



Setting the Standards for
Home Energy Efficiency

Approved Meeting Minutes RESNET Board of Directors Meeting

Tuesday, December 8, 2020

3:00 PM – 5:00 PM ET

Board Members Present	Board Members Absent	Staff Present
Jim Amarin Jacob Atalla David Beam Dave Bell Thiel Butner Philip Fairey David Goldstein Emelie Cuppernell Glitch John Hensley Mark Johnson Cy Kilbourn Abe Kruger Paulette McGhie Chris McTaggart Clayton Morris Curt Rich Brian Shanks Clayton Traylor	Matt Gingrich Roy Honican	Steve Baden Emma Bennett Valerie Briggs Scott Doyle Laurel Elam Billy Giblin Cardice Howard Ryan Meres Christine Do Others Present Jon Passe Sue Rodzon Nancy St. Hilaire

Meeting Called to Order

John Hensley, RESNET Board Vice President, called the meeting to order at 3:00 p.m. Eastern Time.

Roll Call

Philip Fairey, RESNET Board Treasurer called roll. A quorum was present.

Approve Agenda

Cy Kilbourn made a motion to approve the agenda that was sent prior to the meeting. Thiel Butner seconded the motion. The motion was approved by a voice vote.

RESNET Anti-Trust Policy

John Hensley reminded the RESNET Board of the RESNET Anti-Trust Policy that was sent prior to the meeting.

Approval of Draft October 14, 2020 Board Meeting Minutes

Philip Fairey made a motion to approve the October 14, 2020 Draft Minutes that were sent prior to the meeting. Mark Johnson seconded the motion. Motion was approved by a voice vote.

Recognition of Thiel Butner, Roy Honican and Clayton Morris

The terms of Thiel Butner, Roy Honican and Clayton Morris' terms on the RESNET Board ends on December 31, 2020. John Hensley recognized them for their leadership and their contributions to RESNET success and their dedicated service on the RESNET Board.

Recommendation of 2021 RESNET Board Officers Nominations Committee

The chairman of the 2021 RESNET Board Officers Nominations Committee recognized the other members of the nominations committee:

- Dave Bell
- Jacob Atalla
- Matt Gingrich
- David Goldstein
- Roy Honican

Dave reported that the committee unanimously voted to recommend to the RESNET Board the following candidates as the 2021 RESNET Board Officers:

- John Hensley – Board President
- Mark Johnson – Board Vice President
- Philip Fairey – Board Secretary
- David Beam – Treasurer

Election of 2021 RESNET Board Officers

Cy Kilbourn moved the nomination of the slate of officers recommended by the nominations committee. Jacob Atalla seconded the motion.

John Hensley asked if any other Board would be interested in being considered as a candidate for a Board officer seat. There being none, a voice vote was taken. The motion passed by voice vote with Chris McTaggart abstaining.

Emelie Glitch's Proposed New RESNET Policy Addressing the Purpose of a RESNET HERS Rating

Emelie Glitch stated that the RESNET Board needed to adopt a policy that clearly defined what a RESNET HERS Rating was and presented the following draft policy:

“The purpose of a RESNET Rating and the RESNET Standards is to provide a standard metric to evaluate the energy efficiency of ANY home. This is done by evaluating specific minimum-rated energy-related features. RESNET Ratings help create transparency in the market by quantifying the energy efficiency of homes. The RESNET standards support this purpose. A HERS Rating is a descriptive asset rating; therefore, the standards should not set thresholds for minimum energy performance or require certain building practices or materials in order for a home to receive a Rating. Every home may receive a HERS Rating regardless of construction type, building practices, energy efficiency, health, safety, or durability.”

Philip Fairey made a motion to approve the language as proposed. Dave Bell seconded the motion.

During discussion, David Goldstein commended Emilie on drafting language and recommended a slight change of descriptive to informative. Jacob Atalla asked if water rating could also be included into the policy. Policy language was amended by board to be inclusive of all RESNET Ratings.

The following changes were made to the proposed policy:

*“The purpose of a RESNET Rating and the RESNET Standards is to provide a standard metric to evaluate the **energy efficiency performance** of ANY home. This is done by evaluating specific minimum-rated **energy-related** features. RESNET Ratings help create transparency in the market by quantifying the **energy efficiency performance** of homes. The RESNET standards support this purpose. A **HERS RESNET** Rating is **a descriptive an informative** asset rating; therefore, the standards **should do** not set thresholds for minimum energy performance or require certain building practices or materials in order for a home to receive a Rating. Every home may receive a **HERS RESNET** Rating regardless of construction type, building practices, energy **and water** efficiency, health, safety, or durability.”*

Both Philip and Dave accepted the changes as a friendly amendment.

By a unanimous voice vote the following policy was adopted by the RESNET Board:

The purpose of a RESNET Rating and the RESNET Standards is to provide a standard metric to evaluate the performance of ANY home. This is done by evaluating specific minimum-rated features. RESNET Ratings help create transparency in the market by quantifying the performance of homes. The RESNET standards support this purpose. A RESNET Rating is an informative asset rating; therefore, the standards do not set thresholds for minimum performance or require certain building practices or materials in order for a home to receive a RESNET Rating. Every home may receive a RESNET Rating regardless of construction type, building practices, energy and water efficiency, health, safety, or durability.

Chris McTaggart inquired how the new policy would be disseminated. Philip Fairey responded that the RESNET Standard Management Board is tasked to ensure that the RESNET Standards Development Committees follow RESNET Board policies in proposing standard amendments.

RESNET Executive Director Steve Baden stated that the new policy would be forwarded to Rick Dixon, RESNET Standards Manager to submit to the chairs of the Standards Management Board and the Standards Development Committees. RESNET staff would also present the new policy to the RESNET network through a direct e-mail and post on the RESNET web site.

RESNET Board Sexual Harassment Training

RESNET Deputy Director Cardice Howard reported to the Board that RESNET's Sexual Harassment policy requires that annually the RESNET Board and RESNET staff must undergo sexual harassment training. She introduced Sue Rodzon, RESNET Human Relations Contractor.

Ms Rodzin reviewed the RESNET Sexual Harassment Policy (Attachment A).

John Hensley asked after the presentation if this is on the RESNET website, Steve Baden responded that it is posted as a policy on the RESNET Administrative Policies Manual at <https://www.resnet.us/wp-content/uploads/RESNET-Administrative-Policies-Manual-10-15-2020.pdf> . Steve also stated that we would forward the policy to Board members after the meeting.

Update of Development of RESNET Automated QA Tool

Ryan Meres presented on the new Automated QA tool and Kibana platform. Clayton Morris asked if it would be internal use for staff or if providers will also have access. Ryan Meres confirmed that there will be a dashboard for builders and providers and showed an example with the presentation.

Chris McTaggart asked if the platform was within the budget approved by the RESNET Board, Cardice Howard responded that the project was under budget.

ENERGY STAR Update

Jon Passe provided an update on ENERGY STAR and current initiatives that RESNET and ENERGY STAR are pursuing.

Adoption of RESNET Performance Based QA Policy

Scott Doyle presented on Draft RESNET Policy on Performance Based QA Measures (Attachment B) that was sent with meeting information. He explained that the RESNET Board adopted a policy at its April 19, 2019 to offer tiers of Quality Assurance fees based on the performance of Rating Providers and that there had been two rounds of

public comments and two reviews by the RESNET Board. Scott and asked for a motion for the Board to adopt the draft.

Jim Amorin made a motion to accept the RESNET Performance Based QA Policy. David Bell seconded the motion.

Philip Fairey questioned if this would be more of a standard than board policy. Steve Baden responded that the title was not critical but whether the Board would accept the process so that RESNET staff could proceed to the next step of developing and proposing to the Board the fee structure.

Board members discussed and revised motion to read:

The RESNET Board accept the October 29, 2020 rules of the RESNET Performance Based QA Policy from April 2019. RESNET staff will then propose fee structure for board to adopt.

.Jim Amorin and Dave Bell agreed to the change as a friendly amendment.

The motion approved by a voice vote with Chris McTaggart voting no.

Acknowledgement of Receipt of RESNET 2019 Financial Audit

Chairwoman of the RESNET 2019 Financial Audit Committee Nancy St. Hilaire presented the RESNET 2019 Financial Audit (Attachment C). The audit was previously sent to the Board. Nancy reported that again this year RESNET had no findings in the audited and stated that this was due the performance of RESNET's executive leadership and RESNET's Controller Berriman. Nancy asked that the RESNET Board acknowledge receipt of the audit.

Philip Fairey made a motion to accept receipt of the RESNET 2019 Financial Audit. Jim Amorin seconded the motion. The motion approved by voice vote.


New Business

No new business was presented.

Adjournment

Clayton Morris made a motion to adjourn. Meeting adjourned at 5:06 p.m. Eastern Time.

Respectfully Submitted,


Philip Fairey, Secretary

Attachment A

RESNET Board Policy 015 RESNET Sexual Harassment Policy

Adopted by the RESNET Board – April 17, 2019

Introduction

1. RESNET is committed to maintaining a workplace free from sexual harassment. Sexual harassment is a form of workplace discrimination. All employees/Board members/Contractors/Committee Members/Volunteers (in the remainder of this document, the term “employees” refers to this collective group) are required to work in a manner that prevents sexual harassment in the workplace. This Policy is one component of RESNET’s commitment to a discrimination-free work environment. Sexual harassment is against the law¹ and all employees have a legal right to a workplace free from sexual harassment and employees are urged to report sexual harassment by filing a complaint internally with RESNET. Employees can also file a complaint with a government agency or in court under federal, state or local antidiscrimination laws.

Policy:

1. RESNET’s policy applies to all employees, applicants for employment, interns, whether paid or unpaid, contractors, Board members, committee members and persons conducting business, regardless of immigration status, with RESNET. In the remainder of this document, the term “employees” refers to this collective group.
2. Sexual harassment will not be tolerated. Any employee or individual covered by this policy who engages in sexual harassment or retaliation will be subject to remedial and/or disciplinary action (e.g., counseling, suspension, termination).
3. Retaliation Prohibition: No person covered by this Policy shall be subject to adverse action because the employee reports an incident of sexual harassment, provides information, or otherwise assists in any investigation of a sexual harassment complaint. RESNET will not tolerate such retaliation against anyone who, in good faith,

¹ While this policy specifically addresses sexual harassment, harassment because of and discrimination against persons of all protected classes is prohibited. Such classes include age, race, creed, color, national origin, sexual orientation, military status, sex, disability, marital status, domestic violence victim status, gender identity and criminal history.

reports or provides information about suspected sexual harassment. Any employee of RESNET who retaliates against anyone involved in a sexual harassment investigation will be subjected to disciplinary action, up to and including termination. All employees paid or unpaid interns, or non-employees² working in the workplace who believe they have been subject to such retaliation should inform the RESNET Deputy Director or Staff One HR Manager. All employees, paid or unpaid interns or non-employees who believe they have been a target of such retaliation may also seek relief in other available forums, as explained below in the section on Legal Protections.

4. Sexual harassment is offensive, is a violation of RESNET policies, is unlawful, and may subject RESNET to liability for harm to targets of sexual harassment. Harassers may also be individually subject to liability. Employees of every level who engage in sexual harassment, including managers and supervisors who engage in sexual harassment or who allow such behavior to continue, will be penalized for such misconduct.
5. RESNET will conduct a prompt and thorough investigation that ensures due process for all parties, whenever management receives a complaint about sexual harassment, or otherwise knows of possible sexual harassment occurring. RESNET will keep the investigation confidential to the extent possible. Effective corrective action will be taken whenever sexual harassment is found to have occurred. All employees, including managers and supervisors, are required to cooperate with any internal investigation of sexual harassment.
6. All employees are encouraged to report any harassment or behaviors that violate this policy. RESNET will provide all employees a complaint form for employees to report harassment and file complaints.
7. Managers and supervisors are **required** to report any complaint that they receive, or any harassment that they observe or become aware of, to the Staff One HR Manager.
8. This policy applies to all employees, paid or unpaid interns, and non-employees and all must follow and uphold this policy. This policy must be provided to all employees and should be posted prominently in all work locations to the extent practicable (for

² A non-employee is someone who is (or is employed by) a contractor, subcontractor, vendor, consultant, or anyone providing services in the workplace. Protected non-employees include persons commonly referred to as independent contractors, "gig" workers and temporary workers. Also included are persons providing equipment repair, cleaning services or any other services provided pursuant to a contract with the employer.

example, in a main office, not an offsite work location) and be provided to employees upon hiring.

What Is “Sexual Harassment”?

Sexual harassment is a form of sex discrimination and is unlawful under federal, state, and (where applicable) local law. Sexual harassment includes harassment on the basis of sex, sexual orientation, self-identified or perceived sex, gender expression, gender identity and the status of being transgender.

Sexual harassment includes unwelcome conduct which is either of a sexual nature, or which is directed at an individual because of that individual’s sex when:

- Such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile or offensive work environment, even if the reporting individual is not the intended target of the sexual harassment;
- Such conduct is made either explicitly or implicitly a term or condition of employment; or
- Submission to or rejection of such conduct is used as the basis for employment decisions affecting an individual’s employment.

A sexually harassing hostile work environment includes, but is not limited to, words, signs, jokes, pranks, intimidation or physical violence which are of a sexual nature, or which are directed at an individual because of that individual’s sex. Sexual harassment also consists of any unwanted verbal or physical advances, sexually explicit derogatory statements or sexually discriminatory remarks made by someone which are offensive or objectionable to the recipient, which cause the recipient discomfort or humiliation, which interfere with the recipient’s job performance.

Sexual harassment also occurs when a person in authority tries to trade job benefits for sexual favors. This can include hiring, promotion, continued employment or any other terms, conditions or privileges of employment. This is also called “quid pro quo” harassment.

Any employee who feels harassed should report so that any violation of this policy can be corrected promptly. Any harassing conduct, even a single incident, can be addressed under this policy.

Examples of sexual harassment

The following describes some of the types of acts that may be unlawful sexual harassment and that are strictly prohibited:

- Physical acts of a sexual nature, such as:
 - Touching, pinching, patting, kissing, hugging, grabbing, brushing against another employee's body or poking another employee's body;
 - Rape, sexual battery, molestation or attempts to commit these assaults.
- Unwanted sexual advances or propositions, such as:
 - Requests for sexual favors accompanied by implied or overt threats concerning the target's job performance evaluation, a promotion or other job benefits or detriments;
 - Subtle or obvious pressure for unwelcome sexual activities.
- Sexually oriented gestures, noises, remarks or jokes, or comments about a person's sexuality or sexual experience, which create a hostile work environment.
- Sex stereotyping occurs when conduct or personality traits are considered inappropriate simply because they may not conform to other people's ideas or perceptions about how individuals of a particular sex should act or look.
- Sexual or discriminatory displays or publications anywhere in the workplace, such as:
 - Displaying pictures, posters, calendars, graffiti, objects, promotional material, reading materials or other materials that are sexually demeaning or pornographic. This includes such sexual displays on workplace computers or cell phones and sharing such displays while in the workplace.
- Hostile actions taken against an individual because of that individual's sex, sexual orientation, gender identity and the status of being transgender, such as:
 - Interfering with, destroying or damaging a person's workstation, tools or equipment, or otherwise interfering with the individual's ability to perform the job;
 - Sabotaging an individual's work; ○ Bullying, yelling, name-calling.

Who can be a target of sexual harassment?

Sexual harassment can occur between any individuals, regardless of their sex or gender. New York and other states laws protects employees, paid or unpaid interns, and nonemployees, including independent contractors, and those employed by companies contracting to provide services in the workplace. Harassers can be a superior, a subordinate, a coworker, Board member or anyone in the workplace including an independent contractor, contract worker, vendor, client, customer or visitor.

Where can sexual harassment occur?

Unlawful sexual harassment is not limited to the physical workplace itself. It can occur while employees are traveling for business or at employer sponsored events or parties. Calls, texts, emails, and social media usage by employees can constitute unlawful workplace harassment, even if they occur away from the workplace premises, on personal devices or during non-work hours.

Retaliation

Unlawful retaliation can be any action that could discourage a worker from coming forward to make or support a sexual harassment claim. Adverse action need not be jobrelated or occur in the workplace to constitute unlawful retaliation (e.g., threats of physical violence outside of work hours).

Such retaliation is unlawful under federal, state, and (where applicable) local law. The New York State Human Rights Law protects any individual who has engaged in “protected activity.” Protected activity occurs when a person has:

- made a complaint of sexual harassment, either internally or with any anti-discrimination agency;
- testified or assisted in a proceeding involving sexual harassment under the Human Rights Law or other anti-discrimination law;
- opposed sexual harassment by making a verbal or informal complaint to management, or by simply informing a supervisor or manager of harassment;
- reported that another employee has been sexually harassed; or
- encouraged a fellow employee to report harassment.

Even if the alleged harassment does not turn out to rise to the level of a violation of law, the individual is protected from retaliation if the person had a good faith belief that the practices were unlawful. However, the retaliation provision is not intended to protect persons making intentionally false charges of harassment.

Reporting Sexual Harassment

Preventing sexual harassment is everyone’s responsibility. RESNET cannot prevent or remedy sexual harassment unless it knows about it. Any employee paid or unpaid intern or non-employee who has been subjected to behavior that may constitute sexual harassment is encouraged to report such behavior to the RESNET Deputy

Director or the Staff One HR Manager. Anyone who witnesses or becomes aware of potential instances of sexual harassment should report such behavior to the RESNET Deputy Director or the Staff One HR Manager.

Reports of sexual harassment may be made verbally or in writing. A form for submission of a written complaint is attached to this Policy, and all employees are encouraged to use this complaint form. Employees who are reporting sexual harassment on behalf of other employees should use the complaint form and note that it is on another employee's behalf.

Employees, paid or unpaid interns or non-employees who believe they have been a target of sexual harassment may also seek assistance in other available forums, as explained below in the section on Legal Protections.

Supervisory Responsibilities

All supervisors and managers who receive a complaint or information about suspected sexual harassment, observe what may be sexually harassing behavior or for any reason suspect that sexual harassment is occurring, **are required** to report such suspected sexual harassment to the Staff One HR Manager.

In addition to being subject to discipline if they engaged in sexually harassing conduct themselves, supervisors and managers will be subject to discipline for failing to report suspected sexual harassment or otherwise knowingly allowing sexual harassment to continue.

Supervisors and managers will also be subject to discipline for engaging in any retaliation.

Complaint and Investigation of Sexual Harassment

All complaints or information about sexual harassment will be investigated, whether that information was reported in verbal or written form. Investigations will be conducted in a timely manner and will be confidential to the extent possible.

An investigation of any complaint, information or knowledge of suspected sexual harassment will be prompt and thorough, commenced immediately and completed as soon as possible. The investigation will be kept confidential to the extent possible. All persons involved, including complainants, witnesses and alleged harassers will be accorded due process, as outlined below, to protect their rights to a fair and impartial investigation.

Any employee may be required to cooperate as needed in an investigation of suspected sexual harassment. RESNET will not tolerate retaliation against employees who file complaints, support another's complaint or participate in an investigation regarding a violation of this policy.

While the process may vary from case to case, investigations should be done in accordance with the following steps:

- Upon receipt of complaint, the Staff One HR Manager will conduct an immediate review of the allegations, and take any interim actions (e.g., instructing the respondent to refrain from communications with the complainant), as appropriate. If complaint is verbal, encourage the individual to complete the “Complaint Form” in writing. If he or she refuses, prepare a Complaint Form based on the verbal reporting.
- If documents, emails or phone records are relevant to the investigation, take steps to obtain and preserve them.
- Request and review all relevant documents, including all electronic communications.
- Interview all parties involved, including any relevant witnesses;
- Create a written documentation of the investigation (such as a letter, memo or email), which contains the following:
 - o A list of all documents reviewed, along with a detailed summary of relevant documents;
 - o A list of names of those interviewed, along with a detailed summary of their statements;
 - o A timeline of events;
 - o A summary of prior relevant incidents, reported or unreported; and
 - o The basis for the decision and final resolution of the complaint, together with any corrective action(s).
- Keep the written documentation and associated documents in a secure and confidential location.
- Promptly notify the individual who reported and the individual(s) about whom the complaint was made of the final determination and implement any corrective actions identified in the written document.
- Inform the individual who reported of the right to file a complaint or charge externally as outlined in the next section.

Instructions for Supervisors

If you receive a complaint about alleged sexual harassment, follow your sexual harassment prevention policy.

An investigation involves:

- Speaking with the employee
- Speaking with the alleged harasser
- Interviewing witnesses
- Collecting and reviewing any related documents

While the process may vary from case to case, all allegations should be investigated promptly and resolved as quickly as possible. The investigation should be kept confidential to the extent possible.

Document the findings of the investigation and basis for your decision along with any corrective actions taken and notify the employee and the individual(s) against whom the complaint was made. This may be done via email.



Sexual Harassment Complaint Form

If you believe that you have been subjected to sexual harassment, you are encouraged to complete this form and submit it to the Staff One HR Manager at sue.rodzon@staffone.com. You will not be retaliated against for filing a complaint.

If you are more comfortable reporting verbally or in another manner, your employer should complete this form, provide you with a copy and follow its sexual harassment prevention policy by investigating the claims as outlined at the end of this form.

COMPLAINANT INFORMATION

Name:

Work Address:

Work Phone:

Job Title:

Email:

Select Preferred Communication Method:

Email

Phone

In person

SUPERVISORY INFORMATION

Immediate Supervisor's Name:

Title:

Work Phone:

Work Address:

COMPLAINT INFORMATION

1. Your complaint of Sexual Harassment is made about:

Name:

Title:

Work Address:

Work Phone:

Relationship to you: Supervisor Subordinate Co-Worker Other

2. Please describe what happened and how it is affecting you and your work. Please use additional sheets of paper if necessary and attach any relevant documents or evidence.

3. Date(s) sexual harassment occurred:

Is the sexual harassment continuing? Yes No

4. Please list the name and contact information of any witnesses or individuals who may have information related to your complaint:

The last question is optional, but may help the investigation.

5. Have you previously complained or provided information (verbal or written) about related incidents? If yes, when and to whom did you complain or provide information?

If you have retained legal counsel and would like us to work with them, please provide their contact information.

Signature: _____

Date: _____

Legal Protections And External Remedies

Sexual harassment is not only prohibited by RESNET but is also prohibited by state, federal, and, where applicable, local law.

Aside from the internal process at RESNET, employees may also choose to pursue legal remedies with the following governmental entities. While a private attorney is not required to file a complaint with a governmental agency, you may seek the legal advice of an attorney.

In addition to those outlined below, employees in certain industries may have additional legal protections.

Civil Rights Act of 1964

The United States Equal Employment Opportunity Commission (EEOC) enforces federal antidiscrimination laws, including Title VII of the 1964 federal Civil Rights Act (codified as 42 U.S.C. § 2000e et seq.). An individual can file a complaint with the EEOC anytime within 300 days from the harassment. There is no cost to file a complaint with the EEOC. The EEOC will investigate the complaint and determine whether there is reasonable cause to believe that discrimination has occurred, at which point the EEOC will issue a Right to Sue letter permitting the individual to file a complaint in federal court.

The EEOC does not hold hearings or award relief but may take other action including pursuing cases in federal court on behalf of complaining parties. Federal courts may award remedies if discrimination is found to have occurred. In general, private employers must have at least 15 employees to come within the jurisdiction of the EEOC.

An employee alleging discrimination at work can file a "Charge of Discrimination." The EEOC has district, area, and field offices where complaints can be filed. Contact the EEOC by calling 1-800669-4000 (TTY: 1-800-669-6820), visiting their website at www.eeoc.gov or via email at info@eeoc.gov.

If an individual filed an administrative complaint with DHR, DHR will file the complaint with the EEOC to preserve the right to proceed in federal court.

State Human Rights Law (HRL) (for New York Employees)

The Human Rights Law (HRL), codified as N.Y. Executive Law, art. 15, § 290 et seq., applies to all employers in New York State with regard to sexual harassment, and protects employees, paid or unpaid interns and non-employees, regardless of immigration status. A complaint alleging violation of the Human Rights Law may be filed either with the Division of Human Rights (DHR) or in New York State Supreme Court.

Complaints with DHR may be filed any time **within one year** of the harassment. If an individual did not file at DHR, they can sue directly in state court under the HRL, **within three years** of the alleged sexual harassment. An individual may not file with DHR if they have already filed a HRL complaint in state court.

Complaining internally to RESNET does not extend your time to file with DHR or in court. The one year or three years is counted from date of the most recent incident of harassment.

You do not need an attorney to file a complaint with DHR, and there is no cost to file with DHR.

DHR will investigate your complaint and determine whether there is probable cause to believe that sexual harassment has occurred. Probable cause cases are forwarded to a public hearing before an administrative law judge. If sexual harassment is found after a hearing, DHR has the power to award relief, which varies but may include requiring your employer to take action to stop the harassment, or redress the damage caused, including paying of monetary damages, attorney's fees and civil fines.

DHR's main office contact information is: NYS Division of Human Rights, One Fordham Plaza, Fourth Floor, Bronx, New York 10458. You may call (718) 741-8400 or visit: www.dhr.ny.gov.

Contact DHR at (888) 392-3644 or visit dhr.ny.gov/complaint for more information about filing a complaint. The website has a complaint form that can be downloaded, filled out, notarized and mailed to DHR. The website also contains contact information for DHR's regional offices across New York State.

States other than New York

Many states have enacted Fair Employment Practice (FEP) laws which address and regulate sexual harassment on the state level. Attached to this policy is a listing of all known State Fair Employment Practices Agencies with contact information.

Local Protections

Many localities enforce laws protecting individuals from sexual harassment and discrimination. An individual should contact the county, city or town in which they live to find out if such a law exists

Contact the Local Police Department

If the harassment involves unwanted physical touching, coerced physical confinement or coerced sex acts, the conduct may constitute a crime. Contact the local police department.

State Fair Employment Practices Agencies

<p style="text-align: center;">ALABAMA FEPA</p> <p style="text-align: center;">Alabama Department of Human Resources Office of Equal Employment & Civil Rights 334-242-1550</p>	<p style="text-align: center;">MONTANA FEPA</p> <p style="text-align: center;">Dept. of Labor and Industry, Human Rights Commission P.O. Box 1728 Helena, MT 59620 406/444-4344 800-542-0807 in state</p>
<p style="text-align: center;">ALASKA FEPA</p> <p style="text-align: center;">Alaska State Commission on Human Rights 800A Suite 204 Anchorage, AK 99501-3669 907-276-4692</p>	<p style="text-align: center;">NEBRASKA FEPA</p> <p style="text-align: center;">Nebraska Equal Opportunity Commission 301 Centennial Mall South P.O. Box 94934 Lincoln, NE 68509 402-471-2024 800-642-6112</p>
<p style="text-align: center;">ARIZONA FEPA</p> <p style="text-align: center;">Arizona State Attorney General Civil Rights Division 402 W Congress South Bldg. #215 Tucson, AZ 85701 520-628-6500</p>	<p style="text-align: center;">NEVADA FEPA</p> <p style="text-align: center;">Dept. of Employment Training and Rehabilitation Nevada Equal Rights Commission 1515 E. Tropicana Ave. Suite 590 Las Vegas, NV 89119-6522 702-486-7161</p>
<p style="text-align: center;">ARKANSAS FEPA</p> <p style="text-align: center;">No FEPA state agency listed</p>	<p style="text-align: center;">NEW HAMPSHIRE FEPA</p> <p style="text-align: center;">New Hampshire Human Rights Commission 2 Chenell Dr. Concord, NH 03301 603-271-2767</p>

<p>CALIFORNIA FEPA Department of Justice, Civil Rights Enforcement Section Public Inquiry Unit P.O. Box 944255 Sacramento, CA 94244-2550 (916) 322-3360</p> <p>California Dept. of Fair Employment and Housing 2014 T St. Suite 210 Sacramento, CA 95814 916-227-2878</p>	<p>NEW JERSEY FEPA New Jersey Dept. of Law and Public Safety Division on Civil Rights 140 E Front St. P.O. Box 090 Trenton, NJ 08625-0090 609-292-4605</p>
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<p>COLORADO FEPA Colorado Civil Rights Division 1560 Broadway Suite 1050 Denver, CO 80202 303-894-2997 800-262-4845 in state</p>	<p>NEW MEXICO FEPA New Mexico Human Rights Division Dept. of Labor 1596 Pacheco St. Santa Fe, NM 87502 505-827-6838 800-566-9471</p>
<p>CONNECTICUT FEPA Connecticut Commission on Human Rights and Opportunities 21 Grand St. Hartford, CT 06106 860-541-3400 800-477-5737</p>	<p>NEW YORK FEPA New York State Division of Human Rights 55 W 125th St. New York, NY 10027 212-961-8400</p>
<p>DELAWARE FEPA Delaware Human Relations Division 820 French St. 4th Floor Wilmington, DE 19801 302-577-5050</p>	<p>NORTH CAROLINA FEPA North Carolina Human Relations Commission 217 W Jones St. 4th Floor Raleigh, NC 27603 919-733-7996</p>
<p>DISTRICT OF COLUMBIA FEPA District of Columbia, Office of Human Rights 441 4th St. NW Suite 970N Washington, DC 20001 phone:202-727-3900 fax: 202-724-3786</p>	<p>NORTH DAKOTA FEPA North Dakota Dept. of Labor, Division of Human Rights State Capital 600 East Blvd. Bismarck, ND 58505 701-328-2660 800-582-8032</p>

<p style="text-align: center;">FLORIDA FEPA</p> <p>Florida Commission on Human Relations Building F Suite 240 325 John Knox Rd. Tallahassee, FL 32399-4149 850-488-7082 800-342-8170</p>	<p style="text-align: center;">OHIO FEPA</p> <p>Ohio Civil Rights Commission 111 E Broad St. Suite 301 Columbus, OH 43205 614-466-5928</p>
<p style="text-align: center;">GEORGIA FEPA</p> <p>Georgia Human Relations Commission 225 Peachtree St. NE Suite 207 Atlanta, GA 30303 404-656-6046</p>	<p style="text-align: center;">OKLAHOMA FEPA</p> <p>Oklahoma Civil Rights Commission 2101 N Lincoln Blvd. Oklahoma City, OK 73105 405-521-2360</p>

<p style="text-align: center;">HAWAII FEPA</p> <p>Hawaii Civil Rights Commission 830 Punchbowl St. Room 411 Honolulu, HI 96813 808-586-8636</p>	<p style="text-align: center;">OREGON FEPA</p> <p>Oregon Civil Rights Division Bureau of Labor and Industry 800 NE Oregon St. #32 Suite 1070 Portland, OR 97232 503-731-4075</p>
<p style="text-align: center;">IDAHO FEPA</p> <p>Idaho Human Rights Commission 1109 Main St. 4th Floor P.O. Box 83720 Boise, ID 83720 208-334-2873</p>	<p style="text-align: center;">PENNSYLVANIA FEPA</p> <p>Pennsylvania Human Relations Commission 301 Chestnut Street, Suite 300 Harrisburg, PA 17101 Voice: (717) 787-4410 Telephone: (717) 783-9308 or (717) 7874087</p>
<p style="text-align: center;">ILLINOIS FEPA</p> <p>Illinois Dept. of Human Rights 100 W Randolph St. Suite 10-100 Chicago, IL 60601 312-814-6200 800-662-3942</p>	<p style="text-align: center;">RHODE ISLAND FEPA</p> <p>Rhode Island Commission for Human Rights 10 Abbott Park Pl. Providence, RI 02903-3768 401-222-2661</p>
<p style="text-align: center;">INDIANA FEPA</p> <p>Indiana Civil Rights Commission 100 N Senate Ave. Room N103 Indianapolis, IN 46204 317-232-2600 800-628-2909</p>	<p style="text-align: center;">SOUTH CAROLINA FEPA</p> <p>South Carolina Human Affairs Commission P.O. Box 4490 2611 Forest Dr. Suite 200 Columbia, SC 29240 803-737-7800</p>

<p style="text-align: center;">IOWA FEPA</p> <p style="text-align: center;">Iowa Civil Rights Commission 211 E Maple St. Grimes State Office Bldg. Des Moines, IA 50309-1858 515-281-4121 800-457-4416</p>	<p style="text-align: center;">SOUTH DAKOTA FEPA</p> <p style="text-align: center;">South Dakota Dept. of Commerce and Regulation Division of Human Rights 118 W Capital Ave. Pierre, SD 57501 605-773-4493</p>
<p style="text-align: center;">KANSAS FEPA</p> <p style="text-align: center;">Kansas Human Rights Commission 900 SW Jackson St. Suite 851-S Topeka, KS 66612-1258 785-296-3206</p>	<p style="text-align: center;">TENNESSEE FEPA</p> <p style="text-align: center;">Tennessee Human Rights Commission 530 Church Street, Suite 400 Cornerstone Square Building Nashville, TN 37243-0745 Phone: 615-741-5825</p>

<p style="text-align: center;">KENTUCKY FEPA</p> <p style="text-align: center;">Office of Equal Employment Opportunity and Contract Compliance Capitol Annex, Room 370 Frankfort, KY 40601 Telephone: (502) 564-2874 Facsimile: (502) 564-1055</p>	<p style="text-align: center;">TEXAS FEPA</p> <p style="text-align: center;">Texas Commission on Human Rights P.O. Box 13493 6830 Highway 290 East, Suite 250 Austin, TX 78711 512-437-3450</p>
<p style="text-align: center;">LOUISIANA FEPA</p> <p style="text-align: center;">Louisiana Commission on Human Rights 1001 N. 23rd St., Suite 262 Baton Rouge, Louisiana 70802 Phone: (225) 342-6969 Fax: (225) 342-2063 TDD: 1-888-248-0859</p>	<p style="text-align: center;">UTAH FEPA</p> <p style="text-align: center;">Utah Anti-Discrimination Division P.O. Box 146640 Salt Lake City, UT 84114-6640 801-530-6801</p>
<p style="text-align: center;">MAINE FEPA</p> <p style="text-align: center;">Maine Human Rights Commission 51 State House Station Augusta, ME 04333-0051 207-624-6050</p>	<p style="text-align: center;">VERMONT FEPA</p> <p style="text-align: center;">Vermont Human Rights Commission 135 State St. Drawer 33 Montpelier, VT 05633-6301 802-828-2480</p>
<p style="text-align: center;">MARYLAND FEPA</p> <p style="text-align: center;">Maryland Human Rights Commission 6 St. Paul St. 9th Floor Baltimore, MD 21202-1631 410-767-8600 800-637-6247 in state</p>	<p style="text-align: center;">VIRGINIA FEPA</p> <p style="text-align: center;">Council on Human Rights Suite 1202 Washington Bldg. 1100 Bank St. Richmond, VA 23219 804-225-2292 800-633-5510</p>

<p align="center">MASSACHUSETTS FEPA</p> <p align="center">Massachusetts Commission Against Discrimination 1 Ashburton Pl., Room 601 Boston, MA 02108-1518 617-727-3990</p>	<p align="center">WASHINGTON FEPA</p> <p align="center">Washington State Human Rights Commission P.O. Box 42490 711 S Capital Way #402 Olympia, WA 98504-2490 360-753-6770 800-233-3247</p>
<p align="center">MICHIGAN FEPA</p> <p align="center">Michigan Department of Civil Rights Victor Bldg. Suite 700 201 N Washington Square 517-335-3165</p>	<p align="center">WEST VIRGINIA FEPA</p> <p align="center">West Virginia Human Rights Commission 1321 Plaza East Room 108A Charleston, WV 25301 304-558-2616 888-676-5546</p>
<p align="center">MISSISSIPPI FEPA</p> <p align="center">No FEPA state agency listed</p>	<p align="center">WISCONSIN FEPA</p> <p align="center">Wisconsin Equal Rights Division Dept. of Workforce Development P.O. Box 8928 201 E Washington Ave. Room 407 Madison, WI 53708-8928 608-266-6860</p>
<p align="center">MISSOURI FEPA</p> <p align="center">Missouri Commission Human Rights Department of Labor and Industrial Relations P.O. Box 1129 3315 W Truman Blvd. Jefferson City, MO 65102-3325 573-751-3325</p>	<p align="center">WYOMING FEPA</p> <p align="center">Wyoming Department of Employment Labor Standards Fair Employment Program 1510 E. Pershing, West Wing, Suite 2015 Cheyenne, WY 82002</p>

Attachment B

DRAFT

RESNET Policy on Performance-Based Measures

Revised: October 29, 2020

Background

At its Spring 2019 Meeting, the RESNET Board of Directors voted in favor of proposed revisions aimed at improving the effectiveness and efficiency of RESNET's overall Quality Assurance Program. There were five distinct initiatives in the proposed plan; one of which was to incentivize better quality through a performance-based approach.

The priority of RESNET QA efforts is to improve performance and not just issue citations. A system of decreased fees for higher performance and increased fees for non-compliance will provide effective financial benefits to Providers to increase motivation to consistently comply with RESNET standards.

Important note: RESNET staff will propose a separate policy for the RESNET Board to adopt to establish reduced rating fees as the primary incentive and increased rating fees as the respective disincentive. This document does not address incentives and specifically only covers the measures/criteria to qualify for incentives.

Description

There are two facets of this policy:

1. Reducing quality assurance fees based upon excellent performance
2. Increasing quality assurance fees based on compliance issues identified in QA reviews and/or disciplinary actions

1. Reduction of Quality Assurance Fees Based Upon Excellent Performance

The implementation of this policy is envisioned as an "opt-in" path that, once chosen, becomes enforceable by RESNET QA oversight. An "opt-in" approach can be likened to a stretch energy code which has been used successfully in the housing industry to move a market voluntarily toward higher performance over time. The high performers are rewarded, but more importantly, their competitors are further incentivized to leave their comfort zone and strive to go beyond. Over time, as the best practices used to qualify become more and more widely adopted in the marketplace, the criteria can be updated. The proposed approach accomplishes two things. First, it allows Providers to predict their annual costs for budgeting purposes. Second, by making it enforceable, it ensures that those who opt-in are serious and not just going for a discount without being prepared to follow through.

After the 2019 RESNET Board Meeting, RESNET staff began work on an implementation plan for this performance-based approach. A tiered rate structure is being recommended by RESNET staff, along with associated criteria for each tier, with input from members of the rating industry. Based on knowledge gained from RESNET's Online and Field QA Oversight, we believe many providers are likely to consider one or more of the criteria to be "deal-breakers" that are too difficult or too costly to implement. A menu approach allows for partial incentive to be earned for those providers who choose to meet greater than 50% of the criteria, while the maximum incentive would be reserved only for those providers who choose to meet at least 80% of the criteria.

Reduction in RESNET's internal costs for QA oversight is one obvious way to think about appropriate measures, especially if the incentive is reduction in rating fees. But since the Board directive is aimed at improving quality and not simply reducing operating cost, this is not the primary guiding principle when considering the following measures. Instead, the primary guiding principles are as follows:

- 1) While they can be expected to come with some cost, the measures should be attainable for all providers.
- 2) The measures should incentivize behaviors that, if widely adopted, would clearly strengthen RESNET's case that its QA Program remains the Gold Standard.

Providers will apply for fee reduction at the time of annual renewal. *Upon approval for Tier I or Tier II status, Providers choosing to opt-out before the end of the calendar year must notify RESNET in writing. All selected quality assurance measures are enforceable up to the date of written notification.*

2. Increasing Quality Assurance Fees Based on Compliance Issues Identified in QA Reviews and/or Disciplinary Actions

Non-compliance with RESNET quality assurance procedures by Providers will increase quality assurance rating fees. If a provider has 5 or more standard violations and/or policy violations resulting from their annual or online review or their infield site visit, then the fees will increase to a first tier (Tier A). If a Provider is placed on probation, then the fees would increase to a second tier (Tier B). If a Provider is placed on suspension, then the fees would increase to a third tier (Tier C). Increased fees will remain in place for six months for Tier A, twelve months for Tier B, and twelve months beyond the end of suspension for Tier C.

Policy Statement

RESNET proposes the following criteria as approved measures for a performance-based fee structure*:

Tier I: greater than 50% of measures (6 measures)

Tier II: at least 80% of measures (9 measures)

*To qualify, Providers must remain in good standing and must have no administrative probation over the previous 12 months, as well as no disciplinary probation, suspension or substantiated complaints against them for the previous three years. Upon application for Tier I or Tier II status, Providers shall commit to “blind” or “ride-along redo” field QA reviews on a minimum of 25% of the total required annual field QA ($\geq 25\%$ of the required 1% field QA reviews). Specifically, this $\geq 25\%$ is not done as part of the rater’s initial final visit to the home. The rater may be present in the home, provided their initial test results have already been submitted. Compliance will be demonstrated via field QA reporting.

1. Provider uses an automated QA system to evaluate rating files for accuracy and/or errors. Automated QA system must be reviewed and approved by RESNET Staff if this measure is used. RESNET Staff review of automated QA system can be accomplished through Provider demonstration showing RESNET Staff the user (input) side of such systems through a GoToMeeting which would not require Staff to receive full access to the application or any back-end programming.
2. For each Field QA review, QAD verifies and documents all available minimum rated features via time stamped, geo-tagged photos. Photos are archived and subject to RESNET review for three years.
 - a. MRF specific photos listed on the attached MRF Photos List
3. QAD completes separate independent testing using their own manometer to confirm the rater/RFI’s initial results. On blind QA, the QAD would inherently do all required performance testing with their own manometer. On ride-along finals (initial or redo), this measure requires that the QAD use their own manometer to verify the performance testing results after the rater or RFI has completed their testing. Remote QA reviews would be exempt from this measure.
4. Each Rater/RFI performing pre-drywall inspections must receive at minimum one (1) pre-drywall field QA annually. This may be done remotely, following the RESNET Remote QA Protocol. Compliance will be demonstrated via field QA reporting.
5. QAD creates a unique energy model simulation for each field QA review using the information they collected on the field QA review or Remote field QA review as well as the information the rater or RFI collected at pre-drywall. The energy model that the QAD creates may either start with the file the rater created or be a QAD model. The energy model should include take-offs from the plans and field verification of all minimum rated features.
6. All annual field and file QA review results are tracked in the RESNET Buildings Registry, including the submittal of the completed RESNET QA Review Checklist, (whether in the RESNET Excel version or reported from Provider’s incorporated QA system) for each rating included in the annual field and file QA reviews. The results of each QA review shall be updated at least quarterly into the RESNET Buildings Registry.

7. Rater receives a full written report from the QAD for each field review. The report goes well beyond pass/fail and includes detailed findings, positive reinforcement where appropriate, and corrective actions and mentoring when necessary. (Sample reports will be provided).
8. Method for tracking and verifying frequency and types of failures in QA reviews for Raters and RFIs. Items tracked will be submitted as part of the annual QA report submission and addressed in the ongoing training/mentoring of Raters and RFIs.
9. RaterPro App or RESNET-approved equivalent (used for electronic field data collection on all ratings). RESNET Staff review of electronic data collection can be accomplished through Provider demonstration showing RESNET Staff the user (input) side of such systems through a GoToMeeting which would not require Staff to receive full access to the application or any back-end programming.
10. All individuals, including certified Raters, who create or edit HERS Rating energy models have been trained on the RESNET accredited software tool(s) they use and have earned the RESNET certified HERS Modeler credential.
11. Provider requires ongoing Training/Mentoring of active Raters and active RFIs for a minimum four (4) hours annually, in addition to Professional Development specified in the MINHERS for recertification. Training should be relevant to the job of Rater or RFI. Training needs may vary by organization or by individual based on the results of QA Field Reviews, File Reviews, automated QA tool results or other means. Training of Raters and RFIs by a RESNET Instructor, QAD, or lead Rater shall be specifically aimed at increasing the consistency and accuracy of ratings and may take different forms including:
 - a. Field Mentoring
 - b. Team Meetings

MRF Photos List

At minimum, the Quality Assurance Designee shall collect the following supporting documentation for each field QA:

- Photos of the following building features where applicable to the rated Dwelling Unit. Where photos are not possible, the Quality Assurance Designee shall collect additional supporting documentation.
 - ☐ Collect photos with sufficient detail to confirm the thickness, type and installation grade of the insulation for each unique building assembly used in the software model.¹
 - ☐ All heating, cooling, and service hot water equipment including nameplate/model number
 - ☐ Dwelling Unit Mechanical Ventilation System including nameplate/model number and controls
 - ☐ Infiltration test result or automated test report
 - ☐ Duck leakage test result(s) for each system
 - ☐ Dwelling Unit Mechanical Ventilation System test result(s) for each system
 - ☐ The building's front, back, right, left elevations
 - ☐ Appliances (refrigerator, dishwasher, washer, dryer) including nameplate/model number

1. (Informative Note) For example, insulation in finished walls may be verified using the rater's supporting documentation

Attachment C

Lewis Sharpstone & Co. 5850 Canoga Ave, Suite 400 Woodland Hills, CA 91367
www.sharpstonecpa.com

LS & Co.

October 23, 2020

Mr. Steve Baden, Executive
Director
Ms. Faye Berriman, Controller
Mr. David Beam, Audit Chair Audit Committee
Residential Energy Services Network, Inc. ("RESNET")
4280 N. Cedarpine Lane
Moorpark, California 93021-2853

Dear all:

I have completed my audit of the financial statements of Residential Energy Services Network, Inc. for the year ended December 31, 2019. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I communicated such information in my letters to you dated October 28, 2019 and June 8, 2020. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Residential Energy Services Network, Inc. are described in Note 2 to the financial statements. A new accounting policy was adopted, *ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, during the year ended December 31, 2019. Adopting this had no effect on your financial statements.

I noted no transactions entered into by Residential Energy Services Network, Inc. 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. The most significant estimates affecting the financial statements was in the areas of estimating the reserve for uncollectible receivables. There was no allowance for receivables deemed necessary. I evaluated the key factors and assumptions used to develop the estimates above in determining that they were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear. The significant changes to the disclosures made in the prior year audit are as follows.

1. Clarifying that investments are stated at contract value, which is a basis different than fair value
2. Additional disclosures regarding the nature of such investments has been added
3. Disclosure of aggregate IT expenditures in recent years and why expensed
4. Subsequent events related to COVID-19 have been disclosed

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all potential misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The schedule attached to the management letter of representation summarizes uncorrected misstatement of the financial statements. Management has determined that the effect is immaterial to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated October 23, 2020, separately provided.

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 my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issue

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management both prior to retention as the Organization's auditors and also during the audit. These discussions occurred in the normal course of my professional relationship.

1. I discussed the issue of recording a receivable and deferred revenue related to uncollected 2020 Suppliers Advisory Board dues. The balance sheet "gross up" is \$100,000. RESNET's method of confirming with members during 2019 that they are committed to becoming members of the Suppliers Advisory Board appears to have changed during 2019, such that it was not possible for me to observe documentation that an enforceable contractual obligation existed at December 31, 2019. I am relying on management representation as to this matter.
2. RESNET's Investments are complex insurance annuity contracts. I discussed with management enhanced disclosure related to these instruments.
3. I made 6 internal control observations which were not assessed as significant deficiencies or material weaknesses. Accordingly, I communicated them to the appropriate level of management.

This information is intended solely for the use of management and those charged with governance of Residential Energy Services Network, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lewis Sharpstone & Co.

Lewis Sharpstone & Co.
Woodland Hills, CA.

Residential Energy Services Network, Inc.

Audited Financial Statements

As of and for the Year Ended December 31, 2019

(With Comparative Summarized Financial Information
as of and for the Year Ended December 31, 2018)



Residential Energy Services Network, Inc.

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Independent Auditor's Report

To the Board of Directors
Residential Energy Services
Network, Inc. Moorpark, California

I have audited the accompanying financial statements of Residential Energy Services Network, Inc. ("RESNET") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Residential Energy Services Network, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other matter

Report on Summarized Comparative Information

The 2018 financial statements of Residential Energy Services Network, Inc. were audited by other auditors who, in their report dated June 14, 2019, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lewis Sharpstone & Co.

Woodland Hills, CA
October 23, 2020

Financial Statements

Residential Energy Services Network, Inc.

Statement of Financial Position

December 31, 2019

(With Comparative Totals as of December 31, 2018)

December 31	2019	2018
Assets		
Cash and cash equivalents	\$ 706,310	\$ 924,054
Investments	827,546	694,159
Accounts receivable	646,639	608,635
Prepaid expenses and other assets	85,322	55,004
Property and equipment, net	17,268	19,918
Total Assets	\$ 2,283,085	\$ 2,301,770
Liabilities and Net		
Assets Liabilities		
Accounts payable and accrued expenses	\$ 148,898	\$ 137,354
Deferred revenue	266,648	250,150
Total Liabilities	415,546	387,504
Net Assets		
Without donor restrictions (Note 6)	1,631,822	1,611,801
Without donor restrictions – Board designated (Note 6)	87,617	204,965
Without donor restrictions – total (Note 6)	1,719,439	1,816,766
With donor restrictions (Note 6)	148,100	97,500
Total Net Assets	1,867,539	1,914,266
Total Liabilities and Net Assets	\$ 2,283,085	\$ 2,301,770

See accompanying notes to financial statements.

Residential Energy Services Network, Inc.

Statement of Activities and Changes in Net Assets For the
Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

Year ended December 31	2019			2018	
	Without donor Restrictions	With Donor Restrictions	Total	Total	
Revenue and Support:					
Conference	\$ 381,100	\$ 148,100	\$ 529,200	\$	505,801
Consulting and grants	4,425	-	4,425		11,866
Education	262,961	-	262,961		202,972
Membership	2,020,620	-	2,020,620		2,000,159
Suppliers Advisory Board	140,000	-	140,000		140,000
Investment Income	23,337	-	23,337		44,542
Net assets released from restrictions	97,500	(97,500)	-		-
Total Support and Revenue	2,929,943	50,600	2,980,543		2,905,340
Expenses:					
Program services	2,572,120	-	2,572,120		2,415,199
Management and general	441,052	-	441,052		442,188
Fundraising	14,098	-	14,098		-
Total Expenses	3,027,270	-	3,027,270		2,857,387
Less Board designated expenses	(117,348)	-	(117,348)		(57,554)
Total Expenses excluding Board designated expenses	2,909,922	-	2,909,922		2,799,833
Change in Net Assets before Board designated expenses	20,021	50,600	70,621		105,507
Board designated expenses	(117,348)	-	(117,348)		57,554
Total Change in Net Assets	(97,327)	50,600	(46,727)		47,953
Net Assets, beginning of year	1,816,766	97,500	1,914,266		1,866,313
Net Assets, end of year	\$ 1,719,439	\$ 148,100	\$ 1,867,539	\$	1,914,266

See accompanying notes to financial statements.

Resnet Energy Services Network, Inc.

Statement of Functional Expenses For the
Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

December 31	2019							2018
	Annual RESNET Conference	Education	Membership	Total Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ -	\$ -	\$ 688,984	\$ 688,984	\$ 176,499	\$ -	\$ 865,483	\$ 944,094
Employee benefits	-	-	165,998	165,998	18,883	-	184,881	185,348
Payroll taxes	-	-	49,621	49,621	13,791	-	63,412	68,137
Bad debt expense	-	-	-	-	-	-	-	11,487
Bank service charges	11,468	-	21,647	33,115	4,537	393	38,045	25,183
Computer and software	-	-	1,605	1,605	3,213	-	4,818	13,476
Conference expense	298,070	-	-	298,070	-	-	298,070	342,095
Insurance	-	-	3,702	3,702	6,788	-	10,490	13,125
Meetings	-	-	23,317	23,317	5,563	-	28,880	22,671
Office supplies	-	-	32,412	32,412	14,130	141	46,683	40,756
Professional fees	-	159,044	972,918	1,131,962	180,213	12,160	1,324,335	1,015,344
Telecommunications	1,210	-	12,527	13,737	1,661	802	16,200	17,297
Travel	-	-	127,099	127,099	14,351	602	142,052	155,473
Depreciation	-	-	2,498	2,498	1,423	-	3,921	2,901
	<u>\$ 310,748</u>	<u>\$ 159,044</u>	<u>\$ 2,102,328</u>	<u>\$ 2,572,120</u>	<u>\$ 441,052</u>	<u>\$ 14,098</u>	<u>\$ 3,027,270</u>	<u>\$ 2,857,387</u>

See accompanying notes to financial statements.

Residential Energy Services Network, Inc,

Statement of Cash Flows

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

Years ended December 31	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (46,727)	\$ 47,953
Adjustments to reconcile change in net assets to net assets provided by operating activities		
Depreciation and amortization	3,921	2,901
Unrealized gains on investments	(17,087)	(36,247)
Changes in operating assets and liabilities		
Accounts receivable	(38,004)	52,806
Prepaid expenses and other assets	(30,318)	20,138
Accounts payable and accrued expenses	11,544	78,913
Deferred revenue	<u>16,498</u>	<u>85,274</u>
Net cash (used in) provided by operating activities	<u>(100,173)</u>	<u>251,738</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,271)	(8,912)
Purchase of investments	(200,000)	-
Proceeds from sale of investments	<u>83,700</u>	<u>-</u>
Net cash (used in) investing activities	<u>(117,571)</u>	<u>(8,912)</u>
Change in cash	(217,744)	242,826
Cash - beginning of year	<u>924,054</u>	<u>681,228</u>
Cash - end of year	\$ <u>706,310</u>	\$ <u>924,054</u>

See accompanying notes to financial statements.

Residential Energy Services Network, Inc

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NOTE 1 - ORGANIZATION

Residential Energy Services Network, Inc. (RESNET, or “the Organization”) 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.

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The 2019 annual RESNET® Building Performance Conference, “Go Forward Together,” was held February 25 - February 27 in New Orleans, LA, 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. The 2019 Conference theme reflected the housing market, new technologies, HERS ratings opportunities in the market place, appraisals, water efficiency, and code changes across the nation.

At the 2019 Conference, there were over 100 presenters from the industry, including the U.S. Department of Energy, EPA Energy Star and WaterSense, Adomatis Appraisal Service, AIA, Alabama Power, Appraisal Institute, BATC, Big Ladder, Broan, Building Trust LLC, Canadian Residential Energy, Consortium for Energy Efficiency, Dow, Dupont, Dwell Development, E3 Energy, Ekotrope, Energy Diagnostics, Energy Inspectors, EnergyLogic, Environments for Living, Fourth Dimension, Florida Solar Energy Center, Charlie Haack, Hayward Score, ICF, KB Home, Gary Klein & Associates, IECC, Imery Group, Integral Building & Design, Knauf Insulation, Lawrence Berkeley National Laboratory, LBA, LBNL, LEED, MaGrann, Mandalay Homes, MEEA, Meritage Homes, Mitsubishi EC&H, Momentum Innovation Group, NAHB, NAIMA, NBI, NCBPA, NEEP, NGBS, National Resources Defense Council, Newport Partners, NREL, Oakridge National Laboratory, Owens Corning, Pando Alliance, PEG, Performance Systems Development, PNHC, PNNL, RenewABILITY Energy, Retrotech, Salcido Solutions, SEEA, SK Collaborative, Southface Energy Institute, Southern California Edison, Southern Energy Management, SPEER, SRP, Steven Winter Associates, SWEEP, The BER, Therma-Stor, SNWA, Thrive Home Builders, Top Build Home Services, TRC Energy Services, TruTech Tools, US-EcoLogic, and Winning Strategies Washington.

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, and 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. In 2019, over 241,000 homes were HERS-rated with an average HERS index score of 59% more energy efficient than in 2006. The HERS-rated historical total was 2,500,399 at December 31, 2019.

Other membership services include weekly e-mail information updates to over 8,000

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subscribers, representation on national policy issues affecting the industry, discounts at the annual RESNET® Building Performance Conferences, and the RESNET® web site, which, during 2019, recorded over 2 million visits. RESNET®'s programs and website 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.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis which recognizes income when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America (“GAAP”)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions: - Those resources not subject to donor-imposed restrictions and include those net assets that may be used by RESNET for any of its programs or administrative support including current and future grant awards and obligations for which funding from future restricted giving is uncertain. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose. See Note 6 for more information on the composition of net assets without donor restriction.

Net Assets with Donor Restrictions: - Net assets with donor restrictions consists of those resources subject to donor-imposed restrictions which will be met either by RESNET's actions or the passage of time. Items that increase this net asset category are contributions restricted as to time or purpose and include contributions that may be used for any purpose upon receipt at a future date. Other donor restrictions are perpetual in nature, whereby the donor or grantor has stipulated that the funds be maintained in perpetuity. These net assets are reclassified to Without donor restrictions when the restrictions have been met or have expired. See Note 6 for more information on the composition of net assets with donor restrictions.

Comparative Financial Information

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 excepted accounting principles. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended December 31, 2018, from which the summarized information

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was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increase that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise has become unconditional.

RESNET has determined that conference general and exhibitor sponsorships received are unconditional contributions, restricted for use for the specific conference.

Program Revenue

RESNET receives the several revenue streams, which are accounted as revenue when earned as follows:

Membership. RESNET's membership year commences January 1 each year. Membership revenue, both general membership and membership of the Suppliers Advisory Board, is recognized during the year it relates to. Membership fees received or billed prior to January 1 for the following year are deferred.

Accreditation fees. Raters are required to apply to be accredited, and once approved raters are required to annually submit an application to renew their accreditation. Each application is accompanied by the accreditation fee. Renewals for the following year must be received and approved by RESNET by December 31 each year. RESNET recognizes accreditation fee revenue upon approving the accreditation.

Quality Assurance programs fees. Raters are billed at the beginning of each quarter for rating fees owed for ratings performed by the rater during the previous quarter. Such fees are recognized in the quarter they are earned.

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Conference fees. Conference registration fees are recognized at the time of the conference. Registration fees received prior to January 1 for the following year are deferred. Conference sponsorships are recognized as revenue when received, restricted by donor for the conference. These are released to net assets without donor restriction at the time of the conference.

Education and consulting income. Such income recognized when earned. Any amounts received prior to being earned are deferred.

Cash and cash equivalents

Cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable consist primarily 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 accounts 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.

Investments

As described in Note 3, investments consist solely of annuity contracts. These are stated at contract value, also known as accumulation value, as of the last reporting date reported by the issuer of the annuity. Contract value is a reporting basis different than fair value. The annuities cannot be sold or otherwise transferred to other parties - they can only be redeemed with issuer according to the terms of the annuity contract. Gains on investments are recorded when the issuer issues the report, generally annually.

Investment income includes recorded annuity gains and interest on money market funds and is reported as an increase in unrestricted net assets unless otherwise restricted by the donor.

Fair value of financial instruments

In accordance with Accounting Standards Codification (“ASC”) 820, Fair Value Measurements, fair value is defined as the price that an Organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

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The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level I Quoted prices in active markets for identical assets and liabilities.
- Level II Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level III Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

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. Such financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. The carrying amounts of these financial instruments generally approximate their fair values at December 31, 2019 and 2018.

Property and Equipment

The property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets generally as follows.

Equipment	3 to 5 years
Trademarks	10 to 40 years

RESNET has acquired trademarks to protect its name and the acronym RESNET and these are being amortized over their estimated life of 40 years. In addition, RESNET has acquired trademarks for HERS and these are being amortized over their estimated life of 10 years.

RESNET incurs substantial expenditures each year maintaining and improving its web site and operational information technology systems and platforms. The amount so expended in the years ended December 31, 2019 and 2018 was \$621,859 and \$419,761 respectively. RESNET has evaluated these expenditures and has determined such expenditures are not capitalizable. Accordingly, such expenditures have been expensed as incurred.

Long-Lived Assets

The organization reviews for the impairment of long-lived assets and certain identifiable intangible assets whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. Any impairment loss is recognized with the estimate on discounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying amount. If impairment is indicated the amount of the loss to be recorded is based on an estimate of the difference between the carrying amount and the fair value of the asset. Fair value is based upon discounted estimated cash flows expected to result from the use of the asset and its eventual disposition and other valuation

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methods.

There were no impairment charges during the years ended December 31, 2019 or 2018

Functional Expense Allocations

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, usually this is direct labor.

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, 2019, and 2018, RESNET had no net unrelated business taxable income.

The Organization applies the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019 and 2018.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

Custodial Credit Risk

Custodial credit risk is the risk that the Organization will not be able to (a) recover deposits if the depository financial institution fails, b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails or c) recover receivables from third parties.

Financial instruments that potentially subject the Organization to credit risk are 1. cash deposits with banks and other financial institutions that are in excess of the federally insured

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limit of \$250,000, and
2. Annuity investments.

With respect to cash deposits, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

With respect to annuity investments, the Organization is exposed to limited risk that the insurance companies with whom RESNET has the annuity contract might fail. RESNET attempts to mitigate this risk by using an experienced broker to purchase the annuities. The broker investigates the financial health of the insurance companies prior to recommending the annuities.

Credit risk associated with receivables is considered to be limited due to high historic collection rates and because of the strong long-term relationships the Organization has with raters.

Significant Concentrations

Expense concentrations: Resnet utilizes web-based information technology information systems to communicate and deliver information and educational services to its members. During the year ended December 31, 2019 and 2018 RESNET paid one vendor approximately 21% and 15% of total expenses for the year, related to information technology consulting.

Recent Accounting Pronouncements

In May 2014, The FASB issued ASU NO. 2014-09, Revenue from Contracts with Customers (“ASU 2014- 09”). The standard provides companies with a single model for accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry- specific revenue guidance. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The deferred effective date, ASU 2014-09 will be effective for the Organization in its year ended December 31, 2020. Early adoption is permitted. The Organization is in the process of evaluating the impact of adoption on its financial statements.

On February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard establishes a right-of- use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Organization in its year ended December 31, 2022. The Organization currently has no leases and accordingly does not expect this ASU to impact its financial statements.

In June 2018, the FASB issued ASU 2018-08, Topic 958, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The new

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guidance clarifies what is an exchange transaction, of which revenues would be reported under Topic 606, and what is a contribution reported under Topic 958. The new guidance presents three key considerations for the not-for-profit to consider in order to determine what type of transaction transpired and how to account for the transaction. The effective date of this ASU for the Organization is for its year ended December 31, 2019. The Organization adopted this pronouncement in its December 31, 2019 financial statements.

NOTE 3 INVESTMENTS

At December 31, 2019, and 2018, investments consisted of the following:

	<u>2019</u>	<u>2018</u>
Annuity contracts – stated at contract value	\$ 827,546	\$ 611,158
Certificate of deposit	<u>-</u>	<u>83,001</u>
Total	<u>\$ 827,546</u>	<u>\$ 694,159</u>

For the year ended December 31, 2019 the annuity contract value changed as follows:

	<u>2019</u>
Balance – December 31, 2018	\$ 611,158
Purchases of annuity contracts	200,000
Unrealized gains, net of fees	<u>16,388</u>
Balance – December 31, 2019	<u>\$ 827,546</u>

At December 31, 2019 and 2018 RESNET owned 10 annuity contracts with four different insurance companies. Three of the four are rated A by AM Best and one is rated A-. The annuities are generally interest-earning accumulation vehicles and the interest is generally calculated based upon an underlying index as specified in the contract with a maximum cap, generally zero, which means that the accumulated benefit in the annuity can only increase and can never decrease. Interest is generally calculated at point in time, generally once per year. On that date the interest is credited and the new accumulated benefit is reported in an annual statement to RESNET. The annuities are long term interest earning products which require a commitment of funds generally for a period of five to ten years. Access to funds for early withdrawal is limited, as defined in the contract. Substantial penalties can be incurred for early surrender of an annuity. The annuity contracts do not allow for the contracts to be sold or otherwise transferred to other parties.

NOTE 4 ACCOUNTS RECEIVABLE

At December 31, 2019, and 2018, accounts receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Related to Accreditation revenue	\$ 470,014	\$ 519,385

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Related to Conference	73,350	29,200
Related to Suppliers Advisory Board	100,000	60,000
Other	<u>3,275</u>	<u>50</u>
Total	\$ <u>646,639</u>	\$ <u>608,635</u>

NOTE 5: PROPERTY AND EQUIPMENT

As of December 31, 2019 and 2018, property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Office and computer equipment	\$ 21,653	\$ 22,647
Trademark	<u>17,654</u>	<u>17,653</u>
	39,307	40,300
Less accumulated depreciation	<u>(22,039)</u>	<u>(20,382)</u>
	\$ <u>17,268</u>	\$ <u>19,918</u>

NOTE 6: NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions consisted of the following as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 1,631,822	\$ 1,611,801
Board designated	<u>87,617</u>	<u>204,965</u>
	\$ <u>1,719,439</u>	\$ <u>1,816,766</u>

The Board of Directors has designated net assets without donor restrictions at December 31, 2019. These are designated to be spent broadly. Such expenditures would include the development of a simulation- based RESNET practical test, public relations, rater test revisions, registry and server updates and revisions, IECC advocacy, consumer awareness, HERS infrastructure and legal defense expenses. See Note 2 to the financial statements.

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
2019 RESNET conference	\$ -	\$ 97,500
2020 RESNET conference	<u>148,100</u>	<u>-</u>
	\$ <u>148,100</u>	\$ <u>97,500</u>

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NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its financial assets available within one year of the balance sheet date for expenditures on a quarterly basis. As of December 31, 2019, the balance available is as follows:

	<u>2019</u>
Cash and cash equivalents	\$ 706,310
Investments, at contract value	827,546
Accounts receivable to be collected within one year	<u>646,639</u>
Total financial assets available	2,180,495
Less those unavailable for expenditure within one year due to:	
Investments maturing in greater than one year	(827,546)
Net assets with donor restriction	(148,100)
Restricted by Board designation	<u>(87,617)</u>
Financial assets available to meet cash needs for expenditures within one year	\$ <u>1,117,232</u>

As part of the Organization's liquidity management the Organization prepares semi-annual cash requirement projections which are used to ensure that needed balances are liquid and available for payment of grants and general expenses in the near term. In addition, the Organization employs an extensive annual budgeting process and strategic planning process to ensure the Organization will continue to be poised to have funds available to pay general expenses in the long term.

NOTE 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, 2019 and 2018 were \$19,348 and \$21,291, respectively.

NOTE 9: COMMITMENTS

At December 31, 2019 RESNET had made commitments to secure space and services in connection with the 2020 conference. The amount of such commitments was \$20,000

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NOTE 10: SUBSEQUENT EVENTS

Starting in March 2020, the US economy began to experience considerable uncertainty related to the impact of the COVID-19 virus. RESNET took positive steps to adapt its operations to the changing environment but may be adversely affected in the future through restrictions on the ability of the Organization to deploy staff to pursue its mission, decreases in memberships and fees and decreases in attendance at future conferences. Management is currently and continually evaluating the impact these uncertainties may have on future operations.

In May, 2020, RESNET received loan proceeds of \$166,600 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses. The PPP loan includes terms that allow for forgiveness of the PPP loan. RESNET has recorded the receipt as a loan and intends to use the proceeds for the purposes consistent with the PPP. In accordance with ASC 958-605, RESNET will record the approved forgiveness portion of the loan as grant income when the conditions for forgiveness are substantially met.

The organizations management has evaluated subsequent events through October 23, 2020, the date which the financial statements were available to be issued. There are no subsequent events noted that would require adjustments to or disclosures in these financial statements.