

The Nudge Foundation

Separate Parent Organization Financial Statements
December 31, 2024, and December 31, 2023

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America Counts on CPAs

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Independent Auditor's report

To the Board of Trustees of
The Nudge Foundation

Qualified opinion

We have audited the accompanying separate parent organization financial statements of The Nudge Foundation (a non-profit organization) (the "Foundation" or "Organization"), which comprise the statements of financial position as of December 31, 2024, and December 31, 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to separate parent organization financial statements.

In our opinion, except for the effects of the matter described in the 'Basis of qualified opinion' section of our report, the accompanying separate parent organization financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and December 31, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified opinion

As discussed in Note A (b) to the separate parent organization financial statements, the Organization reports its investment in its majority-owned subsidiary Nudge Technologies Private Limited, at cost. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of this subsidiary had been consolidated with those of the Organization, the impact of consolidation on total assets; total liabilities and net assets of the Organization is not practicable to determine as the management does not prepare the consolidated financial statements as per US GAAP.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audits of the financial statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the separate parent organization financial statements

Management is responsible for the preparation and fair presentation of the separate parent organization 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the separate parent organization financial statements

Our objectives are to obtain reasonable assurance about whether the separate parent organization financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the separate parent organization 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 separate parent organization 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 Foundation'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 separate parent organization financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

KNAV CPA LLP

Atlanta, Georgia
January 29, 2026

The Nudge Foundation

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Statements of financial position

(All amounts in United States Dollars; unless otherwise stated.)

	As at	
	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash & cash equivalents	17,797,715	15,060,988
Contributions receivable, net	1,125,650	-
Other current asset	3,447	1,187
Total current assets	18,926,812	15,062,175
Non-current assets		
Investment in subsidiary	645	645
Contributions receivable, net	2,730,751	-
Total non-current assets	2,731,396	645
Total assets	21,658,208	15,062,820
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	65,345	135,179
Other current liabilities	-	12,500
Total current liabilities	65,345	147,679
Total liabilities	65,345	147,679
NET ASSETS		
With donor restrictions	10,101,675	4,934,706
Without donor restrictions	11,491,188	9,980,435
Total net assets	21,592,863	14,915,141
Total liabilities and net assets	21,658,208	15,062,820

(The accompanying notes are an integral part of these separate parent organization financial statements)

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Statements of activities

(All amounts in United States Dollars; unless otherwise stated.)

Operating activities

Revenue and other support

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	1,543,190	7,567,541	9,110,731	1,495,029	3,825,141	5,320,170
Other income	698,050	-	698,050	476,004	-	476,004

Total revenue and other support

Net assets released from restrictions:

Satisfaction of donor restrictions	2,400,572	(2,400,572)	-	1,780,357	(1,780,357)	-
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Total net assets released from restrictions

Total revenue and other support

Expenses

Program services

Rural development	1,385,105	-	1,385,105	2,339,170	-	2,339,170
Skill development & entrepreneurship	-	-	-	231,331	-	231,331
Social innovation	679,428	-	679,428	729,890	-	729,890

Total program services

Supporting services

Management and general	1,066,526	-	1,066,526	605,556	-	605,556
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Total supporting services

Total expenses

Change in net assets	1,510,753	5,166,969	6,677,722	(154,557)	2,044,784	1,890,227
Net assets at the beginning of the year	9,980,435	4,934,706	14,915,141	10,134,992	2,889,922	13,024,914
Net assets at the end of the year	11,491,188	10,101,675	21,592,863	9,980,435	4,934,706	14,915,141

(The accompanying notes are an integral part of these separate parent organization financial statements)

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Statements of cash flows*(All amounts in United States Dollars, unless otherwise stated.)*

For the year ended

December 31, 2024 **December 31, 2023****Cash flow from operating activities**

Changes in net assets 6,677,722 1,890,227

*Adjustments to reconcile net income to net cash provided by operating activities***Changes in operating assets & liabilities**

Other current asset (2,260) (1,187)

Grant receivable - 393,340

Contributions receivable, net (3,856,401) -

Grants payable - (108,495)

Accounts payable (69,834) 500

Other current liabilities (12,500) 131,263

Net cash provided by operating activities **2,736,727** **2,305,648****Net increase in cash and cash equivalents** 2,736,727 2,305,648

Cash and cash equivalents at the beginning of the year 15,060,988 12,755,340

Cash and cash equivalents at the end of the year **17,797,715** **15,060,988***(The accompanying notes are an integral part of these separate parent organization financial statements)*

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Notes to separate parent organization financial statements

(All amounts in United States Dollars, unless otherwise stated)

ORGANIZATION AND PURPOSE

The Nudge Foundation (“the Foundation” or “Organization”) was incorporated in July 2015. The Foundation exists to alleviate poverty sustainably, collaboratively, and scalably. It has three impact streams – Centre for Skill Development and Entrepreneurship (CSDE), Centre for Social Innovation (CSI) & Centre for Rural Development (CRD). It is the fundraising arm of the Nudge LifeSkills Foundation. The funds raised through the foundation also support the operations and projects undertaken by the Nudge LifeSkills Foundation. At Nudge LifeSkills Foundation, sustainable livelihoods are built for underprivileged and vulnerable population by working with the underprivileged youth through our skilling programs, ultra-poor communities through our graduation approach, and other nonprofit entrepreneurs through our incubator, accelerator, Indian Administrative Fellowship, and many other programs.

In July 2022, The Nudge Foundation (“the Foundation”) acquired a 99.9% stake in Nudge Technologies Private Limited. Nudge Technologies Private Limited operates to create products, services, and resources based on online and offline service platforms to promote and facilitate giving, donating, and funding non-profits and development sector work globally, using various channels including but not limited to offline, tele- calling, mobile, television, online, and also using technology, platforms and data sciences. It carries on the business of providing consultancy or research services for consideration in the field of platforms, processes, systems, and technologies that enable the creation, maintenance, and servicing of non-profit organizations and organizations in the development sector.

During the year ended December 31, 2024, the Organization developed a product designed to operate across multiple platforms, enabling the creation of databases and robust architectures for grant management and records classification. This product is IP-free and functions like an open-source solution, allowing NGOs and government bodies to leverage it for diverse projects. Its purpose is to deliver large-scale benefits to populations impacted by poverty alleviation initiatives. By supporting efficient grant disbursement and management, the product has the potential to positively affect millions of lives. This effort is a continuation of the Organization’s broader initiative to work toward a poverty-free India and to support vulnerable communities across other countries and states.

The Foundation is a not-for-profit entity, as described in the US Internal Revenue Code.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying separate parent organization financial statements is as follows:

a) Basis of accounting and preparation

- i. The accompanying separate parent organization financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”).
- ii. The separate parent organization financial statements are prepared for the years January 01, 2024, to December 31, 2024, and January 01, 2023, to December 31, 2023.
- iii. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year.

b) Principle of consolidation

The accompanying separate parent organization financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial

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position, results of operation and cash flows of the Organization. These separate parent organization financial statements report investments in its majority owned subsidiary, Nudge Technologies Private Limited, on a cost basis. Accounting principles generally accepted in the United States of America require that wholly owned and majority owned subsidiaries be accounted for as consolidated subsidiaries; however, the management has elected not to consolidate the subsidiary. If the financial statements of this subsidiary had been consolidated with those of the Organization, the impact of consolidation on total assets; total liabilities and net assets of the Organization is not practicable to determine as the management does not prepare the consolidated financial statements as per US GAAP.

c) Use of estimates

The preparation of separate parent organization financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of the separate parent organization financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

d) Functional allocation of expenses

The cost of providing the various programs and activities of the Foundation is presented on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities. The Foundation does not have a certain category of expenses that are attributable to more than one program or supporting function. Accordingly, no allocation of expenses is required.

e) Cash and cash equivalents

The Foundation's cash comprises deposits held at banks, and cash equivalents comprise money market funds in nature of highly liquid investments with an original maturity of three months or less when purchased. Investments in money market funds are held at financial institutions to which the Foundation is exposed to credit risk. The Foundation maintains its cash balances in financial institutions, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash balance. Cash equivalents held by the Foundation are deemed to be a Level 1 asset per "ASC 820 - Fair value measurement" Fair Value hierarchy, as defined below.

f) Net assets classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets are subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed when the stipulated purpose for which the resources were restricted has been fulfilled, or both.

During the year ended December 31, 2024, and December 31, 2023, the Foundation had \$10,101,674 and \$4,934,706 net assets with donor restrictions, respectively.

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g) *Contributions receivable, net*

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows ranged from 4.16% to 4.38% for pledges received during the year ended December 2024. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. Conditional promises to give are not included as revenue until the conditions are substantially met.

Under Accounting Standard Codification ('ASC') 326, contribution receivable are recorded at the invoiced amount, less of provision for credit loss. The Organization regularly reviews the adequacy of the provision for credit loss based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted for current market conditions, the current receivables aging, current payment terms, and expectations of forward-looking loss estimates.

h) *Revenue recognition*

Revenues comprise contributions received. The Foundation follows ASC 958-606 to recognize cash and gift-in-kind contributions from corporations. These contributions, including unconditional promises, are recognized as revenue when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted.

When a temporary restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with restrictions that are fulfilled in the time period in which the contribution is received are recorded as unrestricted contributions in the financial statements. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Dividend income and interest income mainly constitutes income from investments and bank balances and are included in "other income" on the statements of activities.

i) *Fair value measurements*

Assets and liabilities recorded at fair value in the separate parent organization financial statements are categorized based on the level of judgement associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access as of the measurement date.
- Level 2 – Inputs other than quoted prices included within level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Foundation to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The Foundation's financial instruments consist of cash and cash equivalents, grant receivable, investment in subsidiary, grant payable and accounts payable.

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Carrying values of financial instruments, except for investments and money market funds, approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2024, and December 31, 2023, respectively.

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value as of December 31, 2024, and December 31, 2023.

	As at			
	December 31, 2024	Level 1	Level 2	Level 3
Investment in money market funds (Note B)	11,749,200	11,749,200	-	-
Total *	11,749,200	11,749,200	-	-

	As at			
	December 31, 2023	Level 1	Level 2	Level 3
Investment in money market funds (Note B)	8,937,333	8,937,333	-	-
Total *	8,937,333	8,937,333	-	-

*Investment's objective is to seek to provide current income while maintaining liquidity and a stable share price of \$1. Dividend income received on the above fund for \$511,866 and \$260,467 as on December 31, 2024, and December 31, 2023, respectively is reinvested in the investment amount.

j) Grant expenses

Grant expense is recognized in the period the grant is countersigned, provided the grant is not subject to future donor-imposed conditions. Conditional grants are recognized as grant expenses and as a grant payable in the period in which the grantee meets the terms of the conditions.

k) Income taxes

The Foundation is a not-for-profit organization exempted from federal income taxes under Section 501 (c) (3) of the US Internal Revenue Code. No provision for income tax has been made in the separate parent organization financial statements. The Foundation's tax returns are generally subject to examination by the Internal Revenue Service ("IRS") for three years after filing. The tax years 2021 through 2024 remain subject to examination by the taxing authorities.

l) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

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NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at December 31, 2024	As at December 31, 2023
Balance with bank	6,048,515	6,123,655
Investment in money market funds	11,749,200	8,937,333
Total	17,797,715	15,060,988

NOTE C – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net comprise of the following:

	As at December 31, 2024	As at December 31, 2023
Amounts due in:		
-One year	1,294,170	-
-One to five years	2,954,814	-
-More than five years	-	-
	4,248,984	-
Less: Discount	(392,583)	-
Less: Allowance for uncollectible pledges	-	-
Total	3,856,401	-

NOTE D – INVESTMENTS IN SUBSIDIARY

Investments comprise the following:

	As at December 31, 2024	As at December 31, 2023
Investment in Nudge Technologies Private Limited*	645	645
Total	645	645

* The investment in a wholly owned subsidiary, viz. Nudge Technologies Private Limited has been recorded on a cost basis.

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NOTE E – FUNCTIONAL EXPENSE CLASSIFICATION

For the year ended December 31, 2024, the Foundation's functional classification of expenses is as follows:

Particulars	Program services			Programs total	Management and general	Grand total
	Rural development	Skill development & entrepreneurship	Social innovation			
Donations	1,385,105	-	679,428	2,064,533	-	2,064,533
Total grants	1,385,105	-	679,428	2,064,533	-	2,064,533
Marketing	-	-	-	-	60,747	60,747
Tech product & architecture development	-	-	-	-	345,722	345,722
Professional and consultancy	-	-	-	-	293,423	293,423
Subscription	-	-	-	-	23,302	23,302
Travel	-	-	-	-	39,010	39,010
Others	-	-	-	-	304,322	304,322
Grand total	1,385,105	-	679,428	2,064,533	1,066,526	3,131,059

For the year ended December 31, 2023, the Foundation's functional classification of expenses is as follows:

Particulars	Program services			Programs total	Management and general	Grand total
	Rural development	Skill development & entrepreneurship	Social innovation			
Donations	2,106,439	231,331	615,640	2,953,410	347,000	3,300,410
Total grants	2,106,439	231,331	615,640	2,953,410	347,000	3,300,410
Marketing	-	-	-	-	35,545	35,545
Professional and consultancy	232,731	-	82,250	314,981	145,652	460,633
Subscription	-	-	-	-	19,060	19,060
Travel	-	-	-	-	21,429	21,429
Others	-	-	32,000	32,000	36,870	68,870
Grand total	2,339,170	231,331	729,890	3,300,391	605,556	3,905,947

Expenses that can be identified with a specific program or supporting service are reported accordingly.

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NOTE F – CONCENTRATION RISK

During the year ended December 31, 2024, 34% and December 31, 2023, 56% of the contributions have been received from one donor. In addition, in case of grants paid by the Foundation during the year ended December 31, 2024, 83% and during the year ended December 31, 2023, 96% were made to one grantee, representing a concentration of grant-making activity. At December 31, 2024, and December 31, 2023, contributions receivables from two funding sources represented more than 10% of total receivables, subjecting the Foundation to concentration of credit risk.

The Foundation is exposed to credit risk by maintaining cash balances at financial institutions in excess of federally insured limits. Cash balances on deposits with banks are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$ 250,000.

At December 31, 2024, and December 31, 2023, the Organization's money market fund comprises of highly liquid, short-term investments which are exposed to market risk but include those backed by the full faith and credit of the US government.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2024, and December 31, 2023, net assets with donor restrictions are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Rural development	4,400,024	4,094,244
Social innovation	1,845,249	840,462
Skill development & entrepreneurship	-	-
Time restricted (Expected to move to unrestricted within a span of 1-5 years)	3,856,401	-
Total	<u>10,101,674</u>	<u>4,934,706</u>

NOTE H – LIQUIDITY

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash and cash equivalents	6,048,515	6,123,655
Investment in marketable securities	11,749,200	8,937,333
Contribution receivable	1,125,650	-
Total	<u>18,923,365</u>	<u>15,060,988</u>

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

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 29, 2026 the date the separate parent organization financial statements were available to be issued. In December 2025, the Foundation has incorporated Catalyst Capital Partners Inc. with 100 % stake for \$2.5 million. Apart from this, the Foundation is not aware of any events or transactions that would require recognition or disclosure in the separate parent organization financial statements.
