

Minutes RESNET Board of Directors Annual Meeting

February 15, 2009
New Orleans Astor Crowne Plaza Hotel
Iberville Room
9:00 a.m. – 5:00 p.m.

Members Attending

Ben Adams
Steve Byers
Dennis Creech
Richard Faesy
Philip Fairey
David Goldstein
Andy Gordon
Tom Hamilton
Bruce Harley
Michael Holtz
Mark Jansen
C.T. Loyd
Lee O'Neal
Greg Nahn
Kelly Parker
Bill Prindle
Robert Scott
Daran Wastchak
Erin Wiggins
Barb Yankie

Members Absent

David Wilson

Staff Attending

Steve Baden
Claudia Ahrens
Kathy Spigarelli

Guests

Bruce Gough – CRESNET
Cliff Majersik - Institute for Market Transformation
Ed Pollock – U.S. Department of Energy
Steve Saunders – TexEnergy Solutions
Bill Spohn – Tru Tech Tools.com
George Sullivan - Eco Smart Building PC
Don Trask – Green Building Appraiser
Ed Voytovich – BPCA/NYS
Eric Werling – EPA

Call to Order

President Philip Fairey called the meeting to order at 9 a.m. and the roll was taken. There was a quorum for the meeting.

Approval of Agenda

Daran Wastchak made a motion to approve the agenda. Mark Jansen seconded the motion. The motion passed.

Approval of September 26, 2008 Board Minutes

Bruce Harley mentioned that a few, non substantive editorial changes needed to be made. Kelly Parker made a motion to approve the amended meeting minutes. Ben Adams seconded the motion. Dennis Creech abstained due to his absence at the meeting.

President's Report

RESNET President Philip Fairey spoke about how RESNET has placed itself in a position to face the current national energy challenges including the large amount of money that may flood into the market place. He commented that RESNET committees and the RESNET Board will have to work harder than in the past.

He reminded the Board that at the mid-year meeting the Board set priorities that are broad and very pertinent and that we must maintain focus on these.

Mr. Fairey reminded the Board to continue to advocate to Congress that they did the right thing in passing performance based incentives and to encourage them to continue these efforts. He said that it is critical that RESNET move into the commercial market and commended David Goldstein's work in this and other areas with his work in Washington. He closed with commending RESNET's work on many international fronts including establishing ongoing dialogs with the European Union and the International Energy Agency.

Executive Director's Report

Steve Baden began his report by talking about the high standard of quality assurance that now exists in our industry in comparison to other nations.

Mr. Baden went on to highlight RESNET's accomplishments during 2008 including:

- Adoption of RESNET National Energy Audit Standard (Already adopted by the States of Arkansas and Missouri)
- Development of Draft Joint RESNET/BPI Comprehensive Energy Audit Standard
- Extension of New Homes Tax Credit
- Adoption of RESNET Policy Initiatives for Obama Administration and the New Congress
- Revision of RESNET National Rater Test
- DOE Adopt HERS Index for National Builder Challenge
- 2030 Challenge Adopting HERS Index
- Development of RESNET Green Rater Designation
- NAHB Recognize RESNET Green Rater Designation in Its Green Building Program
- Enhanced RESNET Financial Stability (\$123,158 in Checking Account and \$495,647 in Insured Reserves)

Mr. Baden discussed the current economic uncertainty and downturn of the housing market, which presents an opportunity for energy efficiency policy initiatives including:

- More raters taking rater training
- Infusion of new Rating and Training Providers
- Attendance at 2009 RESNET Conference
- Obama focus on building performance

Steve announced that in Spring of 2009 he would be announcing a new staffing plan for the organization. The plan would meet the projected new staff demand for the organization but would be scalable and flexible to meet whatever situation arises. It would also conform to the current budget realities of the organization.

RESNET has positioned itself for opportunities in 2009 by:

- Priorities adopted in September positions organization to take advantage of emerging opportunities
- RESNET has financial resources to achieve priorities
- Will expand staff resources to meet increased work load

Mr. Baden reminded the board that action will be needed on the stimulus package:

- Billions of dollars are slated to go to states for building energy efficiency in form of block grants.
- Action should be focused on advocacy at the state house level on ensuring most effective use of funds using existing infrastructure.

He encouraged board members to get involved in their state energy office or state department that is the recipient of the stimulus funding. They could have a huge opportunity to influence how these dollars will be spent.

Report on 2009 RESNET Building Performance Conference

Executive Director Steve Baden reported that although staff had prepared for a reduction of 25% over last year's attendance of 550, this year's attendance is over 750. He attributed this at least in part to an increase in pre-conference training opportunities.

Nomination & Election of 2009 Board Officers

The chairman of the RESNET Board Officers Nominations Committee, Michael Holtz reported that all current RESNET Board officers have agreed to stand for another term and that the Nominations Committee recommended that the current officers remain in their positions (Philip Fairey, president; David Goldstein, vice president; Bruce Harley, secretary; Lee O'Neal, treasurer).

Steve Byers made a motion that all current officers remain in their current positions. Mark Jansen seconded the motion. The motion passed with all current officers abstaining.

Washington Policy Update

Steve Baden reported that stakeholders from the contracting, rating and software industry as well as environmental and energy efficiency groups met in Washington last week in order to discuss a comprehensive federal retrofit incentive program.

Decision on Forming a Standards Development Organization (SDO) with BPI

Philip Fairey presented an overview of some questions and answers he had received from Laverne Dalgleish, representing BPI regarding costs and cost sharing for developing a Standards Development Organization with BPI. He reported that this effort would require dedicating a staff person at 100K and other annual costs associated with maintenance at approximately 50K.

The alternatives available to certify standards under ANSI only were discussed. The Board agreed that RESNET's Standards Committee chaired by Michael

Holtz will work to get all of our standards to be compatible with the ANSI Standards process.

Bill Prindle offered to look for grant funding to start this process under a separate funding stream.

After considerable discussion Steve Byers, Daran Wastchak, Ben Adams and Dennis Creech met and recommend language regarding this issue.

After the lunch break the following language was agreed to by the Board:

"The RESNET Board of Directors resolves that RESNET continue to work in a collaborative manner with BPI. However, at this time, while RESNET supports future ANSI accreditation of RESNET Standards, we are electing not to pursue a joint ANSI standards development organization with BPI. The RESNET Board of Directors charges the Standards Committee with developing a strategy for pursuing ANSI accreditation, including exploring funding options and identifying potential barriers to the effort."

Executive Session

An executive session of the Board was held to discuss the Executive Director's performance appraisal by the Executive Committee and consider the Executive Committee's recommendation for a bonus for the Executive Director.

Mark Jansen moved that the Executive Director be granted a bonus as recommended by the Executive Committee. The motion was seconded by Andy Gordon. The motion carried unanimously.

Acceptance of 2008 RESNET Financial Report

Lee O'Neal made a brief report that RESNET was in good financial standing, making references to the handout of Financial Statements. See *Attachment A*

Michael Holtz made a motion to acknowledge receipt of RESNET's 2008 Financial Report. Mark Jansen seconded the motion. The motion passed.

Technical Committee Report

Bruce Harley, Chair of the Technical Committee presented a brief overview of issues the committee will address during the upcoming year. He announced that the Technical Committee will be soon requesting authorization from the Board on proceeding through the standard amendment public review/comment process on ground source heat pumps and an interpretation on accessory structures.

Quality Assurance and Ethics Committee Report

Ben Adams, Chair of the Quality Assurance and Ethics Committee began by recognizing staff's work on quality assurance monitoring and reported that all 2007 reports had been submitted.

Mr. Adams reported that the issue involving the Barb Collins' situation had one final task to be addressed. He reported that the committee had instructed staff to come up with a plan to place the providers associated with this case on probation and report back to committee.

Mr. Adams reported that next year's quality assurance program work plan would include a change that would affect all providers. All quality assurance submissions would be due on a date certain annually. The submissions will be due on March 1, with the exception of this year, when they will be due on May 1, 2009. This change is being made so that staff can complete review of all quality assurance submissions and submit a report to the Board at the fall Board meeting as well as use the results of the review during the accreditation renewal process.

In addition, the committee will be embarking on a complete review of the quality assurance standards for potential improvements.

Ben Adams explained that because of work obligations, he could no longer serve as Chair of the Quality Assurance and Ethics Committee but would stay on as a member. He made a motion to nominate Daran Wastchak to serve as the new Chair. Steve Byers seconded the motion. The motion passed.

Standards Committee Report

Michael Holtz made a presentation to the Board on the new Standards Committee. He explained that the mission of the committee would include:

- Oversee the development and maintenance of all RESNET standards to ensure compliance with ANSI and ISO protocols
- Provide regular review and republication of all the RESNET standards
- Oversee the standards amendment and interpretation process

The Board discussed issues such as size and composition of the committee and terms, as well as issues such as being proactive in recruiting members of the committee, and limiting representation of the number of people from one organization or company.

Members of this committee do not need to be members of RESNET and there are proposed term limits and size limits, which is not the case for any of RESNET's standing committees.

Board members were encouraged to nominate individuals for membership to this committee.

Training and Education Committee Report

Mark Jansen presented the report from the Training and Education Committee which met February 14, 2009.

Mark Jansen made a motion to authorize a proposed standard amendment to require certified rater trainers and quality assurance designees complete 12 hours of RESNET approved continuing education credits annually go through the standard amendment public review/comment process. Lee O'Neal seconded the motion. The motion passed.

The Board discussed issues involving the need to distinguish between RESNET trainers and quality assurance designees, consideration of business models that include having more than one quality assurance designee and the need for coordination between the Chairs of the Training and Education and the Quality Assurance Committees on these issues.

Canadian Affiliate Report

Bruce Gough gave a presentation about activities in Canada. He indicated that CRESNET was interested in becoming a provider under RESNET.

This led to a discussion on how RESNET should formalize relationships with international affiliates. Would they become international providers or affiliates or some other arrangement? Executive Director Steve Baden stated that he is currently negotiating provider agreements with Canada, Japan and Shanghai and that when the terms of the agreement is drafted, he would submit it to the Board for action.

Japan Affiliate Report

George Sullivan and Mark Jansen explained the Japan affiliate Japan Energy Star Council (JESC) in Japan. It was formed in July of 2008 in order to formally establish JESC and fulfill its mission in Japan. JESC is in the process of setting up as a not-for-profit corporation.

Two prospective candidates of JESC will be trained in Chicago this spring to be RESNET QA/QC professionals for Japan. REM/Rate Software and Required Books for training additional raters in Japan will be funded by the Ministry of Education. The Green School Program will work on software customization and translation.

JESC will be working with other organizations and have two residential pilot projects and Japan Green School Technology Center. Mark Jansen will be doing training in Chicago this Spring. Ministry of Education will be sponsoring translation of training materials.

European Union Energy Performance of Buildings

Eduardo Maldonado presented the status of the implementation of the EPBD – The European Directive on the Performance of Buildings in 2009. He reported that Philip Fairey has joined the ISO TC to work on a new standard. He passed out copies of the recently released Country Reports 2008. These are available on line as well at www.buildingsplatform.eu .

Mr. Maldonado also announced that RESNET will be invited to the next regular meeting to be held in Madrid in January 2010.

Shanghai Affiliate Report

Kevin Mo of the NRDC presented the work being carried out under the Shanghai RESNET Project whose partners are:

- RESNET
- Natural Resources Defense Council (NRDC)
- Shanghai Real Estate Science Research Institute (SRESRI)
-

The upcoming work under this agreement will include:

- Florida Solar Center to customize EnergyGauge Summit for Shanghai
- SRESRI to customize/localize RESNET standards and get RESNET accreditation
- Provider training
- Rater training and test
- Replicate Shanghai experience to other Chinese cities and promote RESNET standards in China
- In return, China experience and lessons also help RESNET expand ratings on high rise/commercial and go international

U.S. Department of Energy Update

Edward Pollock gave a high level overview of the substantial energy-related funds that will be distributed in the next year as part of the economic stimulus package, including funding for low income weatherization, Home Performance with ENERGY STAR, HUD programs loan guarantees for energy efficient clean coal power plants and state energy offices for building projects. He emphasized the effect this influx of money will have on the creation of new jobs.

Environmental Protection Agency Update

David Lee reported that ENERGY STAR market penetration had increased by 5% since last year from 12% to 17%.

He reported that Version 3 – ES Energy Star Spec will be released in 2011, with the first draft being released for formal comment in the spring 2009. It will include another set of checklists including:

- Framing
- HVAC quality
- Indoor air quality
- Water management

Mr. Lee also commented on EPA's desire for a closer working relationship between BPI and RESNET and hoped for a more integrated residential energy policy between DOE and EPA.

Update on the Joint 2010 RESNET/North Carolina Energy Star Conference

RESNET will be holding its' 10th annual conference in partnership with Appalachian State University at the Hilton in North Raleigh, North Carolina in February 2010. The RESNET Board Meeting will be on February 21st with the conference the following three days.

Due to the higher than expected turnout in attendance this year, Board members were concerned whether the hotel facility be large enough to hold another overflow if it happens. They requested that staff come back with a plan that insures we can handle a larger number of participants.

Introduction to RESNET Community Network

John Baden gave a short presentation on the potential for the application of "community network" for RESNET. He identified the following potential features that could be part of this application:

- Join a group in your professional category whether you are a rater, provider or building performance contractor.
- Send and receive e-mails from other members notifying you of relevant information
- Finding building performance events near you, and post your own
- Send out messages to professional groups to help promote your events
- Buy and sell building performance equipment

Some of the Board members expressed concerns about the possibility that this may become too big too fast. A small subcommittee was formed to explore this application for RESNET with John before moving forward. The subcommittee

members include: Dennis Creech, Robert Scott, Bill Prindle, Andy Gordon, and Tom Hamilton.

Adjournment

Kelly Parker moved to adjourn. C.T. Loyd seconded the motion. The motion passed.

Respectfully submitted,

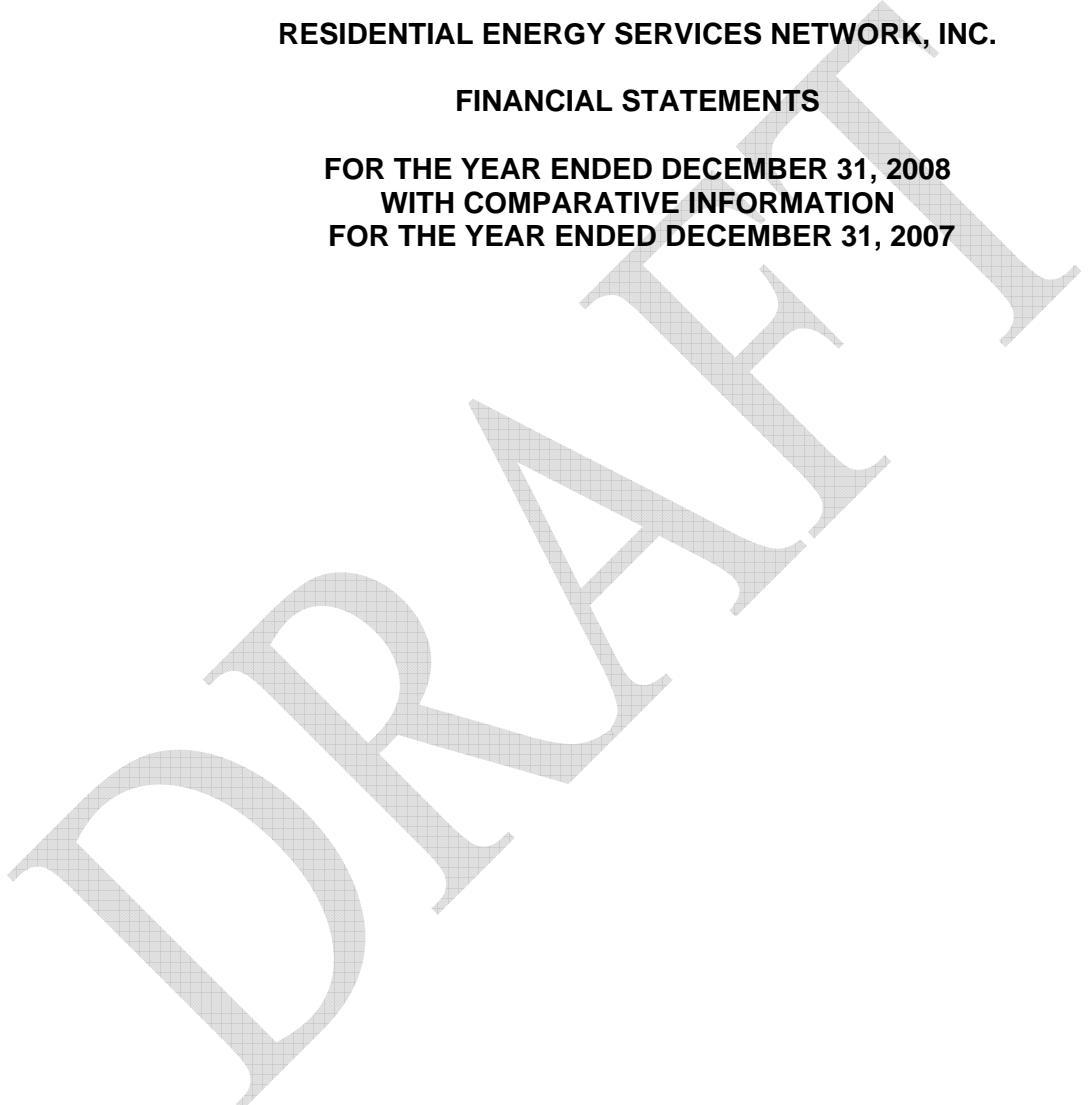
Bruce Harley
Secretary

Attachment A

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2008
WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007**



RESIDENTIAL ENERGY SERVICES NETWORK, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

WITH COMPARATIVE INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2007

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Faye Berriman

ACCOUNTING SERVICES

4280 North Cedarpine Lane • Moorpark, CA 93021
Phone 805-523-9522 • Cell 805-587-8822 • fberriman@yahoo.com

MEMBER • American Institute of Certified Public Accountants
MEMBER • California Society of Certified Public Accountants
QuickBooks ProAdvisor

Board of Directors
Residential Energy Services Network, Inc.

I have compiled the accompanying statement of financial position of Residential Energy Services Network, Inc. (RESNET®) (a nonprofit corporation) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year 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 any other form of assurance on them.

The accompanying 2007 financial statements of RESNET®, dated February 8, 2008, 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

January 30, 2009

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008
WITH COMPARATIVE INFORMATION
AT DECEMBER 31, 2007

ASSETS

	2008	2007
Assets		
Cash and cash equivalents	\$ 351,133	\$ 407,940
Accounts receivable	39,147	-
Prepaid expenses	9,139	13,320
Property and equipment (Note 3)	114	481
Trademark (Note 4)	5,960	6,132
Investments (Note 5)	<u>355,029</u>	<u>101,482</u>
Total assets	\$ 760,522	\$ 529,355

LIABILITIES AND NET ASSETS

	2008	2007
Liabilities		
Accounts payable	\$ 37,436	\$ 37,354
Deferred revenue	37,451	32,418
Refundable deposits	<u>2,250</u>	<u>3,520</u>
Total liabilities	77,137	73,292
Net assets		
Unrestricted net assets	557,275	351,133
Temporarily restricted net assets (Note 6)	<u>126,110</u>	<u>104,930</u>
Total net assets	683,385	456,063
Total liabilities and net assets	\$ 760,522	\$ 529,355

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008
 WITH COMPARATIVE INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2007

	2008		2007	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Revenues and support				
Program revenues				
Conference	\$ 201,988	\$ 126,110	\$ 328,098	\$ 313,829
Grants	71,075	-	71,075	93,071
Education	115,100	-	115,100	109,552
Membership	426,939	-	426,939	375,570
Net assets released from restrictions				
Satisfaction of program restrictions	104,930	(104,930)	-	-
Total program revenues	<u>920,032</u>	<u>21,180</u>	<u>941,212</u>	<u>892,022</u>
Support				
In-kind services	-	-	-	665
Interest and dividends	12,700	-	12,700	4,277
Unrealized losses	(9)	-	(9)	-
Total support	<u>12,691</u>	<u>-</u>	<u>12,691</u>	<u>4,942</u>
Total revenues and support	<u>932,723</u>	<u>21,180</u>	<u>953,903</u>	<u>896,964</u>
Expenses				
Program services				
Conference	239,522	-	239,522	194,594
Education	102,077	-	102,077	57,082
Membership	289,569	-	289,569	314,882
Total program services	<u>631,168</u>	<u>-</u>	<u>631,168</u>	<u>566,558</u>
Support services				
Management and general	78,946	-	78,946	62,357
Fundraising	16,467	-	16,467	12,791
Total support services	<u>95,413</u>	<u>-</u>	<u>95,413</u>	<u>75,148</u>
Total expenses	<u>726,581</u>	<u>-</u>	<u>726,581</u>	<u>641,706</u>
Change in net assets	206,142	21,180	227,322	255,258
Net assets, beginning of year	<u>351,133</u>	<u>104,930</u>	<u>456,063</u>	<u>200,805</u>
Net assets, end of year	<u>\$ 557,275</u>	<u>\$ 126,110</u>	<u>\$ 683,385</u>	<u>\$ 456,063</u>

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	2008		2007		
	Annual RESNET®				
	Conference	Education	Membership	Total	Total
Accounting	\$ 1,200	\$ -	\$ 2,040	\$ 3,240	\$ 2,670
Awards	1,391	-	-	1,391	1,331
Bad debt expense	-	-	-	-	7,000
Bank service charges	4,214	5	18,228	22,447	14,012
Computer	-	-	160	160	502
Conference	187,912	-	-	187,912	148,855
Copying and printing	3,499	-	17,039	20,538	7,570
Depreciation	-	92	183	275	249
Dues and subscriptions	2,450	-	13,265	15,715	6,482
Insurance	-	-	927	927	-
Internet service	-	240	321	561	132
Meetings	4,413	4,343	307	9,063	-
Postage and delivery	115	-	349	464	1,585
Professional services	20,987	92,032	176,071	289,090	294,209
Promotional	-	-	-	-	2,471
Rental fees	3,840	-	-	3,840	-
Supplies	1,674	-	1,399	3,073	5,662
Telephone	-	629	1,027	1,656	3,047
Travel	7,827	4,736	54,184	66,747	70,781
Website	-	-	4,069	4,069	-
2008 Total	\$ 239,522	\$ 102,077	\$ 289,569	\$ 631,168	
2007 Total	\$ 194,594	\$ 57,082	\$ 314,882		\$ 566,558

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORT SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	2008			2007	
	Management and General	Fundraising	Total		Total
Accounting services					
Cash	\$ 22,880	\$ -	\$ 22,880	\$ 13,893	
In-kind	-	-	-	665	
Amortization	172	-	172	158	
Awards	1,051	-	1,051	-	
Bank service charges	20	-	20	7	
Computer	275	-	275	1,520	
Conference fees	41	-	41	595	
Copying and printing	130	129	259	718	
Depreciation	70	22	92	851	
Dues and subscriptions	1,245	-	1,245	763	
Insurance	3,954	122	4,076	4,805	
Internet service	80	80	160	588	
Legal fees	2,000	-	2,000	1,350	
Licenses and permits	85	-	85	100	
Meetings	-	-	-	1,120	
Postage and delivery	361	30	391	308	
Professional services	29,660	15,622	45,282	37,152	
Rental fees	1,345	-	1,345	5	
Supplies	2,677	372	3,049	2,966	
Telephone	4,110	90	4,200	3,779	
Travel	8,790	-	8,790	3,805	
2008 Total	\$ 78,946	\$ 16,467	\$ 95,413		
2007 Total	\$ 62,357	\$ 12,791	\$ 75,148		

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 227,322	\$ 255,258
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	367	1,100
Amortization	172	158
(Increase) decrease in Accounts receivable	(39,147)	7,000
Prepaid expenses	4,181	9,060
Unrealized losses on investments	9	-
Increase (decrease) in Accounts payable	82	11,831
Deferred revenue	5,033	7,051
Refundable deposits	(1,270)	(66,480)
Total adjustments	(30,573)	(30,280)
Net cash provided by operating activities	196,749	224,978
Cash flows from investing activities		
Purchases of certificates of deposit	(253,556)	(101,482)
Net cash used in investing activities	(253,556)	(101,482)
Net increase (decrease) in cash and cash equivalents	(56,807)	123,496
Cash and cash equivalents, beginning of year	407,940	284,444
Cash and cash equivalents, end of year	\$ 351,133	\$ 407,940

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

1. Organization

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

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; publication of the proceedings of its conferences and current issues through its information network and RESNET® Notes, a monthly publication available by subscription; 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.natresnet.org>.

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 and residential energy efficiency financing. 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.

The 2008 annual RESNET® Building Performance Conference was held February 18 through February 20, 2008 in San Diego, California, and included residential energy efficiency and building performance professionals from across the nation and world. Speakers from the United States, including the U.S. Department of Energy, and the U.S. Environmental Protection Agency, Canada, and Shanghai addressed topics regarding the United State's and international energy challenges and achievements, building performance, cooperative efforts, and energy efficiency.

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

(Continued)

1. Organization (continued)

Annual RESNET® Building Performance Conference, continued

RESNET® offsets 100% of the carbon dioxide emissions associated with hosting the annual RESNET® Building Performance Conference. This includes emissions generated from the facilities and participant travel. RESNET® arranged with **Carbonfund.org** to offset its carbon emissions. Carbonfund.org purchases and retires "carbon credits," including Chicago Climate Exchange Carbon Financial Instruments (CFIs) or Environmental Resources Trust-certified energy efficiency credits. RESNET® offsets the emissions by purchasing energy efficiency certificates, known as "White Tags."

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 five categories of RESNET® membership:

- Accredited Rating Providers
- Accredited Software Providers
- Accredited Training Providers
- Certified Energy Raters
- 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 an annual subscription to the monthly news feature "RESNET® Notes," monthly e-mail updates, representation on national policy issues affecting the industry, discounts at the annual RESNET® Building Performance Conferences, and the RESNET® web site. 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 and is averaging over 20,000 visits a month.

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

(Continued)

2. 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, 2008 or 2007.

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, 2007, dated February 8, 2008, 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.

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

(Continued)

2. Summary of significant accounting policies (continued)

Basis of presentation (continued)

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, accounts receivable, and accounts payable. The carrying amounts of RESNET®'s financial instruments generally approximate their fair values at December 31, 2008 and 2007.

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.

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.

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

(Continued)

2. Summary of Significant Accounting Policies (continued)

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.

In-kind services

In-kind services are recognized as contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by RESNET®.

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 organized as an Arkansas nonprofit organization and is also licensed to do business in California. 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, 2008 and 2007, RESNET® had no net unrelated business taxable income.

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

(Continued)

3. Property and equipment

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

	<u>2008</u>	<u>2007</u>
Computer equipment	\$ 5,503	\$ 5,503
Accumulated depreciation	<u>(5,389)</u>	<u>(5,022)</u>
	<u>\$ 114</u>	<u>\$ 481</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$367 and \$1,100, 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. Amortization expense for the years ended December 31, 2008 and 2007 was \$172 and 158, respectively.

	<u>2008</u>	<u>2007</u>
Trademark	\$ 6,335	\$ 6,335
Accumulated amortization	<u>(375)</u>	<u>(203)</u>
	<u>\$ 5,960</u>	<u>\$ 6,132</u>

5. Investments

RESNET® maintains its investments with an investment institution in California. Investments are stated at cost, which approximates market value. There were no uninsured investment securities at December 31, 2008. The cost of investments was as follows at December 31:

	<u>2008</u>	<u>2007</u>
Certificates of deposit maturing in less than one year	<u>\$ 355,029</u>	<u>\$ 101,482</u>

RESIDENTIAL ENERGY SERVICES NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

(Continued)

6. Temporarily restricted net assets

Temporarily restricted assets were available for the following purposes:

	Balance December 31, 2007	Additions	Releases from Restrictions	Balance December 31, 2008
2008 RESNET® conference	\$ 104,930	\$ -	\$ (104,930)	\$ -
2009 RESNET® conference	-	126,110	-	126,110
Total	\$ 104,930	\$ 126,110	\$ (104,930)	\$ 126,110