

The Charles Stark Draper Laboratory, Inc.

**Report on Federal Awards in Accordance with the
Uniform Guidance**

E.I.N. #042505372

July 1, 2022

The Charles Stark Draper Laboratory, Inc.
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July 1, 2022

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Report of Independent Auditors

To the Board of Directors of The Charles Stark Draper Laboratory, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Charles Stark Draper Laboratory, Inc. ("Draper"), which comprise the statements of financial position as of July 1, 2022 and June 25, 2021, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Draper as of July 1, 2022 and June 25, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Draper's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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



there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Draper'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 Draper's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended July 1, 2022 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the 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 fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 on our consideration of Draper's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended July 1, 2022. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Draper's internal control over financial reporting and compliance.

PriceWaterhouseCoopers LLP

Boston, Massachusetts
September 23, 2022

The Charles Stark Draper Laboratory, Inc.
Statements of Financial Position
July 1, 2022 and June 25, 2021

Assets	2022	2021
Current assets		
Cash and cash equivalents	\$ 115,571,681	\$ 66,026,485
Accounts receivable, net of allowance of \$2,137,277 and \$2,543,616 in 2022 and 2021, respectively	48,286,340	41,430,854
Unbilled contract costs and fees, net of allowance of \$4,854,193 and \$4,315,103 in 2022 and 2021, respectively	70,764,681	100,199,089
Other current assets	17,583,607	18,301,877
Total current assets	252,206,309	225,958,305
Long-term investments	174,697,447	202,759,532
Notes receivable	-	275,624
Capital leases	491,482	946,572
Deferred charges and other assets	1,143,411	-
Deferred financing costs, net	22,476	61,008
Prepaid pension benefits	23,571,121	25,105,504
Property and equipment, net	223,571,348	228,474,568
Total assets	<u>\$675,703,594</u>	<u>\$683,581,113</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued contract costs	\$ 56,905,958	\$ 53,097,675
Accrued compensation and related expenses	31,828,644	44,105,589
Current portion of notes payable	2,177,471	2,140,678
Current portion of bonds payable	3,065,000	2,990,000
Other accrued expenses	3,227,546	3,054,829
Total current liabilities	97,204,619	105,388,771
Accrued post-retirement benefits	4,839,948	10,489,465
Notes payable, long-term	5,965,052	8,150,116
Bonds payable, net of deferred financing costs	92,980,338	95,997,770
Deferred revenue and other long-term liabilities	43,305,736	39,148,659
Total liabilities	244,295,693	259,174,781
Net assets without donor restrictions	431,407,901	424,406,332
Total liabilities and net assets	<u>\$675,703,594</u>	<u>\$683,581,113</u>

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

The Charles Stark Draper Laboratory, Inc.
Statements of Activities
July 1, 2022 and June 25, 2021

Operating revenues	2022	2021
Gross revenue	\$ 653,364,541	\$ 721,951,532
Other income	4,782,286	2,138,355
Total operating revenues	<u>658,146,827</u>	<u>724,089,887</u>
Operating expenses		
Direct costs		
Subcontracts	171,010,373	213,796,305
Salaries and wages	139,225,674	149,679,023
Employee benefits	69,266,171	70,615,442
Materials, services, and rentals	38,707,513	40,302,639
Other, principally travel and equipment	48,724,001	53,365,730
Total direct costs	<u>466,933,732</u>	<u>527,759,139</u>
Indirect costs		
Salaries and wages	73,243,841	71,971,710
Employee benefits and vacations	32,906,623	29,817,943
Materials, services, and rentals	14,725,488	15,175,160
Depreciation and amortization	29,683,303	29,797,111
Facilities, communications, unallowables, and other	31,132,107	30,240,705
Total indirect costs	<u>181,691,362</u>	<u>177,002,629</u>
Total operating expenses	<u>648,625,094</u>	<u>704,761,768</u>
Increase in net assets without donor restrictions from operations	<u>9,521,733</u>	<u>19,328,119</u>
Non-operating gains (losses)		
Interest expense and fees	(4,226,463)	(4,397,900)
Investment return (net of investment costs)	(24,573,719)	43,918,452
Other non-operating income, net	21,759,858	941,766
Other components of net period benefit costs	14,117,206	11,914,420
Other changes in pension and post-retirement benefits	(9,597,046)	38,953,543
Total non-operating gains (losses), net	<u>(2,520,164)</u>	<u>91,330,281</u>
Increase in net assets without donor restrictions	7,001,569	110,658,400
Net assets without donor restrictions, beginning of year	424,406,332	313,747,932
Net assets without donor restrictions, end of year	<u>\$ 431,407,901</u>	<u>\$ 424,406,332</u>

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

The Charles Stark Draper Laboratory, Inc.
Statements of Cash Flows
July 1, 2022 and June 25, 2021

Cash flows from operating activities	2022	2021
Increase in net assets without donor restrictions	\$ 7,001,569	\$ 110,658,400
Adjustments to reconcile change in net assets without donor restrictions to net cash used by operating activities		
Depreciation and amortization	29,683,303	29,797,111
Realized and net change in unrealized gains on long-term investments	28,235,327	(44,248,977)
Other changes in pension and post-retirement benefits	9,597,046	(38,953,543)
Loss on disposal of property and equipment	-	9,986
Other non-cash adjustments	52,687	52,687
Changes in operating assets and liabilities		
Accounts receivable	(6,855,486)	259,660
Long-term accounts receivable	-	8,408,493
Capital leases	455,089	211,158
Prepaid pension benefits	1,534,383	(6,549,114)
Unbilled contract costs and fees	29,434,408	(7,829,105)
Other current assets	718,269	(4,033,975)
Deferred charges and other assets	(1,189,332)	475,633
Accounts payable and accrued contract costs	4,145,272	(12,268,054)
Accrued compensation and related expenses	(27,497,385)	990,213
Deferred revenue	4,298,798	4,577,598
Other accrued expenses	(2,343,401)	477,019
Net cash provided by operating activities	<u>77,270,547</u>	<u>42,035,190</u>
Cash flows from investing activities		
Additions to property and equipment	(22,605,359)	(16,153,670)
Timing differences on purchases and sales	1,867,251	(1,224,303)
Purchase of investment securities	(116,821,436)	(166,310,880)
Proceeds from sale of investment securities	<u>114,972,463</u>	<u>179,747,781</u>
Net cash used by investing activities	<u>(22,587,081)</u>	<u>(3,941,072)</u>
Cash flows from financing activities		
Repayment of debt	<u>(5,138,270)</u>	<u>(4,906,073)</u>
Net cash used by financing activities	<u>(5,138,270)</u>	<u>(4,906,073)</u>
Net increase in cash and cash equivalents	49,545,196	33,188,045
Cash and cash equivalents, beginning of year	<u>66,026,485</u>	<u>32,838,440</u>
Cash and cash equivalents, end of year	<u>\$ 115,571,681</u>	<u>\$ 66,026,485</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 4,216,274	\$ 4,441,233
Property and equipment in accounts payable and accrued contract costs	\$ 5,328,722	\$ 3,233,331

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

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

1. Background and Summary of Significant Accounting Policies

Corporate Organization and Purpose

The Charles Stark Draper Laboratory, Inc. (“Draper”) is a membership (nonstock), nonprofit Massachusetts Corporation. Draper engages in activities that contribute to the support and advancement of scientific research, technology and development, and in educational activities in the sciences and related subjects. Draper’s customers are primarily agencies of the U.S. government.

Draper intends to continue to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In the event of either liquidation or dissolution of Draper, its net assets would be distributed to one or more charitable tax-exempt organizations or governmental agencies.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

Fiscal Year

Draper’s fiscal year (“FY”) ends on the Friday closest to June 30th. The fiscal year may result in the last day of a fiscal year falling on a date other than on June 30th. Approximately every fifth year, Draper’s fiscal year will contain 53 weeks. There are 53 weeks in FY2022 and 52 weeks in FY2021.

Capitalized Software

Certain costs, as they relate to purchased hardware, software, and implementation activities have been capitalized in accordance with Accounting Standards Codification (“ASC”) 350-40, *Intangibles – Goodwill and Other – Internal-Use Software*.

Revenue Recognition

Revenue is presented under Accounting Standards Codification (“ASC”) Topic 606: Revenue from Contracts with Customers.

Draper delivers a majority of its services under long-term contracts with the U.S. government, and subcontracts with other contractors engaged in work for the U.S. government, that continue for longer than one year. Generally, Draper’s contracts with the U.S. government are subject to the Federal Acquisition Regulation (“FAR”), Defense Federal Acquisition Regulation Supplement (“DFARS”), Office of Management and Budget (“OMB”), and Cost Accounting Standards (“CAS”), which provide requirements and guidance on the structure of, and compliance with, contracts and types of costs that are allowable in establishing prices for the services provided under government contracts. Business with the U.S. government may be affected by changes in procurement policies, budget considerations, changing concepts of national defense, political developments abroad, and other factors.

Draper provides its services under variants of cost, fixed-price, and time-and-materials contract types. The nature of each contract and the services provided are evaluated when determining the accounting method utilized for each contract.

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

Revenue on the majority of Draper's contracts is recognized over time as it performs contractual performance obligations because of the continuous transfer of control to the customer. For U.S. government contracts, this continuous transfer of control to the customer is supported by contractual clauses that allow the customer to unilaterally terminate the contract for convenience, pay Draper for costs incurred plus a reasonable fee, and take control of any work in process. Similarly, for non-U.S. government contracts, the customer typically controls the work in process as evidenced by contractual termination clauses and by Draper's rights to payment for work performed to date plus a reasonable fee.

For performance obligations satisfied over time, Draper recognizes revenue on a percentage-of-completion basis using a cost input measure of progress. The percent complete is based on the ratio of costs incurred to total estimated costs at completion (i.e., cost-to-cost). Revenue is recognized this way if circumstances are such that total profit can be estimated with reasonable accuracy and ultimate realization is reasonably assured. Contract modifications, including changes to estimates of transaction price, typically change currently enforceable rights and obligations and are accounted for as a cumulative adjustment to revenue.

Some contracts contain milestone delivery dates with customer acceptance terms and clauses that allow the customer to unilaterally terminate the contract for convenience but exclude clauses to pay Draper for costs incurred plus a reasonable profit upon termination. For these contracts, Draper recognizes revenue at a point in time, that is, when the customer indicates its acceptance of the milestone delivery.

Draper recognized revenue of \$651,982,673 and \$721,127,215 over time and \$6,164,154 and \$2,962,672 at a point in time during FY2022 and FY2021, respectively.

Recognizing revenue on long-term contracts involves significant estimates and judgments. The transaction price is the estimated amount of consideration Draper expects to receive for performance under its contracts with customers. Contract terms may include variable consideration, such as award and incentive fees, or other provisions such as significant financing components that can either increase or decrease the transaction price. Variable amounts generally are determined upon achievement of certain performance metrics, program milestones, or cost targets and may be based upon customer discretion. Draper includes variable consideration in the transaction price used to calculate revenue only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

For contracts with multiple performance obligations, Draper allocates transaction prices to each performance obligation based on the relative standalone selling price of each distinct performance obligation within the contract. Because Draper typically provides customized services and solutions that are specific to a single customer's requirements, standalone selling price is most often estimated based on expected costs plus a reasonable profit margin.

Estimating costs at completion is complex due to the nature of the services being performed and the length of certain contracts. Contract costs generally include direct costs, such as labor, materials, supplies, subcontract costs, other direct costs, and indirect costs identifiable with or allocable to a specific contract. Contract costs incurred for flexibly priced U.S. government contracts, including indirect costs, are subject to audit and adjustment by government agencies.

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

Changes in estimates of revenues, cost of revenues, or profits related to performance obligations satisfied over time are recognized in operating income in the period in which such changes are made for the contract inception-to-date effect of the changes. In cases when total expected costs exceed total estimated revenues for a performance obligation, Draper recognizes the total estimated loss in the period when the loss is determined.

For cost-plus type contracts, costs are reimbursed and recognized as revenue as they are incurred. Contract fees are recognized in proportion to costs incurred as the contracts are performed or otherwise as specified in the contract.

For U.S. government cost-type contracts, the customer generally pays Draper for its actual costs incurred plus associated fee within a short period of time. For non-U.S. government contracts, Draper typically receives interim payments as work progresses, although for some contracts, Draper receives advance payments from customers that may exceed costs incurred. Amounts billed and due from customers are classified as accounts receivable on the statements of financial position. Draper classifies advance payments and billings in excess of revenue recognized as deferred revenue in the statements of financial position. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract. The portion of the payments that may be retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. Revenue recognized in excess of billings is classified as unbilled contract costs and fees, net of allowances in the statements of financial position.

Draper receives license and royalty payments in accordance with the terms of technology agreements. These payments are recorded as other income in the statements of activities.

Net Assets

The net assets of Draper primarily consist of the excess of operating revenues over operating expenses since commencement of operations, the changes in gains and losses on investments and other non-operating income. Draper does not have any net assets with donor restrictions.

Use of Accounting Estimates

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

Deferred Financing Costs

The costs of securing financing are capitalized and amortized on the straight-line method over the life of the associated indebtedness. This method approximates the expense that would have been recognized using the effective interest method.

Deferred Charges

The difference between rental revenue recognized on a straight-line basis and the cash collected is recorded in deferred charges and other assets. The difference between commissions expense recognized on a straight-line basis and the cash paid is recorded in deferred charges.

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

Property and Equipment

Equipment with a unit cost of more than \$5,000 and having a useful life of more than one year are capitalized. Depreciation of owned equipment is computed on the straight-line method using three to five-year lives. Leasehold improvements are amortized on the straight-line method over the shorter of the useful life of the assets or the lease term. Building costs are depreciated on the straight-line method over lives of thirty-nine to forty years. Generally, building improvements are depreciated over the remaining useful life of the building.

When assets are retired or otherwise disposed, the assets and related accumulated depreciation is cleared from the accounts and any resulting gain or loss is reflected in other non-operating income (loss), net in the statements of activities.

In addition to the equipment and buildings acquired by Draper and investments it makes in leasehold improvements meeting its capitalization policy, all of which are reflected in the accompanying statements of financial position, Draper also uses certain government furnished equipment for which it is accountable to the U.S. government. Government furnished equipment is not reflected in Draper's statements of financial position as it does not hold title to those assets.

Independent Research

Draper engages in independent research programs and expenses of such programs are charged to operations as incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on hand and highly liquid investments with maturities of three months or less when purchased. Draper maintains the majority of its cash and cash equivalents at two institutions.

Long-Term Investments

Investments with readily determinable fair values are based on quoted market prices. Insurance contracts utilize unobservable data points for fair market value. Draper utilizes net asset value ("NAV") as a practical expedient for estimates of fair value of its investments in private placements, including those within global equities, global fixed income, absolute return, real assets, and private capital. Realized gains and losses on investment securities are determined by the specific identification method. Dividends are recorded on the ex-dividend date and interest income is recorded on the accrual basis. Investment returns are reported net of related investment expenses.

Accounts Receivable

Generally, Draper's payment terms with its customers are between thirty and forty-five days. All receivables older than 150 days are fully reserved. Contracts that contain contractual arrangements that delay payment beyond one fiscal year and those delayed payments are classified as long-term accounts receivable.

Advertising

Draper engages in general advertising. Main components of advertising expense consist of communication costs such as airtime on television. These costs are expensed when advertising programs take place.

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

Recently Adopted Accounting Pronouncements

In August 2018, FASB issued ASU No. 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software or software licenses. The amendment is effective for FY2021, and Draper adopted the standard without a material impact on the financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this update increase comparability and transparency among organizations by recognizing most lease assets and liabilities on the balance sheet for leases lasting beyond one year and disclosing key information about leasing arrangements. ASU 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* deferred the effective date of the new lease standard to fiscal years beginning after December 15, 2021. Management is evaluating the impact that ASU 2016-02, as amended, may have on its financial statements and expects to adopt this in FY2023.

The Charles Stark Draper Laboratory, Inc.
Notes to Financial Statements
July 1, 2022 and June 25, 2021

2. Long-Term Investments

Draper's investment portfolio is managed by Agility, acting as Draper's outsourced chief investment officer. In this capacity, Agility invests with full discretion on Draper's behalf, adhering to the investment guidelines set forth in the investment policy statement approved by the Finance Committee of Draper's Board of Directors, ("BOD"). Draper's investments are presented at fair value in accordance with GAAP. Draper measures investment portfolio assets using the month-end date closest to Draper's fiscal year-end date. There were commitments to private capital of \$10,295,898 and \$6,457,742 as of June 30, 2022 and June 30, 2021, respectively, which are expected to be funded from the existing long-term investment assets.

Draper's long-term investment portfolio consists of the following as of July 1, 2022 and June 25, 2021:

	2022	2021
Investment securities		
Cash and money market mutual funds	\$ 3,136,046	\$ 4,495,747
Global equity	77,521,936	113,272,131
Global fixed income	31,610,754	26,877,521
Absolute return	32,049,820	27,179,454
Real assets	11,195,264	8,571,150
Private capital	16,309,162	16,179,071
Insurance contracts and other	661,268	694,474
Total investment securities at fair value	<u>\$ 172,484,250</u>	<u>\$ 197,269,548</u>
Other investments	<u>2,213,197</u>	<u>5,489,984</u>
Total investment securities at amortized cost	<u>\$ 2,213,197</u>	<u>\$ 5,489,984</u>
Total long-term investments	<u><u>\$ 174,697,447</u></u>	<u><u>\$ 202,759,532</u></u>

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

The following tables present information about the assets that are measured at fair value on a recurring basis as of July 1, 2022 and June 25, 2021 and indicate the fair value hierarchy of valuation techniques Draper utilized to determine such fair value:

	July 1, 2022	Level 1 Assets	Level 2 Assets	Level 3 Assets	NAV as Practical Expedient
Investment securities					
Cash and money market mutual funds	\$ 3,136,046	\$ 3,136,046	\$ -	\$ -	\$ -
Global equity funds	77,521,935	35,157,530	-	-	42,364,405
Global fixed income	31,610,753	17,530,294	-	-	14,080,459
Absolute return	32,049,820	-	-	-	32,049,820
Real assets	11,195,265	8,219,867	-	-	2,975,398
Private capital	16,309,162	-	-	-	16,309,162
Insurance contracts and other	661,269	-	403,294	257,975	-
	<u>\$ 172,484,250</u>	<u>\$ 64,043,737</u>	<u>\$ 403,294</u>	<u>\$ 257,975</u>	<u>\$ 107,779,244</u>

	June 25, 2021	Level 1 Assets	Level 2 Assets	Level 3 Assets	NAV as Practical Expedient
Investment securities					
Cash and money market mutual funds	\$ 4,495,747	\$ 4,495,747	\$ -	\$ -	\$ -
Global equity funds	113,272,131	34,622,220	-	-	78,649,911
Global fixed income	26,877,521	11,063,464	-	-	15,814,057
Absolute return	27,179,454	-	-	-	27,179,454
Real assets	8,571,150	4,222,102	-	-	4,349,048
Private capital	16,179,071	-	-	-	16,179,071
Insurance contracts and other	694,474	-	449,102	245,372	-
	<u>\$ 197,269,548</u>	<u>\$ 54,403,533</u>	<u>\$ 449,102</u>	<u>\$ 245,372</u>	<u>\$ 142,171,541</u>

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, the use of various valuation approaches, including market, income, and cost approaches, is permitted.

A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by Draper for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 – Valuations based upon observable inputs that reflect quoted prices in active markets for identical assets and liabilities. These include cash and money market funds, mutual funds, exchange traded funds, or public equities.

Level 2 – Valuations based upon: (i) quoted market prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; or (iii) other significant market-based inputs, which are observable, either directly or indirectly. These include variable annuities associated with the 457(b) deferred compensation plan.

Level 3 – Valuations based upon unobservable inputs that are significant to the overall fair value measurements. These include insurance contracts associated with the 457(b) deferred compensation plan.

Investments managed by external managers in fund structures that are not readily marketable are reported at fair value utilizing the most current information provided by the external manager, subject to assessments that the information is representative of fair value and in consideration of any factors deemed pertinent to the fair value measurement. These investments are shown in the NAV as Practical Expedient column.

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The below tables represent the redemption terms and restrictions on Draper's investments measured using NAV as a practical expedient as of July 1, 2022 and June 25, 2021, respectively.

Redemption Terms as of July 1, 2022

<u>Assets</u>	<u>Fair value</u>	<u>Redemption terms</u>	<u>Redemption restrictions</u>
Global equities	\$ 42,364,405	Monthly, quarterly, semi-annual, and annual liquidity depending on the fund	30-90 days notice depending on the fund; 25% gate on one fund
Global fixed income	14,080,459	Daily, bi-monthly, monthly, and quarterly liquidity depending on the fund	5-60 days notice depending on the fund
Absolute return	32,049,820	Monthly, quarterly, semi-annually, and annual liquidity depending on the fund. one position is illiquid	Redemption of between 8.33% and 100% with 45-100 days notice depending on the fund. 2-year hardlock once capital has been called on one position. 2-year soft lock on one position. 1-year soft lock on Class B shares on one position. illiquid position is 4-year investment period and 4-year harvest.
Real assets	2,975,398	Monthly	30 days notice
Private capital	16,309,162	Illiquid	Remaining life is unknown
	<u>\$107,779,244</u>		

Redemptions as of June 25, 2021

<u>Assets</u>	<u>Fair value</u>	<u>Redemption terms</u>	<u>Redemption restrictions</u>
Global equities	\$ 78,649,911	Monthly, quarterly, and semi-annual liquidity	3-90 days notice depending on the fund; 25% gate on one holding
Global fixed income	15,814,057	Daily, twice monthly, monthly, and quarterly liquidity depending on the fund	5-60 days notice depending on the fund
Absolute return	27,179,454	12.5% quarterly, 25% quarterly, 25% semi-annually, and annual liquidity depending on the fund	Redemption of between 12.5% and 100% with 45-100 days notice depending on the fund. 2-year hardlock once capital has been called on one position. 2-year hardlock expiring August 2021 on a second position.
Real assets	4,349,048	Monthly	30 days notice
Private capital	16,179,071	Illiquid	Remaining life is unknown
	<u>\$142,171,541</u>		

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3. Property and Equipment

Property and equipment is stated at cost. The following is a summary of property and equipment at cost, less accumulated depreciation, as of July 1, 2022 and June 25, 2021:

	<u>2022</u>	<u>2021</u>
Data processing equipment	\$ 72,266,629	\$ 69,068,421
Lab and other equipment	164,427,035	154,277,743
Building and leasehold improvements	189,986,483	189,838,822
Building	69,266,323	69,266,323
Land	32,495,864	32,495,864
Construction in progress	18,914,126	7,825,420
	<u>547,356,460</u>	<u>522,772,593</u>
Less: Accumulated depreciation	<u>323,785,112</u>	<u>294,298,025</u>
Property and equipment, net	<u>\$ 223,571,348</u>	<u>\$ 228,474,568</u>

Depreciation expense was \$29,603,970 and \$29,797,111 for FY2022 and FY2021, respectively, while amortization expense was \$132,021 and \$0 for FY2022 and FY2021, respectively. Draper capitalizes interest cost incurred during the period of construction of capital assets. Interest costs capitalized during FY2022 and FY2021 were \$51,268 and \$88,538, respectively.

Draper also maintains a 48% ownership in One Hampshire at Kendall Square Condominium (“Hill Building”). Rental income, including parking revenue, included within other non-operating income (loss), net in the statements of activities was \$5,726,524 and \$194,400 for FY2022 and FY2021, respectively. In addition, Draper incurred \$970,654 and \$801,894 for its share of common area maintenance costs for FY2022 and FY2021, respectively. GAAP requires lease income to be recognized on a straight-line basis, which differs from the timing of rental payments in certain of Draper’s lease agreements.

During FY2022, Draper exercised its right of first offer under the terms of the Master Deed of One Hampshire at Kendall Square Condominium, as subsequently modified, to arrange the sale of condominiums at One Hampshire Street between the other condominium owner and a third-party. Draper earned net proceeds related to this transaction which drove the year-over-year increase in other non-operating income (loss), net in the statement of activities.

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Minimum future rental payments from non-cancelable leases to be received as of July 1, 2022 are as follows:

<u>Fiscal Year</u>	<u>Total</u>
2023	\$ 6,163,448
2024	3,906,966
2025	-
2026	-
2027	-
Thereafter	-
	<u>\$ 10,070,414</u>

4. Capital Facilities Allowances and Non-reimbursed Expenses

Capital facilities allowance is an imputed cost related to the cost of Draper's capital committed to facilities used to support sponsored work. Capital facilities allowances of \$1,997,089 in FY2022 and \$1,613,207 in FY2021 are included in the statements of activities.

In FY2022 and FY2021, certain operating expenses were either subsidized by Draper or were not reimbursed under the terms of Draper's contracts with its various customers. The cost of total Draper funded projects was \$30,608,465 and \$3,551,122 for FY2022 and FY2021, respectively. In addition, total non-reimbursed operating expenses included in indirect costs were \$10,037,943 and \$16,803,821 for FY2022 and FY2021, respectively, and consist of unallowable personnel and administrative-related expenses.

5. Commitments and Contingencies

Draper leases office space, laboratory facilities and certain equipment. Such leases expire at various dates through FY2031, with options to extend for additional periods. The office space and laboratory facility lease payments are subject to escalation for increases in real estate taxes and operating expenses. Certain equipment is also rented on a short-term basis and charged to contracts. Total rent paid (exclusive of certain equipment rentals which are charged directly to contracts) was \$2,833,250 and \$3,639,520 in FY2022 and FY2021, respectively.

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Minimum annual rental commitments under such leases (subject to certain escalation provisions) as of July 1, 2022 are as follows:

<u>Fiscal Year</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 2,186,941	\$ 166,555	\$ 2,353,496
2024	1,570,619	166,555	1,737,174
2025	884,289	55,518	939,807
2026	498,960	-	498,960
2027	498,960	-	498,960
Thereafter	1,912,680	-	1,912,680
	<u>\$ 7,552,449</u>	<u>\$ 388,628</u>	<u>\$ 7,941,077</u>

Most payments to Draper for work performed on contracts with agencies of the U.S. government are provisional and subject to adjustment based upon final indirect cost rate determination by the Defense Contract Management Agency (“DCMA”). As part of the Defense Contract Audit Agency (“DCAA”) FY2016 audit, it questioned costs of \$9,501,865 with penalties of \$6,491,865 for a maximum exposure of \$15,993,730. On November 18, 2021 DCMA and Draper formally settled FY2016 at \$3,499,809, with no applied penalties. This was reflected in the FY 2021 financial statements in facilities, communications, unallowables, and other within operating expenses of the statement of activities and in accounts payable and accrued contract cost within the statements of financial position.

During FY2022, DCMA and Draper settled rates for FY2016, FY2017, FY2018, and FY2019. The application of settled rates for these years were recorded in the FY2022 financials. Audits of FY2020 and FY2021 are complete, however, rates have not been finalized.

Draper is subject to routine legal proceedings incidental to its business. While the ultimate liability from the proceedings is difficult to determine, in the opinion of management, the results of these proceedings will not have a material adverse effect on Draper's financial position or results of operations.

Draper offers its employees an interest-free loan program in connection with a third-party financial institution (“Institution”). Employees are allowed to borrow from the Institution, one-time only, up to \$10,000 to be paid back via 36 equal monthly payments. Draper pays the Institution interest expense associated with each employee’s loan. In the event of a default by the borrower and after all collection attempts have been made by the Institution, Draper is responsible to pay the Institution the related outstanding principal and interest balance. Outstanding borrowings by employees were \$682,303 and \$1,063,102 at the end of FY2022 and FY2021, respectively.

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6. Liquidity and Availability of Financial Assets

Draper's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 115,571,681	\$ 66,026,485
Accounts receivable, net of allowances	48,286,340	41,430,854
Unbilled contract costs and fees, net of allowances	70,764,681	100,199,089
Investments redeemable within one year	132,713,840	156,406,449
Total financial assets available within one year	<u>\$ 367,336,542</u>	<u>\$ 364,062,877</u>

Draper structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Draper invests cash in excess of current liquidity needs in Federal Deposit Insurance Corporation-insured cash sweep deposit accounts. To further manage liquidity needs, Draper has committed lines of credit in the amount of \$70,000,000 (see Note 8).

Investments (see Note 2) have been generated from operating profits, monetization of unused marketable real estate and cumulative returns on investment purchases. As such, none of Draper's investments are subject to donor restrictions. Certain investments are subject to lock-up provisions that extend beyond the next year and, therefore, have been excluded from the above table. Planned withdrawals from investments for current operations are reviewed with the Budget Committee of the BOD as part of the annual budget process. Additionally, the BOD has the authority to approve additional withdrawals to meet unplanned general expenditures, liabilities or other obligations, if necessary. In August 2020, Draper withdrew a BOD-approved withdrawal of \$12,000,000 from investments to meet current operations. No subsequent investment withdrawals were made nor are any planned at this time.

7. Pension and Other Post-Retirement Benefit Plans

Draper had three defined benefit pension plans: the Retirement Plan for Employees ("RPE"); the Supplemental Retirement Plan for Corporate Officers ("SRPCO"); and the floor component of the Retirement Plan for Draper Employees ("RPDE") in FY2021. SRPCO was terminated in FY2022. Draper has one post-retirement medical benefit plan, the Retiree Medical Plan ("RMP") that provides health care benefits to retired employees. Service costs related to pension costs are reported in employee benefits and vacations line items in the statements of activities within operating activities as an indirect cost. Other components of pension benefit costs are reported in a separate line item on the statements of activities within the non-operating section. The actuarial gains and losses are recorded in other changes in pension and post-retirement benefits as a part of non-operating activities in the statements of activities. Draper measures benefit obligations and plan assets using a month-end date closest to Draper's fiscal year-end date.

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The following schedules provide summary information concerning Draper's benefit plans for the years ending July 1, 2022 and June 25, 2021:

	Pension Benefits		Medical Benefits	
	2022	2021	2022	2021
Benefit obligation at end of year	\$ 108,423,542	\$ 131,968,325	\$ 20,735,727	\$ 26,005,230
Fair value of plan assets at end of year	125,105,546	146,519,575	22,623,958	26,070,042
Funded (unfunded) status of the plans	<u>\$ 16,682,004</u>	<u>\$ 14,551,250</u>	<u>\$ 1,888,231</u>	<u>\$ 64,812</u>
Consolidated balance sheets				
Noncurrent assets	\$ 23,571,121	\$ 25,105,504	\$ -	\$ -
Noncurrent liabilities	(6,889,117)	(10,554,254)	1,888,231	64,812
Funded (unfunded) status of the plans	<u>\$ 16,682,004</u>	<u>\$ 14,551,250</u>	<u>\$ 1,888,231</u>	<u>\$ 64,812</u>
Net period benefit cost	<u>\$ (7,627,079)</u>	<u>\$ (6,448,276)</u>	<u>\$ (1,521,008)</u>	<u>\$ (736,783)</u>
Amounts not yet reflected in net periodic benefit cost and included in net assets without donor restrictions:				
Accumulated actuarial loss (gain)	\$ 883,014	\$ (8,496,615)	\$ (8,081,081)	\$ (7,371,512)
Prior service costs (benefits)	775,307	807,611	(2,277,924)	(3,237,214)
Net (gain) loss	<u>\$ 1,658,321</u>	<u>\$ (7,689,004)</u>	<u>\$ (10,359,005)</u>	<u>\$ (10,608,726)</u>

	RPE	RPDE	SRPCO	Total Pension Benefits	Medical Benefits
At July 1, 2022					
Benefit obligation at end of year	\$ 98,286,355	\$ 10,137,187	\$ -	\$ 108,423,542	\$ 20,735,727
Fair value of plan assets at end of year	91,397,238	33,708,308	-	125,105,546	22,623,958
Funded (Unfunded) status of the plans	<u>\$ (6,889,117)</u>	<u>\$ 23,571,121</u>	<u>\$ -</u>	<u>\$ 16,682,004</u>	<u>\$ 1,888,231</u>

	RPE	RPDE	SRPCO	Total Pension Benefits	Medical Benefits
At June 25, 2021					
Benefit obligation at end of year	\$ 120,150,463	\$ 11,416,834	\$ 401,028	\$ 131,968,325	\$ 26,005,230
Fair value of plan assets at end of year	109,997,237	36,522,338	-	146,519,575	26,070,042
Funded (Unfunded) status of the plans	<u>\$ (10,153,226)</u>	<u>\$ 25,105,504</u>	<u>\$ (401,028)</u>	<u>\$ 14,551,250</u>	<u>\$ 64,812</u>

The RPE provides retirement benefits paid from the net assets available in the plan for plan benefits. Retirement benefits are paid to participants in equal monthly payments beginning in the month following retirement and continue until death. Payments to a surviving spouse are made at a reduced level. This plan comprises approximately 76% of Draper's pension and post-retirement health insurance and prescription drug benefit obligations as of July 1, 2022.

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The RPE was frozen in FY2018, and as a result, future benefits ceased to accrue to participants. In accordance with CAS 413-50(c)(12), Draper determined, based on CAS actuarial assumptions (which differ from GAAP), that the plan was in a surplus position at the time of the freeze. Draper further determined that due to the surplus funding status and the government's participation rate in the plan, under federal CAS standards, the government is entitled to its portion of the CAS surplus. As of June 28, 2019, Draper recognized a \$10,898,808 liability to reflect the anticipated settlement as estimated and proposed by it to the government in April 2019. On November 27, 2019, Draper amended the settlement proposal to include additional contract types resulting in an adjustment to the government's participation rate, bringing the adjusted liability to \$11,107,082. As of September 23, 2022 the government is evaluating the proposed settlement and anticipates to begin fact finding, a preliminary step to negotiation, in Fall of 2023.

The RPDE, which contains an embedded defined benefit ("DB") component as part of the plan, provides a surviving spouse's benefit, which provides a supplement for married participants who transferred to Draper from the Massachusetts Institute of Technology prior to July 2, 1976, and a minimum pension benefit, which provides a minimum level of retirement benefits based upon years of service and final average salary, through a group annuity. The plan was frozen during 2009.

The RPDE also has a defined contribution feature available to all benefit-eligible employees in which Draper contributes ten percent of participating employees' earnings, as defined, and employees contribute five percent. Employees vest in the employer contributions over a five-year period. Draper's contributions to the defined contribution plan net of employee forfeitures were \$23,078,828 and \$24,264,596 for FY2022 and FY2021, respectively.

SRPCO was an unfunded, nonqualified retirement plan for corporate officers. The purpose of the SRPCO was to assure that certain corporate officers receive a reasonable level of retirement compensation in relation to their level of compensation and length of service at Draper. This payment is made as a lump sum once eligible. In accordance with ASC715, Draper recognized a gain of \$710,301 and \$2,848,395 on curtailment in FY2022 and FY2021, respectively, as part of its net periodic benefit cost as a result of a reduction in the number of participants in the plan. No payouts were made in FY2022 or FY2021. SRPCO was terminated in FY2022.

The RMP provides post-retirement Medicare supplemental health insurance and prescription drug benefits to Draper retirees. Draper will continue to provide the same capped level of contribution for each participant in the post-retirement medical plan.

Draper also has a Supplemental Retirement Plan ("SRP"). The SRP is a defined contribution plan sponsored by Draper covering all employees who normally work more than 20 hours per week. Participants may contribute on a pre-tax or after-tax basis. This is an employee contributory plan and Draper does not match employee contributions.

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Benefit Obligations

The components of the change in total benefit obligation and the applicable assumptions for determining benefit obligations are shown below:

	Pension Benefits		Medical Benefits	
	2022	2021	2022	2021
Benefit obligation at beginning of year	\$ 131,968,325	\$ 150,118,855	\$ 26,005,230	\$ 26,759,818
Service cost	62,418	306,255	894,741	933,106
Interest cost	3,129,710	3,437,784	666,760	644,027
Plan participants' contributions	-	-	172,189	171,859
Change in assumptions	(21,942,857)	(18,546,095)	(5,918,297)	(1,478,130)
Plan amendments	-	807,611	-	-
Benefits paid	(4,794,054)	(4,156,085)	(1,084,896)	(1,025,450)
Benefit obligation at end of year	<u>\$ 108,423,542</u>	<u>\$ 131,968,325</u>	<u>\$ 20,735,727</u>	<u>\$ 26,005,230</u>
Accumulated benefit obligation	<u>\$ 108,423,542</u>	<u>\$ 131,649,643</u>		
Weighted-average assumptions				
Discount rate	4.33%	2.53%	4.50%	2.65%
Rate of compensation increase	3.00%	3.00%	N/A	N/A

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Benefit Cost

The components of net periodic benefit cost recognized in the statements of activities, and the applicable assumptions for determining benefit costs are shown below:

	Pension Benefits		Medical Benefits	
	2022	2021	2022	2021
Service cost	\$ 62,418	\$ 306,255	\$ 894,741	\$ 933,106
Interest cost	3,129,710	3,437,784	666,760	644,027
Expected return on plan assets	(6,892,763)	(6,663,995)	(1,739,900)	(1,430,757)
Gain on curtailment	(710,301)	(2,848,395)	-	-
Amortization of prior service cost	32,304	-	(959,290)	(883,159)
Amortization of net actuarial loss	(3,248,447)	(679,925)	(383,319)	-
Net periodic benefit cost	<u>\$ (7,627,079)</u>	<u>\$ (6,448,276)</u>	<u>\$ (1,521,008)</u>	<u>\$ (736,783)</u>
Changes in plan assets and benefit obligations recognized in net assets without donor restrictions				
Net loss (gain)	\$ 6,169,025	\$ (35,526,560)	\$ (1,092,888)	\$ (5,792,035)
Amortizations:				
RPE	(303,101)	(266,892)	-	-
RPDE	3,481,401	1,748,785	-	-
SRPCO	-	-	-	-
RMP	-	-	1,342,609	883,159
Total Amortizations	<u>3,178,300</u>	<u>1,481,893</u>	<u>1,342,609</u>	<u>883,159</u>
Total recognized in net assets without donor restrictions	<u>\$ 9,347,325</u>	<u>\$ (34,044,667)</u>	<u>\$ 249,721</u>	<u>\$ (4,908,876)</u>
Total recognized in net periodic benefit cost and net assets without donor restrictions	<u>\$ 1,720,246</u>	<u>\$ (40,492,943)</u>	<u>\$ (1,271,287)</u>	<u>\$ (5,645,659)</u>
Weighted-average assumptions				
Discount rate	2.53%	2.38%	2.65%	2.50%
Expected long-term return on plan assets	5.77%	6.31%	6.75%	7.00%
Rate of compensation increase	3.00%	3.00%	N/A	N/A

Amortization of pension benefit prior service costs, transition obligations, and actuarial gains and losses in FY2023 are all expected to be \$0. Amortization of medical benefit prior service costs and gains and losses in FY2023 are expected to be \$0.

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Assumptions

The discount rate used for the RPE and RPDE plans is determined annually based on census information, the timing of future benefit payments, and yield curve data from the FTSE Yield Curve. The RMP discount rate is estimated comparing the single equivalent rate such that the present value of the plan's cash flows using the single rate equals the present value of those cash flows, using both the Mercer and the FTSE Yield Curve, averaging those single equivalent rates and rounding to five basis points.

The expected long-term rate of return assumption represents the expected average rate of return on current and future funds invested to provide for benefit obligations. This assumption is determined based on a number of factors, including historical market returns, historical plan return data, anticipated long-term asset allocation and return of the plans and plan expenses. Draper recognizes differences between the expected return on assets and the actual return over the remaining service life of the applicable participants. This amount is included in net periodic pension cost as a component of the amortization of actuarial gains and losses and is expected to be \$0 in FY2023.

Plan Assets

The components of the change in total plan assets are shown below:

	Pension Benefits		Medical Benefits	
	2022	2021	2022	2021
Fair value of plan assets at beginning of year	\$ 146,519,575	\$ 120,778,162	\$ 26,070,042	\$ 20,718,859
Actual return on plan assets	(20,316,322)	26,512,728	(3,085,509)	5,744,662
Employer contributions	3,851,000	3,399,000	552,132	460,112
Plan participants' contributions	-	-	172,189	171,859
Benefits paid	(4,994,584)	(4,210,526)	(1,084,896)	(1,025,450)
Fair value adjustments	45,877	40,211	-	-
Fair value of plan assets at end of year	<u>\$ 125,105,546</u>	<u>\$ 146,519,575</u>	<u>\$ 22,623,958</u>	<u>\$ 26,070,042</u>

The investment objectives for the assets of the plans are to meet or exceed current and future benefit payments while minimizing employer contributions. Investment policies and strategies governing the assets of the plans are designed to achieve investment objectives within the constraints of a prudent level of portfolio risk and diversification. Risk management practices include the use of investment managers and maintenance of a portfolio diversified by asset class, investment approach and securities holdings, and the maintenance of sufficient liquidity to meet benefit obligations as they come due.

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Draper's pension plans weighted-average asset allocations by asset category are as follows:

July 1, 2022	RPE			RPDE			Total Pension
	Fair Value	Asset Allocation		Fair Value	Asset Allocation		
		Target	Actual		Target	Actual	
Equity	\$ 20,827,054	24%	23%	\$ 15,152,733	50%	45%	\$ 35,979,787
Fixed income	64,435,422	70%	70%	-	0%	0%	64,435,422
Growth fixed income	2,733,439	3%	3%	-	0%	0%	2,733,439
Real assets	2,623,580	3%	3%	-	0%	0%	2,623,580
Insurance contracts	742,797	0%	1%	18,555,575	50%	55%	19,298,372
Cash & cash equivalents	34,946	-	0%	-	-	0%	34,946
	<u>\$ 91,397,238</u>			<u>\$ 33,708,308</u>			<u>\$ 125,105,546</u>

June 25, 2021	RPE			RPDE			Total Pension
	Fair Value	Asset Allocation		Fair Value	Asset Allocation		
		Target	Actual		Target	Actual	
Equity	\$ 62,072,536	56%	56%	\$ 22,764,422	50%	55%	\$ 84,836,958
Fixed income	32,155,400	30%	29%	-	-	-	32,155,400
Growth fixed income	7,245,379	7%	7%	-	-	-	7,245,379
Real assets	7,795,919	7%	7%	-	-	-	7,795,919
Insurance contracts	728,003	0%	1%	13,757,916	50%	45%	14,485,919
Cash & cash equivalents	-	-	0%	-	-	-	-
	<u>\$ 109,997,237</u>			<u>\$ 36,522,338</u>			<u>\$ 146,519,575</u>

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The following tables present information about the pension plan assets that are measured at fair value on a recurring basis as of July 1, 2022 and June 25, 2021 respectively, and indicate the fair value hierarchy of the valuation techniques Draper utilized to determine such fair value:

		Level 1	Level 2	Level 3	NAV as
		Assets	Assets	Assets	Practical
Investment securities	July 1, 2022				Expedient
Cash & cash equivalents	\$ 34,946	\$ 34,946	\$ -	\$ -	\$ -
Equity	35,979,787	-	-	-	35,979,787
Fixed income	64,435,422	-	-	-	64,435,422
Growth fixed income	2,733,439	-	-	-	2,733,439
Real assets	2,623,580	-	-	-	2,623,580
Insurance contracts	19,298,372	-	-	19,298,372	-
	<u>\$125,105,546</u>	<u>\$ 34,946</u>	<u>\$ -</u>	<u>\$ 19,298,372</u>	<u>\$ 105,772,228</u>

		Level 1 Assets	Level 2 Assets	Level 3 Assets	NAV as
					Practical
Investment securities	June 25, 2021				Expedient
Cash & cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity	84,836,959	-	-	-	84,836,959
Fixed income	32,155,400	-	-	-	32,155,400
Growth fixed income	7,245,379	-	-	-	7,245,379
Real assets	7,795,919	-	-	-	7,795,919
Insurance contracts	14,485,918	-	-	14,485,918	-
	<u>\$146,519,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,485,918</u>	<u>\$ 132,033,657</u>

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by Draper for financial instruments measured at fair value on a recurring basis in its pension plans. The three levels of inputs are as follows:

Level 1 – Valuations based upon observable inputs that reflect quoted prices in active markets for identical assets and liabilities. These include cash and cash equivalents.

Level 2 – Valuations based upon: (i) quoted market prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; or (iii) other significant market-based inputs, which are observable, either directly or indirectly.

Level 3 – Valuations based upon unobservable inputs that are significant to the overall fair value measurements. These include insurance contracts.

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The change in the fair value of Draper's pension plan assets with unobservable data points is shown below:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Insurance Contracts	
	2022	2021
Balance at beginning of fiscal year	\$ 14,485,918	\$ 14,063,311
Purchases	9,064,663	4,028,119
Total gains	532,828	558,173
Benefits paid	(4,785,036)	(4,163,685)
Balance at end of fiscal year	<u>\$ 19,298,373</u>	<u>\$ 14,485,918</u>

Draper's RMP weighted-average asset allocations by asset category are as follows:

July 1, 2022	Fair Value	Asset Allocation	
		Target	Actual
Equity	\$ 14,177,977	64%	63%
Fixed income	4,487,361	20%	20%
Growth fixed income	1,711,607	8%	8%
Real assets	2,051,863	8%	8%
Cash & cash equivalents	195,150	0%	1%
	<u>\$ 22,623,958</u>		

June 25, 2021	Fair Value	Asset Allocation	
		Target	Actual
Equity	\$ 17,321,555	64%	66%
Fixed income	4,551,441	20%	17%
Growth fixed income	1,917,776	8%	7%
Real assets	2,254,270	8%	10%
Cash & cash equivalents	25,000	0%	0%
	<u>\$ 26,070,042</u>		

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The following tables present information about fair value hierarchy of the RMP:

		Level 1	Level 2	Level 3	NAV as Practical Expedient
Investment securities	July 1, 2022	Assets	Assets	Assets	
Cash & cash equivalents	\$ 195,150	\$ 195,150	\$ -	\$ -	\$ -
Equity	14,177,977	8,829,021	-	-	5,348,956
Fixed income	4,487,361	1,667,723	-	-	2,819,638
Growth fixed income	1,711,607	1,711,607	-	-	-
Real assets	2,051,863	-	-	-	2,051,863
Insurance contracts	-	-	-	-	-
	<u>\$ 22,623,958</u>	<u>\$ 12,403,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,220,457</u>

		Level 1	Level 2	Level 3	NAV as Practical Expedient
Investment securities	June 25, 2021	Assets	Assets	Assets	
Cash & cash equivalents	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -
Equity	17,321,555	10,963,692	-	-	6,357,863
Fixed income	4,551,441	1,684,456	-	-	2,866,985
Growth fixed income	1,917,776	1,917,776	-	-	-
Real assets	2,254,270	-	-	-	2,254,270
Insurance contracts	-	-	-	-	-
	<u>\$ 26,070,042</u>	<u>\$ 14,590,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,479,118</u>

Draper has revised the classification of investments in the RMP by \$10,963,292 of equity, \$1,684,456 of fixed income, and \$1,917,776 of growth fixed income from NAV as a practical expedient to Level 1 as of June 25, 2021. Draper concluded that the misstatement was not material to the prior period financial statements.

Contributions and Benefits

Draper anticipates making contributions of \$2,324,000 and \$586,580 to the RPE and RMP plans respectively in FY2023. There are no expected contributions in FY2023 for the RPDE plan.

Estimated future benefit payments, which reflect future service as appropriate, are as follows:

Fiscal Year	Pension Benefits	Medical Benefits
2023	\$ 15,312,452	\$ 1,173,159
2024	5,695,411	1,260,904
2025	5,684,232	1,301,336
2026	5,908,392	1,327,171
2027	6,034,908	1,338,563
2028-2032	31,993,999	6,989,813

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8. Lines of Credit

Draper has a total of \$70,000,000 in lines of credit with \$45,000,000 at Bank of America (“BoA”), renewed annually, and \$25,000,000 at Eastern Bank, secured by investments, and subject to a termination date of April 15, 2023. Draper intends to renew the line of credit during FY2023. Draper had no outstanding balances on its lines of credit as of July 1, 2022 and June 25, 2021.

9. Notes Payable

On May 11, 2018, Draper entered into a capital equipment financing arrangement with Banc of America Leasing & Capital, LLC with a maximum borrowing limit of \$15,000,000. Outstanding notes payable are secured by equipment and are summarized below as of July 1, 2022 and June 25, 2021.

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2022</u>	<u>2021</u>
May, 2025	4.12%	\$2,825,033	\$ 3,718,188
June, 2025	4.09%	291,264	387,978
November, 2025	4.36%	1,215,443	1,538,312
October, 2026	2.65%	1,308,259	1,589,442
December, 2026	2.96%	2,502,524	3,056,874
		<u>\$8,142,523</u>	<u>\$10,290,794</u>

Interest paid on these notes was \$333,636 and \$400,411 in FY2022 and FY2021, respectively.

Draper borrowed \$0 in FY2022 and FY2021, respectively on capitalized equipment.

10. Bonds Payable

In March 2018, Draper issued \$65,515,000 of Series 2018 taxable bonds (“2018 Bonds”). The proceeds were used to finance and refinance certain capital projects, pay certain costs of issuance, and fund other general corporate purposes. The 2018 Bonds are interest only until September 1, 2031, mature in two tranches in 2038 and 2048, and bear interest at 4.19% and 4.39%, respectively. The 2018 Bonds have no restrictive covenants of a financial nature.

In January 2015, Draper issued \$50,000,000 of Series 2015 taxable bonds (“2015 Bonds”). The proceeds, together with other available funds, were used by Draper to advance refund, redeem, and defease the 2008 Series bonds and to pay certain costs of issuance. The 2015 Bonds mature in 16 separate tranches on September 1 of each year from 2015 to 2030 and bear interest at various rates between 0.40% and 3.59%. The 2015 Bonds have no restrictive covenants of a financial nature.

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The following is a summary of Draper's bonds payable as of July 1, 2022 and June 25, 2021:

	<u>2022</u>	<u>2021</u>
Outstanding bonds	\$ 96,720,000	\$ 99,710,000
Less: deferred financing costs	<u>(674,662)</u>	<u>(722,230)</u>
Total bonds payable	<u>\$ 96,045,338</u>	<u>\$ 98,987,770</u>

2015 Bond Series

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>
September, 2022	2.69%	\$ 3,065,000
September, 2023	2.89%	3,150,000
September, 2024	3.03%	3,240,000
September, 2025	3.14%	3,340,000
September, 2026	3.24%	3,445,000
Thereafter	3.34% - 3.59%	<u>14,965,000</u>
		<u>\$ 31,205,000</u>

2018 Bond Series

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>
September, 2022		\$ -
September, 2023		-
September, 2024		-
September, 2025		-
September, 2026		-
Thereafter	4.19% - 4.39%	<u>65,515,000</u>
		<u>\$ 65,515,000</u>

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Notes to Financial Statements

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11. Asset Retirement Obligations (“ARO”) and Environmental Remediation Liability

ARO is the financial liability associated with environmental remediation costs related to the eventual retirement of Draper’s headquarter building. In FY2022 and FY2021, Draper recognized the following changes to the fair value of its conditional asset retirement obligations which is reflected in deferred revenue and other long-term liabilities:

	<u>2022</u>	<u>2021</u>
Fair value of liability at beginning of year	\$ 6,900,616	\$ 6,683,689
Liabilities settled	(28,431)	(19,676)
Accretion of fair value	<u>244,282</u>	<u>236,603</u>
Fair value of liability at end of year	<u>\$ 7,116,467</u>	<u>\$ 6,900,616</u>

In FY2007, Draper established a \$1,922,142 liability for environmental cleanup costs associated with soil contamination at the Bedford test facility under the requirements of ASC 410-30, *Asset Retirement and Environmental Obligations – Environmental Obligations*. Draper has compiled estimates of the cleanup costs under various scenarios and will update those estimates as conditions change in future periods. Due to the long-term nature of the remediation activities, Draper has discounted the expected future expenditures to the current period, using risk free rates which ranged from 2.790% to 2.900% applicable to the discount period. Draper’s recorded liability was \$2,647,937 and \$2,993,124 as of July 1, 2022 and June 25, 2021, respectively.

The Charles Stark Draper Laboratory, Inc.

Notes to Financial Statements

July 1, 2022 and June 25, 2021

12. Schedule of Functional Expenses

The costs of providing program and other activities are summarized based on the natural classification in the statements of activities. The table below depicts natural classification expenses by function – sponsored programs (customer-related), non-sponsored programs (independent research and development), and management and general. Expenses directly attributable to a specific function are reported as expenses of that function. Expenses attributable to more than one function have been allocated among functions based on the proportion of labor dollars of each function. Functional expenses for FY2022 and FY2021 are summarized in the below table:

Natural Classification	Sponsored	Non-Sponsored	Management and General	Total
Subcontracts	\$ 171,010,373	\$ -	\$ -	\$ 171,010,373
Salaries and wages	174,387,027	8,720,604	29,361,884	212,469,515
Employee benefits and vacations	91,416,584	4,412,653	6,343,557	102,172,794
Materials, services and rentals	45,563,542	3,199,900	4,669,559	53,433,001
Depreciation and amortization	26,403,733	1,264,944	2,014,626	29,683,303
Other, principally travel and equipment	68,022,444	3,364,542	8,469,122	79,856,108
Total	\$ 576,803,703	\$ 20,962,643	\$ 50,858,748	\$ 648,625,094

June 25, 2021

Natural Classification	Sponsored	Non-Sponsored	Management and General	Total
Subcontracts	\$ 213,796,305	\$ -	\$ -	\$ 213,796,305
Salaries and wages	188,310,735	12,295,930	21,044,068	221,650,733
Employee benefits and vacations	89,156,129	5,672,438	5,604,818	100,433,385
Materials, services and rentals	46,810,537	3,708,423	4,958,839	55,477,799
Depreciation and amortization	26,435,438	1,656,414	1,705,259	29,797,111
Other, principally travel and equipment	64,798,880	4,373,531	14,434,024	83,606,435
Total	\$ 629,308,024	\$ 27,706,736	\$ 47,747,008	\$ 704,761,768

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13. Results of Operations

Total operating revenue is \$658,146,827 in FY2022 and \$724,089,887 in FY2021. The majority of operating revenue is with the U.S. government and related agencies. Contract change orders are included in the operating revenue total. Pending awards or change orders total \$259,236 and \$7,103 at July 1, 2022 and June 25, 2021, respectively.

Direct expenses are \$466,933,732 and \$527,759,139 in FY2022 and FY2021, respectively. Indirect costs in FY2022 and FY2021 are \$181,691,362 and \$177,002,629, respectively.

14. Subsequent Events

Draper has performed an evaluation of subsequent events through September 23, 2022, which is the date the financial statements were available to be issued. There are no events that occurred after July 1, 2022 that have a material impact on Draper's financial statements.

The Charles Stark Draper Laboratory, Inc.
Supplemental Schedule of Expenditures of Federal Awards
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Assistance Listing Number	Direct	Pass-through	Awarding/Pass-Through Entity	Pass-Through Entity Identifying Number	Primary Awarding Identifying Number	Total	Passed to Sub-Recipients
Research and Development Cluster							
Department of Defense:							
Department of the Air force	12.RD	1,469	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-12-C-0261	1,469	-
	12.RD	8,278	-	Space & Missile Systems Center	FA8807-12-C-0005	8,278	-
	12.RD	316	-	AIR FORCE RESEARCH LABORATORY	FA8651-12-D-0342	316	-
	12.RD	5,092	-	WRIGHT LABORATORY	FA8650-13-C-7325	5,092	-
	12.RD	115	-	AIR FORCE RESEARCH LABORATORY	FA8651-12-D-0342	115	-
	12.RD	98	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-14-C-0056	98	-
	12.RD	868	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-14-C-0246	868	-
	12.RD	1,347	-	AIR FORCE RESEARCH LABORATORY	FA8651-12-D-0342	1,347	-
	12.RD	6,428	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-15-C-0242	6,428	-
	12.RD	2,425	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-15-C-0088	2,425	-
	12.RD	687	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-15-C-0131	687	-
	12.RD	1,816	-	WRIGHT LABORATORY	FA8650-15-C-7543	1,816	-
	12.RD	144	-	AIR FORCE MATERIAL COMMAND - HANSCOM	FA8726-15-C-0010	144	-
	12.RD	338	-	AIR FORCE MATERIAL COMMAND - HANSCOM	FA8726-16-C-0012	338	-
	12.RD	51	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-16-C-0171	51	-
	12.RD	413	-	AIR FORCE RESEARCH LABORATORY	FA8651-12-D-0342	413	-
	12.RD	1,355	-	HQ United States Air Force / A2I	IPA Gordon Dexter	1,355	-
	12.RD	1,744	-	AIR FORCE RESEARCH LABORATORY	FA8651-17-C-0019	1,744	-
	12.RD	-	226	NORTHROP GRUMMAN MISSION SYSTEMS	FA8750-17-C0041	226	-
	12.RD	712	-	USAF/AFMC/AFLCMC	FA8620-17-C-3013	712	-
	12.800	4,622,622	-	WRIGHT LABORATORY	FA8650-17-2-5507	4,622,622	4,245,745
	12.RD	761	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-17-C-0205	761	-
	12.RD	59	-	AIR FORCE RESEARCH LABORATORY	FA8651-17-F-1040	59	-
	12.RD	666	-	AIR FORCE RESEARCH LABORATORY - ROME NY	FA8750-18-C-0021	666	-
	12.RD	31,210	-	USAF/AFMC/AFLCMC	FA8604-19-C-4004	31,210	-
	12.RD	979,029	-	AIR FORCE RESEARCH LABORATORY	FA8651-19-C-0064	979,029	46,563
	12.RD	447,707	-	USAF/AFMC/AFLCMC	FA8684-20-D-4000	447,707	-
	12.RD	1,285,297	-	SAF/AQCS	FA8002-20-D-0305	1,285,297	-
	12.RD	2,739,186	-	SAF/AQCS	FA8002-20-D-0305	2,739,186	-
	12.RD	1,564,403	-	USAF/AFMC/AFLCMC	FA8684-20-D-4000	1,564,403	2,267
	12.RD	1,554,339	-	SAF/AQCS	FA8002-20-D-0305	1,554,339	-
	12.RD	2,113,550	-	SAF/AQCS	FA8002-20-D-0305	2,113,550	-
	12.RD	1,089,189	-	SAF/AQCS	FA8002-20-D-0305	1,089,189	-
	12.RD	380,419	-	USAF/AFMC/AFLCMC	FA8684-20-D-4000	380,419	-
	12.RD	2,470	-	SAF/AQCS	FA8002-20-D-0305	2,470	-
	12.RD	-	818	NORTHROP GRUMMAN MISSION SYSTEMS	F42610-98-C-0001	818	-
	12.RD	-	128	BAE SYSTEMS	823402	128	-
	12.RD	-	22	LEIDOS, INC.	P010155442	22	-
	12.RD	-	175	PAR Government Systems Corporation	SC-111715-200	175	-
	12.RD	-	87	PAR Government Systems Corporation	SC-111714-100	87	-
	12.RD	-	46	RAYTHEON BBN TECHNOLOGIES CORP	9500012361	46	-
	12.RD	-	20,132	BAE SYSTEMS	31-5147301	20,132	-
	12.RD	-	71	PAR Government Systems Corporation	SC-111723-001	71	-

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

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	Assistance Listing Number	Direct	Pass-through	Awarding/Pass-Through Entity	Pass-Through Entity Identifying Number	Primary Awarding Identifying Number	Total	Passed to Sub-Recipients
Research and Development Cluster								
Department of Defense:								
	12.RD	-	287	PAR Government Systems Corporation	SC-111732-100	W911QY-13-D-0100	287	-
	12.RD	-	1,641	PAR Government Systems Corporation	SC-111733-300	W911QY-13-D-0100	1,641	-
	12.RD	-	6	Vencore Services and Solutions, Inc.	1000009700	FA7022-11-D-0004	6	-
	12.RD	-	1	Vescent Photonics, Inc.	None	FA8651-14-M-0149	1	-
	12.RD	-	563	BOEING COMPANY	1111672	FA8214-15-C-0001	563	-
	12.RD	-	77	AOSense, Inc.	AOSC2015072801	FA9453-15-M-0467	77	-
	12.RD	-	128	The Perduco Group, Inc.	Drap-001	Undisclosed	128	-
	12.RD	-	151	University of Dayton Research Institute	RSC15062	FA8650-11-D-5401/0004	151	-
	12.RD	-	2,264	BAE SYSTEMS	926944	FA8616-14-D-6060	2,264	-
	12.RD	-	200	JOHNS HOPKINS UNIV APPLIED PHYSICS LAB	129746	15-D-7000 (RH01)	200	-
	12.RD	-	167	AOSense, Inc.	AOS-16-002	FA9453-16-C-0491	167	-
	12.RD	-	80	Intelligent Fusion Technology, Inc.	IFT032-01	FA8750-16-0246	80	-
	12.RD	-	5,329	NORTHROP GRUMMAN SPACE TECHNOLOGY	7600023795	FA8219-17-C-0002	5,329	-
	12.RD	-	331	Next Century Corporation	NC82817-DRAPER-GORDIAN	FA8750-17-C-0155	331	-
	12.RD	-	277	Next Century Corporation	NC01772018-FORAGER-CPFF-TO1	FA8650-18-C-6901	277	-
	12.RD	-	164	SP Global, Inc.	SPG-FD-18-C-002	FA8075-14-D-0014	164	-
	12.RD	-	2,957	BOOZ ALLEN & HAMILTON	S901193BAH	FA807517F1324	2,957	-
	12.RD	-	243,914	LEIDOS, INC.	P010217503	FA8750-18-C-0134	243,914	-
	12.RD	-	124,844	Next Century Corporation	PATHFINDER-1001	FA8650-19-C-6897	124,844	-
	12.RD	-	817,406	EO VISTA LLC	EOVSUB-1905-102	FA8002-19-F-0115	817,406	-
	12.RD	-	184,759	KBR	HCS485315	FA8075-14-D-0025	184,759	-
	12.RD	-	153,340	LOCKHEED MARTIN - PALMDALE	6574034710	FA8528-19-D-0015	153,340	76,024
	12.RD	-	56,515	SYSTEMS & TECHNOLOGY RESEARCH, LLC	2019-0048	FA8650-19-C-7927	56,515	49,999
	12.RD	-	499	MAYFLOWER COMMUNICATIONS INC	MCCI-SC-2601-02	FA8650-16-C-1703	499	-
	12.RD	-	9,310	SYSTEMS & TECHNOLOGY RESEARCH, LLC	2020-0021	FA8002-20-F-0311	9,310	-
	12.RD	-	842,645	INTERSTATE ELECTRONICS CORP	SW111-00060	FA8807-19-C-0001	842,645	-
	12.RD	-	3,319,317	NORTHROP GRUMMAN MISSION SYSTEMS	5300014470	FA8219-20-C-0006	3,319,317	18,188
	12.RD	-	7,899,589	INTERSTATE ELECTRONICS CORP	SW111-00092	FA8807-21-C-0005	7,899,589	395,626
	12.RD	-	989,366	ALION SCIENCE & TECH	SUB1151620	FA8075-18-D-0002	989,366	-
	12.RD	-	4,101	SERCO INC	NSBU000377 Release 4	FA8075-14-D-0014	4,101	-
	12.RD	-	279,164	SRI INTERNATIONAL	PO65110	FA2487-21-F-1102	279,164	-
	12.RD	-	46,550	SKYLINE NAV AI INC	0001	FA864922P0704	46,550	-
	12.RD	-	1,844,904	NORTHROP GRUMMAN MISSION SYSTEMS	5300039626	FA8219-20-C-0006	1,844,904	-
	12.RD	-	6,524	LINCOLN LABORATORY	7000299112	FA8721-05-C-0002	6,524	-
	12.RD	260	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	260	-
	12.RD	678	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	678	-
Subtotal Department of the Airforce		16,845,541	16,859,075				33,704,616	4,834,412
Department of the Army								
	12.420	319	-	USA MEDICAL RESEARCH ACQUISITION ACTVTY		W81XWH-10-1-0785	319	-
	12.RD	1,399	-	PICATINNY ARSENAL		W15QKN-12-C-0131	1,399	-
	12.RD	1,829	-	NATICK R&D CENTER		W911QY-12-C-0136	1,829	-
	12.RD	2,998	-	PICATINNY ARSENAL		W15QKN-14-C-0048	2,998	-

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Assistance Listing Number	Direct	Pass-through	Awarding/Pass-Through Entity	Pass-Through Entity Identifying Number	Primary Awarding Identifying Number	Total	Passed to Sub-Recipients
Research and Development Cluster							
Department of Defense:							
12.RD	1,348	-	US Army - Aberdeen Proving Ground		W56KGU-14-C-0035	1,348	-
12.RD	103	-	ARMY RESEARCH LABORATORY		W911NF-14-C-0107	103	-
12.RD	2	-	Army Contracting Command - Redstone		W31P4Q-15-C-0033	2	-
12.RD	100	-	NATICK R&D CENTER		W911QY-15-P-0031	100	-
12.RD	10,894	-	NATICK R&D CENTER		W911QY-15-C-0005	10,894	-
12.RD	70,647	-	NATICK R&D CENTER		W911QY-15-C-0006	70,647	-
12.RD	8,545	-	PICATINNY ARSENAL		W15QKN-15-C-0114	8,545	-
12.RD	1,147	-	ARMY RESEARCH LABORATORY		W911NF-15-D-0006	1,147	-
12.RD	-	656	EOIR TECHNOLOGIES, INC	S16-06066	DOTC-16-01-INIT509	656	-
12.RD	489	-	US ARMY RDECOM CONT CTR - ADELPHI		W911QX-17-C-0027	489	-
12.RD	1,132,625	-	US Army - Aberdeen Proving Ground		W56KGU-17-C-0033	1,132,625	137,610
12.RD	1,783	-	ARMY RESEARCH LABORATORY		W911NF-15-D-0006	1,783	-
12.RD	640	-	ARMY RESEARCH LABORATORY		W911NF-15-D-0006	640	-
12.RD	26	-	ARMY RESEARCH LABORATORY		W911NF-15-D-0006	26	-
12.RD	253,979	-	NATICK R&D CENTER		W911QY18C0210	253,979	-
12.420	1,288,159	-	USA MEDICAL RESEARCH ACQUISITION ACTVITY		W81XVH1910518	1,288,159	241,372
12.RD	1,888,705	-	NATICK R&D CENTER		W911QY-20-C-0078	1,888,705	(429)
12.RD	473,077	-	NATICK R&D CENTER		W911QY20C0045	473,077	-
12.RD	157,500	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	157,500	-
12.RD	461,068	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	461,068	-
12.RD	5,217	-	US Army - Aberdeen Proving Ground		W56KGU-22-C-0004	5,217	-
12.RD	-	8,577	RAYTHEON - TUSCON	PO 4200942586	HQ0276-10-C-0005	8,577	-
12.431	-	16,074	Partners HealthCare Research Management	224785	W911NF-14-2-0045	16,074	-
12.RD	-	1,902	PAR Government Systems Corporation	SC-111731-200	W911QY-13-D-0100	1,902	-
12.RD	-	33	BATTELLE	439808	W91CRB-11-D-0002	33	-
12.RD	-	17	PAR Government Systems Corporation	SC-111720-005	W911QY-13-D-0100	17	-
12.RD	-	631	ProActive Technologies, Inc.	MSA-PAT-2015001-00010	W900KK-14-D-0001	631	-
12.RD	-	43	ALION SCIENCE & TECH	SUB1134016-001	FA4600-06-D0003	43	-
12.RD	-	720	ALION SCIENCE & TECH	SUB1134016-002	FA4600-06-D0003	720	-
12.RD	-	1,701	Chemring Detection Systems	153772	W911SR-14-C-0045	1,701	-
12.RD	-	1,111	ProActive Technologies, Inc.	MSA-PAT-2015001-00017	W900KK-14-D-0001	1,111	-
12.RD	-	441	ProActive Technologies, Inc.	MSA-PAT-2015001-00020	W900KK-14-D-0001	441	-
12.RD	-	1,364	PAR Government Systems Corporation	SC-111746-001	W911QY-13-D-0100	1,364	723
12.RD	-	186	THE MITRE CORPORATION	109687	W56KGU-14-C-0010	186	-
12.RD	-	1,375	RAYTHEON - TUSCON	4201205786	W911NF-16-C-0001	1,375	-
12.RD	-	11,672	RAYTHEON - TUSCON	4201249942	HQ0276-10-C-0005	11,672	-
12.RD	-	1,212	Advanced Technology International (ATI)	2016-322	W15QKN-14-9-1001	1,212	-
12.341	-	63	Northeastern University	504081-78055	W911NF-15-2-0026	63	-
12.RD	-	1,110	Advanced Technology International (ATI)	NSC BA 2017-312	W15QKN-15-9-1004	1,110	-
12.RD	-	36	BAE SYSTEMS	41-7001394	W911NF-15-D-0001-0002	36	-
12.RD	-	2,204	Advanced Technology International (ATI)	DOTC-16-01-INIT0459	W15QKN-14-9-1001	2,204	-
12.RD	-	9	Advanced Technology International (ATI)	Base 2016-328 Task 01	W15QKN-16-9-1001	9	-
12.RD	-	826	Advanced Technology International (ATI)	NSC-16-2403	W15QKN-15-9-1004	826	-

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Research and Development Cluster								
Department of Defense:								
	12.RD	-	462,583	Advanced Technology International (ATI)	DOTC-17-01-INIT1079	W15QKN-14-9-1001	462,583	-
	12.RD	-	24	Advanced Technology International (ATI)	2016-328	W15QKN-16-9-1001	24	-
	12.RD	-	7	HQ USSOCOM SORDAC-K	ATP 4-11-18	Undisclosed	7	-
	12.RD	-	54	Neary, Inc.	18710	W15QKN-15-9-1003	54	-
	12.RD	-	21	Neary, Inc.	18709	W15QKN-15-9-1003	21	-
	12.RD	-	1,662,908	Advanced Technology International (ATI)	DOTC-18-01-INIT0138	W15QKN-18-9-1008	1,662,908	-
	12.RD	-	282,616	Advanced Technology International (ATI)	2019-358	W15QKN-18-9-1008	282,616	-
	12.RD	-	63,900	Advanced Technology International (ATI)	DOTC-19-01-INIT0369	W15QKN-18-9-1008	63,900	-
	12.RD	-	729,743	GIRD SYSTEMS, INC	55-01-1018CF-40	W15QKN-15-9-1004	729,743	-
	12.RD	-	350	Advanced Technology International (ATI)	2018-868 OTIA 2	W15WKN-18-9-1004	350	-
	12.RD	-	2,573,380	Advanced Technology International (ATI)	2018-868 OTIA 3	W15WKN-18-9-1004	2,573,380	186,818
	12.RD	-	1,407	INTEGRATED SOLUTIONS FOR SYSTEMS, INC	107115.9999.9999-0002	W9124P-18-9-0001	1,407	-
	12.RD	-	49,353	BAE SYSTEMS	1052666	W15QKN-18-9-1008	49,353	-
	12.RD	-	2,281,410	DESE RESEARCH INC	DESE-19-010	W9124P-19-9-0001	2,281,410	-
	12.RD	-	266,521	Dynetics Technical Solutions, Inc.	DX-SC-20-05	W9124P-19-09-0001	266,521	-
	12.RD	-	2,075,572	Dynetics Technical Solutions, Inc.	DX-SC-20-08	W9124P-19-09-0001	2,075,572	1,496,581
	12.RD	-	1,320,886	Advanced Technology International (ATI)	2018-868	W15WKN-18-9-1004	1,320,886	-
	12.RD	-	230,677	Radiation Monitoring Devices, Inc.	C21-01	CWD1922-001	230,677	-
	12.RD	-	628,610	MAXENTRIC TECHNOLOGIES LLC	NSC-19-9050	W15QKN-15-9-1004	628,610	-
	12.RD	-	1,225,648	Advanced Technology International (ATI)	2020-555	W9124-P-19-9-0001	1,225,648	-
	12.RD	-	1,820	MAXENTRIC TECHNOLOGIES LLC	4343-FPN	W911NF21C0020	1,820	-
	12.RD	-	73,717	APPLIED RESEARCH ASSOCIATES INC	S-D00183-00004-DRAPER	W15QKN-18-9-1004	73,717	-
	12.RD	1,207	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,207	-
	12.RD	1,911	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,911	-
Subtotal Department of the Army		5,765,717	13,983,170				19,748,887	2,062,675
Department of the Navy								
	12.RD	-	1,444	SYSTEMS PLANNING AND ANALYSIS, INC.	SPA-SC-2211-15-0001	N00030-14-C-0021	1,444	-
	12.RD	-	157	SCIENCE APPLICATIONS INTERNATIONAL CORP	P010204259	N00178-04-D-4119	157	-
	12.RD	-	1,196	LOCKHEED MARTIN - MITCHEL FIELD	4101776484	N00030-10-C-0015	1,196	-
	12.RD	-	84	LOCKHEED MARTIN - MITCHEL FIELD	4101910803	N00030-13-G-0045	84	-
	12.RD	-	7,040	LOCKHEED MARTIN - MITCHEL FIELD	4102094596	N00030-15-C-0045	7,040	-
	12.RD	-	731	LOCKHEED MARTIN - MITCHEL FIELD	4102246492	N00030-14-C-0002	731	-
	12.RD	-	93	JOHNS HOPKINS UNIV APPLIED PHYSICS LAB	131967	N00024-13-D-6400	93	-
	12.RD	-	1,336	LOCKHEED MARTIN - MITCHEL FIELD	4102383581	N00030-16-C-0002	1,336	-
	12.RD	-	7,374	LOCKHEED MARTIN - MITCHEL FIELD	4102396825	N00030-16-C-0045	7,374	-
	12.RD	-	1,926	NAVMAR APPLIED SCIENCES CORPORATION	WM006596	N68335-10-G-0028/0015	1,926	-
	12.RD	-	110,654	SYSTEMS PLANNING AND ANALYSIS, INC.	SPA-SC-2219-0002	N00030-17-C-0011	110,654	-
	12.RD	-	4,055	LOCKHEED MARTIN - MITCHEL FIELD	4102856955	N00030-17-G-0045	4,055	-
	12.RD	-	289	NAVMAR APPLIED SCIENCES CORPORATION	J60-S3AL1	N68335-14-G-0040-0003	289	-
	12.RD	-	1,373	LOCKHEED MARTIN - RIVIERA	4103249315	N0024-17-C-6308	1,373	-
	12.RD	-	12,430	LOCKHEED MARTIN - MITCHEL FIELD	4103398278	N00030-18-C-0045	12,430	-
	12.910	-	270,596	UNIVERSITY OF MASSACHUSETTS WORCESTER	WAO0861850	N660011924036	270,596	53,254

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Research and Development Cluster							
Department of Defense:							
12.RD	-	11,915,499	LOCKHEED MARTIN - LITTLETON	4104511408	N00030-19-C-0025	11,915,499	-
12.RD	-	100,737	THE PENNSYLVANIA STATE UNIVERSITY	S20-13	N00024-18-D-6401	100,737	-
12.RD	-	361,584	SYSTEMS & TECHNOLOGY RESEARCH, LLC	2020-0061	N6600121C4000	361,584	-
12.RD	-	69,962	SERCO INC	P000041188	FA8075-D-0014	69,962	-
12.RD	-	2,433,293	RAYTHEON - TUSCON	4202383118	HQ0276-15-C-0003	2,433,293	1,544,924
12.RD	-	315,595	Dynetics Technical Solutions, Inc.	DI-SC-21-74	N00178-19-9-0005	315,595	-
12.RD	-	273,446	THE PENNSYLVANIA STATE UNIVERSITY	S22-05	N00024-18-D-6401	273,446	-
12.RD	-	365,066	SYSTEMS PLANNING AND ANALYSIS, INC.	SPA-SC-050007-21-002	N0003022C1015	365,066	-
12.RD	-	129,611	LOCKHEED MARTIN - LITTLETON	4105364995	N00030-19-C-0025	129,611	-
12.RD	6,323	-	STRATEGIC SYSTEMS PROGRAMS		N00030-04-C-0004	6,323	6,323
12.RD	32,836	-	STRATEGIC SYSTEMS PROGRAMS		N00030-04-C-0005	32,836	32,836
12.RD	52,029	-	STRATEGIC SYSTEMS PROGRAMS		N00030-05-C-0007	52,029	52,029
12.RD	16,572	-	STRATEGIC SYSTEMS PROGRAMS		N00030-07-C-0001	16,572	16,572
12.RD	9,744	-	STRATEGIC SYSTEMS PROGRAMS		N00030-09-C-0008	9,744	9,744
12.RD	1,020	-	STRATEGIC SYSTEMS PROGRAMS		N00030-10-C-0015	1,020	-
12.RD	3,715	-	NAVAL UNDERSEA WARFARE CENTER NEWPORT		N66604-10-D-0215	3,715	-
12.RD	230	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-12-C-4033	230	-
12.RD	27,564	-	STRATEGIC SYSTEMS PROGRAMS		N00030-12-C-0005	27,564	16,084
12.RD	29,418	-	STRATEGIC SYSTEMS PROGRAMS		N00030-13-C-0005	29,418	11,019
12.RD	1,536	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-13-C-4011	1,536	-
12.RD	155	-	OFFICE OF NAVAL RESEARCH		N00014-13-C-0103	155	-
12.RD	38,010	-	STRATEGIC SYSTEMS PROGRAMS		N00030-13-C-0007	38,010	17,259
12.RD	829	-	OFFICE OF NAVAL RESEARCH		N00014-14-C-0174	829	-
12.RD	25,612	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-C-0054	25,612	(559)
12.RD	665	-	OFFICE OF NAVAL RESEARCH		N00014-15-C-0038	665	-
12.RD	1,257	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-15-C-4006	1,257	53
12.RD	1,913,998	-	STRATEGIC SYSTEMS PROGRAMS		N00030-15-C-0003	1,913,998	1,035,413
12.RD	802	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	802	-
12.RD	1,341	-	NAVAL SURFACE WARFARE CENTER CARDEROCK		N00167-13-D-0008	1,341	-
12.RD	1,915	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,915	-
12.RD	5,346	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	5,346	-
12.RD	4,188	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	4,188	-
12.RD	434	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	434	-
12.RD	1,202	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,202	-
12.RD	2,131	-	NAVAL UNDERSEA WARFARE CENTER KEYPORT		N00253-15-C-0004	2,131	-
12.RD	1,872	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,872	-
12.RD	1,490	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,490	-
12.RD	256,380	-	STRATEGIC SYSTEMS PROGRAMS		N00030-16-C-0014	256,380	12,415
12.RD	1,916	-	STRATEGIC SYSTEMS PROGRAMS		N00030-16-PA-0001	1,916	-
12.RD	891	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	891	-
12.RD	1,546	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,546	-
12.RD	1,157	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,157	-
12.RD	6,091	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-16-C-4002	6,091	-

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Research and Development Cluster							
Department of Defense:							
12.RD	4,020	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	4,020	-
12.RD	226	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	226	-
12.RD	235	-	NAVAL SURFACE WARFARE CENTER DAHLGREN		N00178-16-D-0001	235	-
12.RD	1,394	-	OFFICE OF NAVAL RESEARCH		N00014-16-C-3014	1,394	-
12.RD	3,331	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	3,331	-
12.RD	319	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	319	-
12.RD	1,721	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,721	-
12.RD	361	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	361	217
12.RD	4,607,027	-	STRATEGIC SYSTEMS PROGRAMS		N00030-16-C-0008	4,607,027	3,079,514
12.RD	-	608	NORTHROP GRUMMAN ELECTRONIC SYSTEMS	8140000892	N65236-16-C-8005	608	-
12.RD	1,175	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,175	-
12.RD	1,149	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-PA-IPAPK	1,149	-
12.RD	555	-	OFFICE OF NAVAL RESEARCH		N00014-17-C-1004	555	-
12.RD	431	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	431	-
12.RD	1,357	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	1,357	-
12.RD	4,098,384	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-C-0008	4,098,384	677,560
12.RD	527	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	527	-
12.RD	685	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	685	-
12.RD	241	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	241	-
12.RD	938	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	938	-
12.RD	886	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	886	-
12.RD	3,410	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	3,410	-
12.RD	804	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-17-C-4034	804	-
12.RD	5,153	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	5,153	-
12.RD	5,146	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	5,146	-
12.RD	-	2,588	LOCKHEED MARTIN - MITCHEL FIELD	4103097345	N00030-16-C-0002	2,588	-
12.RD	2,489	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	2,489	-
12.RD	321	-	STRATEGIC SYSTEMS PROGRAMS		N00030-18-PA-IPARB	321	-
12.RD	394	-	STRATEGIC SYSTEMS PROGRAMS		N00030-18-PA-IPAPK	394	-
12.RD	533,909	-	OFFICE OF NAVAL RESEARCH		N6833518C0107	533,909	-
12.RD	3,265	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	3,265	-
12.RD	262	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	262	-
12.RD	118	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	118	-
12.RD	470	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	470	-
12.RD	751	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	751	-
12.RD	15	-	NAVAL SURFACE WARFARE CENTER CRANE DIV		N00164-16-G-GM48	15	-
12.RD	45	-	NAVAL SURFACE WARFARE CENTER CRANE DIV		N00164-16-G-GM48	45	-
12.RD	1,388,645	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-18-C-4503	1,388,645	519,821
12.RD	1,190,282	-	OFFICE OF NAVAL RESEARCH		N00014-18-C-1043	1,190,282	(14,951)
12.RD	40,903,896	-	STRATEGIC SYSTEMS PROGRAMS		N00030-19-C-0001	40,903,896	4,792,571
12.RD	1,971	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	1,971	-
12.RD	1,108	-	STRATEGIC SYSTEMS PROGRAMS		N00030-19-PA-IPAAE	1,108	-
12.RD	1,075	-	Navy Engineering Logistics Office		N4175619C3531	1,075	-

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Research and Development Cluster								
Department of Defense:								
	12.300	49,279	-	OFFICE OF NAVAL RESEARCH		N00014-19-1-2213	49,279	-
	12.RD	1,022	-	OFFICE OF NAVAL RESEARCH		N00014-19-C-1038	1,022	-
	12.RD	123	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	123	-
	12.RD	67,879	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	67,879	-
	12.RD	343,105	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	343,105	-
	12.300	2,108,079	-	OFFICE OF NAVAL RESEARCH		N00014-20-C-1015	2,108,079	377,250
	12.RD	570,799	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	570,799	-
	12.RD	13,020,193	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-C-0004	13,020,193	3,523,993
	12.RD	1,496,370	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	1,496,370	-
	12.RD	568,432	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	568,432	-
	12.RD	1,287,170	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	1,287,170	-
	12.RD	1,148,969	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-20-C-4018	1,148,969	265,582
	12.RD	2,816,903	-	NAVAL UNDERSEA WARFARE CENTER NEWPORT		N66604-18-D-C806	2,816,903	57,947
	12.RD	7,017	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	7,017	-
	12.RD	195,272	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	195,272	-
	12.RD	2,474	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	2,474	-
	12.RD	174,492	-	NAVAL SURFACE WARFARE CENTER DAHLGREN		N00178-16-D-0001	174,492	-
	12.RD	82,644	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	82,644	-
	12.RD	970,742	-	OFFICE OF NAVAL RESEARCH		N00014-21-C-1040	970,742	-
	12.RD	458,642	-	NAVAL SURFACE WARFARE CENTER DAHLGREN		N00178-16-D-0001	458,642	-
	12.RD	2,507,914	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	2,507,914	-
	12.RD	239,938	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	239,938	-
	12.RD	139,142,172	-	STRATEGIC SYSTEMS PROGRAMS		N0003022C6002	139,142,172	58,461,784
	12.RD	1,222,276	-	OFFICE OF NAVAL RESEARCH		N00014-22-C-1006	1,222,276	-
	12.RD	326,885	-	OFFICE OF NAVAL RESEARCH		N00014-22-C-1047	326,885	-
	12.RD	390,773	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	390,773	-
	12.RD	2,177,302	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	2,177,302	-
	12.RD	121,743	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	121,743	-
Subtotal Department of the Navy		226,717,315	16,388,767				243,106,082	74,548,654
Defense Advanced Research Projects Agency								
	12.RD	1,654	-	AIR FORCE RESEARCH LABORATORY - ROME NY		FA8750-12-C-0293	1,654	-
	12.RD	2,789	-	WRIGHT LABORATORY		FA8650-15-C-7532	2,789	-
	12.RD	742	-	AIR FORCE RESEARCH LABORATORY		FA8651-17-F-1003	742	-
	12.RD	1,307	-	AIR FORCE RESEARCH LABORATORY		FA8651-17-F-1032	1,307	-
	12.RD	1,005	-	ARMY RESEARCH LABORATORY		W911NF-15-C-0042	1,005	-
	12.RD	353	-	ARMY RESEARCH LABORATORY		W911NF-16-C-0006	353	-
	12.RD	61	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-14-C-0115	61	-
	12.RD	788	-	Army Contracting Command - Redstone		W31P4Q-15-C-0002	788	-
	12.RD	4,218	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-15-C-0009	4,218	-
	12.RD	15,440	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-15-C-4019	15,440	-
	12.RD	3,814	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-15-C-0110	3,814	-
	12.RD	6,308	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-15-C-0138	6,308	-

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Research and Development Cluster								
Department of Defense:								
	12.RD	4,359	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-16-C-0036	4,359	-
	12.RD	432	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-16-C-0100	432	-
	12.RD	-	21	NORTHROP GRUMMAN ELECTRONIC SYSTEMS	8140000888	N65236-16-C-8005	21	-
	12.RD	124,210	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-16-C-0118	124,210	-
	12.RD	593	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001117C0114	593	-
	12.RD	555	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		0233	555	-
	12.RD	1,746	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		0184	1,746	-
	12.RD	2,960,982	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001118C0132	2,960,982	413,893
	12.RD	335,380	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001119C0051	335,380	140,763
	12.910	1,184,629	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001120C0032	1,184,629	395,390
	12.RD	7,706	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001120C0016	7,706	-
	12.RD	117,341	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		Dick Urban IPA 0184	117,341	-
	12.RD	238,173	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001121C0017	238,173	-
	12.RD	3,511,475	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001121C0022	3,511,475	1,166,308
	12.RD	443,920	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001121C0120	443,920	-
	12.RD	1,443,888	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001121C0107	1,443,888	-
	12.RD	1,913,701	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001121C0100	1,913,701	-
	12.RD	472,584	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR0011-21-C-0243	472,584	-
	12.RD	110,352	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001122C0061	110,352	-
	12.RD	151,250	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		Dick Urban IPA 2022-2024	151,250	-
	12.RD	663	-	DEFENSE ADVANCE RESEARCH PROJECTS AGENCY		HR001122C0140	663	-
	12.RD	-	757	NovaWurks Inc.	0023-SC13-001	HR0011-14-C-0023	757	-
	12.RD	-	8,723	Ball Aerospace And Technologies Corp.	14JKK00012	HR0011-15C-0021	8,723	-
	12.RD	-	449	RAYTHEON - TUSCON	PO 4201126378	HR0011-15-C-0081	449	-
	12.RD	-	36	TELEDYNE SCIENTIFIC & IMAGING, LLC	PO00133749	HR0011-16-C-0137	36	-
	12.RD	-	1,295	LOCKHEED MARTIN - ORLANDO	MEB-170814	HR0011-17-C-0042	1,295	-
	12.RD	-	2,438,126	MRIGlobal	811-111161-2	N66001-21-C-4048	2,438,126	-
	12.RD	-	309,622	Physical Sciences Incorporated	SC 1008612-108069-46	HR001121C0016	309,622	-
	12.RD	-	206,531	BAE SYSTEMS	1100260	HR001121C0002	206,531	-
	12.RD	-	141,455	FLIR SYSTEMS INC.	PO1310118789	N66001-21-C-4009	141,455	-
	12.RD	-	2,410,333	BAE SYSTEMS	1017349-A	HR001121C0068	2,410,333	-
	12.RD	-	801,635	TEXTRON SYSTEMS CORPORATION	1240799	HR00112290020	801,635	-
	12.RD	-	17,976	CHARLES RIVER ANALYTICS	SC2114502	HR001121S0030	17,976	-
	12.RD	783	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-15-C-4029	783	-
	12.RD	3,159	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001-16-C-4020	3,159	-
	12.RD	164	-	NAVAL INFORMATION WARFARE CENTER PACIFIC		N66001	164	-
Subtotal Defense Advanced Research Projects Agency		13,066,524	6,336,959				19,403,483	2,116,354
Missile Defense Agency								
	12.RD	-	2,595	JOHNS HOPKINS UNIV APPLIED PHYSICS LAB	121615	HQ0147-12-D-0004	2,595	-
	12.RD	-	1,185,883	RAYTHEON - TUSCON	4202444473	HQ0851-21-F-0014	1,185,883	-
	12.RD	-	20,247,595	LOCKHEED MARTIN - SUNNYVALE	4105111127	HQ0856-21-C-0001	20,247,595	-
	12.RD	-	317,719	CFD RESEARCH CORPORATION	0000001005	HQ0860-21-C-7144	317,719	-
	12.RD	-	59,661	RAYTHEON - TUSCON	4202521013	HQ0851-21-S-0001	59,661	-
	12.RD	624,573	-	Missile Defense Agency		HQ0147-17-C-0046	624,573	-
	12.RD	65,355	-	Missile Defense Agency		HQ0147-18-C-0009	65,355	-
Subtotal Missile Defense Agency		689,928	21,813,453				22,503,381	-

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Research and Development Cluster								
Department of Defense:								
United States Special Operations Command	12.RD	497,919	-			W911QY-21-9-0034	497,919	-
	12.RD	-	722	ProActive Technologies, Inc.	MSA-PAT-2015001	W900KK-14-D-0001	722	-
	12.RD	-	759	ProActive Technologies, Inc.	MSA-PAT-2015001	W900KK-14-D-0001	759	-
	12.RD	-	69	ProActive Technologies, Inc.	MSA-PAT-2015001	W900KK-14-D-0001	69	-
	12.RD	-	19,080	ASSETT, INC.	2017-002	H92222-17-C-0070	19,080	-
	12.RD	-	132	DOOLITTLE INSTITUTE, INC.	Agreement 7/13/17	Undisclosed	132	-
	12.RD	-	2,689	CYBRIX GROUP INC	DRAPER-AOI5-POO2	H92405-20-9-P005	2,689	-
	12.RD	-	625,216	APPLIED RESEARCH ASSOCIATES INC	S-G30002-IDIQ-10-DRA	47QRAA18D005T	625,216	-
	12.RD	-	285,102	THE MIL CORPORATION	SA-Draper-19204-MSE4.11.3	N00421-19-D-0002	285,102	-
	12.RD	-	40,653	JOHNS HOPKINS UNIV APPLIED PHYSICS LAB	174626	H92222-15-D-0004	40,653	-
	12.RD	-	64,274	RESONANT SCIENCES LLC	8933	FA8620-21-F-4024	64,274	-
	12.RD	684	-	STRATEGIC SYSTEMS PROGRAMS		N00030-14-G-0050	684	-
	12.RD	1,090	-	HQ USSOCOM SORDAC-K		H92222-12-C-0011	1,090	-
	12.RD	1,204	-	HQ USSOCOM SORDAC-K		H92222-12-C-0054	1,204	-
	12.RD	360	-	HQ USSOCOM SORDAC-K		H92222-14-C-0035	360	-
	12.RD	730	-	HQ USSOCOM SORDAC-K		H92222-15-C-0037	730	-
	12.RD	253	-	HQ USSOCOM SORDAC-K		H92236-18-C-0002	253	-
	12.RD	297,780	-	HQ USSOCOM SORDAC-K		H9240119C0003	297,780	-
	12.RD	675,380	-	HQ USSOCOM SORDAC-K		H9240119C0018	675,380	-
	12.RD	725	-	STRATEGIC SYSTEMS PROGRAMS		N00030-17-G-0050	725	-
	12.RD	290,703	-	HQ USSOCOM SORDAC-K		H9240121C0003	290,703	139,557
	12.RD	1,912,535	-	USSOCOM		H92405-21-C-0013	1,912,535	20,450
	12.RD	782,805	-	STRATEGIC SYSTEMS PROGRAMS		N00030-20-G-0050	782,805	-
Subtotal United States Special Operations Command		4,462,168	1,038,696				5,500,864	160,007
Intelligence Advanced Research Projects Activity								
	12.RD	-	494	Next Century Corporation	16040001	2016-16041100002	494	-
	12.RD	-	814,030	SYSTEMS & TECHNOLOGY RESEARCH, LLC	2017-0009	2017-17032200003	814,030	-
	12.RD	-	428	Lockheed Martin Advanced Technology Labs	4103319476	2017-17042800004	428	-
	12.RD	-	1,132,846	RUTGERS UNIVERSITY	2002	2021-21060200003	1,132,846	-
Subtotal Intelligence Advanced Research Projects Activity		-	1,947,798				1,947,798	-
Other Government DoD								
	12.RD	-	22,835	LEIDOS, INC.	P010166674	HDTRA1-14-D0008 DO 9	22,835	-
	12.RD	-	111	DIGITAL INFUZION	F-BAA-Analytics-3322014-03-Dra	HDTRA1-15-C-0003	111	-
	12.RD	-	628	BATTELLE	US001-601537-1	UML-2012-BATT-001	628	-
	12.RD	331	-	DIGITAL INFUZION		Subk. F-BAA-OneHealth-2102015-0	331	-
	12.617	-	899	State of Connecticut	15ECD0002PS	HQ00051410049	899	-
	12.RD	-	1,380	ALION SCIENCE & TECH	SUB1138204-001	HDTRA1-14-D-0002 DO 0005	1,380	-
	12.RD	-	35	ALION SCIENCE & TECH	SUB1139913-001	FA8075-14-D-0014	35	-
	12.RD	-	1,730	NORTHROP GRUMMAN SYSTEMS CORPORATION	SS1103316S4B	Unknown	1,730	-
	12.RD	-	15,592	RAYTHEON - TUSCON	PO4201429323	HQ0276-10-C-0005	15,592	-
	12.RD	-	7,581,860	RAYTHEON - TUSCON	4201808105	HQ0276-15-C-0003	7,581,860	4,510,114

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Research and Development Cluster								
Department of Defense:								
	12.RD	-	143,009	BAE SYSTEMS	1020442	FA8604-19-C-4001	143,009	-
	12.RD	-	25,512	Radiation Monitoring Devices, Inc.	C19-24	HDTRA1-19-C-0024	25,512	-
	12.RD	-	145,412	LEIDOS, INC.	PO10231673	HDRTA1-14-D-0008	145,412	-
	12.RD	-	8,636	Advanced Technology International (ATI)	2018-868	W15WKN-18-9-1004	8,636	-
	12.RD	-	1,557,698	RAYTHEON - TUSCON	4202357326	HQ0276-15-C-0003	1,557,698	-
	12.RD	-	86,823	RAYTHEON - TUSCON	4202377660	HQ0276-15-C-0003	86,823	-
	12.RD	-	611,941	LEIDOS, INC.	PO10258072	FA807521F0035	611,941	-
	12.351	5	-	Defense Threat Reduction Agency		HDTRA1-11-1-0012	5	-
	12.RD	441	-	Defense Threat Reduction Agency		HDTRA1-12-C-0061	441	-
	12.RD	918	-	Defense Threat Reduction Agency		HDTRA1-13-C-0019	918	-
	12.RD	2,827	-	Defense Threat Reduction Agency		HDTRA1-16-C-0007	2,827	-
	12.RD	1,951,018	-	Defense Threat Reduction Agency		HDTRA1-20-C-0040	1,951,018	-
	12.RD	1,358,154	-	USA MEDICAL RESEARCH ACQUISITION ACTVITY		W81XVWH-20-1-0295	1,358,154	405,077
	12.RD	1,901,157	-	Defense Threat Reduction Agency		HDTRA1-20-C-0059	1,901,157	-
	12.RD	363,647	-	SPACE DEVELOPMENT AGENCY		HQ0850-21-PA-IPALB	363,647	-
	12.RD	302,637	-	Defense Threat Reduction Agency		HDTRA121C0058	302,637	-
	12.RD	5,016,031	-	U S GOVERNMENT		17-C-0161	5,016,031	-
	12.RD	15,042,190	-	U S GOVERNMENT		18-C-3113	15,042,190	2,221,602
	12.RD	1,704,464	-	U S GOVERNMENT		19-C-0001	1,704,464	-
	12.RD	1,466,509	-	U S GOVERNMENT		4794	1,466,509	-
	12.RD	335,622	-	U S GOVERNMENT		4794	335,622	-
Subtotal Other Government DoD		<u>29,445,951</u>	<u>10,204,101</u>				<u>39,650,052</u>	<u>7,136,793</u>
Department of Defense		<u>296,993,144</u>	<u>88,572,019</u>				<u>385,565,163</u>	<u>90,858,895</u>
Other Government Non-DoD								
	11.RD	1,296	-	NOAA/National Weather Service		16IPA00SV	1,296	-
	11.RD	653	-	NOAA/National Weather Service		19IPA00SV	653	-
Subtotal Other Government Non-DoD		<u>1,949</u>	<u>-</u>				<u>1,949</u>	<u>-</u>
Department of Interior								
	15.RD	-	9,234	LEIDOS, INC.	PO10222918	1400041990005	9,234	-
Subtotal Department of Interior		<u>-</u>	<u>9,234</u>				<u>9,234</u>	<u>-</u>
National Air and Space Administration								
	43.RD	-	14	ORBITAL SCIENCES CORPORATION	3020802014	NNJ08TA32S	14	-
	43.RD	-	679	Analytical Mechanics Associates, Inc.	1601-TEAMS2-DRA	NNL12AA09C	679	-
	43.RD	-	1,573	SOUTHWEST RESEARCH INSTITUTE	F99073DRC	NNL13AQ00C	1,573	-
	43.002	-	398	NATIONAL SPACE BIOMEDICAL RESEARCH INST	HFP03401	NCC 9-58 11	398	-
	43.001	-	17	JOHNS HOPKINS UNIV APPLIED PHYSICS LAB	117092	NNX13AM53G	17	-
	43.RD	-	5,884	DEEP SPACE SYSTEMS INC.	LMIDIQ-013	NNJ06TA25C	5,884	-

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Research and Development Cluster								
Department of Defense:								
	43.RD	-	2,057	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	Letter Subcontract SV5-85006	JPL 975569 via NASA NNN06AA01C	2,057	-
	43.RD	-	10,512	Analytical Mechanics Associates, Inc.	TEAMS3-CSDL	80LARC17C0003	10,512	-
	43.RD	-	346,882	KBR	SMS0008225	NNJ15HK11B	346,882	-
	43.RD	-	51,889	KBR	SMS0008225	NNJ15HK11B	51,889	-
	43.RD	8,420	-	JOHNSON SPACE CENTER		NNJ11HA31C	8,420	-
	43.RD	5	-	NASA Shared Services Center		NNM14AA02A	5	-
	43.007	8	-	NASA Shared Services Center		NNX14AM90G	8	-
	43.RD	299	-	AMES RESEARCH CENTER		NNA15BB07B	299	-
	43.003	639	-	NASA Shared Services Center		NNX15AP28G	639	-
	43.RD	19,022	-	JOHNSON SPACE CENTER		NNJ16HK08B	19,022	-
	43.003	135	-	NASA Shared Services Center		NNX16AO29G	135	-
	43.RD	3	-	NASA Shared Services Center		80NSSC18K0270	3	-
	43.RD	143,004	-	NASA Shared Services Center		80NSSC20K0104	143,004	-
	43.RD	6,111,157	-	JOHNSON SPACE CENTER		80JSC021DA005	6,111,157	-
	43.RD	-	55,597	NASA Shared Services Center	237760	80NSSC20K1852	55,597	-
	43.RD	62,019	-	NASA Shared Services Center		80NSSC21K0348	62,019	-
Subtotal National Air and Space Administration		<u>6,344,711</u>	<u>475,502</u>				<u>6,820,213</u>	<u>-</u>
National Science Foundation								
	47.050	28	-	THE NATIONAL SCIENCE FOUNDATION		AGS-1242889	28	-
	47.RD	74,204	-	THE NATIONAL SCIENCE FOUNDATION		1804845	74,204	-
Subtotal National Science Foundation		<u>74,232</u>	<u>-</u>				<u>74,232</u>	<u>-</u>
Department of Energy								
	81.RD	-	728	BATTELLE ENERGY ALLIANCE, LLC	00152440	DE-AC07-05ID14517	728	-
	81.RD	-	74	Radiation Monitoring Devices, Inc.	C16-03	DE-SC0011891	74	-
	81.RD	-	3,682	Lawrence Livermore National Laboratory	B638297	DE-AC52-07NA27344	3,682	-
	81.RD	-	1,753,491	Lawrence Livermore National Laboratory	B643550	DE-AC52-07NA27344	1,753,491	-
	81.RD	-	101,356	SANDIA NATIONAL LABORATORIES	2356200	DE-NA0003525	101,356	-
Subtotal Department of Energy		<u>-</u>	<u>1,859,331</u>				<u>1,859,331</u>	<u>-</u>
Department of Health and Human Services								
	93.853	12	-	NATIONAL INSTITUTES OF HEALTH		1R21NS077285-01A1	12	-
	93.350	466,010	-	NATIONAL INSTITUTES OF HEALTH		75N95019C00035	466,010	201,019
	93.RD	596,507	-	US FOOD AND DRUG ADMINISTRATION		FDA 75F40119C10122	596,507	-
	93.RD	-	125,673	VOX BIOMEDICAL LLC	VOX2101	Grant No. 4R42 DA049655-03	125,673	-
	93.113	-	262	NORTHWESTERN UNIVERSITY	60037699 TCSDLIPO PUR1071128	4UJH3TR001207-03	262	-
	93.173	-	384	Akouos, LLC	R43DC016253	R43DC016253	384	-
	93.837	-	96,485	NATIONAL INSTITUTES OF HEALTH	GENFD0001783992	1R21HL145636-01	96,485	-
	93.RD	-	34	THE UNIVERSITY OF TEXAS AT DALLAS	UT Dallas/NIH Subaward Pelvic	R01DK120307	34	-
	93.RD	-	225,341	UNIVERSITY OF ILLINOIS AT CHICAGO	UIC NIH Subaward 17610-00	1R01 CA240301-01	225,341	-
Subtotal Department of Health and Human Services		<u>1,062,529</u>	<u>448,179</u>				<u>1,510,708</u>	<u>201,019</u>

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Research and Development Cluster								
Department of Defense:								
Department of Homeland Security	97.RD	5,369	-	DEPARTMENT OF HOMELAND SECURITY		HS HQDC-15-C-B0047	5,369	-
	97.RD	477	-	DEPARTMENT OF HOMELAND SECURITY		70RSAT20C00000057	477	-
Subtotal Department of Homeland Security		5,846	-				5,846	-
Other Contracts								
	99.RD	-	2,737	SANDIA NATIONAL LABORATORIES	1353675	Undisclosed	2,737	-
	99.RD	-	3,804	SCIENCE APPLICATIONS INTERNATIONAL CORP	P010151053	B13-2012223G003	3,804	-
	99.RD	-	559	Lockheed Martin IS&GS Hanover MD	41T0908079	H98230-09-C-0645	559	-
	99.RD	-	135	JOHNS HOPKINS UNIV APPLIED PHYSICS LAB	123690	14-D-0037	135	-
	99.RD	-	1,484	Lockheed Martin IS&GS Hanover MD	4100908079	H98230-09-C0645	1,484	-
	99.RD	-	47,630	Confidential Industrial Partner	Confidential	Undisclosed	47,630	-
	99.RD	-	1,784,703	LEIDOS, INC.	P010232588	Undisclosed	1,784,703	-
	99.RD	-	1,281,214	Confidential Industrial Partner	Confidential-01	Undisclosed	1,281,214	-
	99.RD	-	449,649	SYSTEMS & TECHNOLOGY RESEARCH, LLC	2021-0028	Undisclosed	449,649	-
	99.RD	-	855,465	SYSTEMS & TECHNOLOGY RESEARCH, LLC	2021-0025	Undisclosed	855,465	-
	99.RD	16	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		2009*1031708*000	16	-
	99.RD	187	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B11-2011163G001	187	-
	99.RD	396	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B12-2011343G007	396	-
	99.RD	12,820	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B12-2012068G003	12,820	-
	99.RD	4,162	-	UUV AA SPONSOR		13-C-5168	4,162	-
	99.RD	1,867	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B12-2012152G001	1,867	-
	99.RD	99	-	U S GOVERNMENT		H-901-00	99	-
	99.RD	13,726	-	U S GOVERNMENT		13-C-0067	13,726	-
	99.RD	910	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-201374G005-002	910	-
	99.RD	1,375	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013205G001	1,375	-
	99.RD	32	-	U S GOVERNMENT		13-C-0551	32	-
	99.RD	387	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-004	387	-
	99.RD	5,439	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-003	5,439	-
	99.RD	674	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014073G005	674	-
	99.RD	122	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014200G001-001	122	-
	99.RD	2,121	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-005	2,121	-
	99.RD	1,260	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-006	1,260	-
	99.RD	196	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014200G001-002	196	-
	99.RD	1,756	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014220G002-001	1,756	-
	99.RD	5,052	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B12-2012157G010-004	5,052	-
	99.RD	608	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B15-2015028G003	608	-
	99.RD	11	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B15-2015085G003	11	-
	99.RD	553	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B15-2015089G005	553	-
	99.RD	669	-	U S GOVERNMENT		H-901-004	669	-
	99.RD	1,206	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-007	1,206	-
	99.RD	2,520	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B15-2015166G009	2,520	-
	99.RD	4,479	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B15-2015190G013	4,479	-
	99.RD	3,945	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-008	3,945	-

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

The Charles Stark Draper Laboratory, Inc.
Supplemental Schedule of Expenditures of Federal Awards
July 1, 2022

	Assistance Listing Number	Direct	Pass- through	Awarding/Pass-Through Entity	Pass-Through Entity Identifying Number	Primary Awarding Identifying Number	Total	Passed to Sub- Recipients
Research and Development Cluster								
Department of Defense:								
	99.RD	450	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-009	450	-
	99.RD	1,494	-	U S GOVERNMENT		16-G-H001-01	1,494	-
	99.RD	2,012	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016195G002	2,012	-
	99.RD	998	-	UUV AA SPONSOR		16-C-5018	998	-
	99.RD	2,634	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016216G004	2,634	-
	99.RD	833	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014200G001-003	833	-
	99.RD	1,260	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-010	1,260	-
	99.RD	434	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B13-2013074G005-011	434	-
	99.RD	16,397	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014220G002	16,397	-
	99.RD	783	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016228G005	783	-
	99.RD	1,378	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	1,378	-
	99.RD	523	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2017037G002	523	-
	99.RD	1,060	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B14-2014220G002-003	1,060	-
	99.RD	874	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002-003	874	-
	99.RD	1,630,670	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	1,630,670	-
	99.RD	677	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	677	-
	99.RD	91	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	91	-
	99.RD	141	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002-005	141	-
	99.RD	539,112	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016228G005	539,112	-
	99.RD	111	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2017135G005	111	-
	99.RD	328	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016228G005	328	-
	99.RD	388	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	388	-
	99.RD	4	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2017037G002-003	4	-
	99.RD	1,378	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2017198G001	1,378	-
	99.RD	652	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	652	-
	99.RD	804,634	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	804,634	-
	99.RD	2,477	-	UUV AA SPONSOR		17-C-5047	2,477	-
	99.RD	34,963	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	34,963	-
	99.RD	1,131	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002-011	1,131	-
	99.RD	239	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016228G005	239	-
	99.RD	1,251,677	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018075G003	1,251,677	-
	99.RD	39	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	39	-
	99.RD	13,707	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	13,707	-
	99.RD	158,475	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	158,475	-
	99.RD	36,953	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	36,953	-
	99.RD	231,346	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	231,346	-
	99.RD	84,657	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B16-2016228G005	84,657	-
	99.RD	11,003	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	11,003	-
	99.RD	1,685	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	1,685	-
	99.RD	592,283	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B19-2019228G004	592,283	-
	99.RD	338	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	338	-
	99.RD	129,885	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	129,885	-
	99.RD	1,204,488	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	1,204,488	-

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

The Charles Stark Draper Laboratory, Inc.
Supplemental Schedule of Expenditures of Federal Awards
July 1, 2022

	Assistance Listing Number	Direct	Pass- through	Awarding/Pass-Through Entity	Pass-Through Entity Identifying Number	Primary Awarding Identifying Number	Total	Passed to Sub- Recipients
Research and Development Cluster								
Department of Defense:								
	99.RD	11,581,836	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020184G002	11,581,836	2,649,055
	99.RD	2,336,771	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	2,336,771	-
	99.RD	830	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	830	-
	99.RD	3,687,207	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	3,687,207	-
	99.RD	570,577	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	570,577	-
	99.RD	1,161,208	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020238G401	1,161,208	-
	99.RD	3,192,628	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020238G401	3,192,628	-
	99.RD	1,622,085	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	1,622,085	-
	99.RD	4,719,398	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	4,719,398	-
	99.RD	4,309,501	-	UUV AA SPONSOR		21-G-5028	4,309,501	-
	99.RD	620,752	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B17-2016363G002	620,752	-
	99.RD	1,256,256	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	1,256,256	-
	99.RD	614,930	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	614,930	-
	99.RD	44,277	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B21-2021258G002	44,277	-
	99.RD	13,027	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	13,027	-
	99.RD	234,404	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B18-2018202G001	234,404	-
	99.RD	519,226	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	519,226	-
	99.RD	411,434	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	411,434	-
	99.RD	38,002	-	BUDGET & FINANCE SYSTEMS ACTIVITY (BFSA)		B20-2020162G401	38,002	-
	99.RD	220,898	-	U S GOVERNMENT		4794	220,898	-
	99.RD	253,936	-	U S GOVERNMENT		22-C-0004	253,936	-
Subtotal Other Contracts		44,240,453	4,427,380				48,667,833	2,649,055
Total Non Department of Defense		51,729,720	7,219,626				58,949,346	2,850,074
Total Research and Development Cluster		348,722,864	95,791,645				444,514,509	93,708,969
Total Federal Awards		\$ 348,722,864	\$ 95,791,645				\$ 444,514,509	\$ 93,708,969

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

The Charles Stark Draper Laboratory, Inc.
Notes to Supplemental Schedule of Expenditures of Federal Awards
July 1, 2022

1. Basis of Presentation

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared in accordance with the Office of Management and Budget ("OMB") Uniform Guidance, using the accrual basis of accounting. The purpose of the Schedule is to present a summary of The Charles Stark Draper Laboratory, Inc.'s ("Draper") research programs for the year ended July 1, 2022, which have been funded by the U.S. Government ("federal awards"). For purposes of the Schedule, federal awards include all federal contracts entered into directly between Draper and the federal government and also between Draper and other primary recipients of Federal government funds (pass-through). Because the Schedule presents only the federal award activity of Draper, the Schedule is not intended to, and does not, present either the financial position or changes in net assets of Draper.

2. Indirect Costs

The auditee did not use the de minimis cost rate. Draper recovers indirect costs under contracts and grants at provisional rates negotiated between the cognizant agency (Defense Contract Management Agency ("DCMA")) and Draper. Separate cost rates are negotiated for the following final indirect rates: Employee Benefits, General Overhead, Plant Overhead, and Cost of Money. Additionally, separate cost rates are negotiated for the following service centers: Machine Shop, Information Technology, Design Center, Focused Ion Beam, and Micro Fabrication. Final costs for each fiscal year are determined using Defense Contract Audit Agency (the "DCAA") annual audits and through negotiations with the DCMA Administrative Contract Officer. Draper has not elected to use the 10% de minimis indirect cost rate as described in Section 200.414 of the Uniform Guidance. A Forward Pricing Rate Recommendation letter dated July 2, 2021 from the Defense Contract Management Agency has established the indirect cost rates used by Draper. A schedule of cost rates is included in DCAA Audit Report No. 1361-2022T10110001 Independent Auditor's Report of Charles Stark Draper Laboratory's Compliance with Requirements Applicable to Major Program and on Internal Control over Compliance in Accordance with 2 CFR Part 200, Fiscal Year Ended July 1, 2022 (Report 3a).



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of The Charles Stark Draper Laboratory, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Charles Stark Draper Laboratory, Inc. ("Draper"), which comprise the statement of financial position as of July 1, 2022, and the related statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated September 23, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

PricewaterhouseCoopers LLP

Boston, Massachusetts
September 23, 2022



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

To the Board of Directors of The Charles Stark Draper Laboratory, Inc.

Coordinated Audit Division of Responsibility

In connection with the coordinated audit of The Charles Stark Draper Laboratory, Inc. ("Draper") for the year ended July 1, 2022, as provided for in U.S. Office of Management and Budget ("OMB") Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the U.S. Defense Contract Audit Agency ("DCAA") and PricewaterhouseCoopers LLP each performed certain tasks. Responsibilities under the coordinated audit approach were assigned as follows:

1. The DCAA performed specific audit procedures over Department of Defense contracts (DoD) with respect to the following compliance requirements included in the OMB *Compliance Supplement*: activities allowed or unallowed; and allowable costs/cost principles. In addition, the DCAA tested the internal control structure with respect to the above listed compliance requirements as they relate to the research and development cluster. The DCAA's reports on compliance and internal control over compliance are included in the Uniform Guidance Report as report 3a.
2. PricewaterhouseCoopers LLP performed specific audit procedures over DoD contracts and contracts not sponsored by the Department of Defense (non-DoD) with respect to the following compliance requirements included in the OMB *Compliance Supplement*: cash management; equipment and real property management; period of performance; procurement, suspension and debarment; subrecipient monitoring and special tests and provisions. In addition, PricewaterhouseCoopers LLP tested the internal control structure with respect to the above listed compliance requirements as they relate to the research and development cluster.
3. PricewaterhouseCoopers LLP also included within its scope for non-DoD contracts the following compliance requirements included in the OMB *Compliance Supplement*: activities allowed and unallowed; and allowable costs/cost principles. In addition, PricewaterhouseCoopers LLP tested the internal control structure with respect to the above listed compliance requirements as they related to the research and development cluster.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Draper's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and as described above in the Coordinated Audit Division of Responsibilities section above that could have a direct and material effect on each of Draper's major federal programs for the year ended July 1, 2022. Draper's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Draper complied, in all material respects, with the compliance requirements referred to above, that could have a direct and material effect on each of its major federal programs for the year ended July 1, 2022.



Basis for Opinion on Each Major Federal Program

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

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Draper'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 Draper'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 Draper's internal control over compliance. Accordingly, no such opinion is expressed.



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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above as well as the Coordinated Audit Division of Responsibilities section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 29, 2023

CUI

ATTENTION

Controlled by: DCAA New England Branch Office
CUI Categories: PROPIN
POC: Jaclyn H. Parziale jaclyn.h.parziale.civ@mail.mil

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CUI



Audit Report No. 1361-2022T10110001

New England Branch Office

59 Lowes Way, Suite 300

Lowell, MA 01851

March 22, 2023

Independent Audit Report on Charles Stark Draper Laboratory, Inc.'s Compliance with Requirements Applicable to its Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance at 2 CFR Part 200 for Fiscal Year Ended July 1, 2022

Controlled by: New England Branch Office

CUI Categories: PROPIN

POC: Jaclyn H. Parziale, jaclyn.h.parziale.civ@mail.mil

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Audit Report No. 1361-2022T10110001

March 22, 2023

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Audit Report No. 1361-2022T10110001

March 22, 2023

EXECUTIVE SUMMARY

ABOUT CHARLES STARK DRAPER LABORATORY, INC.

Charles Stark Draper Laboratory, Inc. (Draper), located at 555 Technology Square, Cambridge, MA, is a nonprofit research and development laboratory which predominantly focuses on the design, development, and deployment of advanced technological solutions for the Federal government's problems in security, space exploration, healthcare, and energy. Draper's Cage Code is 51993.

Draper's Federal awards fall under the designation of a Research and Development (R&D) Cluster. A cluster of programs means Federal programs with different Catalog of Federal Domestic Assistance (CFDA) numbers that are defined as a cluster of programs because they are closely related programs that share common compliance requirements. Since all of Draper's Federal awards fall under the R&D cluster, Draper is considered to only have one major Federal program (R&D).

Sales are mainly sole source procurements to the U.S. Government under Cost Plus-Fixed-Fee (CPFF) type contracts. Draper's total audited Federal award costs for Fiscal Year Ended (FYE) July 1, 2022 were \$444.5 million.

ABOUT THIS AUDIT

In accordance with Code of Federal Regulations, Title 2, Part 200 (2 CFR 200), the Defense Contract Audit Agency (DCAA) and PricewaterhouseCoopers LLP (PwC) performed a coordinated audit of Draper's R&D Cluster. DCAA's audit responsibility included testing Draper's compliance with the following compliance requirements included in the 2 CFR 200 Compliance Supplement: activities allowed or unallowed, and allowable cost/cost principles. Our work included auditing Draper's proposed direct and indirect amounts for reimbursement on federal awards contained in its FY 2022 final indirect rate proposal, submitted on November 23, 2022. In addition, we also tested Draper's internal control structure with respect to the two compliance requirements listed above as they relate to Draper's R&D Cluster. However, our audit of Draper's R&D Cluster did not include non DoD Federal awards within the Schedule of Expenditures of Federal Awards because we do not have audit cognizance over those Federal awards.

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Audit Report No. 1361-2022T10110001

March 22, 2023

WHAT WE FOUND

We found two instances of noncompliance with Compliance Requirement B (Allowable Costs and Cost Principles). Our audit disclosed \$3,652,353 of unreasonable depreciation costs that do not meet the requirements of FAR 31.201-3(a) and (b)(1). We identified \$160,960 of unallowable special retirement pay per FAR 31.205-6(a)(3) that also resulted in an upward adjustment of \$26,689 to reflect the amount that this person had previously exceeded the compensation cap.

CUI

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM.

We have audited Draper's compliance with two of the compliance requirements described in the 2022 2 CFR 200, Appendix XI, Compliance Supplement (OMB *Compliance Supplement*) that could have a direct and material effect on the Research and Development cluster, pertaining to DoD Federal awards, for year ended July 1, 2022. The compliance requirements audited by DCAA are as follows:

- Activities allowed or unallowed, and
- Allowable cost/cost principles.

Draper's major Federal program is identified in the Schedule of Findings and Questioned Costs summary of auditor's results section.

Draper's independent public accounting firm of PricewaterhouseCoopers LLP (PwC) is responsible for auditing the non DoD Federal awards pertaining to the compliance requirements noted above as well as the remaining applicable compliance requirements.

Our audit of the Federal Research and Development cluster did not include \$58,947,542 of costs associated with non DoD Federal awards within the Schedule of Expenditures of Federal Awards. Draper's independent public accounting firm of PwC is responsible for auditing these costs. See Appendix 4, Page 26, for more details relating to the Federal awards that we audited and the ones that we excluded from our audit.

We also audited Draper's proposed direct and indirect amounts for reimbursement on Federal awards contained in its FY 2022 final indirect rate proposal, submitted November 23, 2022, to determine if the proposed amounts comply with the terms of Federal awards pertaining to accumulating and billing incurred amounts.

Management's Responsibility

Draper'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 each of Draper's Federal programs 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 major Federal program occurred. An audit includes examining, on a test basis, evidence about Draper'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 major Federal program. However, our audit does not provide a legal determination on Draper's compliance.

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

Unmodified Opinion on Draper's Compliance with the Research and Development Cluster

In our opinion, Draper complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its Federal program for the year ended July 1, 2022. However, the results of our auditing procedures disclosed instances of noncompliance, required to be reported in accordance with 2 CFR 200.516, which is described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002. Our opinion on the research and development cluster is not modified with respect to these matters.

Draper's response to the noncompliance finding identified in our audit is included in the accompanying Corrective Action Plan for the Current Year, Appendix 3, page 24. Draper's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on its response.

Appendix 4, Page 26, includes a Summary Schedule of Claimed Expenditures and Fee by Federal Sponsor. It does not represent the final costs by Federal sponsor as it does not reflect final indirect costs as final indirect rates still have to be negotiated by the Administrative Contracting Officer (ACO). Final amounts will be adjusted after Draper settles its indirect rates with its ACO. Draper's Certificate of Final Indirect Cost is provided as Appendix 1, Page 18.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Draper 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 Draper's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 Draper'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 a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement for 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 Draper's internal control over compliance with Federal programs was for the limited purpose described above and was not designed to identify all deficiencies in the Auditee's 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 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As part of our audit, we included procedures to assess the reasonableness of Draper's Summary Schedule of Prior Audit Findings, included as Appendix 2, page 19. Our audit disclosed that Draper adequately presented the status of its corrective action taken regarding our

prior audit findings. The following is a summary of the prior audit findings that are still considered open:

<u>Audit Year</u>	<u>Audit Finding Reference</u>	<u>Description of Audit Finding</u>
FY 2020	2020-001	Depreciation of Atrium Construction Costs – Unreasonable
FY 2020	2020-004	Executive Compensation
FY 2020	2020-005	Public Relation Costs
FY 2021	2021-001	Depreciation of Atrium Construction Costs – Unreasonable

EXIT CONFERENCE

We provided a draft copy of the report and discussed the results of our examination with Mr. Jamie Pereira, Director, Government Accounting and Compliance, in an exit conference held on March 13, 2023. Draper did not agree with one of our audit findings. The complete text of Draper's response appears as Appendix 3, Page 24.

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

DCAA PERSONNEL

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

AUDIT REPORT AUTHORIZED BY:

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-04'00'

Jaclyn H. Parziale
Branch Manager
DCAA New England Branch Office

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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 Attachment 5 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.

GOVERNMENT PARTICIPATION IN ALLOCATION BASES

<u>Indirect Category</u>	<u>Government Flexibly Priced Government Awards</u>	<u>FFP Federal Awards and Commercial Work</u>	<u>Total</u>
General Research Overhead	86.5%	13.5%	100.0%
Plant Overhead	86.7%	13.3%	100.0%
Employee Benefits	86.6%	13.4%	100.0%

SCHEDULE OF FINDINGS AND QUESTIONED COSTS**Charles Stark Draper Laboratory, Inc.****Fiscal Year Ended July 1, 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	R&D Cluster
Unmodified	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.		

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

Yes	X
No	

Identification of Major Programs:

CFDA Number	Federal Program
N/A	Research and Development Cluster

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

\$3,000,000

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

Yes	X
No	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Charles Stark Draper Laboratory, Inc.

Fiscal Year Ended July 1, 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 FINDINGS RELATED TO FEDERAL AWARDS

Finding Number	Major Federal Program	CFDA No.	Compliance Requirement	Finding
2022-001	R&D Cluster	12.R&D	B	Depreciation – Atrium Costs
2022-002	R&D Cluster	12.R&D	B	Special Retirement Payment

A. INDIRECT EXPENSES

2022-001. Depreciation of Atrium Construction Costs – Unreasonable

a. Condition:

This finding is a continuation of audit findings 2020-001 and 2021-001 from the Draper FY 2020 and 2021 Uniform Guidance audits, which questioned the reasonableness of constructing an Atrium to the front of Draper's Duffy Building.

For a complete understanding of this audit issue, we recommend that you review audit findings 2020-001 and 2021-001. However, as a quick overview, in September of 2017, Draper completed construction of a \$54,785,170 six story open space atrium as an addition to its Duffy Building. This atrium serves as the new entrance to Draper's main building and it contains a lobby, building security areas, information technology (service desk), meeting areas, a food court and a presentation area. The atrium also results in the addition of 23,640 square feet to the contractor's facility with the vast majority being comprised of open space. Although the building of this atrium provides additional square footage to Draper's facilities, we found that Draper is utilizing only a 15-year period to depreciate construction costs starting with FY 2018. For the first two years of this period, FY 2018 and FY 2019, Draper decided to not request nor claim any depreciation costs from the Federal Government. Draper's forward pricing rate submission, dated May 20, 2019, also excluded these depreciation costs from forecasted expenses for FY 2020 through FY 2023.

On October 24, 2022, Draper provided us an additional analysis for the purpose of demonstrating that a majority of the atrium project costs were competitively bid. It is Draper's position that since the general contractor for this project received competitive bids for the

subcontract work, which represented a significant portion of the project, then the cost associated with the overall project is reasonable. This analysis included all the competitive quotes that the General Contractor obtained before awarding each of the subcontracts.

Our review of these documents did demonstrate that seventy-seven percent of the total project costs were competitively bid as the General Contractor chose the low bid subcontractor, in all cases, when awarding the work. This addresses only part of Draper's responsibility for justifying the reasonableness of the project. To be reasonable, Draper must also demonstrate that this type of cost was ordinary and necessary for the conduct of Draper's business or the contract performance. To address the need and business case for the atrium, Draper provided a presentation to DCAA and its DCMA Administrating Contracting Officer (ACO) on April 28, 2022. As of the date of this report, no official determination has been made on whether Draper's presentation adequately addressed the requirements of FAR 31.201-3(a) and (b)(1).

As a result, we will continue to question the depreciation costs associated with the Atrium project, which totaled \$3,652,353 for FY 2022, in accordance with FAR 31.201-3(a) and (b)(1), Determining Reasonableness.

This audit finding also results in a noncompliance with compliance requirement B (Allowable Cost/Cost Principles) of 2 CFR Part 200, Appendix XI, Compliance Supplement.

The questioned costs represent indirect costs, which pertain to all Federal contracts under Draper's R&D program. We do not consider the questioned depreciation costs subject to penalties in accordance with FAR 42.709.

b. Criteria:

Per FAR 31.201-3, Determining reasonableness,

- (a) A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. Reasonableness of specific costs must be examined with particular care in connection with firms or their separate divisions that may not be subject to effective competitive restraints. No presumption of reasonableness shall be attached to the incurrence of costs by a contractor. If an initial review of the facts results in a challenge of a specific cost by the contracting officer or the contracting officer's representative, the burden of proof shall be upon the contractor to establish that such cost is reasonable.*
- (b) What is reasonable depends upon a variety of considerations and circumstances, including-*
 - (1) Whether it is the type of cost generally recognized as ordinary and necessary for the conduct of the contractor's business or the contract performance;*

- (2) *Generally accepted sound business practices, arm's-length bargaining, and Federal and State laws and regulations;*
- (3) *The contractor's responsibilities to the Government, other customers, the owners of the business, employees, and the public at large; and*
- (4) *Any significant deviations from the contractor's established practices.*

c. Recommendation:

Draper still needs to address why this project was ordinary and necessary for the conduct of Draper's business or the contract performance and whether or not Draper considered less costly options that would meet its needs.

d. Draper's Reaction:

Draper's reaction follows verbatim.

Draper does not concur with DCAA's finding that the atrium depreciation expense is unreasonable. As DCAA points out, Draper provided a reasonableness presentation to address the business need for the atrium on April 28, 2022 and provided additional analyses and evidence (October 2022) proving all subcontractors utilized on the project were competitively awarded, which establishes those costs were awarded at a fair and reasonable price. Draper reserves the right to negotiate this issue with the ACO. Draper has, and continues to support the Government's requests in regards to the reasonableness of the atrium.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Est. Completion Date: Pending DCMA Resolution

e. Auditor's Response:

We will provide any audit support requested by the ACO during negotiations.

2022-002 Special Retirement Payment – Supplemental Retirement Plan for Corporate Officers

a. Condition:

We questioned the \$160,960 special retirement payment to an executive of Draper on the basis that the costs did not conform to the terms and conditions of Draper's Supplemental Retirement Plan for Corporate Officers (SRPCO). As a result, Draper did not meet the requirements of FAR 31.205-6(a)(3) for these costs to be considered allowable. The costs result from a one-time payment to an executive of \$160,960 as a result of Draper's termination of the SRPCO. Since this executive was previously \$26,689 over the Bipartisan Budget Act of 2013 compensation cap, Draper properly classified it as unallowable, we upwardly adjusted the overhead pool to reflect the fact that this executive will now be under the compensation cap.

Draper established the SRPCO to assure that certain key Corporate Officers received a reasonable level of retirement compensation in relation to their level of compensation and length of service at the laboratory. On January 19, 2022 the Draper Human Resources & Compensation Policy Committee voted to terminate the SRPCO and replace it with the Long Term Incentive Plan (LTIP) for executives. As of January 19, 2022, only one employee was eligible for the SRPCO although that employee was not vested in the plan. The questioned costs relate to a one-time payment to this employee as consideration to release Draper from all lawsuits, torts, damages and liabilities, and any and all other claims related to the employees' participation in the SRPCO.

The SRPCO contains criteria required for an employee to receive a supplemental retirement payment under the plan, including eligibility and vesting. The plan defines vesting as "an Eligible Employee's having a nonforfeitable right to receive a Supplemental Retirement Payment, as provided in Section 7." Section 7 of the plan identifies specific events that are required to occur in order for an eligible employee to become vested in their right to receive a supplemental retirement payment under the plan. The specific events include: remaining an employee until mandatory retirement date; becoming permanently and totally disabled; and being involuntarily terminated without cause (prior to mandatory retirement date, but on or after age fifty-five with at least ten years of employment with the laboratory). We determined none of these specific events occurred for this employee and therefore, the employee is not vested.

The plan also includes terms regarding the timing of the Supplemental Retirement Payment and states that an eligible employee will be paid as soon as practical after the employee becomes vested. It specifically states: "*The Supplemental Retirement Payment shall be paid by the Laboratory to the Eligible Employee as a lump sum as soon as practicable after the Eligible Employee becomes Vested, subject to applicable tax and other withholdings*". As discussed above, the plan includes specific events that must occur for an employee to become vested in their right to receive a Supplemental Retirement Payment under the plan – all of which include the employee no longer being employed by the laboratory. Because the plan was established to provide retirement compensation for certain corporate officers and all events necessary for an employee to become vested in the plan require the employee to no longer be employed by Draper, we determined that payment to a current employee is not consistent with the terms and conditions of the plan.

In addition, we also reviewed Draper's April 5, 2022 agreement letter to the employee, which states the following:

"Draper has the authority to terminate the SRPCO at any time with no obligation to pay out plan participants who have not otherwise vested in the plan. You further acknowledge and agree that as of January 19, 2022 you were not vested in the SRPCO. In consideration for the one-time payment for which you are otherwise not entitled, you agree to release Draper and all of its past, present and future officers, directors, trustees, agents, employees, consultants, attorneys, and insurers (collectively the "Related Parties"), from all demands causes of action, lawsuits, torts, contracts, agreements, promises, statutory violations, costs,

attorneys' fees, damages and liabilities, and any and all other claims of every kind, nature and description, both in law and in equity, which you may now have, or have ever had at any time against the Released Parties as it relates to your participation in the SRPCO."

As noted in the letter, the employee was not vested in the SRPCO plan nor was she even entitled to payment under the plan. As a result, these costs do not meet the requirements of FAR 31.205-6(a)(3), which states that compensation for personal services is allowable if the compensation is based upon and conform to the terms and conditions of the contractor's established compensation plan or practice.

Based on our discussions with Draper, we determined that the employee is eligible for the Long Term Incentive Plan (LTIP), which was recently approved by Draper's Board of Directors. As discussed above, the LTIP is the replacement plan for the SRPCO. Because the LTIP is a replacement plan for the SRPCO and the employee is eligible for the LTIP, we do not consider it to be reasonable for the employee to benefit from both of these plans.

The cause for these questioned expenses results from Draper's decision to ignore the criteria that was stated in its Supplemental Retirement Plan for Corporate Officers (SRPCO) and pay this employee even though she was not vested in the plan.

This audit finding also results in a noncompliance with compliance requirement B (Allowable Cost/Cost Principles) of 2 CFR Part 200, Appendix XI, Compliance Supplement.

The questioned costs represent indirect costs, which pertain to all Federal contracts under Draper's R&D program. We do not consider the questioned Supplemental Retirement Plan for Corporate Officer costs to be subject to penalties in accordance with FAR 42.709.

a. Criteria

FAR 31.205-6(a)(3) – Compensation for Personal Services

(a) General. Compensation for personal services is allowable subject to the following general criteria and additional requirements contained in other parts of this cost principle:

- (3) The compensation must be based upon and conform to the terms and conditions of the contractor's established compensation plan or practice followed so consistently as to imply, in effect, an agreement to make the payment.

b. Recommendation:

We recommend that Draper perform a more thorough analysis of its claimed compensation costs in order to ensure that only allowable compensation is claimed.

c. Draper's Reaction:

Draper's reaction follows verbatim.

Draper concurs with DCAA's finding and will ensure that only allowable compensation costs are claimed in the future by performing an additional review of claimed compensation costs prior to submittal of the annual Uniform Guidance submission.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Est. Completion Date: November 2023

d. Auditor's Response

We do not take any exceptions with Draper's corrective action.

FY 2022 Incurred Cost Submission

555 Technology Square
Cambridge, MA 02139

Certificate of Final Indirect Costs
Fiscal Year Ended 07/01/2022

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 the FY 2022 Incurred Cost Submission to establish final indirect cost rates for June 26, 2021 through July 1, 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 which are expressly unallowable under applicable cost principles of the FAR or its supplements.

Firm: The Charles Stark Draper Laboratory

Signature: 

Name of Certifying Official: Christine Albertelli

Title: Chief Financial Officer & Treasurer

Date of Execution: November 23, 2022



555 Technology Square
Cambridge, MA 02139-3563

Status of Prior Audit Findings

February 27, 2023

PwC

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

DCAA

Findings from DCAA Audit Report Number 1361-2021T10110001 dated March 18th, 2022

Finding 2021-001 – Depreciation of Atrium Construction Costs – Unreasonable (\$3,652,345)

Finding:

DCAA determined that \$3,652,345 of depreciation expenses related to the atrium constructed at Draper's Cambridge Massachusetts facility were unreasonable per FAR 31.201-3(a). This is a repeat / continuation finding from DCAA Audit Report Number 1151-2020T10110001 dated March 25th, 2021. Draper was requested and was in process of preparing a presentation for the DCMA Administrative Contracting Officer (ACO), however that presentation was planned for after issuance of the 2021T10110001 audit.

Recommendation:

DCAA recommends attending the meeting that Draper plans to have with its DCMA ACO regarding the presentation of why the construction of the atrium is reasonable.

Response/Action:

Draper does not concur with DCAA's finding that the atrium depreciation expense is unreasonable and reserves the right to negotiate this issue with the ACO.

Draper provided the reasonableness presentation in support of negotiations to DCMA and DCAA on April 28, 2022. Subsequently Draper has provided additional fact-finding support and is working toward negotiating this issue with DCMA, which is expected to occur shortly after the conclusion of the current, in process audit.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Completion Date: Resolution of the DFY20 and 21 questioned costs are pending DCMA negotiation

Findings from DCAA Audit Report Number 1151-2020T10110001 dated March 25th, 2021

Finding 2020-001 – Depreciation of Atrium Construction Costs – Unreasonable (\$3,668,301)

Finding:

DCAA determined that \$3,668,301 of depreciation expenses related to the atrium constructed at Draper's Cambridge Massachusetts facility were unreasonable per FAR 31.201-3(a). DCAA



555 Technology Square
Cambridge, MA 02139-3563

concluded that Draper did not provide enough support to demonstrate that total construction costs of \$54,785,170 and associated depreciation were reasonable in total, in part, or at all. DCAA determined that the 15 year useful life depreciation period was not in accordance with Draper's established policies and procedures..

Recommendation:

DCAA recommends that Draper provide support that demonstrates that the proposed depreciation and overall construction costs and the atrium project itself are reasonable and allowable in accordance with the requirements of FAR 31.201-3. DCAA also recommends Draper provide its analysis and support for not depreciating the building addition consistent with its policies and procedures for determining the useful life of capital assets.

Response/Action:

Draper's DFY 2020 final indirect rate proposal has not yet been settled. It is Draper's position that the claimed atrium depreciation costs were appropriately classified, were allowable, and were reasonable per federal regulations.

Issue Coordinator:

Jamie Pereira, Director, Government Accounting & Compliance

Completion Date:

Resolution of the DFY20 questioned costs are pending DCMA negotiation

Finding 2020-002 – Outside Counsel Costs – Management Decisions (\$715,586)

Finding:

DCAA concluded that \$715,586 of claimed outside counsel costs did not meet the requirements of FAR 31.201-2(d) and FAR 31.205-33(f) because Draper did not provide adequate and un-redacted supporting documentation to determine the impact of the legal firm's conclusions. Per DCAA, without a detailed agreement concerning the engagement with outside counsel, access to an un-redacted invoice, and details behind the legal firm's conclusions, DCAA was unable to determine risk and severity of concerns identified by the outside counsel on Federal Government contracts.

Recommendation:

DCAA recommends that Draper allow DCAA to review an un-redacted version of the legal firm's invoice and provide DCAA with more details regarding the legal firm's conclusions. This will enable DCAA to determine if there is any impact on Draper's Federal contracts.

Response/Action:

Subsequent to the issuance of DCAA's audit report, 1151-2020T10110001 dated March 25th, 2021, Draper provided unredacted support to DCAA to justify these claimed costs. DCAA subsequently accepted the costs as originally claimed. Draper is working toward negotiating this issue with DCMA, which is expected to occur shortly after the conclusion of the current, in process audit. Upon final negotiation, this finding will be considered closed.



555 Technology Square
Cambridge, MA 02139-3563

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Completion Date: Resolution of the DFY20 questioned costs are pending DCMA negotiation

Finding 2020-003 – Outside Counsel Costs – Draper Ethics Hotline (\$26,497)

Finding:

DCAA determined that \$26,497 of outside counsel costs related to the Draper Ethics Hotline did not meet the requirements of FAR 31.201-2(d) and FAR 31.205-33(f) because Draper did not provide adequate and un-redacted, supporting documentation. DCAA concluded that in order for the Draper Ethics Hotline to be allowable, Draper needed to provide additional support including, an un-redacted invoice, statement of work, and final work product.

Recommendation:

DCAA recommends that Draper only claim outside counsel costs that are fully supported by adequate documentation which demonstrates that costs have been incurred, are allocable to the contract, and comply with applicable cost principles.

Response/Action:

Subsequent to the issuance of DCAA's audit report, 1151-2020T10110001 dated March 25th, 2021, Draper provided unredacted support to DCAA to justify these claimed costs. DCAA subsequently accepted the costs as claimed. Draper is working toward negotiating this issue with DCMA, which is expected to occur shortly after the conclusion of the current, in process audit. Upon final negotiation, this finding will be considered closed.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Completion Date: Resolution of the DFY20 questioned costs are pending DCMA negotiation

Finding 2020-004 – Executive Compensation (\$337,500)

Finding:

DCAA questioned \$337,500 of compensation costs that exceed the limitations set forth in FAR 31.205-(6)(p). The costs resulted from personal legal counsel obtained by a Draper executive that Draper elected to pay, resulting in additional compensation to the employee. The entire amount of the legal counsel costs, in combination with other compensation, was in excess of the limits set forth in FAR 31.205-(6)(p), thus DCAA questioned the entire amount. Additionally, Draper did not provide support required by FAR 31.205-33(f) including details of the agreement, invoices from the legal firm with sufficient detail, and any work related documents.

Recommendation:

DCAA recommends that Draper perform a more thorough analysis of its claimed compensation costs such that only allowable compensation is claimed. Terms of separation agreements should be made available to individuals responsible for screening unallowable costs and preparing Draper's annual submission. Furthermore, because Draper's submission identified these costs as



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legal expenses, we recommend that Draper undertake actions to ensure it has all the support required by FAR before being claimed in future submissions.

Response/Action:

Draper will perform a more thorough analysis of claimed compensation costs to ensure only allowable compensation is claimed. Draper reserves the right to negotiate this issue with the ACO.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Completion Date: Resolution of the DFY20 questioned costs are pending DCMA negotiation

Finding 2020-005 – Public Relations Costs (\$224,413)

Finding:

DCAA concluded that \$224,413 of costs relating to a lunar lander simulator and associated walkthrough displays that help demonstrate Draper's lunar landing capability were unallowable because they represent costs relating to corporate image enhancement and public relations costs that are expressly unallowable per FAR 31.205-1(f).

Recommendation:

DCAA recommends that Draper perform a more thorough analysis of its claimed overhead costs including the intent of costs incurred and the allowability of costs in accordance with the requirements of FAR. Draper should also take actions to ensure that unallowable public relation costs are not claimed in future incurred cost submissions.

Response/Action:

Draper's DFY 2020 final indirect rate proposal has not yet been settled. It is Draper's position that the claimed lunar lander and exhibit costs were appropriately classified, were allowable, and were reasonable per federal regulations. Draper reserves the right to negotiate this issue with the ACO.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Completion Date: Resolution of the DFY20 questioned costs are pending DCMA negotiation

Findings from DCAA Audit Report Number 1151-2019T10110001 dated March 23, 2020

Finding 2019-001 – Unreasonable Compensation (\$117,440)

Finding 2019-002 – Labor Charging Practice – Vice President of a Draper Program Office (\$860,073)

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

DRAPER*

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Completion Date:

Draper considers these findings closed with the settlement of the
DFY 2019 indirect rates on May 31, 2022.

Firm: The Charles Stark Draper Laboratory, Inc.

By:


Christine Albertelli

Title: Chief Financial Officer & Treasurer

Date: February 27, 2023



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Cambridge, MA 02139-3563

17 March 2023

Mr. Peter Meade, Supervisory Auditor
Defense Contract Audit Agency, New England Branch Office
59 Lowes Way, Suite 300
Lowell, MA 01851

Subject: Response to Audit Report No. 1361-2022T10110001

Reference Draft Audit Report No. 1361-2022T10110001, Independent Audit Report on Charles Stark Draper Laboratory, Inc.'s Compliance with Requirements Applicable to its Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance at 2 CFR Part 200 for Fiscal Year Ended July 1, 2022

Dear Mr. Meade:

By email dated March 13, 2023, the Defense Contract Audit Agency ("DCAA") provided The Charles Stark Draper Laboratory, Inc. ("Draper") the above-referenced Draft Audit Report for comment. Draper appreciates the opportunity to respond to the Draft Audit Report. Our response to the DCAA recommended audit findings follows:

2022-001. Depreciation of Atrium Construction Costs – Unreasonable

DCAA has questioned the entirety of Draper's \$3,652,353 expense for depreciation of the Atrium in Draper's headquarters at the Duffy Building in Cambridge, Massachusetts. DCAA asserts that the depreciation expense is unallowable, because the cost of the Atrium is unreasonable under FAR 31.201-3(a).

Draper's Reaction:

Draper does not concur with DCAA's finding that the atrium depreciation expense is unreasonable. As DCAA points out, Draper provided a reasonableness presentation to address the business need for the atrium on April 28, 2022 and provided additional analyses and evidence (October 2022) proving all subcontractors utilized on the project were competitively awarded, which establishes those costs were awarded at a fair and reasonable price. Draper reserves the right to negotiate this issue with the ACO. Draper has, and continues to support the Government's requests in regards to the reasonableness of the atrium.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Est. Completion Date: Pending DCMA Resolution

2022-002 Special Retirement Payment – Supplemental Retirement Plan for Corporate Officers

DCAA questioned the \$160,960 special retirement payment to an executive of Draper on the basis that the costs did not conform to the terms and conditions of Draper's Supplemental Retirement Plan for Corporate Officers (SRPCO). DCAA questioned these costs in accordance with FAR 31.205-6(a)(3). The costs result from a one-time payment to an executive of \$160,960 as a result of Draper's termination of the SRPCO. Since this executive was previously \$26,689 over the Bipartisan Budget Act of 2013 compensation cap,

Page 2 of 2

(Draper properly classified it as unallowable), DCAA also had to make an upward adjustment to the overhead pool by that amount to reflect the fact that this executive will now be under the compensation cap.

Draper's Reaction:

Draper concurs with DCAA's finding and will ensure that only allowable compensation costs are claimed in the future by performing an additional review of claimed compensation costs prior to submittal of the annual Uniform Guidance submission.

Issue Coordinator: Jamie Pereira, Director, Government Accounting & Compliance

Est. Completion Date: November 2023

Please feel free to contact me with any questions.

Sincerely,

Jamie T. Pereira

Jamie Pereira
Director, Government Accounting & Compliance

**Charles Stark Draper Laboratory, Inc.
Cambridge, MA**

FY 2022 Summary Schedule of Expenditures of Federal Awards by Audit Responsibility

	Federal CFDA/CSFA Numbers	Before		
		Expenditures		
		Direct	Pass-through	Total
Major Program - R&D Cluster				
Department of Defense Federal Awards:				
Audited by DCAA				
Department of the Air Force	12	\$ 16,845,541	\$ 16,859,075	\$ 33,704,616
Department of the Army	12	5,765,717	13,983,170	19,748,887
Department of the Navy	12	226,717,315	16,388,767	243,106,082
Defense Advanced Research Program Agency	12	13,066,524	6,336,959	19,403,483
Missile Defense Agency	12	689,928	21,813,453	22,503,381
Special Operations Command (SOCOM)	12	4,462,168	1,038,696	5,500,864
Other Government (DoD)	12	5,882,939	12,151,899	18,034,838
Miscellaneous (DoD)	12	23,564,816		23,564,816
Total Department of Defense Audited by DCAA		\$ 296,994,948	\$ 88,572,019	\$ 385,566,967
Non DoD Federal Awards				
Audited by PwC				
Department of the Interior	15	\$ (2)	\$ 9,236	\$ 9,234
National Air and Space Administration	43	6,344,711	475,502	6,820,213
National Science Foundation	47	74,692	(460)	74,232
Department of Energy	81	-	1,859,331	1,859,331
Department of Health and Human Services:		1,062,529	448,179	1,510,708
National Institutes of Health	93	-	-	-
Other Government (DoD)		(1,804)	-	(1,804)
Other Government (Non DoD)		1,949	-	1,949
Department of Homeland Security	97	5,846	-	5,846
Miscellaneous (Non DoD)	99	44,240,453	4,427,380	48,667,833
Total Non DoD Federal Awards Audited by PwC		\$ 51,728,374	\$ 7,219,168	\$ 58,947,542
Total Federal Awards		\$ 348,723,322	\$ 95,791,187	\$ 444,514,509

The above schedule represents the costs and fee claimed by Draper on Federal awards during FY 2022. It does not represent the final costs by Federal sponsor because it does not reflect final indirect costs as final indirect rates still have to be negotiated by the Administrative Contracting Officer. Final amounts will be adjusted after Draper settles its indirect rates with the Administrative Contracting Officer.

I. Summary of PwC's Results¹

Financial Statements

Type of auditor's report issued

Unmodified

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 the financial statements noted? ☐ yes ☒ no

Federal Awards¹

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

PwC – Report 3

Unmodified

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

☐ Yes ☒ no

Identification of major programs

Assistance Listing Number

Various

Name of Federal Program or Cluster

Research and Development Cluster

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

\$3,000,000

Auditee is qualified as low-risk auditee?

☒ yes ☐ no

¹ This summary represents a summary of work performed by PwC for the compliance requirements and awards within our scope of work as detailed in Report 3 of this coordinated audit. For a summary of work performed by DCAA for the compliance requirements and awards within their scope of work, refer to Report 3a in this Uniform Guidance report.

The Charles Stark Draper Laboratory, Inc.
Schedule of Findings and Questioned Costs
July 1, 2022

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

PwC

None noted.

DCAA

The DCAA findings can be found in the accompanying DCAA report (Report 3a in this Uniform Guidance report).

PwC

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

DCAA

The DCAA update to prior audit findings can be found in the accompanying DCAA report (Report 3a in this Uniform Guidance report).