CCIDC, INC.

FINANCIAL STATEMENTS

December 31, 2007 and 2006
INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
CCIDC, Inc.
San Marcos, California

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of CCIDC, Inc., (a California nonprofit mutual benefit corporation) as of December 31, 2007, and the related statements of revenue, expenses and change in net assets - modified cash basis and cash flows - modified cash basis for the year then ended. These financial statements are the responsibility of CCIDC, Inc.'s, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of CCIDC, Inc., as of December 31, 2007, and its revenue, expenses and change in net assets and its cash flows for the year then ended, on the basis of accounting described in Note 1.

The financial statements of CCIDC, Inc., as of December 31, 2006, were audited by other auditors whose report dated December 24, 2007, expressed an unqualified opinion on those statements.

May 26, 2009
Roseville, California
CCIDC, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2007 and 2006

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 55,889</td>
<td>$ 31,039</td>
</tr>
<tr>
<td>Office furniture and equipment, net</td>
<td>8,028</td>
<td>10,035</td>
</tr>
<tr>
<td>Deposits</td>
<td>776</td>
<td>531</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 64,693</td>
<td>$ 41,605</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Net assets - unrestricted</strong></td>
<td>64,693</td>
<td>41,605</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$ 64,693</td>
<td>$ 41,605</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
CCIDC, INC.

STATEMENTS OF REVENUE, EXPENSES AND
CHANGE IN NET ASSETS - MODIFIED CASH BASIS
For the Years Ended December 31, 2007 and 2006

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certification fees</td>
<td>$279,150</td>
<td>$223,925</td>
</tr>
<tr>
<td>Application fees</td>
<td>9,150</td>
<td>8,250</td>
</tr>
<tr>
<td>Exam fees</td>
<td>23,100</td>
<td>16,400</td>
</tr>
<tr>
<td>Other income</td>
<td>20,825</td>
<td>2,299</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>332,225</td>
<td>250,874</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and payroll taxes</td>
<td>170,200</td>
<td>166,711</td>
</tr>
<tr>
<td>Marketing and public relations</td>
<td>26,863</td>
<td>19,995</td>
</tr>
<tr>
<td>Accounting and legal</td>
<td>9,399</td>
<td>8,738</td>
</tr>
<tr>
<td>Travel and lodging</td>
<td>19,436</td>
<td>17,898</td>
</tr>
<tr>
<td>Exam fees expense</td>
<td>11,004</td>
<td>4,931</td>
</tr>
<tr>
<td>Postage</td>
<td>8,433</td>
<td>9,174</td>
</tr>
<tr>
<td>Certification stamps</td>
<td>10,066</td>
<td>11,286</td>
</tr>
<tr>
<td>Leased equipment expense</td>
<td>6,563</td>
<td>4,456</td>
</tr>
<tr>
<td>Rent</td>
<td>13,158</td>
<td>12,435</td>
</tr>
<tr>
<td>Board expenses</td>
<td>3,150</td>
<td>2,915</td>
</tr>
<tr>
<td>Telephone</td>
<td>2,123</td>
<td>2,534</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>5,737</td>
<td>3,925</td>
</tr>
<tr>
<td>Insurance</td>
<td>12,847</td>
<td>13,356</td>
</tr>
<tr>
<td>Office expense</td>
<td>4,864</td>
<td>5,891</td>
</tr>
<tr>
<td>Memberships</td>
<td>295</td>
<td>275</td>
</tr>
<tr>
<td>CALBO expense</td>
<td>2,724</td>
<td>1,059</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,007</td>
<td>2,007</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>268</td>
<td>337</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>309,137</td>
<td>287,923</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>23,088</td>
<td>(37,049)</td>
</tr>
<tr>
<td>Net assets - unrestricted, beginning of year</td>
<td>41,605</td>
<td>78,654</td>
</tr>
<tr>
<td>Net assets - unrestricted, end of year</td>
<td>64,693</td>
<td>41,605</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Cash Flows from Operating Activities:

Cash received from applications, renewals and exam fees $ 332,225 $ 250,874
Cash paid to suppliers and employees (307,375) (285,671)

Net cash provided by (used in) operating activities 24,850 (34,797)

Increase (decrease) in cash 24,850 (34,797)

Cash, beginning of year 31,039 65,836

Cash, end of year $ 55,889 $ 31,039

Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:

Change in net assets $ 23,088 $ (37,049)

Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:

Depreciation 2,007 2,007
(Increase) decrease in security deposits (245) 245

Net cash provided by (used in) operating activities $ 24,850 $ (34,797)

The accompanying notes are an integral part of these financial statements.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CCIDC, Inc., (CCIDC), formerly California Council for Interior Design Certification, is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Laws of the State of California. The primary purpose of CCIDC is to promote the general welfare of persons engaged in the profession of interior design and to administer the process of and rules and regulations governing certification of interior designers as specified in the California Business and Professions Code under the title "Certified Interior Designer."

In October 2001, California lawmakers amended certain provisions of Section 5800 of the California Business and Professions Code. Under the new statute, which became effective January 1, 2002, CCIDC was required to qualify as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) in order to continue operating as an interior design certification organization. CCIDC had previously been tax-exempt under Section 501(c)(6) of the IRC, which allowed CCIDC to lobby for the benefit of certified interior designers. The primary reason California imposed this new requirement on CCIDC was to restrict it from engaging in lobbying, as organizations exempt under Section 501(c)(3) are not permitted to engage in such activities.

Effective May 15, 2002, the members of CCIDC instituted the following changes in the organization:

- Created a new nonprofit corporation qualified as a tax-exempt organization under Section 501(c)(3) of the IRC and as a qualified interior design organization under Section 5800 of the California Business and Professions Code;
- Transferred the interest of the members and the assets of California Council for Interior Design Certification to the newly formed nonprofit corporation; and
- Dissolved the previous nonprofit corporation after the above-referenced transfers to the new nonprofit corporation were completed.

CCIDC's policy is to prepare its financial statements on a modified cash basis that includes capitalizing the purchase of long-lived assets, recording of depreciation on long-lived assets, recording liabilities for the acquisition of long-lived assets, payroll withholdings, accruals of payroll taxes, and other selected accruals and receivables. Under this basis, revenue is generally recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when the obligations are incurred. Consequently, accounts receivable, accounts payable and accrued expenses, other than those mentioned above, are not included in the financial statements.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a summary of significant accounting policies:

(a) CCIDC considers cash in banks and certificates of deposits with maturities of three months or less as cash and cash equivalents.

(b) Office furniture and equipment is stated at cost, or if donated, at fair value on the date of receipt. CCIDC provides for depreciation over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of these assets range from five to ten years. Maintenance and repairs are expensed as incurred. Renewals and betterments, which extend the useful lives of assets, are capitalized.

(c) Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, CCIDC is required to report information regarding its assets, liabilities, net assets, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. CCIDC has no temporarily or permanently restricted net assets.

(d) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(e) CCIDC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, CCIDC has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTE 2: CASH

CCIDC maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. CCIDC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.
NOTE 3: OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment at December 31, 2007 and 2006 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office furniture and equipment</td>
<td>$ 14,049</td>
<td>$ 14,049</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$ 6,021</td>
<td>$ 4,014</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 8,028</strong></td>
<td><strong>$ 10,035</strong></td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended December 31, 2007 and 2006 was $2,007.

NOTE 4: DEPOSITS

For the years ended December 31, 2007 and 2006, refundable deposits were $776 and $531, respectively.

NOTE 5: LEASES

CCIDC leases its office facilities under a month-to-month operating lease agreement which is cancelable at any time by either party with thirty days notice. Under this agreement, the monthly rent of $1,019 includes an assessment for common area maintenance. Total office space rental expense for the years ended December 31, 2007 and 2006, was $13,158 and $12,435, respectively.

Additionally, CCIDC leases a photocopier and a postage meter under other month-to-month operating lease agreements. For the years ended December 31, 2007 and 2006, total leased equipment expense was $6,563 and $4,456, respectively.

NOTE 6: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis as follows:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>$ 281,058</td>
<td>$ 258,554</td>
</tr>
<tr>
<td>Supporting services</td>
<td>$ 28,079</td>
<td>$ 29,369</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 309,137</strong></td>
<td><strong>$ 287,923</strong></td>
</tr>
</tbody>
</table>

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NOTE 7: SUBSEQUENT EVENT - AMENDED STATUTE

In February 2006, California lawmakers introduced amendments to certain provisions of Section 5800 of the California Business and Professions Code. Under the existing law it provided for a certification process for interior designers, and repealed those provisions effective January 1, 2008. The amended statute would instead repeal those provisions on January 1, 2010, unless a new statute enacted prior to that date extends it. Also under the existing statute, the State required report, provided by the body that certifies interior designers, on the effectiveness of the California Codes and Regulations Examination (CCRE) has been extended to January 1, 2008, unless a new statute enacted prior to that date extends it.

CCIDC will continue to administer the interior design certification program in California and will prepare a report as requested by the legislature to be submitted to the Joint Legislative Sunset Review Committee upon request, regarding outreach efforts, examinations, finances, interactions, and materials and information.