

**Bioindustrial Manufacturing and
Design Ecosystem, Inc. d/b/a BioMADE
and Subsidiaries**

Consolidated Financial Statements,
Supplementary Information and
Other Reporting in Accordance with
Government Auditing Standards and Uniform Guidance

September 30, 2025 and 2024

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Table of Contents
September 30, 2025 and 2024

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplementary Information	
Schedule of Expenditures of Federal Awards	20
Notes to the Schedule of Expenditures of Federal Awards	21
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>	22
Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	24
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Audit Findings	30

Independent Auditors' Report

To the Board of Directors of
Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Consolidated 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026 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.

Baker Tilly US, LLP

Tewksbury, Massachusetts
June 30, 2026

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Consolidated Statements of Financial Position
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash	\$ 4,212,702	\$ 16,328,431
Accounts receivable, net of allowance for credit losses of approximately \$28,000	472,721	1,315,494
Contributions and grants receivable	5,151,761	-
Unbilled contributions and grants receivable	17,601,752	10,723,378
Prepaid expenses and other current assets	901,419	585,898
	<u>28,340,355</u>	<u>28,953,201</u>
Total current assets		
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	41,862,779	1,275,374
Internally developed software	3,111,290	-
Operating lease right-of-use assets	25,289,371	7,098,914
Deposits and advances	218,780	281,127
	<u>70,482,220</u>	<u>8,655,415</u>
Total noncurrent assets		
Total assets	<u>\$ 98,822,575</u>	<u>\$ 37,608,616</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 14,724,927	\$ 12,082,272
Accrued expenses	6,479,226	7,044,689
Deferred revenue	1,007,194	1,380,580
Current portion of operating lease liabilities	863,442	860,436
Refundable advances	5,453,235	5,121,284
	<u>28,528,024</u>	<u>26,489,261</u>
Total current liabilities		
Noncurrent Liabilities		
Operating lease liabilities, net of current portion	20,886,178	7,043,566
Refundable advances	16,786,393	-
	<u>37,672,571</u>	<u>7,043,566</u>
Total noncurrent liabilities		
Total liabilities	<u>66,200,595</u>	<u>33,532,827</u>
Net Assets		
Net assets without donor restrictions	<u>32,621,980</u>	<u>4,075,789</u>
	<u>32,621,980</u>	<u>4,075,789</u>
Total net assets		
Total liabilities and net assets	<u>\$ 98,822,575</u>	<u>\$ 37,608,616</u>

See notes to consolidated financial statements

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Consolidated Statements of Activities
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Revenue and other support:		
Contributions and grants	\$ 93,412,294	\$ 61,939,013
Membership dues	2,267,650	2,462,004
Other income	439,763	654,086
	<u>96,119,707</u>	<u>65,055,103</u>
Total revenue and other support		
Operating expenses:		
Program services	56,375,016	57,701,568
General and administrative	11,200,173	10,341,635
	<u>67,575,189</u>	<u>68,043,203</u>
Total operating expenses		
Increase (decrease) in net assets from operations	<u>28,544,518</u>	<u>(2,988,100)</u>
Interest income	<u>1,673</u>	<u>8,983</u>
Total nonoperating activities	<u>1,673</u>	<u>8,983</u>
Increase (decrease) in net assets	<u>28,546,191</u>	<u>(2,979,117)</u>
Net Assets, Beginning	<u>4,075,789</u>	<u>7,054,906</u>
Net Assets, Ending	<u><u>\$ 32,621,980</u></u>	<u><u>\$ 4,075,789</u></u>

See notes to consolidated financial statements

Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries

Consolidated Statements of Functional Expenses

Years Ended September 30, 2025 and 2024

	2025			2024		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Subawards	\$ 37,298,805	\$ -	\$ 37,298,805	\$ 42,339,719	\$ -	\$ 42,339,719
Salaries and related payroll taxes and benefits	12,332,966	5,502,196	17,835,162	10,267,687	4,976,223	15,243,910
Consultants	2,343,609	3,995,962	6,339,571	2,301,011	3,863,074	6,164,085
Information technology	946,794	305,582	1,252,376	946,223	263,076	1,209,299
Occupancy	1,468,382	456,784	1,925,166	700,152	365,809	1,065,961
Travel	610,755	215,601	826,356	412,952	112,362	525,314
Conferences and event costs	401,674	18,371	420,045	301,068	20,897	321,965
Insurance	400,353	172,966	573,319	214,754	102,441	317,195
Depreciation	103,932	236,887	340,819	179,769	96,769	276,538
Other expense	362,886	17,561	380,447	-	208,141	208,141
Credit loss expense	-	42,585	42,585	-	142,980	142,980
Equipment	25,636	100,707	126,343	26,456	103,895	130,351
Office supplies	42,281	57,083	99,364	8,301	54,811	63,112
Dues and fees	36,943	77,888	114,831	3,476	31,157	34,633
	<u>\$ 56,375,016</u>	<u>\$ 11,200,173</u>	<u>\$ 67,575,189</u>	<u>\$ 57,701,568</u>	<u>\$10,341,635</u>	<u>\$ 68,043,203</u>

See notes to consolidated financial statements

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:	\$ 28,546,191	\$ (2,979,117)
Depreciation	340,819	276,538
Credit loss expense	42,585	142,980
Change in operating lease right-of-use assets	(3,526,490)	1,253,155
Decrease (increase) in accounts receivable	800,188	(1,028,074)
(Increase) decrease in contributions and grants receivable	(5,151,761)	764,753
Increase in unbilled contributions and grants receivable	(6,878,374)	(4,531,060)
(Increase) decrease in prepaid expenses and other current assets	(315,521)	826,129
Increase in accounts payable	2,642,655	6,544,676
(Decrease) increase in accrued expenses	(565,463)	3,441,552
(Decrease) increase in deferred revenue	(373,386)	246,686
Increase (decrease) in refundable advances	384,006	(14,945,895)
Decrease in operating lease liabilities	(818,349)	(453,544)
Net cash from operating activities	<u>15,127,100</u>	<u>(10,441,221)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(24,193,886)	(1,551,912)
Capitalization of internally developed software	(3,111,290)	-
Decrease (increase) in deposits and advances	62,347	(149,287)
Net cash from investing activities	<u>(27,242,829)</u>	<u>(1,701,199)</u>
Net change in cash	(12,115,729)	(12,142,420)
Cash, Beginning	<u>16,328,431</u>	<u>28,470,851</u>
Cash, Ending	<u><u>\$ 4,212,702</u></u>	<u><u>\$ 16,328,431</u></u>
Supplemental Non-Cash Disclosures		
Acquisition of land and construction in process through non-cash increase in refundable advance	\$ 16,734,338	\$ -
Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ 14,663,967	\$ 7,909,589

See notes to consolidated financial statements

Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

1. Organization and Summary of Significant Accounting

Policies Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE (BioMADE), and its various wholly-owned subsidiaries, collectively referred to as "the Organization." BioMADE's subsidiaries include BioMADE CES Programs as well as BioMADE CA, LLC, BioMADE Meridian, LLC, BioMADE PPN, LLC and BioMADE MN, LLC for which BioMADE is the sole member. All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Organization

BioMADE is a nonprofit organization incorporated on June 30, 2020 in the State of California. BioMADE's mission is to enable domestic bioindustrial manufacturing at all scales, develop technologies to enhance U.S. bioindustrial competitiveness, de-risk investment in relevant infrastructure and expand the biomanufacturing workforce to realize the economic promise of industrial biotechnology. BioMADE does this by catalyzing collaboration and innovation to reduce barriers to scale-up and commercialization, accelerate technology deployment to create novel, disruptive business models and re-develop existing biotechnology to enhance national competitiveness.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of September 30, 2025 and 2024, the Organization does not have any donor restricted net assets.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived primarily from membership dues, grants and contributions.

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

The Organization generates revenue through membership dues, which are charged to the Organization's members on an annual basis and are recognized ratably over the membership term.

The Organization typically invoices its customers annually. Typical payment terms provide that customers pay upon receipt of the invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Government grants are recognized as reimbursable expenses are incurred and upon meeting the contractual requirements of the funding source.

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for credit losses is provided for those accounts receivable considered to be uncollectible based upon management's assessment of the collectability of accounts receivable.

As of September 30, 2025 and 2024, the allowance for credit losses amounted to approximately \$28,000.

Contributions and Grants Receivable

Contributions and grants receivable include revenues that have been recognized, but not yet received and are carried at the fair value the Organization expects to receive, net of any allowance for uncollectible amounts. An allowance for uncollectible contributions and grants receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution or grant and any specific risks identified in customer collection matters. As of September 30, 2025 and 2024, the Organization management believes no allowance for uncollectible contributions or grants receivable is necessary.

Unbilled Contributions and Grants Receivable

Unbilled contributions and grants receivable represent amounts incurred under government grants for services performed, that have not yet been billed.

Deferred Revenue

Deferred revenue represents payments received for which the aforementioned revenue recognition criteria have not been met.

Contract Balances

The Organization's contract balances, resulting from contracts with customers, include deferred revenue.

Opening and closing balances for accounts receivable and contract balances from contracts with customers consist of the following:

	September 30, 2025	September 30, 2024	October 1, 2023
Accounts receivable, net	\$ 472,721	\$ 1,315,494	\$ 430,400
Deferred revenue	\$ 1,007,194	\$ 1,380,580	\$ 1,133,894

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses for accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset, which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Organization determines that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

The Organization utilizes the aging method in determining its lifetime expected credit losses on its accounts receivable. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: past due receivables, customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

Refundable Advances

Refundable advances consist of payments received from government grants for which the aforementioned revenue recognition criteria have not been met.

Cash

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, contributions and grants receivable, unbilled contributions and grants receivable and accounts receivable. The Organization maintains its cash with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization performs ongoing credit evaluations of its customers and generally requires no collateral to secure accounts receivable. The Organization maintains an allowance for credit losses on potentially uncollectible accounts receivable. Consequently, the Organization believes that its exposure to losses due to credit risk on net accounts receivable is limited.

Contributions and grants receivable and unbilled contributions and grants receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled contributions and grants receivable and unbilled contributions and grants receivable balances by assessing the grantor's or donor's credit worthiness. As of September 30, 2025 and 2024, management has determined contributions and grants receivable and unbilled contributions and grants receivable are collectible and an allowance for doubtful accounts on potentially uncollectible contributions and grants receivable and unbilled contributions and grants receivable is immaterial to the consolidated financial statements.

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Property and Equipment

Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

	Lesser of useful life or life of
Leasehold improvements	lease
Furniture and fixtures	5 years
Lab equipment	2 - 15 years

Internally Developed Software

Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the application development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Organization also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. As of and for the year ended September 30, 2025, the Organization capitalized \$3,111,290 of internally developed software costs. There were no internally developed software costs as of September 30, 2024. As of September 30, 2025, amortization of internally developed software has not commenced.

Impairment of Long-Lived Assets

It is required that long-lived assets be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of September 30, 2025, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Leases

The Organization determines if an arrangement is a lease at inception. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Organization reassesses its determination if the terms and conditions of the arrangement are changed. Leases are classified at the commencement date, the date on which the lessor makes the underlying asset available to the lessee, as either operating or finance leases based on the economic substance of the lease. The determination of whether an arrangement is a lease and the classification of the lease is made on the basis of legally enforceable terms and conditions.

Lease right-of-use (ROU) assets and related lease liabilities are recognized on the balance sheet. ROU assets represent the Organization's right to use an underlying asset for the lease term, and the corresponding lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Organization determines the present value of lease payments using the implicit rate when readily determinable.

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

When the implicit rate is not readily determinable, the Organization has made the private company election to utilize a risk-free discount rate for a period comparable with that of the lease term for all classes of underlying assets.

Lease ROU assets also include any lease payments made at or before commencement date, net of lease incentives and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

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

The Organization has elected the policy to not separate lease and nonlease components for all classes of underlying assets.

The Organization has elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, lease payments for short-term leases are recognized on a straight-line basis over the lease term.

The Organization's evaluation of whether an arrangement is a lease often requires consideration of whether the Organization has obtained substantially all rights to control an identifiable underlying asset, whether the lessor has substantive substitution rights and whether the arrangement contains an embedded lease. The Organization's consideration of these factors may require significant judgment.

For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, lease expense includes amortization expense of the ROU asset recognized on a straight-line basis over the lease term and interest expense recognized on the finance lease liability.

Operating leases are included in operating lease ROU assets and current and noncurrent operating lease liabilities on the accompanying consolidated statements of financial position as of September 30, 2025 and 2024. As of September 30, 2025 and 2024, the Organization had no finance leases.

Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the consolidated statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and related payroll taxes and benefits	Time and effort
Information technology	Head count
Depreciation	Head count
Occupancy and insurance	Head count

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Income Taxes

BioMADE is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to BioMADE's exempt function. BioMADE may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to BioMADE's exempt function. As of September 30, 2025 and 2024, management believes that BioMADE has not generated any unrelated business taxable income.

BioMADE CES Programs is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the subsidiary's exempt function. The subsidiary may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the subsidiary's exempt function. As of September 30, 2025 and 2024, management believes that the subsidiary has not generated any unrelated business taxable income.

BioMADE is the sole member of BioMADE Meridian, LLC and BioMADE PPN, LLC; BioMADE PPN, LLC in turn is the sole member of BioMADE CA, LLC and BioMADE MN, LLC (collectively, the "LLCs"). Each LLC is organized as a limited liability company under state law. For federal income tax purposes, the LLCs are treated as disregarded entities in accordance with Treasury Regulation §301.7701-3. As a result, the financial activity of the LLCs is included in the accompanying consolidated financial statements of the Organization, and the LLCs do not file separate federal income tax returns.

The LLCs are subject to state filing requirements, including annual reports and applicable state taxes or fees. Management believes the Organization and its LLCs have complied with all required federal and state tax filings.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the consolidated financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its consolidated statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of September 30, 2025 and 2024. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates

Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the consolidated financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Reclassifications

Certain accounts in the September 30, 2024 consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the September 30, 2025 consolidated financial statements. These reclassifications had no impact on previously reported total assets, total liabilities, net assets, revenues or expenses.

Subsequent Events

Management has evaluated subsequent events through June 30, 2026, the date the consolidated financial statements were available to be issued.

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

2. Availability and Liquidity

The following reflects the Organization's financial assets as of September 30, 2025 and 2024, reduced by amounts not available for general use within one year of September 30, 2025 and 2024 due to contractual or donor-imposed restrictions.

	2025	2024
Financial assets at end of year:		
Cash	\$ 4,212,702	\$ 16,328,431
Contributions and grants receivable	5,151,761	-
Unbilled contributions and grants receivable	17,601,752	10,723,378
Accounts receivable, net of allowance for credit losses	472,721	1,315,494
Total financial assets at end of year	27,438,936	28,367,303
Less amounts unavailable for general expenditures within one year:		
Due to contractual or donor-imposed restriction	-	-
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u>\$ 27,438,936</u>	<u>\$ 28,367,303</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

3. Related-Party Transactions

During the year ended September 30, 2025, the Organization purchased equipment of approximately \$23,000,000 from an entity that was co-founded by a former board member of the Organization. See Note 5 for further disclosure of this transaction.

4. Contributions and Grants Receivable

As of September 30, 2025, contributions and grants receivable amounted to \$5,151,761. There were no contributions and grants receivable as of September 30, 2024. As of September 30, 2025 and 2024, unbilled contributions and grants receivable amounted to \$17,601,752 and \$10,723,378, respectively. All amounts are expected to be collected within one year of the date of the consolidated statements of financial position.

Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

5. Property and Equipment

Property and equipment as of September 30, 2025 and 2024 consists of the following:

	2025	2024
Land	\$ 4,016,241	\$ -
Leasehold improvements	1,065,643	971,431
Furniture and fixtures	373,283	373,283
Lab equipment	207,198	207,198
	5,662,365	1,551,912
Less accumulated depreciation	(617,357)	(276,538)
	5,045,008	1,275,374
Construction in progress	36,817,771	-
Total	<u>\$ 41,862,779</u>	<u>\$ 1,275,374</u>

In September 2025, the Organization purchased equipment to be used in its leased facility in Hayward, California. The Organization purchased this equipment from an entity that was co-founded by a former board member of the Organization. The purchase price for this equipment was approximately \$23,000,000, of which approximately \$22,000,000 was paid in cash in September 2025 with the remaining approximate amount of \$1,000,000 due in September 2026. This \$1,000,000 payment is subject to reduction if certain conditions related to the purchased equipment are not met. The Organization will record this additional payment upon the payment being probable and the amount being reasonably estimable. As of September 30, 2025, the \$22,000,000 payment is reflected in construction-in-process as the equipment has not yet been placed in service.

Depreciation expense for the years ended September 30, 2025 and 2024 amounted to \$340,819 and \$276,538, respectively.

6. Leasing Arrangements

The Organization currently has two office leases that are classified as operating leases that were entered into prior to the year ended September 30, 2025. These leases have monthly payments ranging from \$19,616 to \$94,141 with lease termination dates of 2031 through 2032. During the year ended September 30, 2024, the Organization received a lease incentive payment of \$733,411 to offset costs incurred for leasehold improvements for one of these leases. Both of these leases have lessee renewal options that management has concluded it is not reasonably certain that such options will be exercised.

In September 2025, the Organization entered into a lease for a manufacturing facility in Hayward, California that is classified as an operating lease. This lease has initial monthly payments ranging from \$121,599 to \$149,660 with an initial lease termination date of September 2035. The Organization was required to make an upfront lease payment of \$4,500,940 which was equal to the first 29 payments under this lease. This lease has two five-year lessee renewal options for which management has determined the first five-year option is reasonably certain to be exercised while the second five-year option is not reasonably certain to be exercised. Accordingly, the accompanying consolidated financial statements currently reflect this lease as a 15-year lease.

As of September 30, 2025 and 2024, security deposits related to leases were \$186,803 and \$197,084, respectively, which are included in deposits and advances in the consolidated statements of financial position.

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Operating lease right-of-use assets and lease liabilities as of September 30, 2025 and 2024 are as follows:

	2025	2024
Right-of-use assets:		
Operating leases	\$ 25,289,371	\$ 7,098,914
Lease liabilities:		
Current	\$ 863,442	\$ 860,436
Long-term	20,886,178	7,043,566
Total lease liabilities	<u>\$ 21,749,620</u>	<u>\$ 7,904,002</u>

The components and classification of lease expense for the years ended September 30, 2025 and 2024 are as follows:

Component	Classification	2025	2024
Operating lease expense	General and administrative	\$ 1,262,648	\$ 590,009
Variable lease expense	General and administrative	249,517	395,916
Short-term lease expense	General and administrative	168,026	48,212
Total lease expense		<u>\$ 1,680,191</u>	<u>\$ 1,034,137</u>

The weighted average remaining lease term and discount rate for operating leases as of September 30, 2025 and 2024 were as follows:

	2025	2024
Weighted average remaining lease term:	12.9 years	7.6 years
Weighted average discount rate:	4.3%	3.7%

Future minimum operating lease payments as of September 30, 2025 are as follows:

Years ending September 30:	
2026	\$ 1,109,843
2027	1,143,707
2028	2,371,088
2029	2,950,925
2030	2,936,157
Thereafter	<u>19,008,902</u>
Total future minimum lease payments	29,520,622
Less present value discount	<u>7,771,002</u>
Present value of lease liabilities	21,749,620
Less current portion	<u>863,442</u>
Long-term portion	<u>\$ 20,886,178</u>

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Cash flow information for the years ended September 30, 2025 and 2024 is as follows:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,139,468	\$ 362,534
Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ 14,663,967	\$ 7,909,589

7. Conditional Contributions

As of September 30, 2025 and 2024, the Organization has government grants that are considered conditional contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. These government grant funds are contingent upon meeting the contractual requirements from the grantors. The total promised from these conditional contributions amount to \$550,513,371 and \$474,849,383 as of September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, \$354,581,510 and \$363,426,318, respectively, of these conditional contributions remain.

8. Economic Dependencies

During the years ended September 30, 2025 and 2024, the Organization generated a substantial portion of its contributions and grants from one federal grantor. Contributions and grants from this grantor approximated 97% and 93% of the Organization's total contributions during the years ended September 30, 2025 and 2024, respectively.

As of September 30, 2025, six customers represented approximately 63% of the Organization's total accounts receivable. As of September 30, 2024, one customer represented approximately 49% of the Organization's total accounts receivable.

9. Commitments and Contingencies

Legal

From time to time, the Organization is included in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. In the opinion of the Organization's management, based upon information furnished by counsel and others, the ultimate liability, if any, of the aforementioned claims is not expected to have a material impact on the Organization's financial position.

Indemnifications

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability to the Organization under such indemnification provisions is uncertain. As of September 30, 2025 and 2024, no amounts have been accrued related to such indemnification provisions.

Bioindustrial Manufacturing and Design Ecosystem, Inc.

d/b/a BioMADE and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2025 and 2024

10. State of Minnesota Agreement

In April 2025, BioMADE MN, LLC entered into a state grant agreement in the amount of \$50,000,000 with the State of Minnesota, acting through its Department of Employment and Economic Development (DEED). The purpose of the grant is for the acquisition of property, construction, renovation, furniture, fixtures, equipment, soft costs and operation of the property. In addition to the \$50,000,000 to be provided by DEED, the Organization expects to incur an additional \$179,000,000 to complete the development of this property along with soft costs and operation of the property.

The grant is structured as a forgivable loan. DEED will make advances to BioMADE after required documentation of costs incurred are provided. Under the agreement, when milestones related to (1) job creation and related wages and (2) costs incurred to acquire and develop the property are achieved, specified percentages of the loan will be forgiven at certain measurement dates. If the job creation and related wage milestones are met, 7.5% of the loan amount of \$50,000,000 will be forgiven on each of the measurement dates of April 2028, April 2030, April 2032 and April 2033. If the cost-incurred milestones are met, an additional 17.5% of the loan will be forgiven on each of those same measurement dates. If the milestones are partially met, forgiveness will be provided on a prorated basis.

If the applicable milestones are not achieved, any unforgiven loan proceeds must be repaid and will bear interest at a rate of 5%.

BioMADE records costs incurred as construction in process and records amounts advanced under the grant as a refundable advance, as BioMADE does not have an unconditional right to the funds until the applicable milestones are achieved. Upon achievement of the required milestones, the refundable advance will be reduced and recognized as grant revenue.

As of September 30, 2025, BioMADE acquired land and buildings at a cost of \$16,734,338 under this agreement. This acquisition is reflected as \$4,016,241 in land, \$12,718,097 in construction in process and \$16,734,338 as a refundable advance in the accompanying consolidated statements of financial position.

11. Subsequent Events

Iowa State University Collaboration Development Agreement

In December 2025, BioMADE IA LLC, a newly formed wholly-owned subsidiary of BioMADE, entered into a Collaboration Development Agreement (CDA) with Iowa State University of Science and Technology (ISU) and Iowa State University Research Park (ISURP). Under the CDA, the parties to the CDA will develop and operate a biomanufacturing facility (Pilot Facility) on land and buildings owned by ISU. Upon completion of development of the Pilot Facility, BioMADE will operate the Pilot Facility and use the Pilot Facility for fermentation scale-up and downstream processing activities in exchange for a fee from customers.

BioMADE is committed to fund at least \$20,000,000 for the development and equipment needed for the Pilot Facility. ISU is committed to fund \$10,000,000 for the development of the Pilot Facility.

BioMADE will lease the Pilot Plant Facility buildings from ISURP. Lease payments will commence 180 days subsequent to substantial completion of the Pilot Facility with initial monthly payments of \$26,337. The initial term of this lease is ten years with a BioMADE option to extend for four consecutive five year periods.

**Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries**

Schedule of Expenditures of Federal Awards
September 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number (ALN)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Amounts Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
Research and Development Cluster:				
Department of Defense:				
Direct Funding: Air Force Defense Research Sciences Program	12.800	N/A	\$ 35,115,455	\$ 89,994,165
Total Department of Defense			35,115,455	89,994,165
Department of Commerce:				
Direct Funding: Arrangements for Interdisciplinary Research Infrastructure	11.619	N/A	1,345,364	1,673,215
Total Department of Commerce			1,345,364	1,673,215
National Science Foundation:				
Direct Funding: STEM Education (formerly Education and Human Resources)	47.076	N/A	24,340	1,197,490
Total National Science Foundation			24,340	1,197,490
Total Research and Development Cluster			36,485,159	92,864,870
Total Expenditures of Federal Awards			\$ 36,485,159	\$ 92,864,870

The accompanying notes are an integral part of this Schedule.

**Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries**

Notes to the Schedule of Expenditures of Federal Awards
September 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries (collectively, BioMADE) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Costs

BioMADE has elected not to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

**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***

Independent Auditors' Report

To the Board of Directors of
Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries (collectively, the Organization), which comprise the Organization's consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

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 Finding and Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Additionally, the Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The Organization's response and corrective action plan were 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Tewksbury, Massachusetts
June 30, 2026

**Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Bioindustrial Manufacturing and Design Ecosystem, Inc. d/b/a BioMADE and Subsidiaries' (collectively, the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2025. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Tewksbury, Massachusetts
June 30, 2026

**Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries**

Schedule of Findings and Questioned Costs

September 30, 2025

I. Summary of Independent Auditors' Report

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Types of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ☐ Yes ☒ No

Dollar threshold used to distinguish between Type A and Type B programs \$2,785,946

Auditee qualifies as low-risk auditee? ☐ Yes ☒ No

Identification of major programs

Assistance Listing Number(s)

Name of Federal Program or Cluster

Research and Development Cluster:

12.800

Air Force Defense Research Sciences Program

11.619

Arrangements for Interdisciplinary Research Infrastructure

47.076

STEM Education (formerly Education and Human Resources)

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Schedule of Findings and Questioned Costs

September 30, 2025

II. Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control over Financial Reporting:

Material Weakness

2025-001 - General Ledger Maintenance

Criteria: An effective system of internal controls allows management or employees, in the normal course of performing their assigned functions, to prevent, detect, and correct misstatements on a timely basis. This includes maintaining a structured financial close process that requires key general ledger accounts to be reconciled timely and periodically throughout the year, rather than only as part of the year-end audit process. Reconciliations should be prepared and resolved in sufficient time to ensure that the accounting records are complete, accurate, and reliable. Timely reconciliations also support management's ability to monitor financial activity, identify unusual or unsupported balances, and ensure significant transactions are recorded in the proper period.

Condition: The Organization's general ledger accounts, most significantly revenue, contributions and grants receivable, and refundable advances, were not reconciled timely or periodically throughout the year. As a result, management was required to record significant adjustments subsequent to year-end to properly reflect these balances and transactions in the consolidated financial statements.

Cause: Management did not consistently perform and/or review timely reconciliations of certain significant general ledger accounts throughout the year. In some instances, reconciliations were prepared significantly after year-end. The Organization's financial close process did not include sufficient monitoring procedures to ensure that all significant accounts were reconciled on a recurring basis.

Effect or Potential Effect: Because reconciliations were not performed or reviewed on a timely basis, errors and omissions accumulated throughout the year and were not identified until just prior to, or during, the audit process. Untimely reconciliations increase the risk that errors, unsupported balances, or misclassified transactions may not be detected and corrected in the appropriate reporting period.

Recommendation: We recommend that the Organization strengthen its financial close process by implementing and enforcing policies requiring the preparation and documented review of key account reconciliations on a timely and periodic basis. At a minimum, management should identify all significant general ledger accounts requiring recurring reconciliation, establish deadlines for preparation and review, and assign responsibility to appropriate individuals.

View of Responsible Officials and Planned Corrective Actions: Management acknowledges that internal control over financial reporting was not sufficiently formalized and documented during the audit period. Management has begun implementing a coordinated set of actions to strengthen the control environment, including formalizing desktop procedures and enhancing month-end and account reconciliation controls.

B. Compliance Findings:

None noted.

**Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries**

Schedule of Findings and Questioned Costs
September 30, 2025

III. Federal Award Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance:

None noted.

B. Compliance Findings:

None noted.

Bioindustrial Manufacturing and Design Ecosystem, Inc.
d/b/a BioMADE and Subsidiaries

Summary Schedule of Prior Year Audit Findings
September 30, 2025

II. Financial Statement Findings

- A. Significant Deficiencies or Material Weaknesses in Internal Control over Financial Reporting:

Material Weakness

2024-001 - General Ledger Maintenance

Condition and Criteria: Several material audit adjustments were required to present the consolidated financial statements and schedule of expenditures of federal awards in accordance with accounting principles generally accepted in the United States of America. An effective system of internal controls allows management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis.

Resolution: See similar finding 2025-001 in current year.

- B. Compliance Findings:

None noted.

III. Federal Award Findings and Questioned Costs

- A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance:

None noted.

- B. Compliance Findings:

None noted.

June 30, 2026

To Whom It May Concern:

Management has prepared this corrective action plan in response to the current-year audit finding number 2025-001 reporting a material weakness in internal control over financial reporting. Management acknowledges its obligation to establish, document, maintain, evaluate, and monitor effective internal control over financial reporting in order to provide reasonable assurance that the financial statements are free from material misstatement. Management is undertaking the corrective actions summarized herein to remediate the identified material weakness.

Corrective Action Plan and Implementation Timeline

1. **Desktop procedures for revenue and receivables.** In June 2026, management began preparing and implementing enhanced desktop procedures governing revenue-related transactions and associated reconciliations. Implementation Date: September 2026
2. **Month-end close procedures.** In May 2026, Management developed and began implementing a formalized month-end close process consisting of a documented closing calendar, assigned preparer and reviewer responsibilities, account reconciliation protocols, and evidence of supervisory review and approval. Implementation Date: September 2026
3. **Account reconciliation controls.** Management shall require timely monthly or quarterly reconciliation of significant balance sheet accounts and other key accounts supporting financial reporting. Implementation Date: September 2026

Responsible Parties

The Chief Financial Officer shall have primary responsibility for coordinating, implementing, and documenting this corrective action plan.

We remain committed to timely and effective remediation of the matters identified in the audit finding.

Douglas Friedman
Chief Executive Officer