

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2025

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

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, 2025, and the related notes to the financial statements, which collectively comprise Nevada Battle Born Growth Escalator, Inc.'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 Nevada Battle Born Growth Escalator, Inc. as of June 30, 2025, 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 Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada Battle Born Growth Escalator, Inc. 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.

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 these 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Nevada Battle Born Growth Escalator, Inc.'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 Nevada Battle Born Growth Escalator, Inc.'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 an opinion on the financial statements that collectively comprise the Nevada Battle Born Growth Escalator, Inc.'s basic financial statements. 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 February 17, 2026, on our consideration of Nevada Battle Born Growth Escalator, Inc.'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 Nevada Battle Born Growth Escalator, Inc.'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 Nevada Battle Born Growth Escalator, Inc.'s internal control over financial reporting and compliance.

Barnard, Vogler & Co.

Reno, Nevada
February 17, 2026



NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Management's discussion and analysis of Nevada Battle Born Growth Escalator, Inc.'s (the "Organization") financial condition and activities for the fiscal year ended June 30, 2025 is presented in conjunction with the audited financial statements.

The Organization is a 501(c)(3) incorporated in the State of Nevada. The Organization was formed by the Nevada Governor's Office of Economic Development ("GOED") in accordance with Nevada Revised Statute 231.0545 in 2015 and has evolved into an independent entity which is not classified as a component unit of the State and is not included in the State of Nevada's Financial Statements.

Under contract from GOED, the Organization operates Nevada's Small Business Credit Initiative ("SSBCI") program. SSBCI is a federal program through which the State of Nevada was allocated federal funding to support small businesses and entrepreneurship in communities across the State by providing capital to promote small business stability, growth, and success. The Organization operates five (5) individual SSBCI programs, maintains and holds all investments, including legacy investments from prior SSBCI programs.

Financial Highlights

The Organization's net position at year-end 2025 increased over year-end 2024 by \$7,929,422.

Overview of Annual Financial Report

The Organization filed the enclosed financial statements pursuant to the Governmental Accounting Standards Board (GASB). GASB Statement No. 76 establishes the test for whether an independent organization is considered a governmental entity for purpose of accounting. An independent organization may be required to present its financial statements in accordance with GASB if:

- Popular election of officer 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.

The Organization's governing body (Board of Directors) consists of (a) the Executive Director of Governor's Office of Economic Development ("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 are appointed by the 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. Because the Organization's Board is appointed by officials of the State, it is considered to be a governmental entity for accounting and financial reporting purposes.

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

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2025

The basic financial statements include the following:

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 expenditures are 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.

Financial Analysis

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

	<u>2025</u>	<u>2024</u>
Current Assets	\$ 2,602,276	\$ 891,824
Long-term Assets	<u>22,595,490</u>	<u>16,376,520</u>
Total Assets	25,197,766	17,268,344
Total Liabilities	<u>-</u>	<u>-</u>
Unrestricted/Total Net Position	<u>\$ 25,197,766</u>	<u>\$ 17,268,344</u>

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

	<u>2025</u>	<u>2024</u>
Contribution and grant income	\$ 10,540,151	\$ 8,711,057
Interest income	234,062	111,934
Miscellaneous income	<u>3,100</u>	<u>1,191</u>
Total Revenues	10,777,313	8,824,182
Total Expenditures/Expenses	<u>2,847,891</u>	<u>2,355,469</u>
Change in Net Position	<u>\$ 7,929,422</u>	<u>\$ 6,468,713</u>

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2025

Results of Operations

For the year ended June 30, 2025, net position grew by \$1,460,709 more than in the previous year. Total income increased by \$1,953,131 mainly due to an increase of \$1,829,094 in operating contracts awarded, an increase of \$122,128 in investment income from interest bearing convertible promissory notes and cash collateral program, and a decrease of \$1,909 from miscellaneous income. Total expenditures increased by \$492,422, mainly due to the impairment loss of \$1,791,213, decrease in bad debt expense of \$937,697, decrease in expenditures for operating contracts of \$249,828, and decrease in other expenses of \$11,266.

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 summary of the Organization's financial positions and operations. As such, it should be reviewed in conjunction with the audited financial statements and the accompanying disclosure notes. Questions concerning 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 AND GOVERNMENTAL FUND BALANCE SHEET -
MODIFIED CASH BASIS
JUNE 30, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,602,276	\$ -	\$ 2,602,276
Total Current Assets	<u>2,602,276</u>	<u>-</u>	<u>2,602,276</u>
Long-term Assets			
Interest receivable	130,192	-	130,192
Contingent receivable, net of allowance of \$937,697	-	-	-
Investments - equity interests	12,594,145	-	12,594,145
Investments - convertible promissory notes	1,640,000	-	1,640,000
Collateral support	3,031,153	-	3,031,153
Small business loans	5,200,000	-	5,200,000
Total Long-term Assets	<u>22,595,490</u>	<u>-</u>	<u>22,595,490</u>
Total Assets	25,197,766	-	25,197,766
LIABILITIES AND NET POSITION			
Liabilities	-	-	-
Fund Balance			
Unassigned	<u>\$ 25,197,766</u>	(25,197,766)	
Net Position			
Unrestricted		<u>25,197,766</u>	<u>25,197,766</u>
Total Net Position		<u>\$ -</u>	<u>\$ 25,197,766</u>

See accompanying notes

NEVADA BATTLE BORN GROWTH ESCALATOR, INC
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/Expenses			
Operating contracts	\$ 998,734	\$ -	\$ 998,734
Investment impairment loss	1,791,213	-	1,791,213
Other investment loss	4,522	-	4,522
Facilities and equipment	20,880	-	20,880
Insurance	8,211	-	8,211
Business expense	24,077	-	24,077
Bank service fees	254	-	254
Total Expenditures/Expenses	<u>2,847,891</u>	<u>-</u>	<u>2,847,891</u>
General Revenues			
Contribution and grant income	10,540,151	-	10,540,151
Interest income	234,062	-	234,062
Miscellaneous income	3,100	-	3,100
Total General Revenues	<u>10,777,313</u>	<u>-</u>	<u>10,777,313</u>
Change in Fund Balances/Net Position	<u>7,929,422</u>	<u>-</u>	<u>7,929,422</u>
NET POSITION, beginning of year	17,268,344	-	17,268,344
NET POSITION, end of year	<u>\$ 25,197,766</u>	<u>\$ -</u>	<u>\$ 25,197,766</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Business Activity: Nevada Battle Born Growth Escalator, Inc. (the "Organization") is a 501(c)(3) incorporated in the State of Nevada which operates Nevada's State Small Business Credit Initiative (SSBCI) programs including an evergreen venture capital program under contract from the Nevada Governor's Office of Economic Development ("GOED"). The Organization's primary purpose is to promote, aid, and encourage economic development in the State of Nevada.

Measurement Focus: In the governmental statement of net position and governmental fund balance sheet and the statement of activities and governmental fund revenue, expenditures and changes in fund balance, the Organization's 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 recognized in accordance with the modified cash basis of accounting are included on the statement of net position. The statement of revenues, expenditures, and changes in fund balance presents sources and uses of available spendable financial resources during the reporting 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. Donated investments 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 were to use GAAP, governmental fund financial statements would be prepared using the modified accrual basis of accounting. However, all governmental financial statements are presented on the modified cash basis.

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents: Cash and cash equivalents are short-term, highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted for long-term purposes.

Interest Receivables: Interest receivable is recorded on a modified cash-basis. Under this approach, interest receivable is recorded on an accrued basis to account for interest income earned but not yet received as of the balance sheet date. This ensures that interest income from these notes is allocated to the periods in which it is earned, rather than only when cash is received.

Investments: Investments are recorded at cost under the modified cash basis of accounting. The Organization's investments consist of equity interests and convertible promissory notes issued by Nevada-based companies. Carrying amounts are not adjusted for changes in fair value and remain at cost until a gain or loss is realized through a sale, conversion, settlement, or other disposition.

Collateral Support: Collateral support is cash deposited by the Organization to guarantee a borrower's obligations under a loan and is recorded at cost under the modified cash basis. It represents funds held as security for the loan facility provided by financial institutions for the benefit of certain borrowers. Collateral support is maintained at its transaction value without fair value adjustments and carries credit risk. In the event of a default by the borrowers, the funds may be used to cover outstanding liabilities.

Small Business Loans: Small business loans are recorded at cost under the modified cash basis of accounting. This represents the amount of cash disbursed by the Organization for loans that remain outstanding as of the reporting date. The recorded balance reflects the actual cash provided to the borrower, excluding any accrued interest or other adjustments.

Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make judgments affecting reported amounts of assets, liabilities, and changes therein. Actual results may differ from these estimates.

Income Taxes: The Organization is organized as a nonprofit entity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. It is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the Internal Revenue Service. Additionally, the Organization would be subject to income tax on net income derived from activities unrelated to its exempt purposes. Management has determined that the Organization had no unrelated business income for the year ended June 30, 2025, and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization believes it has adequate support for the tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 net investment in capital assets.

Restricted net position – consists of net position with constraints placed on their use either by (1) external group 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 – consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

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

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

Nonspendable – represents amounts that are either not in 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 spent 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 which can be used only for specific purposes but do not require action by the governing board. The Organization does not have any assigned fund balances.

Unassigned – represents all amounts not included in other classifications.

The Organization'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 CASH EQUIVALENTS

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. As of June 30, 2025, the Organization held cash deposits totaling \$2,602,276 with JP Morgan Chase and Fidelity, of which \$2,102,276 exceeded 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.

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 3 - INTEREST RECEIVABLE

The Organization holds investments in interest-bearing convertible promissory notes, as well as receives interest from its Collateral Support Program (CSP). The convertible promissory notes carry annual interest rates ranging from 5% to 12%, and interest accrues until conversion. The interest receivable account, as presented on the statement of net position, represents accrued interest earned but not yet received from these sources. For the year ended June 30, 2025, the Organization recognizes total interest income of \$234,062. As of June 30, 2025, the interest receivable balance stands at \$130,192, reflecting accrued interest from the convertible promissory notes and CSP.

NOTE 4 - INVESTMENTS – EQUITY INTEREST

As of June 30, 2025, the Organization held equity interests in Nevada-based companies totaling \$12,594,145. These holdings represent ownership positions acquired through direct equity purchases or through prior conversions of convertible promissory notes. The realizability of these interests depends on the operating performance of the underlying companies and the occurrence of future liquidity or financing events.

NOTE 5 - INVESTMENTS – CONVERTIBLE PROMISSORY NOTES

As of June 30, 2025, the Organization held \$1,640,000 in convertible promissory notes issued by Nevada based companies. These instruments include provisions allowing principal and accrued interest to convert into equity securities upon defined financing or other triggering events. The timing and outcome of such conversion events depend on the future capital needs and financial condition of the issuing companies.

The following table summarizes the Organization's outstanding convertible promissory notes as of June 30, 2025:

Issuer	Purchase Price	Maturity Date	Interest Rate	Inception Date
Atlas	\$ 40,000	2023	5%	2022
Taber	100,000	2025	5%	2020
Daya Medicals Note 1	500,000	2026	8%	2023
Daya Medicals Note 2	500,000	2026	12%	2024
Cartwheel	500,000	2026	8%	2024
Total notes receivable	<u>\$ 1,640,000</u>			

NOTE 6 - COLLATERAL SUPPORT

As of June 30, 2025, the Organization's collateral support arrangements consist of \$180,006 held at Plumas Bank, earning an annual fee of 2%, three separate arrangements at GenuBank totaling \$901,147, each carrying an annual fee of 3% to 6%, and one arrangement of \$1,950,000 at Meadows Bank earning an annual interest of Wall Street Prime rate plus 1%. All cash collateral remains on deposit until the related obligations are satisfied or may be applied by the lender in the event of default.

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 7 - SMALL BUSINESS LOANS

As of June 30, 2025, the Organization's outstanding small business loans to CI Small Business Nevada, LLC total \$5,200,000. Calvert Impact Small Business, LLC acts as lead servicer, managing payments, documentation and compliance. Interest on these loans is recognized upon receipt. The Organization mitigates credit risk through ongoing servicer reports on the Borrower's financial condition and retains the right to recover any unpaid balances under the loan agreement in the event of default.

NOTE 8 - RISK CONCENTRATION AND CONSTRAINTS

The Organization's operations and financial position are subject to certain concentrations and constraints that expose it to significant risks. The Organization administers Nevada's SSBCI programs and invests primarily in early stage, pre revenue stage, and growth stage Nevada-based companies. As a result, the Organization's investment portfolio is concentrated in a limited number of privately held companies operating within similar geographic and economic environments. These investments are inherently illiquid and depend on future financing events or other exit opportunities for realization.

The Organization is also economically dependent on funding provided through GOED, which serves as the primary source of program capital. These funds are restricted for use in accordance with SSBCI program requirements and other contractual provisions, which limit the Organization's ability to redirect resources for other purposes.

The Organization's investment instruments, including equity interests, convertible promissory notes, and other equity related contracts, are subject to significant uncertainty regarding timing and amount of potential returns. The value and liquidity of these investments depend on the financial performance of the underlying companies, market conditions, and the occurrence of future financing or liquidity events. These concentrations and constraints may affect the Organization's ability to recover the carrying amounts of its investments, as many portfolio companies are pre revenue and face significant risks related to product feasibility, recurring operating losses and liquidity pressures, or adverse economic conditions that can lead to business failure or bankruptcy.

NOTE 9 - IMPAIRMENT LOSS

The Organization recognized a \$1,791,213 impairment loss during the year ended June 30, 2025. This loss represents an adjustment to the underlying assets and the Organization does not believe there is a recoverable value after evaluating available information, including asset liquidation.

NOTE 10 - BAD DEBT EXPENSE AND CONTINGENT RECEIVABLE

In August 2024, the Organization made an investment in Allegiant Electric Inc. but it was subsequently discovered that a third party, unaffiliated with Allegiant Electric Inc, used fraudulent representations to misappropriate the funds. Accordingly, the fully disbursed amount has been recorded as an allowance for doubtful accounts and a contingent receivable of \$937,697 was recorded. The matter is currently undergoing federal and state investigation, and no provision for recovery has been recorded as of June 30, 2025.

NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 11 - COMMITMENTS

The Organization has entered into contractual commitments requiring future use of financial resources, including service agreements with multiple parties. These agreements include a contract with Amaze LLC to pay \$102,000 per year for services; a contract with Flynn Giudici Government Affairs for \$126,000 per year; a contract with Guerci Law PLLC to pay \$150,000 per year for combined Legal Counsel and Chief Compliance Officer services, and a contract with Kyle Ferguson to pay \$111,000 per year for the Chief Program Officer position.

NOTE 12 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through February 17, 2026, the date the financial statements were authorized for issue. On October 23, 2025, the lead servicer, CI Small Business Nevada, LLC, confirmed an \$80,000 impairment related to loans within the Small Business Loan portfolio.



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INDEPENDENT AUDITORS' 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 of
Nevada Battle Born Growth Escalator, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of Nevada Battle Born Growth Escalator, Inc. (the "Organization") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprises the Organization's basic financial statements, and have issued our report thereon dated February 17, 2026.

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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompany schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

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.

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 test 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.

Barnard, Vogler & Co.

Reno, Nevada
February 17, 2026



NEVADA BATTLE BORN GROWTH ESCALATOR, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

2025-001	Internal Control Over the Preparation of Financial Statements
	Material Weakness
Criteria:	An internal control system is properly designed, implemented, and operating effectively to ensure that financial statements prepared under the modified cash basis of accounting are complete, accurate, and supported by appropriate review procedures.
Condition:	The Organization maintains procedures for tracking investments and preparing related financial information. However, the review process for evaluating investments for impairment did not operate effectively during FY 2025. The year-end review of the investment listing was not performed sufficiently or timely to identify all investments that met impairment indicators as of the reporting date, resulting in certain impairments not being recognized through the Organization's internal control process.
Cause:	The impairment review procedures were not performed with sufficient timeliness and structure to ensure that all relevant investment information was evaluated before year-end. The process did not include a formalized assessment of impairment indicators or a consistent method for reconciling investment balances to updated investee information.
Effect:	Certain investments meeting impairment indicators were not identified through internal controls as of year-end. Management subsequently evaluated the investment listing, completed the impairment assessment, and recorded the necessary adjustments in the FY 2025 financial statements.
Recommendations:	The Organization should implement a formal year-end impairment review process that includes defined procedures for evaluating impairment indicators for each investment, standardized documentation supporting each conclusion, and preparer and reviewer sign-offs to evidence timely oversight. Augmenting the structure and timeliness of this review will ensure that investment impairments are identified and evaluated consistently and that financial reporting reflects all relevant information as of year-end.
Management Response:	Management is in agreement with the finding, and as of the date of this report, has completed the implementation of a sufficient financial accounting/reporting system to address this finding.