

Consolidated Financial Statements,  
Independent Auditor's Report and  
Reports Required by *Government  
Auditing Standards* and Uniform  
Guidance

**Noblis, Inc. and Subsidiaries**

September 27, 2024 and September 29, 2023

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**GRANT THORNTON LLP**

1000 Wilson Blvd., Suite 1500  
Arlington, VA 22209-3927

**D** +1 703 847 7500

**F** +1 703 848 9580

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Noblis, Inc. and Subsidiaries

**Report on the audit of the financial statements****Opinion**

We have audited the consolidated financial statements of Noblis, Inc. (a nonprofit organization) and subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of September 27, 2024 and September 29, 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of September 27, 2024 and September 29, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

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

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

### **Supplementary information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

*Grant Thornton LLP*

Arlington, Virginia

December 20, 2024 (except for the Schedule of Expenditures of Federal Awards, as to which the date is January 14, 2025)

**Noblis, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(In thousands)

	<b>September 27, 2024</b>	<b>September 29, 2023</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 361	\$ 414
Accounts receivable, net of allowance for credit losses	58,883	59,015
Contract assets	19,957	18,584
Prepaid expenses and other assets	7,506	7,169
Total current assets	86,707	85,182
<b>Property and equipment, net</b>	7,794	6,538
<b>Other assets</b>		
Investments, fair value	155,434	104,370
Investments, cost	2,500	2,000
Goodwill	135,536	135,536
Intangible assets, net	4,491	6,242
Operating right-of-use assets	26,229	34,450
Other	3,516	2,492
Total assets	<b>\$ 422,207</b>	<b>\$ 376,810</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Bank overdraft	\$ 299	\$ 327
Accounts payable and accrued expenses	19,597	20,118
Accrued compensation and related expenses	45,852	38,942
Bank line of credit - current portion	10,805	-
Operating right-of-use liabilities - current portion	8,571	8,524
Contract liabilities	6,744	7,317
Total current liabilities	91,868	75,228
<b>Long-term obligations</b>		
Bank line of credit - non-current portion	-	13,218
Benefit obligations and deferred compensation	3,463	2,406
Operating right-of-use liabilities - non-current portion	20,661	29,235
Total long-term obligations	24,124	44,859
Total liabilities	115,992	120,087
Total net assets without donor restrictions	306,215	256,723
Total liabilities and net assets	<b>\$ 422,207</b>	<b>\$ 376,810</b>

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

**Noblis, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
(In thousands)

	<b>September 27, 2024</b>	<b>September 29, 2023</b>
<b>Revenue</b>	\$ 617,115	\$ 531,522
<b>Costs and expenses</b>		
Contract costs	546,898	471,937
General and administrative	35,789	34,926
Research and development	7,863	6,970
Amortization of intangible assets	1,752	2,064
	592,302	515,897
Income from operations	24,813	15,625
<b>Other income (expenses)</b>		
Interest and dividend income	3,862	3,220
Net realized and unrealized investment gains	22,032	5,945
Interest expense	(1,068)	(1,487)
Other (expense) income, net	(147)	1,249
	24,679	8,927
<b>CHANGE IN NET ASSETS</b>	49,492	24,552
<b>Net assets without donor restrictions, beginning of year</b>	256,723	232,171
<b>Net assets without donor restrictions, end of year</b>	\$ 306,215	\$ 256,723

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

**Noblis, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)

	<u>September 27, 2024</u>	<u>September 29, 2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 49,492	\$ 24,552
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized investment gain	(22,032)	(5,945)
Allowance for credit loss expense	29	8
Depreciation and amortization	4,292	5,550
Changes in operating assets and liabilities		
Accounts receivable	103	(7,513)
Contract assets	(1,373)	(1,638)
Prepaid expenses and other assets	(337)	109
Other assets	(1,024)	(805)
Bank overdraft	(28)	290
Accounts payable and accrued expenses	(521)	(409)
Accrued compensation and related expenses	6,910	3,212
Contract liabilities	(573)	3,921
Lease obligations	(306)	3,309
Benefit obligations and deferred compensation	1,057	789
	<u>35,689</u>	<u>25,430</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(3,797)	(2,384)
Interest and dividends reinvested	(3,795)	(3,220)
Purchase of investments, cost	(500)	(2,000)
Purchase of investments, fair value	(59,656)	(31,373)
Proceeds from the sale of investments	34,419	31,456
	<u>(33,329)</u>	<u>(7,521)</u>
<b>Cash flows from financing activities:</b>		
Borrowings on bank line of credit	365,461	313,592
Repayments on bank line of credit	(367,874)	(331,571)
	<u>(2,413)</u>	<u>(17,979)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(53)</b>	<b>(70)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>414</b>	<b>484</b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 361</u></b>	<b><u>\$ 414</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 1,068	\$ 1,487

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

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 27, 2024 and September 29, 2023**  
**(In thousands)**

**NOTE A - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Noblis, Inc. (the “Company”, “Noblis,” “we,” or “our”) was incorporated on December 11, 1995 under the laws of the State of Delaware and commenced business on January 29, 1996. Noblis is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code (“IRC”) and state statutes, respectively, with the exception of unrelated business income. Noblis is headquartered in Reston, Virginia, with offices throughout the United States. Noblis is a science, technology and strategy organization that helps clients solve complex scientific systems, processes, and infrastructure matters or challenges in ways that benefit the public.

The following is a summary of the significant accounting policies for Noblis, which have been consistently applied in the preparation of the accompanying consolidated financial statements. All amounts are stated in thousands, unless otherwise noted.

***Accounting Period***

Noblis utilizes a 52-week annual reporting period composed of four quarters with 13 weeks each, with the fiscal year ending on the final Friday in its fiscal year end month. Due to the timing of when the fiscal year ends, some periods may contain 53 weeks instead of 52. The accompanying consolidated financial statements present 52-week periods ended September 27, 2024 and September 29, 2023.

***Net Assets***

Net assets represent the excess of accumulated contract cost reimbursements and fees and other income over total costs and expenses, plus the net assets transferred from a predecessor 501(c)(3) organization in 1996. Noblis’ net assets are without donor restrictions.

***Principles of Consolidation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of Noblis, Inc. and its wholly owned subsidiaries, Noblis ESI LLC, and Noblis MSD LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

***Revenue Recognition***

The Company generates substantially all of its revenue from three different types of contractual arrangements with the U.S. federal government: cost-plus-fee, time-and-materials (“T&M”), and fixed-price contracts. A summary of the revenue by contract arrangement type follows. A majority of the Company’s contracts with the U.S. government are generally subject to the Federal Acquisition Regulations and are competitively priced based on estimated costs of providing the contractual goods or services.

	September 27, 2024	September 29, 2023
Time-and-materials	\$ 279,304	\$ 252,793
Cost-plus-fee	241,785	196,103
Fixed-price	96,026	82,626
Total revenue	<u>\$ 617,115</u>	<u>\$ 531,522</u>

## Noblis, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 27, 2024 and September 29, 2023  
(In thousands)

The Company accounts for a contract when the parties have approved the contract and are committed to perform on it, the rights of each party and the payment terms are identified, the contract has commercial substance, and it is probable that we will collect substantially all of the consideration.

At contract inception, the Company determines whether the goods or services to be provided are to be accounted for as a single performance obligation or as multiple performance obligations. This evaluation requires professional judgement and it may impact the timing and pattern of revenue recognition. Substantially all of the Company's contracts call for multiple promises that are highly integrated and, as such, we typically account for them as having a single performance obligation.

When determining the total transaction price, the Company identifies both fixed and variable consideration elements within the contract. Variable consideration, typically in the form of award or incentive fees, is included in the estimated transaction price based on the most likely amount, to the extent that it is probable that a significant reversal of revenue will not occur, when there is a basis to reasonably estimate the amount of the fee. These estimates are typically based on historical award experience, anticipated performance and our best judgement based on current facts and circumstances. Throughout the performance period, the Company recognizes revenue on a constrained amount of variable consideration only to the extent that it is probable that a significant reversal of the cumulative amount recognized to date will not be required in a subsequent period.

The Company generally recognizes revenue over time throughout the performance period as the customer simultaneously receives and consumes the benefits provided on our services-type revenue arrangements. This continuous transfer of control for U.S. government contracts is supported by the unilateral right of our customer to terminate the contract for a variety of reasons without having to provide justification for its decision. For services-type revenue arrangements in which there are a repetitive amount of services that are substantially the same from one month to the next, the Company applies the series guidance. The Company typically uses an input method based on costs incurred to approximate the progress towards complete satisfaction of the performance obligation. For certain contracts, primarily cost-plus and T&M services-type revenue arrangements, the Company applies the right-to-invoice practical expedient in which revenue is recognized in direct proportion to the present right to consideration for progress towards the complete satisfaction of the performance obligation.

When a performance obligation has a significant degree of interrelation or interdependence between one month's deliverables and the next, when there is an award or incentive fee, or when there is a significant degree of customization or modification, the Company generally records revenue using a percentage of completion methodology. For these revenue arrangements, substantially all revenue is recognized over time using a cost-to-cost input method based on the ratio of costs incurred to date to total estimated costs at completion. When estimates of total costs to be incurred on a contract exceed total revenue, a provision for the entire loss on the contract is recorded in the period in which the loss is determined.

Contract modifications are reviewed to determine whether they should be accounted for as part of the original performance obligation or as a separate contract. When a contract modification changes the scope or price and the additional performance obligations are at their standalone selling price, the original contract is terminated and the Company accounts for the change prospectively when the new goods or services to be transferred are distinct from those already provided. When the contract modification includes goods or services that are not distinct from those already provided, the Company records a cumulative adjustment to revenue based on a remeasurement of progress towards the complete satisfaction of the not yet fully delivered performance obligation.

Based on the critical nature of the Company's contractual performance obligations, the Company may proceed with work based on customer direction prior to the completion and signing of formal contract documents. The Company has a formal review process for approving any such work that considers previous

## Noblis, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 27, 2024 and September 29, 2023  
(In thousands)

experiences with the customer, communications with the customer regarding funding status, and the Company's knowledge of available funding for the contract or program.

Noblis bills federal governments in conformity with government contract schedules. Noblis recognizes deferred revenue when amounts billed on contracts exceed revenue recognized.

#### **Contract Assets**

Contract assets include unbilled receivables typically resulting from revenue recognized on long-term contracts when the amount of revenue recognized exceeds the amounts billable. These amounts become billable according to contract terms, which consider the passage of time, achievement of certain milestones or completion of the contract. It also includes contract retainages until the Company has met the contract-stipulated requirements for payment. Contract assets are reported in a net position on a contract-by-contract basis each period. On a contract-by-contract basis, amounts do not exceed their net realizable value. Generally, unbilled amounts will be billed and collected within one year.

#### **Contract Liabilities**

Contract liabilities include advance payments received and billings in excess of revenue recognized on long-term contracts. Contract liabilities are reported in a net position on a contract-by-contract basis each period.

#### **Accounts Receivable**

The majority of Noblis' accounts receivable are due from U.S. federal government agencies. Billed amounts represent invoices that have been prepared and sent to the customer and represent an unconditional right to receive the consideration. Accounts receivable are recorded at amounts earned, less an allowance.

#### **Allowance for Credit Losses**

Noblis establishes allowances for credit losses in accounts receivable and contract assets. To measure expected credit losses, management considers historical collectability based on past due status as well as market conditions and forecasts of future economic conditions to inform potential adjustments to historical loss data. In addition, Noblis records allowance for credit losses for specific receivables that are deemed to have a higher risk profile than the rest of the respective pool of receivables, such as concerns about a specific customer's inability to meet its financial obligations. The adequacy of these allowances is assessed regularly through consideration of factors on a collective basis where similar characteristics exist and on an individual basis.

#### **Cash and Cash Equivalents**

Noblis considers all cash, money market investments, and highly liquid debt instruments purchased with an original maturity of three months or less and designated to fund operations to be cash and cash equivalents.

#### **Investments, Fair Value**

Noblis records its investments in money market funds, liquid debt instruments and mutual funds at fair market value, based on the last reported sales price on the valuation date.

Net investment gains included in the consolidated statements of activities are comprised of earnings and losses from investment activity, including realized and unrealized gains and losses from investments.

## Noblis, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 27, 2024 and September 29, 2023  
(In thousands)

Investments are internally managed, principally through investments in money market, stocks, and mutual funds. The board of trustees has adopted investment policies and guidelines, which cover asset allocation and impose various restrictions and limitations on the investment of funds. These restrictions and limitations are specific to each asset classification and cover concentrations of market risk, at both the individual issuer and industry group levels, and various other matters.

#### ***Investments, Cost***

The Company holds investments in certain privately-held entities. The Company accounts for these investments using the cost method when it is determined that the investment provides the Company with little or no influence over the investee. Under the cost method of accounting, the investment is measured at cost, adjusted for impairments which would be recognized in income. The investments are subject to qualitative assessment for indicators of impairment.

#### ***Property and Equipment***

Property and equipment are stated at cost. Depreciation and amortization are provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which is 3 to 7 years for equipment. Leasehold improvements are amortized over the lives of the respective leases or 5 years, whichever is shorter. Internally developed software is amortized over 4.5 years. Assets acquired are not depreciated until they are placed in service. The straight-line method of depreciation is followed for all assets. Improvements and additions which increase the value or extend the life of the related assets are capitalized. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the consolidated statements of activities.

Maintenance and repairs are expensed as incurred. In addition to the equipment acquired by Noblis, which is included in the accompanying consolidated statements of financial position, Noblis also uses certain government furnished equipment for which it is accountable to the U.S. government.

#### ***Goodwill and Intangibles Assets***

Noblis follows the guidance under Accounting Standards Codification (“ASC”) 958-805, *Not-for-Profit Entities, Business Combinations*, to account for goodwill and indefinite-lived identifiable intangible assets recognized in an acquisition. Such assets are tested for impairment at least annually first considering whether any triggering events may have occurred that might signify the possibility of an impairment having occurred. If then appropriate, Noblis performs a comparison of the estimated fair value of the consolidated unit to the related carrying value of reporting units. Noblis has concluded that its chief operation decision maker (or “CODM”) evaluates performance of the business and allocates resources in a manner that consists of one reporting unit. A qualitative assessment of possible triggering events and an analysis was performed which indicated that it was not more likely than not that the fair value of the reporting unit is less than the carrying amount and, therefore, Noblis did not perform a quantitative test. No impairment was recorded in the years ended September 27, 2024 or September 29, 2023.

Intangible assets consist primarily of identifiable intangible assets of acquired companies including existing customer contracts and relationships. Intangible assets are stated at the fair value as of the date acquired in a business combination. The fair value of acquired customer-related intangible assets was determined as of the date of acquisition by using an income valuation methodology.

Amortization of intangible assets is calculated using the method that best reflects how their economic benefits are utilized, or if a pattern of economic benefits cannot be reliably determined on a straight-line method over their estimated useful lives. Estimated useful life of the customer-related intangible asset is 6

## Noblis, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 27, 2024 and September 29, 2023  
(In thousands)

years. The amortization period of the intangible assets is based on management's best estimate at the time of the acquisition and is assessed annually to determine if the remaining useful life is appropriate.

#### ***Impairment of Long-Lived Assets Excluding Goodwill***

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset group may not be fully recoverable, in accordance with ASC 360, *Property, Plant, and Equipment* ("ASC 360"). These events or changes in circumstances may include a significant deterioration of operating results, changes in business plans, or changes in anticipated future cash flows. If an impairment indicator is present, the Company evaluates recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If the undiscounted cash flow analysis indicates the asset group is not recoverable, the impairment recognized is measured by the amount by which the carrying amount exceeds the fair value of the assets. No impairments were recognized during any periods presented.

#### ***Leave***

Under Noblis' leave policy, employees are permitted to accumulate unused paid time off up to certain amounts. The policy provides for payment to employees of unused paid time off at termination or retirement. Noblis accrues paid time off as it is earned.

#### ***Research and Development Costs***

Research and development costs are expensed as incurred.

#### ***Income Taxes***

Noblis, Inc. is exempt from federal income tax under IRC Section 501(c)(3) and 170(b)(1)(A)(vi), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. Noblis' for-profit subsidiaries, Noblis ESI LLC and Noblis MSD LLC are wholly owned LLCs disregarded for U.S. income tax purposes.

The Company has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

The Company has tax loss carryovers available to offset unrelated business income taxable income and a \$7 deferred tax asset was recorded in the accompanying consolidated financial statements for the limited unrelated business income not related to the Company's non-profit mission.

The Company follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

## Noblis, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 27, 2024 and September 29, 2023  
(In thousands)

#### **Concentrations of Credit Risk**

Noblis places its cash with high credit quality institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC"). Cash deposits may exceed the FDIC insurable limit of \$250 at times throughout the year. As of September 27, 2024, no amount was in excess of FDIC limits. Noblis has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Financial instruments which potentially subject Noblis to concentrations of credit risk consist principally of cash, cash equivalents, mutual funds with financial institutions and investment companies and commercial accounts receivable. Management has never experienced any losses in the past and believes any loss from such credit risk to be highly unlikely.

#### **Major Clients**

Contracts and grants with federal government agencies accounted for substantially all of Noblis' revenue for the years ended September 27, 2024 and September 29, 2023. Additionally, these agencies accounted for substantially all of Noblis' accounts receivable as of September 27, 2024 and September 29, 2023. Revenues generated from contracts with three federal agencies accounted for approximately 51% of Noblis' revenue for the year ended September 27, 2024 and four federal agencies accounted for approximately 56% of Noblis' revenue for the year ended September 29, 2023. In addition, there was one individual contract accounting for 14% and 16% of Noblis' revenue for the year ended September 27, 2024 and September 29, 2023, respectively. The contracts and grants with federal government agencies generally contain termination for convenience clauses that allow for those customers to terminate contracts. However, while no assurances can be given about future events and circumstances, any such terminations and cancellations of contracts with our customers have been extremely rare and insignificant in the past.

#### **Use of Estimates**

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

#### **Fair Value of Financial Instruments**

Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*, provides the framework for measuring fair value and expands disclosures about fair value measurements.

In accordance with ASC 820, Noblis classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available) and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value of measurement.

All fair value investments held by Noblis for the fiscal years ended September 27, 2024 and September 29, 2023 were Level 1 investments. Following is a description of the valuation methodologies used for assets measured at fair value:

*Money Market Accounts* - Valued at quoted prices in an active market are classified within Level 1 of the fair value hierarchy.

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
**(In thousands)**

*Mutual Funds* - Valued at the quoted prices in an active market are classified within Level 1 of the fair value hierarchy.

Certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at cost, which due to their short maturities, approximates their fair values as of September 27, 2024. The Company believes the carrying value of its long-term debt approximates the estimated fair value for debt with similar terms, and remaining maturities currently available to companies with similar credit ratings.

***Recently Issued Accounting Pronouncements***

Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842): In February 2016 the FASB issued ASU 2016-02, *Leases (Topic 842)*, which was issued to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the balance sheet for those leases classified as operating leases. The Company adopted ASU 2016-02 and all related amendments using the modified retrospective adoption approach as of October 1, 2022.

ASU 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancellable lease term. At the date of adoption, the Company recorded operating lease right-of-use assets of \$40,122 and lease liabilities as of \$43,455. Adoption of the standard did not have a material impact to the Company’s statement of activities or cash flows.

The standard provides for several optional practical expedients. Upon transition to Topic 842, the Company elected the package of practical expedients permitted under the transition guidance which does not require the Company to reassess prior conclusions regarding whether contracts are or contain a lease, not to reassess lease classification on existing leases and not to re-assess initial direct costs of obtaining a lease.

The standard also provides for several accounting policy elections, as follows:

- The Company has elected the policy not to separate lease and non-lease components for all asset classes.
- The Company elected not to apply the recognition requirements for all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease term; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Refer to additional required disclosures for Topic 842 in Note J.

ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): In June 2016 the FASB issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments*, which changes the methodology for measuring credit losses on financial instruments and certain other instruments, including trade receivables and contract assets. The new standard replaces the current incurred loss model for measurement of credit losses on financial instruments with a forward-looking expected loss model based on historical experience, current conditions, and reasonable and supportable forecasts. The Company adopted the standard in 2024 using the modified-retrospective approach, which requires the standard to be applied on a prospective basis with a cumulative-effect adjustment to retained earnings as of the beginning of the period in which the guidance is effective. Upon adoption, no adjustment to opening beginning retained earnings as of

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

September 29, 2023 was recorded because the adoption did not have a material impact on the financial position, results of operations or cash flows.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

**NOTE B - LIQUIDITY AND AVAILABILITY**

Noblis regularly monitors the liquidity required to meet its operating needs and contractual commitments while also attempting to maximize the long-term value of its available funds. The Company has multiple sources of liquidity at its disposal, including cash and cash equivalents, marketable securities and a line of credit.

Noblis does not receive significant contributions or gifts with restrictions.

As of September 27, 2024, the following financial assets could be readily available within one year of the consolidated statement of financial position date to meet general expenditures.

Cash and cash equivalents	\$ 361
Accounts receivable, net of allowance for credit losses, and contract assets	78,840
Investments, fair value	155,434
	\$ 234,635

The Company holds the investment fund for the purpose of long-term appreciation and re-investment in the business, but those funds remain available and unrestricted.

**NOTE C - INTANGIBLE ASSETS, NET**

Intangible assets and accumulated amortization are as follows:

	September 27, 2024			Weighted Average Useful Life in Years
	Gross Amount	Accumulated Amortization	Net Amount	
Customer-related intangible assets	\$ 10,442	\$ 5,951	\$ 4,491	6.0
	\$ 10,442	\$ 5,951	\$ 4,491	

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

September 29, 2023				
	Gross Amount	Accumulated Amortization	Net Amount	Weighted Average Useful Life in Years
Customer-related intangible assets	\$ 10,442	\$ 4,200	\$ 6,242	6.0
	\$ 10,442	\$ 4,200	\$ 6,242	

The table below presents estimated future intangible asset amortization:

Fiscal Year	Customer Related
2025	\$ 1,738
2026	1,738
2027	1,015
	\$ 4,491

The amortization expense totaled \$1,751 and \$2,064 for years ended September 27, 2024 and September 29, 2023, respectively.

**NOTE D - FUNCTIONAL ALLOCATION OF EXPENSES**

The Company allocates its expenses on a functional basis among its various contracts and support services. Expenditures which can be identified with a specific contract or support service are allocated directly, according to their natural expenditure.

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

Company functional allocation of expenses consists of the following for the year ended September 27, 2024:

	Contract	Management and General	Fundraising	Total
Compensation and benefits	\$ 347,477	\$ 17,992	\$ 3,168	\$ 368,637
Professional fees	144,658	1,381	473	146,512
Occupancy	12,111	144	-	12,255
Information technology	12,416	884	5	13,305
Depreciation and amortization	4,069	224	-	4,293
Office expenses	33,207	425	3	33,635
Travel	5,765	466	23	6,254
Other corporate and general	900	2,671	4	3,575
Conferences, conventions and meetings	3,679	151	6	3,836
Other - interest expense	1,068	-	-	1,068
Other - expense	147	-	-	147
<b>Total expenses</b>	<b>\$ 565,497</b>	<b>\$ 24,338</b>	<b>\$ 3,682</b>	<b>\$ 593,517</b>

Company functional allocation of expenses consists of the following for the year ended September 29, 2023:

	Contract	Management and General	Fundraising	Total
Compensation and benefits	\$ 305,994	\$ 15,930	\$ 3,644	\$ 325,568
Professional fees	133,912	1,451	731	136,094
Occupancy	12,335	200	-	12,535
Information technology	11,059	210	2	11,271
Depreciation and amortization	5,273	276	-	5,549
Office expenses	11,014	460	3	11,477
Travel	5,689	359	38	6,086
Other corporate and general	1,049	2,801	1	3,851
Conferences, conventions and meetings	3,247	213	6	3,466
Other - interest expense	1,487	-	-	1,487
Other - income	(1,249)	-	-	(1,249)
<b>Total expenses</b>	<b>\$ 489,810</b>	<b>\$ 21,900</b>	<b>\$ 4,425</b>	<b>\$ 516,135</b>

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

**NOTE E - ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following on:

	September 27, 2024	September 29, 2023
Receivables under U.S. government contracts and subcontractors:		
Amounts billed	\$ 58,913	\$ 59,035
Contract assets (unbilled costs and fees)	19,957	18,583
	78,870	77,618
Less allowance for credit losses	(30)	(19)
Total accounts receivable	\$ 78,840	\$ 77,599

Changes in Noblis' allowance for doubtful accounts are as follows for the years ended:

	September 27, 2024	September 29, 2023
Beginning balance	\$ 19	\$ 13
Bad debt expense	29	8
Accounts written off	(18)	(2)
Ending balance	\$ 30	\$ 19

**NOTE F - PROPERTY AND EQUIPMENT, NET**

Property and equipment consist of the following on:

	September 27, 2024	September 29, 2023
Computer equipment and software	\$ 19,887	\$ 18,631
Office equipment	7,390	7,199
Leasehold improvements	6,706	6,682
	33,983	32,512
Less accumulated depreciation	(28,240)	(26,458)
	5,743	6,054
Construction in progress	2,051	484
Total property and equipment, net	\$ 7,794	\$ 6,538

The Company recorded depreciation expense totaling \$2,541 and \$3,486 for the years ended September 27, 2024 and September 29, 2023, respectively.

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

**NOTE G - INVESTMENTS AT FAIR VALUE**

The following table sets forth Level 1 assets within the fair value hierarchy. Noblis' investments are reported at fair value as follows on:

	September 27, 2024	September 29, 2023
Money market funds	\$ 9,201	\$ 2,144
Mutual fund investments:		
United States government and agency obligations	26,395	16,920
Other debt securities	24,448	17,942
Common and preferred stocks:		
Domestic	65,312	46,940
International	30,078	20,424
Total investments, fair value	\$ 155,434	\$ 104,370

Money market funds are classified as investments as management has the intent of holding them for more than three months.

Investment gains and losses are summarized as follows for the years ended:

	September 27, 2024	September 29, 2023
Net realized gains (losses)	\$ 366	\$ (412)
Net unrealized gains	21,666	6,357
	\$ 22,032	\$ 5,945

**NOTE H - BANK LINE OF CREDIT**

Noblis has a credit agreement with a bank that provides for secured borrowings up to \$80 million, under a five-year revolving line of credit. The line of credit bears interest at the one-month SOFR plus 10 bps rate plus a tiered spread of between 0.85% and 2.40% based on Adjusted Funded Debt to EBITDA. The agreement matures on June 1, 2025. Noblis is in the process of amending the credit facility and expects to execute a new long-term credit agreement with a financial institution prior to the maturity of the existing line of credit.

Noblis is required to maintain a Fixed Charges Coverage Ratio of 1.25 and an Adjusted Funded Debt Ratio of less than 2.75. As of September 27, 2024 and September 29, 2023, Noblis was in compliance with all covenants. The credit facilities are collateralized by all assets and proceeds, whether cash or non-cash, of all foregoing property.

## Noblis, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 27, 2024 and September 29, 2023  
(In thousands)

Amounts outstanding on the credit agreement as of September 27, 2024 were \$10,805 and \$13,218 as of September 29, 2023. During the years ended September 27, 2024 and September 29, 2023, the average interest rates were 6.28% and 5.49%, and the effective year-end rates for those years were 6.20% and 6.28%, respectively.

#### NOTE I - EMPLOYEE BENEFIT PLANS

##### *Employee Retirement Plans*

Noblis has three employee retirement plans (the "Plans") covering substantially all employees. These Plans are defined contribution plans established under Sections 403(b) and 401(a) of the IRC. Pursuant to the Plans, employees may elect to contribute a percentage of their annual base salaries and Noblis will contribute a certain percentage of the participants' base salaries. During the years ended September 27, 2024 and September 29, 2023, Noblis recognized expenses of approximately \$17,828 and \$15,555, respectively, for contributions to these Plans. This expense is included in contract costs on the consolidated statements of activities.

##### *Executive Retention Plan ("ERP")*

Noblis has a non-qualified deferred compensation plan for its executives which have varied contributions and vests when certain employment criteria are satisfied. For the year ended September 27, 2024, ERP assets increased by \$1,027 consisting of contributions by Noblis of \$1,004, gains on plan assets of \$572, less distributions of \$549. For the year ended September 29, 2023, ERP assets increased by \$751 consisting of contributions by Noblis of \$810, gains on plan assets of \$167, less distributions of \$226. Included in other assets was \$3,208 and \$2,181 of plan investments and included in benefit obligations and deferred compensation was \$3,463 and \$2,442 at September 27, 2024 and September 29, 2023, respectively.

#### NOTE J - OPERATING LEASES

The Company leases certain office space and equipment. Certain leases include renewal options and Noblis defines the initial lease term to include renewal options determined to be reasonably certain. In addition, real property leases may contain incentives for tenant improvements, rent holidays or rent escalation clauses. For tenant improvement incentives received, if the incentive is determined to be a leasehold improvement owned by the lessee, the Company records the incentives as a reduction to the right-of-use asset. Rent holidays and rent escalation clauses during the lease term are recorded as rental expense on a straight-line basis over the term of the lease. For these lease incentives, Noblis uses the date of initial possession as the commencement date, which is generally when the Company is granted access to the space and begins to make improvements in preparation for intended use. The Company does not have any material restrictions or covenants in its lease agreements, sales-leaseback transactions, land easements or residual value guarantees.

Right-of-use assets represent Noblis' right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the term of the lease.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at Noblis' sole discretion. Noblis regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

In determining the discount rate used to measure the right-of-use assets and lease liabilities, Noblis uses the Company's incremental borrowing rate. Noblis' incremental borrowing rate is based on the interest rate on its line of credit with TD Bank.

Right-of-use assets are assessed for impairment in accordance with the Company's ASC 842 policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

Noblis made significant assumptions and judgements in applying the requirements of ASC 842. In particular, The Company:

- Evaluated whether a contract contains a lease by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain material embedded leases;
- Determined the discount rate used to measure the lease liability

Noblis does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities for the years ended:

	September 27, 2024	September 29, 2023
Operating lease right-of-use assets	\$ 26,229	\$ 34,450
Operating lease liabilities:		
Current	8,571	8,524
Long-term	20,661	29,235
Total operating lease liabilities	\$ 29,232	\$ 37,759

The Company incurred \$9,237 and \$9,017 of operating lease rent expense during the year ended September 27, 2024 and September 29, 2023, respectively.

Cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$9,548 and \$9,073 for the years ended September 27, 2024 and September 29, 2023, respectively.

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 3%. As of September 27, 2024, the weighted average remaining lease term was 3 years.

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
(In thousands)

The table below summarizes Noblis' scheduled future minimum lease payments for years ending after September 27, 2024:

Fiscal Year	Minimum Lease Payments
2025	\$ 9,333
2026	9,022
2027	8,461
2028	2,299
2029	1,516
2030 and thereafter	230
Total lease payments	30,861
Less: present value discount	1,629
Total operating lease liability	29,232
Less: current portion	8,571
Long-term lease liability	\$ 20,661

Noblis rents office and other equipment under various operating leases expiring at various dates through September 2028. Approximate aggregate minimum rentals under such leases are as follows:

Fiscal Year	Amount
2025	\$ 1,951
2026	1,296
2027	357
2028	2
	\$ 3,606

**NOTE K - COMMITMENTS AND CONTINGENCIES**

Certain of Noblis' contract costs are subject to annual incurred cost audits by the U.S. Defense Contract Audit Agency ("DCAA"). The DCAA has performed audits of Noblis' indirect cost rates through fiscal year 2023 for Noblis, Inc. and Noblis MSD, LLC and fiscal year 2022 for Noblis ESI, LLC. Contract revenue has been recorded in amounts that are expected to be realized upon final settlement. The Company does not expect any material adjustments to result from outstanding audits.

Noblis is self-insured for health, and prescription costs. The estimated self-insurance liability is determined based on claims history. The health insurance liability for all plans was \$1,718 and \$1,701 at September 27, 2024 and September 29, 2023, respectively, and is included in accrued compensation and related expenses on the accompanying consolidated statements of financial position.

**Noblis, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 27, 2024 and September 29, 2023**  
**(In thousands)**

The Company is involved in various legal matters and proceedings arising in the ordinary course of business. While these matters and proceedings cause it to incur costs, including, but not limited to, attorneys' fees, the Company currently believes that any ultimate liability arising out of these matters and proceedings will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

**NOTE L - SUBSEQUENT EVENTS**

Noblis has evaluated subsequent events through December 20, 2024, which is the date the consolidated financial statements were available for issuance, and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

Noblis, Inc. and Subsidiaries

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

		FY24	FY24
September 27, 2024			
Federal Grantor Pass-Through Grantor/Program Title	ALN No./Contract Number	Federal Expenditures	Subrecipient
<b>Major Program – Research and Development – Cluster</b>			
<b>U.S. Department of Defense</b>			
Army NATIK / DBPAO PSET v4.0	12.W911SR-22-C-0049	\$ 156,060	\$ -
Army-ACC DTA / CBRND	12.W911SR-24-9-0017	36,896	-
DTRA CTR A&AS	12.HDTRA121F0033	32,908,849	26,990,109
NSA CTF	12.H98230-15-C-0369	4,713,380	3,345,577
NPGS - SERDP Special Studies	12.47QFCA20F0041	1,138,409	58,840
AF CDMC	12.47QFCA20F0054	107,519	-
AF DCGS Legacy Engineer	12.47QFNA22F0084	7,896	-
NSWC - Port Hueneme / ADSSS	12.N6339416D0018	4,381,647	74,429
NSWC-Philadelphia / Expert Fluids Sys	12.N6449819D4032	16,971	-
NSWC-Philadelphia / Dept 20 HM&E Sppt	12.N0017819D8085	11,514	-
NIWC-PAC / FFG(X) F008 Labor base	12.N6600121D0008	137,525	-
NGA / Learn Mgmt Supp Svcs	12.HM047623C0009	52,086	45,117
AFCEC / SAF/IEE BRAC & CZR	12.FA800323F0028	5,906	-
Pass-through from Edmund Sci Comp / Sustainable TechEval Dem	12.S2019-SSP-002	1,312,004	314,462
Pass- through from Advanced Technology Intl / OTA Base Agreement Award	12.2022-463	12,872	-
Pass-through from MI Technical Solutions / PSO SPPT	12.ID05190067	206,086	-
Pass-through from ARA/RD-CXQ Support	12.S-D00040-CWMD-IDIQ-99-NOB	322,769	-
Pass-through from Peraton / ARCYB IAE	12.PO-0058488	1,325,857	-
		<b>46,854,246</b>	<b>30,828,534</b>
<b>U.S. Department of Homeland Security</b>			
DHS RDT&E SETA	97.70RSAT19D00000003	5,219,671	2,712,622
DHS CWMD	97.70RWMD20F000000035	6,382,948	2,818,944
DHS Undisclosed	97.Undisclosed	8,076,198	-
DHS FR Support - Horus O&M	97.70CMSD21FR0000149	11,962	-
DHS Office of Industry Partnerships	97.70RSAT19FR0000120	752	-
DHS Priority Modeling ECD	97.70RCSA22FR0000078	1,267,668	-
DHS Automated Analytics	97.HSSA01-15-F-1401	23,276	22,886
Pass-through from DHS / ECS-FED DHS -QSMO STRAT INN SUP support	97.2022-CTES-NOB001	439,443	-
		<b>21,421,918</b>	<b>5,554,452</b>
<b>National Aeronautics &amp; Space Administration - NASA</b>			
Pass-through from KBR-NASA /Range Operations Contract	43.TXS0000021	802,303	-
Pass-through from KBR-NASA / ESMO HSE and NS and GOES-R Ground Proj Supp	43.SMS0013594	2,062,825	-
Pass-through from ALCYON TECK SVS / NASA Space Weather Follow	43.ATSJV-D-38008-055	153,487	-
		<b>3,018,615</b>	<b>-</b>
<b>U.S. Department of State</b>			
U.S. Department of State / DOS IMAGES	19.19AQMM18F0272	167,806	-
U.S. Department of State / DOS IMAGES ID2	19.19AQMM23F2718	1,693,520	-
		<b>1,861,326</b>	<b>-</b>
<b>U.S. Department of Transportation</b>			
Federal Aviation Administration / FAA / Enterprise Programs, Infrastructure and Communications Services (EPICS)	20.DTFAWA-17-D-00014	83,135,928	39,650,100
Federal Highway Administration / CV Technical support	20.DTFH6116F00019	126,448	-
Federal Highway Administration / Enhance & Maintain RDE	20.DTFH61-16-D-00036	(2,834)	-
Federal Highway Administration / CAV Modeling-Simulation	20.693JJ321F000381	83,355	-
Federal Highway Administration / Intel Transpo Sys TechSup	20.693JJ321D000021	8,895,576	1,141,940
Federal Highway Administration / OASIS NextGen TMS/TMC PFS	20.693JJ323F00040N	355,055	-
Federal Highway Administration / Ent Arch & Req Support	20.693KA8-23-D-00007	2,216,759	497,572
Pass-through from EVANS Incorporate - FAA / AirTraffic & Prog Spt	20.Evans-2018-10	1,201,819	-
Pass-through from ICF / NHI TAT Web Training	20.20RWBO0038	22,088	-
Pass-through from REGULUS/ FAA E-IDS Program Support	20.2021-00005-PSS09	1,988,293	-
		<b>98,022,487</b>	<b>41,289,612</b>
<b>General Services Administration</b>			
General Services Administration / Pricing Support II	39.47QTCB21F0019	267,058	-
General Service Administration / FedRAMP TO 045	39.47QPCA22F0045	3,124,306	110,258
General Service Administration / FedRAMP	39.47QPCA24F0015	7,158,066	294,695
		<b>10,549,430</b>	<b>404,953</b>

See accompanying notes to schedule of expenditures of federal awards.

Noblis, Inc. and Subsidiaries

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

September 27, 2024		FY24	FY24
Federal Grantor Pass-Through Grantor/Program Title	ALN No./Contract Number	Federal Expenditures	Subrecipient
<b>Major Program – Research and Development – Cluster</b>			
<b>U.S. Department of Justice</b>			
U.S. Department of Justice / FBI Supt for Biometric Resear	16.47QFSA22F0144	\$ 159,692	\$ -
U.S. Department of Justice / FBI Gunshot Residue	16.15PNIJ-23-GG-04222-MUMU	197,659	-
U.S. Department of Justice / NIJ Tire Evidence Black Box	16.2020-DQ-BX-0026	32,553	-
U.S. Department of Justice / Mountain Metal	16.Undisclosed	15,569,595	6,937,820
U.S. Department of Justice / NIST Bullet Black Box Followon	16.70NANB23H011	134,820	-
Pass-through from Dorian / DOJ / CyWatch	16.DOR-SIAS-002-NOBLIS	275,597	-
Pass-through from FIU / NIST / Canine Black Box Study	16.783	8,683	-
		<b>16,378,599</b>	<b>6,937,820</b>
<b>Department of Commerce</b>			
Pass-through from ASRC - NOAA / Program Analysis & Control V	11.AS19-02267	529,935	-
Pass-through from KBR - NOAA / Space Weather Support	11.SMS0013594	881,470	-
		<b>1,411,405</b>	<b>-</b>
<b>Other</b>			
U.S. Postal Service / USPS Master Agreement	99.1BITSV-10-B-0021	950,198	-
U.S. Postal Service / 2021 TMO Services	99.1BITSV-20-B-0002	6,265,563	-
IRS / IRS UBABA	99.2032H5-20-F-00028	13,137,695	468,568
IRS / IRS CCSD Metrics & Strategic	99.2032H5-20-F-00199	786	-
IRS / IRS CCSD Metrics Bridge	99.2032H523F00847	356,399	6,992
Pass-through from Maximus / IRS IT Sec Implementation	99.S18-47QTCK18D0044	4,780,074	199,228
Pass-through from Candor / IRS Unified Communications	99.Candor-Noblis-018-UNS0173	76,911	-
Pass-through from Etelligent / IRS HVA 24/7 Monitoring	99.HVA Continuous Monitoring Spt	952,995	-
Pass-through from Corner Alliance / IRS CCSD Metrics - CA	99.CA-Noblis-IRS-00790	157,704	-
Pass-through from Covenant Technologies / IRS EIS Program Support	99.Covenant-Noblis-IRS-UNS-00011	334,593	-
Pass-through from Covenant Technologies / IRS EIS Program Support	99.Covenant-Noblis-IRS-UNS-24C000	89,554	-
Pass-through from Kilda Group / IRS EFS Modernization	99.KG23Y12MN009	68,921	-
Pass-through from FreeAlliance / IRS Unified Comms	99.NTP	29,641	-
Pass-through from Peraton / IRS CCSD	99.PO-0061786	226,804	-
		<b>27,427,838</b>	<b>674,788</b>
<b>Undisclosed</b>			
NRO/Undisclosed	99-. Classified	85,208	-
USGC / Undisclosed	99-. Classified	1,891	1,738
USGC / Undisclosed	99-. Undisclosed	13,251,631	7,130,133
USGC / Undisclosed	99-. Undisclosed	680,806	36,625
SPAWAR / IARPA FELIX	99-C.N6600118C4506	(24,382)	(23,974)
Pass-through from ACCENTURE/Undisclosed	99-C.S001050	387,001	-
Pass-through from LEIDOS / Undisclosed	99-C.PO10241601	1,130,785	-
Pass-through from RAYTHEON / Undisclosed	99-C.ATP	267,492	-
Pass-through from RAYTHEON / Undisclosed	99-C.4400594063	372,429	-
Pass-through from ODU-NAS / Undisclosed	99-C.22-191-400514-010	42,732	-
Pass-through from Perspecta Engineering/ Undisclosed	99-C.PO-0017772	760,105	-
		<b>16,955,698</b>	<b>7,144,522</b>
<b>TOTAL</b>		<b>\$ 243,901,562</b>	<b>\$ 92,834,681</b>

See accompanying notes to schedule of expenditures of federal awards.

**Noblis, Inc. and Subsidiaries**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended September 27, 2024**

**NOTE A - BUSINESS AND ORGANIZATION**

Noblis, Inc. ("Noblis") was incorporated on December 11, 1995 under the laws of the State of Delaware and commenced business on January 29, 1996. Noblis is a nonprofit, nonstock company organized under the provisions of Section 501(c)(3) of the Internal Revenue Code. Noblis performs research, development and engineering services of a scientific nature in the public interest principally to agencies of the U.S. government and state and local governments.

**NOTE B - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Noblis and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

Noblis generally operates under cost-type and time and material contracts with its federal sponsors and records costs as the effort is expended. Contract costs are recorded on the basis of direct costs, overhead and general and administrative expenses incurred. Indirect costs are allocated on the basis of direct labor cost incurred.

**NOTE C - RESEARCH AND DEVELOPMENT PROGRAM CLUSTER**

Noblis has determined all of its federal contracts constitute a research and development program cluster. Accordingly, the accompanying schedule of expenditures of federal awards reflects all of its federal contracts as a research and development program cluster.

**NOTE D - GOVERNMENT FURNISHED EQUIPMENT**

In addition to equipment acquired by Noblis, which is included in the accompanying consolidated statements of financial position, Noblis also uses certain government furnished equipment for which it is accountable to the U.S. government.

**NOTE E - INDIRECT COST RATE**

The Company has elected not to use the 10% de minimis cost rate provided for in Subpart E, Section 200.414 of the Uniform Guidance.

**NOTE F - ASSISTANCE LISTING NUMBERS**

Assistance listing numbers are not provided for each contract listed on the schedule of expenditures of federal awards. Therefore, the agreement numbers were used.

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**GRANT THORNTON LLP**

1000 Wilson Blvd., Suite 1500  
Arlington, VA 22209-3927

**D** +1 703 847 7500

**F** +1 703 848 9580

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

Board of Trustees  
Noblis, Inc. and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Noblis, Inc. and subsidiaries (the "Entity"), which comprise the consolidated statement of financial position as of September 27, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2024.

### **Report on internal control over financial reporting**

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

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

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

**Report on compliance and other matters**

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

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

**Purpose of this report**

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

*Grant Thornton LLP*

Arlington, Virginia  
December 20, 2024

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**GRANT THORNTON LLP**

1000 Wilson Blvd., Suite 1500  
Arlington, VA 22209-3927

**D** +1 703 847 7500

**F** +1 703 848 9580

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

Board of Trustees  
Noblis, Inc. and Subsidiaries

### **Report on compliance for each major federal program**

#### **Opinion on each major federal program**

We have audited the compliance of Noblis, Inc. and subsidiaries (the “Entity”) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity’s major federal programs for the year ended September 27, 2024. The Entity’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

#### **Basis for opinion on each major federal program**

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

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

#### **Responsibilities of management for compliance**

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

**Auditor's responsibilities for the audit of compliance**

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

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

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

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

**Report on internal control over compliance**

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

material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Grant Thornton LLP*

Arlington, Virginia  
January 14, 2025

**Noblis, Inc. and Subsidiaries**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended September 27, 2024**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- |  |               |
|--|---------------|
| 1. Type of auditors' report issued:  | Unmodified    |
| 2. Internal control over financial reporting:                                    |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to the financial statements noted?                     | No            |

**Federal Awards**

- |   |               |
|---|---------------|
| 1. Internal control over the major program:   |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None reported |
| 2. Type of auditors' report issued on compliance for major program:   | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award? | No            |
| 4. Identification of major program:   |               |

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Numbers</u>
Research and Development Cluster	Various
5. Dollar threshold used to distinguish between Type A and B	\$3,000,000
6. Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None reported.