



Setting the Standards for  
Home Energy Efficiency



## Results of RESNET Board Electronic Ballot on Accepting the Delivery of the 2015 RESNET Financial Compilation

March 23, 2016

***Shall the RESNET Board of Directors accept the delivery of the 2015 RESNET Financial Compilation prepared by RESNET Comptroller Faye Berriman (Attachment A)?***

Yes (19)  
Not Voting (1)

No (0)

Abstain (0)

Ben Adams  
Brett Dillon  
Jacob Atalla  
David Beam  
Dave Bell  
Steve Byers  
Philip Fairey  
Matt Gingrich  
David Goldstein  
Andy Gordon  
Roy Honican  
Cardice Howard  
Mark Jansen  
Frank O'Brien-Bernini  
Lee O'Neal  
Jim Petersen  
Nancy St. Hilaire  
Kelly Stephens  
Daran Wastchak  
Barb Yankie

The RESNET Board of Directors accepted the delivery of the 2015 RESNET Financial Compilation.

## **Attachment A**

**RESIDENTIAL ENERGY SERVICES NETWORK, INC. FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**RESIDENTIAL ENERGY SERVICES NETWORK, INC. FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**Faye Berriman**  
**Accounting Services**

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MEMBER • California Society of Certified Public Accountants  
QuickBooks ProAdvisor

**Board of Directors**  
**Residential Energy Services Network, Inc.**

***I have compiled the accompanying statements of financial position of Residential Energy Services Network, Inc. (RESNET®) (a California nonprofit corporation) as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.***

***A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.***

***Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.***

***My responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.***

***The accompanying 2014 financial statements of RESNET®, dated February 9, 2015, were previously compiled by me in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.***

***I am not independent with respect to RESNET®.***

**Faye K. Berriman**



**February 12, 2016**

**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**STATEMENT OF FINANCIAL  
POSITION DECEMBER 31, 2015  
WITH COMPARATIVE  
INFORMATION AT DECEMBER  
31, 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 92,997	\$ 688,157
Accounts receivable	263,670	81,455
Prepaid expenses	13,703	27,393
Property and equipment (Note 3)	6,035	3,888
Trademark (Note 4)	7,407	4,928
Investments (Note 5)	<u>613,209</u>	<u>377,215</u>
<b>Total assets</b>	<b><u>\$ 997,021</u></b>	<b><u>\$ 1,183,036</u></b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 20,833	\$ 45,055
Deferred revenue	120,600	33,441
Refundable deposits	<u>-</u>	<u>6,500</u>
<b>Total liabilities</b>	<b><u>141,433</u></b>	<b><u>84,996</u></b>
<b>Net assets</b>		
Unrestricted net assets	288,156	785,966
Board designated net assets (Note 6)	300,082	144,874
Temporarily restricted net assets (Note 7)	<u>267,350</u>	<u>167,200</u>
<b>Total net assets</b>	<b><u>855,588</u></b>	<b><u>1,098,040</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 997,021</u></b>	<b><u>\$ 1,183,036</u></b>

**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER  
31, 2015 WITH COMPARATIVE  
INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2015</b>			<b>2014</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>Revenues and support</b>				
<b><i>Program revenues</i></b>				
Conference	\$ 355,867	\$ 267,350	\$ 623,217	\$ 595,450
Consulting and grants	24,100	-	24,100	31,500
Education	139,582	-	139,582	287,996
Membership	644,955	-	644,955	603,429
RESNET Suppliers Advisory Board	180,000	-	180,000	20,000
Net assets released from restrictions				
Satisfaction of program restriction	<u>167,200</u>	<u>(167,200)</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>1,511,704</u>	<u>100,150</u>	<u>1,611,854</u>	<u>1,538,375</u>
<b><i>Support</i></b>				
Interest and dividends	21,116	-	21,116	78,199
Realized/unrealized gains (losses)	<u>(13,660)</u>	<u>-</u>	<u>(13,660)</u>	<u>(41,287)</u>
Total support	<u>7,456</u>	<u>-</u>	<u>7,456</u>	<u>36,912</u>
<b>Total revenues and support</b>	<u>1,519,160</u>	<u>100,150</u>	<u>1,619,310</u>	<u>1,575,287</u>
<b>Expenses</b>				
<b><i>Program services</i></b>				
Conference	350,369	-	350,369	331,929
Education	91,483	-	91,483	110,165
Membership	<u>933,132</u>	<u>-</u>	<u>933,132</u>	<u>792,973</u>
<b>Total program services</b>	<u>1,374,984</u>	<u>-</u>	<u>1,374,984</u>	<u>1,235,067</u>
<b><i>Support services</i></b>				
Management and general	175,305	-	175,305	144,939
Fundraising	<u>16,681</u>	<u>-</u>	<u>16,681</u>	<u>16,222</u>
Total support services	<u>191,986</u>	<u>-</u>	<u>191,986</u>	<u>161,161</u>
<b>Total expenses</b>	<u>1,566,970</u>	<u>-</u>	<u>1,566,970</u>	<u>1,396,228</u>
<b>Change in net assets before Board designated expenses</b>	(47,810)	100,150	52,340	179,059
Board designated expenses	<u>294,792</u>	<u>-</u>	<u>294,792</u>	<u>316,134</u>
<b>Change in net assets</b>	(342,602)	100,150	(242,452)	(137,075)
<b>See accompanying notes and</b>				<b>Page 3 of</b>

<b>Net assets, beginning of year</b>	<u>930,840</u>	<u>167,200</u>	<u>1,098,040</u>	<u>1,235,115</u>
<b>Net assets, end of year</b>	<u><b>\$ 588,238</b></u>	<u><b>\$ 267,350</b></u>	<u><b>\$ 855,588</b></u>	<u><b>\$ 1,098,040</b></u>

**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES FOR THE  
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE INFORMATION FOR THE  
YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>				<u>2014</u>
	<b>Annual RESNET®</b>				<b>Total</b>
	<b><u>Conference</u></b>	<b><u>Education</u></b>	<b><u>Membership</u></b>	<b><u>Total</u></b>	
Salaries	\$ 48,724	\$ 70,000	\$ 197,212	\$ 315,936	\$ 318,405
Employee benefits	1,481	3,395	125,064	129,940	79,907
Payroll taxes	<u>3,752</u>	<u>5,355</u>	<u>11,384</u>	<u>20,491</u>	<u>20,601</u>
Total salaries and benefits	53,957	78,750	333,660	466,367	418,913
Amortization	-	-	29	29	-
Bank service charges	18,638	8,403	8,794	35,835	41,509
Computer and software	766	533	2,029	3,328	212
Conference	271,478	-	-	271,478	254,166
Copying and printing	119	-	-	119	58
Depreciation	411	171	342	924	939
Dues and subscriptions	-	-	13,114	13,114	6,330
Insurance	1,305	1,260	5,939	8,504	5,868
Internet service	375	-	2,169	2,544	3,427
Legal services	-	-	8,405	8,405	878
Meetings	-	-	14,622	14,622	18,523
Payroll service fees	249	359	4,061	4,669	1,110
Postage and delivery	31	-	177	208	26
Professional services	-	-	443,061	443,061	387,743
RESNET/EPA Scholarships	-	1,200	4,038	5,238	5,995
Storage	-	-	297	297	-
Supplies	-	-	1,151	1,151	1,561
Telephone	429	807	5,431	6,667	6,722
Travel	<u>2,611</u>	<u>-</u>	<u>85,813</u>	<u>88,424</u>	<u>81,087</u>
<b>2015 Total</b>	<b><u>\$ 350,369</u></b>	<b><u>\$ 91,483</u></b>	<b><u>\$ 933,132</u></b>	<b><u>\$ 1,374,984</u></b>	
<b>2014 Total</b>	<b><u>\$ 331,929</u></b>	<b><u>110,165</u></b>	<b><u>\$ 792,973</u></b>		<b><u>\$ 1,235,067</u></b>



**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - SUPPORT SERVICES FOR THE YEAR ENDED  
DECEMBER 31, 2015 WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED  
DECEMBER 31, 2014**

	<u>2015</u>		<u>2014</u>	
	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 126,304	\$ 14,167	\$ 140,471	\$ 109,662
Employee benefits	9,929	666	10,595	7,200
Payroll taxes	<u>9,860</u>	<u>1,454</u>	<u>11,314</u>	<u>9,127</u>
Total salaries and benefits	146,093	16,287	162,380	125,989
Amortization	231	-	231	172
Bank service charges	47	39	86	387
Computer and software	834	-	834	1,065
Copying and printing	89	-	89	241
Depreciation	501	34	535	1,114
Dues and subscriptions	88	-	88	607
Insurance	4,700	56	4,756	4,542
Internet service	1,000	45	1,045	1,174
Legal services	517	-	517	16,377
Licenses and permits	160	-	160	381
Meetings	10,007	-	10,007	1,873
Payroll service fees	1,071	130	1,201	342
Postage and delivery	188	-	188	203
Professional services	2,000	-	2,000	-
Public relations	-	-	-	-
Storage	956	-	956	240
Supplies	775	-	775	1,110
Telephone	542	90	632	1,349
Travel	<u>5,506</u>	<u>-</u>	<u>5,506</u>	<u>3,995</u>
Total expenses before Board designated capital budget expenditures	175,305	16,681	191,986	161,161
Board designated capital budget expenditures (Note 6)	<u>294,792</u>	<u>-</u>	<u>294,792</u>	<u>316,134</u>
<b>2015 Total</b>	<b>\$ 470,097</b>	<b>\$ 16,681</b>	<b>\$ 486,778</b>	
<b>2014 Total</b>	<b>\$ 461,073</b>	<b>\$ 16,222</b>		<b><u>\$ 477,295</u></b>

**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER  
31, 2015 WITH COMPARATIVE  
INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
<b><i>Change in net assets</i></b>	<b><i>\$(242,452)</i></b>	<b><i>\$(137,075)</i></b>
<b><i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i></b>		
Depreciation	1,459	2,053
Amortization	260	172
(Increase) decrease in		
Accounts receivable	(182,215)	38,720
Prepaid expenses	13,690	(3,414)
(Gains) losses on investments	13,660	41,287
Increase (decrease) in		
Accounts payable	(24,222)	1,756
Deferred revenue	87,159	(5,380)
Refundable deposits	<u>(6,500)</u>	<u>3,450</u>
Total adjustments	<u>(96,709)</u>	<u>78,644</u>
Net cash (used in) provided by operating activities	<u>(339,161)</u>	<u>(58,431)</u>
<b>Cash flows from investing activities</b>		
Acquisitions of property and equipment	(3,606)	-
Acquisitions of trademarks	(2,739)	
Purchases of investments	(400,000)	(36,952)
Proceeds from redemptions of certificates of deposit	<u>150,346</u>	<u>430,453</u>
Net cash used in investing activities	<u>(255,999)</u>	<u>393,501</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(595,160)</u>	<u>335,070</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>688,157</u>	<u>353,087</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 92,997</u>	<u>\$ 688,157</u>

**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**NOTES TO FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2015  
WITH COMPARATIVE FINANCIAL  
INFORMATION FOR THE YEAR ENDED  
DECEMBER 31, 2014**

**1. Organization**

***Residential Energy Services Network, Inc. (RESNET®) is a California nonprofit corporation, established in 1987 and originally organized under the general nonprofit organization laws of the State of Arkansas. In 2011, RESNET® converted to a California nonprofit corporation.***

***RESNET® encourages awareness of the efficient use of energy in residential buildings throughout the United States of America through education of the public, the housing industry, utilities industry, and related organizations to serve the public interest. RESNET® informs members of the latest advancements, improvements, uses, and benefits of energy ratings and residential energy efficiency financing; promotes improved cooperation, coordination and understanding between those engaged in the home energy rating industry; works with the lending industry in developing and promoting new residential energy efficiency financing products; and provides an open forum for the exchange of ideas and experiences on home energy ratings and residential energy efficiency financing for the entire home energy rating industry.***

***RESNET® also supports national standards for the home energy rating industry in partnership with governmental agencies, the mortgage industry, certified energy raters, accredited energy providers, and accredited rater training providers. RESNET® assists its members in soliciting and obtaining funding to support and grow their businesses and serves as a voice of the home energy rating industry to decision-makers on policies that affect the industry.***

***RESNET® sponsors a three-day annual conference, which provides a national forum on residential energy efficiency financing and home energy ratings; web posting of the proceedings of its conferences and current issues through its information network; rater training services for lenders and real estate professionals; an accreditation program developed by RESNET® and recognized by the Environmental Protection Agency based upon the Mortgage Industry National Home Energy Rating Accreditation Standard; and special projects on issues relating to the goals of the organization. RESNET® hosts a website at <http://www.resnet.us>.***

***RESNET® currently operates the following programs:***

## Annual RESNET® Building Performance Conference

*The annual RESNET® Building Performance Conference is the premier forum on home energy ratings, commercial building energy modeling, improving the energy efficiency of existing homes, residential energy efficiency financing, and building performance business development. The sessions offered at the RESNET® Conference focus on technical and business development issues for residential energy efficiency professionals, lenders, government agencies, and consumers. Market-driven residential energy efficiency initiatives are also presented. Attendees appreciate the content and timeliness of the Sessions, networking opportunities, and the expertise of the presenters.*

*The 2015 annual RESNET® Building Performance Conference, “Power of Performance,” was held February 16-18 in San Diego, California, and had approximately 800 persons attend. Attendees included Home Energy Raters, Rating Providers, homebuilders, contractors, and building performance professionals from across the nation and world. Conference Sessions included HERS Index in Code Compliance – Compliance Flexibility for Builders and Business Opportunities for Raters, RESNET’s New Quality Assurance Oversight Procedures, A New Frontier and Opportunity – Development of RESNET Water Efficiency Rating System, Cost Effective Ways to Lower HERS Index Score, Building Science, Business Development and Marketing, Home Energy Ratings, Real Estate, Finance and Programs, ENERGY STAR and Zero Energy Ready Homes.*

*There were over 150 presenters from the industry, including the U.S. Department of Energy, the Environmental Protection Agency, the Energy Star for Homes Team, EPA WaterSense, ACCA, Conservation Services Group, CLEAResult, Florida Solar Energy Center, Owens Corning, the Green Builder Coalition, Habitat for Humanity International, ICF International, National Resources Defense Council, NREL, and Southface Energy Institute. Speakers addressed topics regarding the United States’ and international energy challenges and achievements, appraisals, multi-family units, HERS compliance, building performance, changes in the rating industry and its implications, international cooperative efforts, and energy efficiency.*

### Education

*RESNET® receives a portion of its total public support from grants that provide for education relating to residential energy efficiency and to train and test energy raters to foster high performance, energy efficient homes, home energy ratings, and energy efficient mortgages.*

### Membership

*There are seven categories of RESNET® membership:*

**Providers, HERS Rating Companies, National Energy Smart Builders, State Energy Smart Builders, Contractors, Suppliers/Manufacturers, Associate Members**

**The membership for rating providers, software providers, and rater training providers includes accreditation. This accreditation is recognized by the mortgage industry, energy code officials, utilities, the U.S. Department of Energy, the U.S. Department of Housing and Urban Development, and the Environmental Protection Agency for the verification of a home's energy efficiency.**

**Other membership services include weekly e-mail information updates to over 7,000 subscribers, representation on national policy issues affecting the industry, discounts at the annual RESNET® Building Performance Conferences, and the RESNET® web site, which, during 2015, recorded over 2 million visits. RESNET®'s programs and web site have been covered by the Wall Street Journal, NBC News, Consumer Reports, Worth Magazine, REALTOR Magazine, Builder Magazine, Better Homes and Gardens, Home Energy, and Real Estate Finance Today.**

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014**

1. Summary of significant accounting policies

*The accounting policies which affect significant elements of RESNET®'s financial statements are described below to enhance the usefulness of the financial statements to the reader. The following policies should be read in conjunction with the accompanying notes to the financial statements.*

**Basis of accounting**

*The financial statements of RESNET® have been prepared on the accrual basis of accounting in accordance with United States of America generally accepted accounting principles, and, accordingly, reflect all significant receivables, payables, and other liabilities.*

**Basis of presentation**

*Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, RESNET® is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at December 31, 2015 or 2014.*

*The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2014, dated February 9, 2015, from which the summarized information was derived.*

*Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.*

**Use of estimates**

*The preparation of financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of*

**revenues and expenses during the reported period. Such estimates may be materially different from actual financial results.**

#### **Fair value of financial instruments**

**RESNET® has financial instruments whereby the fair market value of the financial instruments could be different than that recorded on a historical basis on the accompanying statements of financial position. The financial instruments consist of cash and cash equivalents, long-term certificates of deposit, an annuity, accounts receivable, and accounts payable. The carrying amounts of RESNET®'s financial instruments generally approximate their fair values at December 31, 2015 and 2014.**

#### **Cash and cash equivalents**

**Cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less. Cash equivalents are stated at cost because that approximates market value.**

#### **Accounts receivable**

**Accounts receivable consist of rater and trainer provider certification, which is recorded when invoiced and are due in less than one year. Management believes that no material adjustment will be made to this account and no allowance for doubtful account is considered necessary. Balances that are still outstanding after management has used reasonable collection efforts will be charged to operations when that determination is made.**

#### **Property and equipment**

**Acquisitions of property and equipment are carried at cost. Acquisitions in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line basis over the asset's useful life. Property at year end consisted primarily of computer equipment, which is depreciated over five years.**

#### **Investments**

**Investments are recorded at fair value based on quoted prices in an active market. In addition to gains and losses on investment sales transactions, investment income includes dividends and interest and is recognized as revenue in the period in which it is earned. Changes in fair value of investments are recorded as unrealized gains (losses). Investment income amounts are reported as an increase in unrestricted net assets unless otherwise restricted by the donor. Contributions of securities from donors are recorded at fair value at the time the gift is made.**

**Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the fair market value of**

*investments will occur in the near term and that such changes could materially affect the financial statements. Principal on RESNET's investments at December 31, 2015 and 2014 was insured by the investment firm, SIPC, or FDIC for certificates of deposit.*

#### **Deferred revenue**

*Deferred revenues include advance payment of memberships. Memberships are recorded as revenues in the applicable membership period.*

#### **Refundable deposits**

*Refundable deposits are for registrations for the annual RESNET® Building Performance Conference.*

#### **Contributions**

*Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.*

#### **Functional allocation of expenses**

*Costs of providing RESNET®'s programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.*

#### **Income taxes**

*RESNET® was originally organized as an Arkansas nonprofit organization and converted its nonprofit corporation to California in 2011. RESNET® is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a public charity under IRC Sections 509(a)(1) and 170(b)(1)(A)(vi). This allows for donations to the organization to be deductible as charitable contributions on the donor's income tax return. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. As of December 31, 2015 and 2014, RESNET® had no net unrelated business taxable income.*



**Subsequent events**

***In preparing these financial statements, RESNET's management has evaluated subsequent events and transactions for potential recognition and disclosure through February 12, 2015, the date at which the financial statements were available to be issued.***

**RESIDENTIAL ENERGY SERVICES NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED  
DECEMBER 31, 2014**

**3. Property and equipment**

At December 31, Property and equipment consisted of the following:

	2015	2014
Computer equipment	\$ 17,299	\$ 13,693
Accumulated depreciation	(11,264)	(9,805)
Less: Accumulated depreciation	\$ 6,035	\$ 3,888

**Depreciation expense for the years ended December 31, 2015 and 2014 was \$1,459 and \$2,053, respectively.**

**4. Trademark**

**RESNET® acquired a trademark to protect its name and the acronym RESNET®. Amortization expense is being recorded over 40 years using the straight-line method. During 2015, RESNET acquired an additional trademark for the WER Index, which is being amortized over 15 years. Amortization expense for the years ended December 31, 2015 and 2014 was \$260 and \$172, respectively.**

	2015	2014
<b>Trademark</b>	<b>\$ 9,074</b>	<b>\$ 6,335</b>
<b>Accumulated amortization</b>	<b>(1,667)</b>	<b>(1,407)</b>
<b>Less: Accumulated amortization</b>	<b>\$ 7,407</b>	<b>\$ 4,928</b>

**5. Investments**

**RESNET® maintains its investments with investment institutions in California. There were no uninsured investment securities at December 31, 2015 or 2014. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment. The fair value and observable quoted prices in active markets for identical assets (Level 1) were as follows at December 31:**

	<u>2015</u>	<u>2014</u>
Certificates of deposit maturing in less than one year	\$ -	\$ 168,760
Certificates of deposit maturing in two to five years	258,555	155,955
Annuities maturing in six to nine years	<u>354,654</u>	<u>52,500</u>
<b>Total</b>	<b><u>\$ 613,209</u></b>	<b><u>\$ 377,215</u></b>

6. Board designated capital expenditures

*For fiscal years 2013, 2014, and 2015, the RESNET Board of Directors voted to commit reserves from unrestricted assets to their capital budget for development of a simulation-based RESNET practical test, public relations, rater test revisions, registry and server updates and revisions, IECC advocacy, consumer awareness, and HERS infrastructure. As of December 31, 2015, \$300,083 remains available for these Board designated purposes:*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
<b>Board designated commitment</b>	<b>\$382,000</b>	<b>\$334,425</b>	<b>\$437,500</b>	<b>\$1,153,925</b>
<b>Board designated expenditures</b>	<b><u>(355,787)</u></b>	<b><u>(293,089)</u></b>	<b><u>(204,966)</u></b>	<b><u>(853,842)</u></b>
<b>Balance</b>	<b><u>\$ 26,213</u></b>	<b><u>\$ 41,336</u></b>	<b><u>\$ 232,534</u></b>	<b><u>\$ 300,083</u></b>

7. Temporarily restricted net assets

*Temporarily restricted assets were available for the following purposes:*

	Balance December 31, 2014	Additions	Releases from Restrictions	Balance December 31, 2015
<b>2015 RESNET® conference</b>	<b>\$167,200</b>	<b>\$-</b>	<b>\$(167,200)</b>	<b>\$ -</b>
<b>2016 RESNET® conference</b>	<b>-</b>	<b><u>267,350</u></b>	<b>-</b>	<b><u>- 267,350</u></b>
<b>Total</b>	<b><u>\$ 167,200</u></b>	<b><u>\$ 267,350</u></b>	<b><u>\$ (167,200)</u></b>	<b><u>\$ 267,350</u></b>

8. Retirement plan

*RESNET® has a voluntary defined contribution plan covering substantially all of its employees who work at least half-time with more than one year of service. RESNET® matches the employee contribution from 2% up to a maximum of 5% of their annual compensation. Employer contributions under this plan for the years ended December 31, 2015 and 2014 were \$15,714 and \$14,293, respectively.*