

The Aerospace Corporation

Financial Statements as of and for the
Years Ended September 30, 2022 and 2021,
Schedule of Expenditures of Federal Awards and
OMB Uniform Grant Guidance Compliance Reports
for the Year Ended September 30, 2022 and
Independent Auditor's Report

THE AEROSPACE CORPORATION

TABLE OF CONTENTS

	Page
INTRODUCTION	1
INDEPENDENT AUDITOR'S REPORT	2-4
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021:	
Balance Sheets	5-6
Statements of Operations	7
Statements of Changes in Corporate Equity	8
Statements of Cash Flows	9
Notes to Financial Statements	10-34
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35-36
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	37-40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022:	
Schedule of Expenditures of Federal Awards	41-44
Notes to Schedule of Expenditures of Federal Awards	45-46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2022	47-49

INTRODUCTION

The Aerospace Corporation (the "Corporation") participates in the Coordinated Audit Program (CAP) sponsored by the Defense Contract Audit Agency (DCAA).

The CAP requires Deloitte & Touche LLP ("Deloitte & Touche"), as the Corporation's independent auditor, to meet with, and reach an understanding with, DCAA regarding Deloitte & Touche's and DCAA's division of responsibility for the Corporation's audit and reporting requirements described in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

Consistent with the provisions of the Uniform Guidance and the CAP, Deloitte & Touche and DCAA agreed on the below division of responsibility regarding auditing and reporting on the Corporation's financial statements, schedule of expenditures of federal awards, and compliance with requirements that could have a direct and material effect on each major program all for the Year Ended September 30, 2022.

Deloitte & Touche agreed to audit and/or report on the Corporation's:

- Financial statements
- Schedule of expenditures of federal awards
- Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements, as required by *Government Auditing Standards*
- Compliance with certain requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* (the "Compliance Supplement") that could have a direct and material effect on each of the Corporation's major federal award programs and internal control over compliance related to those programs. As part of the division of responsibility described above, Deloitte & Touche's consideration of the Compliance Supplement requirements was limited to the following:
 - Equipment and real property management
 - Period of performance
 - Procurement, suspension and debarment
 - Subrecipient monitoring

The DCAA agreed to audit and/or report on the requirements included in the Compliance Supplement not addressed by Deloitte & Touche, including:

- Activities allowed or unallowed
- Allowable costs/cost principles
- Cash management
- Special tests and provisions

On February 28, 2024, the DCAA issued its report on the compliance requirements as described above, which includes an unqualified opinion for the Year Ended September 30, 2022.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Aerospace Corporation:

Audit of the Financial Statements

Opinion

We have audited the financial statements of The Aerospace Corporation (the "Corporation"), which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of operations, changes in corporate equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022 and 2021, and the results of its operations 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 in accordance with auditing standards generally accepted in the United States of America (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 the Company 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2022, on our consideration of the Corporation'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 the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Deloitte & Touche LLP

December 9, 2022

THE AEROSPACE CORPORATION

BALANCE SHEETS AS OF SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 71,034,000	\$ 73,396,000
Short-term investments (Note 11)	<u>21,599,000</u>	<u>22,757,000</u>
	<u>92,633,000</u>	<u>96,153,000</u>
Receivables:		
Accounts receivable—net of allowance of \$819,000 and \$1,293,000 as of September 30, 2022 and 2021, respectively	15,760,000	32,590,000
Reimbursable costs and fees	61,070,000	52,190,000
Noncontractual receivables and other assets	<u>3,105,000</u>	<u>2,178,000</u>
Total receivables	<u>79,935,000</u>	<u>86,958,000</u>
Construction servicing funds	<u>5,365,000</u>	<u>37,347,000</u>
Prepaid expenses and deposits	<u>25,404,000</u>	<u>20,024,000</u>
Investments held in trust for nonqualified benefit plans (Notes 4 and 11)	<u>3,779,000</u>	<u>5,468,000</u>
Total current assets	<u>207,116,000</u>	<u>245,950,000</u>
INVESTMENTS HELD IN TRUST FOR NONQUALIFIED BENEFIT PLANS—Net of current portion (Notes 4 and 11)	<u>20,304,000</u>	<u>22,906,000</u>
EMPLOYEE BENEFIT ASSETS—Aerospace Retiree Medical Plan (Note 5)	<u>32,824,000</u>	<u>12,773,000</u>
PROPERTY AND EQUIPMENT—Net (Notes 2, 7, and 8)	<u>602,161,000</u>	<u>558,340,000</u>
OTHER ASSETS (Note 3)	<u>19,125,000</u>	<u>4,992,000</u>
TOTAL	<u>\$881,530,000</u>	<u>\$844,961,000</u>

(Continued)

THE AEROSPACE CORPORATION

BALANCE SHEETS AS OF SEPTEMBER 30, 2022 AND 2021

	2022	2021
LIABILITIES AND CORPORATE EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 57,541,000	\$ 52,204,000
Accrued payroll	10,820,000	17,375,000
Accrued vacation	63,776,000	63,457,000
Other accrued liabilities	15,030,000	8,462,000
Long-term debt—current portion (Notes 8 and 11)	<u>14,080,000</u>	<u>10,624,000</u>
	<u>161,247,000</u>	<u>152,122,000</u>
Accrued employee benefit obligations—current:		
Corporate Officers’ Retirement Plan (Note 4)	3,508,000	5,021,000
Aerospace Deferred Compensation 457(b) Plan (Note 4)	<u>271,000</u>	<u>447,000</u>
Total accrued employee benefit obligations—current	<u>3,779,000</u>	<u>5,468,000</u>
Total current liabilities	<u>165,026,000</u>	<u>157,590,000</u>
LONG-TERM DEBT—Net of current portion (Notes 8 and 11)	<u>130,611,000</u>	<u>144,630,000</u>
ACCRUED EMPLOYEE BENEFIT OBLIGATIONS:		
Aerospace Employees’ Retirement Plan (Note 4)	334,192,000	447,550,000
Corporate Officers’ Retirement Plan (Note 4)	23,398,000	31,373,000
Aerospace Deferred Compensation 457(b) Plan (Note 4)	<u>6,976,000</u>	<u>7,071,000</u>
Total accrued employee benefit obligations	<u>364,566,000</u>	<u>485,994,000</u>
OTHER LONG-TERM LIABILITIES	<u>4,280,000</u>	<u>2,783,000</u>
Total liabilities	<u>664,483,000</u>	<u>790,997,000</u>
COMMITMENTS AND CONTINGENCIES (Notes 6 and 9)		
CORPORATE EQUITY (DEFICIT):		
Corporate equity (Note 7)	507,540,000	477,611,000
Accumulated charge to corporate equity (Notes 4 and 5)	<u>(290,493,000)</u>	<u>(423,647,000)</u>
Total corporate equity	<u>217,047,000</u>	<u>53,964,000</u>
TOTAL	<u>\$ 881,530,000</u>	<u>\$ 844,961,000</u>

See notes to financial statements.

(Concluded)

THE AEROSPACE CORPORATION

STATEMENTS OF OPERATIONS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
REVENUE FROM CONTRACTS	<u>\$ 1,196,766,000</u>	<u>\$ 1,162,823,000</u>
REIMBURSABLE COSTS:		
Direct labor	462,746,000	451,579,000
Indirect support and administrative costs	595,779,000	563,939,000
Other direct costs	89,543,000	90,226,000
Direct travel	<u>11,012,000</u>	<u>4,608,000</u>
Total reimbursable costs	<u>1,159,080,000</u>	<u>1,110,352,000</u>
CONTRACT EARNINGS	<u>37,686,000</u>	<u>52,471,000</u>
OTHER NONREIMBURSABLE COSTS	<u>7,748,000</u>	<u>8,116,000</u>
EARNINGS FROM OPERATIONS BEFORE PENSION AND RETIREE MEDICAL INCOME AND OTHER INCOME (EXPENSE)	<u>29,938,000</u>	<u>44,355,000</u>
PENSION AND RETIREE MEDICAL INCOME—Net of service cost (Notes 4 and 5)	<u>10,589,000</u>	<u>4,998,000</u>
OTHER INCOME (EXPENSE):		
Interest and amortization expense on long-term debt (Note 8)	(5,744,000)	(6,294,000)
Interest expense on lines of credit borrowings (Note 6)	(415,000)	(286,000)
Realized and unrealized (loss) gain on investments held in trust for nonqualified benefit plans—net	(3,267,000)	2,878,000
Other (expense) income	<u>(1,172,000)</u>	<u>345,000</u>
Total other expense—net	<u>(10,598,000)</u>	<u>(3,357,000)</u>
CHANGE IN CORPORATE EQUITY	<u>\$ 29,929,000</u>	<u>\$ 45,996,000</u>

See notes to financial statements.

THE AEROSPACE CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in corporate equity	\$ 29,929,000	\$ 45,996,000
Adjustments to reconcile change in corporate equity to net cash provided by operating activities:		
Depreciation and amortization	46,644,000	45,540,000
Loss on disposal and write-off of property and equipment	419,000	3,423,000
Gain on insurance proceeds received for damage to equipment		(4,676,000)
Realized and unrealized loss (gain) on investments held in trust for nonqualified benefit plans—net	3,267,000	(2,879,000)
Unrealized loss on short-term investments	1,378,000	
Changes in operating assets and liabilities:		
Accounts receivable	16,830,000	(4,765,000)
Reimbursable costs and fees	(8,880,000)	4,071,000
Noncontractual receivables and other assets	(15,060,000)	2,834,000
Employee benefit assets	(20,051,000)	(12,773,000)
Prepaid expenses and deposits	(5,380,000)	494,000
Accounts payable and accrued expenses	5,446,000	(4,361,000)
Accrued payroll	(6,555,000)	(4,166,000)
Accrued vacation	319,000	5,596,000
Other accrued liabilities	6,568,000	854,000
Accrued employee benefit obligations	10,037,000	(4,896,000)
Other long-term liabilities	1,497,000	1,068,000
Net cash provided by operating activities	<u>66,408,000</u>	<u>71,360,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments held in trust for nonqualified benefit plans	(4,175,000)	(7,197,000)
Sales of investments held in trust for nonqualified benefit plans	5,199,000	2,815,000
Purchases of short-term investments	(220,000)	
Sales of short-term investments		11,000
Increase in construction servicing funds	(34,000)	(30,035,000)
Release from construction servicing funds	32,016,000	23,225,000
Insurance proceeds received for damage to equipment		4,676,000
Acquisition of property and equipment	(90,943,000)	(78,668,000)
Proceeds from sale of property and equipment	11,000	20,000
Net cash used in investing activities	<u>(58,146,000)</u>	<u>(85,153,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from lines of credit borrowings	97,000,000	157,000,000
Repayment of lines of credit borrowings	(97,000,000)	(157,000,000)
Prepaid debt issuance costs		(22,000)
Proceeds from issuance of notes payable		30,000,000
Repayment of long-term debt	(10,624,000)	(10,508,000)
Net cash (used in) provided by financing activities	<u>(10,624,000)</u>	<u>19,470,000</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,362,000)	5,677,000
CASH AND CASH EQUIVALENTS—Beginning of year	<u>73,396,000</u>	<u>67,719,000</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 71,034,000</u>	<u>\$ 73,396,000</u>

See notes to financial statements.

THE AEROSPACE CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General—The Aerospace Corporation (the “Corporation”) is an independent, nonprofit corporation created in 1960 at the initiative of the Secretary of the United States Air Force (the “Air Force”) to meet special long-term research and development needs in establishing the nation’s military space program that cannot be satisfied by any government or contractor resource. The Corporation’s primary customers are the United States Space Force (USSF), Space Systems Command (SSC) and the National Reconnaissance Office; the Corporation also provides technical support to space related programs managed by other agencies, international organizations, and governments when in the national interest.

Basis of Presentation—The Corporation’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents—The Corporation considers bank deposits with maturities of 90 days or less at the date of purchase to be cash equivalents. As of September 30, 2022, the Corporation held approximately \$71,197,000 of deposits that were uninsured and uncollateralized. Cash accounts that are restricted as to use are not considered to be cash equivalents.

Short-Term Investments—The Corporation maintains short-term investments of highly liquid securities, such as money market funds or deposits that generally have an original maturity beyond 90 days and less than one year for liquidity purposes. These short-term investments are not considered cash equivalents. Short-term investments are accounted for in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320-958, *Investments—Debt and Equity Securities—Not-for-Profit Entities*. These investments are carried at fair market value.

Accounts Receivable—Accounts receivable consists of billed amounts due from customers.

Reimbursable Costs and Fees—Reimbursable costs and fees consist of unbilled amounts due from customers.

Property and Equipment—Property and equipment are recorded at cost. Major additions and betterments are capitalized; maintenance and repairs are expensed. The Corporation uses both straight-line and accelerated methods of depreciation over the following useful lives:

Buildings and improvements	10–39 years
Equipment	4–17 years

Leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.

Construction Servicing Funds—These funds are restricted by the Corporation for use in constructing new facilities owned by the Corporation and are held in a money market account. Any remaining balance in the account upon completion of construction will be transferred to the Corporation’s unrestricted cash accounts.

Impairment of Long-Lived Assets—The Corporation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the future estimated cash flows (undiscounted and without interest charges) are less than the carrying value, a write-down is recorded to reduce the related asset to its estimated fair value. No impairment of long-lived assets was recorded during the years ended September 30, 2022 and 2021.

Investments—Investments, including investments held in trust for nonqualified benefit plans and investments included in the qualified defined benefit plans (see Notes 4, 5, and 11), are carried at fair value based upon quoted market prices, or based upon values provided by third-party pricing services for such securities, or the net asset values reported by the fund managers as of the financial statement dates and recent transaction prices. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Operating Lease Payments—The Corporation accounts for rent on operating leases in accordance with FASB ASC 840, *Leases*, which requires total payments over the life of the lease to be expensed on a straight-line basis. Because most operating leases contain rent payments that escalate each year, lease expense for a particular year usually will not equal cash payments made for rent in that year. The cumulative excess of lease expense over cash rent paid is recorded as a liability in the balance sheets. The current and long-term portions of this liability are carried in the balance sheets in accounts payable and accrued expenses and other long-term liabilities, respectively.

Revenue Recognition—On October 1, 2020, the Corporation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended (collectively, “ASC 606”) using the modified retrospective method applied to those contracts that were not substantially complete as of October 1, 2019. The adoption of ASC 606 did not have a significant impact on the Corporation’s revenue recognition policy or financial statements as there was no change in the timing or amount of revenue recognized because substantially all of the Corporation’s contracts continue to be recognized over time as services are provided. In adopting ASC 606, the Corporation elected to use the portfolio approach practical expedient permitted by the standard where contracts with similar characteristics were assessed collectively to evaluate risk over the impact of ASC 606.

Under ASC 606, the Corporation recognizes revenue for each separately identifiable performance obligation in a contract representing a promise to transfer a distinct good or service to a customer. Revenue from contracts is derived primarily from technical services provided to or for United States governmental agencies. The Corporation has primarily cost reimbursable contracts that are based on the Corporation providing technical services over the contracts’ period of performance. Technical services, as defined by the Corporation’s contracts, delivered over the respective contract period of performance are generally accounted for as single performance obligations because the promise to transfer the services is not separately identifiable from other promises in the contracts and, therefore, not distinct. The Corporation satisfies its performance

obligations as services are rendered over time and uses the input method of costs incurred to date relative to estimated costs at completion (cost-to-cost method) to measure progress towards satisfaction of its performance obligations. Contract costs include direct labor, other direct costs, and allocable indirect costs. Revenue includes allowable costs incurred plus fees recorded as such costs are incurred.

The Corporation recognizes revenue over time as there is a continuous transfer of control to each customer, and this is the revenue from contracts in the statements of operations. In general, the Corporation's United States government contracts contain termination for convenience and/or other clauses that generally entitle the customer to work in process. Similarly, the non-United States government contracts generally contain contractual termination clauses that entitle the Corporation to payment for work performed to date for services that do not have an alternative use. As control is effectively transferred during performance on contracts, and the Corporation is typically entitled to cost plus a reasonable margin for work in process if the contract is terminated for convenience, revenue is recognized over time using the cost-to-cost method as the Corporation believes that this represents the most appropriate measurement towards satisfaction of its performance obligations.

The Corporation invoices its primary customer weekly, other customers are generally invoiced on a monthly basis, and there is no financing component to the contracts. Revenue under an annual Space Force contract was \$1,043,472,000 and \$1,020,693,000 for the years ended September 30, 2022 and 2021, respectively.

Receivables include the accounts receivable—net of allowance, and reimbursable costs and fees, which represent unbilled receivables, on the balance sheets. The Corporation maintains a reserve for receivables expected not to be collectible.

Nonreimbursable Costs—Nonreimbursable costs are composed of normal operating items that, by law, regulation, contract, or administrative agreement, are not reimbursable when paid under government contracts.

Income and Excise Taxes—The Corporation is a nonprofit corporation determined to be exempt from California and federal income taxes under Section 23701(d) of the California Revenue and Taxation Code and Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Corporation is not a "private foundation" under the Tax Reform Act of 1969. Accordingly, no provision for federal or California income taxes or federal excise taxes has been made in the financial statements.

Cash Flows—Cash paid for interest during the years ended September 30, 2022 and 2021, amounted to \$6,741,000 and \$6,859,000, respectively.

As of September 30, 2022 and 2021, accounts payable and accrued expenses included \$11,392,000 and \$11,501,000, respectively, related to construction in progress and equipment purchases.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funded Status of Benefit Plans—In accordance with ASC 715, *Compensation—Retirement Benefits*, the Corporation recognizes the overfunded or underfunded status of single-employer defined benefit postretirement plans as assets or liabilities in the balance sheets. Changes in the funded status of the defined benefit plans are recognized in corporate equity in the year in which the change occurs. Changes in the funded status are measured based on the projected benefit obligation for pension plans and the accumulated postretirement benefit obligation for other postretirement plans.

Plan net actuarial gains or losses are amortized to expense on a plan-by-plan basis when they exceed the accounting corridor. The accounting corridor is a defined range within which amortization of net gains and losses is not required. The accounting corridor is equal to 10% of the greater of plan assets or benefit obligations. Gains or losses outside the corridor are subject to amortization over the average future lifetime of the plan populations. The Corporation's funding policy is to contribute the reimbursable amount under the Cost Accounting Standards (CAS), and where applicable, to meet any minimum required contribution levels.

Liquidity and Availability of Resources—The Corporation's financial assets that are available within one year of the balance sheet date consist of cash, short-term investments, accounts receivable, and reimbursable costs. None of these assets have restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Cash in excess of daily requirements is invested in money market or overnight accounts. In addition, the Corporation has \$80 million in lines of credit that are available to meet liquidity needs if required (see Note 6). The Corporation also has a \$753,000 Aerospace STEM Endowment Fund (see Notes 3 and 12) that is restricted (via Board of Trustees direction) from use for general expenditures. The Corporation has long-term debt (see Notes 8 and 11) which is subject to certain financial covenants. The Corporation was in compliance with these covenants as of September 30, 2022.

Functional Expenses—Reimbursable costs included in the statements of operations are presented by natural classification. All direct costs are considered contract related costs. Included in indirect support and administrative costs are \$55 million of management and general costs for the year ended September 30, 2022. Certain costs included in indirect support and administrative costs, such as labor, depreciation, and occupancy, are allocated based on employee headcount, estimated usage, or square footage, depending upon the type of cost. Also, indirect support and administrative costs included \$20 million related to the service cost component of net periodic pension expense for the year ended September 30, 2022 (see Note 4).

Pandemic—In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic, and the Corporation expects its operations to be affected as the virus continues to spread. In September 2021, an Executive Order was issued by the President of the United States requiring certain government contractors to comply with COVID-19 safety protocols to be published by the Safer Federal Workforce Task Force. During the pandemic, the Corporation has remained open and certain aspects of operations have been adjusted to protect employees and customers. The Corporation continues to monitor the situation closely, including its supply base, and it is possible that further measures will be implemented in the future. In light of the uncertainty as to the severity and duration of the pandemic, the impact on the Corporation's operations and financial position is uncertain at this time.

Due to the COVID-19 pandemic, quarantines, and related economic slowdown, there has been significant volatility in equity and debt markets. Any public health emergency, including the outbreak of COVID-19 or other epidemic diseases, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Corporation.

Subsequent Events—The Corporation reports subsequent events in accordance with ASC 855, *Subsequent Events*, which establishes principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements.

For the year ended September 30, 2022, subsequent events were evaluated by management through December 9, 2022, the date these financial statements were available for release.

Recent Accounting Pronouncements—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that lessees recognize assets and liabilities for leases with lease terms greater than 12 months in the balance sheets and also requires improved disclosures to help users of financial statements better understand the amount, timing, and uncertainty of cash flows arising from leases. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers and Leases*, which deferred the effective date of ASU No. 2016-02 to annual reporting periods beginning after December 15, 2021, for private entities. Early adoption is permitted. The Corporation will adopt this update effective October 1, 2022, and has not determined the impact that the adoption of this ASU will have on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which adds an impairment model that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. In November 2019, the FASB issued ASU No. 2019-10, which deferred the effective date of ASU No. 2016-13 to annual reporting periods beginning after December 15, 2022, for private entities. Early adoption is permitted. The Corporation is in the process of assessing ASU No. 2016-13 and has not yet determined the impact the adoption of this ASU will have on its financial statements, if any.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*, which removes, modifies, and adds certain disclosure requirements related to fair value measurements. ASU No. 2018-13 was effective for the Corporation for the year ended September 30, 2021, and had no material effect on the financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20)*, which removes, clarifies, and adds disclosure requirements related to employer sponsored defined benefit pension and other post retirement plans. ASU No. 2018-14 was effective for the Corporation for the year ended September 30, 2022, was applied retrospectively to all periods presented as required, and had no material effect on the financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires an entity to capitalize certain implementation costs incurred in a hosting arrangement that is a service contract. ASU No. 2018-15 was effective for the Corporation for the year ended September 30, 2022, and had no material effect on the financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2022 and 2021, consist of the following:

	2022	2021
Land and improvements	\$ 66,121,000	\$ 66,133,000
Buildings and improvements	536,884,000	527,519,000
Equipment	612,242,000	587,887,000
Construction in progress	<u>100,174,000</u>	<u>58,144,000</u>
Total property and equipment	1,315,421,000	1,239,683,000
Accumulated depreciation	<u>(713,260,000)</u>	<u>(681,343,000)</u>
Property and equipment—net	<u>\$ 602,161,000</u>	<u>\$ 558,340,000</u>

During the years ended September 30, 2022 and 2021, the Corporation disposed of approximately \$16 million and \$11 million, respectively, of fixed assets that were nearly fully depreciated.

3. OTHER ASSETS

Other assets as of September 30, 2022 and 2021, consist of the following:

	2022	2021
Other assets	\$ 17,615,000	\$ 3,485,000
STEM Endowment Fund (Notes 1 and 12)	753,000	750,000
Prepaid land infrastructure costs	<u>757,000</u>	<u>757,000</u>
Total other assets	<u>\$ 19,125,000</u>	<u>\$ 4,992,000</u>

4. RETIREMENT PLANS

Net periodic pension and retiree medical expense for the years ended September 30, 2022 and 2021, consists of the following:

	2022	2021
Aerospace Employees' Retirement Plan	\$ 9,901,000	\$ 13,299,000
Corporate Officers' Retirement Plan	3,221,000	2,944,000
Aerospace Retiree Medical Plan	<u>(4,086,000)</u>	<u>(1,868,000)</u>
Pension and retiree medical expense	<u>\$ 9,036,000</u>	<u>\$ 14,375,000</u>

Components of net periodic pension expense for the years ended September 30, 2022 and 2021, consist of the following:

	2022	2021
Service cost	\$ 19,625,000	\$ 19,373,000
Interest cost	128,910,000	128,268,000
Expected return on plan assets	(144,361,000)	(142,732,000)
Amortization of prior service credit	(791,000)	(725,000)
Amortization of net actuarial loss	5,310,000	10,191,000
Settlement loss recognized	<u>343,000</u>	
Net periodic pension expense	<u>\$ 9,036,000</u>	<u>\$ 14,375,000</u>

Service cost is included in indirect support and administrative costs in the statements of operations. Non-service cost components are included in pension and retiree medical expense—net of service cost in the statements of operations.

The credit to corporate equity for pension and retiree medical plans for the years ended September 30, 2022 and 2021, consists of the following:

	2022	2021
Aerospace Employees' Retirement Plan	\$ (109,679,000)	\$ (60,060,000)
Corporate Officers' Retirement Plan	(7,510,000)	(592,000)
Aerospace Retiree Medical Plan	<u>(15,965,000)</u>	<u>(24,411,000)</u>
Credit to corporate equity	<u>\$ (133,154,000)</u>	<u>\$ (85,063,000)</u>

Employer contributions to the qualified benefit plan (Aerospace Employees' Retirement Plan (AERP)) and transfers to the investments held in trust for the nonqualified benefit plans (Corporate Officers' Retirement Plan (CORP)) for the years ended September 30, 2022 and 2021, consist of the following:

	2022	2021
Aerospace Employees' Retirement Plan	\$ 13,580,000	\$ 31,983,000
Corporate Officers' Retirement Plan	<u>4,446,000</u>	<u>4,443,000</u>
Total employer contributions and transfers	<u>\$ 18,026,000</u>	<u>\$ 36,426,000</u>

The expected employer contributions to the qualified benefit plan and transfers to the investments held in trust for nonqualified benefit plans for the year ending September 30, 2023, consist of the following:

Aerospace Employees' Retirement Plan	\$ 31,836,000
Corporate Officers' Retirement Plan	<u>4,788,000</u>
Total expected employer contributions and transfers	<u>\$ 36,624,000</u>

As of September 30, 2022 and 2021, the Corporation's retirement plans, using a plan measurement date of September 30, are summarized as follows:

AERP—The Corporation has a defined benefit retirement plan, AERP, covering substantially all employees hired prior to January 1, 1993. The Corporation amended AERP effective October 1, 2005, to include employees hired after that date at a lower benefit accrual rate; employees hired after January 1, 1993, were given the opportunity to elect to participate in AERP at the same lower accrual rate beginning on October 1, 2005. The Corporation currently funds the higher of the minimum required contribution under Employee Retirement Income Security Act of 1974 (ERISA) or the amount allowable under the CAS. Actuarial gains and losses and past service costs have been amortized over periods prescribed by law ranging from 5 to 30 years. Effective October 1, 2008, these amounts are amortized over seven years in accordance with the Pension Protection Act for the purpose of determining the minimum required ERISA contribution.

Effective October 1, 2018, the Corporation amended AERP to cease benefit accruals to participants who entered AERP beginning January 1, 1993, and significantly reduce benefit accruals to participants who entered AERP prior to January 1, 1993, with such participants ceasing to accrue benefits on October 1, 2023. Consequently, AERP is closed to new participants. This amendment triggered a pension curtailment which required a remeasurement of the benefit obligation as of September 30, 2018.

Net periodic pension expense for the years ended September 30, 2022 and 2021, includes the following components:

	2022	2021
Service cost	\$ 12,933,000	\$ 13,116,000
Interest cost	122,191,000	121,475,000
Expected return on plan assets	(132,649,000)	(131,726,000)
Amortization of prior service credit	(868,000)	(868,000)
Amortization of net actuarial loss	<u>8,294,000</u>	<u>11,302,000</u>
Net periodic pension expense	<u>\$ 9,901,000</u>	<u>\$ 13,299,000</u>

Changes in plan assets and benefit obligations recognized in charge to corporate equity for the years ended September 30, 2022 and 2021, include the following components:

	2022	2021
Net gain arising during period	\$(102,253,000)	\$ (49,626,000)
Amortization of prior service credit	868,000	868,000
Amortization of net loss	<u>(8,294,000)</u>	<u>(11,302,000)</u>
Total recognized in charge to corporate equity	<u>\$ (109,679,000)</u>	<u>\$ (60,060,000)</u>

AERP's funded status and amounts reflected in the balance sheets as of September 30, 2022 and 2021, are as follows:

	2022	2021
Changes in benefit obligation:		
Benefit obligation—beginning of year	\$ 2,915,803,000	\$ 2,800,971,000
Service cost	12,933,000	13,116,000
Interest cost	122,191,000	121,475,000
Benefits and expenses paid	(186,034,000)	(171,481,000)
Actuarial (gain) loss ⁽¹⁾	<u>(676,734,000)</u>	<u>151,722,000</u>
Benefit obligation—end of year	<u>\$ 2,188,159,000</u>	<u>\$ 2,915,803,000</u>
Changes in plan assets:		
Fair value of plan assets—beginning of year	\$ 2,468,253,000	\$ 2,274,677,000
Employer contributions	13,580,000	31,983,000
Actual return on plan assets	(441,887,000)	333,015,000
Plan participants' contributions	55,000	59,000
Benefits and expenses paid	<u>(186,034,000)</u>	<u>(171,481,000)</u>
Fair value of plan assets—end of year	<u>\$ 1,853,967,000</u>	<u>\$ 2,468,253,000</u>
Funded status (accrued employee benefit obligation)	<u>\$ (334,192,000)</u>	<u>\$ (447,550,000)</u>
Amounts not yet reflected in net periodic benefit cost and included in accumulated charge to corporate equity consist of:		
Prior service credit	\$ 59,000	\$ 927,000
Net loss	<u>(373,309,000)</u>	<u>(483,856,000)</u>
Accumulated charge to corporate equity	(373,250,000)	(482,929,000)
Cumulative employer contributions in excess of net periodic benefit cost	<u>39,058,000</u>	<u>35,379,000</u>
Net obligation recognized in the balance sheets	<u>\$ (334,192,000)</u>	<u>\$ (447,550,000)</u>

⁽¹⁾ The actuarial gain for the fiscal year ended September 30, 2022, was primarily due to a change in the discount rate assumption used in measuring plan obligations. The actuarial loss for the fiscal year ended September 30, 2021, was primarily due to the actual return on assets differed from the expected return on assets used in measuring plan obligations.

The accumulated benefit obligation for AERP was \$2,186,640,000 and \$2,910,497,000 as of September 30, 2022 and 2021, respectively.

AERP provides both fixed and variable benefits. Variable benefits increase (decrease) each year based on the excess (deficit) of actual return on variable plan assets over 4%. Variable benefits are assumed to increase each year based on the assets' earning the expected rate of return and are then discounted at the expected rate of return. AERP is not subject to investment risk or interest rate risk with respect to the variable benefits as these are borne by AERP participants. Variable benefit obligations comprise approximately 57% of AERP obligations.

Weighted-average assumptions used to determine benefit obligations as of September 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate for fixed benefits	5.50 %	2.80 %
Discount rate for variable benefits	6.40	5.60
Weighted-average discount rate	6.01	4.35
Rate of compensation increase	2.00	2.03
Rate of increase of variable benefits	2.31	1.54

Weighted-average assumptions used to determine net cost for the years ended September 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate for fixed benefits	2.80 %	2.80 %
Discount rate for variable benefits	5.60	6.00
Weighted-average discount rate	4.35	4.49
Expected long-term rate of return on assets	5.60	6.00
Rate of compensation increase	2.03	2.04
Rate of increase of variable benefits	1.54	1.92

To develop the expected long-term rate of return on asset assumptions, the Corporation considered the historical returns and the future expectation for returns for each asset class, as well as the target asset allocation of the pension portfolio.

Asset allocations for AERP by asset category as of September 30, 2022 and 2021, are as follows:

Asset Category	2022	2021
Equity	46 %	48 %
Fixed-income	49	48
Real estate	<u>5</u>	<u>4</u>
Total	<u>100 %</u>	<u>100 %</u>

The asset allocation in the investment policy aims to provide, over the long term, investment returns that allow AERP's variable benefit to meet or surpass inflation and keep AERP well-funded. The primary asset classes used to attain these objectives were equity, fixed-income, and real estate. During 2022 and 2021, the target asset class allocations were 48%, 48%, and 4%.

Alternative Investments in Benefit Plans—The plan assets for AERP include alternative investments (see Note 11), consisting of an investment in a privately held real estate fund of \$101,133,000 and \$101,109,000 as of September 30, 2022 and 2021, respectively.

The Corporation expects to contribute \$31,800,000 to AERP for the fiscal year ending September 30, 2023. Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

**Years Ending
September 30**

2023	\$ 163,616,000
2024	166,230,000
2025	167,734,000
2026	168,432,000
2027	168,913,000
2028–2032	<u>834,942,000</u>
 Total	 <u><u>\$ 1,669,867,000</u></u>

CORP—The Corporation established CORP in 1981 to provide monthly retirement benefit payments to corporate officers based on salary and length of service. Payments to retirees are funded annually from the investments held in trust for nonqualified benefit plans, of which the Corporation, not CORP, is the beneficiary and to which the Corporation transfers assets annually. These assets are primarily invested in equity securities and fixed-income instruments and are included in investments held in trust for nonqualified benefit plans in the balance sheets.

Effective September 10, 2010, the Corporation established a new element of CORP, CORP IV. CORP IV currently has 15 officers as participants, and it is anticipated that future officers will participate in CORP IV. CORP IV is a nonqualified defined contribution plan with a fixed contribution rate equal to 25% prior to January 1, 2016, and 35% on or after January 1, 2016, of the participating officer’s annual salary plus certain bonuses. The Board of Trustees may also make discretionary contributions under CORP IV. Interest is credited at a rate equal to the average monthly Moody’s Aa long-term corporate bond yield for the 12 months immediately preceding the calendar year for which the interest is credited. Benefits under CORP IV generally vested as follows:

- 50% at 7 years of service as a participant
- 75% at 12 years of service as a participant
- 85% at 17 years of service as a participant or on 62nd birthday, if earlier
- 100% at age 65 or agreed upon retirement date

Effective September 30, 2018, the Corporation amended CORP IV. The fixed contribution rate became equal to 25% of the participating officer's annual salary plus certain bonuses since January 1, 2018, and of the participating officer's annual salary only since January 1, 2019. Benefits already earned under CORP IV vested 50% on the last business day of December 2018 and the remaining 50% vested on the last business day of December 2019. Benefits earned December 31, 2018, or later, will generally vest as follows:

- Awards at year 1 and 2 of service will vest in year 4
- Awards at year 3 and 4 of service will vest in year 6
- Awards at year 5 and 6 of service will vest in year 8
- Awards at year 7, 8, 9, and 10 of service will vest in year 10
- Awards at year 11 of service and thereafter will vest immediately
- In addition, participants 65 or older, will vest immediately after 4 years of service

Net periodic pension expense for the years ended September 30, 2022 and 2021, includes the following components:

	2022	2021
Service cost	\$ 1,361,000	\$ 1,246,000
Interest cost	1,024,000	885,000
Amortization of prior service cost	77,000	143,000
Amortization of net actuarial loss	416,000	670,000
Settlement loss recognized	<u>343,000</u>	<u> </u>
Net periodic pension expense	<u>\$ 3,221,000</u>	<u>\$ 2,944,000</u>

The settlement loss recognized for the year ended September 30, 2022, was caused by a distribution payment made to a participant during the year ended September 30, 2022.

Changes in plan assets and benefit obligations recognized in charge to corporate equity for the years ended September 30, 2022 and 2021, include the following components:

	2022	2021
Net (gain) loss arising during period	\$(6,674,000)	\$ 221,000
Amortization of prior service cost	(77,000)	(143,000)
Amortization of net loss	<u>(759,000)</u>	<u>(670,000)</u>
Total recognized in charge to corporate equity	<u>\$ (7,510,000)</u>	<u>\$ (592,000)</u>

CORP's funded status and amounts reflected in the balance sheets as of September 30, 2022 and 2021, are set forth as follows:

	2022	2021
Changes in benefit obligation:		
Benefit obligation—beginning of year	\$ 36,394,000	\$ 36,857,000
Service cost	1,361,000	1,246,000
Interest cost	1,024,000	885,000
Benefits paid	(2,221,000)	(2,815,000)
Plan settlements	(2,978,000)	
Actuarial (gain) loss ⁽¹⁾	<u>(6,674,000)</u>	<u>221,000</u>
Benefit obligation—end of year	<u>\$ 26,906,000</u>	<u>\$ 36,394,000</u>
Fair value of plan assets—end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status (accrued employee benefit obligation)	<u>\$ (26,906,000)</u>	<u>\$ (36,394,000)</u>
Accrued employee benefit obligation:		
Current liabilities	\$ (3,508,000)	\$ (5,021,000)
Noncurrent liabilities	<u>(23,398,000)</u>	<u>(31,373,000)</u>
Funded status recognized in the balance sheets	<u>\$ (26,906,000)</u>	<u>\$ (36,394,000)</u>
Amounts not yet reflected in net periodic benefit cost and included in accumulated charge to corporate equity consist of:		
Prior service cost	\$ (20,000)	\$ (97,000)
Net loss	<u>(1,009,000)</u>	<u>(8,442,000)</u>
Accumulated charge to corporate equity	(1,029,000)	(8,539,000)
Cumulative net periodic benefit cost in excess of employer-funded benefits paid	<u>(25,877,000)</u>	<u>(27,855,000)</u>
Net obligation recognized in the balance sheets	<u>\$ (26,906,000)</u>	<u>\$ (36,394,000)</u>

⁽¹⁾ The actuarial gain for the fiscal year ended September 30, 2022, was primarily due to a change in the discount rate assumption used in measuring plan obligations.

The accumulated benefit obligation for CORP was \$26,906,000 and \$36,394,000 as of September 30, 2022 and 2021, respectively.

Weighted-average assumptions used to determine benefit obligations as of September 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate	5.60 %	2.60 %
Rate of compensation increase	3.40	3.00
Interest crediting rate	4.15	2.61

Weighted-average assumptions used to determine net cost for the years ended September 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate	2.60 %	2.50 %
Rate of compensation increase	3.00	3.00
Interest crediting rate	2.88	3.49

The primary asset classes utilized in this plan are equity and fixed-income with target allocations of 60% and 40%, respectively. Asset allocations for CORP by asset category as of September 30, 2022 and 2021, are as follows:

Asset Category	2022	2021
Equity	58 %	59 %
Fixed-income	39	38
Short-term investments	<u>3</u>	<u>3</u>
Total	<u>100 %</u>	<u>100 %</u>

The Corporation expects to transfer \$4,788,000 to investments held in trust for nonqualified benefit plans during the fiscal year ending September 30, 2023. The Corporation expects to disburse \$3,508,000 from investments held in trust for nonqualified benefit plans to CORP for the fiscal year ending September 30, 2023. Benefit payments, which reflect expected future service, as appropriate, and which are expected to be paid from the assets held in trust for nonqualified benefit plans and other future transfers from the Corporation, are as follows:

**Years Ending
September 30**

2023	\$ 3,508,000
2024	4,936,000
2025	3,381,000
2026	4,728,000
2027	4,001,000
2028–2032	<u>14,827,000</u>
Total	<u>\$ 35,381,000</u>

Aerospace Corporation 401(k) Plan (401(k) Plan)—The Corporation operates a 401(k) plan covering substantially all employees. For eligible employees who are not accruing benefits in the AERP, the Corporation funded contribution rates are as follows:

- 5% of eligible compensation at less than 5 years of service
 - 7% of eligible compensation at 5 years of service through less than 25 years of service
 - 9% of eligible compensation at 25 years of service or more
- In addition, the Corporation provides a matching contribution that is 100% of a participant's 401(k) contribution for up to 3% of the participant's eligible compensation

The Corporation's expense relating to this plan amounted to \$57,430,000 and \$53,944,000 for the years ended September 30, 2022 and 2021, respectively, and is

included in indirect support and administrative costs in the statements of operations. The 401(k) Plan's plan year-end is December 31.

Aerospace Corporation Deferred Compensation 457(b) Plan (457(b) Plan)—

The Corporation established a nonqualified deferred compensation plan, 457(b) Plan, on October 1, 2016. The 457(b) Plan allows participants to set aside eligible compensation in a tax-deferred account for retirement and is a means for participants to supplement their retirement savings. Participation is limited to a select group of employees and is voluntary. The amount that can be set aside is subject to an annual limit established in the Internal Revenue Code. Participant deferrals and the associated earnings are 100% vested. Participant deferrals are invested in certain investment funds as directed by the participants. The balance of the participants' savings is considered an asset of the Corporation, is included in investments held in trust for nonqualified benefit plans in the balance sheets, and is at risk in the event of the Corporation's bankruptcy or insolvency.

The following table summarizes the 457(b) Plan amounts in the balance sheets for the years ended September 30, 2022 and 2021:

	2022	2021
Accrued employee benefit obligation:		
Current liabilities	\$ (271,000)	\$ (447,000)
Noncurrent liabilities	<u>(6,976,000)</u>	<u>(7,071,000)</u>
Total accrued employee benefit obligation	<u>\$ (7,247,000)</u>	<u>\$ (7,518,000)</u>

5. AEROSPACE RETIREE MEDICAL PLAN

Aerospace Retiree Medical Plan (RMP)—The Corporation sponsors RMP, which provides certain payments that are capped at amounts that are predetermined on an annual basis, towards health care premiums for retirees and eligible dependents. It is anticipated that this benefit will increase at a rate of 4% per year. Employees may become eligible for benefits if they retire after having attained specified service requirements while they worked for the Corporation.

Beginning in fiscal year 1987, the Corporation began accruing and funding annual amounts mutually agreed to by the Corporation and its principal customer, the Air Force.

Changes in plan assets and benefit obligations recognized in charge to corporate equity for the years ended September 30, 2022 and 2021, include the following components:

	2022	2021
Amortization of net gain	\$ 3,400,000	\$ 1,781,000
Net gain arising during period	<u>(19,365,000)</u>	<u>(26,192,000)</u>
Total recognized in charge to corporate equity	<u>\$ (15,965,000)</u>	<u>\$ (24,411,000)</u>

RMP's benefit obligation, plan participants' contributions, gross medical premiums, employer contributions, fair value of plan assets, funded status, and amounts not yet reflected in net periodic benefit cost and included in accumulated charge to corporate equity as of September 30, 2022 and 2021, are as follows:

	2022	2021
Benefit obligation—end of year	<u>\$ 137,982,000</u>	<u>\$ 200,316,000</u>
Plan participants' contributions	<u>\$ 6,273,000</u>	<u>\$ 6,381,000</u>
Gross medical premiums	<u>\$ (12,690,000)</u>	<u>\$ (13,007,000)</u>
Employer contributions	<u>\$ -</u>	<u>\$ -</u>
Fair value of plan assets—end of year	<u>\$ 170,806,000</u>	<u>\$ 213,089,000</u>
Funded status (accrued retiree medical benefit asset)	<u>\$ 32,824,000</u>	<u>\$ 12,773,000</u>
Amounts not yet reflected in net periodic benefit cost and included in accumulated charge to corporate equity consist of:		
Net gain	<u>\$ 83,786,000</u>	<u>\$ 67,821,000</u>
Accumulated credit to corporate equity	<u>\$ 83,786,000</u>	<u>\$ 67,821,000</u>

The actuarial gain related to changes in the benefit obligation for the fiscal year ended September 30, 2022, was primarily due to the actual benefit rate increase differed from the anticipated benefit rate increase of 4%, and a change in the discount rate assumption used in measuring plan obligations. The actuarial gain related to changes in the benefit obligation for the fiscal year ended September 30, 2021, was primarily due to the actual benefit rate increase differed from the anticipated benefit rate increase of 4% used in measuring plan obligations.

Weighted-average assumptions used to determine benefit obligations as of September 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate	5.50 %	2.90 %

Weighted-average assumptions used to determine net cost for the years ended September 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate	2.90 %	3.00 %
Expected long-term rate of return on assets	5.60	6.00

To develop the expected long-term rate of return on asset assumptions, the Corporation considered the historical returns and the future expectation for returns for each asset class, as well as the target asset allocation of the pension portfolio.

Asset allocations for RMP by asset category as of September 30, 2022 and 2021, are as follows:

Asset Category	2022	2021
Equity	59 %	60 %
Fixed-income	<u>41</u>	<u>40</u>
Total	<u>100 %</u>	<u>100 %</u>

The asset allocation in the investment policy aims to keep the RMP well-funded over the long term. The primary asset classes utilized to attain these objectives are equity and fixed-income, with target allocations of 60% and 40%, respectively.

The Corporation does not expect to contribute to RMP for the fiscal year ending September 30, 2023. Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending September 30	
2023	\$ 7,861,000
2024	7,963,000
2025	8,109,000
2026	8,258,000
2027	8,400,000
2028–2032	<u>44,220,000</u>
Total	<u>\$ 84,811,000</u>

6. CREDIT FACILITIES

The Corporation has revolving lines of credit available from two financial institutions; aggregate maximum borrowings under these lines are \$80 million (see Note 1). The lines of credit are unsecured and expire on July 31, 2023. At the Corporation's option, interest on each borrowing is calculated at either the financial institutions' reference rate (which was 6.25% as of September 30, 2022), plus 0.25%, or they may borrow under the London InterBank Offered Rate (LIBOR), plus 1.75%, for periods of one to six months. As of September 30, 2022, rates for the one- to six-month LIBOR rates ranged from 2.92% to 4.00%. The lines of credit contain restrictive covenants, including the ratio of total debt to cash flow and the ratio of cash flow to debt service payments; charges to corporate equity for pension and retiree medical plans and pension and retiree medical expense and income are excluded from corporate equity and change in corporate equity for purposes of the covenants. There were no outstanding borrowings under the lines of credit as of September 30, 2022 and 2021.

As of September 30, 2022, the Corporation had issued four irrevocable letters of credit totaling \$1,974,000 as security for performance under various agreements (see Note 9). The letters of credit expire at various dates through January 9, 2026, and contain automatic extensions that are exercisable at the option of the beneficiary of the letters of credit. Should these irrevocable letters of credit expire without the terms of the related agreements being satisfied, or in the event of default of the terms of the related agreements, the beneficiary of the letters of credit may draw upon them. Annual fees on outstanding letters of credit are 1.25% of the face value of each letter

of credit. Should the letters of credit be drawn upon, interest on the borrowings is calculated at LIBOR, plus 1.50%, depending upon date of issuance, and are due upon demand.

7. SPECIAL RESTRICTIONS

The Corporation is incorporated in the state of California as a nonprofit corporation. The Articles of Incorporation and contracts with the Air Force place certain restrictions on the Corporation.

Excerpts from the Articles of Incorporation:

SECOND—"The purposes of the Corporation are exclusively scientific, as herein set forth: to engage in, assist, and contribute to the support of scientific activities and projects for, and to perform and engage in research, development, and advisory services to or for, the United States government."

SIXTH—"Upon the dissolution or winding-up of the Corporation, after adequately providing for its debts and obligations, the Trustees or person or persons in charge of liquidation shall turn over any remaining assets to the United States of America as the Secretary of the Air Force may direct."

Excerpt from the Air Force Prime Contract—"The Aerospace Corporation will not dispose, transfer, or assign real property without first obtaining the consent of the Secretary of the Air Force. The Aerospace Corporation's Trustees shall have the right in time of financial need to employ The Aerospace Corporation's vested property as security in borrowing to meet its obligations within the purposes set forth in its Articles of Incorporation. In order to provide the USAF with the opportunity to eliminate the need for such action, at least sixty (60) days prior to any such planned borrowing, the SMC Commander and the contracting officer shall be notified in writing setting forth the purpose and the amount of the borrowing."

8. LONG-TERM DEBT

Long-term debt as of September 30, 2022 and 2021, consists of the following (see Notes 1 and 11):

	2022	2021
6.51% notes payable	\$ 30,102,000	\$ 34,385,000
4.76% notes payable	13,870,000	15,370,000
4.84% notes payable	14,120,000	15,625,000
3.90% notes payable	8,322,000	9,222,000
3.85% notes payable	8,322,000	9,222,000
3.50% notes payable	5,548,000	6,148,000
3.50% notes payable	5,548,000	6,148,000
2.90% notes payable	14,916,000	15,000,000
2.90% notes payable	14,916,000	15,000,000
2.90% notes payable	14,916,000	15,000,000
2.90% notes payable	<u>14,916,000</u>	<u>15,000,000</u>
Total long-term debt	145,496,000	156,120,000
Less debt issuance costs	(805,000)	(866,000)
Less current portion	<u>(14,080,000)</u>	<u>(10,624,000)</u>
Long-term debt—net of current portion and debt issuance costs	<u>\$ 130,611,000</u>	<u>\$ 144,630,000</u>

Principal maturities of long-term debt (in thousands) as of September 30, 2022, are as follows:

	Years Ending September 30						Total
	2023	2024	2025	2026	2027	Thereafter	
6.51% notes payable	\$ 4,183	\$ 4,083	\$ 3,983	\$ 3,883	\$ 3,783	\$ 10,187	\$ 30,102
4.76% notes payable	1,470	1,440	1,410	1,380	1,350	6,820	13,870
4.84% notes payable	1,475	1,445	1,415	1,385	1,355	7,045	14,120
3.90% notes payable	882	864	846	828	810	4,092	8,322
3.85% notes payable	882	864	846	828	810	4,092	8,322
3.50% notes payable	588	576	564	552	540	2,728	5,548
3.50% notes payable	588	576	564	552	540	2,728	5,548
2.90% notes payable	1,003	973	943	913	883	10,201	14,916
2.90% notes payable	1,003	973	943	913	883	10,201	14,916
2.90% notes payable	1,003	973	943	913	883	10,201	14,916
2.90% notes payable	<u>1,003</u>	<u>973</u>	<u>943</u>	<u>913</u>	<u>883</u>	<u>10,201</u>	<u>14,916</u>
Total	<u>\$ 14,080</u>	<u>\$ 13,740</u>	<u>\$ 13,400</u>	<u>\$ 13,060</u>	<u>\$ 12,720</u>	<u>\$ 78,496</u>	145,496
Debt issuance costs							<u>(805)</u>
Net carrying value							<u>\$ 144,691</u>

The issuance costs related to the notes payable are being amortized on a straight-line basis, which approximates the effective interest method over the term of the related notes.

6.51% Notes Payable—On July 3, 2008, the Corporation issued notes payable of \$100,000,000 that are collateralized by the Corporation’s properties in El Segundo, California.

The notes payable bear interest at a fixed rate of 6.51% and will mature on July 3, 2030. Principal payments are due monthly and began in August 2008.

Notes Payable—Other—The Corporation issued 10 notes payable that are collateralized by the Corporation’s properties in El Segundo, California, and Chantilly, Virginia. The notes payable amount (original issuance, in thousands), fixed rate, maturity date, principal payment beginning due date, and payment frequency are as follows:

	4.76%	4.84%	3.90%	3.85%	3.50%	3.50%
	Notes Payable	Notes Payable	Notes Payable	Notes Payable	Notes Payable	Notes Payable
	(at Issuance)	(at Issuance)	(at Issuance)	(at Issuance)	(at Issuance)	(at Issuance)
Issuance date	April 8, 2011	May 26, 2011	July 2, 2012	July 2, 2012	July 10, 2013	July 10, 2013
Notes payable amount	\$25,000	\$25,000	\$15,000	\$15,000	\$10,000	\$10,000
Fixed rate	4.76%	4.84%	3.90%	3.85%	3.50%	3.50%
Maturity date	April 8, 2033	May 26, 2033	April 2, 2033	April 2, 2033	April 2, 2033	April 2, 2033
Beginning payment due	October 2015	December 2015	October 2015	October 2015	October 2015	October 2015
Payment frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
	2.90%	2.90%	2.90%	2.90%		
	Notes Payable	Notes Payable	Notes Payable	Notes Payable		
	(at Issuance)	(at Issuance)	(at Issuance)	(at Issuance)		
Issuance date	Sept. 24, 2020	Sept. 24, 2020	Feb. 18, 2021	Feb. 18, 2021		
Notes payable amount	\$15,000	\$15,000	\$15,000	\$15,000		
Fixed rate	2.90%	2.90%	2.90%	2.90%		
Maturity date	Sept. 8, 2042	Sept. 8, 2042	Sept. 8, 2042	Sept. 8, 2042		
Beginning payment due	Sept. 2022	Sept. 2022	Sept. 2022	Sept. 2022		
Payment frequency	Monthly	Monthly	Monthly	Monthly		

9. COMMITMENTS AND CONTINGENCIES

Future cash payments on operating leases as of September 30, 2022, are contractually required as follows:

Years Ending	
September 30	
2023	\$ 19,809,000
2024	18,233,000
2025	19,226,000
2026	15,443,000
2027	15,616,000
Thereafter	<u>50,389,000</u>
Total	<u>\$138,716,000</u>

Total lease expense was \$22,501,000 and \$21,175,000 for the fiscal years ended September 30, 2022 and 2021, respectively (see Note 1).

The Corporation is subject to various claims and contingencies associated with litigation, contract performance, and other issues arising in the normal course of business. The financial statements reflect the treatment of claims and contingencies

based on management's view of the expected outcome. If the likelihood of an adverse outcome is probable and the amount is estimable, the Corporation accrues a liability in accordance with FASB ASC 450, *Contingencies*.

The Corporation has entered into agreements with public works agencies to guarantee performance on certain environmental restoration commitments made pursuant to a long-term construction project. These agreements require that the Corporation post cash, letters of credit, or sureties that may be drawn upon should the Corporation fail to perform the environmental restorations as defined in the long-term construction project plans. The Corporation believes the restoration commitments will be fulfilled in the normal course of the construction projects and that the public works agencies will have no cause to draw upon these commitments. As of September 30, 2022, four irrevocable letters of credit expiring through January 9, 2026, had been issued totaling \$1,974,000, and cash deposits of \$25,000, included in prepaid expenses and other assets in the balance sheets, had been made to satisfy the terms of these public works agreements (see Note 6).

10. SELF-INSURED MEDICAL PLAN

During fiscal year 2014, the Corporation established a self-insured medical plan that covers employees that have selected certain benefit options. A stop-loss policy has been obtained that limits the Corporation's claims per employee, per year, to \$400,000. This medical plan is administered through a contractual agreement with a third party. The Corporation is responsible for all claims incurred up to the amount of the stop-loss policy. The Corporation's expense for the self-insured medical plan for the years ended September 30, 2022 and 2021, was \$39,529,000 and \$36,835,000, respectively, and is included in indirect support and administrative costs in the statements of operations. The Corporation has established a reserve for covered medical claims under the self-insured plan that have been incurred but not reported (IBNR). As of September 30, 2022 and 2021, the reserve for IBNR was \$5,303,000 and \$4,404,000, respectively, and is included in accounts payable and accrued expenses in the balance sheets.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a market-based framework for measuring fair value, and requires disclosures about fair value measurements. Additionally, in accordance with ASC 715-20-65, *Defined Benefit Plans—General*, the Corporation's pension and postretirement assets have been included in the disclosure below.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The statement requires that assets and liabilities carried at fair value be classified and disclosed using a hierarchy based upon the inputs used to measure the fair value.

The Corporation uses valuation techniques based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by management to estimate the fair values of the assets and liabilities in the table below:

Level 1 Fair Value Measurements—Quoted prices for identical instruments in active markets. The fair value of investments is based on market quotes of such investments. Level 1 investments primarily include publicly traded common stock, publicly traded mutual funds, and money market funds.

Level 2 Fair Value Measurements—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable. Level 2 investments consist typically of fixed-income securities. The fair values for fixed-income securities are valued using third-party pricing services. These pricing services use, for example, recent broker-dealer quotations or model-based pricing methods that use significant observable inputs, such as relevant yield curves, credit information of the underlying security, prepayment projections, cash flows, and other security characteristics, to determine fair value as of the last trading day of the year.

Net Asset Values—The fair market values of commingled funds, short-term investment funds, and the real estate fund were based on the reported net asset value (NAV), which the Corporation uses as a practical expedient as of the balance sheet date. No adjustments were made to the NAV provided by the fund managers of the underlying funds for which NAV was used and none of the investments whose fair value was based upon NAV are expected to be sold at a value materially different from NAV. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

Investments in commingled funds and short-term investment funds are valued based on the redemption price of the underlying fund assets. Unit values are determined by the financial institution sponsoring such funds by dividing the funds' net assets at fair value by its units outstanding at the valuation date, commonly referred to as NAV. As of September 30, 2022 and 2021, the fair values of short-term investments of \$68,761,000 and \$49,759,000, respectively, and commingled funds of \$1,357,368,000 and \$1,813,445,000, respectively, were based upon NAV. As of September 30, 2022 and 2021, there were no unfunded commitments, all had daily redemption frequencies, and redemption notice periods of five days or less for the short-term investments and the commingled funds, with the exception of one commingled fund with a value of approximately \$106,389,000 and \$136,131,000, respectively, for which redemptions are made with a 15-day notice period.

The fair value of the real estate fund is based upon the reported NAV. The fair value of the underlying properties of the real estate fund are estimated based upon third-party appraisals. As of September 30, 2022 and 2021, the fair values of the real estate fund of \$101,133,000 and \$101,109,000, respectively, were based upon NAV. There were no unfunded commitments. Redemptions for the real estate fund may be requested on a full or partial basis each quarter. The redemption request is processed and payment is redeemed generally by the end of the next calendar quarter.

Commingled Funds Strategies—Commingled equity funds held by the employee benefit plans employ individual strategies that may invest broadly in the equity securities of US and non-US companies in a wide range of industries and market

capitalizations. Commingled fixed-income funds held by the employee benefit plans may invest in US and non-US fixed-income products in a broad or narrow range of products or sectors (e.g., corporate, US or foreign governments, and mortgage or asset-backed). Fixed-income maturities range from short to long duration depending on individual fund strategy and generally the fixed-income holdings are investment grade.

Items measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820 as of September 30, 2022, are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Corporate assets—current assets:				
Short-term investments ⁽¹⁾	\$ 21,599	\$ -	\$ -	\$ 21,599
Investments held in trust for nonqualified plans:				
Short-term investments ⁽²⁾	857			857
Publicly traded mutual funds	6,818			6,818
Commingled funds measured at NAV	<u> </u>	<u> </u>	<u> </u>	<u>16,408</u>
Total corporate assets and investments held in trust for nonqualified plans	<u>\$ 29,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>45,682</u>
Employee benefit plan assets:				
Short-term investments ⁽³⁾	\$ -	\$ 349	\$ -	349
Common stock	66,302			66,302
Publicly traded mutual funds	150,848			150,848
Corporate bonds		139,990		139,990
Government and agency securities		154,939		154,939
Short-term investments measured at NAV ⁽⁴⁾				68,761
Commingled funds measured at NAV				1,340,960
Real estate fund measured at NAV	<u> </u>	<u> </u>	<u> </u>	<u>101,133</u>
Total employee benefit plan assets	<u>\$ 217,150</u>	<u>\$ 295,278</u>	<u>\$ -</u>	2,023,282
Accrued income/expense—net				4,138
Pending trades				<u>(2,647)</u>
Total fair value of employee benefit plan assets				<u>2,024,773</u>
Total fair value of assets as of September 30, 2022				<u>\$ 2,070,455</u>

⁽¹⁾ The short-term investments held by the Corporation consist of a mutual fund.

⁽²⁾ The short-term investments held by the nonqualified plans consist of money market funds.

⁽³⁾ The short-term investments held by the employee benefit plans primarily consist of short-term maturity fixed-income securities.

⁽⁴⁾ The short-term investments held by the employee benefit plans primarily consist of short-term investment funds.

There were no purchases or transfers of financial instruments in to or out of Level 3 of the fair value hierarchy during the year ended September 30, 2022.

Items measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820 as of September 30, 2021, are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Corporate assets—current assets:				
Short-term investments ⁽¹⁾	\$ 22,757	\$ -	\$ -	\$ 22,757
Investments held in trust for nonqualified plans:				
Short-term investments ⁽²⁾	873			873
Publicly traded mutual funds	7,219			7,219
Commingled funds measured at NAV				<u>20,282</u>
Total corporate assets and investments held in trust for nonqualified plans	<u>\$ 30,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>51,131</u>
Employee benefit plan assets:				
Short-term investments ⁽³⁾	\$ -	\$ 475	\$ -	475
Common stock	79,005			79,005
Publicly traded mutual funds	245,396			245,396
Corporate bonds		226,595		226,595
Government and agency securities		186,435		186,435
Short-term investments measured at NAV ⁽⁴⁾				49,759
Commingled funds measured at NAV				1,793,163
Real estate fund measured at NAV				<u>101,109</u>
Total employee benefit plan assets	<u>\$ 324,401</u>	<u>\$ 413,505</u>	<u>\$ -</u>	2,681,937
Accrued income/expense—net				3,880
Pending trades				<u>(4,475)</u>
Total fair value of employee benefit plan assets				<u>2,681,342</u>
Total fair value of assets as of September 30, 2021				<u>\$ 2,732,473</u>

⁽¹⁾ The short-term investments held by the Corporation consist of a mutual fund.

⁽²⁾ The short-term investments held by the nonqualified plans consist of money market funds.

⁽³⁾ The short-term investments held by the employee benefit plans primarily consist of short-term maturity fixed-income securities.

⁽⁴⁾ The short-term investments held by the employee benefit plans primarily consist of short-term investment funds.

There were no purchases or transfers of financial instruments in to or out of Level 3 of the fair value hierarchy during the year ended September 30, 2021.

Financial Instruments at Fair Value—The financial assets and liabilities recorded at fair value in the financial statements are short-term investments and investments held in trust for nonqualified benefit plans. The carrying values of cash and cash equivalents, receivables, restricted cash, accounts payable, and accrued expenses are at approximate fair value because of the short-term maturities of these instruments.

12. ENDOWMENT

In November 2015, the Corporation established the Aerospace STEM (science, technology, engineering, and math) Endowment Fund (the "Fund") (see Notes 1 and 3). Earnings from and further donations to the Fund will be used to provide student scholarships to qualified underrepresented and underprivileged students. As authorized by the Board of Trustees, the Corporation transferred \$500,000 to the Fund. It is anticipated that contributions to the Fund will be obtained from employees, retirees, and other sources, and such contributions and earnings thereon are restricted for STEM programs. The Fund is not guaranteed to continue indefinitely and may be terminated at any point in the future at the direction of the Board of Trustees.

* * * * *

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
The Aerospace Corporation:

We have audited, in accordance with the 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 financial statements of The Aerospace Corporation (the "Corporation"), which comprise the balance sheet as of September 30, 2022, and the related statements of operations, changes in corporate equity, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

Deloitte & Touche LLP

December 9, 2022



Deloitte & Touche LLP
555 West 5th Street
Suite 2700
Los Angeles, CA 90013-1010
USA

Tel: +1 213 688 0800
Fax: +1 213 688 0100
www.deloitte.com

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
The Aerospace Corporation:

Deloitte & Touche LLP (“Deloitte & Touche”) and the U.S. Defense Contract Audit Agency (DCAA) each performed certain tasks in connection with the coordinated audit of The Aerospace Corporation’s (the “Corporation”) compliance with the types of requirements described in the U.S. Office of Management and Budget Compliance Supplement (the “Compliance Supplement”) that could have a direct and material effect on the Corporation’s major federal program for the year ended September 30, 2022. Responsibilities under the coordinated audit approach were assigned as follows:

1. The DCAA audited the following compliance requirements of the Compliance Supplement: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Special Tests and Provisions. In addition, the DCAA tested the internal control over compliance with the above listed compliance requirements as they relate to the Corporation’s major federal program. The DCAA issued Report No. 4181–2022T10110001 dated February 28, 2024 on the above listed compliance requirements, which includes an unqualified opinion.
2. Deloitte & Touche audited the following compliance requirements of the Compliance Supplement: Equipment and real property management; period of performance; procurement and suspension and debarment; and subrecipient monitoring (the “Subject Requirements”). In addition, Deloitte & Touche tested the internal control over compliance with the Subject Requirements as they relate to the Corporation’s major federal program.

Report on Compliance for a Major Federal Program

Opinion on Major Federal Program

As part of the aforementioned coordinated audit, we have audited the Corporation’s compliance with the Subject Requirements that could have a direct and material effect on its major federal program for the year ended September 30, 2022. We did not audit the compliance of the Corporation with the Compliance Supplement’s requirements for activities allowed or unallowed; allowable costs/cost principles; cash management; and special tests and provisions that are applicable to its major federal program for the year ended September 30, 2022. The Corporation’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the Subject Requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation'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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of its major federal program as a whole. We did not consider the Corporation's internal control over compliance with activities allowed or unallowed; allowable costs/cost principles; cash management; and special tests and provisions that are applicable to its major federal program for the year ended September 30, 2022.

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

- *exercise professional judgment and maintain professional skepticism throughout the audit.*
- *identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with*

the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances

- *obtain an understanding of the Corporation'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 Corporation'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 over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Corporation as of and for the year ended September 30, 2022, and have issued our report thereon dated December 9, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to

the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

April 25, 2024

THE AEROSPACE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Research and Development - Cluster					
Department of Agriculture Pass-Through Programs From:					
INTEGRAL ECOLOGY RESEARCH CTR	10.RD	P21-004501-R2	P21-004501-R2	\$	168,481
<i>Total Department of Agriculture</i>				\$	168,481
Department of Commerce Direct Programs					
DOC/NOAA	11.RD	1332KP21CNAAA0004		\$	121,176
U.S. Dept of Comm/NOAA/NESDIS/O	11.RD	1332KP22DNEEG0002			110,905
U.S. Dept of Comm/NOAA/NESDIS/	11.RD	SP-133E-17-CQ-0020			9,863,972
<i>Total Department of Commerce</i>				\$	10,096,053
Department of Defense Direct Programs					
AIR FORCE/SSC/CAT1/CAT2--Current Year	12.RD	FA8802-19-C-0001		\$ 79,022	\$ 1,008,753,176
Subtotal Department of Defense Direct Programs				\$ 79,022	\$ 1,008,753,176
Department of Defense Pass-Through Programs From:					
CARNEGIE MELLON UNIVERSITY	12.RD	1990695-436668	1990695-436668	\$	24,643
CARNEGIE MELLON UNIVERSITY	12.RD	1990728-443150	1990728-443150		6,439
TRUSTEES OF BOSTON COLLEGE	12.RD	5109841-1	5109841-1		111,619
UCI	12.RD	2022-1681	2022-1681		4,521
UCLA	12.RD	0965 G XA196	0965 G XA196		45,489
Subtotal Department of Defense Pass-Through Programs				\$	192,711
<i>Total Department of Defense</i>				\$ 79,022	\$ 1,008,945,887
Department of Interior Direct Programs					
U.S. FISH & WILDLIFE SERVICE	15.RD	140F0622P0099		\$	19,428
U.S. GEOLOGICAL SURVEY (USGS)	15.RD	140G0121C0001			2,397,088
U.S. GEOLOGICAL SURVEY (USGS)	15.RD	140G0121C0002			408,373
<i>Total Department of Interior</i>				\$	2,824,889
Department of State Direct Programs					
DEPT OF STATE	19.RD	19AQMM21C0023		\$	334,756
<i>Total Department of State</i>				\$	334,756

(Continued)

THE AEROSPACE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Department of Transportation Direct Programs FEDERAL AVIATION ADMINISTRATION	20.RD	693KA9-20-T-00004			\$ 1,779,195
<i>Total Department of Transportation</i>					\$ 1,779,195
National Aeronautics and Space Administration					
Direct Programs					
N19 NASA- HQ	43.RD	80NSSC20K0725		\$ -	\$ 116,091
NASA	43.RD	80NSSC18K0973		19,663	172,571
NASA	43.RD	80NSSC17K0044		13,728	155,702
NASA	43.RD	80NSSC21K0689			58,285
NASA	43.RD	80NSSC21K1552		348	92,134
NASA	43.RD	80NSSC21K0682			127,676
NASA - HQ	43.RD	NNX17AB73G			86
NASA GODDARD (GSFC)	43.RD	80GSFC19D0011		806,053	77,650,203
NASA HQ	43.RD	80GSFC22CA013			254,845
NASA-GSFC	43.RD	NNG11VH00B			140
NASA-HQ	43.RD	80NSSC19K0235			123,459
NASA-MSFC	43.RD	80NSSC17K0551			24,185
NASA-NSSC	43.RD	80NSSC18K1239			261,714
NASA-NSSC	43.RD	80NSSC22K0093			160,767
NASA-NSSC	43.RD	80NSSC18K1365		25,877	147,004
NASA-NSSC	43.RD	80NSSC20K1790			44,393
NASA-NSSC	43.RD	80NSSC18K1050		3,280	6,790
NASA-SHARED SERVICES	43.RD	80NSSC18K0309			90,909
NR16 NASA GSFC	43.RD	80NSSC18K0801			17,730
NR18 NASA - NSCC	43.RD	80NSSC19K1578			70,860
NR18-NASA-NSSC	43.RD	80NSSC18K1378			47,371
NR19-NASA-HQ	43.RD	80NSSC20K0550			27,993
Subtotal National Aeronautics and Space Administration Direct Programs				\$ 868,949	\$ 79,650,908

(Continued)

THE AEROSPACE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
National Aeronautics and Space Administration					
Pass-Through Programs From:					
CLEMSON UNIVERSITY	43.RD	2036-204-2012543	2036-204-2012543		\$ 55,730
JET PROPULSION LABORATORY	43.RD	1582471	1582471		3,809,600
JHU/APL	43.RD	135557	135557		416
NATIONAL ACADEMY OF SCIENCES	43.RD	2000012337	2000012337		54,960
NNSC Grant	43.RD	80NSCC22K0768	80NSCC22K0768		50,925
PRINCETON UNIVERSITY	43.RD	P.O. 0000549408	P.O. 0000549408		70,375
Southwest Research Institute	43.RD	P99077JA	P99077JA		517,743
SOUTHWEST RESEARCH INSTITUTE	43.RD	792084N/E99017JD	792084N/E99017JD		392,148
THE UNIVERSITY OF TEXAS ARLINGTON	43.RD	2021FCO0752	2021FCO0752		1,080
UCLA	43.RD	80NSCC21K0954	80NSCC21K0954		45,270
UNIV OF NEW HAMPSHIRE	43.RD	17-002	17-002		261
UNIVERSITY NEW HAMPSHIRE	43.RD	L0152	L0152		83,233
UNIVERSITY NEW HAMPSHIRE	43.RD	L0061	L0061		53,971
UNIVERSITY NEW HAMPSHIRE	43.RD	L0098	L0098		11,693
University of Fairbanks	43.RD	22-0112 REV	22-0112 REV		114,105
UNIVERSITY OF FLORIDA	43.RD	SUB00002118	SUB00002118		13,983
UNIVERSITY OF IOWA	43.RD	S03228-01	S03228-01		990
UNIVERSITY OF NEW HAMPSHIRE	43.RD	11-106	11-106		158,075
Subtotal National Aeronautics and Space Administration Pass-Through Programs					\$ 5,434,558
<i>Total National Aeronautics and Space Administration</i>				\$ 868,949	\$ 85,085,466
National Science Foundation Direct Programs					
GEM: Diffuse and Discrete Aur	47.RD	2225405		\$ -	\$ 10,325
NATL SCIENCE FOUNDATION (NSF)	47.RD	AGS1602862			33,047
NATL SCIENCE FOUNDATION (NSF)	47.RD	AGS-1848730		18,664	85,548
NATL SCIENCE FOUNDATION (NSF)	47.RD	AGS1911952			34,340
Subtotal National Science Foundation Direct Programs				\$ 18,664	\$ 163,260
National Science Foundation Pass-Through Programs From:					
AUBURN UNIVERSITY	47.RD	22-PHYS-200851-AEROSPACE	22-PHYS-200851-AEROSPACE		\$ 53,919
CNS Core: Med Collab Research	47.RD	126039722	126039722		10,186
UCAR	47.RD	TOA000276	TOA000276		4,802
UNIVERSITY NEW HAMPSHIRE	47.RD	L0051	L0051		14,237
Subtotal National Science Foundation Pass-Through Programs					\$ 83,144
<i>Total National Science Foundation</i>				\$ 18,664	\$ 246,404

(Continued)

THE AEROSPACE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Department of Energy Direct Programs DOE - NNSA	81.RD	89233120CNA000134			\$ 20,974,938
Subtotal Department of Energy Direct Programs					\$ 20,974,938
Department of Energy Pass-Through Programs From: MISSION SUPRT&TEST SERVICESLLC	81.RD	230980	230980		\$ 285,002
Subtotal Department of Energy Pass-Through Programs					\$ 285,002
<i>Total Department of Energy</i>					\$ 21,259,940
Miscellaneous Direct Programs					
CLASSIFIED CUSTOMER	99.RD	2019-19091000402-002			\$ 242,935
ODNI Task Order 002	99.RD	2021-21031700402-002			1,071,063
ODNI Task Order 003	99.RD	2021-21031700402-003			1,179,645
MIT Lincoln Laboratory	99.RD	7100521773			21,743
U.S. Government	99.RD	2019-19091000402-001			9,499,447
U.S. GOV'T-ODNI	99.RD	2021-21031700402-001			4,266,074
<i>Total Miscellaneous Programs</i>					\$ 16,280,907
Total Expenditures of Federal Awards					\$ 966,635 \$ 1,147,021,978

THE AEROSPACE CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2022

1. Basis of Accounting: The Accompanying schedule of expenditures of federal awards includes the federal grant activity of The Aerospace Corporation and is presented on the accrual basis of accounting. 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 (Uniform Guidance).

2. Indirect Cost Rates: The Aerospace Corporation did not elect to use the 10% de minimis indirect cost rate as it does not apply to this entity because negotiated rates are used.

3. Relationship to Financial Statements: Amounts reported in the preceding schedule is reconciled to the annual financial statements for the Year Ended September 30, 2022 as follows:

Direct labor	\$462,746,000
Indirect support and administrative costs	595,779,000
Other direct costs	89,543,000
Direct travel	<u>11,012,000</u>
Total costs	\$1,159,080,000
Plus employer contribution to retirement and benefit plans	(1,599,000)
Less other adjustments	<u>(5,306,000)</u>
Total reimbursable costs	\$1,152,175,000
Less nonfederal expenditures	<u>(5,153,000)</u>
Total expenditures of federal awards - as listed in the schedule of federal awards (rounded)	<u><u>\$1,147,022,000</u></u>

4. Department of Defense, Air Force/SSC/CAT1/CAT2: The total of \$1,008,753,176 of Department of Defense—Air Force expenditures reported in the schedule of expenditures of federal awards for fiscal year 2022 includes \$1,001,339,483 in support of fiscal year 2022 contract modification, \$5,065,727 in support of fiscal year 2021 contract modification, \$923,013 in support of fiscal year 2020 contract modification, \$1,424,697 in support of fiscal year 2019 contract modification, \$256 in support of fiscal year 2018 contract modification.

5. Cost Accounting Standard 414 Cost of Funds: The preceding federal expenditures do not include Cost Accounting Standard 414, Cost of Money as an Element of the Cost of Facilities Capital, cost of funds of \$10,055,825 for fiscal year 2022.

6. Subrecipient Awards: Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards provided to subrecipients were as follows:

CFDA	Grantor Agency	Contract	Subrecipient	Amount Provided to Subrecipient
12	Department of Defense	FA8802-19-C-0001	BOT OF SOUTHERN ILLINOIS UNIVERSITY	\$ 7,589
		FA8802-19-C-0001	REGENTS OF UNIVERSITY CA MERCED	1,832
		FA8802-19-C-0001	SOUTHWEST RESEARCH INSTITUTE	29,500
		FA8802-19-C-0001	UNIV CORP FOR ATMOSPHERIC RESEARCH	2,601
		FA8802-19-C-0001	VIRGINIA POLYTECHNIC INSTITUTE	<u>37,500</u>
			Department of Defense Total	<u>\$ 79,022</u>
43	National Aeronautics and Space Administration	80NSSC21K1552	COMPUTATIONAL PHYSICS INC.	\$ 348
		80NSSC18K0973	DIXIE STATE UNIVERSITY	13,177
		80NSSC18K1050	JOHNS HOPKINS UNIVERSITY	3,280
		80NSSC18K0973	JOHNS HOPKINS UNIVERSITY	6,486
		80GSFC19D0011	MITRE CORPORATION	801,705
		80GSFC19D0011	UNIVERSITY OF COLORADO	4,348
		80NSSC17K0044	UNIVERSITY OF NEW HAMPSHIRE	13,728
		80NSSC18K1365	UNIVERSITY SYSTEM OF NEW HAMPSHIRE	25,877
	National Aeronautics and Space Administration Total	<u>\$ 868,949</u>		
47	National Science Foundation	AGS-1848730	SPACE SCIENCE INSTITUTE	<u>\$ 18,664</u>
			National Science Foundation Total	<u>\$ 18,664</u>
			Total	<u><u>\$ 966,635</u></u>

THE AEROSPACE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified: Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses: Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

The summary included herein is with respect to the following compliance requirements of U.S. Office of Management and Budget (OMB) *Compliance Supplement* (the “Compliance Supplement”) related to The Aerospace Corporation’s (the “Corporation”) major federal program for the Year Ended September 30, 2022: Equipment and real property management; period of performance; procurement, suspension and debarment; program income; and subrecipient monitoring (the “Subject Requirements”). Additionally, this summary does not include the results of the audit work performed by the U.S. Defense Contract Audit Agency (DCAA) over the following compliance requirements of the Compliance Supplement related to the Corporation’s major federal program for the Year Ended September 30, 2022: Activities allowed or unallowed; allowable costs/cost principles; cash management; and special tests and provisions. The results of the DCAA’s procedures is included in the schedule of findings and questioned costs included in the DCAA’s Audit Report No. 4181–2022T10110001 dated February 28, 2024.

Internal control over major programs:

- Material weakness(es) identified: Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses: Yes None reported

Type of auditor’s report issued on compliance for major programs: *Unqualified*

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Uniform Grant Guidance? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster Number
---------------------	--

Various	Research and Development Cluster
---------	----------------------------------

Dollar threshold used to distinguish between Type A and Type B programs: \$3,441,066

Auditee qualified as a low-risk auditee? Yes No

See notes to schedule of findings and questioned costs.

SECTION II—FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The summary included herein is with respect to the Subject Requirements related to the Corporation's major federal program for the Year Ended September 30, 2022. Additionally, this summary does not include the results of the audit work performed by the DCAA over the following compliance requirements of the Compliance Supplement related to the Corporation's major federal program for the Year Ended September 30, 2022: Activities allowed or unallowed; allowable costs/cost principles; cash management; and special tests and provisions. The results of the DCAA's procedures is included in the schedule of findings and questioned costs included in the DCAA's Audit Report No. 4181-2022T10110001 dated February 28, 2024.

No matters were reported related to the Subject Requirements.

THE AEROSPACE CORPORATION

NOTES TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. BASIS OF PRESENTATION

As described on page 1 in the *Introduction* to this report, The Aerospace Corporation (the "Corporation") participates in the Coordinated Audit Program (CAP) sponsored by the Defense Contract Audit Agency (DCAA). As further described in the *Introduction*, and consistent with the provisions of the U.S. Office of Management and Budget Uniform Grant Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, through the CAP, Deloitte & Touche LLP ("Deloitte & Touche") and DCAA agreed on a division of responsibility regarding auditing and reporting on the Corporation's financial statements, schedule of expenditures of federal awards, and compliance with laws and regulations related to federal awards, all for the Year Ended September 30, 2022.

The accompanying schedule of findings and questioned costs relates solely to Deloitte & Touche's areas of responsibility, as defined in the *Introduction*. Findings and questioned costs, if any, related to DCAA's areas of responsibility, as defined in the *Introduction*, are included in a separate schedule of findings and questioned costs prepared by DCAA.

2. ISSUANCE DATE OF DCAA REPORT

The DCAA issued Report No. 4181-2022T10110001 dated February 28, 2024, which includes an unqualified opinion on the compliance requirements, as described in the *Introduction*.

**DCAA**

DEFENSE CONTRACT AUDIT AGENCY

Audit Report No. 4181-2022T10110001

Los Angeles Branch Office
2125 E. Katella Ave., Suite 300
Anaheim, CA 92806-6072

February 28, 2024

Independent Audit Report on The Aerospace Corporation Compliance with Requirements Applicable to its Research & Development Cluster and on Internal Control Over Compliance in Accordance with the Uniform Guidance at 2 CFR Part 200 for Fiscal Year Ended September 30, 2022

SPECIAL WARNING: The contents of this audit report must not be released or disclosed, other than to those persons whose official duties require access in accordance with Department of Defense (DoD) regulations. This document contains controlled unclassified information (CUI), as described in the CUI coversheet, and information exempt from mandatory disclosure under the Freedom of Information Act. Unauthorized disclosure of proprietary, contractor bid or proposal or source selection information may violate Title 18 United States Code (U.S.C.) § 1905 and/or Title 41 U.S.C. § 2102. Please see the Audit Report Distribution and Restrictions section of this report for further restrictions.

Supporting the **warfighter**. Protecting the **taxpayer**.



CONTENTS

	<u>Page</u>
Executive Summary	1
Report On Compliance for Research and Development Cluster Required by the Uniform Guidance (2 CFR Part 200)	3
Management’s Responsibility	3
Auditor’s Responsibility	3
Unqualified Opinion on Compliance for Research and Development Cluster	4
Report On Internal Control Over Compliance Required By 2 CFR Part 200	5
DCAA Personnel and Report Authorization	7
Audit Report Distribution and Restrictions	8
Exhibits	10
Appendix	15

EXECUTIVE SUMMARY

ABOUT THE AEROSPACE CORPORATION

The Aerospace Corporation (Aerospace) is an independent, nonprofit corporation that was created to meet special long-term research and development needs in establishing the nation's military space program. The corporation's primary customers are the Space Systems Command (SSC) of the United States Space Force (USSF) and the National Reconnaissance Office (NRO). It also provides technical support to space-related programs managed by other agencies, international organizations and governments in the national interest. All of Aerospace's Federal awards fall under the designation of a Research & Development (R&D) Cluster so it is considered to only have one major Federal program (R&D). A cluster of programs means Federal programs with different Catalog of Federal Domestic Assistance (CFDA) that are closely related programs that share common compliance requirements. In FY 2022, sales were approximately \$1,197 million, where approximately 97 percent was attributed to Government sales. Aerospace had 3,737 direct employees and 645 indirect employees. Aerospace is located at 2310 El Segundo Boulevard in El Segundo, California and its CAGE code is 12782.

ABOUT THIS AUDIT

In accordance with Code of Federal Regulations, Title 2, Part 200 (2 CFR 200), the Defense Contract Audit Agency (DCAA) and Deloitte & Touché LLP (D&T) performed a coordinated audit of the Aerospace's R&D Federal Cluster. DCAA's audit responsibility included testing Aerospace's compliance with the following compliance requirements included in the 2022 2 CFR 200, Appendix XI, Compliance Supplement: (A) Activities allowed or unallowed, (B) Allowable cost/cost principles, (C) Cash management, and (N) Special tests and provisions. Our work included auditing Aerospace's proposed direct and indirect amounts for reimbursement on Federal awards contained in its fiscal year (FY) 2022 final indirect cost proposal initially submitted on March 30, 2023. A revised FY 2022 final indirect cost proposal was submitted on December 6, 2023. The contractor made the following adjustments to fringe pool (1) decrease of AERP of \$4,197,961 due to reflect CAS required contribution and (2) increase in expense of \$764,035 for a late payment to Kaiser for services rendered in FY 2022. Because fringe is an intermediate pool it impacted the indirect expense rates which decreased by less than one percent. In addition, we tested Aerospace's internal control structure with respect to the four compliance requirements listed above as they relate to the R&D Cluster. Our audit of the R&D Cluster did not include Federal awards, listed as U.S. Government with CFDA number 99, included in the Schedule of Expenditures of Federal Awards (SEFA) because we do not have audit cognizance over those Federal Awards. The amount of these awards was not significant to the total awards and did not impact our audit opinion. Additionally, we performed this audit as part of our coordination with Ms. Van Choat, Directorate of Contracting – Specialized, at Air Force Space Systems Command in El Segundo, California, and Aerospace.

WHAT WE FOUND

Aerospace complied with the compliance requirements included in the 2022 2 CFR 200, Appendix XI, Compliance Supplement: (A) Activities allowed or unallowed, (B) Allowable cost/cost principles, (C) Cash management, and (N) Special tests and provisions applicable to the Federal awards that we audited under the R&D Federal program for the year ended September 30, 2022. Aerospace's proposed amounts comply with the terms of Federal awards pertaining to accumulating incurred amounts.

REPORT ON COMPLIANCE FOR R&D PROGRAM REQUIRED BY THE UNIFORM GUIDANCE (2 CFR PART 200)

We have audited Aerospace's compliance with the compliance requirements described in the 2022 2 CFR 200, Appendix XI, Compliance Supplement that could have a direct and material effect on Aerospace's R&D Cluster for the year ended September 30, 2022. Aerospace's Federal programs are identified in the Schedule of Findings and Questioned Costs summary of auditor's results section at Exhibit C

We have audited Aerospace's compliance with four of the compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the R&D Cluster audited for year ended September 30, 2022. The compliance requirements audited by DCAA are as follows:

- Requirement A (Activities Allowed or Unallowed),
- Requirement B (Allowable Costs/Cost Principles),
- Requirement C (Cash Management), and
- Requirement N (Special Tests & Provisions).

Aerospace's independent public accounting firm, D&T, is responsible for reviewing compliance with requirements: F - Equipment and Real Property Management, H - Period of Performance, I - Procurement and Suspension and Debarment, and M - Subrecipient Monitoring for all Federal awards and with following requirements for the R&D Cluster.

We also audited Aerospace's proposed direct and indirect amounts for reimbursement on Federal awards contained in its FY 2022 final indirect cost proposal submitted on December 6, 2023. Our audit of the R&D Cluster did not include Federal awards, listed as U.S. Government with CFDA number 99, included in the SEFA because we do not have audit cognizance over those Federal Awards. The amount of these awards was not significant to the total awards and did not impact our audit opinion.

Management's Responsibility

Aerospace's management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs, including the design, implementation, maintenance of internal control to prevent or detect and correct noncompliance due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Aerospace's R&D Cluster based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a R&D Cluster occurred and whether Aerospace's proposed amounts materially comply with the contract terms pertaining to accumulating costs. An audit includes examining, on a test basis, evidence about Aerospace's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. The nature, timing, extent of the procedures selected depend on our professional judgment, including an assessment of risks of material noncompliance, whether due to fraud or error, and involve examining evidence about the proposed amounts.

We believe that the evidence we obtained is sufficient and appropriate to ensure that our audit provides a reasonable basis for our audit opinion on compliance for the R&D Cluster and proposed amounts comply with the contract terms pertaining to accumulating costs. However, our audit does not provide a legal determination on Aerospace's compliance.

We are required to be independent and to meet our other ethical responsibilities in accordance with GAGAS.

Unqualified Opinion on Compliance for Research and Development Cluster

In our opinion, Aerospace complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its R&D Federal program and contract terms pertaining to accumulating incurred amounts for the year ended September 30, 2022.

The proposed/recommended direct and indirect costs for FY 2022 are included in Schedule of Cost by Federal Award, Appendix 3, page 17.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (2 CFR PART 200)

Management of Aerospace is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance we considered Aerospace's internal control over compliance with the types of requirements that could have a direct and material effect on its R&D Cluster to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the R&D Cluster and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Aerospace's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the R&D Cluster on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the R&D Cluster 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 for the R&D Cluster 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 Aerospace's internal control over compliance with the R&D Cluster was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Therefore, significant deficiencies or material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

AUDITOR'S COMMENTS ON AEROSPACE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior audit findings requiring follow-up audit procedures (Appendix 2, page 16).

EXIT CONFERENCE

We discussed the results of our examination with Mr. James Ford, Principal Director of Finance Planning, Analysis and Reporting, in an exit conference held on February 22, 2024.


We are available to discuss the results of audit and participate in negotiations at your convenience.

DCAA PERSONNEL

	<u>Telephone No.</u>
Primary contacts regarding this audit:	
Francisco Zavala, Auditor	(571) 448-4482
Romin Chang, Supervisory Auditor	(571) 448-6590
Other contacts regarding this audit report:	
Charity Quan, Regional Audit Manager	(571) 448-3534
Rory D. Robinson, Branch Manager	(571) 448-4232
Reginald Coleman, Financial Liaison Advisor	(310) 653-1566
Christopher Miller, Financial Liaison Advisor	(571) 448-4170
	<u>E-mail Address</u>
Los Angeles Branch Office	dcaa.belvoir.hq.mbx.dcaa-fao4181@mail.mil
Reginald Coleman, Financial Liaison Advisor	reginald.r.coleman6.civ@mail.mil
Christopher Miller, Financial Liaison Advisor	dcaa-oal_nondod@groups.mail.mil

General information on audit matters is available at <http://www.dcaa.mil/>.

AUDIT REPORT AUTHORIZED BY:


Digitally signed by
ROBISON.RORY.D.123
1937761
Date: 2024.02.28
06:28:08 -08'00'

RORY D. ROBISON
Branch Manager
DCAA Western Region

AUDIT REPORT DISTRIBUTION

	<u>E-mail Address</u>
Directorate of Contracting Enterprise Sourcing Division SSC/AC PKA Attention: Van Choat Space Force Space Systems Command 483 N. Aviation Boulevard El Segundo, CA 90245-2808	van.choat@spaceforce.mil
Contract Specialist Enterprise Sourcing Division SSC/AC PKA Attention: Lisa M. Prosser Space Force Space Systems Command 483 N. Aviation Boulevard El Segundo, CA 90245-2808	lisa.prosser@spaceforce.mil
National Aeronautics and Space Administration Code HC Washington, DC 20546-0001	HQ-DL-OP-NASA-Contract-Audit@mail.nasa.gov
National Nuclear Security Administration Attention: Larry Veltman, Contracting Officer USDOE/NNSA Albuquerque Complex 24600 20th Street SE Kirtland AFB, NM 87117-5507	Larry.Veltman@nnsa.doe.gov
Defense Contract Audit Agency Attention: Christopher Miller, Financial Liaison Advisor Non-DoD - Fort Belvoir, VA Fort Belvoir, VA 22060-6219	dcaa-oal_nondod@groups.mail.mil
Defense Contract Audit Agency Air Force Space Systems Command Attention: Reginald Coleman, Financial Liaison Advisor 483 N. Aviation Boulevard, Bldg. 270, Room A4-239 El Segundo, CA 90245-2808	reginald.r.coleman6.civ@mail.mil

The Aerospace Corporation
Attention: James Ford, Principal Director, Finance
Planning, Analysis & Reporting and Ivo Georgiev,
Principal Director of Internal Audits
2310 El Segundo Blvd
El Segundo, CA 90245

James.W.Ford@aero.org
Ivo.Georgiev@aero.org

Restrictions

1. The CUI (Controlled Unclassified Information) marking placed on this audit report is not a security marking. It is a marking required for unclassified information that requires safeguarding and dissemination controls pursuant to law, regulation, or Government-wide policy in accordance with Part 2002 of Title 32, CFR. The contents of this audit report are intended for persons whose official duties require access in accordance with Department of Defense (DoD) Instruction 5200.48, Controlled Unclassified Information, effective March 6, 2020. The audit report and supporting documentation may contain information exempt from mandatory disclosure under the Freedom of Information Act. Exemption 4, of the Freedom of Information Act, which addresses proprietary information, may apply.

It is not practical to identify, during the conduct of the audit, all elements of the data that are proprietary. Proprietary determinations should be made considering the access to Uniform Guidance Audit Reports granted to the public. Unauthorized disclosure of proprietary information could violate Title 18 United States Code (U.S.C.) 93 §1905 and the violator could be subject to penalties such as fines, imprisonment, and/or removal from office or employment.

2. The Defense Contract Audit Agency has no objection to the auditee releasing this report, at their discretion for public inspection. DCAA also has no objection to the auditee excluding Attachments of this report from the filing with the Federal Clearinghouse due to the proprietary nature of the information included in an appendix.
3. This report is intended solely for the information and use by Federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

SUMMARY OF RESULTS – INDIRECT RATES
The Aerospace Corporation
Fiscal Year Ended September 30, 2022

Summary of Proposed and Recommended Indirect Expense Pools,
Allocation Bases*, and Rates

*Refer to Exhibit B, page 12, for Government Participation in Allocation Bases.

SUMMARY OF RESULTS – INDIRECT RATES

The Aerospace Corporation

Fiscal Year Ended September 30, 2022

Summary of Proposed and Recommended Indirect Rates by Contract Type/Site

Summary of Proposed/Recommended COM Factors by Contract

**GOVERNMENT PARTICIPATION IN ALLOCATION BASES
The Aerospace Corporation
Fiscal Year Ended September 30, 2022**

Government Participation in Allocation Bases

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
The Aerospace Corporation
Fiscal Year Ended September 30, 2022

SECTION I: -- SUMMARY OF AUDITOR’S RESULTS:

A. Financial Statements:

Information pertaining to the financial statements and the report on the Schedule of Expenditures of Federal Awards required by the Uniform Guidance are included in the independent public accountant’s audit report.

B. Federal Awards:

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

Type of Audit Opinion	Research and Development Cluster
Unqualified	X
Qualified	
Adverse	
Disclaimer	

Internal control over major programs:

	Yes	None Reported
Material weaknesses were identified.		X
Significant deficiencies identified not considered to be material weaknesses.		X

Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

Yes	
No	X

Identification of Major Programs:

CFDA Number	Federal Program
Various	Research and Development – Cluster

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

\$3,587,151

Auditee classified as a low-risk under 2 CFR 200 Subpart F:

Yes	
No	X

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
The Aerospace Corporation
Fiscal Year Ended September 30, 2022**

SECTION II: -- FINDINGS RELATED TO FINANCIAL STATEMENTS:

Information pertaining to the financial statements can be found in the independent public accountant's audit report.

SECTION III: FINDINGS RELATED TO FEDERAL AWARDS:

Summary of Proposed/Recommended Indirect Expense and Rates
October 1, 2021 through September 30, 2022

Certificate of Final Indirect Costs
2 CFR 200, Appendix IV, Section D

The Aerospace Corporation
Fiscal Year Ended September 30, 2022



The Aerospace Corporation
2310 E. El Segundo Blvd.
El Segundo, CA 90245-4609
310.336.5000

MAILING ADDRESS
P.O. Box 92957
Los Angeles, CA 90009-2957
www.aerospace.org

Revised 12/06/2023


Certificate of Final Indirect Costs
Fiscal Year Ended 9/30/2022

This is to certify that I have reviewed this proposal to establish final indirect cost rates and to the best of my knowledge and belief:

1. All costs included in this proposal, The Aerospace Corporation Overhead Claim for Fiscal Year Ended September 30, 2022, to establish final indirect cost rates for fiscal year October 1, 2021, through September 30, 2022, are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply; and
2. This proposal does not include any costs that are expressly unallowable under applicable cost principles of the FAR or its supplements.

The Aerospace Corporation

Firm


Signature

Edward M. Swallow
Name of Certifying Official

Senior Vice President, Chief Operating Officer, CFO & Treasurer
Title

12/06/2023
Date of Execution

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
The Aerospace Corporation
Fiscal Year Ended September 30, 2022



Summary of Prior Audit Findings
 In accordance with OMB Circular A-133 and Uniform Guidance at 2 CFR Part 200
 DCCA Audit Report No. 4181-2021T10110001
 FY21

Type of Compliance Requirements	Reported Deficiency	Reference Number	Auditee Comments
<p>Internal Controls over Compliance. DFARS 242.7501</p>	<p>As referenced in DCAA Audit Report Numbers above, there were NO deficiencies identified for the year ending September 30, 2021.</p> <p>Aerospace complied with the types of compliance requirements that are applicable to the Federal awards audited.</p> <p>Aerospace proposed amounts comply with the terms of Federal awards pertaining to accumulating and billing incurred amounts.</p>		<p>Aerospace agrees with the audited results disclosed by DCAA for FY21.</p>

**SCHEDULE OF COST BY FEDERAL AWARD
The Aerospace Corporation
Fiscal Year Ended September 30, 2022**

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
<u>DoD Contracts</u>						
FA8802-19-C-0001	various					\$ 1,010,049,222
0965 G XA196	5B8100					45,876
1990695-436668	5D1600					30,154
1990728-443150	5E7600					7,461
2022-1681	5F4700					4,561
5109841-1	5C6400					112,567
Total DoD						\$ 1,010,249,841
<u>NASA Contracts</u>						
135557	726800					\$ 416
1582471	594100					6,569
1582471	5A6400					2,797
1582471	5B9000					2,936,836
1582471	5F1300					266,070
1582471	5C9100					247,197
1582471	5E5000					191,260
1582471	5F4900					88,486
1582471	592300					86,986
1582471	5F7600					12,061
1582471	5D8000					5,957
2000012337	5E0000					66,751
11-106	568500					159,485
17-002	726700					261
2036-204-2012543	5A1300					56,228
22-0112 REV	5F6400					114,105
792084N/E99017JD	574200					395,595
80GSFC19D0011	5A8000					6,225,044
80GSFC19D0011	5B1100					5,102,489
80GSFC19D0011	5A8400					2,670,619
80GSFC19D0011	5B1600					3,256,894
80GSFC19D0011	5D0200					2,341,898
80GSFC19D0011	5E7000					2,528,636
80GSFC19D0011	5D0300					2,242,777
80GSFC19D0011	5A9600					2,639,402
80GSFC19D0011	5B1800					2,301,353
80GSFC19D0011	5D4000					2,427,751
80GSFC19D0011	5D2400					1,790,204
80GSFC19D0011	5C9500					1,517,434
80GSFC19D0011	5A8500					1,643,022

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
80GSFC19D0011	5C9400					1,408,258
80GSFC19D0011	5C9800					1,402,626
80GSFC19D0011	5D3000					1,167,048
80GSFC19D0011	5B0900					1,085,481
80GSFC19D0011	5A8600					1,074,086
80GSFC19D0011	5D2300					861,659
80GSFC19D0011	5D3100					875,065
80GSFC19D0011	5D7500					800,292
80GSFC19D0011	5A8200					792,287
80GSFC19D0011	5D0600					703,369
80GSFC19D0011	5E0600					812,763
80GSFC19D0011	5B6700					710,057
80GSFC19D0011	5C2500					662,609
80GSFC19D0011	5E9400					838,558
80GSFC19D0011	5F3300					809,017
80GSFC19D0011	5C9900					560,864
80GSFC19D0011	5E9300					788,147
80GSFC19D0011	5D6300					682,379
80GSFC19D0011	5D5100					644,586
80GSFC19D0011	5B1700					631,189
80GSFC19D0011	5E8400					503,513
80GSFC19D0011	5B0200					490,078
80GSFC19D0011	5F5700					644,614
80GSFC19D0011	5B0800					662,820
80GSFC19D0011	5A9400					565,902
80GSFC19D0011	5D3600					548,861
80GSFC19D0011	5F0800					408,941
80GSFC19D0011	5E2100					411,931
80GSFC19D0011	5B0000					399,526
80GSFC19D0011	5B8800					497,606
80GSFC19D0011	5D6100					486,672
80GSFC19D0011	5B4000					485,897
80GSFC19D0011	5E1700					446,277
80GSFC19D0011	5D0900					361,474
80GSFC19D0011	5C9000					314,899
80GSFC19D0011	5C4100					300,133
80GSFC19D0011	5E5600					321,071
80GSFC19D0011	5B9100					326,241
80GSFC19D0011	5E6200					285,009
80GSFC19D0011	5A9900					379,831
80GSFC19D0011	5C7200					282,802
80GSFC19D0011	5A8300					266,639
80GSFC19D0011	5D0800					267,659

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
80GSFC19D0011	5E6800					260,603
80GSFC19D0011	5E9000					258,485
80GSFC19D0011	5F4500					351,580
80GSFC19D0011	5D0000					248,034
80GSFC19D0011	5C5100					312,201
80GSFC19D0011	5D3700					248,337
80GSFC19D0011	5D9300					243,766
80GSFC19D0011	5E7200					248,004
80GSFC19D0011	5A9500					327,462
80GSFC19D0011	5F2100					227,914
80GSFC19D0011	5B1000					318,449
80GSFC19D0011	5A9000					244,997
80GSFC19D0011	5F1400					217,756
80GSFC19D0011	5B0300					230,096
80GSFC19D0011	5B0700					302,907
80GSFC19D0011	5E5900					284,601
80GSFC19D0011	5A9300					328,197
80GSFC19D0011	5D8800					206,470
80GSFC19D0011	5B0100					195,418
80GSFC19D0011	5E6400					274,935
80GSFC19D0011	5D0700					177,192
80GSFC19D0011	5E2000					176,744
80GSFC19D0011	5D9200					221,400
80GSFC19D0011	5F2800					235,802
80GSFC19D0011	5A9100					238,643
80GSFC19D0011	5C7400					229,984
80GSFC19D0011	5D4100					226,466
80GSFC19D0011	5E6500					155,917
80GSFC19D0011	5D9900					188,841
80GSFC19D0011	5F5000					131,968
80GSFC19D0011	5C8500					175,655
80GSFC19D0011	5F1000					175,616
80GSFC19D0011	5F1500					161,916
80GSFC19D0011	5F5100					159,320
80GSFC19D0011	5E1900					159,338
80GSFC19D0011	5E6300					155,814
80GSFC19D0011	5E7500					664,229
80GSFC19D0011	5E7100					120,379
80GSFC19D0011	5D8100					144,158
80GSFC19D0011	5F3500					101,401
80GSFC19D0011	5F6100					107,961
80GSFC19D0011	5D2900					139,159
80GSFC19D0011	5B4600					100,373

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
80GSFC19D0011	5C2800					118,476
80GSFC19D0011	5D5700					90,005
80GSFC19D0011	5E5800					143,190
80GSFC19D0011	5C2300					95,953
80GSFC19D0011	5D0500					86,762
80GSFC19D0011	5E5700					85,779
80GSFC19D0011	5E4300					120,537
80GSFC19D0011	5D0400					86,551
80GSFC19D0011	5D9000					123,251
80GSFC19D0011	5D7100					85,504
80GSFC19D0011	5F1700					101,766
80GSFC19D0011	5F1200					108,221
80GSFC19D0011	5E3600					130,654
80GSFC19D0011	5C6100					98,646
80GSFC19D0011	5B1200					440,238
80GSFC19D0011	5D7900					95,785
80GSFC19D0011	5D1700					98,320
80GSFC19D0011	5D6000					89,683
80GSFC19D0011	5D1800					77,975
80GSFC19D0011	5E8800					87,846
80GSFC19D0011	5C1300					63,097
80GSFC19D0011	5B1900					83,269
80GSFC19D0011	5E4000					79,682
80GSFC19D0011	5F2200					55,548
80GSFC19D0011	5E0800					69,461
80GSFC19D0011	5C5600					53,451
80GSFC19D0011	5E2600					62,490
80GSFC19D0011	5E3300					55,082
80GSFC19D0011	5A9800					60,349
80GSFC19D0011	5C6000					46,322
80GSFC19D0011	5F7200					56,585
80GSFC19D0011	5C1900					65,728
80GSFC19D0011	5F2600					58,158
80GSFC19D0011	5D4300					56,407
80GSFC19D0011	5F6800					109,270
80GSFC19D0011	5E4600					49,292
80GSFC19D0011	5F2700					34,967
80GSFC19D0011	5F6300					47,119
80GSFC19D0011	5C8100					36,437
80GSFC19D0011	5B2600					43,541
80GSFC19D0011	5D5000					40,642
80GSFC19D0011	5D9700					42,531
80GSFC19D0011	5D0100					39,554

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
80GSFC19D0011	5E8000					27,608
80GSFC19D0011	5D3300					37,335
80GSFC19D0011	5F5400					36,512
80GSFC19D0011	5E0500					35,344
80GSFC19D0011	5C6500					25,319
80GSFC19D0011	5E2300					35,107
80GSFC19D0011	5E1300					33,616
80GSFC19D0011	5B9900					106,557
80GSFC19D0011	5F3600					33,240
80GSFC19D0011	5F1800					32,705
80GSFC19D0011	5B4800					30,895
80GSFC19D0011	5F2000					28,978
80GSFC19D0011	5D9100					29,169
80GSFC19D0011	5D1900					26,343
80GSFC19D0011	5D3500					26,144
80GSFC19D0011	5E9900					25,060
80GSFC19D0011	5F3000					23,111
80GSFC19D0011	5F6900					24,388
80GSFC19D0011	5D8300					20,309
80GSFC19D0011	5B3800					20,166
80GSFC19D0011	5E1200					18,565
80GSFC19D0011	5E0300					19,702
80GSFC19D0011	5E0400					19,181
80GSFC19D0011	5E8100					16,522
80GSFC19D0011	5D2200					265,274
80GSFC19D0011	5C6200					12,607
80GSFC19D0011	5B0500					12,062
80GSFC19D0011	5D9400					11,117
80GSFC19D0011	5E1800					11,014
80GSFC19D0011	5E8900					10,047
80GSFC19D0011	5C3600					7,754
80GSFC19D0011	5E2800					10,283
80GSFC19D0011	5E0200					9,898
80GSFC19D0011	5F3700					8,917
80GSFC19D0011	5D8600					7,214
80GSFC19D0011	5F4400					37,129
80GSFC19D0011	5B2000					5,381
80GSFC19D0011	5A9700					4,109
80GSFC19D0011	5E6600					94,650
80GSFC19D0011	5D7700					4,270
80GSFC19D0011	5F1100					4,135
80GSFC19D0011	5E3100					3,365
80GSFC19D0011	5F7700					2,812
80GSFC19D0011	5F6600					3,501

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
80GSFC19D0011	5F7800					745
80GSFC19D0011	5D1100					170,973
80GSFC19D0011	5E2200					358
80GSFC19D0011	5D8500					294
80GSFC19D0011	5A8700					255.46
80GSFC19D0011	5A7900					(1.12)
80GSFC19D0011	5A8100					(0.76)
80GSFC19D0011	5A8800					(0.29)
80GSFC19D0011	5A8900					(0.66)
80GSFC19D0011	5A9200					(0.44)
80GSFC19D0011	5B0400					(0.09)
80GSFC19D0011	5B0600					(0.24)
80GSFC19D0011	5B5300					(0.76)
80GSFC19D0011	5B5400					(1.73)
80GSFC19D0011	5B5500					(1.43)
80GSFC19D0011	5B5600					(0.77)
80GSFC19D0011	5B5700					(0.26)
80GSFC19D0011	5B5800					(0.03)
80GSFC19D0011	5B5900					(2.10)
80GSFC19D0011	5B6000					(0.18)
80GSFC19D0011	5B6100					(2.23)
80GSFC19D0011	5B6200					(0.11)
80GSFC19D0011	5B6500					(0.04)
80GSFC19D0011	5B7700					(0.12)
80GSFC19D0011	5B8200					(0.48)
80GSFC19D0011	5C0400					(0.06)
80GSFC19D0011	5C0800					-
80GSFC19D0011	5C1600					(0.22)
80GSFC19D0011	5C2000					(0.18)
80GSFC19D0011	5C2100					-
80GSFC19D0011	5C2900					-
80GSFC19D0011	5C3200					(0.48)
80GSFC19D0011	5C3300					(0.08)
80GSFC19D0011	5C3400					(0.39)
80GSFC19D0011	5C4700					(0.14)
80GSFC19D0011	5C5200					(2.12)
80GSFC19D0011	5C5700					(0.05)
80GSFC19D0011	5C6700					(0.05)
80GSFC19D0011	5C6800					(0.41)
80GSFC19D0011	5C7100					(0.57)
80GSFC19D0011	5C7900					-
80GSFC19D0011	5D1000					(0.59)
80GSFC19D0011	5D1400					(0.06)

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
80GSFC19D0011	5D5500					(0.19)
80GSFC19D0011	5D5800					(0.03)
80GSFC19D0011	5E1000					258
80NSCC22K0768	5F5600					51,366
80NSSC17K0044	591700					156,926
80NSSC17K0551	592900					24,394
80NSSC18K0309	596100					91,688
80NSSC18K0801	597500					17,888
80NSSC18K0973	598000					173,857
80NSSC18K1050	598600					6,819
80NSSC18K1239	599100					263,646
80NSSC18K1365	599500					148,066
80NSSC18K1378	599200					47,758
80NSSC19K0235	5A1600					124,547
80NSSC19K1268	5A2100					-
80NSSC19K1578	5A7800					71,492
80NSSC20K0550	5C4500					28,214
80NSSC20K0725	5C2200					117,023
80NSSC20K1790	5C9700					44,755
80NSSC21K0682	5E2400					128,765
80NSSC21K0689	5E3200					58,805
80NSSC21K0954	5F2900					45,458
80NSSC21K1552	5E4900					92,953
80NSSC22K0093	5E8300					162,202
L0061	5C2400					54,362
L0098	5C6900					11,798
L0152	5E6700					83,489
N/A	5E9800					257,048
NA	5F8500					1,080
NNG11VH00B	704400					140
NNX17AB73G	588000					86
NNX17AJ54G	589300					2
P.O. 0000549408	5E9500					81,468
P99077JA	5F0900					520,162
S03228-01	5F4200					999
SUB00002118	5C2700					14,109
Total NASA						\$ 85,957,574
Department of Energy (DoE) Contracts						
89233120CNA000134	5F0600					\$ 9,524,261
89233120CNA000134	5F0200					7,089,990
89233120CNA000134	5D4400					2,048,922
89233120CNA000134	5D4800					1,874,706

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
89233120CNA000134	5F0300					13,744
89233120CNA000134	5D4600					8,157
89233120CNA000134	5D4500					32,103
89233120CNA000134	5D4900					22,388
89233120CNA000134	5F0400					246,697
89233120CNA000134	5F0700					301,042
230980	5E2900					395,081
Total DoE						\$ 21,557,089
<u>Other Contracts</u>						
2225405	5F7000				\$	10,325
126039722	5C1000					10,277
1332KP21CNAAA0004	5D8900					121,887
1332KP22DNEEG0002	5F8300					54,682
1332KP22DNEEG0002	5F8100					51,581
1332KP22DNEEG0002	5F8200					5,887
140F0622P0099	5F3900					22,279
140G0121C0001	5E5300					1,945,275
140G0121C0001	5D32000					480,338
140G0121C0002	5E8600					352,752
140G0121C0002	5D3800					60,397
19AQMM21C0023	5E4100					383,163
22-PHYS-200851-AEROSPA	5F1900					54,401
693KA9-20-T-00004	5C9300					1,160,950
693KA9-20-T-00004	5F3200					313,450
693KA9-20-T-00004	5E6100					153,203
693KA9-20-T-00004	5F4600					42,767
693KA9-20-T-00004	5E5400					60,865
693KA9-20-T-00004	5F4100					37,958
693KA9-20-T-00004	5E6000					25,082
AGS1602862	591500					33,047
AGS-1848730	5A7200					85,548
AGS1911952	5A7400					34,340
G16PC00011	718800					-
L0051	5C0600					14,237
P21-004501-R2	5F3100					194,912
SP-133E-17-CQ-0020	5C3100					2,081,843
SP-133E-17-CQ-0020	5D8200					1,137,703
SP-133E-17-CQ-0020	5C3000					1,059,498
SP-133E-17-CQ-0020	5F3400					1,216,394
SP-133E-17-CQ-0020	586600					821,410
SP-133E-17-CQ-0020	5D9500					875,969
SP-133E-17-CQ-0020	5E4700					1,030,588
SP-133E-17-CQ-0020	5D5600					639,592

Contract Number	Job Order	Direct Labor	ODC	Indirect Costs	Cost of Money	Total**
SP-133E-17-CQ-0020	5E1500					524,406
SP-133E-17-CQ-0020	5F5500					307,710
SP-133E-17-CQ-0020	586500					103,118
SP-133E-17-CQ-0020	5E0700					102,582
SP-133E-17-CQ-0020	5F3800					51,629
SP-133E-17-CQ-0020	5E1100					11,218
SP-133E-17-CQ-0020	585800					6,449
TOA000276	5E3400					5,702
Total Other Contracts						\$ 15,685,416
Federal Awards not Subject to SEFA						
<u>DoD Contracts</u>						
S7161-01	5C4600				\$	6,928
S7222-01	5E7400					37,671
T2019-2979	5B8000					9,088
TSA-003740	5D5900					90,710
Total DoD						\$ 144,398
<u>Other Contracts</u>						
3508-NAS-2T	5A1800				\$	82,658
SHA-189	5C6300					41,794
TSAP21-004814-R1	5E7800					15,182
PO FH210740	5E4400					48,404
P21-004650	5E8500					10,329
1094	5F0100					18,650
Total Other Contracts						\$ 217,017
* Indirect costs are included for T&M with fully burdened labor costs						
** Total amounts include rounding						