

December 01, 2023

The Honorable Joseph Lombardo  
Office of the Governor  
One Hundred One North Carson Street  
Carson City, Nevada 89701

Ms. Brenda Erdoes, Director  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701

**Re: Nevada Battle Born Growth Escalator, Inc. Annual Report 2023**

Governor Lombardo and Ms. Erdoes:

Pursuant to NRS 231.0545, an annual report is required to be submitted by the Board of Directors of the nonprofit corporation formed to promote, aid, and encourage economic development. The report is attached and covers the reporting period of November 1, 2022, through October 31, 2023.

Please feel free to contact me should you have any questions via telephone at 702-486-3702 or via e-mail at [tjburns@goed.nv.gov](mailto:tjburns@goed.nv.gov)

Sincerely,



on behalf of

Thomas J. Burns

Executive Director

cc:

Ben Kieckhefer, Governor's Chief of Staff  
Amy Stephenson, Director, Governor's Finance Office  
Wayne Thorley, Senate Fiscal Analyst  
Sarah Coffman, Assembly Fiscal Analyst  
Morgan Barlow, Program Analyst, Fiscal Analysis Division  
Matthew Brown, Executive Branch Budget Officer, Governor's Finance Office  
Leandra Diossa, Director of Administration, Governor's Office of Economic Development

**Annual Report Regarding the Nevada Battle Born Growth Escalator, Inc.**

Per NRS 231.0545, the annual report must include:

1. *An accounting of all money received and expended by the nonprofit corporation, including, without limitation, any matching grant funds, gifts or donations:*

Since being formed, the nonprofit corporation has received and expended \$17,076,779.64.

2. *The name and a brief description of all businesses receiving an investment of money from the nonprofit corporation formed pursuant to NRS 231.0545:*

GOED had contracted with the Nevada Microenterprise Initiative, Inc. ("NMI") to act as a custodian for Battle Born Growth Escalator, Nevada's venture capital program, administered by GOED, under the federal state small business credit initiative ("SSBCI"). After receiving authorization through Assembly Bill No. 17 of the 78th (2015) Session of the Nevada Legislature ("AB 17") and upon subsequent formation of the nonprofit corporation in July of 2016 as *Nevada Battle Born Growth Escalator, Inc.* ("NBBGEI"), GOED terminated the contract with NMI and now has an agreement with NBBGEI for the latter to serve as custodian of investment holdings. All existing convertible notes and equity holdings of Battle Born Growth Escalator's investments were transferred to NBBGEI. Its current portfolio holdings are described below.

In October 2022, The United States Treasury announced it had approved up to \$112.9 million for Nevada's State Small Business Credit Initiative (SSBCI). Nevada's Program has received the first tranche of \$34.87 million and is overseen by the Governor's Office of Economic Development (GOED). On October 11, 2022, the Nevada Board of Examiners approved a new contract between GOED and NBBGEI for the latter to serve as the sole contractor to operate the new SSBCI Program for GOED.

Nevada's SSBCI Program will contain three Loan Participation Programs and one Collateral Support Program in addition to its Venture Capital Program. Nevada's SSBCI Program launched in January 2023.

## **I. SSBCI 1.0 and Second Generation (recycled) Funds Venture Capital Portfolio Holdings**

### **STARTUPNV AND GENER8TOR (Funding provided: March, 2022):**

While not a traditional investment, NBBGEI is providing funding support for gener8tor's operations in Reno and Las Vegas through a two-year contract with gener8tor and for StartUpNV's statewide operation through a three-year contract. The objective is to generate regular deal flow for the new SSBCI Program to invest in.

This provision of operational support is not part of the SSBCI program, and Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program.

**ACCESS HEALTH DENTAL (Investment: April, 2015, Partial Divestment: November, 2017, Participation in follow-up investment round: December, 2018):** Based in Las Vegas, NV, Access Health Dental is a Las Vegas-based dental practice company that brings an innovative, systematic approach to the delivery of dental care; it provides management support services for its dental offices so dentists can focus on providing the best care for patients.

**CIRLCEIN (Investment Round 1 - first tranche: January, 2018, second tranche: October, 2018; Investment Round 2 – first tranche: August, 2019, second tranche: February, 2020):** CircleIn has developed a student-to-student tutoring app. It allows students to study with one another, and to tutor one another, winning rewards in the process. Once invited into a group, students can swap class notes and access libraries of these notes from across the country. CircleIn has shown data to support beneficial student outcomes from using the app, and it offers a "safe space" for students by using "bad word" and "bad image" screens that are immediately flagged to the relevant school. It has both Android and iOS apps available. Since Battle Born's original investment, CircleIn has pivoted to focus on the college market, a more lucrative target market than its original focus. Contracts are based on total number of full-time freshmen enrolled, and most contracts are paid annually upfront with typically two-year terms. In July 2022, CircleIn successfully raised a \$3.5M Series A round.

### **GRRRL (Investment: December, 2019):**

Grrrl is a Las Vegas-based athleisure company that focuses on size-free clothing and targets niche women's sports such as MMA and Highland Games. Its philosophy is centered around women's empowerment, with an emphasis on fitness at any size. Co-founded by a husband-and-wife team, the brand is fronted by professional athlete Kortney Olson as well as professional athlete brand ambassadors. The team relocated to Las Vegas in 2019, ahead of investment by Battle Born.

### **HELIGENICS (Investment: October, 2020):**

Heligenics is a spinout company from UNLV and originates from a 2013 Knowledge Fund investment seeding the Nevada Institute of Personalized Medicine (NIPM) and subsequent project funding. Heligenics' mission is to prevent disease and heal patients afflicted with illness through genomics. Through an approach based on the GigaAssay technology developed at the University of

Nevada Las Vegas in the Schiller Laboratory of Applied Bioinformatics. The GigaAssay produces functional genomics data that can be licensed and used for prevention-based approaches, diagnostics. Additionally, for developing new drug therapies or redesigning clinical trials for drugs that have failed a trial due to poor efficacy or safety.

For this investment, Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program.

**INNEVATOR II, LLC (Investment: first tranche: August, 2018, second tranche: June 2019):** InNEVator is a one-of-a-kind Internet of Things (IoT) focused bootcamp hosted through The Innevation Center at University of Nevada, Reno.

InNEVator's goal is to add to Reno's technology community by helping to grow companies within a supportive community. Companies selected to participate in the 8-week bootcamp will work directly with experts to accelerate development of prototyping, creative thinking, commercialization, seed-funding, planning and operations, customer engagement, and other aspects of business. Mentorship and introductions to investors are core elements of the bootcamp. InNEVator invested in 14 companies. As these are companies in the very early stages of their development the investments made by InNEVator II are highly risky but fill a crucial gap in the entrepreneurial ecosystem.

For this investment, which is not part of the SSBCI program portfolio, Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program. Second Generation Funds are the sole funding source for Nevada Battle Born Growth Escalator, Inc.

**OUTLAW SOAPS (Investment Round 1: October, 2020; Investment Round 2: August, 2021):**

Founded in 2013, Outlaw Soaps is a Sparks-based personal care company that focuses on Millennial men. Its products range from traditional offerings, such as bar soap, body wash and hand wash, to beard & hair elixir and air fresheners. It offers 7 signature scents, that include fragrances such as, campfire, leather, whiskey, sagebrush, pine, and fresh cut grass. The Company was founded by a husband-and-wife team with experience in building digital brands at Oprah.com, and with building startups. The Venture Program participated in the company's follow up investment round this year given the positive traction of the company since 2020.

For Investment Round 2 Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program.

**QUANTUM COPPER (Investment Round 1: August and October, 2022)**

Quantum Copper is a licensee from UNLV based on research sponsored by NSF & UNLV and a direct result of a Knowledge Fund project. The company is developing next generation fire prevention battery materials to improve the mechanical capabilities of separators, current collectors, battery packaging & housing. Since its founding, Quantum Copper ("QC") has focused

on mitigating fire risks in Lithium Batteries with innovative inside the cell innovation. It is minimizing the technical and execution risk with global collaborative stakeholders. Currently pilot level scalable projects are being undertaken with partners to accelerate the adoption of these technologies.

For Investment Round 1, Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program.

**SEMI EXACT (Investment Round 1: June, 2021; Investment Round 2: August, 2022):**

Semi Exact a custom furniture company, in Minden, NV which is creating a new category in the consumer goods market that changes the way people think about making, purchasing, and enjoying furniture. The company can be described as a DNVB (Digitally Native Vertically integrated Brand) with advanced manufacturing. Semi Exact is creating a new category in the consumer goods market that changes the way people think about making, purchasing, and enjoying furniture.

Investment Round 1 took the SSBCI Venture Capital Program to fully invested status for First Generation funds. First Generation SSBCI Funds are defined as funds originating from the initial SSBCI allocation and do not include proceeds from divestments. It was also the first investment in a company that is based in rural-Nevada.

For Investment Round 2, Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program. Second Generation Funds are the sole funding source for Nevada Battle Born Growth Escalator, Inc.

Semi Exact also attracted local investors Reno Seed Fund and StartUpNV as match in its respective rounds.

**TABER INNOVATION (Investment: January, 2020):**

Taber Innovations is a Las Vegas-based company that has developed a technology suite that enables real time information to be captured and analyzed from a fire scene, so enhancing fire fighter safety. Its advantage is that it allows monitoring of fire fighter condition, this is currently done verbally via radio. This reduces communication confusion at fire scenes and allows the incident commander to make better decisions as to when and where to send in recovery crews.

**TU BIOMICS (Investment Round 1: April, 2020; Investment Round 2: July, 2021)**

Tu Biomics is a spinout company from the Desert Research Institute (DRI) and originates from a 2013 Knowledge Fund investment seeding the Applied Innovation Center of Advanced Data Analytics (AIC) and subsequent project funding. Tu Biomics is focused on developing organic crop protection products for the global agriculture industry of industrial-scale farming. In conjunction with DRI's plant and molecular biology scientists, Tu Biomics is developing a platform of

organically derived biocontrol agents (BCAs) as a sustainable, effective alternative to currently available synthetic chemistry options.

For this investment, Battle Born utilized second generation SSBCI funds. Second Generation SSBCI Funds are defined as proceeds resulting from divestments of Battle Born Venture and/ or repayment of collateral and associated fees under Nevada's SSBCI Collateral Support Program (CSP), Nevada's second SSBCI program. Second Generation Funds are the sole funding source for Nevada Battle Born Growth Escalator, Inc.

**TALAGE INSURANCE (Investment: June, 2018):** Talage is a Reno-based startup that has created a fully automated software platform to help small business owners compare and instantly purchase an increasing range of commercial insurance policies. Talage connects business owners directly to insurance carriers, allowing them to save time and money when purchasing workers' comp, liability and property coverage. Its advantage is that it offers customers the ability to compare, select and purchase insurance in the space of less than ten minutes, most competitors instead refer the business to brokers and customers complete their purchase offline. Founded in 2015 by Adam Kiefer, Matt Donovan and Zachary Draper, the Company's goal is to be the first truly national digital insurance agency for the small business vertical. To date, Talage has partnered with eight AM Best A Rated insurance carriers including Chubb, Markel, Travelers, Employers, CNA, ICW, Acuity and Atlas General.

Battle Born Venture invested in the Company in June 2018 in a round led by Bay Area-VC Merus Capital, and including SaaS focused accelerator Acceleprise, and venture debt major Western Technology Investment (WTI). In March 2022, the company raised \$9M of additional venture capital funding.

**TRANSWORLDHEALTH (Investment: July, 2014):** Reno, NV-based TransWorldHealth provides productivity software to the \$1bn+ safety net healthcare market. The various software modules were developed in response to the identified market need for better reporting, analytics and forecasting for easier ways to improve physician productivity and to provide a solution for effective coordination of care of patients between different clinical settings.

## **II. SSBCI 1.0 Fully Exited Venture Capital Investments**

WEDGIES (Investment: November, 2014, Exit Process Completed: June, 2018)

WISEBANYAN (Investment Round I: September, 2016; Investment Round II: March, 2018, Exit Process Completed: February, 2019)

BASE VENTURE (Investment Round I: July, 2015; Investment Round II: July, 2016, Exit Process Completed: July, 2019)

FANDEAVOR (Investment Round I: July, 2014; Investment Round II: January, 2017, Exit Process Completed: August 2019)

### **III. SSBCI 2.0 Venture Capital Portfolio Holdings**

#### **ADARACT (Investment: June 2023), SEDI<sup>1</sup> transaction**

Adaract, a Nevada-based startup, develops and markets: high performance artificial muscle actuators for plug-and-play use in hydraulic systems; ultra compact Hydraulic Power Units for size-conscious systems requiring significant power output; and a new, potentially fruitful frontier in prosthetic R&D that's working on a synthetic-muscle-powered leg prosthesis. Once developed, the resulting device could be lighter, stronger, and more affordable than currently available powered prostheses.

#### **AIFOUNDATION (Investment: August 2023)**

AI.XYZ is a life management tool providing customized suggestions, ideas and support through a personalized AI. This includes Generative AI, Interactive AI, Personal AI, Proactive AI, AI for Workplace, AI for Employees, Your own AI, AI for Enterprise, Artificial Intelligence, AI Voice, AI Avatar, AI SaaS, Private-Label AI, Onboarding & Training, Employee Engagement, Company Knowledge Support, Personal Knowledge Support, AI Fine-tuning, AI co-pilot, and AI assistant.

#### **BELOIT KOMBUCHA (Investment: June 2023)**

Beloit Kombucha (MightyWell Foods) manufactures and markets kombucha food products and additives to consumers. Kombucha is produced by symbiotic fermentation of sugared tea using a symbiotic culture of bacteria and yeast (SCOBY) commonly called a "mother" or "mushroom" and numerous health benefits have been claimed to correlate with drinking kombucha, including gut health.

#### **CAREWEAR (Investment: August, 2023), SEDI transaction**

CareWear is a medical device firm headquartered in Reno that provides patient home use therapeutic wearables using a PhotoBioModulation (PBM) delivery system for treatment of pain, arthritis, soft tissue injury and muscle recovery. Carewear provides Remote Therapeutic Monitoring of its medical devices through its App and Cloud infrastructure to document patient treatment compliance and reporting of pain and functional status.

#### **CLOTHESLYNE (Investments: December, 2022 and March, 2023), SEDI transaction**

Clotheslyne is looking to disrupt the laundry industry with a unique laundry service model where they pick up laundry, clean/wash it and deliver it back to their customer. What's unique is that their service providers are either established laundromats or freelancers who are vetted and trained by Clotheslyne. Clotheslyne currently offers their laundry pickup and delivery services throughout Reno, Las Vegas/ Nevada, Upstate NY, Northern NJ, and Charlotte, NC and the surrounding areas.

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<sup>1</sup> SEDI = "Socially and Economically-Disadvantaged Individuals", US Treasury definition: see <https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf>, pp. 8-12

**GRANTCYLCLE (Investment: November, 2022), SEDI transaction**

Grantcycle (Atlas Solutions) has developed a collaborative grant management software for managing funding and reporting impact. Their SaaS solution streamlines and automates grant management, so grant funders and recipients can spend less time on manual tasks and more time creating impact.

**LET'S ROLO (Investment: November, 2022), SEDI transaction**

Lets Rolo offers a suite of micro customer relationship management (CRM) products including digital business cards, Zoom® backgrounds and email signatures for people to store and manage contact information. Rolo interfaces all contacts to the CRM of choice.

**LOOP SOFTWARE (Investment: November, 2022)**

Loop Software has developed and is now marketing a convenience web-based platform that connects people and their vehicles to automotive service centers for repairs and maintenance. Customers schedule to have their vehicles picked up by Loop's drivers, who take the vehicles to the customer's preferred auto service center.

**NEURORESERVE (Investment: June, 2023)**

NeuroReserve, a nutritional supplement company focused on neurological health in the DTC/eCommerce channel. The company's initial product, ELEVATE, is a brain supplement that fills the gaps between what most people eat and the diets proven to be healthiest for your brain. RELEVATE is the first and only nutritional supplement based on the Mediterranean and MIND (Mediterranean-DASH Intervention for Neurodegenerative Delay) dietary patterns, shown to be the most effective for strengthening memory and cognitive performance, as well as reducing risk of neurodegenerative disease and dementia.

**PROSPER (Investment: December, 2022), SEDI transaction**

Prosper Technologies was founded to address a business marketing issue: many companies rely on digital ads to reach new users, but very few of them ever see a positive return on their ad spend. Word-of-mouth marketing is more effective, but there is no easy way for most companies to integrate or track their word-of-mouth marketing efforts. Prosper was built to solve this and make it possible for any company to integrate and scale their word-of-mouth marketing efforts.

**REVONATE (Investment: November, 2022)**

Revonate has developed and is now marketing a construction sales platform that provides contractors with a streamlined system to capture lead information & automate follow ups, generate instant quotes and contracts, provide real-time revenue forecast reports and accelerate customer payments.

**SAGE MEDICAL (Investment: December, 2022)**

Sage Medical is an AI-driven medical coding and billing platform that remedy the gaps in the healthcare coding and billing system. Their solution combines medical coding, billing & dictation into one fully baked real-time platform, saving physicians dollars while increasing productivity.



**SILICA NEXUS (Investment: August, 2023)**

Silica Nexus (Convergence of 4 Dimensions) is creating the operating layer that will bring all AR/VR, 2D and 3D platforms onto one real-time multiplayer platform, and is building a community ecosystem that will drive the in-game virtual economy onto the blockchain and into the real-world lives of developers, creators, and players.

**SEE ID (Investment: November, 2022)**

SEE ID, Inc. helps businesses transform their operations with a single goal in mind: increased safety and efficiency. Through extensive research and development, SEE ID's main focus includes Industrial IoT, Indoor & Outdoor tracking with seamless transitions from inside to outside, Passive RFID (including Bluetooth and 5G) and software applications.

**TERBINE (Investment: November 2022), SEDI transaction**

TerbineLink is designed to synchronize all of the key elements involved with EV charging infrastructure. Operating in the cloud, the software-based platform has been developed to give system operators the ability to monitor and manage increasingly complex multi-vendor environments spread across wide geographies.

**TUBIOMICS (Investment: August 2023)**

Tu Biomics is focused on developing crop protection products from microbial extracts, capable of countering economically impactful soil borne diseases. The company is a Knowledge Fund spinout from DRI. The August, 2023 marked the consistent third time NBBGEI participated in the company's investment round.

**VISIONAID (Investment: 2023)**

VisionAid (Project Cornell) has developed to go to market as an electronic glasses product that is designed to improve visual performance for legally blind and low vision individuals.

**VISTRO (Investments: November 2022 and July, 2023), SEDI transaction**

Vistro is a collection of virtual food delivery brands and ghost kitchens focused on creating technology to streamline how food is ordered, cooked, and delivered.

**IV. SSBCI 1.0 and Second Generation (recycled) Funds Loan Portfolio**

**a. Collateral Support**

**ROARING 20s (October, 2023)**

Roaring 20s is a wholly owned subsidiary of Pinnacle Nevada Corp. Pinnacle Nevada Corp. and its affiliate, Pinnacle Homes Inc., are local Las Vegas home builders and have been in business since 1992.

## **V. SSBCI 2.0 Loan Portfolio**

### **b. Collateral Support**

#### **ALLEGIANT ELECTRIC (August 2023), SEDI transaction**

Based in Las Vegas, Allegiant Electric is a full-service electrical contractor dedicated to providing high-quality electrical service to the Southern Nevada community. A family-owned business, Allegiant Electric was founded in 2015 to provide outstanding electrical services in the commercial, industrial, and residential segments. The company is also a solar contractor specializing in battery storage and electric vehicle (EV) charging stations. Allegiant Electric is a certified Woman-Owned Small Business (WBE), Minority Business Enterprise (MBE), Disadvantaged Business Enterprise (DBE), Small Business Enterprise (SBE), Nevada local Emerging Small Business (ESB).

#### **FULL TILT LOGISTICS (November, 2022), SEDI transaction**

Based in Reno, Full Tilt Logistics is a Certified Women-Owned WBENC Company. The company is an expert in freight brokerage services. Its Reno Freight Logistics Company and dedicated trucking fleet provide expert support in logistics and transportation management, so shipments can be delivered faster and at a lower cost. Full Tilt is a 3PL company that provides a 24/7 shipment locator and clean, courteous, professional drivers whose number one focus is on customer service.

#### **NORTH STAR ELECTRIC (September 2023), SEDI transaction**

Based in Las Vegas, Northstar Electric was first established in 1998. The company has lengthy experience of Commercial, Residential and Industrial projects, and has been very efficient in providing the necessary service to go above and beyond our customer's satisfaction. In 2005, Northstar Electric Inc. became a corporation. At this time, Northstar Electric Inc. has expanded across several States. Northstar Electric Inc. strives to provide services exceeding the norm.

### **c. Loan Participation Standard Loans (greater than \$250k)**

No transactions for the reporting period.

### **d. Loan Participation Microloans (less than \$250k)**

Under the US Treasury approved SSBCI Program NBBGEI contracted with Calvert Impact, Inc. for a Small Loan 80/20 Fund model for loans under \$250,000 with Calvert Impact Capital as fund manager and Community Reinvestment Fund as fund administrator. Calvert Impact

created a subsidiary special purpose vehicle (SPV) that will purchase Eligible Loans made by eligible Originating Lenders which are participating Community Development Financial Institutions (CDFIs). The SPV will purchase up to 80 per cent of eligible loans from those CDFIs. Funding for the first tranche of this Microloan Program under SSBCI has been obligated and transferred to Calvert Impact to fund the SPV and be matched with SSBCI required private capital funds.

During the reporting period a total of \$400,000 in transactions (all SEDI) for a total loan amount of \$500,000 have been completed.

**e. C-PACE**

No transactions for the reporting period.

**VI. Public Interest (assessment of NBBGEI's Investment and Loan Activities furthering the public interest)<sup>2</sup>**

With respect to the reported venture capital transaction those are strengthening local Nevada based startup and early-stage high growth company ecosystems by enabling it to scale which will lead to local economic growth, positive employment impact, specifically in highly technical skilled and highly paying jobs, with spillover/ multiplier impact to local small businesses and tax revenue.

With respect to the reported Collateral Support and Microloan transactions those have been strengthening Nevada's family-owned small businesses securing both employment and enabling future employment growth. Furthermore, these loans benefited predominantly SEDI businesses<sup>3</sup>.

Together with the reported venture capital investments, total SEDI transactions exceed the set US Treasury SEDI Objective for Nevada of 48.85 per cent<sup>4</sup>. Investment and/or loans to SEDI companies are making a crucial contribution to the equitable distribution of capital benefitting companies that previously have had challenges accessing financing. Capital distribution in line with Nevada's set SEDI Objective would also mirror the state's demographic structure. It is one of Nevada's SSBCI Program goals that over time approved applications to our SSBCI Programs should reflect the population structure of this state.

An increasing number of mainly venture capital transactions will over the duration of the SSBCI Program show commitment to support commercialization of Nevada's research university's IP by offering capital during a phase in which most traditional VC will not participate. This increases the chance of the company passing the "valley of death" to reach commercial viability. The investment will make a

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<sup>2</sup> Please note that this section in future reports will contain specific job data. This is currently not yet available as the first annual report for a full year of operation has not yet been submitted to US Treasury. This will only occur on March 31 following each reporting calendar year.

<sup>3</sup> SEDI = "Socially and Economically-Disadvantaged Individuals", US Treasury definition: see <https://home.treasury.gov/system/files/136/SSBCI-Capital-Program-Policy-Guidelines.pdf>, pp. 8-12

<sup>4</sup> By meeting this objective, the state will become eligible for SEDI Incentive allocation during the second tranche if the SSBCI Capital Program.

valuable contribution to the formation and growth of deep-technology<sup>5</sup> startups and early-stage companies in Nevada, a segment with the state that has lagged behind other states. In the reporting period, two venture capital deals are related to Nevada's research universities and one transaction has already closed post-reporting period.

Many small businesses that have been recipients of investment and/or loan capital during the reporting period target specific problems which represent a positive *auxiliary* impact beyond mere economic furthering the public interest.

Examples are:

- Adaract – synthetic muscle powered prosthesis
- Carewear – pain treatment and remote therapeutic monitoring
- Grantcycle – grant impact monitoring
- Neuroreserve – neurological health
- Vision Aid – improve performance for legally blind and low vision individuals
- Allegiant Electric – high quality electrical service to southern Nevada community
- Full Tilt Logistics – delivering cost advantages for logistics and transportation

## **VII. NBBGEI Financials**

Most recent audited financial statements are attached.

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<sup>5</sup> Deep-tech companies have a higher propensity to scale and employ highly skilled staff which presents opportunities for Nevada's science and engineering graduates. However, such companies in this early stage require longer capital support.



Financial Statements  
June 30, 2022

# Nevada Battle Born Growth Escalator, Inc.

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis .....	4
Financial Statements	
Statement of Net Position – Modified Cash Basis and Governmental Fund Balance Sheet .....	7
Statement of Activities – Modified Cash Basis and Governmental Fund Revenue, Expenditures and Changes in Fund Balance.....	8
Notes to Financial Statements .....	9
Compliance Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	12
Schedule of Findings and Responses .....	14



## Independent Auditor's Report

To the Board of Directors  
Nevada Battle Born Growth Escalator, Inc.  
Carson City, Nevada

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the modified cash-basis financial statements of the governmental activities and the general fund of Nevada Battle Born Growth Escalator, Inc. (the "Organization") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified-cash basis financial position of the governmental activities and the general fund of the Organization, as of June 30, 2022, and the respective changes in modified-cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

#### ***Emphasis of Matter – Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The management's discussion and analysis is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
October 19, 2023

The management's discussion and analysis of the Nevada Battle Born Growth Escalator, Inc.'s (the "Organization") financial condition and activities for the fiscal year ended June 30, 2022 is presented in conjunction with the audited financial statements.

The Battle Born Venture Program ("Battle Born") is a state venture capital program overseen by the Nevada Governor's Office of Economic Development ("GOED") under the auspices of the US Treasury's State Small Business Credit Initiative ("SSBCI"). Battle Born makes equity and equity-like investments in early stage, high-growth Nevadan enterprises. It seeks an economic return on investment, and any proceeds from investments are reinvested into the program for the benefit of the citizens of the State of Nevada.

### **Financial Highlights**

The Organization's net position at year end 2022 increased over year-end 2021.

### **Overview of Annual Financial Report**

The Organization filed the enclosed financial statements pursuant to Governmental Accounting Standards. Organizations other than public corporations and bodies corporate and politic are classified as governmental organizations if they have one or more of the following characteristics:

1. Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
2. The potential for unilateral dissolution by a government with the net assets reverting to the government; or
3. The power to enact and enforce a tax levy.

The Organization's governing body (Board of Directors) consists of (a) the Executive Director of GOED, acting as chairman; (b) Four persons chosen from the private sector who have at least ten (10) years of experience in the field of investment, finance, accounting, technology, commercialization or banking, who will be appointed by Executive director and approved by the GOED Board; (c) One member appointed by the Nevada Speaker of the Assembly; and (d) One member appointed by the Nevada Senate Majority Leader. Therefore, the Organization exhibits the first characteristic described above regarding popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments, and is considered to be a governmental organization for accounting, financial reporting and auditing purposes.

The Board uses the modified cash basis of accounting for financial statement reporting. The financial statements have been prepared in accordance with modified cash basis as it applies to governmental units. The financial statements include a statement of net position – modified cash basis and governmental fund balance sheet, a statement of activities – modified cash basis and governmental fund revenue, expenditures, and changes in fund balance, and notes to the financial statements.

The basic financial statements include:

The Statement of Net Position and Governmental Fund Balance Sheet present the financial position of the Organization on the modified cash basis. This statement provides information about the nature and amounts of resources and obligations at year-end including the Organization's assets and liabilities, with the difference reported as net position and fund balance. Over time, increases and decreases in net position and fund balance are one indicator of whether the financial position of the Organization is improving or deteriorating.

The Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance present the results of the activities over the course of the fiscal year and information as to how the fund balance and net position changed during the year. The fund balance and net position changes under the modified cash basis when revenue is received or the expenditure is made.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information about the Organization's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared from the detailed books and records of the Organization.

**Financial Analysis**

The following is a summary of financial position (modified cash basis) based upon the government-wide financial statements as of June 30:

	2022	2021
Current assets	\$ 1,466,180	\$ 1,261,088
Long-term assets	2,774,999	2,325,000
Total assets	4,241,179	3,586,088
Total liabilities	-	-
Unrestricted / Total net position	\$ 4,241,179	\$ 3,586,088

The following is a summary of revenue and expenses (modified cash basis), for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Contribution and grant income	\$ 1,514,979	\$ 250,000
Total expenses	<u>859,888</u>	<u>59,977</u>
Change in net position	<u>\$ 655,091</u>	<u>\$ 190,023</u>

### **Results of Operations**

Change in net position increased by \$465,068 for the year ended June 30, 2022. Total expenses increased by \$799,911 due to \$800,000 of operating contracts awarded during the year ended June 30, 2022.

### **Capital Asset and Debt Administration**

The Organization has no capital assets or debt obligations.

### **Final Comments**

This report is designed to provide the reader with a general overview of Organization's finances and should be read in conjunction with the audited financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chairman of the Board, Thomas Burns, at 808 W. Nye Lane, Suite 204, Carson City, NV 89703.

Nevada Battle Born Growth Escalator, Inc.  
Statement of Net Position – Modified Cash Basis and Governmental Fund Balance Sheet  
June 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Position</u>
Assets			
Current Assets			
Cash	\$ 1,466,180	\$ -	\$ 1,466,180
Long-term Assets			
Investments	2,674,999	-	2,674,999
Convertible promissory note	100,000	-	100,000
Total assets	<u>4,241,179</u>	-	<u>4,241,179</u>
Liabilities and Net Position			
Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Unassigned	<u>\$ 4,241,179</u>	\$ (4,241,179)	
Net Position			
Unrestricted		<u>4,241,179</u>	<u>4,241,179</u>
Total net position		<u>\$ -</u>	<u>\$ 4,241,179</u>

Nevada Battle Born Growth Escalator, Inc.  
Statement of Activities – Modified Cash Basis and  
Governmental Fund Revenue, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2022

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses			
Operating contracts	\$ 800,000	\$ -	\$ 800,000
Legal fees	50,000	-	50,000
Insurance	1,190	-	1,190
Member services	3,175	-	3,175
Bank service fees	145	-	145
Utilities	5,378	-	5,378
Total operating expenses	<u>859,888</u>	<u>-</u>	<u>859,888</u>
General Revenues			
Contribution and grant income	<u>1,514,979</u>	<u>-</u>	<u>1,514,979</u>
Total operating revenues	<u>1,514,979</u>	<u>-</u>	<u>1,514,979</u>
Changes in Fund Balances / Net Position	655,091	-	655,091
Fund Balance / Net Position, Beginning of Year	<u>3,586,088</u>	<u>-</u>	<u>3,586,088</u>
Fund Balance / Net Position, End of Year	<u><u>\$ 4,241,179</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,241,179</u></u>

**Note 1 - Reporting Entity Activity and Significant Accounting Policies****Principal Business Activity**

Nevada Battle Born Growth Escalator, Inc. (the "Organization") is an evergreen venture capital program, overseen by the Nevada Governor's Office of Economic Development ("GOED") under the auspices of the US Treasury's State Small Business Credit Initiative ("SSBCI") 1.0 program. The Organization's mandate is to invest in the highest return prospects, those that have the potential to provide at least a 15% internal rate of return to the program. Subsequent to June 30, 2022, the Organization's scope will be broadened under the SSBCI's 2.0 Program.

**Measurement Focus**

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate. Only assets and liabilities which are recognized in accordance with the modified cash basis of accounting are generally included on the balance sheet. The governmental fund statement of revenue, expenditures and changes in fund balance presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as the measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

The financial statements are presented in accordance with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles ("GAAP") as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events. Investments donated to the Organization are not reported under the modified cash basis of accounting because they were not derived from a cash transaction.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Organization utilized GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented in accordance with the modified cash basis of accounting.

**Cash**

Cash consists of cash on deposit at one commercial bank.

**Investments**

Investment purchases are recorded at cost.

**Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from these estimates.

**Income Taxes**

The Organization is organized as nonprofit organization under IRC Section 501(c)(3). The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Equity Classifications**

In the government-wide financial statements, net position is classified as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation. The Organization does not have restricted any amounts invested in capital assets.

Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Organization does not have restricted net position.

Unrestricted net position – all other net position that does not meet the definition of net investment in capital assets or restricted net position.

The Authority's policy is to first apply expenditures against restricted net position balances, if applicable, and then unrestricted balances.



In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Organization does not have any nonspendable fund balances.

Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Organization does not have any restricted fund balances.

Committed – represents amounts which can be used only for specific purposes determined by the members of the governing board’s formal action through a resolution or action. The Organization does not have any committed fund balances.

Assigned – represents amounts that are intended by the Organization for specific purposes but do not require action by the governing board. The Organization has no assigned fund balances.

Unassigned – represents all amounts not included in other classifications.

The Authority’s policy is to first apply expenditures against restricted fund balance, if applicable, and then committed, assigned and then unassigned balances.

## **Note 2 - Cash and Investments**

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. Accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2022, the Organization had \$1,216,180 in excess of FDIC insured limits. To date, the Organization has not experienced losses in any of these accounts. The Organization does not currently have a deposit policy related to custodial credit risk.

Investments consist of non-publicly traded stock held at original cost basis.

## **Note 3 - Convertible Promissory Note**

In February 2020, the Organization issued \$100,000 in 5% convertible notes to be paid in 36 equal monthly payments of \$2,984.65 with the first payment due on January 1, 2022, with final payment on December 1, 2024. In January 2023, the second amendment to the promissory note was approved whereby the first payment was deferred until January 1, 2024, with final payment on December 1, 2026. If qualified financing occurs prior the maturity date, then the outstanding principle and any unpaid interest will be converted to equity securities.



Compliance Section  
June 30, 2022

# Nevada Battle Born Growth Escalator, Inc.



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

To the Board of Directors  
Nevada Battle Born Growth Escalator, Inc.  
Carson City, Nevada

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 governmental activities and general fund of Nevada Battle Born Growth Escalator, Inc. (the “Organization”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements, and have issued our report thereon dated October 19, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization’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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

#### **The Organization's Response to Findings**

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

#### **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 communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
October 19, 2023

**2022-001      Internal Control over the Preparation of Financial Statements and Audit Statements  
Material Weakness**

*Criteria:*                      An internal control system is designed to prepare financial statements in accordance with the modified cash basis of accounting.

*Condition:*                    The Organization does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In addition, internal financial statements are not prepared. Detail in Excel and Quickbooks is maintained for all cash transactions, however it does not report appropriate totals for investments, revenue and expenses. Material adjustments were proposed during the audit process.

*Cause:*                         The Organization currently has limited transactions and tracks the bank transactions separately from the investment transactions in Excel and Quickbooks.

*Effect:*                         The possibility that a misstatement of the financial statements could occur and not be prevented or detected and corrected by the Organization's internal controls do not allow for the appropriate understanding of generally accepted accounting principles.

*Recommendations:*        We recommend that the Organization and Board of Directors utilize an accounting program to record financial information in accordance with modified cash basis of accounting. In addition, we recommend that the Organization maintain an accounting system which will include preparing internal reports.

*Views of  
Responsible Officials:*      Management is in agreement with the finding, and as of the date of this report, is completing the implementation of a sophisticated financial accounting/reporting system to address this finding.

**2022-002 Internal Control Policy and Segregation of Duties  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Adherence to those policies and appropriate segregation of duties are key components of internal control.

*Condition:* Some personnel have the ability to record and approve journal entries within the accounting system without secondary approval.

In addition, internal control policies were not adhered to for cash receipts, cash disbursements, investments, review of bank reconciliations and information to provide to the Board of Directors.

*Cause:* System controls in place do not ensure proper segregation of duties for certain personnel when posting journal entries.

In addition, internal control policies are in place for cash receipts, cash disbursements, investments, review of bank reconciliations and for providing financial information to the Board of Directors. However, these policies were not followed consistently throughout the period.

*Effect:* Material misstatements, whether due to error or fraud, could occur and not be prevented or detected.

*Recommendations:* We recommend the Organization enhance internal controls to require segregation of duties. In addition, we recommend the Organization adhere to the established internal control policies.

*Views of Responsible Officials:* Management is in agreement with the finding and is currently implementing these recommendations, many built around the capabilities of the financial accounting/reporting system being implemented.

# Nevada Battle Born Growth Escalator Inc

## Profit and Loss

July 2021 - June 2022

	TOTAL
Income	
Direct State Support	
Contributions and Grants	1,514,979.02
<b>Total Direct State Support</b>	<b>1,514,979.02</b>
Investments	
Interest income Access Health	6,770.00
<b>Total Investments</b>	<b>6,770.00</b>
<b>Total Income</b>	<b>\$1,521,749.02</b>
<b>GROSS PROFIT</b>	<b>\$1,521,749.02</b>
Expenses	
Contract Services	
Contract Gener8tor Management LLC	400,000.00
Contract StartUpNV	400,000.00
Legal Fees	50,000.00
<b>Total Contract Services</b>	<b>850,000.00</b>
Facilities and Equipment	
Rent, Parking, Utilities	5,377.71
<b>Total Facilities and Equipment</b>	<b>5,377.71</b>
Net Investments gain /loss	
Investment exps Access Health	75,456.00
Investment exps Innevator II	23,870.00
<b>Total Net Investments gain /loss</b>	<b>99,326.00</b>
Operations	
Bank service fees	145.50
Insurance - Liability, D and O	1,190.00
Member services	3,175.00
<b>Total Operations</b>	<b>4,510.50</b>
<b>Total Expenses</b>	<b>\$959,214.21</b>
<b>NET OPERATING INCOME</b>	<b>\$562,534.81</b>
<b>NET INCOME</b>	<b>\$562,534.81</b>



October 19, 2023

To the Board of Directors  
Nevada Battle Born Growth Escalator, Inc.  
Carson City, Nevada

We have audited the financial statements of Nevada Battle Born Growth Escalator, Inc. (the "Organization") as of and for the year ended June 30, 2022, and have issued our report thereon dated October 19, 2023. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under the modified cash basis of accounting and *Government Auditing Standards***

As communicated in our letter dated May 22, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding material weaknesses over financial reporting, and other matters noted during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 19, 2023.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.



## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

<i>To adjust Access Health and Innveator II investments to original cost basis</i>		
Investments	\$128,730	
Unrestricted fund balance/net position		\$128,730

<i>To remove K-1 investment income/loss recorded</i>		
Investments	\$212,450	
Interest Income	6,770	
Investment expense		\$99,326
Unrestricted fund balance/net position		119,894
 <i>To write-off donated assets in accordance with modified cash basis of accounting</i>		
Unrestricted fund balance/net position	750,000	
Investments		750,000

There were no uncorrected misstatements identified as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

#### *Emphasis of Matter – Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated October 19, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

*Eide Bailly LLP*

Reno, Nevada