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November 13, 2023

To the Board of Directors and Management
CCIDC, Inc.
365 W. Second Avenue, Suite 102
Escondido, California 92025

We have audited the financial statements of CCIDC, Inc. ("the Organization") for the year ended December 31, 2022, and have issued our report thereon dated November 13, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and if applicable *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 23, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CCIDC, Inc. are described in Note 3 to the financial statements. As described in Note 3, the Organization changed accounting policies related to leases by adopting Financial Accounting Standards Boards Accounting Standards Codification Topic 842 (FASB ASC 842) as revised by Accounting Standards Update 2016-02 (ASU 2016-02) in the year ended December 31, 2022. The accounting change has been adopted using the optional transition method which allows the Organization to continue to apply historical guidance in the comparative periods presented in the year of adoption. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the Board's basis of accounting in Note 3 to the financial statements describes the fact that the financial statements have been prepared on the modified cash basis of accounting, whereby revenues are recognized when received and expenses are recognized when paid. This is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 13, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

In planning and performing our audit of the financial statements of CCIDC, Inc.as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered CCIDC, Inc.'s system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the previous paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This information is intended solely for the use of the Board of Directors and management of CCIDC, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Propp Christensen Caniglia LLP

Roseville, California

CCIDC, INC.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

CCIDC, INC.
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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, 2022 and 2021, 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, 2022 and 2021, 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 Christensen Caniglia LLP

November 13, 2023
Roseville, California

CCIDC, INC.

STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash	$ 52,736	$ 72,741
Deposits	2,152	1,222
Operating lease right-of-use asset (Note 8)	40,532	-
Total assets	$ 95,420	$ 73,963

LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities:		
Operating lease liability, current portion	$ 8,747	$ -
Long-term liabilities:		
Operating lease liability, less current portion (Note 8)	32,273	-
Total liabilities	41,020	-
Net assets - without donor restrictions	54,400	73,963
Total liabilities and net assets	$ 95,420	$ 73,963

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, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenues and other support:			
Certification fees	$ 199,705	$ -	$ 199,705
Application fees	6,350	-	6,350
Exam fees	31,300	-	31,300
Other income	4,200	-	4,200
Total revenues and other support	241,555	-	241,555
Expenses:			
Program services	226,551	-	226,551
Supporting services:			
Management and general	34,567	-	34,567
Total expenses	261,118	-	261,118
Change in net assets	(19,563)	-	(19,563)
Net assets, beginning of year	73,963	-	73,963
Net assets, end of year	$ 54,400	$ -	$ 54,400

CCIDC, INC.

STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS (CONTINUED)
For the Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
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	28,340	-	28,340
Total revenues and other support	278,835	-	278,835
Expenses:			
Program services	235,139	-	235,139
Supporting services:			
Management and general	28,459	-	28,459
Total expenses	263,598	-	263,598
Change in net assets	15,237	-	15,237
Net assets, beginning of year	58,726	-	58,726
Net assets, end of year	$ 73,963	$ -	$ 73,963

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, 2022 and 2021

	Program Services	Management and General	2022 Totals
Accounting and legal	$ -	$ 6,500	$ 6,500
Board expense	982	63	1,045
CALBO	160	-	160
Certification stamp	2,171	241	2,412
Credit card fees	6,154	-	6,154
IDEX exam	27,705	-	27,705
Insurance	2,783	309	3,092
Leased equipment	6,696	744	7,440
Marketing and public relations	26,005	-	26,005
Memberships	3,679	-	3,679
Miscellaneous	243	27	270
Office expenses	-	10,241	10,241
Postage	2,023	225	2,248
Rent	9,999	1,111	11,110
Salaries and payroll taxes	132,053	14,673	146,726
Telephone	1,190	132	1,322
Travel and lodging	4,708	301	5,009
Total expenses	$ 226,551	$ 34,567	$ 261,118

CCIDC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS (CONTINUED)
For the Years Ended December 31, 2022 and 2021

	Program Services	Management and General	2021 Totals
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
Total expenses	$ 235,139	$ 28,459	$ 263,598

CCIDC, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash received from applications, renewals and exam fees	$ 241,555	$ 278,835
Cash paid to suppliers and employees for compensation	(261,560)	(263,598)
Net cash provided by (used in) operating activities	(20,005)	15,237
Net increase (decrease) in cash	(20,005)	15,237
Cash, beginning of year	72,741	57,504
Cash, end of year	$ 52,736	$ 72,741

	2022	2021
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	$ (19,563)	$ 15,237
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of operating lease right-of-use asset	7,571	-
Change in operating assets and liabilities:		
Increase in deposits	(930)	-
Operating lease liability	(7,083)	-
Net cash provided by (used in) operating activities	$ (20,005)	$ 15,237
Supplemental schedule of non-cash operating activities:		
Operating lease right-of-use asset	$ 48,103	$ -
Operating lease liability	$ 48,103	$ -

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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.

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, 2022 and 2021, 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, 2022 and 2021, 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.

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.

Leases
Effective January 1, 2022, the Organization adopted the provisions of FASB ASC 842 as revised by Accounting Standards Update (ASU) 2016-02, *Leases*. The Organization utilized the optional transition method which allows the Organization to continue applying historical guidance in the comparative periods presented in the year of adoption. Accordingly, the Organization's financial statements for the year ended December 31, 2021, are not adjusted for this change in accounting policy.

The Organization elected to apply the following practical expedients permitting the Organization not to reassess: (i) whether any expired or existing contracts are or contain a lease; (ii) lease classification for any expired or existing leases and (iii) whether initial direct costs for any expired or existing leases qualify for capitalization under the amended guidance.

The impact of adopting the amended guidance primarily relates to the recognition of lease assets and lease liabilities on the balance sheet for all leases previously classified as operating leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The accounting treatment for financing leases, which were formerly referred to as capital leases, remains substantially unchanged. Management evaluated the Organization's operations and noted one lease transaction requiring implementation. See Note 8 for additional disclosures on this matter.

Subsequent Events
Events and transactions have been evaluated for potential recognition or disclosure through November 13, 2023, 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:

	2022	2021
Cash	$ 52,736	72,741
Financial assets available to meet cash need for expenditures within one year:	$ 52,736	$ 72,741

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, 2022 and 2021.

NOTE 6: OFFICE FURNITURE AND EQUIPMENT

The historical cost of fully depreciated office furniture and equipment at December 31, 2022 and 2021, is $14,049. There was no depreciation expense for the years then ended.

NOTE 7: DEPOSITS

At December 31, 2022 and 2021, the Organization had a refundable deposit for the office building lease in the amount of $2,152 and $1,222, respectively.

NOTE 8: OPERATING LEASES

On October 2017, CCIDC entered into a lease agreement to lease its office facilities under a five-year operating lease agreement, which expired on September 2022. In addition, CCIDC leased a printer and software under a five-year operating lease agreement, which expired in August 2022.

On March 1, 2022, CCIDC entered into an operating lease agreement, for the term of 61 months, which includes a 6% rent increase at varying dates throughout the lease. The current monthly payment amount is $781. Operating lease expense for the years ended December 31, 2022 and 2021, was $15,645 and $21,662, respectively.

NOTE 8: OPERATING LEASES (CONTINUED)

At December 31, 2022, operating lease right-of-use asset were $40,532 and operating lease liabilities were $41,020. Cash payment made on operating lease obligation totaled $7,810 for the year ended December 31, 2022. The weighted average remaining lease term was 4.25 years. AICCU has chosen to apply a risk-free rate of approximately 1.94% to calculate the operating lease liability.

Future minimum lease payments and a reconciliation of undiscounted cash flows under operating lease obligation is as follows:

Year Ended December 31:	
2023	$ 9,466
2024	9,936
2025	10,236
2026	10,536
2027	2,634
Total undiscounted cash flows	42,808
Less: discount on lease liabilities	(1,788)
Total operating lease liabilities	41,020
Less: current portion of operating lease	(8,747)
Operating lease liabilities, less current portion	$ 32,273

NOTE 9: PAYCHECK PROTECTION PROGRAM

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 Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security (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.