

November 30, 2019

The Honorable Steve Sisolak
Office of the Governor
One Hundred One North Carson Street
Carson City, Nevada 89701

Mr. Richard Combs, Director
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701

Re: Nevada Battle Born Growth Escalator, Inc. Annual Report 2019

Gentlemen:

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, 2018 through October 31, 2019.

Please feel free to contact me should you have any questions via telephone at 702-486-2700 or via e-mail at michael.brown@state.nv.us.

Sincerely,



Michael Brown
Executive Director

Attachment

cc: Karsten Heise, Battle Born Growth Escalator Program Manager, GOED
Patricia Herzog, SSBCI Program Manager, GOED
Shauna Tilley, Executive Branch Budget Officer I, Governor's Finance Office
Leandra Copeland, Program Analyst, Legislative Counsel Bureau

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 \$3,671,745.

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.

I. Current Portfolio:

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 dental service organization founded in 2011 on the principles of combining good health care with good business. Through its emphasis on convenience and accessibility, anticipating structural changes to the healthcare system, focusing on providing oral health care, and helping manage overall wellness, the Company intends to be the provider group of choice to partner with Accountable Care Organizations (ACOs) and other new payment structure systems. Its business model enables practices to achieve economies of scale and provides additional support services to enable the practicing dentists to focus more on the highest quality patient care.

Access Health Dental has forged relationships with large employers, medical facilities and various community and charitable organizations to build its market presence and raise awareness of oral health issues to better serve the community in which it operates. The Company has developed strategic relationships with American Casino and Entertainment Properties, Caesars Entertainment, MGM Resorts International, MusiCares, Project Smile, Turntable Health and Zappos.

The Company's network currently includes dental offices in Las Vegas and state-of-the-art mobile dental unit with private treatment rooms. The mobile office serves patients at various casino properties and large employers on Las Vegas' Strip, in downtown Las Vegas, and Laughlin.

The team is led by seasoned dentists, dental operators and investors with years of healthcare experience, and has laid out a plan for expansion in order to build a high-growth and highly profitable enterprise.

Battle Born's co-investors included a strategic investor in the dental industry and an institutional new market tax credit investor, Enhanced Capital.

CIRLCEIN (Investment Round 1 - first tranche: January, 2018, second tranche: October, 2018; Investment Round 2 – first tranche: August, 2019): 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.

The Las Vegas-based company started with 4 staff members, but is expanding and has been hiring additional staff particularly in customer acquisition. Since the investment, CircleIn has moved to the Switch Innevation Center. The company’s CEO has a sales background in insurance, where he built a 100+ rep team for AFLAC and was responsible for \$30mn+ in enterprise sales as a Regional Sales Manager. Originally from Maryland, his passion for education came from his family of educators, and the team relocated to Nevada in early 2017 at the request of the Clarke County School District. It has also built an impressive advisory board, one member of which is the Education Director at Microsoft, and another the former CTO of Merrill Lynch, AOL and News Corp.

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.

Battle Born has committed to participate in the company’s current expansion round. The commitment is for the investment to be split into two tranches with both tranches’ releases depending on the company reaching certain milestones. The set of milestones associated with the first tranche was reached in August 2019 and Battle Born is anticipating the outstanding milestones for the second tranche to be met in the first quarter of 2020.

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 – Powered by Switch and sponsored by the University of Nevada, Reno, Breadware Inc. and Watershed Growth Ventures.

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.

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.

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).

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. According to industry consultant Black Book, users' greatest concerns are "unmet pleas for sophisticated interfaces with other practice programs, complex connectivity and networking schemes, pacing with accountable care progresses and the rapid EHR adoption of mobile devices". TransWorldHealth's products meet each of these needs.

The platform incorporates advanced fuzzy logic matching to identify and locate patients as well as sophisticated forecasting algorithms, such as, the likely number of patients that a clinic will see in the following week. The product has an attractive user interface (UI) and allows healthcare clinic and hospital managers to evaluate and forecast their performance, whether within their clinic or across a number of clinics and hospitals, easily produce mandated reports and allocate tasks to their staff. The platform integrates with leading electronic health record (EHR) providers, rather than replacing their offerings,

TransWorldHealth's prior investors include Reno Angels, along with a number of private angel investors.

II. Previous Holdings (Fully Exited as of October 31, 2019):

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)

BASEVENTURE (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)