

Ameresco, Inc.  
Form 10-Q  
August 08, 2012  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-34811

Ameresco, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of  
Incorporation or Organization)

111 Speen Street, Suite 410

Framingham, Massachusetts

(Address of Principal Executive Offices)

(508) 661-2200

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Edgar Filing: Ameresco, Inc. - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Shares outstanding as of August 3, 2012
Class A Common Stock, \$0.0001 par value per share	26,671,966
Class B Common Stock, \$0.0001 par value per share	18,000,000

---

Table of Contents

AMERESCO, INC.  
 QUARTERLY REPORT ON FORM 10-Q  
 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012  
 TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Condensed Consolidated Financial Statements</u>	
<u>Consolidated Balance Sheets at December 31, 2011 and June 30, 2012 (Unaudited)</u>	<u>1</u>
<u>Consolidated Statements of Income for the three and six months ended June 30, 2011 and 2012 (Unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2011 and 2012 (Unaudited)</u>	<u>5</u>
<u>Consolidated Statement of Changes in Stockholders' Equity for the six months ended June 30, 2012 (Unaudited)</u>	<u>6</u>
<u>Consolidated Statements of Cash Flows for the three and six months ended June 30, 2011 and 2012 (Unaudited)</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>11</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>30</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>48</u>
<u>Item 4. Controls and Procedures</u>	<u>49</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>51</u>
<u>Item 1A. Risk Factors</u>	<u>51</u>
<u>Item 6. Exhibits</u>	<u>51</u>
<u>Signatures</u>	<u>52</u>
<u>Exhibit Index</u>	<u>53</u>

Table of Contents

## PART I - FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## AMERESCO, INC.

## CONSOLIDATED BALANCE SHEETS

	December 31, 2011	June 30, 2012 (Unaudited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$26,277,366	\$28,909,987
Restricted cash	12,372,356	15,030,844
Accounts receivable, net	109,296,773	96,645,375
Accounts receivable retainage	26,089,216	24,026,640
Costs and estimated earnings in excess of billings	69,251,022	57,044,768
Inventory, net	8,635,633	9,145,857
Prepaid expenses and other current assets	8,992,963	10,676,285
Income tax receivable	9,662,771	8,227,139
Deferred income taxes	6,456,671	6,456,671
Project development costs	6,027,689	7,183,871
Total current assets	283,062,460	263,347,437
Federal ESPC receivable	110,212,186	135,987,922
Property and equipment, net	7,086,164	8,185,920
Project assets, net	177,854,734	188,063,492
Deferred financing fees, net	2,994,692	2,743,539
Goodwill	47,881,346	47,878,130
Intangible assets, net	12,727,528	9,756,506
Other assets	3,778,357	4,712,843
	362,535,007	397,328,352
	\$645,597,467	\$660,675,789
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$11,563,983	\$12,268,729
Accounts payable	93,506,089	80,896,210
Accrued expenses and other current liabilities	8,917,723	11,970,730
Book overdraft	7,297,122	—
Billings in excess of cost and estimated earnings	26,982,858	35,223,966
Total current liabilities	148,267,775	140,359,635
Long-term debt, less current portion	196,401,588	207,831,163
Deferred income taxes	29,953,103	29,443,957
Deferred grant income	6,024,099	5,853,486
Other liabilities	28,529,867	28,640,685
	\$260,908,657	\$271,769,291

Commitments and contingencies (Note 7)

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



Table of Contents

## AMERESCO, INC.

## CONSOLIDATED BALANCE SHEETS — (Continued)

	December 31, 2011	June 30, 2012 (Unaudited)
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding at December 31, 2011 and June 30, 2012	\$—	\$—
Class A common stock, \$0.0001 par value, 500,000,000 shares authorized, 30,713,837 shares issued and 25,880,553 outstanding at December 31, 2011, 31,469,300 shares issued and 26,636,016 outstanding at June 30, 2012	3,071	3,147
Class B common stock, \$0.0001 par value, 144,000,000 shares authorized, 18,000,000 shares issued and outstanding at December 31, 2011 and June 30, 2012	1,800	1,800
Additional paid-in capital	86,067,852	91,192,620
Retained earnings	161,335,621	168,009,787
Accumulated other comprehensive loss	(1,868,352	) (1,549,234 )
Minority interest	63,614	71,314
Less — treasury stock, at cost, 4,833,284 shares, respectively	(9,182,571	) (9,182,571 )
Total stockholders' equity	236,421,035	248,546,863
	\$645,597,467	\$660,675,789

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

Table of ContentsAMERESCO, INC.  
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,	
	2011	2012
	(Unaudited)	
Revenue:		
Energy efficiency revenue	\$ 123,786,051	\$ 119,819,117
Renewable energy revenue	41,695,892	44,280,788
	165,481,943	164,099,905
Direct expenses:		
Energy efficiency expenses	102,247,778	97,873,272
Renewable energy expenses	31,082,490	35,068,772
	133,330,268	132,942,044
Gross profit	32,151,675	31,157,861
Operating expenses:		
Salaries and benefits	8,162,669	11,558,732
Project development costs	5,263,216	3,830,866
General, administrative and other	5,368,227	7,509,639
	18,794,112	22,899,237
Operating income	13,357,563	8,258,624
Other expenses, net (Note 9)	(988,569	) (1,063,126
Income before provision for income taxes	12,368,994	7,195,498
Income tax provision	(3,536,866	) (2,026,630
Net income	\$8,832,128	\$5,168,868
Net income per share attributable to common shareholders:		
Basic	\$0.21	\$0.12
Diluted	\$0.19	\$0.11
Weighted average common shares outstanding:		
Basic	42,367,242	44,541,025
Diluted	45,907,748	46,359,323
The accompanying notes are an integral part of these condensed consolidated financial statements.		

Table of ContentsAMERESCO, INC.  
CONSOLIDATED STATEMENTS OF INCOME

	Six Months Ended June 30,	
	2011	2012
	(Unaudited)	
Revenue:		
Energy efficiency revenue	\$229,979,316	\$233,201,787
Renewable energy revenue	81,922,396	77,471,487
	311,901,712	310,673,274
Direct expenses:		
Energy efficiency expenses	188,609,201	187,493,047
Renewable energy expenses	63,157,803	62,798,556
	251,767,004	250,291,603
Gross profit	60,134,708	60,381,671
Operating expenses:		
Salaries and benefits	18,247,401	25,927,944
Project development costs	9,664,793	8,047,218
General, administrative and other	10,561,561	14,723,095
	38,473,755	48,698,257
Operating income	21,660,953	11,683,414
Other expenses, net (Note 9)	(1,889,006)	(2,400,731)
Income before provision for income taxes	19,771,947	9,282,683
Income tax provision	(5,651,534)	(2,608,517)
Net income	\$14,120,413	\$6,674,166
Net income per share attributable to common shareholders:		
Basic	\$0.34	\$0.15
Diluted	\$0.31	\$0.14
Weighted average common shares outstanding:		
Basic	41,847,646	44,343,059
Diluted	45,285,650	46,143,932

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



Table of ContentsAMERESCO, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,	
	2011	2012
	(Unaudited)	
Net income	\$ 8,832,128	\$ 5,168,868
Other comprehensive income (loss):		
Unrealized loss from interest rate hedge, net of tax	(455,835	) (760,300
Foreign currency translation adjustment	134,364	(659,513
Total other comprehensive loss	(321,471	) (1,419,813
Comprehensive income	\$ 8,510,657	\$ 3,749,055

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

AMERESCO, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30,	
	2011	2012
	(Unaudited)	
Net income	\$ 14,120,413	\$ 6,674,166
Other comprehensive income (loss):		
Unrealized (loss) gain from interest rate hedge, net of tax	(215,987	) 448,034
Foreign currency translation adjustment	889,762	(128,916
Total other comprehensive income	673,775	319,118
Comprehensive income	\$ 14,794,188	\$ 6,993,284

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

Table of Contents

AMERESCO, INC.  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2012  
(Unaudited)

	Series A Preferred Stock	Class B Common Stock	Common Shares	Class A Common Stock	Common Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Minority Co Interest	Accumulated Other Inc (Lo
Balance, December 31, 2011	—	\$18,000,000	30,713,837	—	\$3,071	\$86,067,852	\$161,335,621	4,833,284	\$(9,182,571)	\$63,614	—
Exercise of stock options	—	—	755,463	76	—	1,799,195	—	—	—	—	—
Stock-based compensation expense, including excess tax benefits of \$1,651,513	—	—	—	—	—	3,325,573	—	—	—	—	—
Changes in minority interest in foreign subsidiary	—	—	—	—	—	—	—	—	—	7,700	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	(12)
Unrealized gain from interest rate hedge, net of tax	—	—	—	—	—	—	—	—	—	—	44
Net income	—	—	—	—	—	—	6,674,166	—	—	—	—
Balance, June 30, 2012	—	\$18,000,000	31,469,300	76	\$3,147	\$91,192,620	\$168,009,787	4,833,284	\$(9,182,571)	\$71,314	—

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



Table of Contents

## AMERESCO, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,	
	2011	2012
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$8,832,128	\$5,168,868
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of project assets	2,240,001	2,850,977
Depreciation of property and equipment	609,933	603,501
Amortization of deferred financing fees	94,822	138,191
Amortization of intangible assets	—	1,314,778
Provision for bad debts	34	24,107
Gain on sale of asset	—	(800,000 )
Stock-based compensation expense	735,526	892,607
Deferred income taxes	453,460	43,697
Excess tax benefits from stock-based compensation arrangements	(3,510,339 )	(448,916 )
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Restricted cash draws	37,303,666	14,069,843
Accounts receivable	(4,961,611 )	(11,967,540 )
Accounts receivable retainage	(1,104,244 )	(3,613,426 )
Federal ESPC receivable	(37,132,797 )	(11,705,599 )
Inventory	(349,778 )	(369,359 )
Costs and estimated earnings in excess of billings	(4,751,958 )	(5,583,166 )
Prepaid expenses and other current assets	(642,293 )	(4,504,563 )
Project development costs	(160,631 )	(324,126 )
Other assets	(823,972 )	(766,682 )
Increase (decrease) in:		
Accounts payable, accrued expenses and other current liabilities	(653,233 )	11,766,758
Billings in excess of cost and estimated earnings	4,218,481	7,346,139
Other liabilities	434,854	(345,461 )
Income taxes payable	757,554	2,476,787
Net cash provided by operating activities	1,589,603	6,267,415
Cash flows from investing activities:		
Purchases of property and equipment	(911,404 )	(1,105,037 )
Purchases of project assets	(8,129,688 )	(9,695,695 )
Net cash used in investing activities	\$(9,041,092 )	\$(10,800,732 )
The accompanying notes are an integral part of these condensed consolidated financial statements.		



Table of Contents

AMERESCO, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

Three Months Ended June 30,  
2011                      2012  
(Unaudited)

Cash flows from financing activities:

Excess tax benefits from stock-based compensation arrangements

\$