

CCIDC, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

CCIDC, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CCIDC, Inc.
Escondido, California

We have audited the accompanying financial statements of CCIDC, Inc. (a California nonprofit mutual benefit corporation), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2020 and 2019, and the related statements of revenue, expenses, and changes in net assets – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, and its revenue, expenses and changes in net assets, and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 3.

Basis of Accounting

We draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Propp Britton Coniglio LLP

November 29, 2021
Roseville, California

CCIDC, INC.

STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 57,504	\$ 51,225
Deposits	<u>1,222</u>	<u>1,222</u>
Total assets	<u>\$ 58,726</u>	<u>\$ 52,447</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Note payable, current portion	\$ -	\$ 2,998
Net assets - without donor restrictions	<u>58,726</u>	<u>49,449</u>
Total liabilities and net assets	<u>\$ 58,726</u>	<u>\$ 52,447</u>

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

CCIDC, INC.

STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the Years Ended December 31, 2020 and 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
Revenues and other support:			
Certification fees	\$ 198,570	\$ -	\$ 198,570
Application fees	7,100	-	7,100
Exam fees	26,700	-	26,700
Other income	4,015	-	4,015
Paycheck protection program	<u>28,646</u>	<u>-</u>	<u>28,646</u>
Total revenues and other support	<u>265,031</u>	<u>-</u>	<u>265,031</u>
Expenses:			
Program services	223,910	-	223,910
Supporting services:			
Management and general	<u>31,844</u>	<u>-</u>	<u>31,844</u>
Total expenses	<u>255,754</u>	<u>-</u>	<u>255,754</u>
Change in net assets	9,277	-	9,277
Net assets, beginning of year	<u>49,449</u>	<u>-</u>	<u>49,449</u>
Net assets, end of year	<u>\$ 58,726</u>	<u>\$ -</u>	<u>\$ 58,726</u>

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

CCIDC, INC.

STATEMENTS OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS (CONTINUED)
 For the Years Ended December 31, 2020 and 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
Revenues and other support:			
Certification fees	\$ 236,650	\$ -	\$ 236,650
Application fees	16,300	-	16,300
Exam fees	33,075	-	33,075
Other income	<u>6,073</u>	<u>-</u>	<u>6,073</u>
Total revenues and other support	<u>292,098</u>	<u>-</u>	<u>292,098</u>
Expenses:			
Program services	231,673	-	231,673
Supporting services:			
Management and general	<u>30,838</u>	<u>-</u>	<u>30,838</u>
Total expenses	<u>262,511</u>	<u>-</u>	<u>262,511</u>
Change in net assets	29,587	-	29,587
Net assets, beginning of year	<u>19,862</u>	<u>-</u>	<u>19,862</u>
Net assets, end of year	<u>\$ 49,449</u>	<u>\$ -</u>	<u>\$ 49,449</u>

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

CCIDC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES -
 MODIFIED CASH BASIS
 For the Years Ended December 31, 2020 and 2019

	Program Services	Management and General	2020 Totals
	<u> </u>	<u> </u>	<u> </u>
Accounting and legal	\$ -	\$ 6,475	\$ 6,475
Board expense	800	51	851
Certification stamp	3,598	400	3,998
Credit card fees	4,914	-	4,914
IDEX exam	22,614	-	22,614
Insurance	2,503	278	2,781
Interest expense	-	146	146
Leased equipment	7,729	859	8,588
Marketing and public relations	21,602	-	21,602
Memberships	3,370	-	3,370
Miscellaneous	3	-	3
Office expenses	-	6,218	6,218
Postage	1,977	220	2,197
Rent	10,502	1,167	11,669
Salaries and payroll taxes	138,951	15,439	154,390
Telephone	5,286	587	5,873
Travel and lodging	61	4	65
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 223,910</u>	<u>\$ 31,844</u>	<u>\$ 255,754</u>

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

CCIDC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES -
 MODIFIED CASH BASIS (CONTINUED)
 For the Years Ended December 31, 2020 and 2019

	Program Services	Management and General	2019 Totals
	<u> </u>	<u> </u>	<u> </u>
Accounting and legal	\$ -	\$ 8,625	\$ 8,625
Board expense	1,187	76	1,263
CALBO	5,953	-	5,953
Certification stamp	2,410	268	2,678
Credit card fees	5,892	-	5,892
IDEX exam	13,067	-	13,067
Insurance	1,939	215	2,154
Interest expense	-	797	797
Leased equipment	7,516	835	8,351
Marketing and public relations	31,342	-	31,342
Memberships	1,695	-	1,695
Miscellaneous	127	14	141
Office expenses	-	2,605	2,605
Postage	2,367	263	2,630
Rent	10,143	1,127	11,270
Salaries and payroll taxes	133,325	14,814	148,139
Telephone	5,506	612	6,118
Travel and lodging	9,204	587	9,791
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 231,673</u>	<u>\$ 30,838</u>	<u>\$ 262,511</u>

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

CCIDC, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from applications, renewals and exam fees	\$ 265,031	\$ 292,098
Cash paid to suppliers and employees for compensation	(255,754)	(261,714)
Interest paid	-	(797)
	<u>9,277</u>	<u>29,587</u>
Net cash provided by operating activities		
Cash flows from financing activities:		
Principal payments on note payable	(2,998)	(6,615)
	<u>6,279</u>	<u>22,972</u>
Net increase in cash		
Cash, beginning of year	51,225	28,253
	<u>51,225</u>	<u>28,253</u>
Cash, end of year	<u>\$ 57,504</u>	<u>\$ 51,225</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	<u>\$ 9,277</u>	<u>\$ 29,587</u>
Net cash provided by operating activities	<u>\$ 9,277</u>	<u>\$ 29,587</u>

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

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1: NATURE OF ORGANIZATION

CCIDC, Inc. ("CCIDC" or the "Organization"), 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. An organization exempt under IRC Section 501(c)(3) may engage in only limited lobbying efforts or risk losing its tax-exempt status.

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.

NOTE 2: AMENDED STATUTE

In February 2009, 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, which was initially scheduled to be repealed effective January 1, 2010. The most recent amended statute instead repeals those provisions on January 1, 2022, unless a new statute enacted prior to that date extends it. Also under the existing statute, the State required a report, provided by the body that certifies interior designers, on the effectiveness of the California Codes and Regulations Examination (CCRE). Both statutes passed the legislature and were signed into law by the Governor and chaptered by the Secretary of State.

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's policy is to prepare its financial statements on a modified cash basis of accounting, which includes capitalizing the purchase of long-lived assets and recording of depreciation on long-lived assets, accruing long-term financing agreements and capitalizing refundable lease deposits. Under this basis, revenue is recognized when collected rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred. Accounts receivable, accounts payable and accrued expenses are not included in the financial statements.

Basis of Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations;

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses from operations are reported as changes in net assets without donor restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period have been reported as net assets without donor restrictions. As of December 31, 2020 and 2019, CCIDC, Inc. had no net assets with donor restrictions.

Cash and Cash Equivalents

CCIDC considers all highly liquid investments with a maturity of three months or less to be cash equivalents. At December 31, 2020 and 2019 there were no cash equivalents.

Office Furniture and Equipment

Office furniture and equipment are 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.

Revenue

Certification dues are billed to interior designers in advance and they are recognized when received. Application fees are due when a candidate submits an application and revenue is recognized upon receipt.

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Functional Expenses

The costs of providing program services have been summarized on a functional basis in the Statements of Functional Expenses – Modified Cash Basis. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Estimates

The preparation of financial statements may require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Tax Status

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). After they are filed, CCIDC's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through November 29, 2021, the date that the financial statements were available to be issued.

NOTE 4: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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 come due.

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2020	2019
Cash	\$ 57,504	\$ 51,225
Financial assets available to meet cash need for expenditures within one year:	\$ 57,504	\$ 51,225

NOTE 5: CASH

CCIDC maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Organization's cash balances did not exceed federally insured limits as of December 31, 2020 and 2019.

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6: OFFICE FURNITURE AND EQUIPMENT

The historical cost of fully depreciated office furniture and equipment at December 31, 2020 and 2019 is \$14,049. There was no depreciation expense for the years then ended.

NOTE 7: DEPOSITS

At December 31, 2020 and 2019, the Organization had a refundable deposit for the office building lease in the amount of \$1,222.

NOTE 8: NOTE PAYABLE

CCIDC obtained a note payable from American Express Bank, FSB on June 23, 2017, with interest at the rate of 11.97% per annum. The note payable had a required monthly principal and interest payment of \$618 and a term of three years maturing on May 23, 2020. At December 31, 2020 and 2019, the outstanding balance was \$0 and \$2,998, respectively.

NOTE 9: OPERATING LEASES

Effective October 2017, CCIDC leases its office facilities under a five-year operating lease agreement, which expires on September 2022. In addition, CCIDC leases a printer and software under a five-year operating lease agreement, which expires on August 2022. For the years ended December 31, 2020 and 2019, total rent and leased equipment expense was \$20,257 and \$19,621, respectively.

Future minimum lease commitments under operating leases are as follows:

Year Ending December 31:

2021	\$	19,907
2022		<u>14,468</u>
	\$	<u>34,375</u>

NOTE 10: PAYCHECK PROTECTION PROGRAM

In May 2020, the Organization was granted a loan from Zions Bancorporation, N.A. dba California Bank & Trust in the amount of \$28,500 under the Paycheck Protection Program ("PPP") as part of the CARES Act. The note and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. As of December 31, 2020, the Organization had met the conditions for loan forgiveness in the full amount of \$28,500. For the year ended December 31, 2020, the Organization recognized \$28,500 of principal and \$146 of interest on the statements of revenue, expenses and changes in net assets.

NOTE 11: RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Organization expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.