ 1,100	\$ 1,119
Increase in the accumulated postretirement benefit obligation due to the passage of time	703	676
Expected return on the Plan's investment assets	(1,917)	(1,656)
Net prior service credit amortization	(517)	(517)
Gain amortization	(1,394)	(1,078)
Net periodic postretirement benefit income	<u>\$ (2,025)</u>	<u>\$ (1,456)</u>

As required under ASC 715-20-50-1, the amounts in accumulated other comprehensive income recognized in net assets that have not yet been recognized as components of net period benefit cost for fiscal years ended September 30, 2022 and September 30, 2021 included the following components (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Net prior service credit	\$ (1,380)	\$ (1,897)
Net gain	(10,600)	(12,546)
Cumulative amounts recognized in net assets without donor restrictions	<u>\$ (11,980)</u>	<u>\$ (14,443)</u>

Details to compute the adjustment of \$2,463,000 and (\$2,130,000) for the accrued postretirement benefits liability (other than net periodic retirement benefit costs) in Other items on the Consolidated Statements of

Activities for the year ended September 30, 2022 and September 30, 2021, respectively, included the following components (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cumulative amounts recognized in net assets		
without donor restrictions at prior fiscal year end	\$ (14,443)	\$ (12,313)
Net prior service credit amortization during the year:		
Net gain amortized during the year	1,394	1,078
Net prior service credit	517	517
Net loss (gain) that occurred during the year	<u>552</u>	<u>(3,725)</u>
Cumulative amounts recognized in net assets		
without donor restrictions at current fiscal year end	<u>\$ (11,980)</u>	<u>\$ (14,443)</u>

For September 30, 2022, the difference between the (\$11,980,000) and (\$14,443,000) is an adjustment of \$2,463,000 which is primarily due to a gain related to an increase in the discount rate from 2.95% to 5.65% offset by net loss that occurred during the year. For September 30, 2021, the difference between the (\$14,443,000) and the amount at September 30, 2020 of (\$12,313,000) is an adjustment of (\$2,130,000) which is primarily due to an increase in the discount rate from 2.85% to 2.95% offset by a change in the mortality scale utilized.

The following estimated benefit payments, which reflect expected future service and Medicare Part D subsidies, as appropriate, are expected to be paid (in thousands):

	<u>Gross Benefit Payments</u>
2023	1,182
2024	1,218
2025	1,225
2026	1,273
2027	1,289
Next Five years	7,104

RAND contributes to the RAND Retiree Medical Benefit Trust (the Trust). The Trust was established to hold the investment assets for the Plan. The Plan and the Trust together are intended to constitute a Voluntary Employee Benefit Association.

The Plan's Long-term investments consist of money market funds, equity funds, fixed income funds, private credit funds, private equity and real asset funds. Approximately 32% and 36% of the Plan's Long-term investments consist of foreign holdings as of September 30, 2022 and 2021, respectively. Commitments of \$1,090,000 are due within one year.

Fair value measurement is required for the investment assets of the Plan. Note all identification, evaluation, and disclosures required for RAND's Long-term investments shown in Note 6 also apply to the Plan's investment assets.

The Plan's investment assets measured and reported at fair value on a recurring basis as of September 30, 2022 were as follows (in thousands):

	<u>Level 1</u>	<u>NAV</u>	<u>Balance as of September 30, 2022</u>
Assets			
Investments			
Cash equivalents	\$ 508	\$ -	\$ 508
Equity Funds	9,054	770	9,824
Fixed Income Funds	3,727	3,801	7,528
Alternative Investments			
Private Credit	-	1,381	1,381
Private Equity and Real Asset Funds	-	3,458	3,458
Total Assets	<u>\$ 13,289</u>	<u>\$ 9,410</u>	<u>\$ 22,699</u>

The Plan's investment assets measured and reported at fair value on a recurring basis as of September 30, 2021 were as follows (in thousands):

	Level 1	NAV	Balance as of September 30, 2021
Assets			
Investments			
Cash equivalents	\$ 598	\$ -	\$ 598
Equity Funds	12,000	1,751	13,751
Fixed Income Funds	5,222	4,513	9,735
Alternative Investments			
Private Credit	-	904	904
Private Equity and Real Asset Funds	-	3,290	3,290
<b>Total Assets</b>	<b>\$ 17,820</b>	<b>\$ 10,458</b>	<b>\$ 28,278</b>

Certain investment assets of the Plan use the NAV or its equivalent for the fair value of all the underlying investments because they (i) do not have a readily determinable fair value and (ii) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

The following table lists these investments by major category as of September 30, 2022 (in thousands):

Category	Strategy	NAV	Unfunded Commitments	Nature and Risks of the Investment
Equity	Closed-end funds, absolute return	\$ 770	\$ -	Quarterly partial redemptions permitted. A shareholder request to redeem all its shares will be effected in stages over four successive quarters.
Fixed Income	Global fixed income, preferred and convertible securities	3,801	-	Redemptions/withdrawals are permitted semi-monthly to quarterly.
Private Credit	Credit, non-performing loans, secured and unsecured	1,381	313	Investment timeframe is 7 years; time to draw down commitments is 2 years; interest in the funds can be sold only with the consent of the fund managers.
Private Equity and Private Real Asset	Private Equity: Venture capital and buyouts	3,458	2,082	Private Equity: Investment timeframes are 0-9 years; time to draw down commitments is 0-2 years; interest in the funds can be sold only with the consent of the fund managers.
	Private Real Asset: Real estate and natural resources			Private Real Asset: Investment timeframes are 4-8 years; time to draw down commitments is 0-2 years; interest in the funds can be sold only with the consent of the fund manager.
		<u>\$ 9,410</u>	<u>\$ 2,395</u>	

The following table lists these investments by major category as of September 30, 2021 (in thousands):

Category	Strategy	NAV	Unfunded Commitments	Nature and Risks of the Investment
Equity	Closed-end funds, absolute return	\$ 1,751	\$ -	Quarterly partial redemptions permitted. A shareholder request to redeem all its shares will be effected in stages over four successive quarters.
Fixed Income	Global fixed income, preferred and convertible securities	4,513	-	Redemptions/withdrawals are permitted semi-monthly to quarterly.
Private Credit	Credit, non-performing loans, secured and unsecured	904	551	Investment timeframe is 6 years; time to draw down commitments is 1 year; interest in the funds can be sold only with the consent of the fund managers.
Private Equity and Private Real Asset	Private Equity: Venture capital and buyouts	3,290	2,055	Private Equity: Investment timeframes are 1-9 years; time to draw down commitments is 0-5 years; interest in the funds can be sold only with the consent of the fund managers.
	Private Real Asset: Real estate and natural resources			Private Real Asset: Investment timeframes are 6-9 years; time to draw down commitments is 0-4 years; interest in the funds can be sold only with the consent of the fund manager.
		<u>\$ 10,458</u>	<u>\$ 2,606</u>	

## 9. Borrowing Arrangements:

The following table sets forth the long-term debt issued to finance the construction of RAND's Santa Monica headquarters facility as shown in the Consolidated Statements of Financial Position (in thousands):

	September 30, 2022	September 30, 2021
Variable Rate Revenue Bonds, Series 2021, issued in the original principal amount of \$98,225,000, in connection with the refunding of the Series 2008A and Series 2008B bonds, in April 2021; average interest rate of 1.39% and 1.08% for fiscal years ending September 30, 2022 and September 30, 2021, respectively.	\$ 95,175	\$ 98,225
Bond issuance costs	(393)	(413)
	94,782	97,812
Less: current portion	(3,165)	(3,050)
	<u>\$ 91,617</u>	<u>\$ 94,762</u>

In April 2021, RAND issued \$98,225,000 of tax-exempt variable rate revenue bonds (Series 2021), via direct placement with a lender, to refinance the Series 2008A and Series 2008B tax-exempt variable rate revenue bonds through a non-cash financing transaction. The interest rate is 79% of one-month LIBOR plus a fixed spread, subject to a minimum rate (floor). Costs incurred in connection with the issuance of the Series 2021 bonds of approximately \$506,000 were paid by RAND. The initial rate of interest was 1.08% and annual principal payments ranging from \$3,050,000 to \$6,760,000 are due from April 1, 2022 to April 1, 2042.

The bonds contain various covenants including compliance with the following financial measures: either a minimum debt service coverage ratio or a minimum liquidity level. RAND is in compliance with all covenants as of September 30, 2022.

Effective October 1, 2022 RAND amended its current bond agreement to update the underlying interest rate from one-month London Interbank Offered Rate (LIBOR) to one-month Secured Overnight Financing Rate (SOFR). All other terms remained unchanged.

**Interest Rate Swaps.** RAND uses two interest rate swaps, entered into in 2007, to fix the interest rate on a portion of its Series 2021 variable rate bonds. Concurrent with the issuance of the Series 2007 variable rate bonds, RAND entered into an interest rate swap agreement with a counterparty whereby RAND agreed to pay the counterparty a fixed rate of interest of 3.955% and the counterparty agreed to pay RAND the Series 2007 variable rate until April 1, 2012, and 67% of one-month LIBOR thereafter. Simultaneously, RAND entered into an additional interest rate swap agreement with another counterparty for \$42,350,000 of its Series 2002B variable rate bonds whereby RAND agreed to pay the counterparty a fixed rate of interest of 3.955% and the counterparty agreed to pay RAND 67% of one-month LIBOR. Both swaps remain in effect with the same terms (except the first counterparty agreed to pay RAND the Series 2008A variable rate in place of the Series 2007 variable rate) and terminate on April 1, 2042, the maturity date of the Series 2021 bonds. Related primarily to these interest rate swaps, within the Change in fair value of derivative instruments included in Other items on the Consolidated Statements of Activities, is a gain of \$10,491,000 and \$6,048,000 for fiscal years 2022 and 2021, respectively. The liability related to the interest rate swaps of \$7,547,000 and \$18,038,000 for fiscal years 2022 and 2021, respectively, are shown on the Consolidated Statements of Financial Position in Other long-term liabilities.

Annual bond principal payments are required in the following fiscal years (in thousands):

2023	\$ 3,165
2024	3,305
2025	3,440
2026	3,590
2027	3,720
Thereafter	77,955
	<u>\$ 95,175</u>

Accrued interest payable relating to the bonds was \$310,000 and \$275,000 as of September 30, 2022 and September 30, 2021, respectively. RAND's total interest expense was \$3,302,000 and \$3,108,000 for the fiscal years ended September 30, 2022 and September 30, 2021, respectively.

On September 27, 2022 RAND completed the novation of one of its swap positions, transferring ownership from one counterparty to another counterparty. In addition, effective October 3, 2022, the fixed rate RAND agreed to pay the counterparty was updated to 3.916% and the counterparty agreed to pay RAND 67% of one-month SOFR.

**Line of Credit.** RAND has an uncollateralized line of credit that expires in April 2023. The principal amount is \$50,000,000. The line of credit contains covenants that require RAND to achieve the same financial measures as the Series 2021 revenue bonds. Under the terms of the credit agreement, interest is payable monthly at Daily Simple SOFR plus 0.90%.

## 10. Commitments and Contingencies:

**Lease Commitments.** Operating lease commitments are as follows (in thousands):

	September 30, 2022	
2023	\$	11,013
2024		10,031
2025		10,172
2026		3,769
2027		47
Thereafter		94
Total	\$	<u>35,126</u>

Future minimum rentals are comprised of office leases. Certain RAND office leases contain rent escalation clauses and fair-market renewal options. RAND's rental expense was \$9,967,000 and \$9,907,000 for the fiscal years ended September 30, 2022 and September 30, 2021, respectively.

**Contingencies.** Contract costs billed prior to September 30, 2019 have been audited by Defense Contract Audit Agency (DCAA) and accepted by the DCMA. To date, there have been no significant cost disallowances with these annual contract cost submissions. In management's opinion, contract costs billed subsequent to September 30, 2019 are allowable, and any potential cost disallowance would not materially affect RAND's consolidated financial position, changes in net assets, or cash flows.

RAND receives funding or reimbursement from agencies of the United States government for various activities that are subject to audit for compliance to federal government cost accounting standards. RAND is currently in discussions with DCMA to resolve some of these audit findings. In one case, DCMA has asserted a noncompliance with CAS 410, involving allocation of general and administration expense. The outcome of these discussions is uncertain at this time. RAND has certain contingent liabilities with respect to claims arising from the ordinary course of business. In management's opinion, such contingent liabilities will not result in any loss that would materially affect RAND's financial position, changes in net assets, or cash flows.

## 11. Endowment:

RAND's endowment consists of approximately 56 individual investment funds established for a variety of purposes. It has both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, RAND classifies the original value of gifts donated to the permanent endowment as net assets with donor restrictions in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure by RAND in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

The following table summarizes this Long-term investment fund by net asset class as of September 30, 2022 (in thousands):

	Without donor restriction	For Time or Purpose	In Perpetuity	Total
Donor restricted funds	\$ -	\$ 33,984	\$ 69,421	\$ 103,405
Board-designated funds	162,828	-	-	162,828
End of year	<u>\$ 162,828</u>	<u>\$ 33,984</u>	<u>\$ 69,421</u>	<u>\$ 266,233</u>

The following table summarizes this Long-term investment fund by net asset class as of September 30, 2021 (in thousands):

	Without donor restriction	For Time or Purpose	In Perpetuity	Total
Donor restricted funds	\$ -	\$ 53,695	\$ 68,916	\$ 122,611
Board-designated funds	205,321	-	-	205,321
End of year	<u>\$ 205,321</u>	<u>\$ 53,695</u>	<u>\$ 68,916</u>	<u>\$ 327,932</u>

The following table summarizes the activity in the endowment during fiscal year 2022 (in thousands):

	Without donor restriction	For Time or Purpose	In Perpetuity	Total
Beginning of the year	\$ 205,321	\$ 53,695	\$ 68,916	\$ 327,932
Investment return	(26,038)	(16,226)	-	(42,264)
Contributions	-	709	681	1,390
Appropriations	(11,906)	(4,370)	-	(16,276)
Other charges/reclassification	(4,549)	176	(176)	(4,549)
End of year	<u>\$ 162,828</u>	<u>\$ 33,984</u>	<u>\$ 69,421</u>	<u>\$ 266,233</u>

The following table summarizes the activity in the endowment during fiscal year 2021 (in thousands):

	Without donor restriction	For Time or Purpose	In Perpetuity	Total
Beginning of the year	\$ 177,476	\$ 35,844	\$ 67,017	\$ 280,337
Investment return	36,783	21,942	-	58,725
Contributions	-	-	1,899	1,899
Appropriations	(8,938)	(4,091)	-	(13,029)
Other charges/reclassification	-	-	-	-
End of year	<u>\$ 205,321</u>	<u>\$ 53,695</u>	<u>\$ 68,916</u>	<u>\$ 327,932</u>

**Investment and Spending Policies.** RAND's investment and spending policies are in compliance with UPMIFA. In accordance with UPMIFA, RAND considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the mission of RAND, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, the investment policies of the organization, and RAND's other resources. Per RAND's investment policy, endowment assets are invested in a manner that is intended to increase the purchasing power on a long-term basis after inflation and payment for RAND operations. RAND relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RAND targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Per RAND's spending policy, a percentage of its endowment fund's average fair value over the prior 12 quarters through June 30 is appropriated for distribution each year. In establishing this policy, RAND considered the long-term expected return on its endowment. Accordingly, over the long term, RAND expects the current spending policy to allow its endowment to grow at a rate equal to or in excess of inflation. From time to time, the fair value of endowment funds may fall below the original gift amount. Deficiencies of this nature are referred to as underwater endowments. If an endowment is underwater, RAND complies with the donor's agreement.

RAND recorded a deficit of \$58,000 for the year ended September 30, 2022 and no deficit for the year ended September 30, 2021. As of September 30, 2022, the fair value of underwater endowment funds was \$236,000 and the original endowment gift was \$294,000.

## 12. Net Assets:

**Net Assets Without Donor Restrictions Designated By The Board.** Net assets without donor restrictions contains Board-designated net assets (net of cumulative net asset transfers) that are available for the following purposes (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Designated for investment - general	\$ 158,339	\$ 197,929
Designated for investment - special use		
RAND Education	3,478	3,623
Pardee RAND Graduate School	2,467	2,545
	<u>\$ 164,284</u>	<u>\$ 204,097</u>

**Net Assets With Donor Restrictions.** Net Assets With Donor Restrictions (including pledges) are shown below by the purpose designated by the donor:

For time or purpose (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Pardee RAND Graduate School		
Awards	\$ 12,696	\$ 19,811
General support	5,843	9,855
RAND General Support	8,649	10,581
RAND Justice, Infrastructure, and Environment	6,107	6,382
RAND Center for Asia Pacific Policy	4,563	4,398
RAND Institute for Civil Justice	4,453	5,753
National Security Research and Training	3,538	5,640
RAND Health	3,347	4,240
Michael D. Rich Chair in Countering Truth Decay	3,342	-
RAND Center for Middle East Public Policy	2,369	1,970
Various Special Purpose Funds	2,217	2,249
RAND Education	2,013	1,553
Paul O'Neill Alcoa Professorship in Policy Analysis	1,492	2,335
RAND Center for Global Risk and Security	1,274	1,410
RAND Headquarters	1,139	1,139
Hauser Foundation - Impact Awards	928	-
Haskins Lectureship on Science Policy	623	779
Pardee Center for Longer Range Global Policy	604	1,686
RAND Center for Russia and Eurasia	544	600
Other	-	2,429
	<u>65,741</u>	<u>82,810</u>
Non-exchange grant transactions for research	40,217	11,687
	<u>\$ 105,958</u>	<u>\$ 94,497</u>

The following net assets are invested in perpetuity and the income is available to support the restricted activities (in thousands):

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Pardee RAND Graduate School		
General Support	\$ 17,737	\$ 17,737
Awards and Scholarships	17,400	17,202
National Security Research and Training	4,500	4,500
RAND Institute for Civil Justice	4,185	4,185
RAND General Support	4,076	4,102
Pardee Center for Longer Range Global Policy	3,670	3,670
Tang Institute for U.S. - China Relations	3,000	3,000
Samueli Institute fund for Policy Studies in Integrative Medicine	3,000	3,000
Tang Chair in China Policy Studies	3,000	3,000
Leonard Schaeffer Medal Awards	3,000	3,000
Paul O'Neill Alcoa Professorship in Policy Analysis	2,500	2,500
Research Position Endowment	1,500	1,500
Michael Gould Professional Development Endowed Funds	1,025	1,025
Center for Global Risk and Security-Demographer Endowed Position	809	809
Other	760	900
	<u>\$ 70,162</u>	<u>\$ 70,130</u>

### 13. Expenses by Natural and Functional Classification:

Expenses are presented by functional classification in accordance with the overall mission of RAND. Each functional classification displays all expenses related to the underlying operations by natural classification. Personnel expenses are charged to functional categories based on time and effort incurred. All other expenses are charged functionally on a direct basis.

For the year ended September 30, 2022, natural and functional expenses consist of the following (in thousands):

	Research	Management and General	Fundraising	Year Ended September 30, 2022 Total
Personnel	\$ 230,086	\$ 43,261	\$ 4,698	\$ 278,045
Expenses	33,821	16,528	1,450	51,799
Subcontracts/Professional Services	32,328	6,993	-	39,321
Depreciation and Amortization	2,442	9,789	-	12,231
Interest	-	3,321	-	3,321
Total	<u>\$ 298,677</u>	<u>\$ 79,892</u>	<u>\$ 6,148</u>	<u>\$ 384,717</u>

For the year ended September 30, 2021, natural and functional expenses consist of the following (in thousands):

	Research	Management and General	Fundraising	Year Ended September 30, 2021 Total
Personnel	\$ 225,432	\$ 43,490	\$ 4,403	\$ 273,325
Expenses	32,807	15,284	184	48,275
Subcontracts/Professional Services	28,883	4,734	-	33,617
Depreciation and Amortization	2,460	8,805	-	11,265
Interest	-	3,170	-	3,170
Total	<u>\$ 289,582</u>	<u>\$ 75,483</u>	<u>\$ 4,587</u>	<u>\$ 369,652</u>

**14. Employee Retirement Plans:**

RAND has four defined contribution employee plans: a Qualified Retirement Plan ("QRP"), a Supplemental Retirement Annuity Plan ("SRAP"), a Nonqualified Deferred Compensation Plan ("NDCP"), and a Nonqualified Supplementary Plan ("NSP"). Most full-time, regular employees are eligible to participate in the QRP and SRAP. Certain employees are eligible to participate in the NSP and NDCP. RAND has reserved the right to terminate the plans at any time, but in such an event, the benefits already purchased by the participant and contributions already made by RAND would not be affected. The QRP and NSP are entirely RAND-financed. RAND's contributions to the Plans for eligible employees range from 5% to 14% of salaries, depending on the level of wages and age of the participating employee. RAND's contributions to the QRP vest at the earlier of retirement or four years of service. Vesting begins after two years of service and increases weekly to 100% at the end of four years of service. The NSP and NDCP vest under various conditions specified in the plan. All contributions made by RAND are charged to operations. RAND's contributions were \$16,855,000 and \$16,243,000 for the fiscal years ended September 30, 2022 and September 30, 2021, respectively. The SRAP and NDCP only require employee contributions, and RAND does not contribute to these plans.

**15. Related Parties:**

Members of the Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with RAND. For senior management, RAND requires annual disclosure of significant financial interest in entities doing business with RAND. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of RAND.

The Vice President, General Counsel is the RAND institutional official designated to oversee the Conflict of Interest policy and ensure its implementation across RAND including the Board of Trustees. No member of the Board of Trustees can participate in any decision in which he or she or an immediate family member has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring the recusal of the conflicted trustee and that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of RAND, and in accordance with applicable conflict of interest laws.

**16. United States Department of Education Supplemental Disclosures:**

As disclosed in the accompanying supplemental schedule, the Department of Education finalized new borrower defense rules that require the inclusion of a supplemental schedule to the audited financial statements that contains all financial elements needed to calculate the composite score ratios with cross-reference to the financial statements line, or note disclosure, that contains the element. The required financial elements as of September 30, 2022 not already included in a previous footnote are outlined in the table below:

Property and Equipment, net	\$ 72,626
Pre-implementation property and equipment, net	23,118
Post implementation property and equipment, net acquired without debt	9,944
Construction in progress	<u>\$ 105,688</u>

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**The RAND Corporation**  
**Financial Responsibility Supplemental Schedule**  
**September 30, 2022**

<u>Reference</u>	<i>(in thousands)</i> <b>Financial Element</b>	<b>Amount</b>
<b>Expendable Net Assets:</b>		
<b>Primary Reserve Ratio</b>		
Consolidated Statement of Financial Position-Net Assets without donor restrictions	Net Assets without donor restrictions	\$ 202,748
Consolidated Statement of Financial Position-Net assets with donor restrictions	Net assets with donor restrictions	\$ 176,120
Consolidated Statement of Financial Position-Property and equipment, net of accumulated depreciation and amortization	Property and equipment, net (includes construction in progress)	\$ 105,688
Footnote 16- Pre-implementation property and equipment, net	Less: Property and equipment, net- pre-implementation	72,626
Footnote 16 - Post-implementation property and equipment, net acquired without debt	Less: Post-implementation property and equipment, net acquired without debt	23,118
Footnote 16 - Construction in Process	Less: Construction in Process	9,944
Consolidated Statement of Financial Position - Current portion of long-term debt and Long-term debt, less current portion and bond issue cost	Long-term debt- for long term purposes	\$ 94,782
Consolidated Statement of Financial Position - Current portion of long-term debt and Long-term debt, less current portion and bond issue cost	Long-term debt- for long term purposes post-implementation	94,782
Consolidated Statement of Financial Position-Net assets with donor restrictions-In perpetuity	Less: Net assets with donor restrictions: restricted in perpetuity	70,162
	<b>Total Expendable Net Assets:</b>	<b>\$ 297,800</b>
<b>Total Expenses and Losses:</b>		
Consolidated Statement of Activities - Total expenses	Total expenses without donor restrictions	384,717
Consolidated Statement of Activities - Investment income, net, net realized gains on investments, net unrealized (losses)/gains on investments, Adjustment to accrued postretirement benefit liability (other than net periodic postretirement benefit cost), Foreign exchange gain/(loss) on revaluation	Non-operating and Net investment loss	30,032
Consolidated Statement of Activities - Investment income, net, net realized gains on investments, net unrealized (losses)/gains on investments	Net investment losses	26,037
Consolidated Statement of Activities - Adjustment to accrued postretirement benefit liability (other than net periodic postretirement benefit cost)	Pension-related changes other than net periodic costs	2,431
	<b>Total Expenses and Losses:</b>	<b>\$ 386,281</b>
<b>Modified Net Assets:</b>		
<b>Equity Ratio</b>		
Consolidated Statement of Financial Position- Net assets without donor restrictions	Net assets without donor restrictions	\$ 202,748
Consolidated Statement of Financial Position- Net assets with donor restrictions	Net assets with donor restrictions	176,120
	<b>Total Modified Net Assets:</b>	<b>\$ 378,868</b>
<b>Modified Assets:</b>		
Consolidated Statement of Financial Position- Total assets	Total assets	\$ 547,234
	<b>Total Modified Assets:</b>	<b>\$ 547,234</b>
<b>Change in Net Assets Without Donor Restrictions:</b>		
<b>Net Income Ratio</b>		
Consolidated Statement of Activities- Decrease in net assets without donor restriction	Change in net assets without donor restrictions:	\$ (30,064)
	<b>Total Change in Net Assets Without Donor Restrictions:</b>	<b>\$ (30,064)</b>
<b>Total Revenues and Gains Without Donor Restrictions:</b>		
Consolidated Statement of Activities - Total revenues, gains and other support, less investment income, net, less net realized gains on investments, less net unrealized (losses)/gains on investments, plus Change in fair value of derivative instruments, plus Other components of net periodic postretirement benefit costs	Total Revenues, gains and other support without donor restrictions:	\$ 384,685
	<b>Total Revenues and Gains Without Donor Restrictions:</b>	<b>\$ 384,685</b>

**The RAND Corporation**  
**Financial Responsibility Supplemental Schedule**  
**September 30, 2022**

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**1. Basis of Presentation**

The preceding schedule of financial responsibility ratios (the "Schedule") of The RAND Corporation ("RAND") provides financial information required by the Department of Education to calculate of the primary reserve ratio, equity ratio, net income ratio and the composite score as defined in Subpart L of 34 CFR 668 for the fiscal year-ended September 30, 2022. The financial information in the Schedule has been prepared in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The Schedule is presented for purposes of additional analysis as required by the Department of Education and is not a required part of the financial statements.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>Research and Development Cluster</b>								
<b>DEPARTMENT OF COMMERCE</b>								
<b>National Oceanic and Atmospheric Administration (NOAA)</b>								
Climate and Atmospheric Research	11.431	NA160AR4310179	\$ 220,395	\$ -			\$ 220,395	\$ 24,880
Climate and Atmospheric Research	11.431	NA210AR4310275	32,855	-			32,855	-
Climate and Atmospheric Research	11.431	NA210AR4310310	368,080	-			368,080	89,502
Climate and Atmospheric Research	11.431		-	4,337	Johns Hopkins University	2005204857	4,337	-
Climate and Atmospheric Research	11.431		-	1,356	University Corporation for Atmospheric Research	SUBAWD003196	1,356	-
<b>Total for Department of Commerce:</b>			<b>621,330</b>	<b>5,693</b>			<b>627,023</b>	<b>114,382</b>
<b>DEPARTMENT OF DEFENSE</b>								
<b>Office of Secretary of Defense</b>								
Intergovernmental Mobility of Federal, State, and Local Employees								
	12.RD	IPA Agreement	696,118	-			696,118	-
Office of Secretary of Defense	12.RD	ERDC-2021-USACE	-	36,842	The Water Institute of the Gulf	ERDC-2021-USACE	36,842	-
Office of Secretary of Defense	12.RD	HQ0034-16-D-0001	10,637,434	-			10,637,434	106,585
Office of Secretary of Defense	12.RD	HQ003421D0006	2,029,518	-			2,029,518	-
Office of Secretary of Defense	12.RD	HQ003421F0060	32,288,628	-			32,288,628	237,198
Office of Secretary of Defense	12.RD	HQ003422F0012	16,147,374	-			16,147,374	-
<b>US Air Force</b>								
US Air Force	12.RD	FA7014-16-D-1000	10,389,842	-			10,389,842	-
US Air Force	12.RD	FA701422F0002	200,000	-			200,000	-
US Air Force	12.RD	FA701422F0005	32,896,121	-			32,896,121	-
US Air Force	12.RD	FA701422F0028	620,652	-			620,652	-
US Air Force	12.RD	FA701422F0040	563,948	-			563,948	-
US Air Force	12.RD	FA701422F0070	335,033	-			335,033	-
US Air Force	12.RD	FA701422F0078	44,336	-			44,336	-
US Air Force	12.RD	FA701422F0097	159,344	-			159,344	-
US Air Force	12.RD	FA701422F0098	202,638	-			202,638	-
US Air Force	12.RD	FA701422F0100	475,000	-			475,000	-
US Air Force	12.RD	FA701422F0107	60,780	-			60,780	-
US Air Force	12.RD	FA701422F0128	142,451	-			142,451	-
US Air Force	12.RD	FA701422F0149	111,865	-			111,865	-
US Air Force	12.RD	FA701422F0161	53,404	-			53,404	-
US Air Force	12.RD	FA701422F0207	16,280	-			16,280	-
US Air Force	12.RD	FA701422F0232	695	-			695	-
US Air Force	12.RD	FA701422F0233	38,326	-			38,326	-
US Air Force	12.RD	FA701422F0240	808	-			808	-
US Air Force	12.RD	FA701422F0354	21,485	-			21,485	-
US Air Force	12.RD	FA701422F0380	1,217	-			1,217	-
US Air Force	12.RD	FA701422F0384	1,650	-			1,650	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>US Army</b>								
Intergovernmental Mobility of Federal, State, and Local Employees								
	12.RD	IPA Agreement	5,074	-			5,074	-
US Army	12.RD	W91CRB-15-D-0022	22,360,087	-			22,360,087	-
US Army	12.RD	W91CRB21F0511	473,980	-			473,980	-
US Army	12.RD	W91CRB22F0047	15,626,139	-			15,626,139	-
US Army	12.RD	W91CRB22F0065	955,987	-			955,987	-
US Army	12.RD	W91CRB22F0158	339,557	-			339,557	-
US Army	12.RD	W91CRB22F0182	574,164	-			574,164	-
US Army	12.RD	W91CRB22F0232	433,298	-			433,298	-
US Army	12.RD	W91CRB22F0262	34,305	-			34,305	-
US Army	12.RD	W91CRB22F0288	55,711	-			55,711	-
US Army	12.RD	W91CRB22F0425	3,829	-			3,829	-
<b>Total for Department of Defense:</b>			<b>148,997,078</b>	<b>36,842</b>			<b>149,033,920</b>	<b>343,783</b>
<b>DEPARTMENT OF EDUCATION</b>								
<b>Department of Education</b>								
Department of Education	84.RD	1432-RAND-01	-	110,587	Education Northwest	1432-RAND-01	110,587	-
Department of Education	84.RD	53279/53280	-	30,929	MDRC	53279/53280	30,929	-
Department of Education	84.RD	S-00018883	-	81,376	MDRC	S-00018883	81,376	-
<b>Institute of Education Sciences</b>								
Building Adult Skills and Attainment Through Technology Research Network	84.305N		-	29,236	American Institutes for Research	0467100006	29,236	-
Continuous Improvement in Education Research	84.305H		-	65,863	American Institutes for Research	0446900001	65,863	-
Continuous Improvement in Education Research	84.305H		-	207,109	University of North Carolina at Greensboro	20190051.3	207,109	-
Continuous Improvement in Education Research	84.305H		-	23,846	University of North Carolina at Greensboro	20210415.1	23,846	-
Education Research and Development Center Program	84.305C		-	(108,770)	Tulane University	TUL-SCC-556408-18/19	(108,770)	-
Education Research Grants program	84.305A	R305A180377	77,830	-			77,830	-
Education Research Grants program	84.305A	R305A190148	15,984	-			15,984	-
Education Research Grants program	84.305A	R305A200101	678,039	-			678,039	53,471
Education Research Grants program	84.305A	R305A210198	371,942	-			371,942	73,101
Education Research Grants program	84.305A	R305A220384	48,195	-			48,195	-
Education Research Grants program	84.305A		-	3,811	University of Pittsburgh	0050473 (070592-1)	3,811	-
Education Research Grants program	84.305A		-	14,292	University of Minnesota	A008888701	14,292	-
Education Research Grants program	84.305A		-	147,906	University of Maryland	DOED0002-01	147,906	-
Education Research Grants program	84.305A		-	4,005	Virginia Commonwealth University	FP00013590_SA002	4,005	-
Education Research, Development and Dissemination	84.305R		-	4,965	University of New Mexico	3RNF1	4,965	-
Research Grants Focused on Systematic Replication in Special Education	84.324R	R324R210009	352,638	-			352,638	41,097
Statistical and Research Methodology in Education	84.305D	R305D200008	102,897	-			102,897	-
Unsolicited Grants Program	84.305U	R305U200006	285,538	-			285,538	43,656

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<b>Office of Elementary and Secondary Education</b>								
Center to Improve Social and Emotional Learning and School Safety	84.424B		-	150,468	Wested	S-16133	150,468	-
Charter Schools—Replication and Expansion of High-Quality Charter Schools Grants	84.282M		-	666	Equitas Academy	RAND-01	666	-
Charter Schools—Replication and Expansion of High-Quality Charter Schools Grants	84.282M		-	40,303	Ednovate Incorporated	RANSUB	40,303	-
Education Innovation and Research Program (Early-Phase Grants)	84.411C		-	166,852	Leading Educators	LE_4.17.2017	166,852	-
<b>Total for Department of Education:</b>			<u>1,933,063</u>	<u>973,444</u>			<u>2,906,507</u>	<u>211,325</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
<b>Administration for Children and Families</b>								
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90PR0016-01-00	42,034	-			42,034	-
<b>Agency for Healthcare Research and Quality</b>								
Agency for Healthcare Research and Quality	93.RD	75Q80120D00020_75Q80122F32002	244,527	-			244,527	29,793
Agency for Healthcare Research and Quality	93.RD	1020674_RAND	-	14,669	Oregon Health and Science University	1020674_RAND	14,669	-
Agency for Healthcare Research and Quality	93.RD	HCUP-2017-RAND	-	34,443	IBM Watson Health	HCUP-2017-RAND	34,443	-
Research on Healthcare Costs, Quality and Outcomes	93.226	R01HS027782	372,257	-			372,257	45,721
Research on Healthcare Costs, Quality and Outcomes	93.226	R01HS027994	291,424	-			291,424	41,576
Research on Healthcare Costs, Quality and Outcomes	93.226	R18HS026168	472,268	-			472,268	201,432
Research on Healthcare Costs, Quality and Outcomes	93.226	R18HS026432	383,821	-			383,821	312,752
Research on Healthcare Costs, Quality and Outcomes	93.226	U18HS025920	1,279,164	-			1,279,164	17,127
Research on Healthcare Costs, Quality and Outcomes	93.226	U18HS029321	269	-			269	-
Research on Healthcare Costs, Quality and Outcomes	93.226	U19HS024067	94,793	-			94,793	94,836
Research on Healthcare Costs, Quality and Outcomes	93.226		-	37,641	Brigham and Womens Hospital	126064	37,641	-
Research on Healthcare Costs, Quality and Outcomes	93.226		-	4,377	Magee Womens Research Institute	4039RAND	4,377	-
Research on Healthcare Costs, Quality and Outcomes	93.226		-	15,803	National Bureau of Economic Research	41610.05.30.00-RAND	15,803	-
Research on Healthcare Costs, Quality and Outcomes	93.226		-	20,684	Georgetown University	AWD7773629-GR206256	20,684	-
Research on Healthcare Costs, Quality and Outcomes	93.226		-	14,115	Georgetown University	AWD7773629-GR206916	14,115	-
Research on Healthcare Costs, Quality and Outcomes	93.226		-	12,510	Pennsylvania State University	RANDHS026917	12,510	-
<b>Centers for Disease Control and Prevention</b>								
Centers for Disease Control and Prevention	93.RD	200-2016-92420	5,645	-			5,645	-
Centers for Disease Control and Prevention	93.RD	75D30118C03556	69,999	-			69,999	-
Centers for Disease Control and Prevention	93.RD	75D30122C14256	4,748	-			4,748	-
Emerging Infections Programs	93.317	75D30119C06926	464,548	-			464,548	-
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185		-	108,145	University of Iowa	S01976-01	108,145	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	R01CE002999	361,633	-			361,633	133,559
Injury Prevention and Control Research and State and Community Based Programs	93.136	R01CE003279	201,520	-			201,520	-

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The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	93.334		-	75,928	University of Minnesota	P008703961	75,928	-
<b>Centers for Medicare &amp; Medicaid Services</b>								
Centers for Medicare & Medicaid Services	93.RD	75FCMC19D0093_75FCMC20F0001	2,530,472	-			2,530,472	-
Centers for Medicare & Medicaid Services	93.RD	75FCMC19D0093_75FCMC21F0001	1,021,994	-			1,021,994	149,165
Centers for Medicare & Medicaid Services	93.RD	HHSM-500-2014-000361	198,435	-			198,435	17,826
Centers for Medicare & Medicaid Services	93.RD	50082	-	263,109	Abt Associates Incorporated	50082	263,109	9,774
Centers for Medicare & Medicaid Services	93.RD	126421	-	642,659	MITRE Corporation	126421	642,659	-
Centers for Medicare & Medicaid Services	93.RD	50496S05638	-	200,999	Mathematica	50496S05638	200,999	-
Centers for Medicare & Medicaid Services	93.RD	97254	-	(1,552)	MITRE Corporation	97254	(1,552)	-
<b>Medicare Access and CHIP Reauthorization Act (MACRA)</b>								
Funding Opportunity: Measure Development for the Quality Payment Program	93.986		-	(89)	American Academy of Hospice and Palliative Medicine	AAHPM_09.24.18	(89)	9,076
<b>Department of Health and Human Services</b>								
Department of Health and Human Services	93.RD	HHSP233201500038I	2,562,918	-			2,562,918	15,459
Department of Health and Human Services	93.RD	HHSP233201500038I_75P00121F3702	1,049,535	-			1,049,535	
<b>Food and Drug Administration</b>								
Food and Drug Administration Research	93.103		-	256,493	Medical Device Innovation Consortium	MDIC_04.05.18	256,493	-
<b>Health Resources and Services Administration</b>								
HIV-Related Training and Technical Assistance	93.145		-	71,375	Health Research Incorporated	7114-01	71,375	-
<b>National Institute of Mental Health</b>								
Intergovernmental Mobility of Federal, State, and Local Employees	93.RD	IPA Agreement	120,743	-			120,743	-
<b>National Institutes of Health</b>								
Aging Research	93.866	1K01AG061274	130,541	-			130,541	-
Aging Research	93.866	2P01AG008291	114,623	-			114,623	-
Aging Research	93.866	R01AG053972	814,631	-			814,631	33,411
Aging Research	93.866	R01AG065482	409,696	-			409,696	59,825
Aging Research	93.866	R01AG066194	176,460	-			176,460	-
Aging Research	93.866	R01AG072057	135,893	-			135,893	33,173
Aging Research	93.866	R01AG072652	368,388	-			368,388	6,352
Aging Research	93.866	R01AG073289	204,680	-			204,680	-
Aging Research	93.866	R01AG075508	105,485	-			105,485	-
Aging Research	93.866	R03AG057632	23,331	-			23,331	-
Aging Research	93.866	R03AG064508	50,151	-			50,151	-
Aging Research	93.866	R03AG067871	37,265	-			37,265	8,137
Aging Research	93.866	R03AG070335	115,533	-			115,533	-
Aging Research	93.866	R21AG058123	84,992	-			84,992	-
Aging Research	93.866	R21AG059214	130,892	-			130,892	25,002
Aging Research	93.866	R21AG061433	214,695	-			214,695	88,851
Aging Research	93.866	R21AG068901	216,807	-			216,807	

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Aging Research	93.866	R21AG069787	208,322	-			208,322	15,008
Aging Research	93.866	R21AG071925	76,181	-			76,181	-
Aging Research	93.866	R21AG072609	266,038	-			266,038	-
Aging Research	93.866	R61AG069776	359,114	-			359,114	126,152
Aging Research	93.866	T32AG000244-26-30	106,799	-			106,799	-
Aging Research	93.866		-	2,259	Brown University	00002121	2,259	-
Aging Research	93.866		-	244,070	Trustees of Columbia University in the City of New York	1(GG017681-01)	244,070	-
Aging Research	93.866		-	48,998	University of Utah	10056765-01	48,998	-
Aging Research	93.866		-	12,495	University of Southern California	112719833	12,495	-
Aging Research	93.866		-	(43)	Harvard University	153132.5102395.0002	(43)	-
Aging Research	93.866		-	150,113	University of California, Los Angeles	1557 G VC147	150,113	-
Aging Research	93.866		-	25,691	University of California, Los Angeles	1557 G YA528	25,691	-
Aging Research	93.866		-	21,726	University of California, Los Angeles	1557 G ZA526	21,726	-
Aging Research	93.866		-	35,837	University of California	1558 G WA386	35,837	-
Aging Research	93.866		-	2,483	University of California, Los Angeles	1558 G WA576	2,483	-
Aging Research	93.866		-	914,759	University of Michigan	3004822334	914,759	-
Aging Research	93.866		-	139,962	Rose Li and Associates Incorporated	7001.NIA.RLA-RAND-S001	139,962	-
Aging Research	93.866		-	37,813	National Bureau of Economic Research	P01AG005842-4135G.33.12.RAND	37,813	-
Aging Research	93.866		-	17,701	University of Pennsylvania	P30AG064105 582392	17,701	-
Aging Research	93.866		-	5,544	University of Pennsylvania	P30AG064105 585030	5,544	-
Aging Research	93.866		-	5,342	University of Southern California	SCON-00003037	5,342	-
Aging Research	93.866		-	9,559	University of Southern California	SCON-00003935	9,559	-
Aging Research	93.866		-	127,804	University of Michigan	SUBK00016875	127,804	-
Alcohol Research Programs	93.273	R01AA025641	426,126	-			426,126	34,359
Alcohol Research Programs	93.273	R01AA025848	448,620	-			448,620	-
Alcohol Research Programs	93.273	R01AA025956	439,058	-			439,058	109,249
Alcohol Research Programs	93.273	R01AA026457	208,873	-			208,873	-
Alcohol Research Programs	93.273	R01AA028812	403,650	-			403,650	-
Alcohol Research Programs	93.273	R01AA029081	56,765	-			56,765	-
Alcohol Research Programs	93.273	R34AA025480	(18,789)	-			(18,789)	(18,789)
Alcohol Research Programs	93.273	R61AA029064	135,229	-			135,229	-
Alcohol Research Programs	93.273		-	25,048	University of Southern California	132368375	25,048	-
Alcohol Research Programs	93.273		-	55,052	University of Southern California	135825463	55,052	-
Alcohol Research Programs	93.273		-	4,823	University of Southern California	139388801	4,823	-
Alcohol Research Programs	93.273		-	61,308	Harvard University	150552.5117594.0004	61,308	-
Alcohol Research Programs	93.273		-	10,616	Harvard University	150824.5120900.0007	10,616	-
Alcohol Research Programs	93.273		-	5,494	Stanford University	62876858-227772	5,494	-
Alcohol Research Programs	93.273		-	22,212	Boston Medical Center	7073	22,212	-
Allergy and Infectious Diseases Research	93.855	R01AI118705	44,161	-			44,161	-
Allergy and Infectious Diseases Research	93.855	R01AI160240	561,154	-			561,154	-
Allergy and Infectious Diseases Research	93.855	R01AI169293	252,492	-			252,492	-
Cancer Cause and Prevention Research	93.393	R01CA149105 (6-10)	827,373	-			827,373	44,994
Cancer Cause and Prevention Research	93.393	R01CA236608	475,034	-			475,034	-
Cancer Cause and Prevention Research	93.393	R01CA261639	12,575	-			12,575	-
Cancer Cause and Prevention Research	93.393	R21CA263723	6,417	-			6,417	-
Cancer Cause and Prevention Research	93.393	R37CA249707	442,853	-			442,853	-
Cancer Cause and Prevention Research	93.393		-	(56,595)	Memorial Sloan-Kettering Cancer Center	BD527163	(56,595)	-
Cancer Cause and Prevention Research	93.393		-	94,505	Kaiser Permanente	R01CA265020_OOS030571-RAND	94,505	-

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Cancer Cause and Prevention Research	93.393		-	41,083	Memorial Sloan-Kettering Cancer Center	U01CA253913_BD528259	41,083	-
Cancer Cause and Prevention Research	93.393		-	66,153	Memorial Sloan-Kettering Cancer Center	U01CA253913_C21848081	66,153	-
Cancer Cause and Prevention Research	93.393		-	308,915	Memorial Sloan-Kettering Cancer Center	U01CA253913_C21848216	308,915	-
Cancer Cause and Prevention Research	93.393		-	91,690	Memorial Sloan-Kettering Cancer Center	U01CA253913_C21854945	91,690	-
Cancer Cause and Prevention Research	93.393		-	35,801	Memorial Sloan-Kettering Cancer Center	U01CA253913_C21855017	35,801	-
Cancer Cause and Prevention Research	93.393		-	90,219	University of Southern California	U01CA261624_SCON-00002639	90,219	-
Cancer Detection and Diagnosis Research	93.394	R01CA218188	695,579	-			695,579	58,514
Cancer Detection and Diagnosis Research	93.394	R21CA239061	32,664	-			32,664	-
Cancer Detection and Diagnosis Research	93.394		-	1,860	University of Massachusetts Boston	SWCHE099	1,860	-
Cardiovascular Diseases Research	93.837	R01HL148420	610,618	-			610,618	63,210
Cardiovascular Diseases Research	93.837	R01HL155187	139,590	-			139,590	-
Cardiovascular Diseases Research	93.837		-	201,600	University of Southern California	119954490	201,600	-
Cardiovascular Diseases Research	93.837		-	65,081	Cedars-Sinai Medical Center	1881132	65,081	-
Cardiovascular Diseases Research	93.837		-	52,396	University of Michigan	3004716551	52,396	-
Child Health and Human Development Extramural Research	93.865	R01HD083444	156,664	-			156,664	-
Child Health and Human Development Extramural Research	93.865	R01HD087257	202,690	-			202,690	-
Child Health and Human Development Extramural Research	93.865	R01HD090045	67,241	-			67,241	60,741
Child Health and Human Development Extramural Research	93.865	R01HD090231	164,229	-			164,229	-
Child Health and Human Development Extramural Research	93.865	R01HD090981	334,345	-			334,345	125,703
Child Health and Human Development Extramural Research	93.865	R01HD091832	429,970	-			429,970	-
Child Health and Human Development Extramural Research	93.865	R01HD102412	493,936	-			493,936	-
Child Health and Human Development Extramural Research	93.865	R01HD104555	631,654	-			631,654	63,835
Child Health and Human Development Extramural Research	93.865	R01HD104835	63,506	-			63,506	-
Child Health and Human Development Extramural Research	93.865	R03HD094019	12,684	-			12,684	-
Child Health and Human Development Extramural Research	93.865	R21HD097599	102,657	-			102,657	28,841
Child Health and Human Development Extramural Research	93.865	R21HD098508	63,580	-			63,580	10,727
Child Health and Human Development Extramural Research	93.865		-	16,620	Regents of the University of California at Berkeley (UC Berkeley)	10851	16,620	-
Child Health and Human Development Extramural Research	93.865		-	24,249	Mbarara University of Science and Technology	1R21HD107985-01A1-RAND	24,249	-
Child Health and Human Development Extramural Research	93.865		-	22,919	University of California, Irvine	2018-3600	22,919	-
Child Health and Human Development Extramural Research	93.865		-	2,730	Case Western Reserve University	RES516265	2,730	-
Child Health and Human Development Extramural Research	93.865		-	28,363	University of Georgia	SUB00001733	28,363	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK118354	128,802	-			128,802	25,877
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK126049	673,322	-			673,322	143,750
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		-	56,570	Northwestern University	60053118 RAND	56,570	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		-	132,611	University of Southern California	91459459	132,611	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		-	16,485	Kaiser Permanente	RNG211922-RAND-01	16,485	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		-	9,648	University of Texas at Austin	UTAUS-SUB00000524	9,648	-
Drug Abuse and Addiction Research Programs	93.279	P50DA046351	1,328,850	-			1,328,850	259,379
Drug Abuse and Addiction Research Programs	93.279	R01DA045049	231,541	-			231,541	72,849

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Drug Abuse and Addiction Research Programs	93.279	R01DA045055	571,295	-			571,295	41,921
Drug Abuse and Addiction Research Programs	93.279	R01DA045800	477,119	-			477,119	80,663
Drug Abuse and Addiction Research Programs	93.279	R01DA046226	327,031	-			327,031	213,841
Drug Abuse and Addiction Research Programs	93.279	R01DA048910	155,695	-			155,695	
Drug Abuse and Addiction Research Programs	93.279	R01DA051545	638,927	-			638,927	99,037
Drug Abuse and Addiction Research Programs	93.279	R21DA045950	55,249	-			55,249	-
Drug Abuse and Addiction Research Programs	93.279	R21DA045983	48,769	-			48,769	44,719
Drug Abuse and Addiction Research Programs	93.279	R21DA047501	8,544	-			8,544	-
Drug Abuse and Addiction Research Programs	93.279	R21DA052655	88,680	-			88,680	-
Drug Abuse and Addiction Research Programs	93.279	R34DA046950	154,942	-			154,942	-
Drug Abuse and Addiction Research Programs	93.279	R34DA047492	168,349	-			168,349	59,367
Drug Abuse and Addiction Research Programs	93.279	R34DA047502	137,149	-			137,149	38,940
Drug Abuse and Addiction Research Programs	93.279	UH3DA050235	1,532,135	-			1,532,135	174,671
Drug Abuse and Addiction Research Programs	93.279		-	85,128	University of Southern California	131759199	85,128	-
Drug Abuse and Addiction Research Programs	93.279		-	59,984	Harvard University	153367.5111796.0002	59,984	-
Drug Abuse and Addiction Research Programs	93.279		-	29,689	Harvard University	153367.5117034.0004	29,689	-
Drug Abuse and Addiction Research Programs	93.279		-	63,079	University of California, Los Angeles	2000 G XA101	63,079	-
Drug Abuse and Addiction Research Programs	93.279		-	67,124	University of California, Los Angeles	2000 G XE690	67,124	-
Drug Abuse and Addiction Research Programs	93.279		-	24,372	National Bureau of Economic Research	41800	24,372	-
Drug Abuse and Addiction Research Programs	93.279		-	49,333	San Diego State University Research Foundation	D8253-03 SA00 5A441A 7803	49,333	-
Drug Abuse and Addiction Research Programs	93.279		-	14,826	Multnomah County Health Department	HD-SVCSGEN-12515-2021	14,826	-
Drug Abuse and Addiction Research Programs	93.279		-	2,262	University of California, San Diego	KR 704400	2,262	-
Drug Abuse and Addiction Research Programs	93.279		-	384,293	Pennsylvania State University	RAND_DA047396	384,293	2,300
Environmental Health	93.113	R01ES025778	327,406	-			327,406	303,314
Environmental Health	93.113	R01ES031955	148,037	-			148,037	45,016
Environmental Health	93.113	R03ES028418	15,215	-			15,215	-
Environmental Health	93.113		-	20,000	University of Pittsburgh	CNVA00059250 (136989-1)	20,000	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		-	127,595	Fellows of Harvard College	153366.5110641.0003	127,595	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		-	85,033	University of Chicago	AWD101469 (SUB00000382)	85,033	-
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	R01DA050972	546,902	-			546,902	-
International Research and Research Training	93.989		-	66,886	Makerere University School of Public Health	MAKERERE_092120	66,886	-
Lung Diseases Research	93.838		-	61,086	Kaiser Permanente	RNG211577-RAND	61,086	-
Mental Health Research Grants	93.242	R01MH104086	(2,279)	-			(2,279)	(2,279)
Mental Health Research Grants	93.242	R01MH110350	290,213	-			290,213	56,961
Mental Health Research Grants	93.242	R01MH115830	576,817	-			576,817	265,717
Mental Health Research Grants	93.242	R01MH117760	657,351	-			657,351	478,121
Mental Health Research Grants	93.242	R01MH121256	533,459	-			533,459	297,500
Mental Health Research Grants	93.242	R01MH123585	813,116	-			813,116	401,222

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Mental Health Research Grants	93.242	R01MH126691	593,715	-			593,715	127,907
Mental Health Research Grants	93.242	R21MH122889	184,302	-			184,302	26,747
Mental Health Research Grants	93.242	R21MH126150	15,118	-			15,118	-
Mental Health Research Grants	93.242	R21MH128522	6,834	-			6,834	-
Mental Health Research Grants	93.242	R34MH119889	56,651	-			56,651	23,522
Mental Health Research Grants	93.242	R34MH119924	162,432	-			162,432	104,556
Mental Health Research Grants	93.242	R34MH121229	131,452	-			131,452	94,923
Mental Health Research Grants	93.242	R34MH122331	233,423	-			233,423	151,461
Mental Health Research Grants	93.242	R34MH126478	236,335	-			236,335	121,159
Mental Health Research Grants	93.242	UF1MH121954	3,910,728	-			3,910,728	1,814,256
Mental Health Research Grants	93.242		-	2,777	Massachusetts General Hospital	10316	2,777	-
Mental Health Research Grants	93.242		-	8,416	California State University Dominguez Hills Foundation	153246.5105735.0002	8,416	-
Mental Health Research Grants	93.242		-	27,524	Fellows of Harvard College	1550 G UB128	27,524	-
Mental Health Research Grants	93.242		-	5,135	Regents Of The University Of California - Berkeley	1550 G ZA902	5,135	-
Mental Health Research Grants	93.242		-	16,781	Harvard University	232959	16,781	-
Mental Health Research Grants	93.242		-	3,514	San Diego State University Research Foundation	3814 G LA107	3,514	-
Mental Health Research Grants	93.242		-	170,721	Pennsylvania State University	D8613-04 SA00 5A368A 7803	170,721	-
Mental Health Research Grants	93.242		-	4,068	Massachusetts General Hospital	RS20181277-04	4,068	-
Minority Health and Health Disparities Research	93.307	R01MD010274	29,762	-			29,762	-
Minority Health and Health Disparities Research	93.307	R01MD010360	580,811	-			580,811	43,133
Minority Health and Health Disparities Research	93.307	R01MD010372	357,817	-			357,817	129,515
Minority Health and Health Disparities Research	93.307	R01MD012190	428,161	-			428,161	35,424
Minority Health and Health Disparities Research	93.307	R01MD012428	693,399	-			693,399	413,479
Minority Health and Health Disparities Research	93.307	R01MD012638	714,726	-			714,726	29,153
Minority Health and Health Disparities Research	93.307	R01MD014722	398,400	-			398,400	215,557
Minority Health and Health Disparities Research	93.307	R01MD015713	116,732	-			116,732	-
Minority Health and Health Disparities Research	93.307	R01MD016892	1,182	-			1,182	-
Minority Health and Health Disparities Research	93.307	R01MD017062	8,407	-			8,407	-
Minority Health and Health Disparities Research	93.307	R01MD017232	70,848	-			70,848	-
Minority Health and Health Disparities Research	93.307	R03MD013951	52,907	-			52,907	-
Minority Health and Health Disparities Research	93.307		-	906	Columbia University	3(GG012238-01)	906	-
Minority Health and Health Disparities Research	93.307		-	54,885	The Mind Research Network	6010567 Sub 2	54,885	-
Minority Health and Health Disparities Research	93.307		-	1,230	Charles R. Drew University	CDU_07.27.21	1,230	-
Minority Health and Health Disparities Research	93.307		-	85,633	University of Minnesota	N009867902	85,633	-
Minority Health and Health Disparities Research	93.307		-	33,981	ASP.MD	R41MD017162_1	33,981	-
National Center for Advancing Translational Sciences	93.350		-	75,792	Tufts University	102188-00001-THOMAS_CONCANNON	75,792	-
National Center for Advancing Translational Sciences	93.350		-	45	Cedars-Sinai Medical Center	U01TR002756_0001707610	45	-
National Center for Advancing Translational Sciences	93.350		-	127,388	Cedars-Sinai Medical Center	U01TR002756_0001891298	127,388	-
National Center for Advancing Translational Sciences	93.350		-	77,117	Cedars-Sinai Medical Center	U01TR002756_0002077262	77,117	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Nursing Research	93.361	R01NR017334	465,347	-			465,347	128,755
Nursing Research	93.361	R01NR018837	694,299	-			694,299	11,524
Nursing Research	93.361		-	6,506	Columbia University	1(GG012268-01)	6,506	-
Nursing Research	93.361		-	106,171	Trustees of Columbia University in the City of NY	1(GG017736-01)	106,171	-
Oral Diseases and Disorders Research	93.121	R01DE028530	471,170	-			471,170	101,131
Oral Diseases and Disorders Research	93.121		-	35,710	New York University	F1838-01	35,710	-
Oral Diseases and Disorders Research	93.121		-	(1,325)	Hennepin Healthcare Research Institute	UG3DE029973 15263-1	(1,325)	-
Oral Diseases and Disorders Research	93.121		-	73,002	Hennepin Healthcare Research Institute	UG3DE029973 15341-1	73,002	-
Research and Training in Complementary and Integrative Health	93.213	R01AT010402	570,410	-			570,410	107,122
Research and Training in Complementary and Integrative Health	93.840		-	743	Kaiser Foundation Research Institute	RNG210883-RAND	743	-
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	93.840		-	28,958	Kaiser Permanente	1557 G WA048	28,958	-
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	93.840		-	94,462	University of California, Los Angeles	1557 G YA601	94,462	-
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	93.840		-	84,716	University of California, Los Angeles	RNG210580-RAND	84,716	-
<b>Office of Assistant Secretary for Health</b>								
Teenage Pregnancy Prevention Program	93.297		-	150,711	Policy & Research Group	1-TP2AH000070-01-00-A	150,711	-
<b>Substance Abuse and Mental Health Services Administration</b>								
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	1,365	University of Southern California	80486355	1,365	3,503
<b>Total for Department of Health and Human Services:</b>			<u>46,864,466</u>	<u>7,478,500</u>			<u>54,342,966</u>	<u>8,841,104</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>								
<b>Cybersecurity and Infrastructure Security Agency</b>								
Intergovernmental Mobility of Federal, State, and Local Employees	97.128	IPA Agreement	1,352	-			1,352	-
<b>US Department of Homeland Security</b>								
Department of Homeland Security	97.RD	70B02C22F00000726	27,405	-			27,405	-
Department of Homeland Security	97.RD	70B06C22F00001060	468	-			468	-
Department of Homeland Security	97.RD	70CMSW22FR0000099	3,548	-			3,548	-
Department of Homeland Security	97.RD	70CMSW22FR0000135	3,043	-			3,043	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

The RAND Corporation  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Department of Homeland Security	97.RD	70FA2022F00000036	121,127	-			121,127	57,800
Department of Homeland Security	97.RD	70FA4022F00000193	119,489	-			119,489	-
Department of Homeland Security	97.RD	70FA4022F00000216	118,980	-			118,980	-
Department of Homeland Security	97.RD	70FA4022F00000362	1,693	-			1,693	-
Department of Homeland Security	97.RD	70FBR222F00000165	265,776	-			265,776	-
Department of Homeland Security	97.RD	70RCSA22FR0000022	357,126	-			357,126	-
Department of Homeland Security	97.RD	70RCSA22FR0000025	101,879	-			101,879	-
Department of Homeland Security	97.RD	70RCSA22FR0000026	57,193	-			57,193	-
Department of Homeland Security	97.RD	70RCSA22FR0000028	211,836	-			211,836	-
Department of Homeland Security	97.RD	70RCSA22FR0000031	401,666	-			401,666	-
Department of Homeland Security	97.RD	70RCSJ22FR0000005	4,575	-			4,575	-
Department of Homeland Security	97.RD	70RDAD22FR0000121	189	-			189	-
Department of Homeland Security	97.RD	70RDAD22FR0000124	1,883	-			1,883	-
Department of Homeland Security	97.RD	70RSAT22FR0000055	286	-			286	-
Department of Homeland Security	97.RD	70RSAT22FR0000032	332,438	-			332,438	-
Department of Homeland Security	97.RD	70RSAT22FR0000042	53,574	-			53,574	-
Department of Homeland Security	97.RD	70RSAT22FR0000045	77,422	-			77,422	-
Department of Homeland Security	97.RD	70RSAT22FR0000046	25,820	-			25,820	-
Department of Homeland Security	97.RD	70RSAT22FR0000047	25,001	-			25,001	-
Department of Homeland Security	97.RD	70RDAD22FR0000125	286	-			286	-
Department of Homeland Security	97.RD	70RSAT22FR0000056	35,436	-			35,436	-
Department of Homeland Security	97.RD	70RSAT22FR0000064	20,893	-			20,893	-
Department of Homeland Security	97.RD	70RSAT22FR0000065	29,920	-			29,920	-
Department of Homeland Security	97.RD	70RSAT22FR0000066	20,301	-			20,301	-
Department of Homeland Security	97.RD	70RSAT22FR0000072	34,162	-			34,162	-
Department of Homeland Security	97.RD	70RSAT22FR0000073	87,196	-			87,196	-
Department of Homeland Security	97.RD	70RSAT22FR0000074	80,927	-			80,927	-
Department of Homeland Security	97.RD	70RSAT22FR0000087	10,270	-			10,270	-
Department of Homeland Security	97.RD	70RSAT22FR0000107	39,358	-			39,358	-
Department of Homeland Security	97.RD	70RSAT22FR0000125	2,484	-			2,484	-
Department of Homeland Security	97.RD	70RSAT22FR0000161	2,419	-			2,419	-
Department of Homeland Security	97.RD	70RWMD22F00000027	10,226	-			10,226	-
Department of Homeland Security	97.RD	70RWMD22F00000029	91,287	-			91,287	-
Department of Homeland Security	97.RD	70RWMD22F00000030	2,117	-			2,117	-
Department of Homeland Security	97.RD	70T05022F7800N001	5,468	-			5,468	-
Department of Homeland Security	97.RD	70US0922F1DHS2280	143	-			143	-
Department of Homeland Security	97.RD	70Z02322FDCO50001	7,491	-			7,491	-
Department of Homeland Security	97.RD	70Z02322FDCOX0001	3,268	-			3,268	-
Department of Homeland Security	97.RD	70Z02322FMER00002	7,253	-			7,253	-
Department of Homeland Security	97.RD	70Z02322FPAE10002	317	-			317	-
Department of Homeland Security	97.RD	HSHQDC-16-D-00007	50,128,534	-			50,128,534	1,050,827
Intergovernmental Mobility of Federal, State, and Local Employees	97.RD	IPA Agreement	118,285	-			118,285	-
<b>Total for Department of Homeland Security:</b>			<u>53,051,810</u>	<u>-</u>			<u>53,051,810</u>	<u>1,108,627</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>								
<b>Assistant Secretary for Community Planning and Development</b>								
Pay for Success Permanent Supportive Housing Demonstration	14.273		-	297,053	JIR PFS, LLC	CSH_070117	297,053	-
<b>Assistant Secretary for Policy Development and Research</b>								
Research and Evaluations, Demonstrations, and Data Analysis and Utilization	14.536		-	20,772	University of Iowa	S01186-01	20,772	-
<b>Total for Department of Housing and Urban Development:</b>			<u>-</u>	<u>317,825</u>			<u>317,825</u>	<u>-</u>
<b>DEPARTMENT OF JUSTICE</b>								
<b>Department of Justice</b>								
Department of Justice	16.RD	15PVC021C00000003	202,573	-			202,573	-
<b>DOJ-Community Oriented Policing Services</b>								
Public Safety Partnership and Community Policing Grants	16.710	2020CKWXK048	212,965	-			212,965	23,722
<b>National Institute of Justice</b>								
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2019-R2-CX-0003	20,318	-			20,318	6,566
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2015-ZD-CX-K002	(32,259)	-			(32,259)	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2017-CK-BX-0017	619,751	-			619,751	455,857
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2017-CK-BX-0020	1,254,189	-			1,254,189	842,598
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2017-IJ-CX-0015	181,889	-			181,889	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2017-R2-CX-0025	4,016	-			4,016	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2018-75-CX-K001	106,948	-			106,948	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2018-75-CX-K006	856,262	-			856,262	379,903
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2018-R2-CX-0028	52,742	-			52,742	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2019-75-CX-0011	193,786	-			193,786	73,008
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	15PNIJ-21-GG-02708-RESS	20,708	-			20,708	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2019-R2-CX-0031	164,986	-			164,986	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2019-V3-GX-0002	238,823	-			238,823	52,000

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2020-JX-FX-K007	27,208	-			27,208	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2020-R2-CX-0002	202,024	-			202,024	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2020-V3-GX-0077	120,573	-			120,573	-
<b>Office of Justice Programs</b>								
Juvenile Mentoring Program	16.726		-	69,451	Dream Academy	OJJDP-2020-16930	69,451	-
<b>Total for Department of Justice:</b>			<u>4,447,502</u>	<u>69,451</u>			<u>4,516,953</u>	<u>1,833,654</u>
<b>DEPARTMENT OF STATE</b>								
<b>Bureau of International Security and Nonproliferation</b>								
Global Threat Reduction	19.033	SISNCT20CA0034	12,411	-			12,411	-
Global Threat Reduction	19.033	SISNCT22CA0007	542,760	-			542,760	-
<b>Bureau of Population, Refugees and Migration</b>								
Overseas Refugee Assistance Programs for Strategic Global Priorities	19.522	SPRMC019CA0131	14,101	-			14,101	-
<b>Department of State</b>								
Intergovernmental Mobility of Federal, State, and Local Employees	19.RD	IPA Agreement	8,536	-			8,536	-
Public Diplomacy Programs	19.040	SGECPD21CA3034	333,658	-			333,658	-
<b>Total for Department of State:</b>			<u>911,466</u>	<u>-</u>			<u>911,466</u>	<u>-</u>
<b>DEPARTMENT OF TREASURY</b>								
<b>Consumer Financial Protection Bureau</b>								
Intergovernmental Mobility of Federal, State, and Local Employees	21.RD	IPA Agreement	187,240	-			187,240	-
<b>Total for Department of Treasury:</b>			<u>187,240</u>	<u>-</u>			<u>187,240</u>	<u>-</u>
<b>MILLENNIUM CHALLENGE CORPORATION</b>								
<b>Millennium Challenge Corporation</b>								
Millennium Challenge Corporation	85.RD	95332418C0283	46,398	-			46,398	-
<b>Total for Millennium Challenge Corporation:</b>			<u>46,398</u>	<u>-</u>			<u>46,398</u>	<u>-</u>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>								
<b>National Aeronautics and Space Administration</b>								
Science	43.001		-	13,772	University of Oklahoma	80NSSC20K0362_2022-50	13,772	-
<b>Total for National Aeronautics and Space Administration:</b>			<u>-</u>	<u>13,772</u>			<u>13,772</u>	<u>-</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>NATIONAL SCIENCE FOUNDATION</b>								
<b>National Science Foundation</b>								
Computer and Information Science and Engineering	47.070	1831770	615,693	-			615,693	333,275
Computer and Information Science and Engineering	47.070	1837959	361,397	-			361,397	-
Computer and Information Science and Engineering	47.070	2202345	7,534	-			7,534	-
Education and Human Resources	47.076	2039612	4,533	-			4,533	-
Education and Human Resources	47.076	2122436	351,684	-			351,684	271,346
Education and Human Resources	47.076	2141992	289	-			289	-
Education and Human Resources	47.076	-	-	7,568	University of Florida	2200928898	7,568	-
Education and Human Resources	47.076	-	-	123	Clemson University	2417-206-2015443	123	-
Education and Human Resources	47.076	-	-	15,446	Seattle Colleges	C800416	15,446	-
Education and Human Resources	47.076	-	-	2,330	Pennsylvania Western University, California	Cormas-2122-001	2,330	-
Education and Human Resources	47.076	-	-	140,363	Western Michigan University	PAF10596-Rand	140,363	-
Engineering	47.041	2048637	166,157	-			166,157	-
Geosciences	47.050	2022523	157,052	-			157,052	-
Geosciences	47.050	2028065	137,382	-			137,382	26,792
Geosciences	47.050	-	-	31,202	Sitka Sound Science Center	2022RAND-01	31,202	-
Integrative Activities	47.083	2128739	112,769	-			112,769	-
Polar Programs	47.078	-	-	64,708	Sitka Sound Science Center	SSSC 2020-01	64,708	-
Social Behavioral, and Economic Sciences	47.075	1921489	63,573	-			63,573	-
Social Behavioral, and Economic Sciences	47.075	2027094	28,433	-			28,433	-
Social Behavioral, and Economic Sciences	47.075	2028091	33,301	-			33,301	-
Social Behavioral, and Economic Sciences	47.075	2116949	152,496	-			152,496	-
<b>Total for National Science Foundation:</b>			<b>2,192,293</b>	<b>261,740</b>			<b>2,454,033</b>	<b>631,413</b>
<b>SECURITY AND EXCHANGE COMMISSION</b>								
<b>US Securities and Exchange Commission</b>								
US Securities and Exchange Commission	58.RD	SECHQ116D0011	422,783	-			422,783	73,335
<b>Total for National Science Foundation:</b>			<b>422,783</b>	<b>-</b>			<b>422,783</b>	<b>73,335</b>
<b>SOCIAL SECURITY ADMINISTRATION</b>								
<b>Social Security Administration</b>								
Social Security Research and Demonstration	96.007	-	-	45,818	University of Wisconsin-Madison	1949	45,818	-
Social Security Research and Demonstration	96.007	-	-	36,544	University of Michigan	51460.01:R-DRC19-16	36,544	-
Social Security Research and Demonstration	96.007	-	-	44,994	National Bureau of Economic Research	51460.03:R-DRCNB21-05	44,994	-
Social Security Research and Demonstration	96.007	-	-	23,097	National Bureau of Economic Research	51460.04.01-NB22-03-RAND	23,097	-
Social Security Research and Demonstration	96.007	-	-	78,344	National Bureau of Economic Research	51460.04.01-NB22-04	78,344	-
Social Security Research and Demonstration	96.007	-	-	33,622	University of Southern California	SCON-00003209	33,622	-
Social Security Research and Demonstration	96.007	-	-	512,081	University of Michigan	SUBK00009628	512,081	-
<b>Total for Social Security Administration:</b>			<b>-</b>	<b>774,500</b>			<b>774,500</b>	<b>-</b>
<b>Total for Research and Development Cluster:</b>			<b>259,675,429</b>	<b>9,931,767</b>			<b>269,607,196</b>	<b>13,157,623</b>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**The RAND Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2022**

Federal Program	Assistance Listing Number	Award Number	Direct	Pass-Through	Pass Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
<b>Other Programs - Direct Awards</b>								
<b>US Department of Education (ED)</b>								
COVID-19 Education Stabilization Fund	84.425E	P425E204503	43,350	-			43,350	-
COVID-19 Education Stabilization Fund	84.425F	P425F204970	26,670	-			26,670	-
COVID-19 Education Stabilization Fund	84.425N	P425N200825	(7,720)	-			(7,720)	-
<b>Total Other Programs - Direct Awards:</b>			<u>62,300</u>	<u>-</u>			<u>62,300</u>	<u>-</u>
<b>Student Financial Assistance Cluster</b>								
<b>DEPARTMENT OF EDUCATION</b>								
Federal Direct Student Loans	84.268		76,297	-			76,297	-
<b>Total for Student Financial Assistance Cluster:</b>			<u>76,297</u>	<u>-</u>			<u>76,297</u>	<u>-</u>
<b>Total for Expenditure of Federal Awards:</b>			<u>\$ 259,814,026</u>	<u>\$ 9,931,767</u>			<u>\$ 269,745,793</u>	<u>\$ 13,157,623</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

# **The RAND Corporation**

## **Notes to Schedule of Expenditures of Federal Awards**

### **Year Ended September 30, 2022**

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#### **1. Summary of Significant Accounting Policies**

##### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grants and cost reimbursement contracts transactions of The RAND Corporation and its subsidiaries ("RAND") recorded on the cash basis of accounting and 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 Schedule summarizes the expenditures of RAND under programs of the federal government for the year ended September 30, 2022. Because the Schedule presents only a selected portion of the operations of RAND, it is not intended to and does not present the financial position, changes in net assets or cash flows of RAND in accordance with accounting principles generally accepted in the United States of America. The grants and contracts listed relate predominately to Research and Development Programs. Assistance Listing numbers and pass through entity numbers are provided when available.

Expenditures for direct costs are recognized on a cash basis of accounting following the cost accounting principles contained in Title 48 U.S. *Code of Federal Regulations Federal Acquisition Regulations System* and the Uniform Guidance, as applicable. Under those cost principles, certain types of expenditures are not allowable or are limited as reimbursements. Moreover, expenditures include a portion of costs associated with general company activities which are allocated to awards under negotiated formulas commonly referred to as indirect cost rates. Negative amounts represent adjustments to amounts reported in the prior year, in the normal course of business.

#### **2. Indirect Cost Rate**

RAND has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

RAND used preliminary indirect rates for reimbursement of indirect costs, negotiated with the Defense Contract Management Agency ("DCMA"). DCMA engages the Defense Contract Audit Agency ("DCAA") to audit RAND's indirect rates. As of the date of the issuance of this report, the final indirect cost rates for the year ended September 30, 2022 have been submitted to the DCMA. As of the date of the issuance of this report, the audit for September 30, 2022 has not been performed by the DCAA. In the opinion of management, the results of the audit will not have a material impact on the Schedule.

#### **3. Contingencies**

RAND receives funding or reimbursement from agencies of the United States government for various activities that are subject to audit for compliance to federal government cost accounting standards. RAND is currently in discussions with DCMA to resolve some of these audit findings. In one case, DCMA has asserted a noncompliance with CAS 410, involving allocation of general and administration expense. RAND has certain contingent liabilities with respect to claims arising from the ordinary course of business. In management's opinion, such contingent liabilities will not result in any loss that would materially affect RAND's financial position, changes in net assets, or cash flows. Additional information on this matter is contained in footnote 10 to the consolidated financial statements.



**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 Trustees of The RAND Corporation

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 The RAND Corporation and its subsidiaries (the “Company”), which comprise the consolidated statement of financial position as of September 30, 2022, 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 January 26, 2023, except with respect to Notes 15 and 16 to the consolidated financial statements and the opinion on the financial responsibility supplemental schedule, as to which the date is June 30, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Company’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 the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions



was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

Los Angeles, California

January 26, 2023, except with respect to Notes 15 and 16 to the consolidated financial statements and the opinion on the financial responsibility supplemental schedule, as to which the date is June 30, 2023



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

To the Board of Trustees of The RAND Corporation

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

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

We have audited The RAND Corporation and its subsidiaries' (the "Company") 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 the Company's major federal programs for the year ended September 30, 2022. The Company'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, the Company 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 September 30, 2022.

#### ***Basis for 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 the Company 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 the Company'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 the Company'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 the Company'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 the Company'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 the Company'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 the Company'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 the Company'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.

### **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*

Los Angeles, California  
June 30, 2023

**The RAND Corporation**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2022**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unmodified opinion
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses	None reported

Type of auditor’s report issued on compliance for major programs	Unmodified
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Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of major programs:

<b>Program Name</b>	<b>Assistance Listing Number</b>
Research and Development Cluster	Various

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
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Auditee qualified as a low-risk auditee?	Yes
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**The RAND Corporation**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2022**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted.

**The RAND Corporation**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2022**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**The RAND Corporation**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2022**

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There are no findings from prior years which require an update in this report.