SRI International

E.I.N. #941160950
Reports on Consolidated Financial Statements and Federal Award Programs in Accordance with OMB Uniform Guidance
December 27, 2024 and December 29, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SRI International

Report on the audit of 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 27, 2024 and December 29, 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of SRI as of December 27, 2024 and December 29, 2023, 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 audits 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 audits. 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SRI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SRI's ability to continue as a going concern for a reasonable period of time.

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

Supplementary information
Our audits were 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 audits 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 June 30, 2025 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 SRI's internal control over financial reporting and compliance.

Grant Thornton LLP

Arlington, Virginia
June 30, 2025

SRI International and Subsidiaries
Consolidated Balance Sheets
December 27, 2024 and December 29, 2023

(in thousands of dollars)	**2024**	**2023**
Assets		
Current assets		
Cash and cash equivalents	$ 35,049	$ 26,646
Restricted cash and cash equivalents	1,228	1,556
Investments	19,796	21,484
Receivables, net	83,425	90,926
Notes receivable - related party, current portion	1,049	-
Inventory	9,590	11,062
Prepaid expenses and other assets	7,206	10,057
Total current assets	157,343	161,731
Property and equipment, net	99,342	116,221
Deferred tax asset	6,229	7,742
Operating lease right-of-use assets	116,908	121,882
Notes receivable - related party, net of current portion	7,529	-
Investment in Ravenswood	3,560	-
Other noncurrent assets	18,714	19,158
Total assets	$ 409,625	$ 426,734
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 57,837	$ 74,866
Contract liabilities	24,807	20,868
Operating lease liabilities, current portion	9,628	11,434
Current installments of long-term debt	2,166	2,063
Total current liabilities	94,438	109,231
Long-term debt, net of current installments	10,061	12,151
Operating lease liabilities, net of current portion	108,720	109,943
Other noncurrent liabilities	18,371	19,345
Total liabilities	231,590	250,670
Commitments and contingencies (Note 15)	-	-
Net assets without donor restrictions	178,035	176,064
Total liabilities and net assets	$ 409,625	$ 426,734

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

SRI International and Subsidiaries
Consolidated Statements of Activities
Years Ended December 27, 2024 and December 29, 2023

(in thousands of dollars)	2024	2023
Project revenue	$ 404,791	$ 396,911
Royalty revenue	32,763	4,504
Net revenue	437,554	401,415
Direct project costs	(199,041)	(206,488)
Excess of net revenue over direct project costs	238,513	194,927
Indirect expenses		
Salaries, wages, and benefits	144,669	143,822
Property and equipment	52,395	44,104
Materials, services, travel, and other	39,263	40,925
Internal research programs	7,605	6,578
Total indirect expenses	243,932	235,429
In-kind contribution of property and equipment of PARC and BCT	-	8,742
Other income (expense)		
Interest income	1,923	2,020
Interest expense	(633)	(828)
Stanford University separation recovery	-	1,494
Realized loss on investments	(379)	(305)
Credit loss expense	(172)	-
Loss from sale of subsidiary	(5,626)	-
Other, net	12,794	8,414
Total other income	7,907	10,795
Income (loss) from operations	2,488	(20,965)
Unrealized gain on investments	27	1,133
Income (loss) before income taxes	2,515	(19,832)
Income tax benefit	338	2,015
Foreign currency translation loss	(882)	(393)
Change in net assets without donor restrictions	1,971	(18,210)
Net assets without donor restrictions		
Beginning of year	176,064	194,274
End of year	$ 178,035	$ 176,064

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

SRI International and Subsidiaries
Consolidated Statement of Cash Flows
December 27, 2024 and December 29, 2023

(in thousands of dollars)	**2024**	**2023**
Cash flows from operating activities		
Change in net assets	$ 1,971	$ (18,210)
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities		
Depreciation and amortization	17,018	21,148
Accretion expense related to ARO liability	592	625
Provision for doubtful accounts and indirect rate reserve	(2,327)	(2,691)
Gain on investments	(444)	(1,342)
Unrealized loss from investment in affiliates	439	316
Realized loss from investment in affiliates	357	199
Loss (gain) on sale/disposal of property and equipment	561	(164)
Change in deferred tax asset	330	(1,467)
In-kind contribution of property and equipment of PARC and BCT	-	(8,742)
Loss from sale of subsidiary	5,626	-
Changes in operating assets and liabilities		
Receivables and notes receivable - related party	1,942	(4,912)
Inventory	1,130	(3,360)
Prepaid expenses and other assets	1,967	(613)
Other noncurrent assets	6,212	983
Accounts payable and accrued expenses	(13,848)	7,690
Contract liabilities	3,272	1,952
Operating lease assets and liabilities, net	1,228	(410)
Other noncurrent liabilities	(284)	(3,503)
Net cash provided by (used in) operating activities	25,742	(12,501)
Cash flows from investing activities		
Purchase of investments	(5,771)	(3,205)
Sale and maturity of investments	7,921	16,535
Capital expenditures	(16,966)	(12,357)
Payment for divestiture of a subsidiary	(853)	-
Net cash (used in) provided by investing activities	(15,669)	973
Cash flows from financing activities		
Principal payments of long-term debt	(1,998)	(1,912)
Net cash used in financing activities	(1,998)	(1,912)
Net increase (decrease) in cash, cash equivalents, and restricted cash	8,075	(13,440)
Cash, cash equivalents, and restricted cash		
Beginning of year	28,202	41,642
End of year	$ 36,277	$ 28,202
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest, net of amount capitalized	$ 539	$ 758
Income taxes	$ -	$ -
Non-cash acquisition of equity method investment through issuance of equity	$ 3,560	$ -
Change in accounts payable related to capital expenditures	$ 113	$ 8
Change in contract liabilities related to other noncurrent assets	$ 667	$ 1,457

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

(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 2024 ended on December 27, 2024 and included 52 weeks of operation. Fiscal year 2023 ended on December 29, 2023 and included 52 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 in United Kingdom and Kenya. 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.

On September 18, 2024, SRI entered into an agreement to sell substantially all of Ravenswood Solutions ("Ravenswood Transaction"). See Note 18 for further information. The consolidated financial statements include the results of operations of Ravenswood Solutions through the date of sale.

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.

Net Assets Without Donor Restrictions
Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 27, 2024 and December 29, 2023, donor restricted net assets are

(in thousands of dollars, unless otherwise noted)

immaterial. Further, net assets are not subject to additional limitations such as internal board designations or significant limits resulting from contractual agreements.

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, refer to Note 16, are included in the operations.

Revenue and Receivables
SRI recognizes revenue in accordance with 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.

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.

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. For fixed-price and cost-plus contracts, SRI typically uses a cost-to-cost input method to approximate the progress toward complete satisfaction of the performance obligation. For time & material services type revenue arrangements, SRI applies the right-to-invoice practical expedient in which revenue is recognized in direct proportion to the present right to consideration for progress toward the complete satisfaction of the performance obligations.

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

(in thousands of dollars, unless otherwise noted)

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 goods.

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.

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 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 27, 2024 and December 29, 2023 are as follows:

	2024	2023
Billed receivables	$ 29,924	$ 44,965
Contract assets - unbilled receivables	57,958	48,090
	87,882	93,055
Less: Allowance for uncollectible accounts and rate reserve	(4,457)	(2,129)
Receivables, net	$ 83,425	$ 90,926
Contract assets - contractual retention and fee withhold receivables (Note 6)	$ 5,861	$ 6,347
Contract liabilities - client advances and credits	24,807	20,868

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 was recorded using actual rates when they were lower than target rates, and modified rates when actual rates exceeded target rates for 2024. For 2023, a modified rate was used for G&A, and the lower of actual or target rates was used for all other rate pools. In cases where the final indirect rate settlement is expected to result in a change to recorded revenues, management has established an allowance for these indirect rate variances.

(in thousands of dollars, unless otherwise noted)

Contract assets - contractual retention and fee withhold receivables is included in the other noncurrent assets line of the consolidated balance sheets.

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 2024 and 2023.

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 27, 2024 and December 29, 2023, SRI recognized $119.8 million and $120.5 million, respectively, of conditional contributions reported as project revenues in the consolidated statements of activities. As of December 27, 2024 and December 29, 2023, SRI had $145.8 million and $212.3 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 of 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:

	2024	**2023**
Cash and cash equivalents	$ 35,049	$ 26,646
Restricted cash and cash equivalents	1,228	1,556
Cash, cash equivalents and restricted cash	$ 36,277	$ 28,202

(in thousands of dollars, unless otherwise noted)

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.

Equity Method Investments
SRI accounts for investments in other affiliated companies over which it has the ability to exercise significant influence under the equity method accounting and presents investments separately in the consolidated balance sheets. Under the equity method, SRI recognizes its proportionate share of the affiliate entities' net income or loss. SRI's share of income or loss was immaterial for the year ended December 27, 2024.

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, contract liabilities and long-term debt.

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and contract liabilities 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.

(in thousands of dollars, unless otherwise noted)

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

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

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets and are not material for the years ended December 27, 2024 and December 29, 2023. Repairs and maintenance expenditures are expensed as incurred.

Internal Software – Cloud Computing Arrangements
SRI capitalizes certain costs incurred in the development of internal-use software in accordance with ASC 350-40, *Internal-Use Software*. Costs incurred during the preliminary project stage and post-implementation/operation stages are expensed as incurred. Costs incurred during the application development stage, including external direct costs of materials and services and payroll costs for employees directly associated with the development effort, are capitalized.

Capitalized internal-use software costs are amortized on a straight-line basis over the software's estimated useful life. SRI evaluates the recoverability of these assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 27, 2024 and December 29, 2023.

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 $17.8 million and $17.2 million are included in other noncurrent liabilities (Note 10) in the consolidated balance sheets at December 27, 2024 and December 29, 2023, 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 27, 2024 and December 29, 2023 were $0.6

(in thousands of dollars, unless otherwise noted)

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. A valuation allowance is provided whenever it is more likely than not that a deferred tax asset will not be realized.

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

Liquidity
The following information provided references the liquidity over the 12 months following the balance sheet date, December 27, 2024 and December 29, 2023, respectively. SRI's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2024	**2023**
Cash and cash equivalents	$ 35,049	$ 26,646
Investments	19,796	21,484
Notes receivable - related party	1,049	-
Receivables, net	83,425	90,926
	$ 139,319	$ 139,056

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 balance sheet. 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 9, SRI also has an available line of credit in the amount of $13.5 million as of December 27, 2024, which it could draw upon in the event of an unanticipated liquidity need.

(in thousands of dollars, unless otherwise noted)

Recently Adopted Accounting Pronouncements
No new accounting pronouncements were adopted during fiscal 2024 or through the filing date that had a material impact on the company's consolidated financial statements.

New Accounting Pronouncements
Other recent accounting pronouncements issued during fiscal 2024 and through the filing date are not expected to have a material impact on SRI's present or historical consolidated financial statements.

2. Revenue Recognition

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 which 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 27, 2024 and December 29, 2023:

	2024	2023
Over time	$ 272,596	$ 244,900
Point in time	45,162	36,012
	$ 317,758	$ 280,912

3. Investments

SRI's investments consist of Corporate Bonds that are carried at fair value, totaling $19.8 million and $21.5 million as of December 27, 2024 and December 29, 2023, 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:

(in thousands of dollars, unless otherwise noted)

	2024	2023
Unrealized gain		
Corporate bonds	$ 466	$ 857
Forward contract	-	592
Affiliate equity securities (Note 6)	(439)	(316)
	27	1,133
Realized loss		
Corporate bonds	(22)	(106)
Affiliate equity securities (Note 6)	(357)	(199)
	(379)	(305)
Net (loss) gain on investments	$ (352)	$ 828

A realized loss of $0.4 million on affiliate equity securities was recognized due to the dissolution of two affiliate entities for the year ended December 27, 2024. A realized loss of $0.2 million on affiliate equity securities was recognized due to the dissolution of one affiliate entity for the year ended December 29, 2023.

4. Property and Equipment

Property and equipment consist of the following:

	2024	2023
Land and improvements	$ 25,804	$ 25,804
Buildings	244,927	247,356
Equipment	150,691	192,189
Leasehold improvements	16,004	15,351
Construction-in-progress	15,503	11,711
	452,929	492,411
Less: Accumulated depreciation and amortization	(353,587)	(376,190)
	$ 99,342	$ 116,221

Depreciation and amortization expense for the years ended December 27, 2024 and December 29, 2023 was $16.1 million and $20.1 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.

(in thousands of dollars, unless otherwise noted)

5. Internal Software – Cloud Computing Arrangements

Internal software consists of the following:

	2024	2023
Internal software	$ 8,013	$ 8,016
Less: Accumulated amortization	(2,811)	(1,987)
	$ 5,202	$ 6,029

Internal software - cloud computing arrangements 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 consolidated balance sheets. Amortization expense was $0.8 million for the year ended December 27, 2024 and $0.9 million for the year ended December 29, 2023.

6. Other Noncurrent Assets

Other noncurrent assets consist of the following:

	2024	2023
Contractual retention and fee withhold receivable	$ 5,861	$ 6,347
Investments in affiliates	4,431	4,987
Internal software - cloud computing arrangements	4,377	5,202
Other	4,045	2,622
	$ 18,714	$ 19,158

A $1.1 million of contingent payment receivable obtained as part of Ravenswood Transaction as described in Note 18, and a $2.9 million investment in Simple Agreement for Future Equity (SAFE) in the form of cash, in-kind services and/or license agreements are included in the other line for the year ended December 27, 2024. A $2.5 million investment in Simple Agreement for Future Equity (SAFE) in the form of cash, in-kind services and/or license agreements was included in the other line for the year ended December 29, 2023.

(in thousands of dollars, unless otherwise noted)

7. Notes Receivable – Related Party

The notes receivable – related party balance consists of the following:

		2024
Secured Promissory Note ("$5.7M Promissory Note"); interest at 7.5% per annum issued for prior intercompany receivable in Ravenswood	$	5,762
Secured Promissory Note ("$3M Promissory Note"); interest at 7.5% per annum consideration received for sale of Ravenswood, net of discount		2,816
Total principal amounts		8,578
Less: Current installments		(1,049)
Long-term notes receivable, net of current portion	$	7,529

$5.7 million Promissory Note
As part of the Ravenswood Transaction as described in Note 18, a Secured Promissory Note in the amount of $5.7 million was issued to settle the existing intercompany receivable balance. The note is secured by a pledge of all Ravenswood assets and carries an annual interest rate of 7.5%. The outstanding balance is to be repaid in monthly installments over the 5-year term.

$3 million Promissory Note
As part of the Ravenswood Transaction as described in Note 18, another Secured Promissory Note in the amount of $3 million was issued as part of the consideration for the sale. The note is secured by a pledge of all Ravenswood assets and carries an annual interest rate of 7.5%. The outstanding balance is to be repaid in full on September 18, 2029.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

		2024		2023
Accounts payable	$	20,721	$	30,061
Accrued payroll, vacation and other employee related accruals		36,006		41,634
Stanford lease loss accrual (Note 16)		-		1,218
Accrued insurance		536		884
Other		574		1,069
	$	57,837	$	74,866

Included in the accrued payroll, vacation and other employee related accruals line is employee royalty and equity sharing (RES) obligations of $7.0 million and $6.3 million at December 27, 2024 and December 29, 2023, respectively.

(in thousands of dollars, unless otherwise noted)

9. Long-Term Debt

Long-term debt consists of the following:

		2024		2023
California Infrastructure and Development Bank Revenue Bond Series 2018 Tax-exempt Variable Rate Bonds ("Series 2018 Bonds"); interest at 5.75919% and 6.27129% at December 27, 2024 and December 29, 2023, respectively.	$	6,543	$	6,959
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%.		5,684		7,255
Total principal amounts		12,227		14,214
Less: Current installments		(2,166)		(2,063)
Long-term debt, net of current installments	$	10,061	$	12,151

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 are accrued in a sinking fund that is used for bi-annual payments of the bonds. The bonds are scheduled to mature on September 1, 2028.

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 August 31, 2026. 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 27, 2024, SRI was not in compliance with its covenants due to exceeding the maximum allowed investment in fixed assets of $12 million over a 12-month period. A waiver for the non-compliance was received from Wells Fargo Bank, N.A.

(in thousands of dollars, unless otherwise noted)

Revolving Credit Facility
As of December 27, 2024 and December 29, 2023, 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 27, 2024 and December 29, 2023. The interest rate on the line of credit was SOFR plus 2.00% as of December 27, 2024 and December 29, 2023. The line of credit expires on August 31, 2026. 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 June 24, 2025, 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 December 1, 2025 to August 31, 2026. 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 27, 2024 and December 29, 2023, respectively.

Maturities of debt as of December 27, 2024 are as follows:

2025	$ 2,166
2026	7,093
2027	1,447
2028	1,521
2029	-
Thereafter	-
	$ 12,227

10. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following:

	2024	2023
Long term asset retirement obligations (Note 1)	$ 17,787	$ 17,196
Other	584	2,149
	$ 18,371	$ 19,345

Included in the other line is $0.6 million of the unamortized portion of the advance rent payment received from SRI Federal Credit Union for the year ended December 27, 2024 and $0.7 million of the unamortized portion of the advance rent payment received from SRI Federal Credit Union and $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 for the year ended December 29, 2023.

(in thousands of dollars, unless otherwise noted)

11. Leases

SRI's leases are generally for office space and accounts for their leases in accordance with ASC 842, *Leases* ("Topic 842"). SRI determines at inception whether an arrangement that provides us control over the use of an asset is a lease. Substantially all of our leases are long-term operating leases for facilities with fixed payment terms. SRI recognizes a right-of-use ("ROU") asset and a lease liability upon commencement of an operating lease. The initial lease liability is equal to the future fixed minimum lease payments discounted using the risk-free discount rate. The lease term includes option renewal periods and early termination payments when it is reasonably certain that SRI 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. SRI 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:

	2024	2023
Operating lease cost	$ 16,190	$ 5,448
Sublease income	(701)	(709)
Total operating lease cost	$ 15,489	$ 4,739

The table below summarizes future minimum payments under operating leases, recorded on the consolidated balance sheet as of December 27, 2024:

	Operating Lease Payments
2025	$ 14,118
2026	16,470
2027	15,873
2028	15,786
2029	13,999
Thereafter	65,062
Minimum lease payments	141,308
Less: imputed interest	(22,960)
Present value of minimum lease payments	118,348
Less: current portion of lease liabilities	(9,628)
Long-term lease liabilities	$ 108,720

(in thousands of dollars, unless otherwise noted)

Supplemental cash flow information related to leases was as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities	$ 15,235	$ 6,236
ROU assets obtained in exchange for new operating lease liabilities	$ 7,321	$ 109,865
Weighted-average remaining lease term	8.71 years	9.49 years
Weighted-average discount rate	3.91%	3.50%

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 27, 2024 and December 29, 2023, operating lease income was $3.2 million and $3.0 million respectively. Operating lease income is reported as other income on the consolidated statements of activities.

12. 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, refer to Note 16. 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 27, 2024 and December 29, 2023, as follows:

(in thousands of dollars, unless otherwise noted)

	December 27, 2024			
	Program Activities		Supporting Activities	Total
	Clients & Partners	SRI R&D		
Salaries, wages, and benefits	$ 176,845	$ 6,771	$ 66,969	$ 250,585
Property and equipment expense	95,413	83	39,993	135,489
Materials, services, travel, and other	32,108	751	24,040	56,899
	$ 304,366	$ 7,605	$ 131,002	$ 442,973

	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
Materials, services, travel, and other	42,495	839	22,610	65,944
	$ 312,816	$ 6,578	$ 121,029	$ 440,423

13. Income Taxes

Income tax benefit consists of:

	2024	2023
Current		
U.S. federal	$ -	$ 188
State	(16)	(3)
Foreign	(9)	(343)
	(25)	(158)
Deferred		
U.S. federal	(189)	2,101
State	552	(42)
Foreign	-	114
	363	2,173
Total income tax benefit	$ 338	$ 2,015

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 2024 and 2023 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.

(in thousands of dollars, unless otherwise noted)

Deferred tax assets and deferred tax liabilities consist of the following as of December 27, 2024 and December 29, 2023:

	2024	2023
Net operating loss carryforwards	$ 6,752	$ 8,430
Accruals and other	-	1,183
Total gross deferred tax assets	6,752	9,613
Valuation allowance	(523)	(1,871)
Deferred tax assets	6,229	7,742
Deferred tax liabilities	-	-
Net deferred tax assets	$ 6,229	$ 7,742

SRI International has net operating loss carryforwards for federal and state income tax purposes of approximately $27.2 million and $14.9 million, respectively, which are available to offset future taxable income, if any, and expire in varying amounts between 2025 and 2039.

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

SRI International 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 27, 2024, the valuation allowance for SRI decreased by $1.3 million while it was decreased by $2.8 million during the year ended December 29, 2023.

SRI recognizes interest and penalties as incurred within income tax expense in the consolidated statements of activities. SRI's 2021, 2022 and 2023 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes. Certain significant state tax jurisdictions are also either currently under examination or remain open under the statues of limitation and subject to examination for the tax years from 2020, 2021, 2022 and 2023.

14. 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 $14.1 million and $12.5 million during the years ended December 27, 2024 and December 29, 2023, respectively.

15. 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 27, 2024 and December 29, 2023, respectively. These are drawn against the overall line of credit held with Wells Fargo which has a $5 million sub-limit for letters of credit

(in thousands of dollars, unless otherwise noted)

under the overall ceiling (Note 9). 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 2020. 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 27, 2024 and December 29, 2023.

16. Related Party Transactions

SRI had no material receivables from Stanford as of December 27, 2024 and December 29, 2023. For the year ended December 27,2024, awards amounting to $0.3 million and $0.5 million were made to and received from Stanford, respectively. 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. 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.

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.

(in thousands of dollars, unless otherwise noted)

SRI had contract revenue of approximately $0.5 million and $0.2 million from investee companies for the year ended December 27, 2024 and December 29, 2023 respectively, with no material receivables as of December 27, 2024 and December 29, 2023.

17. 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 and is fully amortized as of December 27, 2024.

18. Ravenswood Transaction

On September 18, 2024, SRI sold Ravenswood to certain members of the Ravenswood board through the execution of a restructuring agreement. The buyers were not related parties of SRI. Upon execution of the agreement, SRI received $250,000 in cash, 190 shares of Series A preferred stock, contingent consideration and a $3M secured promissory note.

To determine the estimated enterprise value of Ravenswood, the income approach was utilized in the form of the Discounted Cash Flow ("DCF") method, and the market approach, in the form of the Guideline Public Company method ("GPCM") and Similar Transaction method ("STM").
The contingent consideration was also valued using the DCF method, applied through a multi-year probability-weighted analysis. The promissory note was valued using the income approach via the DCF method.

SRI recognized a $3.6 million equity method investment for the preferred stock, a $1.1 million contingent consideration receivable, a $2.7 million loan receivable for the promissory note and $250,000 cash, on September 18, 2024, on its consolidated balance sheets based on the valuation.

To determine the loss derived from the sale of Ravenswood, SRI performed the calculation based on the allocated proceeds of the sale of $7.6 million and the closing balances of Ravenswood reported as of September 18, 2024 of $13.2 million. As a result, SRI recognized $5.6 million as loss from sale of subsidiary in the consolidated statements of activities.

Following the sale, Ravenswood remains a related party of SRI and is accounted for under the equity method investment.

19. Equity Method Investment

On September 18, 2024, SRI received 190 shares of Series A preferred stock, representing a 19% interest in Ravenswood, as part of the Ravenswood Transaction described in Note 18. Because SRI holds significant influence over Ravenswood by its 19% ownership and ability to participate in Ravenswood's policy-making decisions, SRI accounts for its investment using the equity method. On the date of acquisition, SRI's investment in Ravenswood did not exceed its equity in the underlying net assets. The carrying value of the equity method investment is $3.6 million as of December 27, 2024 and is reflected in Investment in Ravenswood line in the consolidated balance

(in thousands of dollars, unless otherwise noted)

sheets. SRI's share of the income or loss in the equity method investment is immaterial for the year ended December 27, 2024.

Condensed financial information for Ravenswood is as follows:

As of December 31, 2024		**2024**
Current assets	$	3,475
Noncurrent assets		18,872
Current liabilities		4,049
Noncurrent liabilities		9,273
Equity	$	9,025

From September 18, 2024 to December 31, 2024		**2024**
Revenue	$	4,894
Loss from operations		(597)
Net loss		(1,202)

20. Subsequent Events

SRI has evaluated subsequent events through June 27, 2025, which is the date the consolidated financial statements were available to be issued.

On June 24, 2025, 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 December 1, 2025 to August 31, 2026. Additionally, the covenants were simplified, and a collateral requirement was updated.

Schedule of Expenditures of Federal Awards

SRI International
Schedule of Expenditures of Federal Awards
Year Ended December 27, 2024

Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
Research and Development Cluster								
Department of Defense								
AFRL								
AIR FORCE RESEARCH LAB	12.U02	180,631	-	FA8750-21-C-1517			180,631	32,174
APOGEE RESEARCH, LLC	12.U03	-	834,341		APOGEE RESEARCH, LLC	SWAT SUB-001	834,341	-
Leidos, Inc	12.U04	-	206,942		Leidos, Inc	P010216895	206,942	-
Leidos, Inc	12.V10	-	122,065		Leidos, Inc	P010216895	122,065	-
Leidos, Inc	12.V11	-	412,319		Leidos, Inc	P010295042	412,319	-
NextFlex	12.V49	-	3,819	Development Agreement dated 10/1/	NextFlex	N/A	3,819	-
USAF	12.U05	3,465	-	FA8650-22-C-1014			3,465	-
ARL								
LOCKHEED MARTIN	12.V29	-	869,984		LOCKHEED MARTIN	4106197983	869,984	-
Semi	12.431	-	102,626		Semi	PNT22-24-024	102,626	-
Semi	12.431	-	704,537		Semi	PNT22-23-011	704,537	275,000
University of Illinois	12.630	-	27,827		University of Illinois	088831-19225	27,827	-
CIA								
OIM	12.U06	507,421	-	2020-20031700001			507,421	-
DARPA								
AFRL	12.U07	1,713,452	-	FA8750-23-C-1001			1,713,452	138,427
AIR FORCE RESEARCH LAB	12.U11	1,484,489	-	FA8750-20-C-0226			1,484,489	748,155
AIR FORCE RESEARCH LAB	12.U12	225,813	-	FA8650-20-C-7026			225,813	-
AIR FORCE RESEARCH LAB	12.U13	137,003	-	FA8750-20-C-0002			137,003	-
APOGEE RESEARCH, LLC	12.U15	-	481,873		APOGEE RESEARCH, LLC	FA8750-20-C-0520	481,873	-
BAE Systems	12.U16	-	2,574	N6523623C8008	BAE Systems	1171942	2,574	-
DARPA	12.U21	239	-	HR001121C0141			239	-
DARPA	12.U22	5,295,607	-	HR001120C0099			5,295,607	1,041,540
DARPA	12.U23	2,172,932	-	HR001121C0211			2,172,932	-
DARPA	12.U24	445,906	-	HR001122C0043			445,906	154,687
DARPA	12.U25	1,003	-	HR001119C0108			1,003	-
DARPA	12.U18	3,728,276	-	HR001122C0032			3,728,276	220,992
DARPA	12.U27	6,506	-	HR001119C0074			6,506	5,746
DARPA	12.U29	886,031	-	HR001120C0086			886,031	657,613
DARPA	12.U31	2,269,006	-	HR001120C0124			2,269,006	797,699
DARPA	12.910	16,161	-	HR00112010013			16,161	-
DARPA	12.U32	739,885	-	HR001120C0147			739,885	-
DARPA	12.U34	334	-	HR001121C0056			334	-
DARPA	12.U35	2,495	-	HR001121C0026			2,495	-
DARPA	12.U38	2,192	-	HR001123C0008			2,192	-
DARPA	12.U19	348,012	-	HR001123C0031			348,012	270,691
DARPA	12.U40	8,150,517	-	HR001123C0104			8,150,517	175,736
DARPA	12.U41	2,640,731	-	HR001123C0100			2,640,731	496,720
DARPA	12.U42	428,866	-	HR001123C0127			428,866	-
DARPA	12.V25	1,601,083	-	HR001124C0394			1,601,083	603,323
DARPA	12.V33	1,013,393	-	HR001124C0433			1,013,393	-
DARPA	12.V34	1,495,446	-	HR001124C0437			1,495,446	936,116
DARPA	12.V44	163,422	-	HR001124C0511			163,422	6,645
DARPA	12.V51	121,117	-	HR001125C0001			121,117	-
DARPA	12.V46	1,492,363	-	HR001122C0009			1,492,363	344,946
DARPA	12.V47	1,769,669	-	HR001122C0031			1,769,669	600,656

The accompanying notes are an integral part of this schedule.

SRI International
Schedule of Expenditures of Federal Awards
Year Ended December 27, 2024

Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
DARPA CMO	12.U43	317,189	-	HR001123C0124			317,189	-
Department of Interior	12.910	271,674	-	D23AP00226-00			271,674	-
DOI, Interior Business	12.U44	340,416	-	140D6318C0020			340,416	308,153
METRON INCORPORATED	12.U45	-	479,045		METRON INCORPORATED	6H72-SRI	479,045	-
New York University	12.V52	-	159		New York University	SA00001278	159	-
NIWC Atlantic	12.U46	1,706	-	N6523622C8009			1,706	-
NIWC Atlantic	12.V12	839,962	-	N6523624C8005			839,962	-
NIWC Pacific	12.U47	4,066,108	-	N6600122C4034			4,066,108	2,468,646
Raytheon Technologies	12.V50	-	41,233		Raytheon Technologies	2608762	41,233	-
San Diego State	12.V56	-	129,809		San Diego State	E0021275	129,809	-
Systems & Technology	12.U49	-	188,294		Systems & Technology	2023-0004	188,294	-
U.S. Army	12.V48	226	-	W911NF22C0031			226	-
US ARMY RDECOM	12.U50	3,448,373	-	W911NF-22-C-0048			3,448,373	1,232,962
USAF	12.U51	1,823,143	-	FA8750-23-C-0519			1,823,143	387,514
USAF/AFMC/AFRL	12.U52	477	-	FA8750-20-C-0155			477	-
Defense Logistics Agency								
DLA Land & Maritime	12.U54	12,669,476	-	SPE7MX-21-D-0032			12,669,476	100,030
Dept. of Defense								
APPLIED RESEARCH ASSOC	12.V13	-	806,260		APPLIED RESEARCH ASSOC	S-G30002-IDIQ-93-SRI	806,260	-
CACI TECHNOLOGIES, INC.	12.V09	-	4,904,126		CACI TECHNOLOGIES, INC.	P000165129	4,904,126	-
CACI, Inc. - Federal	12.U55	-	117,415		CACI, Inc. - Federal	P000116412	117,415	-
DLA Land & Maritime	12.U56	71,795	-	SPE7MX-19-D-0025			71,795	-
DOD/CDMRP	12.420	351,773	-	W81XWH2210978			351,773	-
GALOIS INC	12.U57	-	209,854		GALOIS INC	2020-024	209,854	-
HQ USSOCOM	12.U58	901,379	-	H9244220C0006			901,379	53,300
HQ USSOCOM	12.U59	4,760,184	-	H9244222C0001			4,760,184	1,379,179
Lockheed Martin Corp.	12.V32	-	364,288		Lockheed Martin Corp.	26093	364,288	-
National Geospatial Intel	12.U61	761,648	-	HM047623C0008			761,648	92,382
National Geospatial Intel	12.U62	618,391	-	HM047623C0013			618,391	-
National Geospatial Intel	12.V21	1,068,605	-	HM047624C0010			1,068,605	300,000
NORTHROP GRUMMAN MISSION	12.V28	-	940,878		NORTHROP GRUMMAN MISSION	IDIQ-NP-2023-006	940,878	-
Northrop Grumman Systems	12.V30	-	2,372,975		Northrop Grumman Systems	5300084946	2,372,975	27,894
Parsons Government Servic	12.V27	-	415,427		Parsons Government Servic	PO-0016202	415,427	-
USAMRAA	12.U65	343,967	-	W81XWH19C0096			343,967	121,732
USAMRAA	12.420	57,113	-	W81XWH2110085			57,113	-
Dept. of the Army								
Booz Allen Hamilton	12.U66	-	2,982		Booz Allen Hamilton	A24693	2,982	-
QinetiQ Inc.	12.U70	-	152,479		QinetiQ Inc.	RS3-20-010	152,479	-
Ravenswood Solutions, Inc	12.V20	-	253,141		Ravenswood Solutions, Inc	11-000084	253,141	-
SAGE TECHNOLOGIES	12.V45	-	20,281		SAGE TECHNOLOGIES	240911	20,281	-
Dept. of the Navy								
ALION	12.U74	-	97,607		ALION	SCR1162204	97,607	-
NIWC Pacific	12.U75	1,319,290	-	N6600122C4507			1,319,290	394,052
OFFICE OF NAVAL RESEARCH	12.300	59,004	-	N000142412328			59,004	-
DTRA								
Pennsylvania State Univer	12.V43	-	251,731		Pennsylvania State Univer	S24-40	251,731	-
Virginia Tech	12.351	-	157,329		Virginia Tech	450888-19546	157,329	-
Eglin AFB								
US Army Special Ops	12.U76	72,841	-	FA2487-18-D-0001			72,841	-
Valkyrie Enterprises, LLC	12.V18	-	1,731,771		Valkyrie Enterprises, LLC	VEEP001760	1,731,771	16,755

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SRI International
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Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
IARPA-Intelligence Advanced Research Projects Activity								
ARMY CONTRACTING COMMAND	12.U78	2,367,847	-	W911NF20C0038			2,367,847	1,167,532
Department of Interior	12.U79	4,326,992	-	140D0423C0034			4,326,992	1,973,082
DOI, Interior Business	12.V53	377,251	-	140D0424C0070			377,251	76,702
IARPA	12.U82	182	-	2022-21100600001			182	-
IARPA	12.U83	2,010,641	-	2022-22072200004			2,010,641	1,043,417
IARPA	12.U80	3,752,604	-	2023-23060200002			3,752,604	1,232,618
IARPA	12.U84	2,968,261	-	N66001-23-C-4515			2,968,261	1,847,723
IARPA	12.V17	4,899,911	-	140D0424C0007			4,899,911	2,367,524
NIWC Pacific	12.V19	5,429,456	-	N6600124C4505			5,429,456	2,878,203
Navy/Office of Naval Reserve, NRL								
NAVAL RESEARCH LAB.	12.U88	1,345	-	N0017322D6000			1,345	-
NAVAL RESEARCH LAB.	12.U89	281,145	-	N0017322D6000			281,145	-
NAVAL RESEARCH LAB.	12.V54	45,558	-	N0017322D6000			45,558	-
NAVAL RESEARCH LABORATORY	12.U90	931,387	-	N00173-19-C-6000			931,387	-
NAVAL RESEARCH LABORATORY	12.U91	82,715	-	N0017323C2001			82,715	-
OFFICE OF NAVAL RESEARCH	12.U93	865,581	-	N00014-19-C-1007			865,581	-
OFFICE OF NAVAL RESEARCH	12.U94	144	-	N00014-21-C-2034			144	-
OFFICE OF NAVAL RESEARCH	12.U98	1,815,422	-	N00014-22-C-2012			1,815,422	-
OFFICE OF NAVAL RESEARCH	12.300	160,422	-	N00014-21-1-2579			160,422	-
OFFICE OF NAVAL RESEARCH	12.V14	310,158	-	N0001424C2402			310,158	-
OFFICE OF NAVAL RESEARCH	12.V15	610,799	-	N0001424C2403			610,799	-
OFFICE OF NAVAL RESEARCH	12.300	29,993	-	N000142412411			29,993	-
U.S. Air Force								
AFRL	12.V42	199,016	-	FA237724DB006			199,016	-
Booz Allen Hamilton	12.V37	-	135,093		Booz Allen Hamilton	A56923 / PGSC-SC-111401-25	135,093	-
GEORGIA INSTITUTE OF TECH	12.V02	-	246,437		GEORGIA INSTITUTE OF TECH	D9104-S10	246,437	-
L3Harris	12.V03	-	300,437		L3Harris	A000609753	300,437	5,475
NextFlex	12.V16	-	117,214		NextFlex	716135	117,214	-
U.S. Army Medical								
USAMRAA	12.V07	291,150	-	W81XWH2110461			291,150	166,254
US ARMY CONTRACT COMMAND								
US ARMY CONTRACT COMMAND	12.431	329,077	-	W911NF-22-2-0137			329,077	-
Total Department of Defense		105,295,263	18,205,172				123,500,435	27,147,995
Department of Education		-						
Alpha CSP	84.U01	-	48,094		Alpha CSP	19-008-654-EDD	48,094	-
American Institutes for R	84.U17	-	111,019		American Institutes for R	0529500503	111,019	-
Amira Learning	84.305T	-	216,375	R305T210038	Amira Learning	1002	216,375	-
Chico State Enterprises	84.U04	-	108,560	U3365S190030	Chico State Enterprises	SUB19-033	108,560	-
Ctr Future of Arizona	84.411C	-	122,130	U411C190109	Ctr Future of Arizona	2019-11-AZPTP	122,130	-
Department of Education	84.305C	2,121,910	-	R305C210003			2,121,910	1,057,544
Department of Education	84.324R	993,015	-	R324R210005			993,015	171,180
Department of Education	84.305N	909,104	-	R305N220012			909,104	-
Department of Education	84.327V	580,623	-	H327V220001			580,623	-
Department of Education	84.305A	281,170	-	R305A230392			281,170	22,474
Department of Education	84.305N	115,047	-	R305N240054			115,047	-
Department of Education	84.373Z	485,093	-	H373Z240001			485,093	47,388
Digital Promise Global	84.411C	-	132,959		Digital Promise Global	1713	132,959	-
Education Development Cnt	84.295A	-	957,033		Education Development Cnt	12557	957,033	-

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ERIKSON INSTITUTE	84.U05	-	39,166		ERIKSON INSTITUTE	EDD 17-122	39,166	-
Johns Hopkins University	84.U07	-	125,144	Work Order under MCSA dated 5/27/	Johns Hopkins University	N/A	125,144	-
McREL International	84.U08	-	102,232		McREL International	19-008	102,232	-
New Teacher Center	84.U10	-	348,847	U411A190003	New Teacher Center	U411A190003	348,847	-
New Teacher Center	84.411B	-	263,003	S411B200057	New Teacher Center	S411B200057	263,003	-
Policy Studies Associates	84.U11	-	199,968		Policy Studies Associates	SB283B190047	199,968	-
RTI INTERNATIONAL	84.U12	-	232,055		RTI INTERNATIONAL	1-312-0215020-52348L	232,055	-
Touro College & Universit	84.U13	-	137,105		Touro College & Universit	120120-SC01	137,105	-
Univ of North Carolina	84.326P	-	350,833		Univ of North Carolina	5126640	350,833	-
University of Kansas	84.411B	-	311,867		University of Kansas	BSA20071	311,867	-
University of Missouri	84.U14	-	159,541		University of Missouri	00072654-2	159,541	-
University of Oregon	84.411C	-	61,138		University of Oregon	226000-05697-PSC	61,138	-
University of Oregon	84.326S	-	108,214		University of Oregon	225340E	108,214	-
US Dept Of Education	84.411C	13,059	-	U411C180070			13,059	-
US Dept Of Education	84.326M	311,259	-	H326M210002			311,259	59,766
US Dept Of Education	84.305A	327,306	-	R305A200292			327,306	63,904
US Dept Of Education	84.373Z	6,766,390	-	H373Z190002			6,766,390	2,389,457
US Dept Of Education	84.305A	386,093	-	R305A180013			386,093	293,814
US Dept Of Education	84.U15	4,637,210	-	91990022C0008			4,637,210	1,019,768
Westat, Inc.	84.U16	-	115,968	S283B190028	Westat, Inc.	6729-S-005	115,968	-
Total Department of Education		17,927,279	4,251,251				22,178,530	5,125,295
Dept. of Energy								
ARPA-E/DOE	81.135	701,066	-	DE-AR0001443			701,066	96,146
ARPA-E/DOE	81.135	55,584	-	DE-AR0001947			55,584	-
ARPA-E/DOE	81.135	908,056	-	DE-AR0001583			908,056	150,167
Department of Energy	81.089	5,491,887	-	DE-FE0031588			5,491,887	219,290
Department of Energy	81.089	69,720	-	DE-FE0031597			69,720	10,916
Department of Energy	81.089	696,216	-	DE-FE0032135			696,216	125,090
Department of Energy	81.087	730,973	-	DE-EE0009808			730,973	103,428
Department of Energy	81.089	1,140,343	-	DE-FE0031868			1,140,343	349,150
Department of Energy	81.089	664,763	-	DE-FE0032350			664,763	100,000
Department of Energy	81.089	1,458,770	-	DE-FE0032251			1,458,770	-
DOE	81.086	270,905	-	DE-EE0009420			270,905	30,204
DOE	81.086	35,302	-	DE-EE0009693			35,302	-
DOE	81.086	252,310	-	DE-EE0010223			252,310	-
DOE	81.086	933,692	-	DE-EE0009128			933,692	108,990
DOE	81.087	911,827	-	DE-EE0010745			911,827	147
DOE	81.086	1,098,517	-	DE-EE0010851			1,098,517	-
DOE	81.086	1,455,636	-	DE-EE0009682			1,455,636	1,332,360
New York University	81.008	-	117,492		New York University	F2232-04	117,492	-
Structured Materials Indu	81.049	-	111,345		Structured Materials Indu	42199	111,345	-
Total Department of Energy		16,875,567	228,837				17,104,404	2,625,888
Department of Health and Human Services								
Dept of Health & Human Se	93.575	57,380	-	90YE0218			57,380	-
Dept of Health & Human Se	93.859	1,249,694	-	1R24GM150703-01			1,249,694	121,025
Dept of Health & Human Sv	93.U02	568,230	-	47QRAA21D002R			568,230	9,418
DHHS	93.U04	736	-	HHSP233201500041I			736	-
DHHS/ACF	93.600	55,988	-	90YR0137			55,988	-

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Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
DHHS/ACF	93.600	86,995	-	90YR0162-01-00			86,995	-
DHHS/BARDA	93.U67	48,219	-	75A50122D00014			48,219	-
DLA CONTRACTING SERVICES	93.U74	5,509,546	-	SP4701-23-C-0073			5,509,546	445,818
HHS/OS/ASPR/BARDA	93.U06	327	-	HHSO100201600007C			327	-
Laureate Institute	93.242	-	439,978		Laureate Institute	2022-107-SRI-Y2	439,978	-
Leidos	93.U08	-	9,370		Leidos	22X101	9,370	-
Leidos	93.U72	-	112,110		Leidos	22X101	112,110	-
National Opinion Research	93.U10	-	1,753	HHSP233201500048I	National Opinion Research	8665.SRI.01	1,753	-
NIH	93.U11	133,631	-	75N94020D00003			133,631	-
NIH	93.U12	161,894	-	75N94020D00003			161,894	-
NIH	93.U13	171,662	-	75N94020D00003			171,662	17,051
NIH	93.859	225,740	-	R01GM132324			225,740	-
NIH	93.394	65,661	-	1R33CA240191-01A1			65,661	21,707
NIH/Natl Cancer Inst	93.396	56,477	-	R21CA236640			56,477	-
NIH/Natl Cancer Inst	93.394	601,951	-	1R33CA247739-01			601,951	10,736
NIH/Natl Cancer Inst	93.395	46,782	-	R21CA254048			46,782	-
NIH/Natl Cancer Inst	93.396	214,654	-	R21CA274598			214,654	-
NIH/Natl Cancer Inst	93.394	115,272	-	1R21CA288900			115,272	-
NIH/Natl Cancer Inst	93.396	116,187	-	1R61CA281785-01A1			116,187	-
NIH/NCATS	93.U14	83	-	HHSN271201700014I			83	-
NIH/NHLBI	93.233	62	-	1R01HL150836-01			62	-
NIH/NHLBI	93.233	384,095	-	2R01HL059658-16A1			384,095	-
NIH/NIA	93.866	111,769	-	R01AG061355			111,769	94,586
NIH/NIA	93.866	599,831	-	R01AG081144			599,831	314,195
NIH/NIAAA	93.273	794,608	-	R01 AA05965			794,608	196,159
NIH/NIAAA	93.273	605,819	-	U01AA021696			605,819	-
NIH/NIAAA	93.273	1,395,225	-	R01AA017347			1,395,225	498,328
NIH/NIAID	93.U17	29,597	-	HHSN272201500013I			29,597	-
NIH/NIAID	93.U18	2,586,980	-	75N93020D00011			2,586,980	1,150
NIH/NIAID	93.U19	674,582	-	75N93020D00011			674,582	813,382
NIH/NIAID	93.855	1,387,000	-	9R01AI160719-17A1			1,387,000	-
NIH/NIAID	93.U20	2,795,691	-	75N93020D00011			2,795,691	13,800
NIH/NIAID	93.U21	3,353,395	-	75N93020D00011			3,353,395	1,325,907
NIH/NIAID	93.U22	1,783,099	-	75N93020D00011			1,783,099	-
NIH/NIAID	93.U23	258,288	-	75N93020D00011			258,288	71,564
NIH/NIAID	93.U75	1,636,652	-	75N93020D00011			1,636,652	186,194
NIH/NIAID	93.U76	1,205,312	-	75N93024C00006			1,205,312	-
NIH/NIAID	93.U81	29,154	-	75N93022D00007			29,154	-
NIH/NIAID/DAIDS	93.U24	41,809	-	75N93023D00002			41,809	-
NIH/NIAID/DMID	93.U25	73,702	-	HHSN272201800001I			73,702	-
NIH/NIAID/DMID	93.U26	114	-	HHSN272201800001I			114	-
NIH/NIAID/DMID	93.U28	109,277	-	HHSN272201800001I			109,277	-
NIH/NIAID/DMID	93.U33	1,028,817	-	HHSN272201800001I			1,028,817	150,542
NIH/NIAID/DMID	93.U34	39,808	-	HHSN272201800001I			39,808	-
NIH/NIAID/DMID	93.U35	939,503	-	HHSN272201800001I			939,503	-
NIH/NIAID/DMID	93.U77	57,200	-	HHSN272201800001I			57,200	-
NIH/NIAID/DMID	93.U78	1,210,702	-	HHSN272201800001I			1,210,702	-
NIH/NIAID/DMID	93.U82	172,658	-	HHSN272201800001I			172,658	37,470
NIH/NIAID/DMID	93.U84	163,951	-	HHSN272201800001I			163,951	-
NIH/NICHD	93.U41	8,405	-	HHSN275201800007I			8,405	-

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NIH/NICHD	93.U42	507,505	-	75N94020D00003			507,505	16,070
NIH/NICHD	93.U44	20,259	-	75N94020D00003			20,259	-
NIH/NICHD	93.U46	52,769	-	HHSN275201800007I			52,769	-
NIH/NICHD	93.U47	5,753	-	75N94020D00003			5,753	-
NIH/NICHD	93.U48	17,097	-	75N94020D00003			17,097	-
NIH/NICHD	93.U49	8,814	-	75N94020D00003			8,814	-
NIH/NICHD	93.U50	28,861	-	HHSN275201800007I			28,861	-
NIH/NICHD	93.U51	67,117	-	HHSN275201800007I			67,117	-
NIH/NICHD	93.U52	762,187	-	75N94020D00003			762,187	90,292
NIH/NICHD	93.U53	678,968	-	75N94020D00003			678,968	89,814
NIH/NICHD	93.U54	626,411	-	75N94020D00003			626,411	-
NIH/NICHD	93.U66	966,083	-	75N94020D00003			966,083	83,336
NIH/NICHD	93.U69	365,283	-	75N94023D00006			365,283	-
NIH/NICHD	93.U70	520,310	-	75N94023D00006			520,310	-
NIH/NICHD	93.U71	901	-	75N94023D00006			901	-
NIH/NICHD	93.U79	701,598	-	75N94020D00003			701,598	-
NIH/NICHD	93.U80	159,509	-	75N94023D00006			159,509	75,000
NIH/NICHD	93.U85	2,539	-	75N94020D00003			2,539	-
NIH/NICHD	93.U86	199	-	75N94020D00003			199	-
NIH/NIDA	93.279	1,348,793	-	U01DA041022			1,348,793	-
NIH/NIDA	93.U55	323,844	-	HHSN271201600006I			323,844	-
NIH/NIDA	93.U56	(1,924)	-	HHSN271201800041C			(1,924)	-
NIH/NIDA	93.U57	38,545	-	HHSN271201800019I			38,545	-
NIH/NIDA	93.U58	559,552	-	HHSN271201600006I			559,552	-
NIH/NIDA	93.U59	10,981	-	HHSN271201600006I			10,981	-
NIH/NIDA	93.279	381,723	-	1R21DA058903-01			381,723	-
NIH/NIDA	93.U60	142,990	-	HHSN271201600006I			142,990	-
NIH/NIDA	93.U68	1,835	-	75N95023D00023			1,835	-
NIH/NIDA	93.U83	18,909	-	75N95023D00023			18,909	-
NIH/NINDS	93.853	993,452	-	1R01NS136808-01			993,452	-
NOCTRIX HEALTH, INC.	93.U61	-	828		NOCTRIX HEALTH, INC.	19-216 328 BDD	828	-
NUMENTUS TECHNOLOGIES	93.U73	-	361		NUMENTUS TECHNOLOGIES	R43AI174576	361	-
Oregon Health & Science U	93.855	-	176,105		Oregon Health & Science U	1015301_SRI	176,105	-
Oregon Health & Science U	93.173	-	173,905	1R01DC020402-01	Oregon Health & Science U	1021055_SRI	173,905	-
Oregon Health & Science U	93.U62	-	1,522,855		Oregon Health & Science U	1022269_SRI	1,522,855	-
Oregon Health & Science U	93.242	-	8,542		Oregon Health & Science U	1023381_SRI	8,542	-
Pennsylvania State Univer	93.865	-	25,649		Pennsylvania State Univer	S002904-DHHS	25,649	-
Rutgers, State University	93.U63	-	292,238		Rutgers, State University	2121	292,238	-
Stanford University	93.273	-	535,026		Stanford University	61034433-14741-E	535,026	-
Stanford University	93.879	-	80,192		Stanford University	62395044-140774	80,192	-
Stanford University	93.273	-	659,325		Stanford University	63040549-236353	659,325	-
Stanford University	93.279	-	33,003		Stanford University	63048260-254722	33,003	-
Stanford University	93.853	-	78,807		Stanford University	63197822-268237	78,807	-
THE REGENTS OF UNIV CA.	93.U64	-	29,285		THE REGENTS OF UNIV CA.	704061	29,285	-
UCSD	93.838	-	234,408		UCSD	KR 705120	234,408	-
UCSF	93.242	-	183,470		UCSF	1482sc	183,470	-
US Dept of Health & Human	93.U65	671,794	-	HHSP233201500041I			671,794	214,141
Total Department of Health and Human Services		42,946,871	4,597,210				47,544,081	4,897,685

The accompanying notes are an integral part of this schedule.

SRI International
Schedule of Expenditures of Federal Awards
Year Ended December 27, 2024

Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
Department of Homeland Security								
DHS Science and Technolo	97.U02	2,018,939	-	47QRAA21D002R			2,018,939	90,847
Manhattan Strategy Group	97.U03	-	68,220		Manhattan Strategy Group	MC-947-2023-09-28	68,220	-
Manhattan Strategy Group	97.U04	-	15,734		Manhattan Strategy Group	MC-839-2023-09-20	15,734	-
Total Department of Homeland Security		2,018,939	83,954				2,102,893	90,847
Department of Justice								
Office of Justice Program	16.842	210,918	-	15PJDP-23-GG-02131-JJOP			210,918	-
Office of Justice Program	16.839	254,669	-	15PBJA-23-GG-04358-STOP			254,669	34,272
US Dept of Justice	16.560	243,408	-	15PNIJ-23-GG-04220-RESS			243,408	-
Total Department of Justice		708,995	-				708,995	34,272
Department of State								
U.S. Dept of State	19.345	56,884	-	SAQMIP24GR5149			56,884	-
Total Department of State		56,884	-				56,884	-
Federal Reserve Bank								
Federal Reserve Bank	21.U07	260	-	C50801			260	-
Total Federal Reserve Bank		260	-				260	-
National Aeronautics & Space Administration								
Caltech	43.U09	-	591,841		Caltech	S641964	591,841	15,992
CASIS	43.007	-	199,931		CASIS	GA-2022-8867	199,931	49,200
Dartmouth College	43.001	-	4,925		Dartmouth College	R1814	4,925	-
DePaul University	43.001	-	215,893		DePaul University	501732SG2236	215,893	-
Embry-Riddle Aeronautical	43.001	-	107,715		Embry-Riddle Aeronautical	61684-02	107,715	-
Johns Hopkins University	43.U01	-	2,101		Johns Hopkins University	131044	2,101	-
JPL	43.U10	-	1,133		JPL	1715915	1,133	-
Lunar Resources Inc.	43.012	-	61,966		Lunar Resources Inc.	FarView2003	61,966	-
NASA	43.U02	32,226	-	80NSSC21K1119			32,226	-
NASA	43.001	8,041	-	80NSSC21K0302			8,041	-
NASA	43.001	134,484	-	80NSSC23K0694			134,484	-
NASA SHARED SERVICES CTR.	43.001	8,419	-	80NSSC19K0081			8,419	7,673
NASA SHARED SERVICES CTR.	43.001	142,518	-	80NSSC22K0172			142,518	-
NASA SHARED SERVICES CTR.	43.001	268,160	-	80NSSC21K0664			268,160	74,120
NASA-AMES RESEARCH CENTE	43.001	93,366	-	80NSSC21K0458			93,366	-
NASA-AMES RESEARCH CENTE	43.U03	243,630	-	80ARC018D0016			243,630	39,485
NASA-AMES RESEARCH CENTE	43.U04	22,021	-	80ARC018D0016			22,021	-
NASA-AMES RESEARCH CENTE	43.U08	173,804	-	80ARC023DA005			173,804	-
NJ Institute of Tech	43.001	-	107,013		NJ Institute of Tech	(NP) 997650	107,013	-
Southwest Research Instit	43.001	-	5,914		Southwest Research Instit	Q99072AKP	5,914	-
University of Alaska	43.001	-	1,587		University of Alaska	UA-22-0109	1,587	-
University of Michigan	43.U07	-	332,109		University of Michigan	SUBK00016000	332,109	-
University of Washington	43.001	-	18,901		University of Washington	UWSC14176	18,901	-
Total National Aeronautics & Space Administration		1,126,669	1,651,029				2,777,698	186,470

The accompanying notes are an integral part of this schedule.

SRI International
Schedule of Expenditures of Federal Awards
Year Ended December 27, 2024

Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
National Science Foundation								
Digital Promise Global	47.070	-	54,943		Digital Promise Global	1669	54,943	-
Education Development Cnt	47.076	-	19,557		Education Development Cnt	2021-0107	19,557	-
Illinois Inst. of Tech.	47.070	-	271		Illinois Inst. of Tech.	A25-0016-S002	271	-
National Science Fdn	47.076	84	-	HRD-1818635			84	-
National Science Fdn	47.050	7,198,772	-	AGS-1840962			7,198,772	854,367
National Science Fdn	47.076	274,321	-	DRL-1906490			274,321	24,955
National Science Fdn	47.U08	39,904	-	NSFDACS16C1234			39,904	30,303
National Science Fdn	47.074	406,864	-	2109898			406,864	-
National Science Fdn	47.050	48,742	-	AGS-1933013			48,742	-
National Science Fdn	47.070	2,028	-	CCF-1816936			2,028	-
National Science Fdn	47.070	3,852	-	CNS-1925616			3,852	-
National Science Fdn	47.076	88,599	-	DUE-2000881			88,599	1,245
National Science Fdn	47.050	226,673	-	AGS-2009960			226,673	-
National Science Fdn	47.076	164,037	-	DRL-2010591			164,037	(160)
National Science Fdn	47.050	58,144	-	AGS-2027300			58,144	-
National Science Fdn	47.070	195,874	-	2016597			195,874	-
National Science Fdn	47.076	249,072	-	DRL-2055609			249,072	67,315
National Science Fdn	47.050	176,947	-	AGS-2113888			176,947	-
National Science Fdn	47.076	397,202	-	DRL 2201051			397,202	-
National Science Fdn	47.U01	13,598	-	49100421D0020			13,598	-
National Science Fdn	47.070	14,657	-	2229455			14,657	-
National Science Fdn	47.070	222,966	-	2308981			222,966	-
National Science Fdn	47.076	676,199	-	DRL-2300444			676,199	338,945
National Science Fdn	47.050	65,182	-	2329981			65,182	-
National Science Fdn	47.050	87,615	-	2312191			87,615	-
National Science Fdn	47.084	2,810,808	-	2326882			2,810,808	1,500,556
National Science Fdn	47.076	2,534,460	-	EES2320947			2,534,460	1,193,156
National Science Fdn	47.U02	336,151	-	49100421D0020			336,151	141,611
National Science Fdn	47.U16	360,382	-	49100421D0014			360,382	-
National Science Fdn	47.076	491,563	-	EES-2404855			491,563	71,120
National Science Fdn	47.076	6,074	-	DRL-2405799			6,074	-
National Science Fdn	47.049	9,412	-	2452520			9,412	-
National Science Fdn	47.050	1,257	-	2426523			1,257	-
Purdue University	47.070	-	10,552		Purdue University	10001594-019	10,552	-
South Orange County	47.U15	-	39,834		South Orange County	SCFISC-PSA-8032-2023	39,834	-
University of Alabama	47.070	-	73,092		University of Alabama	A23-0432-S001	73,092	-
Total National Science Foundation		17,161,439	198,249				17,359,688	4,223,413
Client Private								
CLIENT PRIVATE	NA.U01	256,786	-	23C5401			256,786	-
GEORGIA INSTITUTE OF TECH	NA.U02	-	335,454		GEORGIA INSTITUTE OF TECH	D9104-S12	335,454	-
Leidos, Inc	NA.U03	-	268,377		Leidos, Inc	P010279949	268,377	-
LOCKHEED MARTIN	NA.U26	-	356,051		LOCKHEED MARTIN	26104	356,051	-
Systems & Technology	NA.U07	-	1,626	Withheld	Systems & Technology	2021-0016	1,626	-
US GOV'T/DNP	NA.U20	3,622,621	-	17-C-3157			3,622,621	-
US GOV'T/DNP	NA.U08	75,122	-	17-C-3160			75,122	113,682
US GOV'T/DNP	NA.U09	296,153	-	21-C-8162			296,153	233,633
US GOV'T/DNP	NA.U10	80,162	-	22-C-0068			80,162	-
US GOV'T/DNP	NA.U11	2,493,208	-	19-C-0405			2,493,208	421,500
US GOV'T/DNP	NA.U13	570,715	-	20-C-0024			570,715	-

The accompanying notes are an integral part of this schedule.

SRI International
Schedule of Expenditures of Federal Awards
Year Ended December 27, 2024

Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
US GOV'T/DNP	NA.U15	8,210	-	20-C-0355			8,210	-
US GOV'T/DNP	NA.U24	1,278,843	-	2022-22033000001			1,278,843	-
US GOV'T/DNP	NA.U17	1,030,206	-	21-C-0060			1,030,206	-
US GOV'T/DNP	NA.U18	531,062	-	Classified			531,062	-
US GOV'T/DNP	NA.U19	2,203,259	-	Classified			2,203,259	-
US GOV'T/DNP	NA.U21	3,053,648	-	Classified			3,053,648	-
US GOV'T/DNP	NA.U22	3,594,518	-	23-C-1955			3,594,518	2,227,379
US GOV'T/DNP	NA.U25	439,154	-	24-C-8457			439,154	-
Total Client Private		19,533,667	961,508				20,495,175	2,996,194
Total - Research and Development Cluster		223,651,833	30,177,210				253,829,043	47,328,059
Other Programs								
Department of Defense								
AFRL								
AIR FORCE RESEARCH LAB	12.V31	1,423,512	-	FA8750-24-C-B047			1,423,512	1,076,144
Leidos, Inc	12.U01	-	900		Leidos, Inc	P010282840	900	-
RAYTHEON	12.V36	-	600,954		RAYTHEON	4202927414	600,954	-
ARL								
Leidos, Inc	12.U02	-	609,480		Leidos, Inc	P010252030	609,480	-
DARPA								
Barnstorm Research Corp	12.V22	-	275,393		Barnstorm Research Corp	23-1227a	275,393	-
DARPA	12.V39	715,554	-	HR001124C0409			715,554	185,809
NIWC Pacific	12.V35	1,170,780	-	N6600124C4017			1,170,780	167,520
RAYTHEON BBN TECHNOLOGIES	12.V40	-	78,387	N65236-24-C-8010	RAYTHEON BBN TECHNOLOGIES	4202953835	78,387	-
Defense Logistics Agency								
Defense Logistics Agency	12.V24	428,646	-	SP4701-24-C-0023			428,646	-
DLA Land & Maritime	12.V41	6,728,372	-	SPE7MX-24-D-0030			6,728,372	20,581
DLA Land & Maritime	12.U09	8,763,077	-	SPE7MX-19-D-0025			8,763,077	-
Dept. of Defense								
Booz Allen Hamilton	12.U05	-	25,162		Booz Allen Hamilton	A14665	25,162	-
MIT	12.U06	-	37,501		MIT	700059308	37,501	-
Dept. of Army								
CACI TECHNOLOGIES, INC.	12.U07	-	1,399,394		CACI TECHNOLOGIES, INC.	P000074365	1,399,394	-
CACI TECHNOLOGIES, INC.	12.V38	-	1,303,678		CACI TECHNOLOGIES, INC.	P000184982	1,303,678	10,762
MISSION & INSTALLATION CO	12.U08	317,448	-	W9115121D0008			317,448	-
Dept. of the Navy								
HII Mission Technolgies	12.V23	-	1,423,878		HII Mission Technolgies	P000049256	1,423,878	-
Eglin AFB								
USAF AFTC/PZIE	12.U11	3,387,433	-	FA2487-18-D-0001			3,387,433	455
U.S. Air Force								
Booz Allen Hamilton	12.V26	-	158,798		Booz Allen Hamilton	A57549 / PGSC-SC-111403-13	158,798	-
L3Harris	12.V55	-	47,487		L3Harris	A000807906	47,487	58,250
Total Department of Defense		22,934,822	5,961,012				28,895,834	1,519,521

The accompanying notes are an integral part of this schedule.

SRI International
Schedule of Expenditures of Federal Awards
Year Ended December 27, 2024

Federal Program	Assistance Listing	Direct Award Expenditures ($)	Pass Through Award Expenditures ($)	Contract Number	Pass Through Entity	Pass Through Entity Identifying Number	Total Expenditures ($)	Passed to Sub Recipients ($)
Department of Education								
Dept of Education								
Education Development Cnt	84.U01	-	14,020		Education Development Cnt	2022-0095	14,020	-
Research For Action Inc	84.U18	-	2,309		Research For Action Inc	N/A	2,309	-
Santa Clara University	84.365Z	-	98,316		Santa Clara University	2204180	98,316	-
Transcend, Inc.	84.U02	-	157,646	Letter Agreement dated 3/2/22	Transcend, Inc.	N/A	157,646	-
Vanderbilt University	84.U03	-	719,438		Vanderbilt University	P24011998	719,438	-
Westat, Inc.	84.U04	-	38,827		Westat, Inc.	6907-S-002	38,827	-
Westat, Inc.	84.U19	-	20,190		Westat, Inc.	N/A	20,190	-
WestEd	84.411B	-	330,774		WestEd	S-00018031	330,774	-
Total Department of Education		-	1,381,520				1,381,520	-
Department of Health and Human Services								
DHHS								
DHHS/ACF	93.575	394,990	-	90YE0289-01-00			394,990	147,238
DHHS/ACF	93.600	3,625	-	90YR0179-01-00			3,625	-
DHHS/ACF	93.575	7,635	-				7,635	-
Michigan Department of Ed	93.434	-	441,888		Michigan Department of Ed	233931-PDG23	441,888	147,283
Total Department of Health and Human Services		406,250	441,888				848,138	294,521
Department of Homeland Security								
Dept. of Homeland Security								
Manhattan Strategy Group	97.U01	-	149,816		Manhattan Strategy Group	MC-615-2023-05-01	149,816	-
Total Department of Homeland Security		-	149,816				149,816	-
Department of Justice								
Dept of Justice								
Office of Justice Program	16.842	4,441	-	15PJDP-24-GG-01660-JJOP			4,441	-
Total Department of Justice		4,441	-				4,441	-
Federal Reserve Bank								
Federal Reserve Bank								
Federal Reserve Bank	21.U04	479	-	C50801			479	-
Federal Reserve Bank	21.U05	1,987	-	C50801			1,987	-
Federal Reserve Bank	21.U06	247,951	-	C50801			247,951	-
Total Federal Reserve Bank		250,417	-				250,417	-
National Aeronautics & Space Administration								
NASA								
RAYTHEON	43.U02	-	1,167,398		RAYTHEON	4202853789	1,167,398	-
University of Illinois	43.001	-	2,364		University of Illinois	115672-19962	2,364	-
Total National Aeronautics & Space Administration		-	1,169,762				1,169,762	-
Client Private								
Client Private								
Maxar	NA.U02	-	483,938	GPA 19-D-0189 TO4	Maxar	23-0107	483,938	-
Total Client Private		-	483,938				483,938	-
Total - Other Programs		23,595,930	9,587,936				33,183,866	1,814,042
Total - Expenditures of Federal Awards		247,247,763	39,765,146				287,012,909	49,142,101

The accompanying notes are an integral part of this schedule.

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 27, 2024. 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 27, 2024 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 27, 2024 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 27, 2024, SRI expended $19,533,667 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*

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”), which comprise the consolidated balance sheets as of December 27, 2024, 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 June 30, 2025.

Report on internal control over financial reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SRI’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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether SRI’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*.

Purpose of this report

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

Grant Thornton LLP

Arlington, Virginia
June 30, 2025

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

Board of Directors
SRI International

Report on compliance for each major federal program

Opinion on each major federal program
We have audited the compliance of SRI International and Subsidiaries ("SRI") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of SRI's major federal programs for the year ended December 27, 2024. SRI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SRI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 27, 2024.

Basis for opinion on each major federal program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of SRI's compliance with the compliance requirements referred to above.

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

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

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

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

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

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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Grant Thornton LLP

Arlington, Virginia
June 30, 2025

SRI International

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 27, 2024

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?	______	yes	X	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?	______	yes	X	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)?	______	yes	X	no

Identification of the major programs:

Assistance Listing Number	Name of Federal Program or Cluster
Various	Research and Development Cluster
12.U11	USAF AFTC/PZIE
12.V41	DLA Land & Maritime

Dollar threshold used to distinguish between type A and type B programs:			$3,000,000	
Auditee qualified as low-risk auditee?	X	yes	______	no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters identified.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters identified.

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, 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) 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 was 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.

Current Status
Resolved.

FINDING #: 2023-002
FEDERAL PROGRAM: RESEARCH AND DEVELOPMENT CLUSTER, FISCAL YEAR ENDED DECEMBER 29, 2023
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

Current Status
Resolved.