

**CCIDC, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

CCIDC, INC.  
CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Statements of Revenue, Expenses and Changes in Net Assets – Modified Cash Basis	4 - 5
Statements of Functional Expenses – Modified Cash Basis	6 - 7
Statements of Cash Flows – Modified Cash Basis	8
Notes to Financial Statements	9 - 13

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, and its revenue and expenses, functional 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 for Opinion

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 Audit of the Financial Statements section of our report. We are required to be independent of CCIDC, Inc. 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.

### 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.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting 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.

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 CCIDC, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 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 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 CCIDC, 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 CCIDC, 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.

*Propp Britton Coniglio LLP*

January 5, 2023  
Roseville, California

CCIDC, INC.

STATEMENTS OF ASSETS, LIABILITIES AND  
NET ASSETS - MODIFIED CASH BASIS  
December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 72,741	\$ 57,504
Deposits	<u>1,222</u>	<u>1,222</u>
Total assets	<u>\$ 73,963</u>	<u>\$ 58,726</u>

LIABILITIES AND NET ASSETS

Net assets - without donor restrictions	<u>\$ 73,963</u>	<u>\$ 58,726</u>
Total liabilities and net assets	<u>\$ 73,963</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  
For the Years Ended December 31, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
Revenues and other support:			
Certification fees	\$ 213,345	\$ -	\$ 213,345
Application fees	6,400	-	6,400
Exam fees	26,100	-	26,100
Other income	4,650	-	4,650
Paycheck protection program	<u>28,340</u>	<u>-</u>	<u>28,340</u>
Total revenues and other support	<u>278,835</u>	<u>-</u>	<u>278,835</u>
Expenses:			
Program services	235,139	-	235,139
Supporting services:			
Management and general	<u>28,459</u>	<u>-</u>	<u>28,459</u>
Total expenses	<u>263,598</u>	<u>-</u>	<u>263,598</u>
Change in net assets	15,237	-	15,237
Net assets, beginning of year	<u>58,726</u>	<u>-</u>	<u>58,726</u>
Net assets, end of year	<u>\$ 73,963</u>	<u>\$ -</u>	<u>\$ 73,963</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, 2021 and 2020

	<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	28,646	-	28,646
	<u>265,031</u>	<u>-</u>	<u>265,031</u>
Expenses:			
Program services	223,910	-	223,910
Supporting services:			
Management and general	31,844	-	31,844
	<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 FUNCTIONAL EXPENSES -  
 MODIFIED CASH BASIS  
 For the Years Ended December 31, 2021 and 2020

	Program Services	Management and General	2021 Totals
	<u>          </u>	<u>          </u>	<u>          </u>
Accounting and legal	\$ -	\$ 6,600	\$ 6,600
Certification stamp	2,110	234	2,344
Credit card fees	5,497	-	5,497
IDEX exam	24,047	-	24,047
Insurance	2,690	299	2,989
Leased equipment	7,845	872	8,717
Marketing and public relations	18,746	-	18,746
Memberships	4,750	-	4,750
Miscellaneous	86	10	96
Office expenses	-	1,662	1,662
Postage	1,699	189	1,888
Rent	11,650	1,295	12,945
Salaries and payroll taxes	150,012	16,668	166,680
Telephone	5,222	580	5,802
Travel and lodging	785	50	835
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 235,139</u>	<u>\$ 28,459</u>	<u>\$ 263,598</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, 2021 and 2020

	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 CASH FLOWS - MODIFIED CASH BASIS  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from applications, renewals and exam fees	\$ 278,835	\$ 265,031
Cash paid to suppliers and employees for compensation	<u>(263,598)</u>	<u>(255,754)</u>
Net cash provided by operating activities	<u>15,237</u>	<u>9,277</u>
Cash flows from financing activities:		
Principal payments on note payable	<u>-</u>	<u>(2,998)</u>
Net increase in cash	15,237	6,279
Cash, beginning of year	<u>57,504</u>	<u>51,225</u>
Cash, end of year	<u><u>\$ 72,741</u></u>	<u><u>\$ 57,504</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	<u>\$ 15,237</u>	<u>\$ 9,277</u>
Net cash provided by operating activities	<u><u>\$ 15,237</u></u>	<u><u>\$ 9,277</u></u>

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

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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

Current law under Section 5800 of the California Business and Professions Code sets out a comprehensive framework for the certification and regulation of interior designers in California, which was set to expire on January 1, 2023. This framework includes a requirement for an interior design organization to report to the Joint Committee on Boards, Commissions, and Consumer Protection on the costs and benefits of the certification examination and potential alternatives, effective September 1, 2008. However, SB 1437, enacted on September 13, 2022, extends the expiration date of these provisions to January 1, 2027.

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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020 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.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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.

Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. Under ASU 2016-02, a lessee will be required to recognize right-to-use assets and liabilities on their statement of financial position for all leases with lease terms of more than twelve months. The amendments in the update are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted. The Organization is currently evaluating the impact the adoption of this ASU will have on its financial statements.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through January 5, 2023, the date that the financial statements were available to be issued.

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 72,741	\$ 57,504
Financial assets available to meet cash need for expenditures within one year:	<u>\$ 72,741</u>	<u>\$ 57,504</u>

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, 2021 and 2020.

NOTE 6: OFFICE FURNITURE AND EQUIPMENT

The historical cost of fully depreciated office furniture and equipment at December 31, 2021 and 2020 is \$14,049. There was no depreciation expense for the years then ended.

NOTE 7: DEPOSITS

At December 31, 2021 and 2020, the Organization had a refundable deposit for the office building lease in the amount of \$1,222.

NOTE 8: 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 in August 2022. For the years ended December 31, 2021 and 2020, total rent and leased equipment expense was \$21,662 and \$20,257, respectively.

Future minimum lease commitments under operating leases are as follows:

Year Ending December 31:

2022	<u>\$ 14,468</u>
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CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

NOTE 9: 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 Coronavirus Aid, Relief and Economic Security Act ("CARES Act."). The note and accrued interest are forgivable after 24 weeks as long as the borrower used 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 income, which included \$28,500 of principal and \$146 of interest on the statements of revenue, expenses and changes in net assets – modified cash basis.

In January 2021, the Organization was granted a loan from Zions Bancorporation, N.A. dba California Bank & Trust in the amount of \$28,340 under the PPP as part of the CARES Act. As of December 31, 2021, the Organization had met the conditions for loan forgiveness in the full amount of \$28,340. For the year ended December 31, 2021, the Organization recognized income of \$28,340 of principal in the statements of revenue, expenses and changes in net assets – modified cash basis.