

SRI International

E.I.N. #941160950

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

December 29, 2023 and December 30, 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SRI International

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of SRI International and subsidiaries (a nonprofit organization) ("SRI") which comprise the consolidated balance sheets as of December 29, 2023 and December 30, 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SRI as of December 29, 2023 and December 30, 2022, 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 of the consolidated financial statements 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SRI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 SRI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SRI's ability to continue as a going concern for a reasonable period of time.

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included 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 US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024 on our consideration of SRI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 SRI's 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 SRI's internal control over financial reporting and compliance.

Grant Thornton LLP

San Jose, California
May 30, 2024

SRI International and Subsidiaries
Consolidated Balance Sheets
December 29, 2023 and December 30, 2022

(in thousands of dollars)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 26,646	\$ 34,568
Restricted cash and cash equivalents	1,556	7,074
Investments	21,484	34,187
Receivables, net	90,926	83,323
Inventory	11,062	7,702
Prepaid expenses and other assets	10,057	9,509
Total current assets	161,731	176,363
Property and equipment, net	116,221	114,569
Deferred tax asset	7,742	6,275
Operating lease right-of-use assets	121,882	12,942
Other noncurrent assets	19,158	20,112
Total assets	<u>\$ 426,734</u>	<u>\$ 330,261</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 74,866	\$ 66,595
Client advances and credits	20,868	17,359
Operating lease liabilities	11,434	6,441
Current installments of long-term debt	2,063	1,974
Total current liabilities	109,231	92,369
Long-term debt, excluding current installments	12,151	14,148
Operating lease liabilities, net of current portion	109,943	8,124
Other noncurrent liabilities	19,345	21,346
Total liabilities	250,670	135,987
Commitments and contingencies	-	-
Net assets without donor restrictions	176,064	194,274
Total liabilities and net assets	<u>\$ 426,734</u>	<u>\$ 330,261</u>

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

SRI International and Subsidiaries
Consolidated Statements of Activities
Years Ended December 29, 2023 and December 30, 2022

<i>(in thousands of dollars)</i>	2023	2022
Project revenue	\$ 396,911	\$ 379,919
Royalty revenue	4,504	38,989
Net revenue	401,415	418,908
Direct project costs	(206,488)	(190,301)
Excess of net revenue over direct project costs	194,927	228,607
Indirect expenses		
Salaries, wages, and benefits	143,822	133,100
Property and equipment	44,104	35,421
Materials, services, travel, and other	40,925	60,458
Internal research programs	6,578	7,346
Total indirect expenses	235,429	236,325
In-kind contribution of property and equipment of PARC and BCT	8,742	-
Other income (expense)		
Interest income	2,020	1,215
Interest expense	(828)	(780)
Stanford University separation recovery (expense)	1,494	(1,494)
Realized loss on investments	(305)	(9)
Other, net	8,414	5,793
Total other income (expense)	10,795	4,725
Loss from operations	(20,965)	(2,993)
Unrealized gain (loss) on investments	1,133	(1,597)
Loss before income taxes	(19,832)	(4,590)
Income tax benefit (expense)	2,015	(360)
Foreign currency translation loss	(393)	-
Change in net assets without donor restrictions	(18,210)	(4,950)
Net assets without donor restrictions		
Beginning of year	194,274	199,224
End of year	\$ 176,064	\$ 194,274

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

SRI International and Subsidiaries
Consolidated Statement of Cash Flows
December 29, 2023 and December 30, 2022

(in thousands of dollars)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (18,210)	\$ (4,950)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	21,148	16,628
Provision for doubtful accounts and indirect rate reserve	(2,691)	482
(Gain) loss on investments	(1,342)	1,768
Unrealized (gain) loss from investment in affiliates	316	(2,543)
Realized loss from investment in affiliates	199	-
(Gain) loss on sale/disposal of property and equipment	(164)	5
Change in deferred tax asset	(1,467)	72
In-kind contribution of property and equipment of PARC and BCT	(8,742)	-
Changes in operating assets and liabilities		
Receivables, net	(4,912)	35,532
Inventory	(3,360)	(2,481)
Prepaid expenses and other assets	(613)	(632)
Other noncurrent assets	983	(631)
Accounts payable and accrued expenses	7,690	5,230
Client advances and credits	1,952	(5,162)
Operating lease assets and liabilities, net	(410)	1,623
Other noncurrent liabilities	(2,878)	(6,645)
Net cash provided by (used in) operating activities	(12,501)	38,296
Cash flows from investing activities		
Purchase of investments	(3,205)	(15,560)
Sale and maturity of investments	16,535	5,295
Capital expenditures	(12,357)	(11,378)
Other investing activities	-	(200)
Net cash provided by (used in) investing activities	973	(21,843)
Cash flows from financing activities		
Proceeds from line of credit	-	-
Principal payments of long-term debt	(1,912)	(5,389)
Net cash used in financing activities	(1,912)	(5,389)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(13,440)	11,064
Cash, cash equivalents, and restricted cash		
Beginning of year	41,642	30,578
End of year	\$ 28,202	\$ 41,642
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest, net of amount capitalized	\$ 758	\$ 826
Income taxes	-	394
Change in accounts payable related to capital expenditures	8	251
Change in client advances and credits related to other noncurrent assets	1,457	450

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

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

1. Nature of Organization and Summary of Significant Accounting Policies

Description of Business

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

Effective fiscal year 2022, SRI adopted 12 periods fiscal year which ends on last Friday of December. Fiscal year 2023 ended on December 29, 2023 and included 52 weeks of operation. Fiscal year 2022 ended on December 30, 2022 and included 53 weeks of operation. Ravenswood Solutions uses a fiscal year that ends on December 31.

Ravenswood Solutions

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

Principles of Consolidation

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

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

Net Assets Without Donor Restrictions

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

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions that expire with specific actions to be undertaken by SRI and/or the passage of time. Upon the satisfaction of donor-imposed stipulations and/or the passage of time, the associated net assets are released from the donor restricted classification and recognized as net assets without donor restrictions. As of December 29, 2023 and December 30, 2022, donor restricted net assets are immaterial. Further, net assets are not subject to additional limitations such as internal board designations or significant limits resulting from contractual agreements.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

Measure of Operations

SRI considers all revenue and expenses related to operations except unrealized gains or losses from investments and unrealized gains or losses from investments in affiliates. The separation agreement transactions with Stanford University are included in the operations.

Revenue and Receivables

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

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

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

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

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

Contract Assets

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

Contract Liabilities

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

Contract balances for the years ending December 29, 2023 and December 30, 2022 are as follows:

	2023	2022
Billed receivables	\$ 44,965	\$ 27,430
Contract assets - unbilled receivables	<u>48,090</u>	<u>60,713</u>
	93,055	88,143
Less: Allowance for uncollectible accounts and rate reserve	<u>(2,129)</u>	<u>(4,820)</u>
Receivables, net	<u>\$ 90,926</u>	<u>\$ 83,323</u>
Contract assets - contractual retention and fee withhold receivables (Note 6)	\$ 6,347	\$ 7,578
Contract liability - client advances and credits	20,868	17,359

SRI does not have a material credit risk exposure as a majority of receivables are associated with the U.S. government. Remaining receivables consists primarily of contracts with private entities and foreign governments and is widely diversified. While SRI believes there is minimal credit risk given the nature of its customers, significant changes in levels of federal research funding could impact SRI. When events or conditions indicate that amounts outstanding from customers may become uncollectible, an allowance is estimated and recorded. Revenue on Federal government contracts has been recorded using modified rate for G&A and lower of actual or target for all other rate pools for 2023 and actual rates for 2022. In cases where the final indirect rate settlement will result in a change to recorded revenues, management has established an allowance for these indirect rate variances.

Contributions

In accordance with ASC 958-605 – *Not-for-Profit Entities – Revenue Recognition*, unconditional contributions are recognized as revenues immediately. There are no unconditional contributions received in 2023 and 2022.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

SRI conducts research pursuant to grants and contracts with the federal government, private corporations, foundations, universities and others that benefit the general public. These grants or contracts are considered nonexchange transactions or conditional contributions as a result of the adoption of ASU 2018-08 which was previously considered exchange transactions under the ASC 958-605. This change did not have an impact on the revenue recognition of these grants and contracts that benefit the general public which continue to be recognized over time in accordance with the conditions of each contract or grant that are primarily based on costs incurred, completion of milestones or other obligations as specified in the contract. For the years ended December 29, 2023 and December 30, 2022, SRI recognized \$120.5 million and \$115.5 million, respectively, of conditional contributions reported as project revenues in the consolidated statements of activities. As of December 29, 2023 and December 30, 2022, SRI had \$212.3 million and \$200.5 million, respectively, awarded but not expended contributions relating to these grants and contracts.

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

Cash and Cash Equivalents

SRI considers all cash and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of cash on hand, demand deposits with banks, highly liquid investments in money market funds, commercial paper, government securities, certificates of deposit, and corporate debt securities, which are readily convertible into cash.

Restricted Cash and Cash Equivalents

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

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

	2023	2022
Cash and cash equivalents	\$ 26,646	\$ 34,568
Restricted cash and cash equivalents	<u>1,556</u>	<u>7,074</u>
Cash, cash equivalents and restricted cash	<u>\$ 28,202</u>	<u>\$ 41,642</u>

Investments

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

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

Fair Value of Financial Assets and Liabilities

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

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

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

Inventory

Inventory consists of product in inventory for sale to customers, as well as supplies used in research activities. Product inventory consists of raw material parts, work-in-process and finished goods. Inventories are valued at the lower of cost or market value, cost being determined by a method that approximates the first-in, first-out method.

Property and Equipment

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

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

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets and are not material for the years

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

ended December 29, 2023 and December 30, 2022. Repairs and maintenance expenditures are expensed as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no material impairment losses for the years ended December 29, 2023 and December 30, 2022.

Asset Retirement Costs and Obligations

SRI reports legal obligations associated with the retirement of long-lived assets in accordance with ASC 410-20, *Asset Retirement Obligations* ("ARO"). The ARO is measured at fair value at the time the obligation is incurred. Upon initial recognition of a liability, SRI capitalizes the cost as part of the cost basis of the related long-lived asset and depreciates the asset over the useful life. AROs of \$17.2 million and \$16.6 million are included in other noncurrent liabilities (Note 9) in the consolidated balance sheets at December 29, 2023 and December 30, 2022, respectively.

Changes in the obligation due to revised estimates of the amount or timing of cash flows required to settle the future liability are recognized by increasing or decreasing the carrying amount of the ARO liability and the related long-lived asset. Changes due solely to the passage of time are recognized as an increase in the carrying amount of the liability as an accretion expense. Accretion expense for both years ended December 29, 2023 and December 30, 2022 were \$0.6 million, and is included in property and equipment expense in the consolidated statements of activities.

Income Taxes

SRI International is a non-profit corporation and is tax-exempt under Section 501(c) (3) of the Internal Revenue Code. Activities that generate unrelated business income, as defined by the Internal Revenue Service, are subject to income taxes. Ravenswood Solutions is a taxable corporation. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Use of Estimates

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

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

Liquidity

The following information provided references the liquidity over the 12 months following the balance sheet date, December 29, 2023 and December 30, 2022, respectively. SRI's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	\$ 26,646	\$ 34,568
Investments	21,484	34,187
Receivables, net	90,926	83,323
	<u>\$ 139,056</u>	<u>\$ 152,078</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Receivables are subject to implied time restrictions that are expected to be collected within one year. SRI has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, SRI invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. As described in Note 8, SRI also has an available line of credit in the amount of \$13.5 million as of December 29, 2023, which it could draw upon in the event of an unanticipated liquidity need.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires entities to use a forward-looking model to estimate credit losses over the contractual term of financial assets, including short-term trade receivables and contract assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by SRI that are subject to the guidance in FASB ASC 326 were billed receivables and unbilled receivables. We adopted the standard effective December 31, 2022. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contract modifications, hedging relationships, and other transactions affected by the anticipated transition away from LIBOR. The ASU applies to contract modifications beginning March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU 2022-06 which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. There was no impact from the new guidance on the consolidated financial statements.

New Accounting Pronouncements

Other recent accounting pronouncements issued during fiscal 2023 and through the filing date are not expected to have a material impact on SRI's present or historical consolidated financial statements.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

2. Revenue Recognition

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

Performance Obligations

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

Disaggregation of Revenue

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

The following table disaggregates revenue from exchange transactions based on the timing of revenue recognition for the years ending December 29, 2023 and December 30, 2022:

	2023	2022
Over time	\$ 244,900	\$ 235,834
Point in time	36,012	67,566
	<u>\$ 280,912</u>	<u>\$ 303,400</u>

3. Investments

SRI's investments consist of Corporate Bonds that are carried at fair value, totaling \$21.5 million and \$34.2 million as of December 29, 2023 and December 30, 2022, respectively, and were measured using Level 2 inputs.

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

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

SRI International and Subsidiaries
Notes to Consolidated Financial Statements
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(in thousands of dollars, unless otherwise noted)

	2023	2022
Unrealized		
Corporate bonds	\$ 857	\$ (1,722)
Forward contract	\$ 592	\$ (592)
Affiliate equity securities (Note 6)	(316)	717
	<u>1,133</u>	<u>(1,597)</u>
Realized		
Corporate bonds	(106)	(9)
Affiliate equity securities (Note 6)	(199)	-
	<u>(305)</u>	<u>(9)</u>
Net gain (loss) on investments	<u>\$ 828</u>	<u>\$ (1,606)</u>

A \$0.1 million realized loss on corporate bond was recorded as a result of selling a portion of the bonds prior to maturity to generate operational cash. A \$0.2 million realized loss on affiliate equity securities was recognized from a dissolution of one of the affiliate entities.

4. Property and Equipment

Property and equipment consist of the following:

	2023	2022
Land and improvements	\$ 25,804	\$ 25,772
Buildings	247,356	244,738
Equipment	192,189	177,142
Leasehold improvements	15,351	13,994
Construction-in-progress	11,711	8,476
	<u>492,411</u>	<u>470,122</u>
Less: Accumulated depreciation and amortization	<u>(376,190)</u>	<u>(355,553)</u>
	<u>\$ 116,221</u>	<u>\$ 114,569</u>

Depreciation and amortization expense for the years ended December 29, 2023 and December 30, 2022 was \$20.1 million and \$15.7 million, respectively.

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

SRI International and Subsidiaries
Notes to Consolidated Financial Statements
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(in thousands of dollars, unless otherwise noted)

5. Internal Software

Internal Software consist of the following:

	2023	2022
Internal Software	\$ 8,016	\$ 7,933
Less: Accumulated depreciation and amortization	(1,987)	(1,079)
	<u>\$ 6,029</u>	<u>\$ 6,854</u>

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

6. Other Noncurrent Assets

Other noncurrent assets consist of the following:

	2023	2022
Contractual retention and fee withhold receivable	\$ 6,347	\$ 7,578
Investments in affiliates	4,987	3,955
Other	7,824	8,579
	<u>\$ 19,158</u>	<u>\$ 20,112</u>

Included in the other line is a \$2.5 million investment in Simple Agreement for Future Equity (SAFE) in the form of cash, in-kind services and/or license agreements with 10 new affiliate entities during 2023.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	2023	2022
Accounts payable	\$ 30,061	\$ 18,468
Accrued payroll, vacation and other employee related accruals	41,634	42,342
Stanford separation expense (Note 15)	-	1,494
Stanford lease loss accrual (Note 15)	1,218	922
Accrued insurance	884	583
Other	1,069	2,786
	<u>\$ 74,866</u>	<u>\$ 66,595</u>

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

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(in thousands of dollars, unless otherwise noted)

Included in the accrued payroll, vacation and other employee related accruals line is employee royalty and equity sharing (RES) obligations of \$6.3 million and \$9.3 million at December 29, 2023 and December 30, 2022, respectively.

8. Long-Term Debt

Long-term debt consists of the following:

	2023	2022
California Infrastructure and Development Bank Revenue Bond Series 2018 Tax-exempt Variable Rate Bonds ("Series 2018 Bonds"); interest at 6.27129% and 4.91906% at December 29, 2023 and December 30, 2022, respectively.	\$ 6,959	\$ 7,941
California Infrastructure and Development Bank Revenue Bond Series 2012 Tax-exempt Fixed Rate Bonds ("Series 2012 Bonds") payable through 2028 interest coupon 3% to 5% and weighted average interest 3.858%.	7,255	8,181
Total principal amounts	14,214	16,122
Less: Current installments	(2,063)	(1,974)
Long-term debt, excluding current installments	\$ 12,151	\$ 14,148

Series 2012 Bonds

In June 2012, the California Infrastructure and Economic Development Bank issued \$18.6 million Tax-Exempt Fixed Rate Bonds (the "Series 2012 Bonds") on behalf of SRI International. The proceeds from this bond issuance refinanced the Series 2003A Bonds. US Bank, N.A., operates as Trustee on these bonds. The bonds are subject to a continuing disclosure annual report due May 31 annually and reporting of significant events as and when they occur. Principal and interest payments are due monthly to US Bank, N.A., and those payments accrue in a sinking fund that is used for bi-annual payments of the bonds.

Series 2018 Bonds

In November 2018, the California Infrastructure and Economic Development Bank issued \$10.9 million Tax-Exempt Variable Rate Revenue Bonds (the "Series 2018 Bonds") on behalf of SRI International. The proceeds from this bond issuance extinguished the Series 2010 Bonds. Wells Fargo Bank, N.A. direct purchased these bonds as part of an overall refinancing initiative, and in turn issued SRI a term loan that carried the same tax-exempt benefit to the company as the bonds. The put option on the 2018 bonds is tied to the maturity date of the continuing credit agreement between Wells Fargo Bank, N.A. and SRI, which is June 2024. Additionally, principal and interest payments are due monthly to Wells Fargo Bank, N.A. for the term loan, and they in turn make required bi-annual payments of the bonds. The covenants in this agreement include affirmative financial covenants which require the maintenance of defined levels of profit, liquidity and leverage, as well as negative covenants limiting capital expenditures, loans, advances and investments. At December 29, 2023, SRI was in not in compliance with its covenants. A waiver for the non-compliance was received from Wells Fargo Bank, N.A.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

Revolving Credit Facility

As of December 29, 2023 and December 30, 2022, SRI International has an available line of credit of \$13.5 million and \$13.5 million, respectively, with Wells Fargo Bank, N.A. SRI International renewed its line of credit on November 28, 2018 in conjunction with the issuance of the Series 2018 Bonds and extinguishment of the Series 2010 Bonds. There was no amount outstanding as of December 29, 2023 and December 30, 2022. The interest rate on the line of credit was SOFR plus 2.00% as of December 29, 2023 and 30-day LIBOR plus 1.5% as of December 30, 2022. The line of credit expires on June 1, 2024. This credit facility is covered by the same credit agreement underlying the Series 2018 Bonds with the same covenant requirements as discussed under the Series 2018 Bonds.

On May 30, 2024, SRI entered into a modified credit agreement with Wells Fargo Bank, N.A., for the term loan associated with the 2018 bonds and the revolving credit facility. This agreement extended the maturity date from June 1, 2024, to December 1, 2025. With the extension of the maturity date, the obligation due under the term loan is classified as long-term debt.

Based on the borrowing rates currently available to SRI for loans with similar terms and average maturities, the carrying value of long-term debt approximated fair value as of December 29, 2023 and December 30, 2022 respectively.

Maturities of debt as of December 29, 2023 are as follows:

2024	\$	2,063
2025		7,797
2026		1,386
2027		1,447
2028		1,521
Thereafter		-
	\$	<u>14,214</u>

9. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following:

	2023	2022
Long term asset retirement obligations (Note 1)	\$ 17,196	\$ 16,571
Other	<u>2,149</u>	<u>4,775</u>
	<u>\$ 19,345</u>	<u>\$ 21,346</u>

Included in the other line is \$1.2 million of the unamortized portion of the Ground Lease Option payment received from LPGS Menlo LLC for the redevelopment of the Menlo Park campus.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

10. Leases

SRI's leases are generally for office space. Effective upon the adoption of Topic 842, SRI recognized a right of use (ROU) asset and a lease liability of its operating leases. The initial lease liability was equal to the future fixed minimum lease payments discounted using the risk-free discount rate. The lease term was considered for option renewal periods and early termination payments if it was reasonably certain that we will exercise those rights. The initial measurement of the ROU asset was equal to the initial lease liability plus any initial direct costs and prepayments, less any lease incentives.

SRI recognizes lease costs on a straight-line basis over the remaining lease term, except for variable lease payments that are expensed in the period in which the obligation for those payments is incurred.

For its leases, SRI combined and accounted for lease and non-lease components together as a single component. We did not recognize lease liabilities and ROU assets for leases with original terms of 12 months or less.

Total operating lease cost is comprised of the following:

	2023	2022
Operating lease cost	\$ 5,448	\$ 5,727
Short-term lease cost	-	-
Variable lease cost	-	966
Sublease income	(709)	(464)
Total operating lease cost	<u>\$ 4,739</u>	<u>\$ 6,229</u>

Future minimum operating lease payments for noncancelable operating leases as of December 29, 2023 are as follows:

	Operating Lease Payments
2024	\$ 15,957
2025	13,114
2026	15,397
2027	14,951
2028	14,836
Thereafter	<u>72,638</u>
Total future lease payments	146,893
Less: Imputed Interest	<u>(25,516)</u>
Total Lease Liability	<u>\$ 121,377</u>

Supplemental cash flow information related to leases was as follows:

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

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	2023	2022
Cash paid for amounts included in the measurement of lease liabilities	\$ 6,236	\$ 6,326
Operating lease liabilities arising from obtaining ROU assets	\$ 109,865	\$ 3,990
Weighted-average remaining lease term	9.49 years	2.35 years
Weighted-average discount rate	3.50%	1.50%

SRI leases office space to venture entities. All of SRI's lessor arrangements are operating leases. Operating lease revenue is recognized on a straight-line basis over the term of the lease.

During the twelve months ended December 29, 2023 and December 30, 2022, operating lease income was \$3.0 million and \$3.2 million respectively. Operating lease income is reported as other income on the consolidated statements of activities.

11. Expenses

Natural Presentation

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

Functional Presentation

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

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

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

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

Expenses, grouped by function and natural expense classification, were incurred for the following programs and supporting services for the years ended December 29, 2023 and December 30, 2022, as follows:

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Notes to Consolidated Financial Statements
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(in thousands of dollars, unless otherwise noted)

	December 29, 2023			
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	\$ 182,333	\$ 5,671	\$ 70,271	\$ 258,275
Property and equipment expense	87,988	68	28,148	116,204
M & S, travel, and other	42,495	839	22,610	65,944
	<u>\$ 312,816</u>	<u>\$ 6,578</u>	<u>\$ 121,029</u>	<u>\$ 440,423</u>

	December 30, 2022			
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	\$ 168,518	\$ 5,846	\$ 63,845	\$ 238,209
Property and equipment expense	84,417	16	26,374	110,807
M & S, travel, and other	31,167	1,484	46,453	79,104
	<u>\$ 284,102</u>	<u>\$ 7,346</u>	<u>\$ 136,672</u>	<u>\$ 428,120</u>

12. Income Taxes

Income tax benefit (expense) consists of:

	2023	2022
Current		
U.S. federal	\$ 188	\$ (248)
State	(3)	(4)
Foreign	<u>(343)</u>	<u>307</u>
	(158)	55
Deferred		
U.S. federal	2,101	(546)
State	(42)	131
Foreign	<u>114</u>	<u>-</u>
	<u>2,173</u>	<u>(415)</u>
Total income tax benefit (expense)	<u>\$ 2,015</u>	<u>\$ (360)</u>

The income tax benefit attributable to pre-tax income differs from the amounts computed by applying the U.S. federal income tax rate of 21% for 2023 and 2022 to pretax income primarily as a result of the portion of SRI income exempt from income taxes and changes in the deferred tax valuation allowance.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

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Deferred tax assets and deferred tax liabilities consist of the following as of December 29, 2023 and December 30, 2022:

	2023	2022
Net operating loss carryforwards	\$ 8,430	\$ 9,627
Accruals and other	1,183	1,346
Total gross deferred tax assets	9,613	10,973
Valuation allowance	(1,871)	(4,698)
Deferred tax assets	7,742	6,275
Deferred tax liabilities	-	-
Net deferred tax assets	\$ 7,742	\$ 6,275

SRI International has net operating loss carryforwards for federal and state income tax purposes of approximately \$34.9 million and \$15.9 million, respectively, which are available to offset future taxable income, if any, and expire in varying amounts between 2024 and 2039.

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

SRI International (parent company) has determined based upon the weight of available evidence, that it is more likely than not that the full gross deferred tax assets will not be realized and, accordingly, have provided a valuation allowance. During the year ended December 29, 2023, the valuation allowance for SRI decreased by \$2.8 million while it was increased by \$0.9 million during the year ended December 30, 2022.

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

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

13. Benefit Plans

Certain employees who meet eligibility requirements are covered by defined contribution plans pursuant to Sections 401(a), 401(k) and/or 403(b) of the Internal Revenue Code. Additionally, certain amounts are paid or reserved for foreign plans. The obligations under the plans are funded by SRI as necessary each year. Total retirement plan costs were \$12.5 million and \$13.1 million during the years ended December 29, 2023 and December 30, 2022, respectively.

14. Commitments and Contingencies

Letter of Credit

SRI International has outstanding standby letters of credit in the amount of \$1.5 million and \$1.5 million as of December 29, 2023 and December 30, 2022, respectively. These are drawn against the overall line of credit held with Wells Fargo which has a \$10 million sub-limit for letters of credit

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

December 29, 2023 and December 30, 2022

(in thousands of dollars, unless otherwise noted)

under the overall ceiling (Note 8). These letters of credits are renewed annually. The outstanding standby letters of credit are not reflected in the consolidated financial statements.

Government Contracting Matters

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

Payments to SRI on cost-plus-fee and time-and-materials contracts are subject to adjustment upon audit by the DCAA. DCAA has issued final indirect rate agreements relating to SRI's incurred cost submissions through the years ended 2019. In the opinion of management, adjustments that may result from audits not yet completed or started are not expected to have a material effect on SRI's financial position, results of operations, or cash flows as SRI has accrued its best estimate of potential disallowances.

Litigation Matters

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

Other

SRI provides limited indemnifications in the ordinary course of business. The impact of these agreements, individually or in the aggregate, is not expected to be material to the consolidated financial statements. As a result, no liabilities related to guarantees and indemnifications have been recorded as of December 29, 2023 and December 30, 2022.

15. Related Party Transactions

Under a separation agreement with Stanford University ("Stanford"), SRI was required to pay Stanford 0.5% of its (and its subsidiaries') gross revenue from operations, less certain exclusions. On December 8, 2023, the separation agreement was amended to cancel the payments for the years of 2022, 2023 and 2024. Starting 2025 and thereafter, SRI is to pay 0.4% of its (and its subsidiaries') gross revenue from operations, less certain exclusions. After SRI has made ten annual payments to Stanford, the separation agreement is terminated. As a result of the amendment, \$1.5 million of expense recognized for the year ended December 30, 2022, was reversed as a recovery in 2023.

SRI had no material receivables from Stanford as of December 29, 2023 and December 30, 2022. For the year ended December 29, 2023, awards amounting to \$1.1 million and \$1.2 million were made to and received from Stanford, respectively. For the year ended December 30, 2022, awards amounting to \$1.1 million and \$0.4 million were made to and received from Stanford, respectively. SRI has a lease arrangement through 2024 with Stanford for space. The lease was amended in September 2021 to provide a rent credit of \$8.5 million against any rent due which resulted in the significant decrease of the rent income from Stanford.

SRI International and Subsidiaries

Notes to Consolidated Financial Statements

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SRI had contract revenue of approximately \$0.2 million and \$0.3 million from investee companies for the year ended December 29, 2023 and December 30, 2022 respectively, with no related receivables as of December 29, 2023 and December 30, 2022.

16. Menlo Park Campus Redevelopment

SRI engaged LPGS Menlo LLC to redevelop its Menlo Park campus located in Menlo Park, California. On December 10, 2021, SRI entered into a Ground Lease Option Agreement with LPGS Menlo LLC. This option agreement grants LPGS Menlo LLC the option to acquire a ground lease hold interest in SRI's Menlo Park campus property upon receipt of entitlements from the City of Menlo Park. SRI received \$3.4 million as the initial option payment in December 2021. This payment was recorded as lease liability to be amortized over the period of the agreement of 3 years. The unamortized portion of the Ground Lease Option payment was \$1.2 million and \$2.3 million as of December 29, 2023 and December 30, 2022 respectively and is included in the other noncurrent liabilities

17. In-kind Donation of Property and Equipment of PARC and BCT

On April 29, 2023, Xerox Corporation ("Xerox") donated Palo Alto Research Center ("PARC") and Bright Ceramics Technologies ("BCT") to SRI International ("SRI" or the "Institute"). The donation of property and equipment from PARC and BCT to SRI will enable SRI to further build, expand, and scale its capabilities among a diverse set of technology and scientific areas. Xerox contributed all of Xerox's right, title, and interest in and to PARC and BCT, each free and clear of all encumbrances in exchange for a purchase price of zero Dollars (\$0). As part of the donation, all fixed assets including Construction-in-Progress (CIP), from PARC and BCT were transferred to SRI. SRI recognized a total of \$8.74M as inherent contribution as of the donation date from the transferred assets based on their fair value. The fair value was determined considering the future utility of those assets and the current net book value of the donor as a frame of reference.

18. Subsequent Events

SRI has evaluated subsequent events through May 30, 2024, which is the date the consolidated financial statements were available to be issued.

On May 30, 2024, the credit agreement for the term loan for the 2018 bonds and the revolving credit facility with Wells Fargo Bank, N.A., was modified to extend the maturity date from June 1, 2024, to December 1, 2025. Additionally, the covenants were simplified, and a collateral requirement was added.

Schedule of Expenditures of Federal Awards

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 30, 2022

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
Research and Development Cluster								
Department of Commerce								
NIST	11.619	202,375	-	70NANB22H042			202,375	-
Total Department of Commerce		202,375	-				202,375	-
Department of Defense								
AFRL								
AIR FORCE RESEARCH LAB	12.U01	206	-	FA9451-21-C-0007			206	187
AIR FORCE RESEARCH LAB	12.U02	404,231	-	FA8750-21-C-1517			404,231	118,757
APOGEE RESEARCH, LLC	12.U03	-	926,359		APOGEE RESEARCH, LLC	SWAT SUB-001	926,359	-
Leidos, Inc	12.U04	-	860,045		Leidos, Inc	P010216895	860,045	-
Leidos, Inc	12.V10	-	87,696		Leidos, Inc	P010216895-4	87,696	-
Leidos, Inc	12.V11	-	46,710		Leidos, Inc	P010295042	46,710	-
NextFlex	12.V16	-	171,163		NextFlex	PC 6.8.3	171,163	-
SEMI	12.431	-	721,271		SEMI	PNT22-23-011	721,271	-
USAF	12.U05	1,040,527	-	FA8650-22-C-1014			1,040,527	86,870
ARL								
UNIVERSITY OF ILLINOIS	12.630	-	38,420		UNIVERSITY OF ILLINOIS	088831-16644/AE104	38,420	-
UNIVERSITY OF ILLINOIS	12.630	-	100,890		UNIVERSITY OF ILLINOIS	088831-19225	100,890	-
CIA								
OM	12.U06	-	701,195		OM	2020-20031700001	701,195	-
DARPA								
AFRL	12.U07	2,225,518	-	FA8750-23-C-1001			2,225,518	119,416
AIR FORCE RESEARCH LAB	12.U08	370,868	-	FA8750-16-C-0138			370,868	-
AIR FORCE RESEARCH LAB	12.U09	863,480	-	FA8750-19-C-0079			863,480	269,568
AIR FORCE RESEARCH LAB	12.U10	925,770	-	FA8750-19-C-0502			925,770	384,998
AIR FORCE RESEARCH LAB	12.U11	1,673,209	-	FA8750-20-C-0226			1,673,209	862,260
AIR FORCE RESEARCH LAB	12.U12	198,137	-	FA8650-20-C-7026			198,137	-
AIR FORCE RESEARCH LAB	12.U13	734,826	-	FA8750-20-C-0002			734,826	(14,061)
AIR FORCE RESEARCH LAB	12.U14	15,037	-	FA8750-16-C-0043			15,037	13,624
APOGEE RESEARCH, LLC	12.U15	-	636,711		APOGEE RESEARCH, LLC	FA8750-20-C-0520	636,711	-
BAE Systems	12.U16	-	123,803		BAE Systems	N6523623C8008	123,803	-
CACI INC.	12.U17	-	25,373		CACI, INC.	P000097218	25,373	-
DARPA	12.910	190,580	-	HR00112010013			190,580	20,110
DARPA	12.U18	3,578,918	-	HR001122C0032			3,578,918	232,230
DARPA	12.U19	1,052,952	-	HR001123C0031			1,052,952	515,617
DARPA	12.U20	76,117	-	HR001121C0157			76,117	-
DARPA	12.U21	189,163	-	HR001121C0141			189,163	-
DARPA	12.U22	2,835,545	-	HR001120C0099			2,835,545	695,914
DARPA	12.U23	995,676	-	HR001121C0211			995,676	-
DARPA	12.U24	565,758	-	HR001122C0043			565,758	205,449
DARPA	12.U25	1,925,533	-	HR001119C0108			1,925,533	161,337
DARPA	12.U26	1,120,947	-	HR001119C0075			1,120,947	334,036
DARPA	12.U27	892,506	-	HR001119C0074			892,506	336,319
DARPA	12.U28	32,496	-	HR001118C0082			32,496	-
DARPA	12.U29	1,208,591	-	HR001120C0086			1,208,591	604,821
DARPA	12.U30	32,341	-	HR001119C0112			32,341	24,717
DARPA	12.U31	2,493,004	-	HR001120C0124			2,493,004	775,297
DARPA	12.U32	4,582,797	-	HR001120C0147			4,582,797	-

The accompanying notes are an integral part of this schedule.

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 30, 2022

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
DARPA	12.U33	575,995	-	HR001120C0158			575,995	-
DARPA	12.U34	1,540,967	-	HR001121C0056			1,540,967	119,463
DARPA	12.U35	1,102,148	-	HR001121C0026			1,102,148	90,000
DARPA	12.U36	1,238,917	-	HR001122C0110			1,238,917	923,599
DARPA	12.U37	252,432	-	HR001121C0125			252,432	154,728
DARPA	12.U38	2,286,981	-	HR001123C0008			2,286,981	-
DARPA	12.U39	374,283	-	HR001123C0089			374,283	-
DARPA	12.U40	2,006,936	-	HR001123C0104			2,006,936	76,832
DARPA	12.U41	967,964	-	HR001123C0100			967,964	89,743
DARPA	12.U42	27,068	-	HR001123C0127			27,068	-
DARPA	12.V17	231,465	-	HR001120C0040			231,465	79,542
DARPA	12.V18	1,609,019	-	HR001122C0009			1,609,019	321,513
DARPA	12.V19	1,076,900	-	HR001122C0031			1,076,900	220,952
DARPA	12.V20	1,274,886	-	W911NF22C0031			1,274,886	-
DARPA CMO	12.U43	413,546	-	HR001123C0124			413,546	-
Department of Interior	12.910	41,790	-	D23AP00226-00			41,790	-
DOL Interior Business	12.U44	1,026,814	-	140D6318C0020			1,026,814	644,308
METRON INCORPORATED	12.U45	-	1,637,485		METRON INCORPORATED	6H72-SRI	1,637,485	-
NWIC Atlantic	12.U46	-	4,051,559		NWIC Atlantic	N6523622C8009	4,051,559	1,568,379
NWIC Atlantic	12.V12	-	113,130		NWIC Atlantic	N6523624C8005	113,130	-
NWIC Pacific	12.U47	-	2,971,935		NWIC Pacific	N6600122C4034	2,971,935	1,757,883
NWIC Pacific	12.U48	-	376		NWIC Pacific	N66001-15-C-4071	376	-
San Diego State University	12.000	-	230,606		San Diego State University	FA8650-22-C-7214	230,606	-
Systems & Technology	12.U49	-	293,421		Systems & Technology	2023-0004	293,421	-
US ARMY CONTRACT COMMAND	12.431	171,301	-	W911NF2010269			171,301	-
US ARMY RDECOM	12.U50	3,468,206	-	W911NF-22-C-0048			3,468,206	1,125,533
USAF	12.U51	454,191	-	FA8750-23-C-0519			454,191	160,588
USAF/AFMC/AFRL	12.U52	200,877	-	FA8750-20-C-0155			200,877	63,345
USC	12.U53	33,410	-	127288550			33,410	-
Defense Logistics Agency								
DLA Land & Maritime	12.U54	14,828,615	-	SPE7MX-21-D-0032			14,828,615	143,613
Dept. of Defense								
APPLIED RESEARCH ASSOC	12.V13	-	77,880		APPLIED RESEARCH ASSOC	S-G30002-IDIQ-93-SRI	77,880	-
CACI TECHNOLOGIES, INC.	12.V09	-	1,122,650		CACI TECHNOLOGIES, INC.	P000165129	1,122,650	-
CACI, Inc. - Federal	12.U55	-	254,662		CACI, Inc. - Federal	P000116412	254,662	-
DLA Land & Maritime	12.U56	(38,735)	-	SPE7MX-19-D-0025			(38,735)	-
DOD/CDMRP	12.420	346,797	-	W81XWH2210978			346,797	-
GALOIS INC	12.U57	-	171,601		GALOIS INC	2020-024	171,601	-
HQ USSOCOM	12.U58	1,105,903	-	H9244220C0006			1,105,903	37,310
HQ USSOCOM	12.U59	3,821,548	-	H9244222C0001			3,821,548	1,636,335
LOCKHEED MARTIN	12.U60	-	38,685		LOCKHEED MARTIN	4104864192	38,685	-
National Geospatial Intel	12.U61	-	913,077		National Geospatial Intel	HM047623C0008	913,077	78,092
National Geospatial Intel	12.U62	-	555,822		National Geospatial Intel	HM047623C0013	555,822	-
NAVSUP FLC NORFOLK	12.U63	1,563	-	N00178-14-D-7933			1,563	-
NAVY ENGINEERING LOGIS	12.U64	178,883	-	N4175621C4357			178,883	-
USAMRAA	12.420	134,654	-	W81XWH2110085			134,654	-
USAMRAA	12.U65	1,054,732	-	W81XWH19C0096			1,054,732	482,437

The accompanying notes are an integral part of this schedule.

SRI International

Schedule of Expenditures of Federal Awards

Year Ended December 30, 2022

Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
Dept. of the Army								
Booz Allen Hamilton	12.U66	-	1,650,619		Booz Allen Hamilton	A24693	1,650,619	-
Leidos, Inc	12.U67	-	35,216		Leidos, Inc	P010261735	35,216	-
QinetiQ Inc.	12.U68	-	1,119		QinetiQ Inc.	RS3-20-010	1,119	-
QinetiQ Inc.	12.U69	-	14,736		QinetiQ Inc.	RS3-20-010	14,736	-
QinetiQ Inc.	12.U70	-	52,141		QinetiQ Inc.	RS3-20-010	52,141	-
Ravenswood Solutions, Inc	12.U71	-	35,745		Ravenswood Solutions, Inc	11-000008	35,745	-
SAGE TECHNOLOGIES	12.U72	-	171,771		SAGE TECHNOLOGIES	222903 REV	171,771	-
USAF AFTC/PZE	12.U73	450,567	-	FA2487-18-D-0001			450,567	-
Dept. of the Navy								
ALION	12.U74	-	3,713,646		ALION	SCR1162204	3,713,646	-
NWCC Pacific	12.U75	-	1,368,911		NWCC Pacific	N6600122C4507	1,368,911	318,734
DTRA								
FlexTech Alliance, Inc.	12.V21	-	127,597		FlexTech Alliance, Inc.	FA86502025506	127,597	-
Virginia Tech	12.351	-	300,777		Virginia Tech	450888-19546	300,777	-
Eglin AFB								
US Army Special Ops	12.U76	63,056	-	FA2487-18-D-0001			63,056	-
USAF AFTC/PZE	12.U77	2,263,160	-	FA2487-18-D-0001			2,263,160	-
IARPA-Intelligence Advanced Research Projects Activity								
ARMY CONTRACTING COMMAND	12.U78	1,636,172	-	W911NF20C0038			1,636,172	635,524
Department of Interior	12.U79	2,053,369	-	140D0423C0034			2,053,369	633,669
IARPA	12.U80	1,543,874	-	2023-23060200002			1,543,874	323,354
IARPA	12.U81	4,012	-	2021-21060200007			4,012	171
IARPA	12.U82	1,506,279	-	2022-21100600001			1,506,279	-
IARPA	12.U83	3,864,375	-	2022-22072200004			3,864,375	1,882,799
IARPA	12.U84	1,102,086	-	N66001-23-C-4515			1,102,086	509,835
University of Houston	12.U85	-	648,244		University of Houston	R-22-0029	648,244	85,461
Navy/Office of Naval Reserve, NRL								
Honeywell	12.U86	-	57,472		Honeywell	DEF10273	57,472	-
KBR Wyle Services, LLC	12.U87	-	119,800		KBR Wyle Services, LLC	SMS0000930	119,800	-
NAVAL RESEARCH LAB.	12.U88	346,218	-	N0017322D6000			346,218	-
NAVAL RESEARCH LAB.	12.U89	230,459	-	N0017322D6000			230,459	-
NAVAL RESEARCH LABORATORY	12.U90	1,132,154	-	N00173-19-C-6000			1,132,154	-
NAVAL RESEARCH LABORATORY	12.U91	195,893	-	N0017323C2001			195,893	-
OFFICE OF NAVAL RESEARCH	12.300	113,966	-	N00014-20-1-2644			113,966	-
OFFICE OF NAVAL RESEARCH	12.300	374,504	-	N00014-21-1-2579			374,504	-
OFFICE OF NAVAL RESEARCH	12.U92	252	-	N00014-18-C-1010			252	-
OFFICE OF NAVAL RESEARCH	12.U93	814,389	-	N00014-19-C-1007			814,389	-
OFFICE OF NAVAL RESEARCH	12.U94	620,018	-	N00014-21-C-2034			620,018	-
OFFICE OF NAVAL RESEARCH	12.U95	102,462	-	N00014-18-C-2042			102,462	-
OFFICE OF NAVAL RESEARCH	12.U96	1,003,481	-	N00014-19-C-2025			1,003,481	-
OFFICE OF NAVAL RESEARCH	12.U97	219,371	-	N00014-20-C-2037			219,371	-
OFFICE OF NAVAL RESEARCH	12.U98	1,349,935	-	N00014-22-C-2012			1,349,935	-
OFFICE OF NAVAL RESEARCH	12.V14	464	-	N0001424C2402			464	-
OFFICE OF NAVAL RESEARCH	12.V15	12,816	-	N0001424C2403			12,816	-
OFFICE OF NAVAL RESEARCH	12.V22	338,347	-	N0001420C1065			338,347	120,956
UW-Madison	12.300	-	104,786		UW-Madison	1337	104,786	-

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SRI International

Schedule of Expenditures of Federal Awards

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
U.S. Air Force								
AIR FORCE RESEARCH LAB	12.U99	921	-	FA8650-16-C-1707			921	-
GEORGIA INSTITUTE OF TECH	12.V01	-	286,033		GEORGIA INSTITUTE OF TECH	D9104-S5	286,033	-
GEORGIA INSTITUTE OF TECH	12.V02	-	782,004		GEORGIA INSTITUTE OF TECH	D9104-S10	782,004	-
L3Harris	12.V03	-	189,502		L3Harris	A000609753	189,502	-
SAGE TECHNOLOGIES	12.V04	-	187,035		SAGE TECHNOLOGIES	220510	187,035	-
US Air Force	12.V05	311,737	-	FA8002-22-D-0515			311,737	-
US Air Force	12.V06	372,753	-	FA8002-22-D-0515			372,753	-
U.S. Army Medical								
USAMRAA	12.V07	788,571	-	W81XWH2110461			788,571	238,217
US ARMY CONTRACT COMMAND								
US ARMY CONTRACT COMMAND	12.V08	304,914	-	W911NF-22-2-0137			304,914	-
Total Department of Defense		95,155,364	26,719,679				121,875,043	20,270,381
Department of Education								
Alpha CSP	84.U01	-	127,827		Alpha CSP	19-008-654-EDD	127,827	-
American Institutes for R	84.U17	-	4,121		American Institutes for R	N/A	4,121	-
Amira Learning	84.305T	-	182,692		Amira Learning	R305T210038	182,692	-
Anlar	84.U02	-	6,441		Anlar	100248	6,441	-
Anlar	84.U03	-	13,135		Anlar	N/A	13,135	-
CAST, INC.	84.327A	-	28,934		CAST, INC.	H327A70002	28,934	-
Chico State Enterprises	84.U04	-	113,885		Chico State Enterprises	U3365S190030	113,885	-
Ctr Future of Arizona	84.411C	-	113,805		Ctr Future of Arizona	U411C190109	113,805	-
Department of Education	84.305A	63,186	-	R305A230392			63,186	-
Department of Education	84.305C	2,308,714	-	R305C210003			2,308,714	843,942
Department of Education	84.305N	1,187,573	-	R305N220012			1,187,573	-
Department of Education	84.324P	94,528	-	R324P210005			94,528	18,504
Department of Education	84.324R	1,272,361	-	R324R210005			1,272,361	77,254
Department of Education	84.327V	509,783	-	H327V220001			509,783	-
Digital Promise Global	84.411C	-	151,002		Digital Promise Global	1713	151,002	-
Education Development Cnt	84.295A	-	861,385		Education Development Cnt	12557	861,385	-
ERIKSON INSTITUTE	84.U05	-	161,437		ERIKSON INSTITUTE	EDD 17-122	161,437	-
HoogalIt, Inc.	84.U06	-	63,589		HoogalIt, Inc.	N/A	63,589	-
Johns Hopkins University	84.U07	-	309,170		Johns Hopkins University	N/A	309,170	-
McREL International	84.U08	-	115,603		McREL International	19-008	115,603	-
New Teacher Center	84.411B	-	411,947		New Teacher Center	S411B200057	411,947	-
New Teacher Center	84.U09	-	17,393		New Teacher Center	U423A180077	17,393	-
New Teacher Center	84.U10	-	678,774		New Teacher Center	U411A190003	678,774	-
POLICY STUDIES ASSOCIATES	84.U11	-	313,457		POLICY STUDIES ASSOCIATES	SB283B190047	313,457	-
Rocketship Education	84.022A	-	9,544		Rocketship Education	U282M170011	9,544	-
RTI INTERNATIONAL	84.U12	-	194,702		RTI INTERNATIONAL	1-312-0215020-52348L	194,702	-
Teachers College	84.305U	-	33,322		Teachers College	511147	33,322	20,177
Touro College & Universit	84.U13	-	260,110		Touro College & Universit	120120-SC01	260,110	-
Univ of North Carolina	84.326P	-	724		Univ of North Carolina	5108651	724	-
Univ of North Carolina	84.326P	-	463,959		Univ of North Carolina	5126640	463,959	-
University of Kansas	84.411B	-	325,213		University of Kansas	BSA20071	325,213	-
University of Missouri	84.U14	-	161,041		University of Missouri	7265	161,041	-
University of Oklahoma	84.324A	-	346		University of Oklahoma	R324A210143	346	-
University of Oregon	84.411C	-	49,265		University of Oregon	226000-05697-PSC	49,265	-

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
US Dept Of Education	84.305A	72,983	-	R305A200292			72,983	-
US Dept Of Education	84.305A	545,642	-	R305A180013			545,642	352,699
US Dept Of Education	84.326M	421,029	-	H326M210002			421,029	104,771
US Dept Of Education	84.373Z	6,855,466	-	H373Z190002			6,855,466	2,211,589
US Dept Of Education	84.411C	313,220	-	U411C180070			313,220	241,205
US Dept Of Education	84.U15	4,494,020	-	91990022C0008			4,494,020	1,228,186
Westat, Inc.	84.U16	-	196,471		Westat, Inc.	S2838190028	196,471	-
WestEd	84.411A	-	713,154		WestEd	U411A180008	713,154	-
Total Department of Education		18,138,505	6,082,448				24,220,953	5,098,327
Dept. of Energy								
ARPA	81.135	1,034,474	-	DE-AR0001583			1,034,474	268,121
ARPA-E/DOE	81.135	1,523,363	-	DE-AR0001443			1,523,363	161,471
DEPARTMENT OF ENERGY	81.089	6,032,620	-	DE-FE0031588			6,032,620	208,624
DEPARTMENT OF ENERGY	81.089	609,059	-	DE-FE0031597			609,059	84,983
DEPARTMENT OF ENERGY	81.089	135,891	-	DE-FE0031633			135,891	16,601
DEPARTMENT OF ENERGY	81.089	803,662	-	DE-FE0032135			803,662	40,333
DEPARTMENT OF ENERGY	81.087	805,827	-	DE-EE0009808			805,827	99,179
DEPARTMENT OF ENERGY	81.089	704,877	-	DE-FE0031868			704,877	81,428
DEPARTMENT OF ENERGY	81.089	38,895	-	DE-FE0032350			38,895	-
EERE	81.086	502,561	-	DE-EE0009420			502,561	-
EERE	81.086	124,419	-	DE-EE0009693			124,419	-
EERE	81.086	812,252	-	DE-EE0010223			812,252	-
EERE	81.086	925,359	-	DE-EE0009128			925,359	3,798
Department of Energy	81.089	10,481	-	DE-FE0031951			10,481	-
Department of Energy	81.089	76,516	-	DE-FE0032251			76,516	-
EERE	81.087	28,648	-	DE-EE0010745.0000			28,648	-
New York University	81.008	-	108,294		New York University	F2232-04	108,294	-
Structured Materials Indu	81.049	-	129,718		Structured Materials Indu	42199	129,718	-
Total Department of Energy		14,168,904	238,012				14,406,916	964,538
Department of Health and Human Services								
CapeSym, Inc	93.U75	-	105,718		CapeSym, Inc	2R44EB028208-02	105,718	-
Consumer Wellness Solutio	93.U01	-	839		Consumer Wellness Solutio	1 R34 DA051051-01	839	-
Dept of Health & Human Se	93.575	353,370	-	90YE0218			353,370	-
Dept of Health & Human Se	93.859	1,158,146	-	2R01GM077678			1,158,146	53,955
Dept of Health & Human Se	93.859	188,457	-	1R24GM150703-01			188,457	-
Dept of Health & Human Sv	93.U02	571,849	-	47QRAA21D002R			571,849	5,688
Dept of Health & Human Sv	93.U03	26,209	-	HHSP233201500041I			26,209	6,429
DHHS	93.U04	283,472	-	HHSP233201500041I			283,472	-
DHHS/ACF	93.575	248,791	-	90YE0222			248,791	70,912
DHHS/ACF	93.600	40,619	-	90YR0137			40,619	-
DHHS/ACF	93.600	12,900	-	90YR0162-01-00			12,900	-
DHHS/BARDA	93.U05	5,540	-	HHSO100201700030C			5,540	-
DHHS/BARDA	93.U67	17,360	-	75A50122D000014			17,360	-
DLA CONTRACTING SERVICES	93.U74	593,500	-	SP4701-23-C-0073			593,500	42,814
HHS/OS/ASPR/BARDA	93.U06	1,746,675	-	HHSO100201600007C			1,746,675	269,468
Laureate Institute	93.U07	-	395,467		Laureate Institute	2022-017-SRI-Y3	395,467	-

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
Leidos	93.U08	-	21,673		Leidos	22X101	21,673	-
Leidos	93.U72	-	122,983		Leidos	22X101	122,983	-
Leidos, Inc	93.U09	-	64		Leidos, Inc	16X147	64	-
National Opinion Research	93.U10	-	51,590		National Opinion Research	HHSP233201500048I	51,590	-
National Insts. of Health	93.859	406,876	-	R01GM132324			406,876	-
National Insts. of Health	93.394	324,581	-	R33CA240191			324,581	26,154
NIH	93.859	69,808	-	2R01GM080746-13			69,808	-
NIH	93.U11	249,335	-	75N94020D00003			249,335	-
NIH	93.U12	233,059	-	75N94020D00003			233,059	-
NIH	93.U13	472,321	-	75N94020D00003			472,321	80,189
NIH/CATS	93.U14	526,398	-	HHSN271201700014I			526,398	-
NIH/CATS	93.U15	-	-	HHSN271201800008I			-	-
NIH/CATS	93.U16	252,589	-	HHSN271201700014I			252,589	-
NIH/NCI	93.394	42,567	-	1R21CA260019-01A1			42,567	22,944
NIH/NCI	93.394	698,729	-	1R33CA247739-01			698,729	-
NIH/NCI	93.395	121,479	-	R21CA254048			121,479	-
NIH/NCI	93.396	267,408	-	R21CA236640			267,408	-
NIH/NCI	93.396	32,694	-	R21CA274598			32,694	-
NIH/NHLBI	93.233	393,078	-	1R01HL150836-01			393,078	233
NIH/NHLBI	93.233	1,325,141	-	2R01HL059658-16A1			1,325,141	-
NIH/NIH	93.866	902,282	-	R01AG061355			902,282	295,674
NIH/NIH	93.866	146,613	-	R01AG081144			146,613	73,343
NIH/NIHAAA	93.273	671,268	-	R01AA05965			671,268	234,949
NIH/NIHAAA	93.273	567,633	-	U01AA021696			567,633	93
NIH/NIHAAA	93.273	1,579,797	-	R01AA017347			1,579,797	418,623
NIH/NIHAAA	93.273	167,349	-	1R21AA028617-01			167,349	-
NIH/NIHAI	93.855	1,215,989	-	9R01AI160719-17A1			1,215,989	-
NIH/NIHAI	93.U17	18,603	-	HHSN272201500013I			18,603	(7,000)
NIH/NIHAI	93.U18	2,377,325	-	75N93020D000011			2,377,325	-
NIH/NIHAI	93.U19	1,048,540	-	75N93020D000011			1,048,540	568,680
NIH/NIHAI	93.U20	3,163,390	-	75N93020D000011			3,163,390	68,174
NIH/NIHAI	93.U21	4,710,777	-	75N93020D000011			4,710,777	1,398,941
NIH/NIHAI	93.U22	292,621	-	75N93020D000011			292,621	-
NIH/NIHAI	93.U23	1,471,377	-	75N93020D000011			1,471,377	354,138
NIH/NIHAI/DAIDS	93.U24	11,880	-	75N93023D000002			11,880	-
NIH/NIHAI/DMID	93.U25	74,915	-	HHSN272201800001I			74,915	-
NIH/NIHAI/DMID	93.U26	42,299	-	HHSN272201800001I			42,299	-
NIH/NIHAI/DMID	93.U27	8,736	-	HHSN272201800001I			8,736	-
NIH/NIHAI/DMID	93.U28	528,909	-	HHSN272201800001I			528,909	-
NIH/NIHAI/DMID	93.U29	327,727	-	HHSN272201800001I			327,727	-
NIH/NIHAI/DMID	93.U30	108,890	-	HHSN272201800001I			108,890	-
NIH/NIHAI/DMID	93.U31	5,631	-	HHSN272201800001I			5,631	-
NIH/NIHAI/DMID	93.U32	174,793	-	HHSN272201800001I			174,793	-
NIH/NIHAI/DMID	93.U33	483,315	-	HHSN272201800001I			483,315	-
NIH/NIHAI/DMID	93.U34	2,311,986	-	HHSN272201800001I			2,311,986	-
NIH/NIHAI/DMID	93.U35	3,567,243	-	HHSN272201800001I			3,567,243	-
NIH/NIHCHD	93.U36	(7,759)	-	HHSN2752018000007I			(7,759)	(9,250)
NIH/NIHCHD	93.U37	615,018	-	HHSN2752015000002I			615,018	-

The accompanying notes are an integral part of this schedule.

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
NH/NICHD	93.U38	59	-	HHSN275201500002I			59	-
NH/NICHD	93.U39	170,185	-	HHSN275201800007I			170,185	-
NH/NICHD	93.U40	49	-	HHSN275201800007I			49	-
NH/NICHD	93.U41	346,931	-	HHSN275201800007I			346,931	-
NH/NICHD	93.U42	423,631	-	75N94020D00003			423,631	-
NH/NICHD	93.U43	503	-	75N94020D00003			503	-
NH/NICHD	93.U44	120,611	-	75N94020D00003			120,611	-
NH/NICHD	93.U45	1,656	-	75N94020D00003			1,656	-
NH/NICHD	93.U46	384,446	-	HHSN275201800007I			384,446	(13,250)
NH/NICHD	93.U47	32,310	-	75N94020D00003			32,310	-
NH/NICHD	93.U48	320,405	-	75N94020D00003			320,405	-
NH/NICHD	93.U49	168,136	-	75N94020D00003			168,136	-
NH/NICHD	93.U50	378,380	-	HHSN275201800007I			378,380	-
NH/NICHD	93.U51	337,935	-	HHSN275201800007I			337,935	-
NH/NICHD	93.U52	296,003	-	75N94020D00003			296,003	39,286
NH/NICHD	93.U53	536,879	-	75N94023D00006			536,879	74,937
NH/NICHD	93.U54	397,828	-	75N94020D00003			397,828	-
NH/NICHD	93.U66	4,757	-	75N94020D00003			4,757	-
NH/NICHD	93.U69	52,868	-	75N94023D00006			52,868	-
NH/NICHD	93.U70	2,342	-	75N94023D00006			2,342	-
NH/NICHD	93.U71	1,580	-	75N94023D00006			1,580	-
NH/NIDA	93.279	1,473,865	-	U01DA041022			1,473,865	-
NH/NIDA	93.279	120,294	-	N/A			120,294	-
NH/NIDA	93.U55	635,699	-	HHSN271201600006I			635,699	-
NH/NIDA	93.U56	235,003	-	HHSN271201800041C			235,003	-
NH/NIDA	93.U57	942,589	-	HHSN271201800019I			942,589	-
NH/NIDA	93.U58	1,004,257	-	HHSN271201600006I			1,004,257	-
NH/NIDA	93.U59	153,284	-	HHSN271201600006I			153,284	-
NH/NIDA	93.U60	33,942	-	HHSN271201600006I			33,942	-
NH/NIDA	93.U68	4,599	-	75N95023D000023			4,599	-
NH/NINDS	93.853	323,030	-	R01NS 103529			323,030	-
NH/NINDS	93.853	1,698	-	1R21NS123495-01			1,698	-
NOCTRIX HEALTH, INC.	93.U61	-	35,474		NOCTRIX HEALTH, INC.	19-216 328 BDD	35,474	-
NUMENTUS TECHNOLOGIES	93.U73	-	4,157		NUMENTUS TECHNOLOGIES	R43A1174576	4,157	-
Oregon Health & Science U	93.242	-	8,366		Oregon Health & Science U	1023381_SRI	8,366	-
Oregon Health & Science U	93.173	-	105,029		Oregon Health & Science U	1R01DC020402-01	105,029	-
Oregon Health & Science U	93.855	-	398,638		Oregon Health & Science U	1015301_SRI	398,638	-
Oregon Health & Science U	93.U62	-	584,254		Oregon Health & Science U	1022269_SRI	584,254	-
Pennsylvania State Univer	93.865	-	23,713		Pennsylvania State Univer	S002904-DHHS	23,713	-
Rutgers, State University	93.U63	-	404,274		Rutgers, State University	2121	404,274	-
Stanford University	93.273	-	351,154		Stanford University	61034433-14741-E	351,154	-
Stanford University	93.273	-	875,709		Stanford University	63040549-236353	875,709	-
Stanford University	93.279	-	49,758		Stanford University	63048260-254722	49,758	-
Stanford University	93.853	-	6,151		Stanford University	63197822-268237	6,151	-
Stanford University	93.879	-	25,246		Stanford University	62395044-140774	25,246	-
THE REGENTS OF UNIV CA.	93.U64	-	23,139		THE REGENTS OF UNIV CA.	704061	23,139	-
UCSD	93.838	-	371,633		UCSD	KR 705120	371,633	-
US Dept of Health & Human	93.U65	1,080,954	-	HHSP233201500041I			1,080,954	329,523
Total Department of Health and Human Services		47,236,806	3,965,029				51,201,835	4,405,647

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
Department of Homeland Security								
DEPT OF HOMELAND SECURITY	97.U01	8,676	-	HSQDC-16-C-00034			8,676	5,268
DHS	97.U02	1,720,823	-	47QRAA21D002R			1,720,823	91,203
Total Department of Homeland Security		1,729,499	-				1,729,499	96,471
Department of Justice								
Office of Justice Program	16.842	15,440	-	15PJD-23-GG-02131-JJOP			15,440	-
Office of Justice Program	16.839	10,766	-	15PBJA-23-GG-04358-STOP			10,766	-
US Dept of Justice	16.842	155,058	-	2020-YB-FX-0011			155,058	12,318
Total Department of Justice		181,264	-				181,264	12,318
National Aeronautics & Space Administration								
CASIS	43.U09	-	138,550		CASIS	GA-2022-8867	138,550	-
DePaul University	43.001	-	127,697		DePaul University	501732SG2236	127,697	-
Embry-Riddle Aeronautical	43.001	-	70,341		Embry-Riddle Aeronautical	61684-02	70,341	-
Johns Hopkins University	43.U01	-	26,149		Johns Hopkins University	131044	26,149	-
Lunar Resources Inc.	43.012	-	10,478		Lunar Resources Inc.	N/A	10,478	-
NASA	43.001	38,828	-	80NSSC21K0302			38,828	-
NASA	43.001	10,699	-	80NSSC23K0694			10,699	-
NASA	43.U02	179,900	-	80NSSC21K1119			179,900	-
NASA SHARED SERVICES CTR.	43.001	307,857	-	80NSSC20K0915			307,857	-
NASA SHARED SERVICES CTR.	43.001	132,615	-	80NSSC19K0081			132,615	38,449
NASA SHARED SERVICES CTR.	43.001	140,482	-	80NSSC22K0172			140,482	-
NASA SHARED SERVICES CTR.	43.001	144,088	-	80NSSC21K0664			144,088	95,233
NASA SHARED SERVICES CTR.	43.003	8,278	-	80NSSC20K1176			8,278	-
NASA-AMES RESEARCH CENTE	43.001	182,743	-	80NSSC21K0458			182,743	-
NASA-AMES RESEARCH CENTE	43.U03	512,943	-	80ARC018D0016			512,943	-
NASA-AMES RESEARCH CENTE	43.U04	242,145	-	80ARC018D0016			242,145	-
NASA-AMES RESEARCH CENTE	43.U08	100,745	-	80ARC023DA005			100,745	-
National Ins of Aerospace	43.008	-	92,956		National Ins of Aerospace	C21-202017-SRI	92,956	-
NAVAL RESEARCH LAB.	43.U05	297,626	-	N0017322D6000			297,626	-
NJ Institute of Tech	43.U06	-	108,392		NJ Institute of Tech	(NP) 997650	108,392	-
Southwest Research Instit	43.001	-	10,136		Southwest Research Instit	Q99072AKP	10,136	-
University of Alaska	43.001	-	2,148		University of Alaska	UA-22-0109	2,148	-
University of Arizona	43.001	-	67,265		University of Arizona	PO 532669	67,265	-
University of Michigan	43.U07	-	244,376		University of Michigan	SUBK00016000	244,376	-
University of Washington	43.001	-	134,361		University of Washington	80NSSC22K1511	134,361	-
Total National Aeronautics & Space Administration		2,298,949	1,032,849				3,331,798	133,682
National Science Foundation								
Digital Promise Global	47.070	-	90,195		Digital Promise Global	IIS-2021159	90,195	-
Education Development Cnt	47.076	-	15,047		Education Development Cnt	2021-0107	15,047	-
National Science Foundati	47.050	5,121,116	-	AGS-1840962			5,121,116	283,696
National Science Foundati	47.050	56	-	1732365			56	-
National Science Foundati	47.050	138,417	-	AGS-1933013			138,417	-
National Science Foundati	47.050	208	-	OCE-1923892			208	-
National Science Foundati	47.050	252,209	-	AGS-2009960			252,209	-
National Science Foundati	47.050	67,060	-	AGS-2027300			67,060	-
National Science Foundati	47.050	101,772	-	AGS-2113888			101,772	-

The accompanying notes are an integral part of this schedule.

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
National Science Foundati	47.050	1,949	-	2312191			1,949	-
National Science Foundati	47.070	145,843	-	IIS 2139219			145,843	-
National Science Foundati	47.070	37	-	OAC-1835573			37	-
National Science Foundati	47.070	90,540	-	CCF-1817204			90,540	-
National Science Foundati	47.070	109,544	-	CCF-1816936			109,544	-
National Science Foundati	47.070	155,844	-	1940795			155,844	-
National Science Foundati	47.070	75,310	-	CNS-1925616			75,310	-
National Science Foundati	47.070	177,710	-	IIS-2016849			177,710	-
National Science Foundati	47.070	120,270	-	2016597			120,270	-
National Science Foundati	47.070	55,094	-	2229455			55,094	-
National Science Foundati	47.070	30,681	-	2308981			30,681	-
National Science Foundati	47.074	1,056,746	-	2109898			1,056,746	-
National Science Foundati	47.076	2,489,245	-	HRD-1818635			2,489,245	1,091,448
National Science Foundati	47.076	43,912	-	DRL-1933678			43,912	-
National Science Foundati	47.076	134,694	-	DUE-2000881			134,694	13,651
National Science Foundati	47.076	352,731	-	DRL-2010591			352,731	3,778
National Science Foundati	47.076	304,456	-	DRL-2055609			304,456	55,167
National Science Foundati	47.076	307,354	-	DRL 2201051			307,354	-
National Science Foundati	47.076	180,164	-	DRL-2300444			180,164	94,833
National Science Foundati	47.076	653,578	-	EES2320947			653,578	168,403
National Science Foundati	47.084	580,692	-	2226443			580,692	116,369
National Science Foundati	47.084	488,350	-	2226457			488,350	191,822
National Science Foundati	47.084	652,804	-	2326882			652,804	307,039
NATIONAL SCIENCE FOUNDATI	47.U01	49,252	-	49100421D0020			49,252	-
National Science Foundati	47.U02	87,880	-	49100421D0020			87,880	14,509
National Science Foundati	47.U03	20,000	-	NSFDACS16C1234			20,000	15,127
National Science Foundati	47.U04	6,630	-	NSFDACS16C1234			6,630	518
National Science Foundati	47.U05	273	-	NSFDACS16C1234			273	-
National Science Foundati	47.U06	29,447	-	NSFDACS16C1234			29,447	25,557
National Science Foundati	47.U07	2,074	-	NSFDACS16C1234			2,074	(500)
National Science Foundati	47.U08	214,638	-	NSFDACS16C1234			214,638	132,944
National Science Foundati	47.U09	16,440	-	NSFDACS16C1234			16,440	-
National Science Foundati	47.U10	176,801	-	NSFDACS16C1234			176,801	57,494
National Science Foundati	47.U11	6,734	-	NSFDACS16C1234			6,734	2,181
National Science Foundati	47.U12	(36,097)	-	NSFDACS16C1234			(36,097)	(33,926)
National Science Foundati	47.U13	413,949	-	49100422C0013			413,949	-
National Science Foundati	47-076	433,296	-	DRL-1906490			433,296	4,575
National Science Foundati	47.U16	6,602	-	49100421D0014			6,602	-
National Science Foundati	47.050	10,354	-	2329981			10,354	-
Purdue University	47.070	-	20,645		Purdue University	10001594-019	20,645	-
South Orange County	47.U14	-	123,292		South Orange County	SN006408	123,292	-
South Orange County	47.U15	-	24,822		South Orange County	SCFISC-PSA-8032-2023	24,822	-
Univ of North Carolina	47.070	-	52,239		Univ of North Carolina	5115823	52,239	-
University of Alabama	47.070	-	3,599		University of Alabama	A23-0432-S001	3,599	-
WestEd	47.076	-	2,539		WestEd	S-00016449	2,539	-
Total National Science Foundation		15,326,659	332,378				15,659,037	2,544,685

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
Client Private								
CLIENT PRIVATE	00.U01	44,390	-	23C5401			44,390	-
GEORGIA INSTITUTE OF TECH	00.U02	-	361,070		GEORGIA INSTITUTE OF TECH	D9104-S12	361,070	-
Leidos, Inc	00.U03	-	540,476		Leidos, Inc	P010279949	540,476	-
LOCKHEED MARTIN	00.U04	-	260,625		LOCKHEED MARTIN	26018	260,625	-
NASA-AMES RESEARCH CENTE	00.U05	91,181	-	80ARC018D0016			91,181	-
Systems & Technology	00.U06	-	176,852		Systems & Technology	2021-0044	176,852	-
Systems & Technology	00.U07	-	13,705		Systems & Technology	2021-0016	13,705	-
University of Michigan	00.U23	-	47,280		University of Michigan	SUBK00019491	47,280	-
US GOV'T/DNP	00.U24	3,651,170	-	2022-22033000001			3,651,170	-
US GOV'T/DNP	00.U08	312,612	-	17-C-3160			312,612	(127,556)
US GOV'T/DNP	00.U09	503,565	-	21-C-8162			503,565	118,558
US GOV'T/DNP	00.U10	167,893	-	22-C-0068			167,893	112,535
US GOV'T/DNP	00.U11	1,558,435	-	19-C-0405			1,558,435	416,000
US GOV'T/DNP	00.U12	167,782	-	20C2001			167,782	-
US GOV'T/DNP	00.U13	2,849,791	-	20-C-0024			2,849,791	-
US GOV'T/DNP	00.U14	476	-	184G001			476	-
US GOV'T/DNP	00.U15	1,278,779	-	20-C-0355			1,278,779	556,000
US GOV'T/DNP	00.U16	51,230	-	B20-2020260G002			51,230	19,945
US GOV'T/DNP	00.U17	2,069,413	-	21-C-0060			2,069,413	-
US GOV'T/DNP	00.U18	661,238	-	N/A			661,238	-
US GOV'T/DNP	00.U19	3,125,965	-	21-C-1638			3,125,965	-
US GOV'T/DNP	00.U20	4,231,525	-	17-C-3157			4,231,525	-
US GOV'T/DNP	00.U21	1,654,462	-	N/A			1,654,462	-
US GOV'T/DNP	00.U22	491,490	-	23-C-1955			491,490	121,316
US GOV'T/DNP	00.U25	26,321	-	24-C-8457			26,321	-
Total Client Private		22,937,718	1,400,008				24,337,726	1,216,798
Total - Research and Development Cluster								
		217,376,043	39,770,403				257,146,446	34,742,847
Other Programs								
Department of Defense								
AFRL								
Leidos, Inc	12.U01	-	121,258		Leidos, Inc	P010282840	121,258	-
MIT LINCOLN LABORATORY	12.U12	-	127,546		MIT LINCOLN LABORATORY	FA8702-15-D-0001	127,546	-
ARL								
Leidos, Inc	12.U02	-	519,453		Leidos, Inc	P010252030	519,453	-
Leidos, Inc	12.U03	-	239		Leidos, Inc	P010245913	239	-
DARPA								
Raytheon Technologies	12.U13	-	391,981		Raytheon Technologies	2608762	391,981	-
Dept. of Defense								
Applied Research Associat	12.U04	-	864,324		Applied Research Associat	S-D00097-IDIQ-SRI	864,324	-
Booz Allen Hamilton	12.U05	-	92,712		Booz Allen Hamilton	A14665	92,712	-
MIT	12.U06	-	67,133		MIT	700059308	67,133	-
Dept. of Army								
CACI TECHNOLOGIES, INC.	12.U07	-	2,747,436		CACI TECHNOLOGIES, INC.	P000074365	2,747,436	-
MISSION & INSTALLATION CO	12.U08	-	606,854		MISSION & INSTALLATION CO	W9115121D0008	606,854	-

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Federal Program	Assistant Listing	Direct Award Expenditure (\$)	Pass Through Award Expenditure (\$)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditure (\$)	Passed to Sub Recipients (\$)
DLA								
DLA Land & Maritime	12.U09	15,551,075	-	SPE7MX-19-D-0025			15,551,075	-
Eglin AFB								
USAF AFTC/PZE	12.U10	63,109	-	FA2487-18-D-0001			63,109	-
USAF AFTC/PZE	12.U11	2,786,117	-	FA2487-18-D-0001			2,786,117	590,552
Total Department of Defense		<u>18,400,301</u>	<u>5,538,936</u>				<u>23,939,237</u>	<u>590,552</u>
Department of Education								
Dept of Education								
Education Development Cnt	84.U01	-	82,246		Education Development Cnt	2022-0095	82,246	-
Santa Clara University	84.365Z	-	141,496		Santa Clara University	N/A	141,496	-
Transcend, Inc.	84.U02	-	115,547		Transcend, Inc.	N/A	115,547	-
Vanderbilt University	84.U03	-	381,141		Vanderbilt University	P24011998	381,141	-
Westat, Inc.	84.U04	-	35,878		Westat, Inc.	6907-S-002	35,878	-
WestEd	84.411B	-	320,252		WestEd	S-00018031	320,252	-
Total Department of Education		<u>-</u>	<u>1,076,560</u>				<u>1,076,560</u>	<u>-</u>
Department of Health and Human Services								
DHHS								
DHHS/ACF	93.575	390,921	-	90YE0289-01-00			390,921	80,537
Michigan Department of Ed	93.434	-	318,429		Michigan Department of Ed	233931-PDG23	318,429	80,859
Total Department of Health and Human Services		<u>390,921</u>	<u>318,429</u>				<u>709,350</u>	<u>161,396</u>
Department of Homeland Security								
Dept. of Homeland Security								
Manhattan Strategy Group	97.U01	-	70,447		Manhattan Strategy Group	MC-615-2023-05-01	70,447	-
Total Department of Homeland Security		<u>-</u>	<u>70,447</u>				<u>70,447</u>	<u>-</u>
Federal Reserve Bank								
Federal Reserve Bank								
Federal Reserve Bank	21.U01	449	-	PR34680			449	-
Federal Reserve Bank	21.U02	536	-	C7376			536	-
Federal Reserve Bank	21.U03	108,411	-	C50801			108,411	-
Federal Reserve Bank	21.U04	39,365	-	C50801			39,365	-
Total Federal Reserve Bank		<u>148,761</u>	<u>-</u>				<u>148,761</u>	<u>-</u>
National Aeronautics & Space Administration								
NASA								
KBR Wyle Services, LLC	43.U01	-	389		KBR Wyle Services, LLC	SMS0000930	389	-
RAYTHEON	43.U02	-	92,209		RAYTHEON	4202853789	92,209	-
Total National Aeronautics & Space Administration		<u>-</u>	<u>92,598</u>				<u>92,598</u>	<u>-</u>
Client Private								
Client Private								
Maxar	00.U01	-	35,470		Maxar	23-0107	35,470	-
Maxar	00.U02	-	20,446		Maxar	TO2	20,446	-
Total Client Private		<u>-</u>	<u>55,916</u>				<u>55,916</u>	<u>-</u>
Total - Other Programs		<u>18,939,983</u>	<u>7,152,886</u>				<u>26,092,869</u>	<u>751,948</u>
Total - Expenditures of Federal Awards		<u>236,316,026</u>	<u>46,923,289</u>				<u>283,239,315</u>	<u>35,494,795</u>

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SRI International

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 29, 2023

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of SRI International ("SRI") under programs of the federal government for the year ended December 29, 2023. For purposes of this Schedule, SRI has determined Other Transaction Agreements do not meet the criteria to include on the Schedule. SRI uses a fiscal year that ends on the last Friday in December. The fiscal year ended December 29, 2023 included 52 weeks of operations. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). The purpose of the Schedule is to present a summary of those activities of SRI for the year ended December 29, 2023 which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between SRI and the federal government or federal subrecipient. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in Title 48 U.S. *Code of Federal Regulations Federal Acquisition Regulations System* and the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of SRI, it is not intended to and does not present the financial position, changes in net assets, or the cash flows of SRI. Assistant listing and pass-through numbers have been included when available. Negative amounts represent adjustment to amounts reported in prior years in the normal course of business.

2. Indirect Costs

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

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

3. Classified Contracts

During the year ended December 29, 2023, SRI expended \$24,393,642 of funds under classified contracts that are designated as Client Private or Do Not Publish ("DNP") on the Schedule. These contracts have national security interests and therefore, have not been identified by the underlying federal agency name.

4. Assistance Listing Number Update

SRI made updates to the Assistance Listing Numbers (ALN) for certain government contracts in the Schedule. When ALN is not available, we added 'U' or 'V' with a sequential number at the end for each contract to help clarify grouping of contracts.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The Board of Directors
SRI International

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of SRI International and subsidiaries ("SRI" or the "Entity"), which comprise the consolidated statement of financial position as of December 29, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 30, 2024.

Report on internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the Entity'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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency in the Entity's internal control.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the Entity'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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Entity's responses were not subjected to the other auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on the Entity's responses.

Purpose of this report

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



San Jose, California
May 30, 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
SRI International

Report on compliance for the major federal program

Opinion on the major federal program

We have audited the compliance of SRI International and subsidiaries ("SRI" or the "Entity") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on the Entity's major federal program for the year ended December 29, 2023. The Entity's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 29, 2023.

Basis for opinion on the 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 (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Entity 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Entity'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 Entity's federal programs.

Auditor's 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 Entity'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 Entity's compliance with the requirements of the 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 Entity'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 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 Entity'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 a 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 Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2023-002 that we consider to be a significant deficiency in the Entity's internal control over compliance.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Entity's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the Entity's response.

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.



San Jose, California
May 30, 2024

SRI International

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 29, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	yes	_____X_____	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____X_____	yes	_____	none reported
Noncompliance material to financial statements noted?	_____	yes	_____X_____	no

Federal Awards

Internal control over the major program:

Material weakness(es) identified?	_____	yes	_____X_____	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____X_____	yes	_____	none reported

Type of auditors' report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____X_____	yes	_____	no
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Identification of the major programs:

Assistance Listing Number	Name of Federal Program or Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?	_____X_____	yes	_____	no
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 29, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING #: 2023-001

TYPE OF FINDING: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS ("SEFA"), INTERNAL CONTROL (SIGNIFICANT DEFICIENCY)

Criteria:

In accordance with the SEFA reporting requirements outlined in 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the SEFA must list each federal award by federal agency, assistance listing number and amount expended.

Condition:

The SEFA, as initially prepared, incorrectly presented a significant number of R&D federal programs outside of the R&D Cluster instead of within the cluster where they belonged. In addition, other contracts were improperly consolidated under the same Assistance Listing Number when they were actually discrete contracts.

Cause:

Those preparing and reviewing the SEFA were not familiar with all the specific rules regarding presentation.

Effect:

The SEFA has the potential of being misstated.

Identification as a Repeat Finding:

This is a repeat finding.

Recommendation:

The US Office of Management and Budget (OMB) enforces strict adherence to the SEFA presentation requirements of Uniform Guidance to help ensure all direct and passthrough funders can identify their contract on a given SEFA. The OMB is also concerned that Single Audit testing coverage meets their guidelines, and that expected coverage is at risk of not being met when individual contracts are misclassified. We recommend those individuals responsible with preparing and reviewing the SEFA engage in training activities to ensure appropriate knowledge of the expectations of Uniform Guidance and the OMB.

Views of Responsible Official: Management agrees with the finding.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 29, 2023

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING #: 2023-002

**FEDERAL PROGRAM: RESEARCH AND DEVELOPMENT CLUSTER, FISCAL YEAR ENDED
DECEMBER 29, 2023**

**TYPE OF FINDING: CASH MANAGEMENT – INTERNAL CONTROL
(SIGNIFICANT DEFICIENCY)**

Criteria:

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Federal Acquisition Regulations require federal award recipients/contractors such as SRI to have internal controls in place to ensure requests for reimbursement for contract work in process are made either after the incurring the underlying contract costs or, if advanced, within a specified period of time before incurring those costs. The purpose of these requirements is to minimize the time between release of Federal funds and their use by the recipient/contractor.

Condition:

SRI does have a control in place whereby its requests for reimbursements are pre-approved by a reviewer and evidence of that approval is maintained. However, in our sample of 40 requests for reimbursement, we noted 3 instances where SRI could not provide evidence of this pre-approval.

Cause:

Those responsible for the cash management process did not maintain record of proof of approval.

Effect:

Without proper review procedures in place cash could inadvertently be requested in advance of incurring the underlying contract cost.

Questioned Costs:

\$0

Identification as a Repeat Finding:

This is not a repeat finding.

Recommendation:

We recommend management consistently follow its policy for pre-approval of requests for reimbursements along with retaining documentation of that pre-approval on file.

Views of Responsible Official: Management agrees with the finding.

SRI International

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 29, 2023

FINDING #: 2022-001

TYPE OF FINDING: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (“SEFA”), INTERNAL CONTROL (SIGNIFICANT DEFICIENCY)

Summary of Finding

The SEFA, as initially prepared, included inappropriate groupings of unrelated contracts giving the impression some federal awards were larger than they were. This gave the impression there were more federal award programs that would be major programs subject to audit than contemplated by 2 CFR 200.

SRI’s Response

The Schedule of Expenditures of Federal Awards, (“SEFA”) initially provided to the auditor was a draft version of the report. It was not reviewed for accuracy or completeness at that time. SRI went through several iterations of reviews and updates since the initial SEFA was provided. The inappropriate grouping of unrelated contracts was identified and updated accordingly. The updated version of the SEFA was subsequently provided to the auditor during the audit.

Corrective Action

The issue of inappropriate grouping of unrelated contracts noted by the auditors for the initial draft of FY22 SEFA was identified during SRI’s subsequent review and updated accordingly. SRI Accounting team provided the updated SEFA to the auditors on March 23, 2023.

Current Status

See finding 2023-001.

Finding #: 2023-001**TYPE OF FINDING: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (“SEFA”), INTERNAL CONTROL (SIGNIFICANT DEFICIENCY)****Summary of Finding**

The SEFA, as initially prepared, incorrectly presented a significant number of R&D federal programs outside of the R&D Cluster instead of within the cluster where they belonged. In addition, other contracts were improperly consolidated under the same Assistance Listing Number when they were actually discrete contracts.

SRI's Response

The Schedule of Expenditures of Federal Awards, (SEFA) provided to the auditor was a draft version of the report. SRI went through several iterations of reviews and updates after the initial SEFA submission. The misclassification of contracts and inappropriate consolidation of unrelated contracts were identified and corrected accordingly. The updated version of the SEFA was subsequently provided to the auditor during the audit.

Corrective Action

The preparer and reviewer of SEFA will engage in training activities to ensure appropriate knowledge of the expectations of UG and the OMB. The corrective action will be completed by September 30, 2024. The contact person for the corrective action is Mala Ganesan, Corporate Controller.



Finding #: 2023-002

**FEDERAL PROGRAM: RESEARCH AND DEVELOPMENT CLUSTER
TYPE OF FINDING: CASH MANAGEMENT – INTERNAL CONTROL
(SIGNIFICANT DEFICIENCY)**

Summary of Finding

SRI does have a control in place whereby its requests for reimbursements are pre-approved by a reviewer and evidence of that approval is maintained. However, in our sample of 40 requests for reimbursement, we noted 3 instances where SRI could not provide evidence of this pre-approval.

SRI's Response

There is a process in place to review and approve all requests for reimbursement to ensure the requests are made after the underlying contract costs are incurred. However, SRI was unable to provide evidence of approval on the three sample requests for reimbursement as stated above in the Summary of Finding because the approved documents were not properly retained.

Corrective Action

The Sr. Accounting Manager who oversees the requests for reimbursement process will discuss the finding with the team and emphasize the importance of retaining evidence of approval consistently. All requests for reimbursement from FY2024 will be reviewed to ensure they were approved and that the evidence of approval is properly retained. The target completion date of this correction action is September 30, 2024. The contact person for the corrective action is Debra St. Onge, Sr. Accounting Manager.