



**Upright Wellness Center, Inc.**

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**Financial Statements**

**And Independent Auditors' Report**

**For the year ended December 31, 2024**

DRAFT November 12, 2025

**Upright Wellness Center, Inc.**

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DRAFT November 12, 2025

## Independent Auditors' Report

**To the Board of Directors  
Upright Wellness Center, Inc.  
Burbank, California**

### **Opinion**

We have audited the accompanying financial statements of Upright Wellness Center, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets without donor restriction, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Upright Wellness Center, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upright Wellness Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upright Wellness Center, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Upright Wellness Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Upright Wellness Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Calabasas, California  
November 12, 2025

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## Upright Wellness Center, Inc.

### Statement of Financial Position

As of December 31, 2024

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#### ASSETS

##### Current assets:

Cash and cash equivalents	\$	880,162
Other current assets		91,076

##### Total current assets

971,238

Investments		5,789,644
Property and equipment, net		11,131

##### Total assets

\$ 6,772,013

#### LIABILITIES AND NET ASSETS

##### Liabilities, all current:

Accounts payable and accrued expenses	\$	6,000
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##### Total liabilities

6,000

##### Net assets, all without donor restrictions

6,766,013

##### Total liabilities and net assets

\$ 6,772,013

## Upright Wellness Center, Inc.

### Statement of Activities and Changes in Net Assets Without Donor Restriction

For the year ended December 31, 2024

#### Revenues and support:

Contributions	\$	3,873
Interest and dividend income, net of \$74,667 investment expenses		116,012
Realized and unrealized net gains on investments		327,829
Income from limited partnership, net of \$14,563 investment expenses		55,822

#### Total revenues and support

**503,536**

#### Management and general expenses:

Advertising		5,533
Contract services		47,366
Depreciation		1,998
Dues, memberships, and subscriptions		1,755
Insurance		39,813
Licenses and permits		35
Meetings, retreats, and travel		1,473
Miscellaneous		1,298
Office		9,591
Professional fees		77,582
Wages, payroll taxes, and related costs		248,337

#### Total management and general expenses

**434,781**

#### Increase in net assets, all without donor restrictions

**68,755**

Net assets, January 1, 2024

6,697,258

**Net assets, December 31, 2024**

**\$ 6,766,013**

## Upright Wellness Center, Inc.

### Statement of Cash Flows

For the year ended December 31, 2024

<b>Cash flows from operating activities:</b>	
Increase in net assets, all without donor restrictions	\$ 68,755
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	1,998
Gains on marketable securities sold	(101,176)
Unrealized gains on marketable securities	(226,653)
Income from limited partnership	(55,822)
Decrease in cash attributable to changes in operating assets and liabilities:	
Other current assets	(75,954)
Accounts payable and accrued expenses	6,000
<b>Net cash used in operating activities</b>	<b>(382,852)</b>
<b>Cash flows from investing activities:</b>	
Acquisition of marketable securities	(5,337,154)
Proceeds from sale of marketable securities	7,393,279
Investment in limited partnership	(1,000,000)
Distribution from limited partnership	39,990
Investment in property	(2,459)
<b>Net cash provided by investing activities</b>	<b>1,093,656</b>
<b>Net increase in cash</b>	<b>710,804</b>
Cash, January 1, 2024	169,358
<b>Cash, December 31, 2024</b>	<b>\$ 880,162</b>

## Upright Wellness Center, Inc.

### Notes to Financial Statements

For the year ended December 31, 2024

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#### DESCRIPTION OF ACTIVITIES

Upright Wellness Center, Inc. (the "Organization") was incorporated in Delaware and granted exemption status as a Section 501(c)(3) organization on July 21, 2021. The Organization operates in Southern California and provides education and instruction on integrative therapeutic care in a clinical environment, benefiting veterans and the broader community.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of accounting and presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which is an accrual basis of accounting. Accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

##### Cash and cash equivalents

Cash and cash equivalents include amounts on hand and on deposit at financial institutions which are intended for operations and unrestricted as to withdrawal or use. As of December 31, 2024, the Organization's balances did not exceed the Federally insured limits.

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2024, \$668,611 are cash equivalents that consist of money market funds, which exceeded SIPC insured limit of approximately \$419,000.

##### Investments

Investments include investments in marketable securities and an interest in a limited partnership. Investments in marketable securities are stated at fair market value based on quoted market prices within active markets and at year end. They are composed primarily of stocks, bonds, and exchange-traded products. The Organization invested 50% in equities, 40% in fixed income, and 10% in exchange-traded products as of December 31, 2024.

Investment in the limited partnership is stated at fair market value based on the Organization's ownership percentage of the partnership's net assets. See *Investments* note for additional information.

All gains and investment income are without donor restrictions. All investments are held for long-term reserve purposes and classified as noncurrent, although they may be liquidated to support operations if needed.

##### Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. The Organization capitalizes purchases of property and equipment with a cost greater than \$2,500 and a useful life of more than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred, while major improvements are capitalized.

## Upright Wellness Center, Inc.

### Notes to Financial Statements (continued)

For the year ended December 31, 2024

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#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Net assets without donor restrictions

Net assets without donor restrictions represent resources which do not have donor-imposed stipulations and are available to support the Organization's operations.

##### Contributions

Unconditional promises to give are recognized as revenue in the period pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for doubtful amounts is determined using the age of the pledge, creditworthiness of the donor, and historical collection experience.

The Organization reports contributions and pledge support as net assets with donor restrictions if such items are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same year as the contributions are made are initially classified as net assets with donor restrictions. If a donor changes the restrictions on a contribution, the re-designation is reflected in the statements in the year the designation is changed.

##### Program, management, and general expenses

The Organization allocates its expenses on a functional basis among its programs and support services. Expenditures that can be identified with a specific program or support service are allocated directly according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records and estimates made by the Organization's management.

During the year ended December 31, 2024, the Organization incurred no program or fundraising costs.

##### Advertising costs

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2024 was \$5,533.

##### Income taxes

The Organization is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code ("IRC") and is also exempt from state franchise taxes.

## Upright Wellness Center, Inc.

### Notes to Financial Statements (continued)

For the year ended December 31, 2024

#### LIQUIDITY OF ASSETS AND AVILABILITY OF RESOURCES

The Organization's financial assets available within one year from December 31, 2024 to meet cash needs for general expenditures are as follows:

Cash and cash equivalents	\$ 880,162
<b>Total financial assets available to meet cash needs for general expenditure within one year</b>	<b>\$ 880,162</b>

The Organization is supported by investment income and contributions. The Organization maintains a policy structuring its financial assets to be available as its general expenditures, liabilities, and other obligations require.

#### INVESTMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has access to.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability.

Level 3 inputs are unobservable inputs (based on the best information available in the circumstances and may include the Organization's own data) for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Organization recognizes transfers between levels as of the end of the reporting period in which the event or change in circumstances occurred. There was no transfer during the year ended December 31, 2024.

The Organization's investments primarily include marketable securities, consisting of stocks, fixed income instruments, and exchange-traded products, which are valued at quoted prices in active markets and are classified within Level 1.

The Organization also holds an interest in a limited partnership as a limited partner who is entitled to a preferred return of 8% per annum on its contributed capital, subject to the availability of distributable income, after which remaining income is allocated in accordance with the partnership agreement. This investment does not have a readily determinable fair value and is therefore classified within Level 3. The ultimate realization of this investment depends on the operations and liquidation of the partnership's underlying assets, which primarily consist of investments in loans and real estate. The partnership's underlying assets are mainly investments in loans that are valued using Level 3 inputs based on discounted cash flows.

## Upright Wellness Center, Inc.

### Notes to Financial Statements (continued)

For the year ended December 31, 2024

#### INVESTMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
Stocks	\$ 2,383,317	\$ -	\$ -	\$ 2,383,317
Fixed income	1,936,361	-	-	1,936,361
Exchange-traded products	469,368	-	-	469,368
Limited partnership	-	-	1,000,598	1,000,598
<b>Total investments</b>	<b>\$ 4,789,046</b>	<b>\$ -</b>	<b>\$ 1,000,598</b>	<b>\$ 5,789,644</b>

The carrying value of the investments as of December 31, 2024 were as follows:

	Cost	Cumulative		Fair value
		Unrealized gains	Unrealized losses	
Stocks	\$ 2,054,539	\$ 328,778	\$ -	\$ 2,383,317
Fixed income	1,911,914	24,447	-	1,936,361
Exchange-traded products	448,454	20,914	-	469,368
Limited partnership	1,001,256	-	(658)	1,000,598
<b>Total investments</b>	<b>\$ 5,416,163</b>	<b>\$ 374,139</b>	<b>\$ (658)</b>	<b>\$ 5,789,644</b>

Realized and unrealized gains and losses for the year ended December 31, 2024 were as follows:

Realized gains (net)	\$ 101,176
Unrealized gains (net)	226,653
<b>Realized and unrealized net gains on investments</b>	<b>\$ 327,829</b>

## Upright Wellness Center, Inc.

### Notes to Financial Statements (continued)

For the year ended December 31, 2024

#### PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, 2024:

	Estimated useful lives	
IT system	5 years	\$ 9,992
Construction in progress	-	3,137
Property and equipment, at cost		13,129
Less: accumulated depreciation		(1,998)
<b>Property and equipment, net</b>		<b>\$ 11,131</b>
Depreciation expense for the year ended		\$ 1,998

#### RISKS AND UNCERTAINTIES

The Organization has not yet commenced its principal program activities. During 2025, the Organization purchased a property that is intended to serve as the primary facility for its future operations. The property is currently under construction and is not yet available for use. The Organization's ability to begin and sustain program operations is dependent upon the completion of the construction project and the availability of future funding to support ongoing operations. It is reasonably possible that changes in construction costs, project timelines, permitting requirements, or funding availability could occur in the near term and such changes could materially affect the Organization's financial position and the timing of when program services will commence. See *Subsequent Events* note for additional information.

The Organization is also subject to risks incident to investments in marketable securities and the ownership of a limited partnership. These risks include those normally associated in the general economic climate, changes in tax laws, and potential liability under environmental and other laws.

#### CONCENTRATIONS OF CREDIT RISKS

As of December 31, 2024, approximately 50% of the Organization's marketable securities were invested in stocks and 40% in fixed income.

#### SUBSEQUENT EVENTS

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through .

In January 2025, the Organization acquired a commercial facility in Burbank, California for total costs of approximately \$2,520,000 and initiated construction and renovations on the property to prepare it for operational use.