

CCIDC, INC.
FINANCIAL STATEMENTS
December 31, 2024 and 2023

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, 2024 and 2023, and the related statements of revenues, 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, 2024 and 2023, 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.

9261 Sierra College Boulevard
Roseville, California 95661

916.751.2900
916.751.2979 FAX
pccllp.com

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.

Drost, Britton & Sonnleitner LLP

October 1, 2025
Roseville, California

CCIDC, INC.

STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
December 31, 2024 and 2023

	ASSETS	
	2024	2023
Current assets:		
Cash	\$ 30,259	\$ 77,971
Deposits	2,152	2,152
Operating lease right-of-use asset (Note 8)	<u>21,878</u>	<u>31,293</u>
Total assets	<u>\$ 54,289</u>	<u>\$ 111,416</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Operating lease liability, current portion	\$ 9,878	\$ 9,393
Long-term liabilities:		
Operating lease liability, less current portion (Note 8)	<u>13,001</u>	<u>22,880</u>
Total liabilities	<u>22,879</u>	<u>32,273</u>
Net assets - without donor restrictions	<u>31,410</u>	<u>79,143</u>
Total liabilities and net assets	<u>\$ 54,289</u>	<u>\$ 111,416</u>

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

CCIDC, INC.

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the Years Ended December 31, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Revenues and other support:			
Certification fees	\$ 183,000	\$ -	\$ 183,000
Application fees	8,550	-	8,550
Exam fees	38,950	-	38,950
Other income	1,900	-	1,900
Total revenues and other support	232,400	-	232,400
Expenses:			
Program services	251,585	-	251,585
Supporting services:			
Management and general	28,548	-	28,548
Total expenses	280,133	-	280,133
Change in net assets	(47,733)	-	(47,733)
Net assets, beginning of year	<u>79,143</u>	<u>-</u>	<u>79,143</u>
Net assets, end of year	\$ 31,410	\$ -	\$ 31,410

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, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenues and other support:			
Certification fees	\$ 209,685	\$ -	\$ 209,685
Application fees	4,100	-	4,100
Exam fees	21,400	-	21,400
Other income	5,250	-	5,250
Total revenues and other support	<u>240,435</u>	<u>-</u>	<u>240,435</u>
Expenses:			
Program services	189,237	-	189,237
Supporting services:			
Management and general	<u>26,455</u>	<u>-</u>	<u>26,455</u>
Total expenses	<u>215,692</u>	<u>-</u>	<u>215,692</u>
Change in net assets	24,743	-	24,743
Net assets, beginning of year	<u>54,400</u>	<u>-</u>	<u>54,400</u>
Net assets, end of year	<u>\$ 79,143</u>	<u>\$ -</u>	<u>\$ 79,143</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, 2024 and 2023

	Program Services	Management and General	2024 Totals
Accounting and legal	\$ -	\$ 3,850	\$ 3,850
Board expense	38	2	40
CALBO	201	-	201
Certification stamp	1,735	193	1,928
Credit card fees	6,540	-	6,540
IDEK exam	35,702	-	35,702
Insurance	3,142	349	3,491
Marketing and public relations	19,259	-	19,259
Memberships	10,735	-	10,735
Office expenses	-	5,172	5,172
Postage	2,737	304	3,041
Rent	10,834	1,204	12,038
Salaries and payroll taxes	150,241	16,694	166,935
Telephone	2,416	269	2,685
Travel and lodging	8,005	511	8,516
 Total expenses	 \$ 251,585	 \$ 28,548	 \$ 280,133

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, 2024 and 2023

	Program Services	Management and General	2023 Totals
Accounting and legal	\$ -	\$ 7,000	\$ 7,000
Board expense	571	36	607
CALBO	335	-	335
Certification stamp	2,830	315	3,145
Credit card fees	5,826	-	5,826
IDEK exam	15,522	-	15,522
Insurance	2,866	318	3,184
Marketing and public relations	16,281	-	16,281
Memberships	5,087	-	5,087
Office expenses	15	3,583	3,598
Postage	2,380	265	2,645
Rent	11,198	1,244	12,442
Salaries and payroll taxes	117,946	13,105	131,051
Telephone	1,141	127	1,268
Travel and lodging	7,239	462	7,701
 Total expenses	 <u>\$ 189,237</u>	 <u>\$ 26,455</u>	 <u>\$ 215,692</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from applications, renewals and exam fees	\$ 232,400	\$ 240,435
Cash paid to suppliers and employees for compensation	<u>(280,112)</u>	<u>(215,200)</u>
Net cash provided by (used in) operating activities	<u>(47,712)</u>	<u>25,235</u>
Net increase (decrease) in cash	(47,712)	25,235
Cash, beginning of year	<u>77,971</u>	<u>52,736</u>
Cash, end of year	<u>\$ 30,259</u>	<u>\$ 77,971</u>

Reconciliation of change in net assets to
net cash provided by (used in) operating activities:

Change in net assets	\$ (47,733)	\$ 24,743
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of operating lease right-of-use asset	9,415	9,239
Change in operating assets and liabilities:		
Operating lease liability	<u>(9,394)</u>	<u>(8,747)</u>
Net cash provided by (used in) operating activities	<u>\$ (47,712)</u>	<u>\$ 25,235</u>

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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 expired 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.

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023

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

The Organization presents its leases in accordance with the provisions of FASB ASC 842, *Leases*. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, have not been recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified, with no effect to change in net assets, to conform to the 2024 financial statement presentation.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through October 1, 2025, 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.

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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

	2024	2023
Cash	<u>\$ 30,259</u>	<u>\$ 77,971</u>
Financial assets available to meet cash need for expenditures within one year:	<u>\$ 30,259</u>	<u>\$ 77,971</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, 2024 and 2023.

NOTE 6: OFFICE FURNITURE AND EQUIPMENT

The historical cost of fully depreciated office furniture and equipment at December 31, 2024 and 2023, is \$14,049. There was no depreciation expense for the years then ended.

NOTE 7: DEPOSITS

At December 31, 2024 and 2023, the Organization had a refundable deposit for the office building lease in the amount of \$2,152.

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 monthly payment amount for the years ended December 31, 2024 and 2023, ranged from \$781 to \$828. Operating lease expense for the years ended December 31, 2024 and 2023, was \$9,502 and \$9,971, respectively.

At December 31, 2024 and 2023, the operating lease right-of-use asset was \$21,878 and \$31,293, respectively. At December 31, 2024 and 2023, the operating lease liability was \$22,879 and \$32,273, respectively. Cash payments made on operating lease liability totaled \$9,936 and \$9,466 for the years ended December 31, 2024 and 2023, respectively. The weighted average discount rate used to determine the operating lease liability was 1.94%. The weighted average remaining lease term of the long term operating lease liability is approximately 2 and 3 years for the years ended December 31, 2024 and 2023, respectively.

CCIDC, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8: OPERATING LEASES (CONTINUED)

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

Year Ended December 31:

2025	\$ 10,236
2026	10,536
2027	<u>2,634</u>
Total undiscounted cash flows	23,406
Less: discount on lease liabilities	<u>(527)</u>
Total operating lease liabilities	22,879
Less: current portion of operating lease	<u>(9,878)</u>
Operating lease liabilities, less current portion	<u>\$ 13,001</u>